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September 7, 2022

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

**Re: *In the Matter of the Application of Northern States Power Company, dba Xcel Energy, for Authority to Increase Rates for Electric Service in the State of Minnesota***  
**MPUC Docket No. E-002/GR-21-630**

***In the Matter of the Petition of Northern States Power Company for Approval of a Public Charging Network, and Electric School Bus Pilot, and Program Modifications***  
**MPUC Docket No. E-002/M-22-432**

Dear Mr. Seuffert:

The Office of the Attorney General – Residential Utilities Division (“OAG”) submits this letter in response to the Commission’s August 22, 2022 Notice of Comment Period regarding the petition of Xcel Energy (“Xcel” or “the Company”) for approval of a public charging network, an electric school bus pilot, and other electric vehicle (“EV”) proposals. The Commission’s notice seeks comment on the process for handling Xcel’s petition, and in particular, whether the petition should be evaluated in Xcel’s pending rate case. For the reasons explained below, the Commission should exclude these proposals and their costs from the rate case and examine them in a separate proceeding.

In September 2020, Xcel filed several EV-related proposals in response to the Commission’s request for information about utility investments that could assist in Minnesota’s recovery from the COVID-19 pandemic.<sup>1</sup> These proposals included, among other things, issuing \$150 million in customer rebates for purchasing EVs and building 21 public fast-charging stations.<sup>2</sup> In October 2021, while these proposals were still under consideration, the Company filed a rate case. The Company included in the test year the costs of its EV proposals that were pending before the Commission.<sup>3</sup>

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<sup>1</sup> Docket No. E-002/M-20-745, Xcel Response and Petition, attach. C (Sept. 25, 2020).

<sup>2</sup> *Id.* at 10, 14.

<sup>3</sup> Docket No. E-002/GR-21-630, Direct Testimony of Kelly A. Bloch at 149 (Oct. 25, 2021).

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In April 2022, the Commission approved Xcel’s public fast-charging proposal but rejected its rebate proposal.<sup>4</sup> The Commission’s order directed Xcel to “incorporate any changes to cost recovery, including the *reduction or elimination of project budgets*, into its pending rate case.”<sup>5</sup> The Commission’s order thus requires Xcel to remove its test-year budget for EV rebates from the rate case.

On August 2, 2022, Xcel filed its current petition. The Company proposes new and expanded EV programs that would entail almost \$400 million in capital and O&M spending through 2026.<sup>6</sup> Xcel states that these capital and O&M expenses “will be included in the Company’s pending [rate case] with the Company’s Rebuttal filing,”<sup>7</sup> which is due October 3. In other words, despite being ordered to *remove* costs from its rate case, Xcel now proposes to *add* new costs that would more than offset the rebate expenses that the Commission rejected. This new proposal comes nearly a year after the case was filed.

Xcel’s EV proposals—particularly \$193 million earmarked for an expanded fast-charging network—implicate important public policy questions about whether and under what conditions the Company should be allowed to use its ratepayer-funded monopoly to compete in a new business area. These questions also affect the interests of stakeholders who are not represented in the rate case docket. And, as the Commission observes in its notice, the deadline for interested parties to intervene in the rate case has passed. It would be unjust for the Commission to make a decision that could impact these stakeholders in a proceeding where they were time-barred from intervening before they were on notice that these issues could be part of the case.

Given the lateness of the Company’s expanded EV proposal, its substantial cost, the multitude of other costs and issues that intervenors are examining in the rate case, and the absence of affected stakeholders, the OAG recommends that the proposal be excluded from the rate case. In docket E-002/M-22-432, Xcel could propose the procedures that it believes the Commission should use to evaluate its petition and how the Company would prefer to recover those costs outside of the rate case. Interested parties could respond to Xcel’s proposals, and the Commission could then decide these issues with the benefit of a fully developed record.

Sincerely,

/s/ **Peter G. Scholtz**

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<sup>4</sup> Docket No. E-002/M-20-745, Order Approving Public Charging Station Proposal at 8–10 (Apr. 27, 2022).

<sup>5</sup> *Id.* at 11 (emphasis added).

<sup>6</sup> See Notice of Comment Period at 2 (Aug. 22, 2022) (listing the costs of Xcel’s EV proposals).

<sup>7</sup> Xcel Petition at 11 (Aug. 2, 2022).