



414 Nicollet Mall
Minneapolis, Minnesota 55401

October 1, 2013

—Via Electronic Filing—

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

RE: SUPPLEMENTAL FILING
FIVE-YEAR TRANSMISSION, DISTRIBUTION,
AND GENERAL DEPRECIATION STUDY
DOCKET NO. E,G002/D-12-858

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Supplement to our Petition for approval of our 2012 Five-Year Transmission, Distribution, and General Depreciation Study. This Supplement updates our initial Petition to implement changes resulting from the Commission's September 3, 2013 Order in our electric rate case (Docket No. E002/GR-12-961).

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document with the Commission. A Summary of the filing has been served on all parties on the attached service list. Please contact me (612) 330-6950 or lisa.h.perkett@xcelenergy.com if there are any questions regarding this filing.

Sincerely,

/s/

LISA H. PERKETT
DIRECTOR, CAPITAL ASSET ACCOUNTING

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
J. Dennis O'Brien	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR CERTIFICATION OF ITS FIVE-YEAR
TRANSMISSION, DISTRIBUTION, AND
GENERAL DEPRECIATION STUDY

DOCKET NO. E,G002/D-12-858

SUPPLEMENTAL FILING

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Supplement to our Petition for certification of our 2012 Transmission, Distribution, and General Depreciation Study. This Supplement incorporates changes to the depreciation rates for Transmission, Distribution, and General Assets made by the Commission in our 2013 test year electric rate case (Docket No. E002/GR-12-961).

In our initial Petition filed on July 31, 2012 in this docket, we proposed amortizing the theoretical reserve surplus over the remaining lives of assets. In Response Comments dated February 6, 2013, the Department recommended approval of our Petition with the exception that the Commission deny our request to redistribute the depreciation reserves for gas accounts.

In its September 3, 2013 rate case Order, the Commission required the Company to amortize the theoretical reserve surplus for Transmission, Distribution, and General plant for both the electric and common assets over eight years. This Supplement updates our initial Petition to implement the eight-year amortization, which is already reflected in the revenue requirement approved in our electric rate case.

The changes we propose in this Supplement for the gas utility ensure that we are consistent across our gas and electric utilities with regard to depreciation method. However, we are not proposing to amortize the theoretical gas reserve surplus at this time. We recommend that any amortization of the theoretical reserve for gas plant

and the associated reduction in depreciation expense be implemented in conjunction with our next gas rate case.

We continue to request approval effective January 1, 2013, of the depreciation lives and rates in the Study filed in our initial Petition. For electric and common assets we request approval of the amortization of the difference between theoretical and actual reserve balances as of January 1, 2012 over eight years beginning January 1, 2013, consistent with the Commission's rate case Order.

In aggregate on a total Company basis, the changes in lives and net salvage rates resulting from the Study and the amortization over eight years of the difference between theoretical and actual reserve balances for electric and common utilities reduce depreciation expense by \$29,792,226 based on beginning 2012 plant data. As used in this Supplement, "present rates" include the depreciation rates approved by the Commission in the Company's 2007 five-year study petition¹ as adjusted by the Company for accounting purposes and consistent with the Commission's May 2012 Order in our 2011 test year rate case (Docket No. E002/GR-10-971). The overall reduction in depreciation expense compared to depreciation expense resulting from the present rates is broken down by utility as follows:

Estimated Change to Depreciation	
Electric Utility	\$(28,527,149)
Gas Utility	(1,671,739)
Common Utility	406,663
Total Estimated Impact	\$(29,792,226)

We note that the 2012 Study and supporting information was filed in our initial Petition in this docket. In this Supplemental filing we provide the necessary discussion and schedules showing implementation of the eight-year amortization requirement in the September 3 rate case Order. We request that the Commission establish a comment period to allow parties to review and comment on this Supplemental filing.

I. SUPPLEMENTAL FILING

This Supplemental filing provides the following information:

- Background
- Theoretical Reserve Analysis
- Reasonableness of New Rates

¹ Docket No. E,G002/D-07-1528 (effective January 1, 2008).

- Proposal for Future Filings
- Attached Schedules

A. Background

This filing presents life and depreciation rate information for both the electric and gas utilities' transmission, distribution, and general plant, including common property related to each utility group. Common property does not have distinctions outside of general property. The utilities and functional groups can further be broken down based on their treatment for depreciation purposes.

Depreciation accounting is the system of accounting to distribute the cost of capital assets, less salvage (which may be negative), over the estimated useful life of the unit in a systematic and rational manner. Depreciation is a process of allocation, not valuation. The depreciation method chosen varies depending on the type of asset whether the asset is a homogeneous group of assets (like poles and conductor) versus an individual asset (such as a generating unit). The Company uses two basic depreciation methods: the remaining service life method for generation facilities; and the average service life method for transmission, distribution, and general property.

Our original Petition proposed to replace the average service life method with an average life group, remaining-life depreciation methodology to calculate annual and accrued depreciation for transmission, distribution, and general property. This change in depreciation method was proposed for the purpose of eliminating the difference between the accumulated actual reserve and the theoretical reserve balances over the remaining lives of the assets. However, as a result of the Commission decision amortizing the reserve surplus over eight years, the reserve surplus is being amortized separately from the remaining lives of the assets. Therefore, the proposed depreciation rates are no longer average remaining life rates, but rather, are average service life rates. Consequently, we propose to continue using the whole life method of depreciation for these assets.

B. Theoretical Reserve Analysis

A comparison of actual reserve to theoretical reserve is a gauge the Company and Commission use to review whether the accumulated depreciation is reasonable given all that has occurred in the past and all that is expected to occur in the future. As stated, actual reserves are based on historical rates and lives, whereas the theoretical reserve is based on the current assumptions applied as if they had been in place from the beginning of an asset's useful life. A difference in the reserve amounts does not,

by itself, indicate there is an issue that needs correcting. A future change – such as an increase in removal or negative salvage costs – could cause the difference between the actual and theoretical reserves to narrow in the future, or even go negative. Under the average service life methodology approved in prior dockets for use with transmission, distribution, and general assets, differences between the actual and theoretical reserves have existed. Regardless of whether an account had a surplus or deficit, only 100% of the original cost plus net salvage can be depreciated. The current difference between the actual and theoretical reserve is approximately \$358 million across the utilities (electric, gas, and common).

During the Company’s 2011 test year electric rate case, concern was raised by certain parties over the size of the depreciation reserve surplus. In the Study, we proposed amortizing the January 1, 2012 reserve surplus over the remaining lives of the assets and made that same proposal in our 2013 rate case. The Commission instead ordered the Company to amortize the reserve imbalance for transmission, distribution, and general plant for electric and common utilities over eight years. Therefore, the proposed depreciation rates are no longer average remaining life rates, but rather, are average service life rates. Consequently, we propose to continue using the whole life method of depreciation for these assets.

For these same reasons, we propose continued use of the whole life method for the gas utility. Amortizing the gas surplus reserve over eight years would result in an annual decrease in depreciation of \$5.9 million. However, we are not proposing to amortize this theoretical gas reserve surplus at this time. Instead, we recommend that any amortization of the theoretical reserve for gas plant and the associated reduction in depreciation expense be implemented in conjunction with our next gas rate. The gas utility reserve surplus is shown on pages 8 and 9 of the attached Schedule C.

The following table shows the estimated reserve difference by electric and common utility and the annual amortization, at total Company level, for the next eight years.

	Theoretical to Actual Reserve Difference	Annual Reserve Difference over Eight Years
Electric Utility	\$316,973,655	\$(39,621,707)
Common Utility	(5,663,658)	707,957
Total Estimated Impact	\$311,309,996	\$(38,913,750)

Because the rate case Order discusses the amortization of the reserve surplus at the Minnesota jurisdictional level, the following table shows the estimated reserve difference by electric and common utility and the annual amortization for the next eight years at jurisdictional level.

	Theoretical to Actual Reserve Difference	Annual Reserve Difference over Eight Years
Electric Utility	\$265,213,520	\$(33,151,690)
Common Utility	(3,974,675)	496,834
Total Estimated Impact	\$261,238,845	\$(32,654,856)

The Company recommends that this process be applied to all transmission, distribution, and general assets for the electric and common utility in this filing. The overall change to depreciation based on changing lives and net salvage rates is an increase of \$9,121,524, offset by the amortization of an overall reserve surplus of a negative \$38,913,750. The two changes together total a decrease in expense of \$29,792,226.

