



414 Nicollet Mall
Minneapolis, MN 55401

April 20, 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
APPROVAL OF A RULE VARIANCE
DOCKET NO. G002/M-15-0149

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Reply Comments in response to the April 8, 2015 Comments filed by the Minnesota Department of Commerce – Division of Energy Resources regarding approval of a variance to the Purchased Gas Adjustment (PGA) rules to allow recovery of a storage-related cost of natural gas, specifically a property tax on the Company's natural gas stored in the state of Kansas, through the PGA.

Pursuant to Minn. Stat. §216.17, subd. 3, we have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on all parties on the attached service list. Please contact Pamela Gibbs at pamela.k.gibbs@xcelenergy.com or (612) 330-2889 or me at paul.lehman@xcelenergy.com or (612) 330-7529 if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN

MANAGER

REGULATORY COMPLIANCE AND FILINGS

Enclosures

c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF A RULE VARIANCE
REGARDING THE INCLUSION OF A
STORAGE-RELATED COST IN THE
PURCHASED GAS ADJUSTMENT

DOCKET NO. G002/M-15-0149

REPLY COMMENTS

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Reply Comments in response to the April 8, 2015 Comments filed by the Minnesota Department of Commerce – Division of Energy Resources regarding approval of a variance to the Purchased Gas Adjustment (PGA) rules to allow recovery of a storage-related cost of natural gas, specifically a property tax on the Company's natural gas stored in the state of Kansas, through the PGA.

We appreciate the Department's thorough review of our Petition and recommendation that the Commission approve our proposal, pending receipt of additional information in Reply Comments. We note that we accept the Department's recommendations. We also note that in the process of responding to the Department's questions regarding whether the natural gas we store on the Northern Natural Gas (NNG) system is segregated between our natural gas retail business and our electric generation operations, we discovered that in some of the years, we were billed for electric generation storage volumes that are exempt under the Kansas ad valorem tax.

We therefore inadvertently included those amounts in our initial Petition, and with this Reply, amend our request to recover only those tax amounts attributable to the natural gas service we provide to customers. The amounts included in our request for

2009 and 2010 accurately represent only the retail natural gas storage volumes. For these years, NNG communicated separate storage inventory balances to Kansas for our retail natural gas and electric generation operations, and we received separate tax billings by operation. We successfully protested the electric generation tax billing under the Kansas law, and believed that protest result would carry forward.

However, the volumes for which we were billed for 2011-2014 included a small, but improper, proportion of electric generation storage. The portion of our initial request associated with our exempt electric generation operations is approximately 9 percent for the 2009-2014 period, which lowers our request by approximately \$0.5 million to \$5,006,347. We thank the Department for their questions that prompted the review that identified the inaccurate tax billings, and respectfully request the Commission to approve our Petition, as amended by this Reply.

In the balance of this Reply, we respond to the Department's inquiries and recommendations, and outline our amended cost recovery request. We additionally provide the following Attachments to support our Reply:

Attachment A – Inventory Balance and Tax Adjustments

Attachment B – Proposed PGA Calculations – Monthly

Attachment C – Proposed PGA Calculations – Amortized 2009-2014

Attachment D – Tax Accrual and Actual Calculations

REPLY

Our review uncovered that the amounts we have been billed for 2011 through 2014 from the Kansas Counties in which NNG stores natural gas for the Company includes ad valorem tax on the electric generation portion that is exempt under the law. As we noted, we were under the belief that after seeking and being granted an exemption in 2010 that subsequent tax valuations and billings would be adjusted for the exempt electric generation storage volumes, which did not occur.

In looking at the tax billings for 2011-2014, we can appreciate how it may have appeared that the electric generation volumes were removed, as we receive separate billings by County – and the total dollars billed were lower than 2010 levels. However, these reductions were result of falling gas prices over the period, which are a component of the tax calculation. We apologize for any inconvenience that results from our inadvertent error.

In addition to amending our request in this proceeding to only recover through the PGA those tax amounts attributable to our provision of natural gas service to

customers, we are implementing changes to our internal procedures that improve the communication between our gas supply and tax areas – and externally with NNG. We are also assessing avenues to recover the tax amounts we paid to Kingman, Pratt, and Rice Counties for our exempt 2011-2014 electric generation storage.

