



414 Nicollet Mall
Minneapolis, MN 55401

October 23, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

—Via Electronic Filing—

RE: REPLY COMMENTS
GAS UTILITY INFRASTRUCTURE COST RIDER
DOCKET NO. G002/M-14-336

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the October 16, 2014 Comments of the Department of Commerce, Division of Energy Resources regarding our August 1, 2014 petition requesting approval of recovery of gas utility infrastructure costs (GUIC) through a GUIC Rider pursuant to Minn. Stat. § 216B.1635.

We appreciate the Department's thorough review of our petition and their recommendation that the Commission approve the proposed GUIC Rider. Below we provide a brief response to a few of the Department's comments.

The Department's comments recommended a 7.56 percent rate of return be used in the GUIC Rider, rather than the 8.28 percent proposed by the Company. We clarify that 7.56 percent, as proposed under Docket No. G002/M-14-583¹ and approved verbally in that Docket's recent hearing, refers to weighted average cost of capital (WACC). The Company does not object to using the 7.56 percent WACC for the GUIC Rider. This change reduces the 2015 revenue requirement by \$244,000 to \$14.7 million.

Next, we provide a response to the Department's recommendation that the Company's cost recovery through the GUIC Rider terminate at the time of the Company's next

¹ See the Company's *Petition for Approval of New Area Surcharge Riders*, July 9, 2014.

general rate case. We do not believe that it is necessary to predetermine when the GUIC Rider should terminate. Such a determination could be made at the time of the filing of the next general rate case. The Company agrees that any projects in service at the time of the next case would be rolled into base rates; however, depending on the timing of the next rate case, there may still may be upcoming projects that would qualify for the GUIC Rider.

Finally, we agree with the Department's recommendation that the Company submit a compliance filing within 10 days of the written Order. Our compliance filing will include revised schedules reflecting the final rate adjustment factors and related tariff changes as approved by the Commission. We also agree to work with Department and Commission staff to make any necessary refinements to our proposed customer notice regarding the 2015 GUIC Rider.

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

SINCERELY,

/s/

AMY A. LIBERKOWSKI
MANAGER, REGULATORY ANALYSIS

c: Service List

CERTIFICATE OF SERVICE

I, Jada R. Calhoun, hereby certify that I have this day served copies or summaries of the foregoing document on the attached list(s) 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 No. G002/M-14-336

Dated this 23rd day of October 2014

/s/

Jada R. Calhoun

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