	Change in Life and Net Salvage Rate	Actual to Theoretical Difference Amortization	Proposed Change in Accrual
Electric Utility	\$11,094,557	\$(39,621,707)	\$(28,527,149)
Gas Utility	(1,671,739)	NA	(1,671,739)
Common Utility	(301,295)	707,957	406,663
Total Estimated Impact	\$9,121,524	\$(38,913,750)	\$(29,792,226)

C. Reasonableness of New Rates

Based on the information provided in our initial Petition and this Supplement, the Company respectfully requests that the Commission approve:

- the 2012 Transmission, Distribution, and General Depreciation Five Year Study;
- the amortization of the electric and common utility theoretical reserve surplus over eight years; and
- implementation of the new depreciation rates and lives effective January 1, 2013.

We believe the Study results are reasonable and should be approved because they better reflect the useful lives of our assets and the expected costs of removal, and the amortization of the electric and common utility theoretical reserve surplus required as a result of our 2013 electric rate case.

1. *Extended Useful Lives of Company Assets*

As more fully explained in the Study,² based on extensive data collection and verification processes, combined with the actuarial analysis and evaluation, it was determined that all but a few of the existing approved lives were less than currently projected. A fundamental purpose of depreciation is to recover investment in an asset over the useful life of the asset. Therefore, it is appropriate to change the current approved lives to reflect the change in lives supported by the Study. The Commission approved Settlement Agreement in our 2011 test year rate case (Docket No. E002/GR-10-971) adjusted depreciation expense in part based on the Company's assumption that the then approved lives were, in the aggregate, shorter than appropriate. The Study verifies that assumption.

2. *Increased Expected Costs of Removal*

At the time an asset is retired, it is generally necessary to remove the asset. The cost of removal is treated as a part of the depreciation expense. Over time, the cost of removal has increased beyond just the effect of inflation because environmental requirements require special treatment for many assets during retirement. This includes protecting the environment during deconstruction and removal, and proper disposal of the materials. The negative salvage rates recommended in the Study appropriately reflect the projected higher costs of future removal.

3. *Theoretical Reserve Amortization*

The proposed rates are based on the Study, as modified by the Commission's decision to amortize the theoretical reserve surplus over eight years. Our proposal is, therefore, in compliance with the Commission's September 3 rate case Order.

D. Proposal for Future Filings

The Commission's decision in our 2013 test year rate case results in the reserve surplus being amortized over eight years, that is, separately from the remaining lives of the assets. Therefore, the proposed depreciation rates are no longer average

² See Depreciation Study Process at Pg. 20-21.

remaining life rates, but rather, are average service life rates. Consequently, we propose to continue using the whole life method of depreciation for these assets. Thus, we propose our next update to depreciation lives and rates be submitted five years after the current Study, July 2017 for 2018 depreciation expense. The amortization of reserve surplus would be a separate component that would be addressed in future rate cases.

E. Attached Schedules

The following schedules have been included for satisfaction of filing requirements and for additional support to the recommended changes:

Schedule	
A	Proposed Depreciation Lives, and Rates
B	Comparison of Present and Proposed Depreciation Lives and Rates
C	Comparison of Present and Proposed Depreciation Expense

The following schedules have not been updated from our initial Petition and therefore have not been provided in this supplemental filing:

Schedule	
D	Depreciation Study by Alliance Consulting Group
E	Plant In Service Rollforward
F	Reserve Rollforward
G	Annual Depreciation Accruals
H	Depreciation Reserve Reallocation
I	Asset Retirement Obligations

CONCLUSION

Xcel Energy continues to request approval effective January 1, 2013, of the depreciation lives and rates in the Transmission, Distribution, and General Depreciation Study filed in our initial Petition in this docket. For electric and common assets we request approval of the amortization of the difference between theoretical and actual reserve balances as of January 1, 2012 over eight years beginning January 1, 2013, consistent with the Commission's September 3, 2013 Order in our 2013 rate case.

Dated: October 1, 2013

FERC Account	Account Description	(Note)	Proposed			
			Average Service Life	Curve	Net Salvage	Annual Rate (ASL)
			(a)	(b)	(c)	(d)=(100-c)/a
Intangible						
303	Computer Software - 5 year	(1)	5	n/a	0	20.00
Transmission						
352	Structures & Improvements		68	R5	0	1.47
353	Station Equipment		56	R2	-10	1.96
354	Towers & Fixtures		70	R4	-35	1.93
355	Poles & Fixtures		62	R2	-35	2.18
356	Overhead Conductor & Devices		63	R1	-30	2.06
357	Underground Conduit		73	R4	0	1.37
358	Underground Conductor & Devices		55	R2	0	1.82
Distribution						
361	Structures & Improvements		60	R3	-30	2.17
362	Station Equipment		55	R1.5	-20	2.18
364	Poles, Towers & Fixtures		44	R1	-100	4.55
365	Overhead Conductor & Devices		39	L0	-20	3.08
366	Underground Conduit		52	R3	-10	2.12
367	Underground Conductor & Devices		45	R2.5	0	2.22
368	Line Transformers	(1)	32	(3)	-5	3.28
368	Line Capacitors	(1)	25	(3)	-10	4.40
369	Services - Overhead		40	R1.5	-70	4.25
369	Services - Underground		41	R4	-5	2.56
370	Meters	(1)	15	(3)	0	6.67
370	Meters - Old	(2)	20	(3)	0	5.00
373	Street Light & Signal Systems		29	L0	-35	4.66
General						
390	Structures & Improvements		57	R1.5	-20	2.11
391	Office Furniture & Equipment	(1)	20	(3)	0	5.00
391	Network Equipment	(1)	4	(3)	0	25.00
392	Transportation Equipment - Automobiles	(1)	10	(3)	0	10.00
392	Transportation Equipment - Light Trucks	(1)	12	(3)	0	8.33
392	Transportation Equipment - Trailers	(1)	15	(3)	0	6.67
392	Transportation Equipment - Heavy Trucks	(1)	14	(3)	0	7.14
393	Stores Equipment	(1)	20	(3)	0	5.00
394	Tools, Shop & Garage Equipment	(1)	15	(3)	0	6.67
395	Laboratory Equipment	(1)	10	(3)	0	10.00
396	Power Operated Equipment	(1)	12	(3)	0	8.33
397	Communication Equipment	(1)	9	(3)	0	11.11
397	Communication Equipment - Two Way	(1)	9	(3)	0	11.11
397	Communication Equipment - EMS	(1)	15	(3)	0	6.67
397	Communication Equipment - AMR	(1)	15	(3)	0	6.67
398	Miscellaneous Equipment	(1)	15	(3)	0	6.67

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.
(2): This account is fully depreciated.
(3): Vintage Group accounts do not have an Iowa Curve assigned.

FERC Account	Account Description	(Note)	Proposed			
			Average Service Life	Curve	Net Salvage	Annual Rate (ASL)
			(a)	(b)	(c)	(d)=(100-c)/a
Intangible						
303	Computer Software - 5 year	(1)	5	(3)	0	20.00
Transmission						
366	Structures & Improvements		52	R3	-5	2.02
367	Mains		75	R2.5	-15	1.53
369	Measure & Regulating Station Equipment		33	R1.5	-30	3.94
Distribution						
375	Structures & Improvements		41	R5	0	2.44
376	Mains - Metallic		51	R1.5	-20	2.35
376	Mains - Plastic		45	R2.5	-15	2.56
378	Measure & Regulating Station Equipment - General		38	R0.5	-25	3.29
379	Measure & Regulating Station Equipment - City Gate		38	R0.5	-2	2.68
380	Services - Metallic		40	S3	-40	3.50
380	Services - Plastic		39	R2.5	-30	3.33
381	Meters	(1)	20	(3)	-3	5.15
381	Meters - Telemetry	(2)	8	(3)	0	12.50
383	House Regulators	(1)	20	(3)	0	5.00
General						
390	Structures & Improvements		55	R1.5	-20	2.18
391	Office Furniture & Equipment	(1)	20	(3)	0	5.00
391	Network Equipment	(1)	4	(3)	0	25.00
392	Transportation Equipment - Automobiles	(1)	10	(3)	0	10.00
392	Transportation Equipment - Light Trucks	(1)	12	(3)	0	8.33
392	Transportation Equipment - Trailers	(1)	15	(3)	0	6.67
392	Transportation Equipment - Heavy Trucks	(1)	14	(3)	0	7.14
393	Stores Equipment	(1)	20	(3)	0	5.00
394	Tools, Shop & Garage Equipment	(1)	15	(3)	0	6.67
395	Laboratory Equipment	(4)	10	(3)	0	10.00
396	Power Operated Equipment	(1)	12	(3)	0	8.33
397	Communication Equipment	(1)	9	(3)	0	11.11
397	Communication Equipment - EMS	(1)	15	(3)	0	6.67
397	Communication Equipment - AMR	(1)	15	(3)	0	6.67
398	Miscellaneous Equipment	(1)	15	(3)	0	6.67

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated.