A. Northern Storage Inventories in Kansas are Segregated by Use

We maintain separate natural gas storage agreements with NNG for our retail natural gas and electric generation operations. Storage inventories are segregated and tracked by the amount of gas that was purchased and transported for injection by each entity, using their separate supply purchases and transportation contracts. Likewise, withdrawals from storage are tracked by which entity transported gas from storage – and separate inventories are maintained based on the amount of injections and withdrawals.

In 2010, we began operating under an administrative agreement that affords each operation full access to the combined withdrawal and injection rights of the consolidated storage contracts when not fully used by the other operation – providing benefits to our operations and customers.¹ However, the separate agreements allow each entity to maintain its own inventory and injection and withdrawal capacity, and facilitate separate tracking by entity.

B. Storage Associated with Electric Generation is Exempt from the Tax

As discussed in our Petition, K.S.A § 79-5a01 provides the basis for the ad valorem tax. The portion of the 2009 amendment that applies to the Company specifies that the tax applies to public utilities that store natural gas for the purpose of resale.² With respect to natural gas used to generate electricity, the only provision regarding electric generation is specific to “generating, conducting or distributing to, from, through or *in this state* electric power.”³ [Emphasis added] Therefore, only the natural gas we hold in storage for our retail natural gas customers is subject to the ad valorem tax.

After receiving tax valuation statements for 2009 and 2010, we protested the assessment of the ad valorem tax on the amounts we held in storage for our electric

¹ For example, under this sharing arrangement, we are able to avoid separate fees for storage injection and withdrawal occurring on the same day by the different operations that we would normally incur for each transaction.

² “...public utilities that own, broker or market natural gas inventories *stored for resale* in an underground formation” in the state. [Emphasis added]

³ K.S.A § 79-5a01 (part (5))

generation operation, and were granted an exemption. We had the understanding that further tax valuations under the 2009 law change were issued in light of the exemption we had been granted for our electric generation business. However, we have discovered that this is not the case – and we have in fact been billed for all natural gas amounts we hold in storage, including that for electric generation. We are assessing potential avenues to recover these overpayments.

C. Revised Proposal

We based the amounts for which we seek recovery through the PGA in our Petition on the tax amounts we were billed by the State of Kansas, which, as we describe above, we believed had been adjusted for exempt electric generation storage amounts. Because the tax billings were not adjusted to reflect the exemption we had previously sought and received, we overstated the amount we seek to recover through the PGA from our Minnesota natural gas customers.

In order to ensure that we will not recover these inappropriately billed tax costs from our customers, we have used the January 1 inventory balance of the electric generation contracts to determine the generation percent of total January 1 storage inventory balances, which reduces the amount we seek to recover by 9 percent, to \$5,006,347.⁴ We believe this adjustment ensures that Minnesota retail natural gas customers only pay the tax attributable to the amount held in storage for their natural gas service.

We provide a schedule demonstrating our adjustments to the inventory balances and corresponding tax amounts between our retail natural gas and electric generation operations as Attachment A. As we noted previously, the 2009 and 2010 Kansas billings were correct, so there are no adjustments to these years.

In the current true-up period, we are proposing to use the 2014 tax amount as a proxy for the 2015 amount, so we have also calculated an adjustment, which we provide in Attachment B. The revised calculations reduce the annual cost for an average customer using 847 therms from approximately \$1.00 to approximately \$0.82.

⁴ We used January 1 inventory balances because it is the date the State of Kansas uses to determine the inventory's fair market value for tax purposes.

D. Other Department Inquiries and Recommendations

In this section we respond to the Department's other inquiries and recommendations.

1. Accrual Amounts Compared to Actual Billed and Paid Amounts

We based our annual accruals of the Kansas ad valorem tax on the tax valuation statements that we received each year. It is these same tax valuation statements that generated our protest of the tax that we described in our Petition.

As an example, page 1 of Attachment D shows how our tax department estimated the property tax in 2011 for accrual purposes, and how the actual tax amount was calculated. Table 1 shows our calculation of the accrual amount. Our accruals were based on 2009 Levy amounts by Tax Unit, which was the only information we had available from Kansas until they updated the Levy amounts for all of the years after the SCOTUS decision. Table 2 on page 1 of Attachment D shows the calculation of the *actual* tax amount for 2011, which we calculated in late 2014, after receiving the updated Levy amounts.

