



414 Nicollet Mall
Minneapolis, MN 55401

September 13, 2017

—Via Electronic Filing—

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

RE: REPLY
RENEWABLE DEVELOPMENT FUND QUARTERLY REPORT
DOCKETS NO. E002/M-00-1583; E002/M-07-675; E002/M-12-1278

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Reply in response to the Friends of the Lock and Dam (FL&D) Comments received on August 28, 2017. FL&D comments on our Renewable Development Fund (RDF) quarterly report for the quarter ending June 30, 2017.

By way of background, the Company practice is to file its RDF quarterly reports approximately 30 days after the end of the quarter, but only report items that actually occurred in the reported quarter. Consistent with this practice, the Company reported that letters about Laws of Minnesota 2017, Chapter 29, Article 10, Section 29 (Section 29) were sent out to grant recipients on June 30, 2017, but because no responses were received in the second quarter, we did not provide an update on responses received.

Pursuant to Section 29, a RDF grant recipient must transfer to the State of Minnesota clean energy advancement fund account any grant funds that remain unexpended five years after the grant funds are awarded if, by that date:

- the grant recipient has failed to obtain control of the site on which the project is to be constructed;
- the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and
- construction of the project has not begun.

We have received responses from all twenty grantees who received letters about Section 29. All of the grantees have indicated that Section 29 will not require them to

transfer any unexpended grant funds to the State of Minnesota clean energy advancement fund account at this time.

Crown Hydro's response is provided as Exhibit A. Crown Hydro provided two reasons that they are not required to transfer funds to the State of Minnesota under Section 29:

First, qualifying conditions under [Section 29] are not met inasmuch as pursuant to Federal Energy Regulatory Commission determination, construction on the project has begun. Second, all funds forwarded to date by the RDF, were pursuant to the contract terms, providing reimbursement for funds previously spent.

It's important to recall that RDF grants (other than the higher education block grants from Cycle 4)¹ are performance-based contracts where grantees are awarded monies after the grantee has achieved certain agreed upon milestones. Furthermore, the Company does not recover from its customers the grant monies paid out until certain "known and measurable" conditions are met.²

Should the Commission wish to examine the 2017 amendments to the Minnesota Statute section 116C.779 (the Renewable Development Fund statute) as FL&D suggests, the Company is happy to participate in that process.

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 Bria Shea at bria.e.shea@xcelenergy.com or (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA E. SHEA

c: Service List

¹ The higher education block grants from Cycle 4 provide the University of Minnesota, University of St. Thomas and Minnesota State Colleges and Universities with agreed upon amounts of grant funds at regular intervals throughout the course of the grant, and are therefore not milestone based.

² *In the Matter of a Petition by Northern States Power d/ b/ a Xcel Energy for Approval of a 2011 Renewable Development Fund Rate Rider Factor*, Docket No. E002/M-10-1054, ORDER APPROVING 2011 RENEWABLE DEVELOPMENT FUND RATE RIDER (Mar. 17, 2011)

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August 16, 2017

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VIA E-MAIL: Mark.G.Ritter@xcelenergy.com

Mark Ritter
Xcel Energy
RDF Grant Administrator
414 Nicollet Mall
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Re: RDF Grant Award AH-01
Our File No. 2151-01

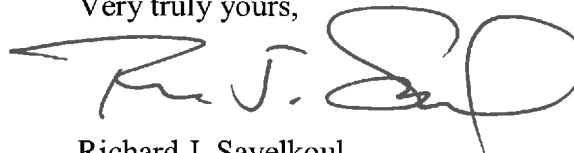
Dear Mark:

This letter is in follow up to your letter dated June 30, 2017, requesting return of funds pursuant to 2017 Session Law Chapter 94, Article 10, Section 29.

Funds are not being returned to Renewable Development Fund (RDF) for two reasons, either one of which results in no funds being returned. First, qualifying conditions under the 2017 Session Law are not met inasmuch as pursuant to Federal Energy Regulatory Commission determination, construction on the project has begun. Second, all funds forwarded to date by the RDF, were pursuant to the contract terms, providing reimbursement for funds previously spent.

If there are any other questions, please do not hesitate to contact me.

Very truly yours,



Richard J. Savelkoul

RJS:pls
Enclosure

CERTIFICATE OF SERVICE

I, Lynnette Sweet, 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 NOS. E002/M-00-1583
E002/M-07-675
E002/M-12-1278 (OFFICIAL SERVICE LIST)**

Dated this 13th Day of September, 2017

/s/

Carl Cronin
Regulatory Administrator

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