(3): Vintage Group accounts do not have an Iowa Curve assigned.

(4): As of 1/1/2012 there was zero plant balance in this FERC Account.

FERC Account	Account Description	(Note)	Proposed			
			Average Service Life	Curve	Net Salvage	Annual Rate (ASL)
			(a)	(b)	(c)	(d=(100-c)/a)
Intangible						
303	Computer Software - 3 year	(1)	3	(3)	0	33.33
303	Computer Software - 5 year	(1)	5	(3)	0	20.00
303	Computer Software - 7 year	(1)	7	(3)	0	14.29
303	Computer Software - 10 year	(1)	10	(3)	0	10.00
General						
390	Structures & Improvements	(1)	55	R1.5	-20	2.18
390	Structures & Improvements - Leased	(1)	10	SQ	0	10.00
391	Office Furniture & Equipment	(1)	20	(3)	0	5.00
391	Network Equipment	(1)	4	(3)	0	25.00
392	Transportation Equipment - Automobiles	(1)	10	(3)	0	10.00
392	Transportation Equipment - Light Trucks	(1)	12	(3)	0	8.33
392	Transportation Equipment - Trailers	(1)	15	(3)	0	6.67
392	Transportation Equipment - Heavy Trucks	(1)	14	(3)	0	7.14
393	Stores Equipment	(1)	20	(3)	0	5.00
394	Tools, Shop & Garage Equipment	(1)	15	(3)	0	6.67
395	Laboratory Equipment	(1)	10	(3)	0	10.00
396	Power Operated Equipment	(1)	12	(3)	0	8.33
397	Communication Equipment	(1)	9	(3)	0	11.11
397	Communication Equipment - Two Way	(1)	9	(3)	0	11.11
398	Miscellaneous Equipment	(1)	15	(3)	0	6.67

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated.

(3): Vintage Group accounts do not have an Iowa Curve assigned.

Electric Utility

FERC Account	Account Description	As approved in Docket No. E,G002/D-07-1528				As Settled in Docket No. E002/GR-10-971	Proposed				Proposed to Approved Comparison		
		Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Annual Rate	Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Net Salvage	Annual Rate (ASL)
		(a)	(b)	(c)	(d) = (100 - (c))/(a)	(d)	(e)	(f)	(g)	(h) = (100 - (g))/(e)	(i) = (e) - (a)	(j) = (g) - (c)	(k) = (h) - (d)
Intangible													
303	Computer Software - 5 year	5	n/a	0	20.00		5	n/a	0	20.00	0	0	0.00
Transmission													
352	Structures & Improvements	45	S1	0	2.22		68	R5	0	1.47	23	0	-0.75
353	Station Equipment	38	SC	0	2.63		56	R2	-10	1.96	18	-10	-0.67
354	Towers & Fixtures	50	R4	-25	2.50	1.87	70	R4	-35	1.93	20	-10	0.06
355	Poles & Fixtures	45	R1.5	-10	2.44	1.82	62	R2	-35	2.18	17	-25	0.36
356	Overhead Conductor & Devices	42	L1	-30	3.10	2.47	63	R1	-30	2.06	21	0	-0.40
357	Underground Conduit	55	L1.5	0	1.82	1.19	73	R4	0	1.37	18	0	0.18
358	Underground Conductor & Devices	40	L1	0	2.50	1.87	55	R2	0	1.82	15	0	-0.05
Distribution - Minnesota Only													
361	Structures & Improvements	45	R1	-30	2.89		60	R3	-30	2.17	15	0	-0.72
362	Station Equipment	38	R1	-10	2.89		55	R1.5	-20	2.18	17	-10	-0.71
364	Poles, Towers & Fixtures	40	R1.5	-90	4.75	3.67	44	R1	-100	4.55	4	-10	0.87
365	Overhead Conductor & Devices	35	R1	-30	3.71	2.64	39	L0	-20	3.08	4	10	0.44
366	Underground Conduit	50	R3	0	2.00	0.92	52	R3	-10	2.12	2	-10	1.19
367	Underground Conductor & Devices	35	R2	20	2.29	1.21	45	R2.5	0	2.22	10	-20	1.01
368	Line Transformers	32	n/a	10	2.81	1.97	32	n/a	-5	3.28	0	-15	1.32
368	Line Capacitors	25	n/a	0	4.00	3.15	25	n/a	-10	4.40	0	-10	1.25
369	Services - Overhead	40	R2.5	-35	3.38	2.53	40	R1.5	-70	4.25	0	-35	1.72
369	Services - Underground	40	R2.5	-35	3.38	2.53	41	R4	-5	2.56	1	30	0.03
370	Meters	15	n/a	0	6.67	5.82	15	n/a	0	6.67	0	0	0.85
370	Meters - Old	20	n/a	0	5.00	4.15	20	n/a	0	5.00	0	0	0.85
373	Street Light & Signal Systems	25	L5	-20	4.80		29	L0	-35	4.66	4	-15	-0.14

Electric Utility

FERC Account	Account Description	As approved in Docket No. E,G002/D-07-1528				As Settled in Docket No. E002/GR-10-971	Proposed				Proposed to Approved Comparison		
		Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Annual Rate	Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Net Salvage	Annual Rate (ASL)
		(a)	(b)	(c)	(d) = (100 - (c))/(a)	(d)	(e)	(f)	(g)	(h) = (100 - (g))/(e)	(i) = (e) - (a)	(j) = (g) - (c)	(k) = (h) - (d)
General													
390	Structures & Improvements	45	R1	0	2.22		57	R1.5	-20	2.11	12	-20	-0.11
391	Office Furniture & Equipment	18	n/a	0	5.56		20	n/a	0	5.00	2	0	-0.56
391	Network Equipment	4	n/a	0	25.00		4	n/a	0	25.00	0	0	0.00
392	Transportation Equipment - Automobiles	5	n/a	10	18.00		10	n/a	0	10.00	5	-10	-8.00
392	Transportation Equipment - Light Trucks	10	n/a	10	9.00		12	n/a	0	8.33	2	-10	-0.67
392	Transportation Equipment - Trailers	10	n/a	10	9.00		15	n/a	0	6.67	5	-10	-2.33
392	Transportation Equipment - Heavy Trucks	12	n/a	5	7.92		14	n/a	0	7.14	2	-5	-0.78
393	Stores Equipment	20	n/a	0	5.00		20	n/a	0	5.00	0	0	0.00
394	Tools, Shop & Garage Equipment	15	n/a	0	6.67		15	n/a	0	6.67	0	0	0.00
395	Laboratory Equipment	10	n/a	0	10.00		10	n/a	0	10.00	0	0	0.00
396	Power Operated Equipment	10	n/a	10	9.00		12	n/a	0	8.33	2	-10	-0.67
397	Communication Equipment	9	n/a	0	11.11		9	n/a	0	11.11	0	0	0.00
397	Communication Equipment - Two Way	9	n/a	0	11.11		9	n/a	0	11.11	0	0	0.00
397	Communication Equipment - EMS	15	n/a	0	6.67		15	n/a	0	6.67	0	0	0.00
397	Communication Equipment - AMR	15	n/a	0	6.67		15	n/a	0	6.67	0	0	0.00
398	Miscellaneous Equipment	15	n/a	0	6.67		15	n/a	0	6.67	0	0	0.00

Note: Vintage Group accounts do not have an Iowa Curve assigned.