For reference, we also provide the 2011 tax valuation statement we received from Kansas as pages 2-6 of Attachment D. This statement corresponds to our calculations, and shows the Gas Inventory at Cost and Kansas Taxing Unit Total amounts by taxing unit that we receive and use in this process.⁵

To determine the Minnesota state portion of the tax, we applied a jurisdictional allocator that varies by year, as shown in Attachment A of our Petition, to split the accruals between Minnesota and North Dakota – the two states with the Northern States Power – Minnesota Operating Company that provide retail natural gas service. The jurisdictional allocation we applied to the ad valorem tax is based on forecasted retail sales, which is consistent with the jurisdictional split of commodity costs between the two jurisdictions in the monthly PGA.

2. Five-Year Amortization Period

We accept the Department's recommendation to use a five-year amortization period for the 2009-2014 ad valorem tax amounts. The impact on an average residential customer using 847 therms is approximately \$1.15 per year, or \$0.10 per month. We determined the amortized amounts by dividing the total lump sum amount by the

⁵ The Kansas Taxing Unit Total amounts are 33 percent of the Gas Inventory at Cost.

forecasted sales for July 2015 through June 2020. We plan to use that factor in the PGA for five years. We outline this methodology in Attachment C to this Reply.

Please note that the sales forecast used in these modified calculations is the current Company sales forecast that was updated in March 2015. The residential annual use per customer has increased in this forecast, but for ease of comparison, we have continued to use the 847 therms use per customer from our original petition for bill impact comparisons.

3. *Variance Duration*

We accept the Department's recommendation that the variance period correspond with the five-year amortization period.

4. *Ongoing Reporting*

In our Petition, we committed to report the tax costs as separate line items in our monthly PGA reports, annual AAA report, and annual PGA True-Up report. We appreciate the Department clarifying its reporting expectations by identifying specific annual PGA true up schedules, and accept the Department's recommendation.

CONCLUSION

We appreciate the Department's review of our Petition and the opportunity to provide additional information. As explained herein, we amend our request to recover only those tax amounts attributable to our provision of retail natural gas service to customers. We respectfully request that the Commission approve our variance request, as modified by this Reply, to allow the inclusion of a storage-related cost in the Purchased Gas Adjustment.

Dated: April 20, 2015

Northern States Power Company

<u>Tax Year</u>	<u>MN-Company* Tax Obligation Billed and Paid</u>	<u>Estimated Amount Incorrectly Billed for Electric Generation Storage Volumes</u>	<u>Revised MN-Company* Tax Obligation</u>	<u>MN-State % of Forecasted Sales</u>	<u>Revised MN-State Tax Obligation</u>	<u>Difference from MN-State Tax Obligation in Petition</u>
		Attachment A, Page 2				
2009	\$1,037,350	\$0	\$1,037,350	89.41%	\$927,495	\$0
2010	\$1,300,234	\$0	\$1,300,234	89.49%	\$1,163,580	\$0
2011	\$1,061,257	(\$153,882)	\$907,374	88.66%	\$804,478	(\$136,432)
2012	\$953,150	(\$148,215)	\$804,936	88.25%	\$710,356	(\$130,800)
2013	\$950,020	(\$110,012)	\$840,008	87.85%	\$737,947	(\$96,646)
2014	\$913,451	(\$153,277)	\$760,174	87.15%	\$662,492	(\$133,581)
	\$6,215,463	(\$565,387)	\$5,650,077		\$5,006,347	(\$497,458)

Revised Amount of 2014 taxes proposed to be collected in Monthly Minnesota PGA rates (See Attachment B, Page 1)
 November and December 2014
 \$173,267

Revised Total taxes proposed to be collected as a lump sum over 5-years in the PGA
 2009 - 2014 taxes minus the 2014 taxes proposed to be collected in the Monthly PGA rate
 \$4,833,080

