August 28, 2026

Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101

RE: MPUC Docket No. E-002/GR-24-320 — In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in Minnesota

Dear Chair Sieben and Commissioners:

The American Economic Liberties Project ("AELP") writes in support of the petitions for reconsideration filed on August 20, 2026, by the Minnesota Office of the Attorney General – Residential Utilities Division ("OAG") and the Citizens Utility Board of Minnesota ("CUB"). We urge the Commission to grant reconsideration and correct the bloated 9.6 percent return on equity ("ROE") it authorized for Northern States Power Company d/b/a Xcel Energy ("Xcel") in its July 31, 2026 order. The Commission should instead adopt the 8.96 percent ROE recommended by Xcel Large Industrials ("XLI"), the most fully supported estimate in this record; at an absolute minimum, the Commission should maintain Xcel's existing 9.25 percent ROE rather than inflate it further. Minnesota families are already struggling to pay their electric bills, and a bloated ROE that no witness in this case recommended during the evidentiary hearing process and that the record does not support will make that struggle worse while doing nothing to "protect" Xcel's ability to attract capital or maintain its financial integrity, both of which the record shows Xcel already enjoys at a 9.25 percent ROE.

Notably, this unsubstantiated, excessive ROE of 9.6 percent did not emerge from the extensive record built over nineteen months of testimony and briefing. Every party's own analysis put the appropriate ROE at 9.25 percent or below: the Department of Commerce recommended 9.25 percent, CUB recommended 9.00 percent, and XLI recommended 8.96 percent, based on cost-of-equity estimates ranging from 6.1 to 9.58 percent. Even the Administrative Law Judge's recommendation of 9.8 percent and Xcel's own original request of 10.3 percent fell outside the range the Commission ultimately chose to rely on in its final order. Instead, the 9.6 percent figure surfaced only two days before the Commission's final hearing, when Xcel and the Energy Cents Coalition — which had not offered any testimony on ROE or capital structure in the case — filed eleventh-hour letters proposing that number, tied to a separate Xcel commitment to contribute $4 million annually to a customer arrears assistance program. The Commission's order adopts this deal in four paragraphs, without meaningfully engaging the testimony either party had actually put into the record, including XLI's well-supported 8.96 percent recommendation.

Under *Hope*, *Bluefield*, and the Minnesota Supreme Court's decision in *Hibbing Taconite Co. v. Minnesota Public Service Commission*, the Commission must explain how it derived its ROE determination and ground that determination in substantial evidence. It did not do so here. As OAG's petition documents, the Commission's order cites just one data point to justify a 9.6 percent return — a single intervenor's modeling result of 9.58 percent — without explaining why that figure, rather than any other in the record, established a just and reasonable rate. And as CUB's petition demonstrates, Xcel's own case cannot support the number either: for nineteen months, Xcel defended its own witness's finding that its cost of equity fell between 10.34 and 10.43 percent, only to abruptly agree to an ROE 74 to 83 basis points below that range in its eleventh-hour letter. This should be recognized for what it is: an about-face that, using the Company's own logic, undermines the reliability of the very analysis the Commission relied on to justify any increase at all.

Nor does the record show Xcel needs a higher return to remain financially sound. Xcel itself has acknowledged that it has not had difficulty attracting investors at its existing 9.25 percent ROE. As CUB's petition sets out, Xcel Energy Inc. raised $1.48 billion in public securities from 2023 through mid-2025, issued $700 million and $1.1 billion in long-term debt on favorable terms in 2024 and 2025, saw its stock price hit an all-time high in October 2025, and raised its dividend for the twenty-third consecutive year, while its parent company reported more than $2 billion in 2025 GAAP earnings, with Minnesota providing the largest share of those earnings of any state in which Xcel operates. None of this evidence (virtually all of it drawn from Xcel's own regulatory filings and public disclosures) is addressed anywhere in the Commission's order.

Meanwhile, Xcel's customers are already struggling under its current rates. Xcel disconnected a record 56,823 households for nonpayment in 2025, and its residential customers are collectively about twice as far behind on their electric bills as they were before the pandemic. Since the inception of the proceeding, more than 8,500 Minnesotans filed public comments opposing the rate increase — seventeen times the roughly 500 comments filed in Xcel's previous rate case — and more than half of those comments specifically objected to the Company's profits or its return on equity. **The 35-basis-point ROE increase the Commission approved is estimated to add $34 million a year to what these customers must pay.** Minnesota law requires that any doubt about the reasonableness of a rate be resolved in favor of the consumer. The Commission's order does the opposite.

We also support OAG's request that the Commission reconsider the pension expense tracking account and annual true-up it authorized, which lacks a statutory basis and risks substantial, unexplained rate surcharges for customers, as well as the OAG's request that the Commission correct the inconsistent salary proxy it used to cap recoverable executive compensation. Both determinations suffer from the same defect as the ROE decision: an outcome unmoored from any reasoned explanation of the record.

For these reasons, we urge the Commission to grant the petitions for reconsideration filed by OAG and CUB, and to revise its order to eliminate the bloated 9.6 percent ROE it approved for

Xcel. The Commission should instead adopt an ROE of 8.96 percent, consistent with XLI's fully supported cost-of-equity analysis and the most rigorous evidence in this record; at an absolute minimum, the Commission should maintain Xcel's existing 9.25 percent ROE rather than raise it.

Sincerely,

American Economic Liberties Project