



414 Nicollet Mall
Minneapolis, MN 55401

September 19, 2025

—Via Electronic Filing—

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: REPLY COMMENTS
IN THE MATTER OF XCEL ENERGY'S 2023 ANNUAL REVIEW OF REMAINING
LIVES AND DEPRECIATION RATES FOR ELECTRIC AND GAS PRODUCTION AND
GAS STORAGE FACILITIES & FOR TRANSMISSION, DISTRIBUTION, AND
GENERAL ACCOUNTS
DOCKET NO. E,G002/D-23-356

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments to the Minnesota Public Utilities Commission in response to the Minnesota Department of Commerce's September 8, 2025 Comments in the above-referenced docket.

In addition to responding to the Department's recommendations and requests for clarification and/or additional information in this Reply, we note two corrections to the record. Our January 31, 2025 Supplement should have cited to our October 7, 2024 filing; we erroneously stated the date as October 4. Additionally, our cover letter inconsistently referred to the scope of the filing – characterizing the Supplement as “an update of remaining lives and depreciation rates for our Transmission, Distribution, and General (TD&G) Accounts” in the introductory paragraph. The full scope of the filing – 2024 Annual Review of Remaining Lives *and* Depreciation Rates for Electric and Gas Production and Gas Storage Facilities – was stated in the subject line. We apologize for any confusion this inconsistency may have caused.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Pamela Gibbs at pamela.k.gibbs@xcelenergy.com or contact me at jody.l.londo@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

JODY L. LONDO
DIRECTOR, REGULATORY & STRATEGIC ANALYSIS

cc: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Hwikwon Ham	Commissioner
Audrey C. Partridge	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF XCEL ENERGY'S 2023
ANNUAL REVIEW OF REMAINING LIVES
(ARL) AND DEPRECIATION RATES FOR
ELECTRIC AND GAS PRODUCTION AND
GAS STORAGE FACILITIES & FOR
TRANSMISSION, DISTRIBUTION, AND
GENERAL ACCOUNTS (TD&G)

DOCKET NO. E,G002/D-23-356

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments to the Minnesota Public Utilities Commission in response to the Minnesota Department of Commerce's September 8, 2025 Comments in the above-referenced docket.

We appreciate the Department's analysis and agreement on aligning depreciation filings with major rate cases. In these Reply Comments, we offer clarifications regarding certain Department recommendations, and provide the information requested by the Department.

We respectfully request the Commission to approve implementation of the Company's proposed changes, as amended by this Reply, in our currently pending electric case and our next gas rate case.

COMMENTS

I. DEPRECIATION

The Department recommends that the Commission approve most of the Company's proposals regarding depreciation parameters and remaining lives. In some cases, the

Department recommends denial or alternatives compared to our proposal. We do not object to the Department's recommendations, as explained further below.

A. Energy Storage Equipment

The Department recommends that the Commission deny the Company's request to establish depreciation parameters for Accounts, 351 – Energy Storage Equipment – Transmission, and 363 – Energy Storage Equipment – Distribution. Currently, there is no balance in these accounts and therefore the Company does not object to the Department's recommendation. The Company will propose depreciation parameters and rates for this account in the future, when plant is added to these accounts.

B. Hennepin Island and Upper Dam Hydro

The Department recommends that the Commission deny the Company's request to extend the depreciation lives of the Hennepin Island and Upper Dam Hydro facilities and instead approve a remaining life of 9.2 years. The Department's recommendation is based on the current expected retirement year of 2034, because the Company has not yet begun the life extension process.

We do not object to this recommendation. The depreciation expense impact of this adjustment is an increase of \$1,535,305. The Company's currently pending electric rate case in Docket No. E002/GR-24-320 assumes the extended depreciation lives; therefore, we will make a rebuttal adjustment in the rate case to account for this Department recommendation.

C. Monticello and Prairie Island Units 1 & 2; Allen S. King and Sherco 3

The Department recommends the Commission approve remaining lives for Monticello and Prairie Island Units 1 & 2 based on expected retirement years of 2050 and 2054, respectively, as this is consistent with the Company's approved Resource Plan.¹ Similarly, the Department recommends approving remaining lives for the Allen S. King and Sherco Unit 3 generating facilities based on retirement years of 2028 and 2030, respectively. The Company will address the Department proposal in rebuttal testimony due October 10, 2025 in the currently pending electric rate case in Docket No. E002/GR-24-320.

¹ The Commission approved retirement dates of 2053 for Prairie Island Unit 1 and 2054 for Unit 2 for planning purposes; however, the plant has one remaining life for both units and will be depreciated with expected retirement date of the latter 2054.

II. ADDITIONAL REQUESTED INFORMATION

In this section, we respond to the Department's requests for additional information or clarification.

A. Net Salvage Rate for the Sherco Battery Facility

The Department requested clarification of whether the Company's proposed net salvage rate of negative 18.4 percent for its Sherco Battery facility is correct and will result in the desired depreciation accruals.

For clarity, we note that the Sherco Battery referenced in this instance is the Form Energy battery storage pilot at the Company's Sherco site. The Company affirms that the proposed net salvage rate of negative 18.4 percent for this project is correct and will result in the desired depreciation accrual. The Form Energy project's estimated in-service date has changed from October 2025 to 2027.² The Company removed this battery storage pilot from the currently pending electric rate case as part of the RES Rider Removal. Since the project was already removed from the currently pending electric rate case, a rebuttal adjustment is not necessary to account for the in-service date change.