Northern States Power Company
Proposed Lives, Net Salvage Rates, and Depreciation Rates
2010 Rate Case Settlement Depreciation Adjustments

Docket No. E,G002/D-12-____

Schedule B.1

Page 3 of 7

Electric Utility

	Rem. Life (Yrs)	Net Salv %	Present Depreciation Expense	Rem. Life (Yrs)	Net Salv %	Proposed Depreciation Expense	Proposed Less Present Expense
Other Production (+10 years)							
High Bridge	27.4	-3.1	13,685,139	37.4	-3.1	10,026,011	(3,659,128)
Riverside	28.2	-5.0	10,104,144	38.2	-5.0	7,459,080	(2,645,064)
Total			\$ 23,789,283			\$ 17,485,091	\$ (6,304,192)
			<u>Functional Total</u>				
		Jurisdictional %	74.16%			(2,713,547.20)	
Jurisdictional Change to Other Prod Depreciation Expense			(4,675,082)			(1,961,534.42)	
	Depr. Rate (%)		Present Depreciation Expense	Depr. Rate (%)		Proposed Depreciation Expense	Proposed Less Present Expense
Transmission - Lines	2.6471		24,814,224	2.0178		18,915,093	(5,899,132)
Distribution - Lines (MN only)	2.9618		44,958,192	1.8892		28,676,749	(16,281,442)
Distribution - Other (MN only)	3.5764		24,174,531	2.7201		18,386,406	(5,788,125)
Total			\$ 69,132,723			\$ 47,063,155	\$ (22,069,568)
			<u>Functional Total</u>				
		Jurisdictional %	74.16%				
Transmission Depreciation Expense			(4,374,696)				
Distribution Depreciation Expense			(22,069,568)				
Jurisdictional Change to T&D Depreciation Expense			\$ (26,444,263)				
			<u>2011 Total</u>			<u>Other Prod</u>	<u>Transmission</u>
Total Jurisdictional Change to Depreciation Expense			\$ (31,119,345)			\$ (4,675,082)	\$ (4,374,696)
							<u>Distribution</u>
Average Depreciation Reserve			(15,559,673)			(2,337,541)	(11,034,784)
Average Accumulated Deferred Taxes			6,358,756			955,280	4,509,574
Average Rate Base			9,200,917			1,382,260	6,525,210
Weighted Debt Cost			2.8700%			2.8700%	2.8700%
Debt Return			264,066			39,671	187,274
Weighted Equity Req			5.4500%			5.4500%	5.4500%
Equity Return			501,450			75,333	355,624
(t/(1-t))			0.705611			0.705611	0.705611
Tax on Eq Return RR			353,829			53,156	250,932
Rate Base Revenue Requirement			1,119,345			168,160	793,830
Book Depreciation Expense			(31,119,345)			(4,675,082)	(22,069,568)
Total Revenue			(30,000,000)			(4,506,922)	(21,275,738)

Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	6.0936%	46.8780%	2.8600%
Short Term Debt	2.4326%	0.5604%	0.0100%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	10.3700%	52.5616%	5.4500%
Required Rate of Return			8.3200%
Composite Income Tax Rates			
State of Minnesota Tax rate			9.80%
Federal Statutory Tax rate		35.00%	
Federal Effective Tax Rate (1-State Rate*Fed Rate)			31.57%
Total Minnesota Composite Tax Rate			41.37%
Total Corporate Composite Tax Rate			40.87%
MN Jurisdiction Demand		88.49%	
MN/WS Interchange Demand		83.80%	
Composit Demand Allocation Factor		74.16%	

Northern States Power Company
Proposed Lives, Net Salvage Rates, and Depreciation Rates
2010 Rate Case Settlement Depreciation Rates

Electric Utility

Group	Plant Balance 1/1/2011	Rates Approved D-07-1528	Present Depreciation	Depreciation Adjustment From Settlement	Adjusted Depreciation	Settlement Approved Rates
	(a)	(b)	(c) = (a)*(b)/100	(d)	(e) = (c) + (d)	(f) = (e)/(a)*100
Distribution Lines						
MN03-364000-Poles & Fixtures - MN	264,701,652	4.7496	12,572,270	(2,846,508)	9,725,761	3.6742
MN03-365000-OH Conductors - MN	300,243,500	3.7143	11,151,944	(3,228,713)	7,923,231	2.6389
MN03-366000-UG Conduit-MN	181,776,629	2.0000	3,635,533	(1,954,762)	1,680,771	0.9246
MN-367000-UG Conductor-MN	767,317,227	2.2857	17,538,570	(8,251,459)	9,287,111	1.2103
Total	1,514,039,008	2.9655	44,898,316	(16,281,442)	28,616,874	1.8901
			Settlement approved Depreciation Adjustment	(16,281,442)		
Distribution Other						
MN03-368000-Line Transformers-MN	327,548,346	2.8125	9,212,297	(2,773,326)	6,438,971	1.9658
MN03-368010-Capacitors-MN	17,407,757	3.9996	696,241	(147,390)	548,851	3.1529
MN03-369010-OH Service-MN	67,769,456	3.3750	2,287,219	(573,799)	1,713,420	2.5283
MN03-369020-UG Service-MN	167,943,280	3.3750	5,668,086	(1,421,963)	4,246,123	2.5283
MN03-370000-Meters-MN	88,067,573	6.6667	5,871,201	(745,661)	5,125,540	5.8200
MN03-370010-Meters-Old-MN	14,879,820	5.0000	743,991	(125,986)	618,005	4.1533
Total	683,616,232	3.5808	24,479,035	(5,788,125)	18,690,909	2.7341
			Settlement approved Depreciation Adjustment	(5,788,125)		
Transmission Lines						
MN02-354000-Towers & Fixtures	113,870,223	2.5000	2,846,756	(715,146)	2,131,610	1.8720
MN02-355000-Poles & Fixtures	510,947,000	2.4444	12,489,588	(3,208,930)	9,280,658	1.8164
MN02-356000-OH Conductors	292,003,191	3.0948	9,036,915	(1,833,885)	7,203,030	2.4668
MN02-357000-UG Conduit	8,364,073	1.8180	152,059	(52,529)	99,529	1.1900
MN02-358000-UG Conductors	14,114,024	2.4996	352,794	(88,641)	264,153	1.8716
Total	939,298,510	2.6486	24,878,112	(5,899,132)	18,978,980	2.0205
			Settlement approved Depreciation Adjustment	(5,899,132)		

Gas Utility

FERC Account	Account Description	As approved in Docket No. E,G002/D-07-1528				Proposed				Proposed to Approved Comparison		
		Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Annual Service Life	Net Salvage	Annual Rate (ASL)
		(a)	(b)	(c)	(d) = (100 - (c))/(a)	(e)	(f)	(g)	(h) = (100 - (g))/(e)	(i) = (e) - (a)	(j) = (g) - (c)	(k) = (h) - (d)
Intangible												
303	Computer Software - 5 year	5	n/a	0	20.00	5	n/a	0	20.00	0	0	0.00
Transmission												
366	Structures & Improvements	41	R5	0	2.44	52	R3	-5	2.02	11	-5	-0.42
367	Mains	45	R1.5	-30	2.89	75	R2.5	-15	1.53	30	15	-1.36
369	Measure & Regulating Station Equipment	31	S0.5	-25	4.03	33	R1.5	-30	3.94	2	-5	-0.09
Distribution - Minnesota Only												
375	Structures & Improvements	41	R5	0	2.44	41	R5	0	2.44	0	0	0.00
376	Mains - Metallic	45	R1.5	-30	2.89	51	R1.5	-20	2.35	6	10	-0.54
376	Mains - Plastic	45	R3	-15	2.56	45	R2.5	-15	2.56	0	0	0.00
378	Measure & Regulating Station Equipment - General	31	S0.5	-25	4.03	38	R0.5	-25	3.29	7	0	-0.74
379	Measure & Regulating Station Equipment - City Gate	31	S0.5	-25	4.03	38	R0.5	-2	2.68	7	23	-1.35
380	Services - Metallic	40	S3	-30	3.25	40	S3	-40	3.50	0	-10	0.25
380	Services - Plastic	40	R3	-30	3.25	39	R25	-30	3.33	-1	0	0.08
381	Meters	20	n/a	-15	5.75	20	n/a	-3	5.15	0	12	-0.60
381	Meters - Telemetering	8	n/a	0	12.50	8	n/a	0	12.50	0	0	0.00
383	House Regulators	20	n/a	-10	5.50	20	n/a	0	5.00	0	10	-0.50

Gas Utility

FERC Account	Account Description	As approved in Docket No. E,G002/D-07-1528				Proposed				Proposed to Approved Comparison		
		Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Annual Service Life	Net Salvage	Annual Rate (ASL)
		(a)	(b)	(c)	(d) = (100 - (c))/(a)	(e)	(f)	(g)	(h) = (100 - (g))/(e)	(i) = (e) - (a)	(j) = (g) - (c)	(k) = (h) - (d)
General												
390	Structures & Improvements	45	R1	0	2.22	55	R1.5	-20	2.18	10	-20	-0.04
391	Office Furniture & Equipment	18	n/a	0	5.56	20	n/a	0	5.00	2	0	-0.56
391	Network Equipment	4	n/a	0	25.00	4	n/a	0	25.00	0	0	0.00
392	Transportation Equipment - Automobiles	5	n/a	10	18.00	10	n/a	0	10.00	5	-10	-8.00
392	Transportation Equipment - Light Trucks	10	n/a	10	9.00	12	n/a	0	8.33	2	-10	-0.67
392	Transportation Equipment - Trailers	10	n/a	10	9.00	15	n/a	0	6.67	5	-10	-2.33
392	Transportation Equipment - Heavy Trucks	12	n/a	5	7.92	14	n/a	0	7.14	2	-5	-0.78
393	Stores Equipment	20	n/a	0	5.00	20	n/a	0	5.00	0	0	0.00
394	Tools, Shop & Garage Equipment	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00
395	Laboratory Equipment (1)	10	n/a	0	10.00	10	n/a	0	10.00	0	0	0.00
396	Power Operated Equipment	10	n/a	10	9.00	12	n/a	0	8.33	2	-10	-0.67
397	Communication Equipment	9	n/a	0	11.11	9	n/a	0	11.11	0	0	0.00
397	Communication Equipment - EMS	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00
397	Communication Equipment - AMR	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00
398	Miscellaneous Equipment	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00

Note: Vintage Group accounts do not have an Iowa Curve assigned.