*MN-Company includes gas operations in Minnesota and North Dakota

**ESTIMATE OF KANSAS PROPERTY TAX BILLED
IN ERROR ON GAS STORED FOR ELECTRIC GENERATION**

<u>Tax Year</u>	<u>MN-Company* Tax Obligation Billed and Paid</u>	<u>MN-Company* LDC Portion of Storage Volumes</u>	<u>Revised MN-Company* Tax Obligation</u>	<u>Difference from Billed Tax Obligation</u>
2009	\$1,037,350	100.00%	\$1,037,350	\$0
2010	\$1,300,234	100.00%	\$1,300,234	\$0
2011	\$1,061,257	85.50%	\$907,374	(\$153,882)
2012	\$953,150	84.45%	\$804,936	(\$148,215)
2013	\$950,020	88.42%	\$840,008	(\$110,012)
2014	\$913,451	83.22%	\$760,174	(\$153,277)
	\$6,215,463		\$5,650,077	(\$565,387)

Notes

MN-Company LDC Portion of Storage Volumes is the January 1 inventory balance of the LDC divided by the January 1 total inventory balance

As noted in our filing, we disputed the 2009 and 2010 original tax valuation statements and they were corrected to exclude storage for electric generation

*MN-Company includes gas operations in Minnesota and North Dakota

Northern States Power Company
**PROPOSED PGA CALCULATION OF
MONTHLY KANSAS TAX**

Docket No. G002/M-15-149
KS Tax Variance - Reply Comments
Attachment B
Page 1 of 2

Minnesota Company (Minnesota and North Dakota)

Annual KS Tax Obligation	\$760,174	Revised 2014 billed amount
Revised Annual Forecasted Sales (thm)	783,848,390	Sept-14 - Aug-15, in use in PGA
Revised KS Tax Rate (\$/thm)	\$0.000970	

The KS Tax Rate will change in September when we updated the sales forecast and in January when we update the Annual KS Tax Obligation.

Minnesota State

<u>Month</u>	<u>Forecasted Sales (thm)</u> <u>(PGA, Schedule A,</u> <u>Page 6)</u>	<u>Revised</u> <u>Monthly KS Tax</u> <u>Expense</u> <u>(KS Tax Rate *</u> <u>Forecasted Sales)</u>	<u>Total Commodity</u> <u>COG in PGA</u> <u>(as filed, does not</u> <u>include KS Tax)</u>	<u>Revised</u> <u>KS Tax As a % of</u> <u>Commodity COG</u>
Jul-14	17,014,330	n/a	\$8,016,436	
Aug-14	17,956,012	n/a	\$7,068,099	
Sep-14	20,160,965	n/a	\$8,158,230	
Oct-14	38,578,004	n/a	\$15,691,635	
Nov-14	74,081,430	\$71,859	\$31,061,531	0.23%
Dec-14	104,544,695	\$101,408	\$51,837,747	0.20%
Jan-15	120,119,127	\$116,516	\$48,342,849	0.24%
Feb-15	101,504,289	\$98,459	\$37,778,602	0.26%
Mar-15	83,480,278	\$80,976	\$31,696,197	0.26%
Apr-15	50,821,362	\$49,297	\$14,238,089	0.35%
May-15	32,059,295	\$31,098		
Jun-15	20,862,133	\$20,236		
	681,181,919	\$569,848		

**PROPOSED DERIVATION OF PGA COSTS WITH
MONTHLY INCLUSION OF KANSAS TAX**

PGA filing - Schedule A, Page 3 of 6

Page 2 of 2

January 1, 2015 (Docket No. G002/AA-15-24) - adjusted for proposed Kansas monthly property tax inclusion

