

May 22, 2015

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Response of the Minnesota Department of Commerce, Division of Energy Resources to Northern States Power Company, doing business as Xcel Energy's Reply Comments**  
Docket No. E002/M-15-321

Dear Mr. Wolf:

On April 1, 2015 Northern States Power Company, doing business as Xcel Energy (Xcel or the Company) filed a petition with the Minnesota Public Utilities Commission (Commission) for approval of its natural gas Conservation Improvement Program Adjustment Factor for 2015-2016.

In its May 8, 2015 comments in the above-referenced matter, the Minnesota Department of Commerce, Division of Energy Resources (Department) recommended that the Commission approve the petition pending a response from the Company regarding its decision to book the 2014 financial incentive in January 2015.

Xcel provided Reply Comments on May 18, 2015 in which it responded to the Department's request, and additionally proposed an updated CIP Adjustment Factor based on the most recent data. The Department responds to Xcel's Reply Comments in this Response to Reply Comments.

The Department recommends **approval** as discussed herein. The Department is available to answer any questions the Commission may have.

/s/ ZAC RUZYCKI  
Public Utilities Rates Analyst  
651-539-1856

ZR/ja  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. E002/M-15-321

**I. BACKGROUND**

On April 1, 2015, Northern States Power Company d/b/a Xcel Energy (Xcel or the Company) submitted to the Minnesota Public Utilities Commission (Commission) the Company's *Petition for 2015/2016 Natural Gas CIP Adjustment Factor* (Petition). The Petition includes a report of proposed recoveries and expenditures in Xcel's natural gas CIP tracker account during 2014, a proposed increase in the currently approved natural gas CIP Adjustment Factor (CAF), and a proposed incentive for its 2014 CIP achievements. Following the initial filing, the Department filed its Comments on May 8, 2015 recommending approval pending the Company's response to a question regarding the timing of booking the 2013 financial incentive in the CIP tracker. The Company provided Reply Comments on May 18, 2015 in which it requested the following change to its original Petition:

- A CIP Adjustment Factor for 2015/2016 of **\$0.2092/Dth**.

**II. RESPONSE TO REPLY COMMENTS**

**A. 2015/2016 NATURAL GAS CIP ADJUSTMENT FACTOR**

The Company updated the 2015/2016 Natural Gas CIP Adjustment Factor to include the actual tracker activity through April 2015. The result of the update is an increase in the CAF for 2015/2016 to \$0.20902/Dth. This represents an increase of \$0.00541/Dth over the initial request. The Department does not oppose the updated CAF as proposed in Reply Comments by the Company.

**B. DECISION TO BOOK 2013 INCENTIVE IN JANUARY, 2015**

The Company provided a response to the Department's inquiry regarding its decision to book the 2013 financial incentive in January 2015 instead of December 2014. The

Company responded that it has historically been its practice to book the incentive in the month following the Commission's approval of the CAF. The Commission approved the CAF in Docket No. E002/M-14-288 on December 17, 2014; the Company booked the 2013 incentive in January 2015. The Department concludes that the response from the Company is reasonable.

### **III. CONCLUSION**

The Department appreciates Xcel's Reply Comments, and recommends approval of the Petition as proposed by Xcel and updated in its May 18, 2015 Reply Comments.

/ja