(1) As of 1/1/2012 there was no plant balance in this FERC Account.

Common Utility

FERC Account	Account Description	As approved in Docket No. E,G002/D-07-1528				Proposed				Proposed to Approved Comparison		
		Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Curve	Net Salvage	Annual Rate (ASL)	Average Service Life	Net Salvage	Annual Rate (ASL)
		(a)	(b)	(c)	(d) = (100 - (c))/(a)	(e)	(f)	(g)	(h) = (100 - (g))/(e)	(i) = (e) - (a)	(j) = (g) - (c)	(k) = (h) - (d)
Intangible												
303	Computer Software - 3 year	3	n/a	0	33.33	3	n/a	0	33.33	0	0	0.00
303	Computer Software - 5 year	5	n/a	0	20.00	5	n/a	0	20.00	0	0	0.00
303	Computer Software - 7 year	7	n/a	0	14.29	7	n/a	0	14.29	0	0	0.00
303	Computer Software - 10 year	10	n/a	0	10.00	10	n/a	0	10.00	0	0	0.00
General												
390	Structures & Improvements	45	R1	0	2.22	55	R1.5	-20	2.18	10	-20	-0.04
390	Structures & Improvements - Leasehold Improvements	9.5	-	0	10.53	10	SQ	0	10.00	0.5	0	-0.53
391	Office Furniture & Equipment	18	n/a	0	5.56	20	n/a	0	5.00	2	0	-0.56
391	Network Equipment	4	n/a	0	25.00	4	n/a	0	25.00	0	0	0.00
392	Transportation Equipment - Automobiles	5	n/a	10	18.00	10	n/a	0	10.00	5	-10	-8.00
392	Transportation Equipment - Light Trucks	10	n/a	10	9.00	12	n/a	0	8.33	2	-10	-0.67
392	Transportation Equipment - Trailers	10	n/a	10	9.00	15	n/a	0	6.67	5	-10	-2.33
392	Transportation Equipment - Heavy Trucks	12	n/a	5	7.92	14	n/a	0	7.14	2	-5	-0.78
393	Stores Equipment	20	n/a	0	5.00	20	n/a	0	5.00	0	0	0.00
394	Tools, Shop & Garage Equipment	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00
395	Laboratory Equipment	10	n/a	0	10.00	10	n/a	0	10.00	0	0	0.00
396	Power Operated Equipment	10	n/a	10	9.00	12	n/a	0	8.33	2	-10	-0.67
397	Communication Equipment	9	n/a	0	11.11	9	n/a	0	11.11	0	0	0.00
397	Communication Equipment - Two Way	9	n/a	0	11.11	9	n/a	0	11.11	0	0	0.00
398	Miscellaneous Equipment	15	n/a	0	6.67	15	n/a	0	6.67	0	0	0.00

Note: Vintage Group accounts do not have an Iowa Curve assigned.

All Utilities

Utility/ Functional Class	Plant Balance 1/1/2012	Present Annual Accrual	Proposed Annual Accrual	Proposed less Present Change in ASL	Theoretical to Actual Reserve Difference	Difference Amortized Over 8 Years	Total Depreciation Change
Electric Utility							
Intangible	15,217,558	3,043,512	3,043,512	0	417,044	(52,131)	(52,130)
Transmission	1,911,832,463	43,856,740	38,669,188	(5,187,552)	200,466,880	(25,058,360)	(30,245,912)
Distribution - Minnesota Only	2,762,631,816	63,776,968	81,058,252	17,281,285	109,362,353	(13,670,294)	3,610,990
General	263,842,485	17,963,470	16,964,295	(999,175)	6,727,378	(840,922)	(1,840,098)
Total Electric Utility	4,953,524,321	128,640,690	139,735,247	11,094,557	316,973,655	(39,621,707)	(28,527,149)
Gas Utility							
Intangible	3,662,300	732,460	732,460	-	84,177	-	-
Transmission	65,679,681	2,018,813	1,276,375	(742,437)	12,731,083	-	(742,437)
Distribution - Minnesota Only	751,812,663	24,416,645	23,580,006	(836,638)	32,849,618	-	(836,638)
General	39,316,533	3,272,832	3,180,169	(92,663)	1,256,712	-	(92,663)
Total Gas Utility	860,471,176	30,440,749	28,769,010	(1,671,739)	46,921,590	-	(1,671,739)
Common Utility							
Intangible	72,000,048	13,895,648	13,895,648	(0)	(1,405,183)	175,648	175,648
General	186,663,417	12,550,224	12,248,929	(301,295)	(4,258,476)	532,309	231,015
Total Common Utility	258,663,465	26,445,872	26,144,577	(301,295)	(5,663,659)	707,957	406,663
Total All Utilities	6,072,658,963	185,527,311	194,648,835	9,121,524	358,231,586	(38,913,750)	(29,792,226)

Northern States Power Company
Comparison of Present to Proposed Depreciation

Electric Utility

FERC Account	Account Description	Plant Balance 1/1/2012 (a)	(Note)	As Approved in E,G002/D-07-1528		As Settled in E002/GR-10-971		Proposed				
				Annual Rate (%) (b)	Annual Accrual (c) = (a)*(b)/100	Annual Rate (%) (d)	Annual Accrual (e) = (a)*(d)/100	Annual Rate (ASL) (f)	Annual Accrual (ASL) (g) = (a)*(f)/100	ASL Depreciation Change (h) = (g) - (e)	Reserve Surplus Amortization (i)	Total Depreciation Change (j) = (h) + (i)
Intangible												
303	Computer Software - 5 year	15,217,558	(1)	20.00	3,043,512	20.00	3,043,512	20.00	3,043,512	-	(52,131)	(52,131)
Total Intangible		15,217,558			3,043,512		3,043,512		3,043,512	-	(52,131)	(52,131)
Transmission												
352	Structures & Improvements	46,878,153		2.22	1,040,695	2.22	1,040,695	1.47	689,385	(351,310)	(597,347)	(948,658)
353	Station Equipment	856,268,539		2.63	22,519,863	2.63	22,519,863	1.96	16,819,561	(5,700,302)	(10,995,882)	(16,696,184)
354	Towers & Fixtures	113,933,667		2.50	2,848,342	1.87	2,132,838	1.93	2,197,292	64,454	(3,584,502)	(3,520,048)
355	Poles & Fixtures	557,866,574		2.44	13,611,944	1.82	10,133,088	2.18	12,147,095	2,014,006	(5,580,628)	(3,566,622)
356	Overhead Conductor & Devices	303,746,575		3.10	9,416,144	2.47	7,492,821	2.06	6,267,786	(1,225,034)	(3,948,384)	(5,173,418)
357	Underground Conduit	12,146,888		1.82	221,073	1.19	144,548	1.37	166,396	21,848	(147,056)	(125,209)
358	Underground Conductor & Devices	20,992,067		2.50	524,802	1.87	392,888	1.82	381,674	(11,214)	(204,561)	(215,774)
Total Transmission		1,911,832,463			50,182,863		43,856,740		38,669,188	(5,187,552)	(25,058,360)	(30,245,912)
Distribution - Minnesota Only												
361	Structures & Improvements	33,530,827		2.89	969,041	2.89	969,041	2.17	726,501	(242,540)	(185,848)	(428,388)
362	Station Equipment	432,935,359		2.89	12,511,832	2.89	12,511,832	2.18	9,445,862	(3,065,969)	(1,652,803)	(4,718,773)
364	Poles, Towers & Fixtures	276,983,831		4.75	13,156,732	3.67	10,176,940	4.55	12,590,174	2,413,234	(2,001,455)	411,779
365	Overhead Conductor & Devices	305,257,633		3.71	11,325,058	2.64	8,055,444	3.08	9,392,543	1,337,099	(1,053,903)	283,196
366	Underground Conduit	195,485,167		2.00	3,909,703	0.92	1,807,456	2.12	4,135,263	2,327,807	(745,236)	1,582,572
367	Underground Conductor & Devices	796,388,991		2.29	18,237,308	1.21	9,638,696	2.22	17,697,533	8,058,837	(3,063,083)	4,995,754
368	Line Transformers	327,056,337	(1)	2.81	9,190,283	1.97	6,429,273	3.28	10,731,536	4,302,263	(2,605,182)	1,697,081
368	Line Capacitors	18,030,013	(1)	4.00	721,201	3.15	568,468	4.40	793,321	224,852	(106,402)	118,451
369	Services - Overhead	67,976,679		3.38	2,297,612	2.53	1,718,654	4.25	2,889,009	1,170,354	(590,986)	579,369
369	Services - Underground	166,419,623		3.38	5,624,983	2.53	4,207,587	2.56	4,261,966	54,379	(932,007)	(877,628)
370	Meters	91,277,436	(1)	6.67	6,088,205	5.82	5,312,347	6.67	6,085,162	772,816	(521,404)	251,411
370	Meters - Old	1,680,974	(2)	5.00	-	4.15	-	5.00	-	-	-	-
373	Street Light & Signal Systems	49,608,946		4.80	2,381,229	4.80	2,381,229	4.66	2,309,382	(71,847)	(211,986)	(283,834)
Total Distribution - Minnesota Only		2,762,631,816			86,413,187		63,776,968		81,058,252	17,281,285	(13,670,294)	3,610,990