<u>Demand Cost (Res, Sm & Lg Commercial Firm)</u>	<u>Annual Cost</u>	<u>Winter Cost</u>	<u>Total</u>
1. MN & ND Total Demand (Sch B, Pg 2)	\$31,647,224	\$23,657,516	
2. <u>x Minnesota Design Day Ratio (2014 Demand Entitlement Filing)</u>	<u>88.42%</u>	<u>88.42%</u>	
3. Annual System Demand Allocation to MN (1 x 2)	\$27,982,475	\$20,917,976	
4. <u>MN State Design Day (2014 Demand Entitlement Filing)</u>	715,945	715,945	
5. <u>- Small & Large Demand Billed Dkt (2014 Demand Entitlement Filing)</u>	<u>21,803</u>	<u>21,803</u>	
6. Non-Demand Billed Design Day Dkt (4 - 5)	694,142	694,142	
7. Non-Demand Billed Allocation (3 x 6 / 4)	\$27,130,312	\$20,280,951	
8. Demand Billed Cost Allocation (3 - 7)	\$852,163	\$637,025	
9. MN Annual / Seasonal Firm Therm Sales (Sch A, Pg 6)	538,954,024	403,492,517	
10. Demand Unit Cost \$/Therm (7 / 9)	\$0.05034	\$0.05026	\$0.10060
11. Demand Cost True-up - Residential (Page 4) Oct-May (Sch A, Pg 4)			(\$0.00936)
12. Demand Cost True-up - Commercial (Page 4) Oct-May (Sch A, Pg 4)			(\$0.00936)
13. Total Demand Rate - Residential (10 +11)			\$0.09124
14. Total Demand Rate -Commercial (10 + 12)			\$0.09124
<u>Demand Cost (Demand Billed)</u>			
15. Cost Allocated to Demand Billed (8)	\$852,163	\$637,025	\$1,489,188
16. <u>/ Annual Contract Billing Demand Therms (Line 9 x 12 months x 10)</u>			<u>2,616,360</u>
17. Monthly Commercial Demand Billed Demand Rate \$/Therm (15 / 16)			\$0.56918
<u>Commodity Costs</u>			<u>Monthly Cost</u>
18. NNG Annual/Best Effort/Viking/WBI/Xcel Energy Pk Shv (Sch C, Pg 2)			\$55,439,047
19. <u>x MN Portion of Monthly Retail Sales</u>			<u>87.20%</u>
20. MN Portion of Monthly Commodity Costs (18 x 19)			\$48,342,849
21. <u>+ Kansas Property Tax on Gas Inventory (Docket No. G002/M-15-149)</u>			<u>\$116,516</u> *new line
22. Total Minnesota Monthly Commodity Costs (20 + 21)			\$48,459,365 *new line
23. MN Budgeted Calendar Month Retail Therm Sales (Sch A, Pg 6)			120,119,127
24. Commodity Unit Cost \$/Therm (22 / 23)			\$0.403428
<u>Total Gas Cost per Therm</u>			
25. Residential (13 + 24)			\$0.494668
26. Small & Large Commercial (14 +24)			\$0.494668
27. Small & Large Demand Billed - Demand (17)			\$0.569180
28. Small & Large Demand Billed - Commodity; All Interruptible (24)			\$0.403428

Northern States Power Company
**PROPOSED PGA CALCULATION OF
LUMP SUM KANSAS TAX
5-year Amortization**

Docket No. G002/M-15-149
KS Tax Variance - Reply Comments
Attachment C
Page 1 of 2

Minnesota State

Revised Lump Sum KS Tax Obligation	\$4,833,080	See Attachment A
5-year Forecasted Sales (thm)	3,557,523,021	July-15 - June-20 (5 years)*
Revised KS Tax Rate (\$/thm)	\$0.001359	

First Year Example Recovery

<u>Month</u>	<u>Forecasted Sales (thm)*</u>	<u>Revised Monthly KS Tax Expense (KS Tax Rate * Forecasted Sales)</u>
Jul-15	18,846,434	\$25,612
Aug-15	18,958,951	\$25,765
Sep-15	20,951,781	\$28,473
Oct-15	40,284,216	\$54,746
Nov-15	76,558,967	\$104,044
Dec-15	109,663,340	\$149,032
Jan-16	124,652,229	\$169,402
Feb-16	104,304,296	\$141,750
Mar-16	87,705,975	\$119,192
Apr-16	52,171,541	\$70,901
May-16	34,039,534	\$46,260
Jun-16	22,677,868	\$30,819
	710,815,132	\$965,998

*Updated to current Company sales forecast

**PROPOSED DERIVATION OF PGA COSTS WITH
MONTHLY AND LUMP SUM INCLUSION OF KANSAS TAX**

January 1, 2015 (Docket No. G002/AA-15-24) - adjusted for proposed Kansas monthly property tax inclusion

