Founded in 1852
by Sidney Davy Miller

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June 24, 2024

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

Re: Northern States Power Company – Wisconsin
Case No. U-21565

Dear Ms. Felice:

Enclosed for electronic filing please find Northern States Power Company's Rate Case Summary. Also enclosed is the Proof of Service showing electronic service of the Rate Case Summary on the Staff case coordinator and intervenors in the Company's last two electric rate cases, U-18462 and U-21097. Should you have any questions or concerns, please kindly advise.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: Sherri A. Wellman
Digitally signed by: Sherri A. Wellman
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SAW/vs
Enclosures
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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
NORTHERN STATES POWER COMPANY,	)	
a Wisconsin corporation and wholly	)	Case No. U-21565
owned subsidiary of Xcel Energy Inc.,	)	
for authority to increase electric rates	)	
in the state of Michigan.	)	

NORTHERN STATES POWER COMPANY'S RATE CASE SUMMARY

Most Recent Michigan Electric Base Rate Case

Northern States Power Company, a Wisconsin corporation, and wholly owned subsidiary of Xcel Energy, Inc., ("NSP-W") last filed a general electric base rate case on September 22, 2021, in Case No. U-21097 ("2022 Rate Case"). In that filing, NSP-W presented a test year ending December 31, 2022, and requested authority to increase rates in the annual amount of $2.5 million. NSP-W also identified additional incremental revenue requirements in 2023 and requested to recover by extending $400,000 of depreciation and interest expense deferral recovery or authority to defer capital investment in 2023 until the next general electric rate case. On March 17, 2022, the Commission issued an order approving settlement and authorized the Company to increase electric rates to recover an additional $1,700,000 annually, which included depreciation deferral (Case No. U-20901) recovery of $100,000 annually. NSP-W was also authorized to defer its actual capital investment incremental revenue requirement up to the projected amount of $4.7 million in distribution, excluding Advanced Grid Intelligence and Security ("AGIS") capital investments for the year 2023. The order authorized a rate of return on common equity of 9.70 percent. The authorized rates went into effect April 1, 2022.

Proposed Michigan Electric Revenue Requirement

Based on projected revenue requirements for the 2025 test year, NSP-W is requesting to increase 2025 electric rates to recover an additional $2,893,564 million of revenues. The 2025 revenue deficiency includes, among other things, (i) the four-year depreciation deferral recovery of $0.1 million approved in Case No. U-21097, and (ii) the recovery of two additional regulatory assets offset by a regulatory liability. The requested increase is based on a ROE of 10.00 percent. The Company's proposed rate increase is designed based on a test year beginning January 1, 2025.

The Company is also seeking to recover electric distribution system and production investments for 2026 of $1,981,436 and for 2027 of $819,785 by implementing an Investment Recovery Mechanism ("IRM") and related surcharges. NSP-W's proposed IRM is similar to IRMs approved by the Commission in DTE Electric Company's Case No. U-21297 and in Consumers Energy Company's Case No. U-21389.

Proposed Michigan Electric Revenue Requirement Drivers

Since NSP-W's electric rates were last adjusted in the 2022 Rate Case, Table 2 shows overall Michigan electric rate base balances have increased by $24.2 million (40.4%), primarily in the distribution ($8.0 million), transmission ($2.8 million), and common/general ($2.5 million) functions along with Construction Work in Progress ("CWIP") for distribution and transmission ($8.2 million). Distribution capital investments have included the continued replacement of aging distribution infrastructure related to reliability. Since the 2022 Rate Case, NSP-W has increased distribution investments through asset health capital investments to ensure the safety of its customers and employees and to promote continued reliability. The Company will also start the effort to replace our Michigan customers' electric meters in 2025 through our Advanced Metering Infrastructure ("AMI") initiative. The Company continues to make capital investments to improve its transmission infrastructure. The investments are primarily to replace, upgrade, and expand the aging transmission system. The electric general, and common plant increases are primarily due to renovations of aging buildings and service centers along with software associated with the Advanced Grid Intelligence and Security initiative.

