



414 Nicollet Mall
Minneapolis, Minnesota 55401

May 3, 2016

--Via Electronic Filing--

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

RE: PETITION FOR APPROVAL OF RULE VARIANCE
KANSAS PROPERTY TAX
DOCKET NO. G002/M-16-xxx

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of a one-year variance to the Purchased Gas Adjustment (PGA) Rules to allow recovery of a storage-related cost of natural gas – specifically, a property tax on the Company's natural gas for use with its retail natural gas customers stored in the state of Kansas – through the PGA.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service list. Please contact Jody Londo at (612) 330- 5601 or jody.l.londo@xcelenergy.com or me at (612) 330-6613 or amy.a.liberkowski@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

AMY A. LIBERKOWSKI
MANAGER, REGULATORY ANALYSIS
Enclosures
c: Service Lists

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

| | |
|-------------------------|--------------|
| Beverly Jones Heydinger | Chair |
| Nancy Lange | Commissioner |
| Dan Lipschultz | Commissioner |
| Matthew Schuerger | Commissioner |
| John Tuma | Commissioner |

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF A RULE VARIANCE
TO INCLUDE THE 2016 STATE OF
KANSAS STORAGE TAX IN THE
PURCHASED GAS ADJUSTMENT

DOCKET NO. G002/M-16-___

PETITION

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of a one-year variance to the Purchased Gas Adjustment (PGA) Rules to allow recovery of a storage-related cost of natural gas – specifically, a property tax on the Company's natural gas for use with its retail natural gas customers stored in the state of Kansas – through the PGA.

Natural gas storage plays a vital role in maintaining the reliability of supply needed to meet the demands of our customers – serving as “insurance” against unforeseen circumstances, such as the 2013 Trans-Canada pipeline issue that threatened natural gas supply for tens of thousands of people, natural disasters, or other occurrences that may affect the production, delivery, or availability of natural gas when it is needed. It also plays a role in providing price stability for customers, as we can accumulate it in summer months when its cost is generally lower for use in peak winter months when prices are generally higher. The year-round reliability and price stability that storage affords have become even more important as we and other utilities shift toward more natural gas-fired electric generation on our systems. Given its strategic value and practical customer benefits, storage is one method we employ to reduce our exposure to supply and price risks associated with unforeseeable market conditions or events.

The Commission examined this issue in 2015 and varied its rules to allow recovery of the current year assessed Kansas natural gas storage tax, and for five years to allow

amortized recovery of the 2009-2014 lump-sum assessed tax through the PGA – finding that by distinguishing the prospective and retrospective variance periods, the variances will not adversely affect the public interest.¹ In approving the variance for current year storage tax costs, the Commission found that denial would unreasonably burden ratepayers by temporarily disguising the true cost of their natural gas – resulting in an efficient natural gas use. The Commission also found that denial of the variance would discourage the Company from moderating price volatility with storage, which benefits customers. The Commission limited, however, the variance to one year to encourage the Company to consider as its current storage contracts expire in 2017 and 2018 whether there are unexplored and less costly alternatives that would serve the same purpose as storing gas in Kansas for our retail natural gas customers – without incurring the Kansas tax.

Minn. Stat. § 216B.16, subd. 7 allows for recovery of “direct costs for natural gas delivered.”² Similarly, the Commission’s rules allow PGA recovery of costs associated with “gas supplies and supply-related services that are a function of the volume of gas taken,” as are transportation, commodity gas, and storage-related costs, such as storage injection and withdrawal.³ In fact, with the exception of the tax on natural gas that we store on the Northern Natural Gas (Northern) system in Kansas, the costs of storage are included as a cost of gas from suppliers and included in the PGA.

This is only an issue because the Kansas storage charges are not part of a bundled service from our natural gas supplier. Specifically, Minn. R. 7825.2400, subd. 12 identifies several FERC accounts that are automatically incorporated by reference into the cost of purchased gas. Although the Commission’s rules contemplate PGA recovery of costs associated with natural gas service and storage, an accounting technicality requires the Kansas charges to be classified as a property tax, which is not one of the FERC accounts identified in the Rule.

In this Petition, we seek a variance to the Commission’s PGA rules to allow the Company to continue to collect this storage cost on retail natural gas supplies from Minnesota customers by granting a one-year variance to Minn. R. 7825.2400, subp. 12 to allow inclusion of the 2016 Kansas property tax expense as a component of the cost of gas supply. We confirm that with our current storage contracts expiring in 2017 and 2018, we are actively examining other alternatives that would cost-effectively

¹ See ORDER VARYING MINN. R. PART 7825.2400 AND REQUIRING FILINGS, Docket No. G002/M-15-149 (October 21, 2015).

² Energy and emission control products cost adjustment.

³ Minn. R. 7825.2400, subp. 6d.

serve the same essential purpose as storing gas in Kansas without incurring the Kansas tax. We will report on these efforts in conjunction with our next annual variance request.

In this Petition, we describe why it is appropriate to recover this tax as part of the PGA, summarize our efforts to appeal the application of this tax to natural gas we hold in storage on the Northern system, and outline the 2016 costs we propose to include as a component of the cost of gas on customer bills.

I. SUMMARY OF FILING

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing accompanies this Petition.

II. SERVICE ON OTHER PARTIES

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this petition on the Department of Commerce and the Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing has been served on all parties on the Company’s miscellaneous gas service list.

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the Company provides the following information.

A. Name, Address, and Telephone Number of Utility

Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401
(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Alison Archer
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 401 8th Floor
Minneapolis, MN 55401
(612) 215-4662

C. Date of Filing and Date Modified Rates Take Effect

The date of this filing is May 3, 2016. The Company respectfully requests that the Commission approve a one-year variance to its rules as proposed by the Company. The Company proposes to implement recovery of 2016 tax amounts November 1, 2016.

D. Statute Controlling Schedule for Processing the Filing

The applicable statute is Minn. Stat. § 216B.16, subd. 7, which governs the recovery of costs through energy cost adjustment clauses. The proposed variance to Minn. R. 7825.2400, subp. 12 discussed in the Petition falls within the definition of a Miscellaneous Tariff Filing, under Minn. R. 7829.0100, subp. 11, because no determination of Xcel Energy’s general revenue requirement is necessary. Minn. R. 7829.1400, subps. 1-4 permits comments in response to a miscellaneous filing within 30 days of filing, with reply comments 10 days thereafter.

E. Utility Employee Responsible for Filing

Amy Liberkowski
Manager, Regulatory Analysis
Xcel Energy
414 Nicollet Mall, 401 7th Floor
Minneapolis, MN 55401
(612) 330-6613

IV. MISCELLANEOUS INFORMATION

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission’s official service list for this proceeding:

Alison Archer
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 401 8th floor
Minneapolis, MN 55401
alison.c.archer@xcelenergy.com

SaGonna Thompson
Regulatory Administrator
Xcel Energy
414 Nicollet Mall, 401 7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

Any information requests in this proceeding should be submitted to SaGonna Thompson at the Regulatory Records email address above.

V. DESCRIPTION AND PURPOSE OF FILING

The Company requests approval of a variance from Minn. R. 7825.2400, subp. 12, which specifies the FERC accounts automatically included in the “cost of purchased gas,” to allow recovery of the Kansas property tax on the Company's natural gas stored in the state of Kansas through the PGA tariff provisions contained in the Company's Natural Gas Rate Book.