<u>Demand Cost (Res, Sm & Lg Commercial Firm)</u>	<u>Annual Cost</u>	<u>Winter Cost</u>	<u>Total</u>
1. MN & ND Total Demand (Sch B, Pg 2)	\$31,647,224	\$23,657,516	
2. <u>x Minnesota Design Day Ratio (2014 Demand Entitlement Filing)</u>	<u>88.42%</u>	<u>88.42%</u>	
3. Annual System Demand Allocation to MN (1 x 2)	\$27,982,475	\$20,917,976	
4. <u>MN State Design Day (2014 Demand Entitlement Filing)</u>	715,945	715,945	
5. <u>- Small & Large Demand Billed Dkt (2014 Demand Entitlement Filing)</u>	<u>21,803</u>	<u>21,803</u>	
6. Non-Demand Billed Design Day Dkt (4 - 5)	694,142	694,142	
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Demand Cost (Demand Billed)

15. Cost Allocated to Demand Billed (8)	\$852,163	\$637,025	\$1,489,188
16. <u>/ Annual Contract Billing Demand Therms (Line 9 x 12 months x 10)</u>			<u>2,616,360</u>
17. Monthly Commercial Demand Billed Demand Rate \$/Therm (15 / 16)			\$0.56918

Commodity Costs

	<u>Monthly Cost</u>
18. NNG Annual/Best Effort/Viking/WBI/Xcel Energy Pk Shv (Sch C, Pg 2)	\$55,439,047
19. <u>x MN Portion of Monthly Retail Sales</u>	<u>87.20%</u>
20. MN Portion of Monthly Commodity Costs (18 x 19)	\$48,342,849
21. + Kansas Property Tax on Gas Inventory (Docket No. G002/M-15-149)	\$116,516 *new line
22. <u>+ 2009 - Oct-2014 Kansas Property Tax on Gas Inventory (Docket No. G002/M-15-149)</u>	<u>\$163,242</u> *new line
23. Total Minnesota Monthly Commodity Costs (20 + 21 + 22)	\$48,622,606 *new line
24. MN Budgeted Calendar Month Retail Therm Sales (Sch A, Pg 6)	120,119,127
25. Commodity Unit Cost \$/Therm (23 / 24)	\$0.404787

Total Gas Cost per Therm

26. Residential (13 + 25)	\$0.496027
27. Small & Large Commercial (14 +25)	\$0.496027
28. Small & Large Demand Billed - Demand (17)	\$0.569180
29. Small & Large Demand Billed - Commodity; All Interruptible (25)	\$0.404787

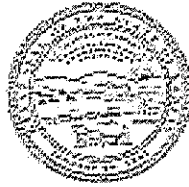
Northern States Power Company
KANSAS PROPERTY TAX ACCRUAL CALCULATION

TABLE 1
2011 Tax Estimate for Accrual Made in 2011 Using 2009 Levy Amounts

County	Field	TU Number	% in Field	Gas Inventory at Cost	Kansas Taxing Unit Total	Levy (based on 2009 amounts)	Estimated Tax Amount
Kingman	Cunningham	140	19.95%	\$ 4,822,796.39	\$ 1,591,522.81	9.4748%	\$ 150,793.60
	Cunningham	160	3.80%	\$ 918,627.88	\$ 303,147.20	11.8811%	\$ 36,017.22
Pratt	Cunningham	061	18.47%	\$ 4,465,015.00	\$ 1,473,454.95	13.3438%	\$ 196,614.88
	Cunningham	067	0.06%	\$ 14,504.65	\$ 4,786.53	15.4617%	\$ 740.08
	Cunningham	121	10.93%	\$ 2,642,263.89	\$ 871,947.08	13.4787%	\$ 117,527.13
	Cunningham	122	20.90%	\$ 5,052,453.36	\$ 1,667,309.61	14.0947%	\$ 235,002.84
Rice	Lyons	101	9.98%	\$ 2,412,606.92	\$ 796,160.28	12.8686%	\$ 102,454.68
	Lyons	171	1.90%	\$ 459,313.94	\$ 151,573.60	14.4670%	\$ 21,928.15
	Lyons	172	14.01%	\$ 3,386,835.96	\$ 1,117,655.87	12.8577%	\$ 143,704.84
Total/Average			100.00%	\$ 24,174,418.00	\$ 7,977,557.94	12.5951%	\$ 1,004,783.43

