



414 Nicollet Mall
Minneapolis, MN 55401

March 9, 2015

—Via Electronic Filing—

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

RE: REPLY COMMENTS
ELECTRIC SERVICE AGREEMENT AMENDMENT
DOCKET NO. E002/M-14-1057

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the February 27, 2015 Comments of the Minnesota Department of Commerce, Division of Energy Resources.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document, and served copies of these Comments on the parties on the attached service list. If you have any questions regarding this filing please contact me at (612) 330-5941 or holly.r.hinman@xcelenergy.com.

Sincerely,

/s/

HOLLY R. HINMAN
REGULATORY POLICY SPECIALIST

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David Boyd	Commissioner
Nancy Lange	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF AN AMENDMENT TO
THE ELECTRIC SERVICE AGREEMENT
WITH TERNING SEEDS

Docket No. E002/M-14-1057

REPLY COMMENTS

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the February 27, 2015 Comments of the Minnesota Department of Commerce, Division of Energy Resources.

I. AMENDMENT TO CONTRACT

We appreciate the Department's review of our December 22, 2014 Petition and the opportunity to provide additional information in this Reply. The Department's analysis correctly notes that we will be filing a second amendment to the Electric Service Agreement (ESA) to reflect the customer's election to receive service under the A51 tariff rather than the A52 tariff. We expect to make this filing by mid-March.

II. CLARIFYING BILL TREATMENT FOR NET METERING

Additionally, we wish to clarify our understanding of the meaning of the amended law, proposed rule, and now proposed ESA, all of which provide for net metering for a distributed generation (DG) system sized between 40 kW and greater but less than 1 MW. All of the Company's DG customers who receive net metering, whether for systems under 40 kW (or with the new law, 40 kW or greater but less than 1 MW), receive a dollar-based bill credit for their production. Net metering bill credits are based on generated kWh, applied to a dollar rate, resulting in a dollar-based credit. The quantity of kWh generation is not "banked" to roll forward onto future bills, and therefore requires no annual true up. The dollar-based credit, however, is applied

monthly to bills and, after offsets by on-bill costs, any positive net balance rolls forward as a dollar credit on future bills. There is no difference between this credit and any other credit that would be posted to a customer's account.

Similarly, the Department's statement about the reasonableness of the price of the proposed ESA merits some clarification. The Department writes, "In addition to the customer being able to receive payment for annual net input into the Xcel system at the avoided cost rate, the customer will pay for net energy supplied by Xcel according to the applicable tariffed rate and receive standby service." We note that there is no annual input at an avoided cost rate, due to the impact of differentiated seasonal avoided cost rates. In practice, this means "annual net input" is not "banked" and credited on an annual basis, because there is no approved rate to account for such net input on an annual basis. Instead, customers receive the applicable seasonal avoided cost rate applied to any net input each month. The monthly dollar credit for the net input of energy will likely result in a unique annual avoided cost rate since the calculation of the rate will be based on the customer's unique seasonal production and usage patterns.

We do not believe the Department's proposed language to Item 4.1 provides the needed clarification of this process. If parties believe further clarification is helpful, we instead propose this language:

1. Monthly Dollar Credit to the QF's account with the Utility.

CONCLUSION

We appreciate the opportunity to provide additional information in these Reply Comments. We continue to request that the Commission approve our proposed ESA Amendment, subject to the modifications described herein.

Dated: March 9, 2015

Northern States Power Company

CERTIFICATE OF SERVICE

I, Tiffany Hughes, 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. E002/M-14-1057

Dated this 9th day of March 2015

/s/

Tiffany Hughes
Records Analyst

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_14-1057_14-1057-PUC
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Kenneth	Baker	N/A	Wal-Mart Stores, Inc.	2001 SE 10th St. Bentonville, AR 72716-5530	Paper Service	No	OFF_SL_14-1057_14-1057-PUC
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
James	Denniston	james.r.denniston@xcenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
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_14-1057_14-1057-PUC
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tiffany	Hughes	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Brad	Klein	bklein@elpc.org	Environmental Law & Policy Center	35 E. Wacker Drive, Suite 1600 Suite 1600 Chicago, IL 60601	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Thomas G.	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Amy	Liberkowski	amy.a.liberkowski@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
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	Yes	OFF_SL_14-1057_14-1057-PUC

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
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_14-1057_14-1057-PUC
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Byron E.	Starns	byron.starns@leonard.com	Leonard Street and Deinard	150 South 5th Street Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_14-1057_14-1057-PUC

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_14-1057_14- 1057-PUC