A. Background

The State of Kansas has had a property tax on underground storage inventories for many years. The history of the application of the property tax to out-of-state public utilities has a complex history. Interstate pipelines began challenging the tax in the early 1990s with varying degrees of success. In the mid-2000s, we along with a large group of other utilities challenged the tax, and ultimately prevailed in a 2007 Kansas Supreme Court decision. During this time, we petitioned for and received variances from the Commission's Rules and collected for the tax through the PGA – which we refunded to customers in 2007, upon the tax being overturned.⁴

In 2009, the Kansas legislature modified the enabling statute to allow collection of this inventory tax from public utilities based outside of Kansas.⁵ Similar to 2004, we and several other utilities storing gas in a Northern underground storage facility challenged the application of the tax to out-of-state public utilities. Despite vigorously appealing the tax, in October 2014, the Supreme Court of the United States of America denied certiorari, resulting in assessment of the tax on out-of-state public utilities being upheld – marking the end of our available legal avenues to challenge the tax's applicability to the Company.⁶ With our legal avenues fully exhausted, all tax amounts from the point of the 2009 statutory change to the present became due.

On February 6, 2015 we submitted a Petition seeking a variance to the Commission's rules to prospectively, and retrospectively for 2009-2014, recover the tax through the PGA in Docket No. G002/M-15-149. The Commission approved our request in its October 21, 2015 Order, granting variances for lump sum recovery of the 2009-2014 tax amounts amortized over five years, and a one-year prospective variance for 2015 tax amounts. The Commission also required the Company to submit information regarding its storage contracts with Northern Natural Gas Company and its

⁴ Docket Nos. G002/M-05-534, G002/M-06-905, and G002/M-07-621.

⁵ K.S.A § 79-5a01.

⁶ *Missouri Gas Energy v. State of Kansas, Div. of Property Valuation*, 135 S.Ct. 151 (2014).

arrangements and agreement between its retail natural gas and electric generation operations, which it did November 20, 2015.

We provide a more detailed background and procedural history as Attachment A to this Petition.

B. The Tax on Storage Volumes is a Cost of Gas

Minn. Stat. § 216b.16, subd. 7 permits “automatic adjustment of charges for public utility service in direct relation to changes in... (2) direct costs for natural gas delivered.” Similarly, Minn. R. 7825.2400, subd. 6d defines “commodity-delivered gas cost” as the “portion of the cost of purchased gas charged a distributing gas utility for its gas supplies and supply-related services... that is a function of the volume of gas taken.” The Kansas tax perfectly fits this description.

The Kansas tax is based on the volume and prevailing market price of the natural gas we have held in storage to provide natural gas service to our retail customers. It is a direct cost of natural gas delivered, and is one component of the costs of purchased gas that we incur on behalf of our customers. The reason for this Petition, and our request for a variance, is because of an accounting technicality. The State of Kansas classifies the charge as a property tax – and property taxes are not included in the identified FERC accounts eligible for automatic recovery through the PGA as specified in Minn. R. 7825.2400, subd. 12. Accordingly, it is reasonable for the Company to request recovery of this cost through the PGA.

1. Storage Costs are a Legitimate Cost of Purchased Gas

Since FERC Order 636 opened up the natural gas market to deregulation in 1992, storage can be used by industry participants for commercial reasons, rather than just to meet the operational requirements of the pipelines and needs of the utilities, as it was in the past. While this allows for the ability to store gas when prices are low and withdraw and sell it when prices are high, we use storage solely to mitigate reliability and price risks for our customers – and always only charge customers the actual cost of the gas at the time it was put into storage.

As discussed earlier, natural gas storage plays a vital role in our resource acquisition strategy in maintaining a cost-effective and reliable supply of natural gas to meet the demands of our customers. This type of year-round reliability and price stability have become even more important as we and other utilities shift toward more natural gas-fired electric generation on our systems. In fact, beginning with the 2013-2014 heating season, we have planned to cover all of our winter natural gas electric

generation fuel supply requirements with storage.

Storage is a prudent natural gas resource strategy that provides benefits for our customers, and it is reasonable to include this cost in the PGA as a cost of natural gas service.

2. *Kansas Storage Charges are Volume- and Price-Based*

The Kansas storage charges are classified as a property tax. However, the State of Kansas determines the amounts due by calculating 33 percent of the retail natural gas service inventory's fair market value as of January 1 of each year. The tax, therefore, is based on the volume of gas held in storage and the prevailing market price of that gas at a point in time. This is specifically the type of natural gas service cost contemplated in statute and the Commission's rules – and which lends itself to an annually-adjusted volumetric recovery mechanism like other components of the PGA.

Traditionally, property taxes are recovered in base rates; and gas costs, which are volume- and price-based are recovered through the PGA. As noted above, Minn. R. 7825.2400, subd. 12 specifies the FERC accounts that are designated for recovery through the PGA. According to FERC's Uniform System of Accounts, property taxes are recorded in Account 408.1, which is not among those specified.⁷ The volumetric and market price basis of the Kansas tax directly impacts the total "direct cost of natural gas delivered" of the gas we hold in underground storage on the Northern system, which is the standard for automatic recovery in Minn. Stat. § 216B.16, subd. 7. Thus, it is an accounting technicality that prevents the Company from automatically including these costs in its PGA, and for which we request this variance.

3. *The Commission has Specifically Approved Variances to the PGA Rules for Recovery of Storage Costs Previously*

As noted previously, the Commission approved variance requests for the Company to collect the Kansas tax through the PGA in 2005 and 2006⁸ – and most recently in 2015. The Commission has also previously considered and granted PGA variances to recover other costs associated with storage that were not accounted for in gas-specific FERC Accounts. Specifically, in Docket No. G002/M-90-630, the Commission

⁷ Minn. R. 7825.2400, subp. 12 specifies allowable PGA expenses as those recorded in the following FERC accounts: 800, 801, 802, 803, 804, 804.1, 805, 808.1, 810, 854, and 858.

⁸ We had a Petition requesting the extension of the variance pending in 2007 that we withdrew upon prevailing in our legal challenge of the tax's application to the Company.

granted the Company a variance to include carrying charges on gas storage inventory volumes as a cost in its PGA. In that case, the Commission acknowledged its prior exploration and finding that storage service is of benefit to Minnesota consumers by lowering costs and providing greater reliability and flexibility of gas supply – noting that it would, as a matter of policy, encourage well-designed programs that provide incentives for use of storage.⁹

In its Order, the Commission found that carrying costs associated with gas storage inventories are a direct cost of providing natural gas, which it then had discretion to allow recovery either through rates or the PGA. It concluded that allowing recovery through the PGA was within the statutory intent of the PGA – and determined that timely recovery through the PGA, rather than base rates, would incent the Company to maintain an appropriate reliance on storage services on behalf of its customers. They also determined that PGA recovery was appropriate because carrying costs included in the unbundled cost of gas from a supplier who combines gas sales and storage functions would be recovered in the PGA, so it would be appropriate to recover separate carrying charges on gas storage inventories in the same manner.

These circumstances apply in the case of the Kansas tax on storage inventories. Natural gas storage continues to be in the public interest. The Kansas tax on gas inventory volumes is a direct cost of gas, and would be “automatically” included in PGA recovery if natural gas sales and storage were a bundled service from a gas supplier. Finally, timely recovery of prudently-incurred direct costs of gas sends appropriate price signals to customers, affords the Company an appropriate incentive to continue to utilize storage as part of its natural gas resource acquisition strategy, and provides the Company with timely recovery of prudently-incurred direct costs of gas delivered as contemplated in statute.