TABLE 2
2011 Tax Calculation Made in 2014 after Invoices with Actual Levy Amounts Received

County	Field	TU Number	% in Field	Gas Inventory at Cost	Kansas Taxing Unit Total	Levy (actual)	Tax Amount
Kingman	Cunningham	140	19.95%	\$ 4,822,796.39	\$ 1,591,522.81	10.1968%	\$ 162,284.42
	Cunningham	160	3.80%	\$ 918,627.88	\$ 303,147.20	13.5797%	\$ 41,166.45
Pratt	Cunningham	061	18.47%	\$ 4,465,015.00	\$ 1,473,454.95	13.6891%	\$ 201,702.74
	Cunningham	067	0.06%	\$ 14,504.65	\$ 4,786.53	15.7674%	\$ 754.80
	Cunningham	121	10.93%	\$ 2,642,263.89	\$ 871,947.08	13.6854%	\$ 119,329.44
	Cunningham	122	20.90%	\$ 5,052,453.36	\$ 1,667,308.61	15.7637%	\$ 262,829.60
Rice	Lyons	101	9.98%	\$ 2,412,606.92	\$ 796,160.28	13.1072%	\$ 104,354.28
	Lyons	171	1.90%	\$ 459,313.94	\$ 151,573.60	14.6442%	\$ 22,196.80
	Lyons	172	14.01%	\$ 3,386,835.96	\$ 1,117,655.87	13.0432%	\$ 145,778.12
Total/Average			100.00%	\$ 24,174,418.00	\$ 7,977,556.94	13.2922%	\$ 1,060,396.65



KANSAS

NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION

April 1, 2011

SG-NORTHERN STATES POWER CO-MINNESOTA
PAUL SIMON
550 15TH ST
DENVER, CO 80202

RE: Account Number G4344

Dear Sir:

K.S.A. 79-5a01 defines your company as a public utility. Enclosed is the annual valuation determined by the Director of Property Valuation as required under K.S.A. 79-5a03.

The Director's 2011 Unit Value is determined by multiplying the amount of gas in Kansas by the price of gas. For companies with storage on the Panhandle and Southern Star systems, Property Valuation (PVD) was given an already allocated Kansas amount of gas for each company with storage on their systems. For companies with storage on the Northern Natural and Colorado Interstate Gas systems, PVD did the allocation of gas to Kansas. The allocation factor was the division of total Kansas gas storage by total system gas storage. This allocation factor was applied to the customer system balances as reported to PVD as of January 1, 2011. The price used for the valuation was the Plattes daily pipeline price for the first trading day of January 2011 less a \$0.02 withdrawal allowance. The calculated gas quantity multiplied by the appropriate pipeline price is the market value of the gas in Kansas.

If you have questions about any of the processes used in the valuation of your company, you may request an informal conference under K.S.A. 79-5a05. All requirements for doing this are stated on the Notice of Value page. If you are disagreeing with the taxability or constitutionality issues only, you may choose to go directly to the Kansas Court of Tax Appeals.

K.S.A. 74-2438 states in part:

An appeal may be taken to the state court of tax appeals from any finding, ruling, order, decision, or other final action on any case the director of taxation or director of property valuation by any person aggrieved thereby. Notice of such appeal shall be filed with the secretary of the court within thirty (30) days after such finding, ruling, order, decision, or other action on a case, and a copy served upon the director concerned. The court shall fix a time and a place for hearing said appeal, and shall notify the appellant or his attorney of record at least five (5) days prior to the date of said hearing.

The Kansas Court of Tax Appeals address, phone and fax are: Docking, State Office Building, 915 SW. Harrison St., Suite. 451, Topeka, Kansas 66612-1505, Phone (785) 296-2388, Fax (785) 296-6690.

Appeal to the Court of Tax Appeals is a formal appeal and should not be undertaken lightly.

Sincerely,

A handwritten signature in black ink that reads "David N. Harper".

