



414 Nicollet Mall
Minneapolis, MN 55401

November 23, 2021

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

—Via Electronic Filing—

Re: SUPPLEMENTAL COMMENTS
NORTHERN STATES POWER COMPANY
APPROVAL OF DEFERRALS RELATED TO DEPRECIATION,
DISTRIBUTION O&M, AND PROPERTY TAX FOR 2022
DOCKET NO. G002/M-21-750

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Supplemental Comments to provide an update on discussions we have had with parties since filing our Reply Comments on November 15.

In that time, we have met with the Department of Commerce, Office of the Attorney General, Citizens Utility Board, Energy CENTS Coalition, and Suburban Rate Authority to discuss the deferrals we have proposed and better understand their positions. Based on these conversations and comments filed in this Docket, we understand some parties have concerns related to our request to extend the remaining lives of the Wescott, Sibley, and Maplewood plants, particularly in light of the Commission's Order in Docket No. E,G002/M-19-723, which states, in relevant part:

The Commission hereby denies Xcel's request to extend the remaining life of the Wescott LNG Plant until the status and prudence of the plant can be reviewed in Xcel's upcoming natural gas general rate case.

We appreciate this concern. To be clear, our proposal was not intended to revisit this decision. We continue to believe it is appropriate for the Commission to reassess and set the lives of the Wescott plant and the other peaking plants in our natural gas

general rate case, whether that is the pending case or a future case. Our goal was simply to have the proposed depreciation expense deferral align with the depreciation expenses included in the pending case, which included a proposed life extension based on planned work that has been and will be done at the plants.

That said, we do not believe extending the lives of these plants is necessary for the Commission to approve our overall proposal. The Commission could choose to stay consistent with its Order in Docket No. E,G002/M-19-723 regarding the Wescott facility and extend this decision to all of the peaking facilities. The effect of not changing the depreciable life of these plants would be a \$12.9 million increase in the overall deferral as shown below in Table 1.

Table 1
2022 Deferral Comparison

Wescott, Sibley and Maplewood Depreciation with Life Extension	\$4,614
Wescott, Sibley and Maplewood Depreciation without Life Extension	\$17,542
Increased Depreciation and Deferral	\$12,928
Total Depreciation Deferral with Life Extension	\$14,703
Total Depreciation Deferral without Life Extension	\$27,631
Total Deferral Request with Life Extension	\$31,643
Total Deferral Request without Life Extension	\$44,571

While this would require an increase in the overall deferral request from approximately \$31.6 million to approximately \$44.5 million, doing so would have no impact on the overall merits of our proposal. An increased deferral amount would not benefit the Company, because leaving the remaining lives of the plants as they currently stand would result in the Company recognizing an incremental \$12.9 million expense in 2022 that is not presently recovered in rates. It also would not harm customers, whose base rates would remain the same in 2022 as they are today. Further, the Commission will retain complete control over the ultimate determination of the prudence of these expenses, any resulting recovery method, and the depreciable lives of our peaking plants. For example, should the Commission, in a future proceeding, determine that some or all of the expenses relating to the plants were prudently incurred and that a life extension were appropriate, the deferred amounts could be amortized over an extended period of time, which could align with the extended lives of the plants themselves. And, the Commission need not make a determination regarding

amortization in the instant proceeding; that can be left until a future rate case when the impacts will be better understood.

We appreciate our stakeholders' input in this proceeding and the opportunity to provide additional clarification. We continue to believe the Company's rate case stay-out proposal benefits all stakeholders, and we look forward to discussing this with the Commission.

We have electronically filed this document, and copies have been served on the parties on the attached service lists. Please contact me at (612) 337-2158 or greg.p.chamberlain@xcelenergy.com or Al Krug at (612) 330-6270 or allen.krug@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

GREG P. CHAMBERLAIN
REGIONAL V.P., REGULATORY AND GOVERNMENT AFFAIRS
NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION

c: Service Lists

CERTIFICATE OF SERVICE

I, Mustafa Adam, hereby certify that I have this day served copies or summaries of the foregoing documents 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-21-750

Docket No. G002/GR-21-678

Dated this 23rd day of November 2021

/s/

Mustafa Adam
Regulatory Administrator

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