C. The Requested Variance is in the Public Interest

We request that the Commission approve a one-year variance to Minn. R. 7825.2400, subp. 12, which specifies a set of FERC accounts that traditionally defines the “cost of purchased gas,” to allow for PGA recovery of the 2015 Kansas tax from our customers. Specifically, we request the Commission to allow ongoing recovery of the annual costs beginning with November 2016 on a monthly basis through the PGA for a one-year variance period.

We confirm that with our current storage contracts expiring in 2017 and 2018, we are

⁹ Order at 4 (April 4, 1991).

examining other alternatives that would serve the same essential purpose as storing gas in Kansas cost-effectively, without incurring the Kansas tax. We will report on these efforts in conjunction with our request to collect 2017 taxes through the PGA, as regardless of our success in determining a viable alternative to Kansas storage for the agreements expiring in 2017, we will continue to incur the tax through 2017 for storage inventories under the contracts that expire in 2018.

In this section, we discuss how our request meets the Commission's requirements for a variance, and in Section D, we discuss the 2016 tax amounts and estimated customer impacts, and outline the mechanics of our current PGA recovery of 2015 tax amounts that we propose to continue.

Minn. R. 7829.3200 provides that the Commission may grant a variance to its rules if it finds:

- Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule,
- Granting the variance would not adversely affect the public interest, and
- Granting the variance would not conflict with standards imposed by law.

Our request meets these standards, as discussed below.

1. Enforcement of the Rule Would Prevent the Company from Timely Recovery of Prudently-Incurred Costs of Providing Natural Gas Service

Not allowing the Company recovery of the Kansas property tax through the PGA would impose an excessive burden on the Company. The tax is a prudently-incurred cost that is directly-related to securing a prudent natural gas supply portfolio, which is necessary to provide reliable and cost-effective natural gas service to our customers.¹⁰ To require the Company to absorb this cost until it can be included in base rates would unfairly penalize the Company for a direct cost of gas over which the Company has no control.

2. The Public Interest is Served When the Company Engages in Prudent Resource Strategies

Granting the variance would encourage the Company to continue to use storage as a part of its natural gas resource acquisition strategy – providing customers price

¹⁰ The portfolio is annually reviewed and approved by the Commission pursuant to Minn. R. 7825.2910, subp. 2.

stability and a hedge against the risk of supply disruptions from unforeseen circumstances. Additionally, granting the variance to recover the costs through the PGA would not adversely affect the public interest, since the tax is a direct cost for natural gas delivered; it is in the public interest for customers to pay the actual costs associated with purchased gas, as such prices promote efficient use of natural gas.

3. *There is No Conflict with the Law*

Granting the variance is not in conflict with standards imposed by law. Minn. Stat. § 216B.16, subd. 7 allows for recovery of “the direct cost of natural gas delivered.” As we have demonstrated, the Kansas tax is based on the volume of gas held in storage for customers and the prevailing market price of that gas, making it a direct cost of gas for which the costs are appropriately recovered through the PGA. In addition, Minn. R. 7825.2400, subp. 12, provides that the “cost of purchased gas” includes “the normal and ordinary cost of injection and withdrawal of gas from storage...” While the tax is not a direct cost of injection or withdrawal and thus does not explicitly fall within the language of the rule, the rule clearly contemplates gas storage costs. Further, as we have discussed, the Commission has previously considered and granted PGA recovery of this specific Kansas tax and other storage-related costs in the past. We are not aware of any other legal standard that precludes the Commission from approving this variance at this time.

D. Proposed 2016 PGA Recovery

As we have discussed, the costs we have incurred for storage of natural gas associated with the provision of retail natural gas service held in Kansas on the Northern system is a prudently incurred cost of gas. In this section, we outline the method of PGA recovery and estimated customer impacts of our proposed recovery of 2016 tax amounts.

1. *2016 Tax Amounts*

We maintain natural gas storage for two purposes – each of which operate under separate agreements allowing each entity to maintain its own inventory and injection and withdrawal capacity, and facilitating separate tracking by entity:¹¹ (1) provision of natural gas service to retail residential and business customers; and (2) natural gas

¹¹ The two agreements operate under an administrative agreement that affords each operation full access to the combined withdrawal and injection rights of the consolidated storage contracts when not fully used by the other operation, providing benefits to our operations and customers.

supplies for our natural gas-fueled electric generating units. Only the Company's natural gas stored for provision of natural gas service to retail customers is subject to the ad valorem tax.

The Company is billed for the tax annually in December, based on the value of the gas held in storage for the provision of retail natural gas service on January 1 of the year. We receive an initial notice of value from the State based on the gross natural gas stored, which is communicated to the State of Kansas by NNG. In response, we submit the amount of natural gas supplies held in storage for our natural gas-fueled electric generating units, which is exempt from the tax. We then receive the final notice of value from the State of Kansas, which values only the Company's natural gas stored for provision of natural gas service to retail customers. We provide examples of the initial notice and the amended notice as Attachments B and C, respectively, to this Petition.

We use the prior year's actual tax amount as proxy for the current year. For purposes of this variance request, we were billed in December 2015 for 2015 taxes, so will use this annual amount to approximate the 2016 taxes to include in the PGA for the variance period we request in this Petition.¹² The 2015 tax amount was \$630,984.95. For reference, we provide the 2015 invoices as Attachment D. The invoices detail the 2015 taxes and total assessed value for each county – the sums which agrees to the total assessed value of \$5,062,877, respectively – and tie to the amended tax valuation notice provided as Attachment C.

We note that the amount of natural gas we have held in storage has been relatively consistent for the last several years, so if natural gas prices remain relatively flat, we would expect to see a similar level of taxes on an annual basis. At this annual cost level, an average Minnesota residential customer using 863 therms would incur an additional annual cost of approximately \$0.63, or \$0.06 per month. We describe below how we will allocate the total tax amount to the Minnesota and North Dakota jurisdictions in the following section.

2. *PGA Recovery Mechanics*

In the PGA, we will allocate the annual tax expense to state and across all months by the forecasted volumetric sales to retail customers, as shown in the example we

¹² This is consistent with our reliance on 2014 tax amounts to approximate and collect the 2015 tax expense through the PGA beginning November 1, 2015 that stemmed from the Commission's approval of a one-year variance in Docket No. G002/M-15-149.

provide as Attachment E. The monthly cost will be added to the monthly PGA commodity cost. This is the method of allocation we are currently using to include the 2015 Kansas Tax expense in the PGA. As with the Company's other gas costs, any over- or under-recovery of the tax obligations will be captured through the annual PGA True-up factors, including any deviations between the estimated and actual billed tax amounts. In annual PGA True-ups, we will use the monthly expense amounts included in the PGA, along with the true-up to the actual billed tax amount.

To facilitate transparent review of our PGAs, we will continue to reflect the tax cost as a separate line item in our monthly PGA, Annual Automatic Adjustment of Charges (AAA), and annual PGA True-up filings. We note that we implemented the one-year variance for 2015 tax amounts on November 1, 2015. After receiving Commission approval of this request, we propose to begin recovery of 2016 tax amounts on November 1, 2016.

VI. EFFECT OF CHANGE UPON XCEL ENERGY REVENUE

There is no effect on the Company's revenue by granting this variance. The Company's tax expense would equally offset its increased natural gas sales revenue, leaving no net change.

CONCLUSION

Xcel Energy respectfully requests that the Commission grant a one-year variance to Minn. R. 7825.2400, subp. 12 to allow inclusion of 2016 Kansas property tax expense as a component of the cost of gas supply.