David N. Harper
Acting Director
CC: Company File



KANSAS

NICK JORDAN, SECRETARY

SAM BROWNBACK, GOVERNOR

DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION

SG-NORTHERN STATES POWER CO-MINNESOTA
PAUL A SIMON
XCEL ENERGY
550 15TH ST
DENVER, CO 80202

April 1, 2011

PVD ID No. G4344

DIRECTOR'S 2011 UNIT VALUE: 24,174,418

APPLICATION TO KANSAS:

ALLOCATION CALCULATION:

Kansas Investment/System Investment	24,174,418	24,174,418	Allocation Factor:	1.000000
Director's Unit Value				24,174,418
Kansas Allocation Factor			x	1.000000
Kansas Market Value				24,174,418
Assessment Rate @ 33%			x	0.330000
KANSAS ASSESSED VALUE				7,977,558

COMPANY INDICATORS

COST APPROACH:

Book Original Cost				0
Book Original Cost Less Depreciation				0
Net Investment Adjusted for Obsolescence				0
Reproduction Cost Less Depreciation				24,174,418

MARKET APPROACH:

Equity Residual				0
Stock and Debt				0

INCOME APPROACH:

Forecast NOI	0	Rate	.0000	0
Actual NOI	0	Rate	.0000	0

An informal conference may be requested if there are any objections to the "Director's Unit Value" as stated on this "Notice" (K.S.A. 79-5a05). All conference request must: (1) be within 15 days of this Notice, (2) be in writing, (3) be made to the Director, (4) state the objection/s. Any document or written evidence to be presented at the conference must be submitted to this office no less than two (2) days prior to the conference.

This "Notice" constitutes the Director's final action to date.

Acting Director

Schedule 10 - County Totals by Taxing Units For:

PVD ID: G4344 SG-NORTHERN STATES POWER CO-MINNESOTA

Taxing Unit	Real Estate Cost	Real Estate Assessed Valuation	Total Cost	All Property Assessed Valuation	Penalty Amount	Total Assessed Val. with Penalty
140	0	0	4,822,796	1,591,523	0	1,591,523
160	0	0	918,628	303,147	0	303,147
Totals:	\$0	\$0	\$5,741,424	\$1,894,670	\$0	\$1,894,670

County:

048 KINGMAN

Schedule 10 - County Totals by Taxing Units For:

PVD ID: G4344 SG-NORTHERN STATES POWER CO-MINNESOTA

Taxing Unit	Real Estate Cost	Real Estate Assessed Valuation	Total Cost	All Property Assessed Valuation	Penalty Amount	Total Assessed Val. with Penalty
061	0	0	4,465,015	1,473,455	0	1,473,455
067	0	0	14,505	4,787	0	4,787
121	0	0	2,642,264	871,947	0	871,947
122	0	0	5,052,453	1,667,309	0	1,667,309
Totals:	\$0	\$0	\$12,174,237	\$4,017,498	\$0	\$4,017,498

County:

076 PRATT

Schedule 10 - County Totals by Taxing Units For:

PVD ID: **G4344** SG-NORTHERN STATES POWER CO-MINNESOTA

Taxing Unit	Real Estate Cost	Real Estate Assessed Valuation	Total Cost	All Property Assessed Valuation	Penalty Amount	Total Assessed Val. with Penalty
101	0	0	2,412,607	796,160	0	796,160
171	0	0	459,314	151,574	0	151,574
172	0	0	3,386,836	1,117,656	0	1,117,656
Totals:	\$0	\$0	\$6,258,757	\$2,065,390	\$0	\$2,065,390

County:

080 RICE

CERTIFICATE OF SERVICE

I, Tiffany Hughes, 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. G002/M-15-0149

Dated this 20th day of April 2015.

/s/

Tiffany Hughes

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_15-149_M-15-149
Alison C	Archer	alison.c.archer@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_15-149_M-15-149
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-149_M-15-149
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-149_M-15-149
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_15-149_M-15-149
Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_15-149_M-15-149
Sandra	Hofstetter	N/A	MN Chamber of Commerce	7261 County Road H Fremont, WI 54940-9317	Paper Service	No	OFF_SL_15-149_M-15-149
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_15-149_M-15-149
Tiffany	Hughes	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_15-149_M-15-149
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-149_M-15-149

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_15-149_M-15-149
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_15-149_M-15-149
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-149_M-15-149
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_15-149_M-15-149
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_15-149_M-15-149