



Minnesota Public Utilities Commission

August 29, 2016

The Honorable Jeffery Oxley
Minnesota Office of Administrative Hearings
600 North Robert Street
P.O. Box 64620
St. Paul, MN 55164-0620

Re: In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota
OAH Docket No. 19-2500-33074
MPUC Docket No. E-002/GR-15-826

Dear Judge Oxley:

Commission staff (Staff) would like to suggest you convene another telephone prehearing conference or some other process to discuss possible procedures and timelines for further record development on the proposed Stipulation and Settlement in this matter.

On August 16, 2016, Northern States Power Company (Xcel Energy) on behalf of itself and the Minnesota Department of Commerce (Department), the Xcel Large Industrials, the Minnesota Chamber of Commerce, the Commercial Group, the Suburban Rate Authority, the City of Minneapolis, the Industrial, Commercial and Institutional customer group, and the Energy CENTS coalition (collectively, the Settling Parties) submitted a Stipulation of Settlement (Partial Settlement) in the matter referenced above.

After a preliminary review of the Partial Settlement, Commission staff believes clarification is needed with respect to how the record in this matter will be developed on the proposed Partial Settlement. Based on the information provided in the Partial Settlement, Commission staff is concerned that there may not be enough of a record on an issue-by-issue basis to determine how the Settling Parties proposed that each issue be resolved.

For example, the Partial Settlement references a list of revenue requirement adjustments in the July 14, 2016 second errata to the direct testimony of Department witness Dale Lusti (DVL-9, second errata) as the starting point for the agreed-to rate increases in 2016, 2017, and 2019, and the agreed-to zero increase in 2018.

However, the Partial Settlement does not provide a clear or detailed explanation of the revenue requirement adjustments or identify how the revenue requirement adjustments in the Partial Settlement relate to the Department's initial positions in direct testimony (as described in Lusti's second errata). In addition, the Partial Settlement does not provide any clear explanation of how the bases for the revenue requirement adjustments relate to each of the Settling Parties initial positions on the item adjusted. Nor

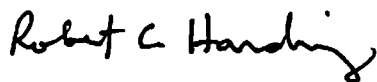
does the Partial Settlement comprehensively identify for each of the Settling Parties which of their financial and other issues are now resolved by the Partial Settlement and which are not.

Staff notes that in the 2010 Xcel rate case, PUC docket #10-971, a partial settlement was submitted later in the process than in this case, after the evidentiary hearings and the submission of post-hearing supplemental testimony and post-hearing summaries of disputed issues, but before post-hearing briefs were filed. Perhaps as a result of its timing, Xcel's partial settlement in its 2010 rate case included a discussion and explanation of the resolved issues (both the individually resolved issues and certain collectively resolved issues), as well as financial schedules for the 2011 test-year and the 2012 step increase.

Staff believes this type of information would provide a foundation for the Commissioners to make their determination whether to accept, modify, or reject the Partial Settlement in this case, and would like to know if Xcel and the other Settling Parties plan to provide information similar to what was provided in support of the partial settlement in the #10-971 docket, and if so, when. For example, in rebuttal testimony prior to the evidentiary hearings, or in post-hearing briefing? Or is it the intent of the Settling Parties to offer the proposed Partial Settlement as a resolution of all disputed revenue requirement issues without further support for the wide array of specific adjustments involved in reaching the settlement?

Thank for your consideration of this request.

Sincerely,



Robert C. (Bob) Harding
Financial Analysis Unit Supervisor

cc. Official Service List