Dated: May 3, 2016

Northern States Power Company

Comprehensive Background and Procedural History

The State of Kansas has had a property tax on underground storage inventories for many years. Initially the tax was assessed against interstate natural gas pipelines that performed natural gas storage, transportation, and distribution services in the state. Prior to implementation of Federal Energy Regulatory Commission (FERC) restructuring of interstate gas pipeline services in Order No. 436 in the mid-1980s and Order No. 636 in the early 1990s, interstate gas pipelines like Northern provided a “bundled” merchant function and generally held title to all gas that it stored and transported through its pipeline system. At that time, the Kansas property tax was included in the cost of gas sold to Local Distribution Companies (LDC), such as the Company, by Northern. We then booked this cost as part of the delivered cost of gas to the appropriate PGA accounts and recovered that cost from retail customers through the PGA and annual PGA true-up.

During the time that the merchant function was bundled, the interstate pipelines challenged the Kansas property tax on underground storage inventories, and Orders in 1993 and 1997 affirmed that producers should issue refunds to the interstate pipelines for the tax (for gas sold from Oct-83 thru Jun-89). In the late 1990s, the interstate pipelines received refunds of the taxes collected by producers and started the refund process to the LDCs, with the Company refunding its customers in 2003.

However, beginning in the early 1990s, an outcome of FERC’s natural gas industry restructuring initiatives was that the Company was required to purchase its own gas supplies and transport these supplies on Northern (and other pipelines) under gas transportation service agreements. In addition, we contracted directly for storage services from Northern (and other service providers). Consequently, ownership of the gas in storage in Kansas shifted from Northern to LDCs such as the Company. With this change in ownership came the potential responsibility/cost for state taxes assessed on the natural gas. Starting in 1993, as an out-of-state LDC, we were exempt from property tax on our gas inventories stored in Kansas due to a general exemption contained in the Kansas Constitution.

Then in May 2004, the State of Kansas enacted legislation that taxed owners of natural gas commodities stored in Kansas for resale in other states, effectively removing the exemption that had historically applied to the Company and other out-of-state LDCs. We, along with a large group of other utilities, challenged the tax and eventually the issue was resolved in our favor by the Kansas Supreme Court on July 13, 2007. During the time that Kansas was assessing the tax, we petitioned for and received variances from the Commission’s Rules and collected for the tax through the

PGA.¹ Specifically, in 2005 and 2006, the Commission found that strict enforcement of the definition of the “cost of gas” in Minn. R. 7825.2400, subd. 12 would prevent the Company from recovering tax payments to the State of Kansas on natural gas it held in storage in Kansas. At that time, we were appealing the application of the tax to the Company, so the Commission granted consecutive one-year variances from its Rules. Our appeal of the tax on the Company ultimately prevailed in a 2007 Kansas Supreme Court decision, and we refunded all amounts we had collected from our customers for the overturned tax on storage volumes in the fall of 2007.

In 2009, the Kansas legislature modified the enabling statute, noting it was carrying out what the 2004 legislature intended, to allow collection of this inventory tax from public utilities based outside of Kansas effective July 1, 2009.² Similar to 2004, we and six other utilities storing gas in a Northern underground storage facility challenged the application of the tax to out-of-state public utilities. We appealed first to the Court of Tax Appeals, then to the Kansas Supreme Court, and finally to the Supreme Court of the United States of America (SCOTUS). However, on October 6, 2014, SCOTUS denied certiorari, resulting in the tax being upheld – and marking the end of our available legal avenues to challenge the tax’s applicability to the Company.³

The taxes applicable during the 2009-2014 period of appeals were legally deferred until all legal avenues were exhausted, so we did not seek cost recovery until we were certain the Company and its customers would incur the tax. With our legal avenues fully exhausted, all tax amounts from the point of the 2009 statutory change to the present became due. Starting in late October 2014, we began receiving invoices from Kansas counties for the 2009-2014 timeframe.

On February 6, 2015 we submitted a Petition seeking a variance to the Commission’s rules to prospectively, and retrospectively for 2009-2014, recover the tax through the PGA in Docket No. G002/M-15-149. The Commission approved our request in its October 21, 2015 Order, granting variances for lump sum recovery of the 2009-2014 tax amounts amortized over five years, and a one-year prospective variance for 2015 tax amounts. The Commission also required the Company to submit information regarding its storage contracts with Northern Natural Gas Company and its arrangements and agreement between its retail natural gas and electric generation operations, which it did November 20, 2015.

¹ Docket Nos. G002/M-05-534, G002/M-06-905, and G002/M-07-621.

² K.S.A § 79-5a01.

³ *Missouri Gas Energy v. State of Kansas, Div. of Property Valuation*, 135 S.Ct. 151 (2014).

Division of Property Valuation
Docking State Office Bldg.
915 SW Harrison Street
Topeka, KS 66612-1585



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NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

David N. Harper, Director

SG-NORTHERN STATES POWER CO-MINNESOTA

April 3, 2015

PAUL A SIMON
XCEL ENERGY
550 15TH ST
DENVER, CO 80202

PVD ID No. G4344

DIRECTOR'S 2015 UNIT VALUE: 18,000,877

APPLICATION TO KANSAS

ALLOCATION CALCULATION

| | | | | |
|-------------------------------------|------------|------------|-------------------|------------------|
| Kansas Investment/System Investment | 18,000,877 | 18,000,877 | Allocation Factor | 1.000000 |
| Director's Unit Value | | | | 18,000,877 |
| Kansas Allocation Factor | | | x | 1.000000 |
| Kansas Market Value | | | | 18,000,877 |
| Assment Rate @ 33% | | | x | 0.330000 |
| KANSAS ASSESSED VALUE | | | | 5,940,289 |

COMPANY INDICATORS

COST APPROACH:

| | | | | |
|---|--|--|--|------------|
| Book Original Cost | | | | 0 |
| Book Original Cost Less Depreciation | | | | 0 |
| Net Investment Adjusted for Obsolesence | | | | 0 |
| Reproduction Cost Less Depreciation | | | | 18,000,877 |

MARKET APPROACH:

| | | | | |
|-----------------|--|--|--|---|
| Equity Residual | | | | 0 |
| Stock and Debt | | | | 0 |

INCOME APPROACH

| | | | | |
|--------------|---|------|-------|---|
| Forecast NOI | 0 | Rate | .0000 | 0 |
| Actual NOI | 0 | Rate | .0000 | 0 |

An informal conference may be requested if there are any objections to the "Director's Unit Value" as stated on this "Notice" (K.S.A. 79-5a05). All conference requests must: (1) be within 15 days of this Notice, (2) be in writing, (3) be made to the Director, (4) state the objection/s. Any document or written evidence to be presented at the conference must be submitted to this office no less than two (2) days prior to the conference.

This "Notice" constitutes the Director's final action to date.

Director

Division of Property Valuation
Docking State Office Bldg.
915 SW Harrison Street
Topeka, KS 66612-1585



phone: 785-296-2365
fax: 785-296-2320
<http://www.ksrevenue.org/>

NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

David N. Harper, Director

SG-NORTHERN STATES POWER CO-MINNESOTA
PAUL A SIMON
XCEL ENERGY
550 15TH ST
DENVER, CO 80202

April 3, 2015

RE: Account Number **G4344**

Dear Sir:

K.S.A. 79-5a01 defines your company as a public utility. Enclosed is the annual valuation determined by the Director of Property Valuation as required under K.S.A. 79-5a03.