These capital improvements drive the revenue requirement associated with the return on rate base, interest expense, and book depreciation expense and constitute the primary drivers of the requested revenue requirement in this case as shown in Table 1. Offsetting these increases is higher forecasted revenues along with lower operating and maintenance expenses as compared to the 2022 test year in Case No. U-21097. The revenue requirement does not include inflationary estimate increases.

A summary of the Company's IRM proposal is shown in Table 3. These investments are related to the distribution function and include in the AMI meter replacement. In addition, the Company is including two generation projects in the IRM proposal. The IRM proposal and related surcharges will allow the Company to meet its safety and reliability obligations by implementing multi-year replacement facility programs without having to file multiple cases.

Table 1: Revenue Requirement Impacts (MI Retail Electric)

	Drivers	Revenue Requirement 2022 Authorized to 2025 Proposed Increase / (Decrease)
a.	Return & Interest on Rate Base	$2,639,449
b.	Production O&M	($135,256)
c.	Transmission O&M	($349,456)
d.	Distribution O&M	$96,200
e.	Customer Accounting O&M	($19,640)
f.	Customer Service O&M	$15,320
g.	Sales Promotion O&M	$57,933
h.	Administrative and General O&M	$99,026
i.	Depreciation	$1,002,423
j.	Amortization	$433,403
k.	Taxes Other Than Income Taxes	$84,466
l.	Other	($469,490)
m.	**Sub Total**	**$3,454,378**
n.	Revenues from Sales	$2,050,158
o.	2022 Settlement Revenue Increase	($1,700,000)
p.	Other Operating Revenues	$7,737
q.	**Total Operating Revenue**	**$357,895**
r.	**2022 Settlement Adjustments**	**($202,919)**
s.	**Electric Revenue Deficiency (m – q + r)**	**$2,893,564**

Table 2: Rate Base Impacts (MI Retail Electric)

	Drivers	Rate Base (13 MOAV)	Revenue Requirement*
a.	Authorized Rate Base	$59,931,554	$7,695,101
b.	Distribution	$7,998,281	$1,252,447
c.	Transmission	$2,842,950	$559,764
d.	Common/General	$2,518,751	$492,368
e.	Production	$1,093,612	$288,524
f.	CWIP Distribution	$4,734,758	$436,150
g.	CWIP Transmission	$3,478,037	$303,064
h.	Other (including CWIP)	$1,516,432	$269,555
i.	**Proposed Rate Base**	**$84,114,375**	**$11,336,973**
j.	**Proposed Less Authorized (j – a)**	**$24,182,821**	**$3,641,872**

* Revenue Requirement includes Return on Rate Base and Depreciation Expense.

Table 3: IRM Incremental Impacts by Year (MI Retail Electric)

	Drivers	Rate Base (13 MOAV)	Revenue Requirement*
	2026		
a.	Distribution	$6,370,921	$1,483,719
b.	Production	$1,015,718	$497,716
c.	**Total 2026 (a + b)**	**$7,386,639**	**$1,981,435**
	2027		
d.	Distribution	$3,893,867	$639,806
e.	Production	($84,692)	$179,978
f.	**Total 2027 (d + e)**	**$3,809,175**	**$819,784**
	Total 2026-2027		
g.	Distribution (a + d)	$10,264,788	$2,123,525
h.	Production (b + e)	$931,026	$677,694
i.	**Total 2026-2027 (g + h)**	**$11,195,814**	**$2,801,219**

* Revenue Requirement includes Return on Rate Base, Depreciation Expense, Taxes Other than Income and AFUDC.

Proposed Michigan Electric Cost of Service and Rate Design

The settlement agreement reached in NSP-W's 2022 Rate Case contained no specific adjustments to the Company's proposed class cost of service model. In this case, NSP-W's proposed rate design is based on a cost of service model utilizing production and transmission allocators approved in prior rate cases and consistent with the formula mandated by the Legislature in MCL 460.11(1), effective April 20, 2017; therefore, all cost of service items proposed in this case conform to previous Commission decisions and Michigan law. This includes a 12 CP 75 percent demand, 0 percent on-peak energy, and 25 percent total energy production allocator and a 12 CP 100 percent demand transmission allocator.

