



414 Nicollet Mall
Minneapolis, MN 55401

August 13, 2018

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: REPLY COMMENTS
2017 INCENTIVE COMPENSATION PLAN
DOCKET NOS. E002/GR-92-1185, G002/GR-92-1186, AND
E,G002/M-18-121

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this brief Reply in response to the August 1, 2018 Comments of the Department of Commerce – Division of Energy Resources regarding our 2017 report on our Annual Incentive Compensation Plan (AIP).

The Department recommends that the Company be required to refund \$1.96 million in paid 2017 incentive compensation. The Company understands that such a refund would be in line with the Commission's recent decision in the Company's 2016 AIP Annual Report proceeding (Order issued August 13, 2018 in Docket No. E,G002/M-17-429). We do not reiterate here the arguments we made in the 2016 Annual Report proceeding; however, the Company continues to believe that the best method of determining whether a refund is owed to customers relating to AIP is to compare the amount of AIP approved in base rates to the total amount of incentive compensation paid. Because we paid out more in AIP than we collected in base rates, we conclude that no refund is due with respect to AIP paid for Plan year 2017. We believe our approach is consistent with the intent of prior Commission Orders and with sound policy regarding incentives.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service lists.

Please contact me at allen.krug@xcelenergy.com or 612-330-6270 or Rebecca Eilers at rebecca.d.eilers@xcelenergy.com or (612) 330-5570 if you have any questions regarding this filing.

Sincerely,

/s/

ALLEN KRUG
ASSOCIATE VICE PRESIDENT, STATE REGULATORY POLICY

Enclosures
c: Service List

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**DOCKET Nos. E002/GR-92-1185
 G002/GR-92-1186
 E,G002/M-18-121**

Dated this 13th day of August 2018

/s/

Jim Erickson

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