The Director's 2015 Unit Value is determined by multiplying the amount of gas in Kansas by the price of gas. For companies with storage on the Panhandle and Southern Star systems, Property Valuation (PVD) was given an already allocated Kansas amount of gas for each for each company with storage on their systems. For companies with storage on the Northern Natural and Colorado Interstate Gas systems, PVD did the allocation of gas to Kansas. The allocation factor was the division of total Kansas gas storage by total system gas storage. This allocation factor was applied to the customer system balances as reported to PVD as of January 1, 2015. The price used for the valuation was the Plattes daily pipeline price for the first trading day of January 2015 less a \$0.02. withdrawal allowance. The calculated gas quantity multiplied by the appropriate pipeline price is the market value of the gas in Kansas.

If you have any questions about any of the processes used in the valuation of your company, you may request an informal conference under K.S.A. 79-5a05. All requirements for doing this are stated on the Notice of Value page. If you are disagreeing with the taxability or constitutionality issues only, you may choose to go directly to the Kansas Board of Tax Appeals.

K.S.A. 74-2438 states in part: An appeal may be taken to the State Board of Tax Appeals from any finding, ruling, order, decision or other final action on any case of the director of taxation or director of property valuation by any person aggrieved thereby. Notice of such appeal shall be filed with the secretary of the board within thirty (30) days after such finding, ruling, order, decision or other action on a case, and a copy served upon the director concerned. The board shall fix a time and a place for hearing said appeal, and shall notify the appellant or his attorney of record at least five (5) days prior to the date of said hearing.

The Kansas Board of Tax Appeals address phone and fax are: Eisenhower State Office Building, 10th Floor, Suite 1022, 700 SW. Harrison St., Topeka, Kansas, 66603, Phone (785)296-2388, Fax (785)296-6690.

Appeal to the Board of Tax Appeals is a formal appeal and should not be undertaken lightly.

Sincerely,

A handwritten signature in cursive script that reads "David N. Harper".

David N. Harper
Director, Property Valuation
CC: Company File

phone: 785-296-2365
fax: 785-296-2320
http://www.ksrevenue.org/

Division of Property Valuation
Docking State Office Bldg.
915 SW Harrison Street
Topeka, KS 66612-1585



NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

David N. Harper, Director

SG-NORTHERN STATES POWER CO-MINNESOTA
PAUL A SIMON
XCEL ENERGY
550 15TH ST
DENVER, CO 80202

April 28, 2015

Amended Notice

PVD ID No. G4344

DIRECTOR'S 2015 UNIT VALUE: 15,342,052

APPLICATION TO KANSAS:

ALLOCATION CALCULATION:

| | | | | |
|-------------------------------------|------------|------------|-------------------|------------------|
| Kansas Investment/System Investment | 15,342,052 | 15,342,052 | Allocation Factor | 1.000000 |
| Director's Unit Value | | | | 15,342,052 |
| Kansas Allocation Factor | | | x | 1.000000 |
| Kansas Market Value | | | | 15,342,052 |
| Assessment Rate @ 33% | | | x | 0.330000 |
| KANSAS ASSESSED VALUE | | | | 5,062,877 |

COMPANY INDICATORS

COST APPROACH:

| | | | | |
|--|--|--|--|------------|
| Book Original Cost | | | | 0 |
| Book Original Cost Less Depreciation | | | | 0 |
| Net Investment Adjusted for Obsolescence | | | | 0 |
| Reproduction Cost Less Depreciation | | | | 15,342,052 |

MARKET APPROACH:

| | | | | |
|-----------------|--|--|--|---|
| Equity Residual | | | | 0 |
| Stock and Debt | | | | 0 |

INCOME APPROACH:

| | | | | |
|--------------|---|------|-------|---|
| Forecast NOI | 0 | Rate | .0000 | 0 |
| Actual NOI | 0 | Rate | .0000 | 0 |

I have considered the information presented at the hearing for your company and have made a review of the materials and testimony available to me. From this examination, I have concluded that the Director's Unit Value of your company is as shown above. This "Notice" constitutes the Director's final action to date.

I wish to extend a note of appreciation for the courteous manner in which your company was represented.

Director

Division of Property Valuation
Docking State Office Bldg.
915 SW Harrison Street
Topeka, KS 66612-1585



phone: 785-296-2365
fax: 785-296-2320
<http://www.ksrevenue.org/>

NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

David N. Harper, Director

SG-NORTHERN STATES POWER CO-MINNESOTA
PAUL A SIMON
XCEL ENERGY
550 15TH ST
DENVER, CO 80202

April 28, 2015

RE: Account Number G4344

Dear Sir:

Enclosed is an amended unit valuation notice of Kansas' Director of the Division of Property Valuation for the above-entitled company. The notice is the results of a written request for penalty abatement pursuant to K.S.A. 79-5a14 or an informal valuation conference scheduled and held at the request of the company pursuant to K.S.A. 79-5a05. The amended notice may or may not reflect a change from the original valuation.

The amended notice represents the written finding, ruling and order of the Director for the purposes of further appeal under K.S.A. 74-2438.

K.S.A. 74-2438 states in part:

An appeal may be taken to the State Board of Tax Appeals from any finding, ruling, order, decision or other final action on any case of the director of taxation or director of property valuation by any person aggrieved thereby. Notice of such appeal shall be filed with the secretary of the board within thirty (30) days after such finding, ruling, order, decision or other action on a case, and a copy served upon the director concerned. The board shall fix a time and a place for hearing said appeal, and shall notify the appellant or his attorney of record at least five (5) days prior to the date of said hearing.

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Appeal to the Board of Tax Appeals is a formal appeal and should not be undertaken lightly.

Sincerely,

A handwritten signature in cursive script that reads "David A. Harper".

David N. Harper
CC: Company File

KINGMAN COUNTY TREASURER

130 N Spruce St
 Kingman KS 67068-1659
 620-532-3461

Temp-Return Service Requested


2015
 TAX STATEMENT
 State Assess

Statement: 008662
Pin: L35H054F

Parcel ID
 160 RU 4344
Tax Unit
 160 RURAL 332
City/Twp
 RU RURAL
Sub Division

| Land Use | USD | Levy |
|----------|-----|---------|
| 4321 | 332 | 123.562 |

Legal Description

 NORTHERN STATES POWER CO-MINNESOTA
 C/O MR PAUL A SIMON, XCEL ENERGY
 550 15TH ST
 DENVER CO 80202-4205

3026
 1-1187



| District Breakdown | | | Gen Tax |
|------------------------|--|--|----------|
| RURAL TOWNSHIP | | | 7368.43 |
| USD 332 KINGMAN COUNTY | | | 7320.64 |
| DRESDEN-RURAL CEMETERY | | | 605.94 |
| S.C. REGIONAL LIBRARY | | | 294.01 |
| STATE | | | 389.59 |
| KINGMAN COUNTY | | | 16113.65 |
| TOTAL | | | 32092.26 |

| Class | Land | Improve | Gen Tax |
|-------|------|---------|----------|
| | | 259726 | 32092.26 |

Total Tax \$32,092.26
Tax Due \$32,092.26

1st half due on or before December 20, 2015.
 2nd half due on or before May 10, 2016.
 4% interest on delinquent taxes.

The Treasurer's Office is not responsible for omissions.
 For omissions or errors, contact Appraiser @ 620-532-2256.