B. Black Dog Plant Accounts

The Department requests that the Company provide in Reply Comments a more detailed discussion of the completed and remaining removal work at Black Dog – Steam, its best estimates of the costs of that work, and an explanation of why it is reasonable to accrue decommissioning expense necessary to cover the remaining costs via depreciation expense for Black Dog – Other. In addition, the Department requests that the Company explain its proposal to transfer \$8.4 million in depreciation reserves from Black Dog – Steam to Minnesota Valley.

Black Dog Unit 5, which is a natural gas fired combined cycle combustion gas turbine, replaced the original Unit 1 boiler and steam turbine. The exhaust heat from the Unit 5 gas turbine generates steam in the HRSG and powers the original Unit 2 steam turbine that was installed in the 1950's. The coal yard facilities have been removed as well as the boiler chimneys. Unit 4 was mostly removed to make room for a new simple cycle combustion gas turbine, Unit 6. The Unit 4 primary precipitator, air heater, forced draft, induced draft and gas recirculation fans, deaerator and storage tank, and one feed-water heater remain in place. Unit 3 and the Unit 2 boiler also remain in place.

² See July 3, 2025 Quarterly Update Compliance Filing in Docket No. E002/M-23-119.

These assets can be removed more efficiently later, when other larger portions of the plant will also be removed. In addition, because the plant remains in service as Black Dog – Other, removing the remaining steam assets would be complex and risky while adjacent equipment remains operational.³ The current estimate to remove the assets and perform restoration of the Black Dog site is \$59.0 million.⁴

The Department noted in Comments that Black Dog – Steam units should have accrued a large enough cost of removal balance to cover their expected costs of decommissioning and requests an explanation of why it is reasonable to accrue decommissioning expense necessary to cover the remaining costs via depreciation expense for Black Dog – Other. We clarify that Black Dog – Steam has an excess reserve balance, meaning we have recovered more than we have spent for the actual costs of decommissioning that has been completed to-date.

Decommissioning costs are estimates and it is common for estimates to change and for actual costs to differ. If cost estimates change between studies, the Company will request additional, or less, recovery. Part of the reason for the excess reserve balance for Black Dog – Steam is due to the amortization of costs associated with Coal Combustion Residual (CCR) compliance for Black Dog – Steam, which we completed through Minnesota Pollution Control Agency’s (MPCA) Voluntary Investigation and Cleanup (VIC) program. After the 2010 Remaining Lives filing, the Company entered into the program to remediate the former coal-fired plant – or CCR. These CCR costs were not included in the dismantling studies. The Department and Company recommended, and the Commission approved a 15-year amortization period, effective January 1, 2013, of \$33.2 million. This cost is shown in Schedule H as “COR expense for Black Dog.”

Once final costs are incurred, the Company proposes reserve adjustments to reallocate these differences to other operating units. The excess reserve balance could be held to cover the remaining work to be completed when Black Dog – Other is retired; however, the Company proposes to transfer \$8.4 million in depreciation reserves from Black Dog – Steam to Minnesota Valley to cover unanticipated CCR costs at Minnesota Valley. The U.S. Environmental Protection Agency’s (EPA) recent amendment to the CCR regulation required a fast-track project in Minnesota Valley, which was not included in previous dismantling estimates. Minnesota Valley has a negative cost of removal reserve balance on the Company’s books. Because \$8.4

³ See also our response to Department of Commerce Information Request No. 2, included as Attachment 1 to the Department’s September 8 Comments.

⁴ See the Company’s January 31, 2025 Supplement, Att J – Dismantling Cost Study at page 11 of 131, for a description of the scope of the restoration estimate.

million in excess reserve balance is not needed imminently for Black Dog, a reserve reallocation to Minnesota Valley is appropriate to cover the unanticipated CCR costs.⁵

C. Luverne Wind2battery System

The Department requested an update regarding final actual costs for Decommissioning the Luverne Wind2battery System, and the final amounts of any reserve reallocations. The Company's initial estimate was \$1,209,904. The actual costs came in at \$1,157,096, or a decrease of \$52,805. The Company will make the appropriate adjustment and update the reserve reallocation calculation in the rate case.

III. IMPLEMENTATION DATES FOR GAS AND ELECTRIC

We appreciate the Department's support of the Company's request to modify the filing requirements for depreciation filings to align with rate case filings. To that end, we propose to implement the lives and net salvage rates included in this proceeding, with the implementation of rates in the current Minnesota electric rate case (Docket No. E002/GR-24-320) and the next gas rate case.

CONCLUSION

The Company appreciates this opportunity to provide clarifying and additional information responsive to the Department's requests and recommendations. We appreciate the Department's agreement on aligning depreciation filings with major rate cases and respectfully request the Commission to approve implementation of the Company's proposed changes, as amended by this Reply, in our currently pending electric case and our next gas rate case.

Dated: September 19, 2025

Northern States Power Company

⁵ New federal CCR regulations may require future remediation at other sites as well, but the extent and costs are unknown at this time and are therefore not included in TLG's recent dismantling study. Further discussion of the impact and proposed future recovery of CCR costs are addressed in direct testimony of Company witnesses Jeff West and Allison Johnson/Mark Moeller in the pending electric rate case.

CERTIFICATE OF SERVICE

I, Christine Marquis, 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 No. E,G002/D-23-356

Dated this 19th day of September 2025

/s/

Christine Marquis
Regulatory Administrator

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