Electric Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	As Approved in E,G002/D-07-1528		As Settled in E002/GR-10-971		Proposed				
				Annual Rate (%)	Annual Accrual	Annual Rate (%)	Annual Accrual	Annual Rate (ASL)	Annual Accrual (ASL)	ASL Depreciation Change	Reserve Surplus Amortization	Total Depreciation Change
		(a)		(b)	(c) = (a)*(b)/100	(d)	(e) = (a)*(d)/100	(f)	(g) = (a)*(f)/100	(h) = (g) - (e)	(i)	(j) = (h) + (i)
General												
390	Structures & Improvements	59,179,857		2.22	1,313,793	2.22	1,313,793	2.11	1,245,892	(67,901)	(382,062)	(449,963)
391	Office Furniture & Equipment	22,857,009	(1)	5.56	1,270,850	5.56	1,270,850	5.00	1,142,850	(127,999)	(62,114)	(190,113)
391	Network Equipment	4,884,082	(1)	25.00	1,221,021	25.00	1,221,021	25.00	1,221,021	-	(19,559)	(19,559)
392	Transportation Equipment - Automobiles	390,265	(1)	18.00	70,248	18.00	70,248	10.00	39,027	(31,221)	(668)	(31,889)
392	Transportation Equipment - Light Trucks	21,025,679	(1)	9.00	1,892,311	9.00	1,892,311	8.33	1,752,140	(140,171)	(46,556)	(186,727)
392	Transportation Equipment - Trailers	7,211,534	(1)	9.00	649,038	9.00	649,038	6.67	480,769	(168,269)	(8,233)	(176,502)
392	Transportation Equipment - Heavy Trucks	41,657,907	(1)	7.92	3,299,306	7.92	3,299,306	7.14	2,975,565	(323,741)	(70,759)	(394,500)
393	Stores Equipment	1,230,683	(1)	5.00	61,534	5.00	61,534	5.00	61,534	-	(3,221)	(3,221)
394	Tools, Shop & Garage Equipment	51,145,841	(1)	6.67	3,411,428	6.67	3,411,428	6.67	3,409,723	(1,705)	(129,990)	(131,694)
395	Laboratory Equipment	3,622,186	(1)	10.00	362,219	10.00	362,219	10.00	362,219	-	(13,973)	(13,973)
396	Power Operated Equipment	20,725,068	(1)	9.00	1,865,256	9.00	1,865,256	8.33	1,727,089	(138,167)	(28,076)	(166,243)
397	Communication Equipment	12,184,390	(1)	11.11	1,353,686	11.11	1,353,686	11.11	1,353,686	-	(31,693)	(31,693)
397	Communication Equipment - Two Way	232,557	(1)	11.11	25,837	11.11	25,837	11.11	25,837	-	(661)	(661)
397	Communication Equipment - AES	4,962,953	(1)	6.67	331,029	6.67	331,029	6.67	331,029	-	(10,249)	(10,249)
397	Communication Equipment - EMS	9,748,526	(1)	6.67	650,227	6.67	650,227	6.67	650,227	-	(22,830)	(22,830)
398	Miscellaneous Equipment	2,783,945	(1)	6.67	185,689	6.67	185,689	6.67	185,689	-	(10,279)	(10,279)
Total General		263,842,485			17,963,470		17,963,470		16,964,295	(999,175)	(840,922)	(1,840,098)
Total Electric Utility		4,953,524,321			157,603,032		128,640,690		139,735,247	11,094,557	(39,621,707)	(28,527,150)

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated at in 2012

Electric Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	Depreciation Reserve 1/1/2012	Estimated Net Salvage Rate (%)	Average Service Life	Theoretical Reserve	Actual to Theoretical Reserve Difference	Difference Amortized Over 8 Years
		(a)		(b)	(c)	(d)	(e)	(f) = (b) - (e)	(g) = (f)/8
Intangible									
303	Computer Software - 5 year	15,217,558	(1)	7,367,597	0	5	6,950,553	417,044	(52,131)
Total Intangible		15,217,558		7,367,597			6,950,553	417,044	(52,131)
Transmission									
352	Structures & Improvements	46,878,153		15,348,271	0	68	10,569,494	4,778,777	(597,347)
353	Station Equipment	856,268,539		277,554,258	-10	56	189,587,203	87,967,055	(10,995,882)
354	Towers & Fixtures	113,933,667		91,740,102	-35	70	63,064,084	28,676,018	(3,584,502)
355	Poles & Fixtures	557,866,574		140,344,077	-35	62	95,699,052	44,645,025	(5,580,628)
356	Overhead Conductor & Devices	303,746,575		99,071,932	-30	63	67,484,864	31,587,068	(3,948,384)
357	Underground Conduit	12,146,888		3,742,982	0	73	2,566,531	1,176,452	(147,056)
358	Underground Conductor & Devices	20,992,067		5,132,759	0	55	3,496,274	1,636,485	(204,561)
Total Transmission		1,911,832,463		632,934,381			432,467,501	200,466,880	(25,058,360)
Distribution - Minnesota Only									
361	Structures & Improvements	33,530,827		15,353,500	-30	60	13,866,716	1,486,783	(185,848)
362	Station Equipment	432,935,359		136,541,124	-20	55	123,318,699	13,222,426	(1,652,803)
364	Poles, Towers & Fixtures	276,983,831		165,343,920	-100	44	149,332,277	16,011,643	(2,001,455)
365	Overhead Conductor & Devices	305,257,633		87,064,868	-20	39	78,633,644	8,431,224	(1,053,903)
366	Underground Conduit	195,485,167		61,565,297	-10	52	55,603,411	5,961,886	(745,236)
367	Underground Conductor & Devices	796,388,991		253,046,916	0	45	228,542,255	24,504,662	(3,063,083)
368	Line Transformers	327,056,337	(1)	162,954,214	-5	32	142,112,762	20,841,453	(2,605,182)
368	Line Capacitors	18,030,013	(1)	12,151,454	-10	25	11,300,240	851,214	(106,402)
369	Services - Overhead	67,976,679		48,822,436	-70	40	44,094,549	4,727,887	(590,986)
369	Services - Underground	166,419,623		76,994,920	-5	41	69,538,868	7,456,052	(932,007)
370	Meters	91,277,436	(1)	61,046,782	0	15	56,875,549	4,171,233	(521,404)
370	Meters - Old	1,680,974	(2)	1,680,974	0	20	1,680,974	-	-
373	Street Light & Signal Systems	49,608,946		17,512,581	-35	29	15,816,691	1,695,891	(211,986)
Total Distribution		2,762,631,816		1,100,078,987			990,716,634	109,362,353	(13,670,294)