----- Personal Property and Oil/Gas Taxes -----
 - HALF PAYMENTS ARE NOT ACCEPTED AFTER DECEMBER 20TH -
 - All prior year delinquent taxes must be paid in full -
 - before we can accept current tax. -

Please advise our office of any address changes.
 Please make checks payable to Kingman County Treasurer
 *** 2nd Half Notices Will Not Be Sent ***

to Pay taxes online, go to.....
www.ks.gov/propertytax

Please RETURN APPROPRIATE COUPON Below With Your Remittance

KINGMAN COUNTY TREASURER

130 N Spruce St
 Kingman KS 67068-1659
 620-532-3461

Temp-Return Service Requested

2015
 TAX STATEMENT
 State Assess

Statement: 008661
Pin: 753476LH

Parcel ID
 140 DR 4344
Tax Unit
 140 DRESDEN 332
City/Twp
 DR DRESDEN
Sub Division

| Land Use | USD | Levy |
|----------|-----|---------|
| 4321 | 332 | 104.521 |

Legal Description

NORTHERN STATES POWER CO-MINNESOTA
 C/O MR PAUL A SIMON, XCEL ENERGY
 550 15TH ST
 DENVER CO 80202

| District Breakdown | Gen Tax |
|------------------------|-----------|
| DRESDEN TOWNSHIP | 12714.74 |
| USD 332 KINGMAN COUNTY | 38415.43 |
| DRESDEN-RURAL CEMETERY | 3179.71 |
| S.C. REGIONAL LIBRARY | 1542.83 |
| STATE | 2044.39 |
| KINGMAN COUNTY | 84557.29 |
| TOTAL | 142454.39 |

Total Tax \$142,454.39
Tax Due \$142,454.39

1st half due on or before December 20, 2015.
 2nd half due on or before May 10, 2016.
 4% interest on delinquent taxes.

The Treasurer's Office is not responsible for omissions.
 For omissions or errors, contact Appraiser @ 620-532-2256.

| Class | Land | Improve | Gen Tax |
|-------|------|---------|-----------|
| | | 1362926 | 142454.39 |

----- Personal Property and Oil/Gas Taxes -----
 - HALF PAYMENTS ARE NOT ACCEPTED AFTER DECEMBER 20TH -
 - All prior year delinquent taxes must be paid in full -
 - before we can accept current tax.

Please advise our office of any address changes.
 Please make checks payable to Kingman County Treasurer
 *** 2nd Half Notices Will Not Be Sent ***

to Pay taxes online, go to.....
www.ks.gov/propertytax

Please RETURN APPROPRIATE COUPON Below With Your Remittance

PRATT COUNTY TREASURER

PO Box 905
 Pratt KS 67124-0905
 Phone (620) 672-4116
 Pay taxes online! @ www.prattcounty.org/onlinetaxpay.html

Temp Return Service Requested

2015 STATE ASSESSED TAX STATEMENT

Statement #: 18421
 Taxpayer Id #: NORT00012
 Tax Unit: 121-TOWNSHIP #12 USD332
 Levy: 123.844000
 Parcel #: 5068
 CAMA #:
 Property Address: 0 -
 Deed Name:

NORTHERN STATES POWER CO MINNE
 SG
 PO BOX 840
 DENVER CO 80201-0840

RECEIVED
 NOV 30 2015
 ACCOUNTS PAYABLE

| YOUR TAX | |
|-----------------------|------------------|
| First Half Tax: | 46,210.41 |
| Second Half Tax: | 46,210.41 |
| Total Tax Due: | 92,420.82 |

| PROPERTY INFORMATION | | | | | | | | |
|--|---------------------|---------------------|-------------------|-------------------|------------------|------------------|--------------|--|
| Subdivision: | Block: | Lots: | Section: | Township: | Range: | Total Ag Acres: | | |
| Legal: | | | | | | | | |
| ASSESSED VALUE | | | | | | | | |
| Property Class | Assd Rate | Prior Year | Current Year | Value Change | % Change | Current Tax | | |
| UG UTILITY- GAS | 100.0 | 784,143 | 746,268 | -37,875 | -4. | 92,420.82 | | |
| Total | | 784,143 | 746,268 | -37,875 | -4.83 | 92,420.82 | | |
| THE FIRST \$2,300 IN RESIDENTIAL ASSESSED VALUE IS EXEMPT FROM THE STATEWIDE USD GENERAL FUND MILL LEVY. | | | | | | | | |
| SPECIAL ASSESSMENTS | | | | | | | | |
| | | | | | | | | |
| YOUR MILL LEVIES | | | | YOUR TAXES | | | | |
| Authority | Prior Yr | Current Yr | % Chg | Prior Yr | Current Yr | \$ Chg | % Chg | |
| State | 1.500000 | 1.500000 | 0.00 | 1,176.21 | 1,119.40 | -56.81 | -4.83 | |
| County | 52.870000 | 53.802000 | 1.76 | 41,457.65 | 40,150.72 | -1,306.93 | -3.15 | |
| Community College | 39.071000 | 39.020000 | -0.13 | 30,637.25 | 29,119.38 | -1,517.87 | -4.95 | |
| School District | 12.756000 | 8.186000 | -35.83 | 10,002.53 | 6,108.95 | -3,893.58 | -38.93 | |
| School District - General | 20.000000 | 20.000000 | 0.00 | 15,682.86 | 14,925.36 | -757.50 | -4.83 | |
| Township | 1.404000 | 1.336000 | -4.84 | 1,100.94 | 997.01 | -103.92 | -9.44 | |
| Total | 127.60100 | 123.84400 | -2.94 | 100,057.44 | 92,420.82 | -7,636.62 | -7.63 | |
| REVENUE FROM PROPERTY TAX LEVIES | | | | | | | | |
| Taxing Authority | Prior Yr | Current Yr | \$ Chg | % Chg | | | | |
| State | 13,013.05 | 13,269.90 | 256.85 | 1.97 | | | | |
| County | 458,770.47 | 476,008.41 | 17,237.94 | 3.76 | | | | |
| Community College | 338,966.34 | 345,227.12 | 6,260.78 | 1.85 | | | | |
| School District | 110,716.78 | 72,472.89 | -38,243.90 | -34.54 | | | | |
| School District - General | 172,851.32 | 176,336.72 | 3,485.40 | 2.02 | | | | |
| Township | 12,176.78 | 11,824.50 | -352.28 | -2.89 | | | | |
| SPECIAL ASSESSMENTS | 2,790.68 | 2,790.63 | -0.05 | 0.00 | | | | |
| Total | 1,109,285.42 | 1,097,930.17 | -11,355.25 | -1.02 | | | | |

IF PAYMENT IS NOT RECEIVED BY THE DUE DATE, INTEREST PER ANNUM IS CHARGED.

Questions concerning the ASSESSMENT of property? Call the Appraiser's office @ 620-672-4112.
 You may also pay on-line (a convenience fee will be added). A paid tax receipt will be returned when requested.

PRATT COUNTY TREASURER

PO Box 905
 Pratt KS 67124-0905
 Phone (620) 672-4116
 Pay taxes online! @ www.prattcounty.org/onlinetaxpay.html

Temp Return Service Requested

2015 STATE ASSESSED TAX STATEMENT

Statement #: 18102
 Taxpayer Id #: NORT00012
 Tax Unit: 61-TOWNSHIP #6 USD332
 Levy: 123.442000
 Parcel #: 5066
 CAMA #:
 Property Address: 0 -
 Deed Name:

