



414 Nicollet Mall
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November 9, 2018

—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
RENEWABLE DEVELOPMENT FUND ANNUAL REPORT, TRACKER ACCOUNT
TRUE-UP AND REQUEST NEW 2019 RIDER FACTOR
DOCKET NO. E002/M-18-628

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, provides this brief Reply to the Comments submitted on October 31, 2018, by the Department of Commerce, Division of Energy Resources.

In Section V.B. of the Company's initial petition, we explained how we itemized Renewable Development Account (RDA) and Renewable Development Fund (RDF) expenses for the purposes of complying with the 2018 RDF Rider Order. The Department disagrees with the Company's characterization of payments to fulfill legislative mandates as RDA-recoverable costs. The Department notes, however, that this disagreement does not impact the transferred amounts or change its recommendation to approve the petition. We agree with the Department that this categorization does not impact the amount of the 2019 RDF Rate Rider.

In complying with the Commission's directive in the 2018 Order that we separately itemize RDF and RDA expenses, we provided the information in the format we thought would be most helpful for the Commission. We have no objection to itemizing RDF and RDA expenses differently. In categorizing costs, the Company found that legislative mandates could be reasonably classified as either RDA or RDF expenses. Some legislative mandates (e.g., the payments

to the City of Benson and Laurentian) originally were enacted in the 2017 legislation creating the RDA. Others, namely, the Solar Incentive program existed before but were modified and expanded by the 2017 legislation. Finally, some legislative mandates, like REPI payments, are longstanding.

We classified all of these payments as RDA expenses because that reflects which entity, the Commission or the legislature, allocated the money. If it would be more helpful to the Commission, for example, for the Company to categorize the RDA transfer payments to Minnesota Management and Budget (MMB) in one bucket and all other costs in another, we are also happy to present the information in that manner. Another option that may be helpful would be to categorize the costs into three categories: legacy RDF grant payments, RDA transfers, and other legislative mandates.

We have electronically filed this letter and copies have been served on the parties on the attached service list. Please contact me at bria.e.shea@xcelenergy.com or (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA SHEA,
DIRECTOR, REGULATORY AND STRATEGIC ANALYSIS

c: Service List

CERTIFICATE OF SERVICE

I, Carl Cronin, 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-18-628

Dated this 9th day of November 2018

/s/

Carl Cronin
Regulatory Administrator

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