Electric Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	Depreciation Reserve 1/1/2012	Estimated Net Salvage Rate (%)	Average Service Life	Theoretical Reserve	Actual to Theoretical Reserve Difference	Difference Amortized Over 8 Years
		(a)		(b)	(c)	(d)	(e)	(f) = (b) - (e)	(g) = (f)/8
General									
390	Structures & Improvements	59,179,857		26,921,569	-20	57	23,865,074	3,056,495	(382,062)
391	Office Furniture & Equipment	22,857,009	(1)	8,778,503	0	20	8,281,594	496,909	(62,114)
391	Network Equipment	4,884,082	(1)	2,764,304	0	4	2,607,830	156,474	(19,559)
392	Transportation Equipment - Automobiles	390,265	(1)	94,451	0	10	89,105	5,346	(668)
392	Transportation Equipment - Light Trucks	21,025,679	(1)	6,579,723	0	12	6,207,276	372,447	(46,556)
392	Transportation Equipment - Trailers	7,211,534	(1)	1,163,591	0	15	1,097,725	65,866	(8,233)
392	Transportation Equipment - Heavy Trucks	41,657,907	(1)	10,000,297	0	14	9,434,228	566,069	(70,759)
393	Stores Equipment	1,230,683	(1)	455,176	0	20	429,411	25,765	(3,221)
394	Tools, Shop & Garage Equipment	51,145,841	(1)	18,371,395	0	15	17,331,479	1,039,916	(129,990)
395	Laboratory Equipment	3,622,186	(1)	1,974,806	0	10	1,863,022	111,784	(13,973)
396	Power Operated Equipment	20,725,068	(1)	3,968,021	0	12	3,743,411	224,610	(28,076)
397	Communication Equipment	12,184,390	(1)	4,479,135	0	9	4,225,592	253,543	(31,693)
397	Communication Equipment - Two Way	232,557	(1)	93,346	0	9	88,062	5,284	(661)
397	Communication Equipment - EMS	4,962,953	(1)	1,448,553	0	15	1,366,558	81,996	(10,249)
397	Communication Equipment - AMR	9,748,526	(1)	3,226,532	0	15	3,043,893	182,639	(22,830)
398	Miscellaneous Equipment	2,783,945	(1)	1,452,786	0	15	1,370,550	82,236	(10,279)
Total General		263,842,485		91,772,188			85,044,810	6,727,378	(840,922)
Total Electric Utility		4,953,524,321		1,832,153,153			1,515,179,498	316,973,655	(39,621,707)

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated at in 2012

Gas Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	As Approved in E,G002/D-07-1528		Proposed		
				Annual Rate (%)	Annual Accrual	Annual Rate (ASL)	Annual Accrual (ASL)	Depreciation Change
		(a)		(b)	(c) = (a)*(b)/100	(d)	(e) = (a)*(d)/100	(f) = (e) - (c)
Intangible								
303	Computer Software - 5 year	3,662,300	(1)	20.00	732,460	20.00	732,460	-
Total Intangible		3,662,300			732,460		732,460	-
Transmission								
366	Structures & Improvements	1,017,205		2.44	24,820	2.02	20,540	(4,280)
367	Mains	53,675,877		2.89	1,551,233	1.53	823,030	(728,203)
369	Measure & Regulating Station Equipment	10,986,598		4.03	442,760	3.94	432,805	(9,955)
Total Transmission		65,679,681			2,018,813		1,276,375	(742,437)
Distribution - Minnesota Only								
375	Structures & Improvements	55,163		2.44	1,346	2.44	1,345	(1)
376	Mains - Metallic	80,789,038		2.89	2,334,803	2.35	1,900,919	(433,885)
376	Mains - Plastic	307,169,652		2.56	7,863,543	2.56	7,849,891	(13,652)
378	Measure & Regulating Station Equipment - General	6,005,195		4.03	242,009	3.29	197,539	(44,470)
379	Measure & Regulating Station Equipment - City Gate	1,773,490		4.03	71,472	2.68	47,604	(23,867)
380	Services - Metallic	11,675,526		3.25	379,455	3.50	408,643	29,189
380	Services - Plastic	250,603,763		3.25	8,144,622	3.33	8,353,459	208,836
381	Meters	90,268,507	(1)	5.75	5,190,439	5.15	4,648,828	(541,611)
381	Meters - Telemetering	36,778	(2)	12.50	-	12.50	-	-
383	House Regulators	3,435,550	(1)	5.50	188,955	5.00	171,778	(17,178)
Total Distribution - Minnesota Only		751,812,663			24,416,645		23,580,006	(836,638)

Northern States Power Company
Comparison of Present to Proposed Depreciation

Gas Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	As Approved in E,G002/D-07-1528		Proposed		
				Annual Rate (%)	Annual Accrual	Annual Rate (ASL)	Annual Accrual (ASL)	Depreciation Change
		(a)		(b)	(c) = (a)*(b)/100	(d)	(e) = (a)*(d)/100	(f) = (e) - (c)
General								
390	Structures & Improvements	1,945,425		2.22	43,188	2.18	42,446	(743)
391	Office Furniture & Equipment	877,862	(1)	5.56	48,809	5.00	43,893	(4,916)
391	Network Equipment	37,566	(1)	25.00	9,391	25.00	9,391	-
392	Transportation Equipment - Automobiles	83,716	(1)	18.00	15,069	10.00	8,372	(6,697)
392	Transportation Equipment - Light Trucks	3,556,524	(1)	9.00	320,087	8.33	296,377	(23,710)
392	Transportation Equipment - Trailers	661,434	(1)	9.00	59,529	6.67	44,096	(15,433)
392	Transportation Equipment - Heavy Trucks	4,827,305	(1)	7.92	382,323	7.14	344,808	(37,515)
393	Stores Equipment	10,091	(1)	5.00	505	5.00	505	-
394	Tools, Shop & Garage Equipment	4,305,799	(1)	6.67	287,197	6.67	287,197	-
396	Power Operated Equipment	547,294	(1)	9.00	49,256	8.33	45,608	(3,649)
397	Communication Equipment	12,593,714	(1)	11.11	1,399,162	11.11	1,399,162	-
397	Communication Equipment - EMS	5,634,650	(1)	6.67	375,831	6.67	375,831	-
397	Communication Equipment - AMR	4,166,157	(1)	6.67	277,883	6.67	277,883	-
398	Miscellaneous Equipment	68,994	(1)	6.67	4,602	6.67	4,602	-
Total General		39,316,533			3,272,832		3,180,169	(92,663)
Total Gas Utility		860,471,176			30,440,749		28,769,010	(1,671,739)

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated at in 2012

Gas Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	Depreciation Reserve 1/1/2012	Estimated Net Salvage Rate (%)	Average Service Life	Theoretical Reserve	Actual to Theoretical Reserve Difference
		(a)		(b)	(c)	(d)	(e)	(f) = (b) - (e)
Intangible								
303	Computer Software - 5 year	3,662,300	(1)	977,047	0	5	892,870	84,177
Total Intangible		3,662,300		977,047			892,870	84,177
Transmission								
366	Structures & Improvements	1,017,205		639,031	-5	52	373,255	265,777
367	Mains	53,675,877		20,682,288	-15	75	11,098,447	9,583,841
369	Measure & Regulating Station Equipment	10,986,598		6,333,058	-30	33	3,451,593	2,881,465
Total Transmission		65,679,681		27,654,378			14,923,295	12,731,083
Distribution - Minnesota Only								
375	Structures & Improvements	55,163		33,294	0	41	30,688	2,605
376	Mains - Metallic	80,789,038		39,025,533	-20	51	35,090,207	3,935,326
376	Mains - Plastic	307,169,652		104,479,744	-15	45	93,944,030	10,535,714
378	Measure & Regulating Station Equipment - General	6,005,195		2,657,298	-25	38	2,389,337	267,961
379	Measure & Regulating Station Equipment - City Gate	1,773,490		226,166	-2	38	203,359	22,806
380	Services - Metallic	11,675,526		12,725,546	-40	40	11,443,780	1,281,766
380	Services - Plastic	250,603,763		121,222,944	-30	39	108,998,849	12,224,095
381	Meters	90,268,507	(1)	56,598,615	-3	20	52,223,970	4,374,645
381	Meters - Telemetry	36,778	(2)	-	0	8	-	-
383	House Regulators	3,435,550	(1)	3,344,936	0	20	3,140,237	204,699
Total Distribution - Minnesota Only		751,812,663		340,314,074			307,464,456	32,849,618