1401
 3402
 5337-2

NORTHERN STATES POWER CO MINNE
 SG
 P O BOX 840
 DENVER CO 80201-0000

| YOUR TAX | |
|-----------------------|-------------------|
| First Half Tax: | 77,871.47 |
| Second Half Tax: | 77,871.47 |
| Total Tax Due: | 155,742.94 |

| PROPERTY INFORMATION | | | | | | | |
|--|---------------------|---------------------|------------------|-------------------|-------------------|-------------------|--------------|
| Subdivision: | Block: | Lots: | Section: | Township: | Range: | Total Ag Acres: | |
| Legal: | | | | | | | |
| ASSESSED VALUE | | | | | | | |
| Property Class | Assd Rate | Prior Year | Current Year | Value Change | % Change | Current Tax | |
| UG UTILITY- GAS | 100.0 | 1,325,079 | 1,261,669 | -63,410 | -4. | 155,742.94 | |
| Total | | 1,325,079 | 1,261,669 | -63,410 | -4.79 | 155,742.94 | |
| THE FIRST \$2,300 IN RESIDENTIAL ASSESSED VALUE IS EXEMPT FROM THE STATEWIDE USD GENERAL FUND MILL LEVY. | | | | | | | |
| SPECIAL ASSESSMENTS | | | | | | | |
| | | | | | | | |
| YOUR MILL LEVIES | | | | YOUR TAXES | | | |
| Authority | Prior Yr | Current Yr | % Chg | Prior Yr | Current Yr | \$ Chg | % Chg |
| State | 1.500000 | 1.500000 | 0.00 | 1,987.62 | 1,892.50 | -95.12 | -4.79 |
| County | 52.870000 | 53.802000 | 1.76 | 70,056.92 | 67,880.32 | -2,176.61 | -3.11 |
| Community College | 39.071000 | 39.020000 | -0.13 | 51,772.16 | 49,230.32 | -2,541.84 | -4.91 |
| School District | 12.756000 | 8.186000 | -35.83 | 16,902.71 | 10,328.02 | -6,574.69 | -38.90 |
| School District - General | 20.000000 | 20.000000 | 0.00 | 26,501.58 | 25,233.38 | -1,268.20 | -4.79 |
| Township | 1.104000 | 0.934000 | -15.40 | 1,462.89 | 1,178.40 | -284.49 | -19.45 |
| Total | 127.30100 | 123.44200 | -3.03 | 168,683.88 | 155,742.94 | -12,940.94 | -7.67 |
| REVENUE FROM PROPERTY TAX LEVIES | | | | | | | |
| Taxing Authority | Prior Yr | Current Yr | \$ Chg | % Chg | | | |
| State | 27,602.00 | 28,851.83 | 1,249.82 | 4.53 | | | |
| County | 972,906.65 | 1,034,864.72 | 61,958.08 | 6.37 | | | |
| Community College | 718,961.50 | 750,537.75 | 31,576.25 | 4.39 | | | |
| School District | 234,742.00 | 157,463.37 | -77,278.63 | -32.92 | | | |
| School District - General | 367,228.23 | 383,939.58 | 16,711.35 | 4.55 | | | |
| Township | 20,315.69 | 17,965.66 | -2,350.04 | -11.57 | | | |
| SPECIAL ASSESSMENTS | 1,369.51 | 1,369.51 | 0.00 | 0.00 | | | |
| Total | 2,343,125.58 | 2,374,992.42 | 31,866.84 | 1.36 | | | |

IF PAYMENT IS NOT RECEIVED BY THE DUE DATE, INTEREST PER ANNUM IS CHARGED.

Questions concerning the ASSESSMENT of property? Call the Appraiser's office @ 620-672-4112.
 Your property will be on line (a convenience fee will be added). A paid tax receipt will be returned when requested.

PRATT COUNTY TREASURER

PO Box 905
 Pratt KS 67124-0905
 Phone (620) 672-4116
 Pay taxes online! @ www.prattcounty.org/onlinetaxpay.html

Temp Return Service Requested

2015 STATE ASSESSED TAX STATEMENT

Statement #: 18202
 Taxpayer Id #: NORT00012
 Tax Unit: 67-TOWNSHIP #6 USD382
 Levy: 145.013000
 Parcel #: 5067
 CAMA #:
 Property Address: 0 -
 Deed Name:

1001-1-001

3402

5337-3



NORTHERN STATES POWER CO MINNE
 SG
 P O BOX 840
 DENVER CO 80201-0000

| YOUR TAX | |
|-----------------------|---------------|
| First Half Tax: | 293.65 |
| Second Half Tax: | 293.65 |
| Total Tax Due: | 587.30 |

| PROPERTY INFORMATION | | | | | | | |
|--|-------------------|---------------------|-------------------|---------------|---------------|-----------------|--------------|
| Subdivision: | Block: | Lots: | Section: | Township: | Range: | Total Ag Acres: | |
| Legal: | | | | | | | |
| ASSESSED VALUE | | | | | | | |
| Property Class | Assd Rate | Prior Year | Current Year | Value Change | % Change | Current Tax | |
| UG UTILITY- GAS | 100.0 | 4,305 | 4,050 | -255 | -5. | 587.30 | |
| Total | | 4,305 | 4,050 | -255 | -5.92 | 587.30 | |
| THE FIRST \$2,300 IN RESIDENTIAL ASSESSED VALUE IS EXEMPT FROM THE STATEWIDE USD GENERAL FUND MILL LEVY. | | | | | | | |
| SPECIAL ASSESSMENTS | | | | | | | |
| | | | | | | | |
| YOUR MILL LEVIES | | | | YOUR TAXES | | | |
| Authority | Prior Yr | Current Yr | % Chg | Prior Yr | Current Yr | \$ Chg | % Chg |
| State | 1.500000 | 1.500000 | 0.00 | 6.46 | 6.07 | -0.38 | -6.04 |
| County | 52.870000 | 53.802000 | 1.76 | 227.62 | 217.90 | -9.71 | -4.27 |
| Community College | 39.071000 | 39.020000 | -0.13 | 168.20 | 158.03 | -10.17 | -6.05 |
| School District | 29.248000 | 29.757000 | 1.74 | 125.91 | 120.52 | -5.40 | -4.30 |
| School District - General | 20.000000 | 20.000000 | 0.00 | 86.10 | 81.00 | -5.10 | -5.92 |
| Township | 1.104000 | 0.934000 | -15.40 | 4.75 | 3.78 | -0.97 | -20.42 |
| Total | 143.79300 | 145.01300 | 0.85 | 619.04 | 587.30 | -31.74 | -5.13 |
| REVENUE FROM PROPERTY TAX LEVIES | | | | | | | |
| Taxing Authority | Prior Yr | Current Yr | \$ Chg | % Chg | | | |
| State | 8,620.57 | 11,102.07 | 2,481.51 | 28.79 | | | |
| County | 304,022.10 | 398,270.68 | 94,248.57 | 31.00 | | | |
| Community College | 224,561.57 | 288,848.14 | 64,286.58 | 28.63 | | | |
| School District | 168,215.74 | 220,281.30 | 52,065.56 | 30.95 | | | |
| School District - General | 110,784.72 | 144,021.73 | 33,237.02 | 30.00 | | | |
| Township | 6,348.62 | 6,917.73 | 569.11 | 8.96 | | | |
| SPECIAL ASSESSMENTS | 3,706.98 | 3,781.67 | 74.69 | 2.01 | | | |
| Total | 826,260.30 | 1,073,223.32 | 246,963.02 | 29.89 | | | |



IF PAYMENT IS NOT RECEIVED BY THE DUE DATE, INTEREST PER ANNUM IS CHARGED.