Proposed rate design results in the percentage revenue allocations shown in Table 4 below. NSP-W is proposing two new tariffs in this application. One new tariff is pursuant to the Commission's Order in Case No. U-17000 stating upon implementation of advanced metering infrastructure, all Michigan utilities (including NSP-W) shall provide an opt-out option or an explanation for why an opt-out is unnecessary or cost-prohibitive. Consistent with the U-17000 Order, NSP-W seeks to offer customers a non-standard meter as an alternative to its standard AMI metering equipment via a new optional Manual Meter Reading (MMR-1) tariff. The other new tariff is for the proposed IRM surcharge.

Table 4: Rate Class and Schedule Percentage Increase / (Decrease)

	Service	Schedule	2025	2026	2027
a.	Residential Service	MR-1	17.40%	10.50%	4.00%
b.	Residential Time of Day Service	MR-2	17.20%	12.40%	4.60%
c.	Automatic Outdoor Lighting	MOL-1	39.30%	6.30%	2.50%
d.	Total Residential and Farm		17.50%	10.60%	4.00%
e.	Small Commercial TOD Service	MST-1	13.40%	11.30%	4.20%
f.	Small Commercial Service	MSC-1	13.50%	10.40%	3.90%
g.	Peak Controlled Service	MPC-2	25.80%	12.50%	4.60%
h.	Commercial Industrial	MCI-1	24.90%	11.40%	4.30%
i.	Automatic Outdoor Lighting	MOL-1	39.70%	9.50%	3.70%
j.	Total Small Commercial and Industrial		19.90%	11.00%	4.10%
k.	Industrial General Service	MI-1	10.30%	8.90%	3.30%
l.	Peak Controlled TOD Service - Sec	MPC-1	9.00%	9.20%	3.40%
m.	Peak Controlled TOD Service - Tran	MPC-1	9.90%	5.60%	2.10%
n.	Total Large Commercial and Industrial		10.00%	6.70%	2.50%
o.	Total Commercial and Industrial		15.60%	9.20%	3.50%
p.	Municipal Water Pumping	MPA-1	13.00%	12.00%	4.50%
q.	Street Lighting-Company Owned	MSL-1	38.50%	3.20%	1.30%
r.	Street Lighting-Customer Owned	MSL-1	39.20%	14.70%	5.40%
s.	Renewable Connect®	MRC	(5.30%)	0.00%	0.00%
t.	**Total Michigan Retail Sales**		**16.70%**	**9.80%**	**3.70%**

Filing Announcement Changes

It is NSP-W’s intent to file an Application requesting authority to increase its electric rates and for other requested relief, on or around, July 1, 2024. NSP-W proposes that the new rates will become effective in 2025 on and after the issuance of a Commission order approving NSP-W’s request.

Respectfully submitted,

NORTHERN STATES POWER COMPANY

Sherri A. Wellman

Digitally signed by: Sherri A. Wellman
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Date: 2024.06.24 13:08:39 -04'00'

Dated: June 24, 2024

By:______________________________

One of Its Attorney
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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of **NORTHERN STATES POWER COMPANY,** a Wisconsin corporation, and wholly owned subsidiary of Xcel Energy Inc., for authority to increase electric rates in the State of Michigan.	))))	Case No. U-21565

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Victoria J. Seyfried, being first duly sworn, deposes and states that on June 24, 2024, she served a copy of Northern States Power Company's Rate Case Summary, together with this Proof of Service, upon those listed below via electronic mail:

Michael E. Moody	moodym2@michigan.gov
John R. Liskey	john@liskeypllc.com
Michael J. Pattwell	mpattwell@clarkhill.com
Stephen A. Campbell	scampbell@clarkhill.com
Lori Mayaab	mayabbL@michigan.gov

Victoria J. Seyfried
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Victoria J. Seyfried

Subscribed and sworn before me
on this 24th day of June, 2024.

Kacey O'Neill
Digitally signed by: Kacey O'Neill
DN: CN = Kacey O'Neill email = oneill@millercanfield.com C = AD
Date: 2024.06.24 13:09:01 -04'00'

Kacey O'Neill, Notary Public
State of Michigan, County of Livingston
My Commission Expires: 12/26/2026
Acting in the County of Ingham