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May 7, 2014

—Via Electronic Filing—

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

RE: COMMENTS  
DECOMMISSIONING POLICIES RELATED TO DEPRECIATION  
DOCKET NO. E,G999/CI-13-626

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this letter providing brief comments on initial filings submitted in this docket. As requested in the Commission's March 6, 2014 Notice, utilities provided information on their decommissioning and depreciation policies, specifically the use of decommissioning probabilities in establishing net salvage rates and calculating depreciation expense.

While we do not offer specific responses to the initial filings made by other utilities, we provide general comments for the Commission's consideration. The other filings highlight that the use of probabilities in calculating depreciation expense varies widely. As we noted in our initial filing, we continue to believe that various methods of calculating depreciation expense can be consistent with law and rules, and can be found to be reasonable.

The goal in calculating depreciation expense is to allow utilities to recover 100 percent of costs – including initial costs of the plant through final decommissioning – and to spread those costs evenly and fairly to customers benefitting from the use of the asset. No one method provides a perfect match but various methods can be consistent with rules and law and, as evidenced by the Commission's past approval of different calculation methods, provide a reasonable approach to spreading costs equitably to customers. Thus we believe that each utility should be allowed to employ a specific methodology, albeit different from another utility, based on the

appropriateness of the depreciation theory to the specific circumstances and forecast information about a specific plant. Given that the final retirement date and decommissioning costs are not known until the plant is retired and decommissioning is completed, any decommissioning costs during the life of the plant are estimates. Since decommissioning costs are estimates, spreading the decommissioning costs equitably can be achieved through various methods. Therefore, we believe a determination allowing different calculation methods is appropriate.

In addition, the Company believes that the current statute which allows companies to provide updates to their decommissioning cost estimates in any year is adequate. Generally, a utility does not have additional information to provide between their five year studies, thus any additional filing requirements could be administratively inefficient and may not provide additional useful information to the Commission.

We appreciate the opportunity to provide these comments and look forward to working with utilities, regulators, and other interested stakeholders throughout this proceeding.

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 me at [lisa.h.perkett@xcelenergy.com](mailto:lisa.h.perkett@xcelenergy.com) or (612) 330-6950 if you have any questions regarding this filing.

Sincerely,

/s/

LISA H. PERKETT  
DIRECTOR  
CAPITAL ASSET ACCOUNTING

c: Service List

## CERTIFICATE OF SERVICE

I, Theresa Sarafolean, hereby certify that I have this day served copies or summaries 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,G999/CI-13-626**

Dated this 7th day of May 2014

/s/

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