Gas Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	Depreciation Reserve 1/1/2012	Estimated Net Salvage Rate (%)	Average Service Life	Theoretical Reserve	Actual to Theoretical Reserve Difference
		(a)		(b)	(c)	(d)	(e)	(f) = (b) - (e)
General								
390	Structures & Improvements	1,945,425		333,436	-20	55	295,667	37,770
391	Office Furniture & Equipment	877,862	(1)	228,998	0	20	209,498	19,500
391	Network Equipment	37,566	(1)	11,935	0	4	10,907	1,028
392	Transportation Equipment - Automobiles	83,716	(1)	68,189	0	10	62,314	5,875
392	Transportation Equipment - Light Trucks	3,556,524	(1)	1,121,778	0	12	1,025,131	96,647
392	Transportation Equipment - Trailers	661,434	(1)	205,482	0	15	187,779	17,703
392	Transportation Equipment - Heavy Trucks	4,827,305	(1)	1,471,517	0	14	1,344,738	126,779
393	Stores Equipment	10,091	(1)	276	0	20	252	24
394	Tools, Shop & Garage Equipment	4,305,799	(1)	2,496,801	0	15	2,281,689	215,112
396	Power Operated Equipment	547,294	(1)	184,431	0	12	168,542	15,889
397	Communication Equipment	12,593,714	(1)	5,260,893	0	9	4,807,641	453,252
397	Communication Equipment - AES	5,634,650	(1)	1,351,840	0	15	1,235,372	116,468
397	Communication Equipment - EMS	4,166,157	(1)	1,701,543	0	15	1,554,946	146,597
398	Miscellaneous Equipment	68,994	(1)	47,221	0	15	43,152	4,069
Total General		39,316,533		14,484,340			13,227,628	1,256,712
Total Gas Utility		860,471,176		383,429,839			336,508,249	46,921,590

(1): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

(2): This account is fully depreciated at in 2012

Northern States Power Company
Comparison of Present to Proposed Depreciation

Common Utility

FERC Account	Account Description	Plant Balance 1/1/2012 (a)	(Note)	As Approved in E,G002/D-07-1528		Proposed				
				Annual Rate (%) (b)	Annual Accrual (c) = (a)*(b)/100	Annual Rate (ASL) (d)	Annual Accrual (ASL) (e) = (a)*(d)/100	ASL Depreciation Change (f) = (e) - (c)	Reserve Surplus Amortization (g)	Total Depreciation Change (h) = (f) + (g)
Intangible										
303	Computer Software - 3 year	-	(2)	33.33	-	33.33	-	-	-	-
303	Computer Software - 5 year	63,386,881	(2)	20.00	12,677,376	20.00	12,677,376	-	174,412	174,412
303	Computer Software - 7 year	8,328,954	(2)	14.29	1,189,851	14.29	1,189,851	-	-	-
303	Computer Software - 10 year	284,213	(2)	10.00	28,421	10.00	28,421	-	1,236	1,236
Total Intangible		72,000,048			13,895,648		13,895,648	-	175,648	175,648
General										
390	Structures & Improvements	115,747,921		2.22	2,569,604	2.18	2,525,409	(44,195)	305,387	261,192
390	Structures & Improvements - Leasehold Improvements	1,163,412		10.53	122,507	10.00	116,341	(6,166)	5,858	(308)
391	Office Furniture & Equipment	23,397,579	(2)	5.56	1,300,905	5.00	1,169,879	(131,026)	85,037	(45,989)
391	Network Equipment	27,288,817	(2)	25.00	6,822,204	25.00	6,822,204	-	76,521	76,521
392	Transportation Equipment - Automobiles	319,097	(2)	18.00	57,437	10.00	31,910	(25,528)	665	(24,863)
392	Transportation Equipment - Light Trucks	4,350,598	(2)	9.00	391,554	8.33	362,550	(29,004)	14,723	(14,281)
392	Transportation Equipment - Trailers	1,125,686	(2)	9.00	101,312	6.67	75,046	(26,266)	2,279	(23,987)
392	Transportation Equipment - Heavy Trucks	4,425,984	(2)	7.92	350,538	7.14	316,142	(34,396)	11,547	(22,849)
393	Stores Equipment	9,136	(2)	5.00	457	5.00	457	-	6	6
394	Tools, Shop & Garage Equipment	2,173,877	(2)	6.67	144,998	6.67	144,998	-	4,723	4,723
395	Laboratory Equipment	36,686	(2)	10.00	3,669	10.00	3,669	-	184	184
396	Power Operated Equipment	707,031	(2)	9.00	63,633	8.33	58,919	(4,714)	1,545	(3,168)
397	Communication Equipment	1,367,560	(2)	11.11	151,936	11.11	151,936	-	5,219	5,219
397	Communication Equipment - Two Way	3,738,356	(2)	11.11	415,331	11.11	415,331	-	15,360	15,360
398	Miscellaneous Equipment	811,679	(2)	6.67	54,139	6.67	54,139	-	3,255	3,255
Total General		186,663,417			12,550,224		12,248,929	(301,295)	532,309	231,015
Total Common Utility		258,663,465			26,445,872		26,144,577	(301,295)	707,957	406,663

(1): Plant Balance as of 1/1/2012 has been adjusted for known retirements that occurred in the first six months of 2012.

(2): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

Common Utility

FERC Account	Account Description	Plant Balance 1/1/2012	(Note)	Depreciation Reserve 1/1/2012	Estimated Net Salvage Rate (%)	Average Service Life	Theoretical Reserve	Actual to Theoretical Reserve Difference	Difference Amortized Over 8 Years
		(a)		(b)	(c)	(d)	(e)	(f) = (b) - (e)	(g) = (f)/8
Intangible									
303	Computer Software - 3 year	-	(2)	-	0	3	-	-	-
303	Computer Software - 5 year	63,386,881	(2)	24,666,948	0	5	26,062,241	(1,395,293)	174,412
303	Computer Software - 7 year	8,328,954	(2)	7,734,029	0	7	7,734,029	-	-
303	Computer Software - 10 year	284,213	(2)	174,848	0	10	184,738	(9,890)	1,236
Total Intangible		72,000,048		32,575,825			33,981,008	(1,405,183)	175,648
General									
390	Structures & Improvements	115,747,921		24,851,017	-20	55	27,294,114	(2,443,097)	305,387
390	Structures & Improvements - Leasehold Improvements	1,163,412		476,674	0	10	523,535	(46,862)	5,858
391	Office Furniture & Equipment	23,397,579	(2)	12,026,756	0	20	12,707,053	(680,297)	85,037
391	Network Equipment	27,288,817	(2)	10,822,362	0	4	11,434,532	(612,170)	76,521
392	Transportation Equipment - Automobiles	319,097	(2)	93,990	0	10	99,307	(5,317)	665
392	Transportation Equipment - Light Trucks	4,350,598	(2)	2,082,324	0	12	2,200,111	(117,787)	14,723
392	Transportation Equipment - Trailers	1,125,686	(2)	322,385	0	15	340,621	(18,236)	2,279
392	Transportation Equipment - Heavy Trucks	4,425,984	(2)	1,633,134	0	14	1,725,513	(92,379)	11,547
393	Stores Equipment	9,136	(2)	801	0	20	846	(45)	6
394	Tools, Shop & Garage Equipment	2,173,877	(2)	668,007	0	15	705,793	(37,786)	4,723
395	Laboratory Equipment	36,686	(2)	26,042	0	10	27,515	(1,473)	184
396	Power Operated Equipment	707,031	(2)	218,544	0	12	230,906	(12,362)	1,545
397	Communication Equipment	1,367,560	(2)	738,108	0	9	779,859	(41,751)	5,219
397	Communication Equipment - Two Way	3,738,356	(2)	2,172,302	0	9	2,295,179	(122,877)	15,360
398	Miscellaneous Equipment	811,679	(2)	460,285	0	15	486,322	(26,037)	3,255
Total General		186,663,417		56,592,731			60,851,207	(4,258,476)	532,309
Total Common Utility		258,663,465		89,168,556			94,832,215	(5,663,659)	707,957

(1): Plant Balance as of 1/1/2012 has been adjusted for known retirements that occurred in the first six months of 2012.

(2): Plant Balance for vintage group (amortized) assets is for the vintages as of 1/1/2012 that are not fully depreciated.

CERTIFICATE OF SERVICE

I, SaGonna Thompson, hereby certify that I have this day served copies of the foregoing document or a summary thereof on the attached list of persons.

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

xx via electronic filing

Docket No. E,G002/D-12-858

Dated this 1st day of October 2013

/s/

SaGonna Thompson

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_12-858_Official
Aakash	Chandarana	Aakash.Chandara@xcenergy.com	Xcel Energy	414 Nicollet Mall 5th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_12-858_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_12-858_Official
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_12-858_Official
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_12-858_Official
SaGonna	Thompson	Regulatory.Records@xcenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_12-858_Official