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February 26, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota, 55101-2147

RE: **Supplemental Response Comments of the Minnesota Department of Commerce,
Division of Energy Resources**
Docket No. E,G002/D-12-858

Dear Dr. Haar:

Attached are the Supplemental Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

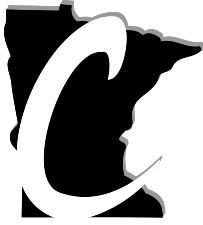
Northern States Power Company's Five-Year Transmission, Distribution, and General Depreciation Study.

The Department recommends **approval** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ CRAIG ADDONIZIO
Financial Analyst

CA/sm
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE**

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

I. BACKGROUND

On July 31, 2012, Northern States Power Company, doing business as Xcel Energy (Xcel or the Company) filed a petition for approval of its five-year depreciation study for its transmission, distribution and general (TD&G) plant accounts (Initial Petition).

On September 19, 2013, the Company filed its Final Rates Compliance Filing in Docket No. E002/GR-12-961 (the 2012 Rate Case), which implemented the Commission's September 3, 2013 Order in the same Docket.

On October 1, 2013, Xcel made a Supplemental Filing in the instant Docket modifying the proposal in the Initial Petition to be consistent with the Final Rates Compliance Filing.

On January 31, 2014, the Department submitted Supplemental Comments on the Company's Supplemental Filing in which the Department recommended that the Minnesota Public Utilities Commission (Commission) approve Xcel's Supplemental Filing, with one modification.

On February 13, 2014, the Company submitted Supplemental Reply Comments in which it implemented the modification recommended in the Department's Supplemental Comments.

II. DEPARTMENT ANALYSIS

In its Supplemental Comments, the Department noted an inconsistency in the treatment of Xcel's electric and common intangible accounts in the Final Rates Compliance Filing in the 2012 Rate Case and the accounts' treatment in the Company's Supplemental Filing. Specifically, in the 2012 Rate Case, the Company amortized the depreciation surplus of these accounts over the accounts' remaining lives, while in the Supplemental Filing, the Company proposed to amortize the depreciation surplus of these accounts over a period of eight years. To eliminate this

inconsistency, the Department recommended that the Commission require Xcel to amortize the depreciation surplus of its electric and common intangible accounts over their remaining lives, as the Company did in the 2012 Rate Case.

Attachment A to the Company's Supplemental Reply Comments, contains a revised Schedule C which implements the Department's recommendation. This is the only change proposed the by the Company in its Supplemental Reply Comments.

III. RECOMMENDATION

The Department recommends that the Commission:

- approve Xcel's proposed service lives and salvage rates;
- approve Xcel's request to retain its current whole life method of depreciation;
- approve Xcel's request to amortize the theoretical reserve surpluses of its electric and common TD&G plant accounts as detailed in Attachment A to its Supplemental Reply Comments;
- approve Xcel's request to redistribute its depreciation reserves;
- require Xcel to file a comprehensive five-year depreciation study for its transmission, distribution, and general accounts by July 31, 2017.

/sm

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Supplemental Response Comments**

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

Dated this **26th** day of **February 2014**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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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
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