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PRATT COUNTY TREASURER

PO Box 905
 Pratt KS 67124-0905
 Phone (620) 672-4116
 Pay taxes online! @ www.prattcounty.org/onlinetaxpay.html

Temp Return Service Requested

2015 STATE ASSESSED TAX STATEMENT

Statement #: 18637
 Taxpayer Id #: NORT00012
 Tax Unit: 122-TOWNSHIP #12 USD382
 Levy: 145.415000
 Parcel #: 201402
 CAMA #:
 Property Address:
 Deed Name:

1486-1 12801
 3402
 5337-4

NORTHERN STATES POWER CO MINNE
 SG
 P O BOX 840
 DENVER CO 80201-0000

| YOUR TAX | |
|-----------------------|-------------------|
| First Half Tax: | 103,843.62 |
| Second Half Tax: | 103,843.62 |
| Total Tax Due: | 207,687.24 |

PROPERTY INFORMATION

Subdivision: Block: Lots: Section: Township: Range: Total Ag Acres:
 Legal:

ASSESSED VALUE

| Property Class | Assd Rate | Prior Year | Current Year | Value Change | % Change | Current Tax |
|-----------------|-----------|------------------|------------------|----------------|--------------|-------------------|
| UG UTILITY- GAS | 100.0 | 1,499,412 | 1,428,238 | -71,174 | -4. | 207,687.24 |
| Total | | 1,499,412 | 1,428,238 | -71,174 | -4.75 | 207,687.24 |

THE FIRST \$2,300 IN RESIDENTIAL ASSESSED VALUE IS EXEMPT FROM THE STATEWIDE USD GENERAL FUND MILL LEVY.

SPECIAL ASSESSMENTS

YOUR MILL LEVIES

| Authority | YOUR MILL LEVIES | | | YOUR TAXES | | | |
|---------------------------|------------------|------------------|-------------|-------------------|-------------------|------------------|--------------|
| | Prior Yr | Current Yr | % Chg | Prior Yr | Current Yr | \$ Chg | % Chg |
| State | 1.500000 | 1.500000 | 0.00 | 2,249.12 | 2,142.36 | -106.76 | -4.75 |
| County | 52.870000 | 53.802000 | 1.76 | 79,273.92 | 76,842.06 | -2,431.85 | -3.07 |
| Community College | 39.071000 | 39.020000 | -0.13 | 58,583.53 | 55,729.85 | -2,853.68 | -4.87 |
| School District | 29.248000 | 29.757000 | 1.74 | 43,854.80 | 42,500.08 | -1,354.72 | -3.09 |
| School District - General | 20.000000 | 20.000000 | 0.00 | 29,988.24 | 28,564.76 | -1,423.48 | -4.75 |
| Township | 1.404000 | 1.336000 | -4.84 | 2,105.17 | 1,908.13 | -197.05 | -9.36 |
| Total | 144.09300 | 145.41500 | 0.92 | 216,054.78 | 207,687.24 | -8,367.54 | -3.87 |

REVENUE FROM PROPERTY TAX LEVIES

| Taxing Authority | Prior Yr | Current Yr | \$ Chg | % Chg |
|---------------------------|---------------------|---------------------|-------------------|-------------|
| State | 43,639.11 | 47,514.00 | 3,874.89 | 8.88 |
| County | 1,538,668.37 | 1,704,469.07 | 165,800.70 | 10.78 |
| Community College | 1,136,739.43 | 1,236,175.53 | 99,436.10 | 8.75 |
| School District | 851,288.56 | 942,730.55 | 91,441.99 | 10.74 |
| School District - General | 564,122.24 | 615,805.36 | 51,683.12 | 9.16 |
| Township | 49,332.36 | 52,053.83 | 2,721.47 | 5.52 |
| SPECIAL ASSESSMENTS | 11,227.96 | 11,315.71 | 87.75 | 0.78 |
| Total | 4,195,018.03 | 4,610,064.05 | 415,046.02 | 9.89 |

IF PAYMENT IS NOT RECEIVED BY THE DUE DATE, INTEREST PER ANNUM IS CHARGED.

Questions concerning the ASSESSMENT of property? Call the Appraiser's office @ 620-672-4112.
 You may also pay on line (a convenience fee will be added). A paid tax receipt will be returned when requested.



Northern States Power Company
PGA EXAMPLE CALCULATION OF KANSAS TAX

Docket No. G002/M-16-____
 Rule Variance Request
 Attachment E
 Page 1 of 1

Minnesota Company (Minnesota and North Dakota)

| | |
|-------------------------------|-------------|
| Estimated KS Tax Obligation | \$630,985 |
| Forecasted Sales (thm) - 2016 | 810,984,177 |
| KS Tax Rate (\$/thm) - 2016 | \$0.000778 |
| Forecasted Sales (thm) - 2017 | 811,322,561 |
| KS Tax Rate (\$/thm) - 2017 | \$0.000778 |

Minnesota State

| <u>Month</u> | <u>Forecasted Sales</u> <u>(thm)*</u> | <u>Monthly KS Tax</u> <u>Expense</u> <u>(KS Tax Rate * Forecasted Sales)</u> | |
|--------------|--|--|---|
| Jan-16 | 122,555,626 | \$95,348 | |
| Feb-16 | 103,231,059 | \$80,314 | |
| Mar-16 | 86,960,950 | \$67,656 | |
| Apr-16 | 50,510,194 | \$39,297 | |
| May-16 | 32,995,397 | \$25,670 | |
| Jun-16 | 21,944,904 | \$17,073 | |
| Jul-16 | 19,200,957 | \$14,938 | |
| Aug-16 | 18,000,367 | \$14,004 | |
| Sep-16 | 20,901,011 | \$16,261 | |
| Oct-16 | 40,614,612 | \$31,598 | |
| Nov-16 | 75,347,848 | \$58,621 | variance year proposed start: Nov 1, 2016 |
| Dec-16 | 108,802,827 | \$84,649 | |
| Jan-17 | 122,101,188 | \$94,995 | |
| Feb-17 | 102,749,154 | \$79,939 | |
| Mar-17 | 86,459,812 | \$67,266 | |
| Apr-17 | 51,030,319 | \$39,702 | |
| May-17 | 32,448,207 | \$25,245 | |
| Jun-17 | 22,287,176 | \$17,339 | |
| Jul-17 | 19,230,430 | \$14,961 | |
| Aug-17 | 18,154,072 | \$14,124 | |
| Sep-17 | 21,198,456 | \$16,492 | |
| Oct-17 | 40,261,904 | \$31,324 | 1 year variance total: |
| Nov-17 | 75,199,550 | \$58,505 | \$544,656 |
| Dec-17 | 109,182,696 | \$84,944 | (MN State) |

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies or summaries 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. XCEL MISC GAS U-10735

Dated this 3rd day of May 2016.

/s/

Jim Erickson
Regulatory Administrator

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|------------|---|------------------------------------|---|--------------------|-------------------|------------------------|
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_15-149_M-15-149 |
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| Ian | Dobson | ian.dobson@ag.state.mn.us | Office of the Attorney General-RUD | Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101 | Electronic Service | No | OFF_SL_15-149_M-15-149 |
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| Michael | Hoppe | il23@mtn.org | Local Union 23, I.B.E.W. | 932 Payne Avenue St. Paul, MN 55130 | Electronic Service | No | OFF_SL_15-149_M-15-149 |
| Richard | Johnson | Rick.Johnson@lawmoss.com | Moss & Barnett | 150 S. 5th Street Suite 1200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-149_M-15-149 |
| | | | | | | | |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-----------|-----------------------------------|---------------------------------------|--|--------------------|-------------------|------------------------|
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| David W. | Niles | david.niles@avantenergy.com | Minnesota Municipal Power Agency | Suite 300 200 South Sixth Street Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_15-149_M-15-149 |
| SaGonna | Thompson | Regulatory.records@xcelenergy.com | Xcel Energy | 414 Nicollet Mall FL 7 Minneapolis, MN 554011993 | Electronic Service | No | OFF_SL_15-149_M-15-149 |
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East Suite 350 St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_15-149_M-15-149 |