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April 11, 2014

—Via Electronic Filing—

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

RE: REPLY COMMENTS
STATE ENERGY POLICY RIDER
DOCKET NO. E,G002/M-14-185

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the April 1, 2014 Comments of the Minnesota Department of Commerce, Division of Energy Resources on our proposed State Energy Policy Rider Petition in the above-noted docket.

We appreciate the Department's review of our Petition and recommendation for approval. At the Department's request, and to fully comply with the Commission's June 3, 2013 Order in Docket No. E,G00/M-13-161, we provide the following in this Reply:

- a. A comparison by month for the past twelve months for which actual data is available of the actual electric and natural gas costs to the budgeted costs; and
- b. A discussion of reasons for deviations from budgeted amounts (both higher and lower).

We provide as Attachment A the comparison by month of the actual electric and natural gas costs to the budgeted costs for the past months of the current 2013 SEP period (July 2013 – January 2014) as well as all months of the last completed 2012 SEP period (July 2012 – June 2013). Below we explain the deviations from budgeted amounts for both the natural gas and the electric SEP rider trackers.

Electric Tracker Variance

The primary driver of the difference between forecasted and actual electric costs for the 2012 SEP Period (July 2012 – June 2013) is that actual RA/SBG costs were \$90,234 higher than forecasted. This higher actual amount, netted with revenue collections which were \$13,528 higher than expected, resulted in an increase of \$76,701 in the actual carryover balance at the end of June 2013. (The actual balance was \$76,778 as compared to our forecasted carryover of \$71.) The carryover balance of \$76,778 is then applied to the 2013 SEP Period (July 2013 – June 2014) and is the primary starting driver for the variance in revenue requirement for the 2013 SEP Period.

In the 2013 SEP Period, the difference between forecasted and actual July 2013 through December 2013 costs is RA/SBG costs which were \$32,536 higher than forecasted through December 2013. Offsetting this difference, we also collected \$38,761 of additional revenue during this same 2013 SEP Period. Thus the net variance of revenue requirements and revenue collection in the first half of the 2013 SEP Period was a carryover surplus of \$6,225.

In summary, total actual costs for the past twelve months (January – December 2013) were \$122,770 higher than forecast, which is \$90,234 plus \$32,536 in RA/SBG costs from the two SEP Periods. This amount was offset by \$52,289 of additional revenue collection during that same period.

Natural Gas Tracker Variance

The primary driver of the difference between forecasted and actual gas costs for the 2012 SEP year (July 2012 – June 2013) is that RA/SBG costs were \$15,285 higher than forecasted. Cast Iron Pipe Replacement Project costs were \$3,146 lower than forecasted, and the carryover balance was \$53 lower start the period. These differences, netted with revenue collections which were \$90,680 higher than expected, resulted in an actual carryover balance at the end of the 2012 SEP Period of \$335,236. This carryover balance is \$78,594 lower than our forecasted carryover of \$413,829. The additional carryover balance of \$78,594 is then applied to the 2013 SEP Period (July 2013 – June 2014) and is the primary driver for the variance for that period

In the 2013 SEP Period (July 2013 – June 2014), the difference between forecasted and actual costs is RA/SBG costs which are \$6,043 lower than forecasted through January 2014. In addition, Cast Iron Pipe Replacement Project actual costs were \$1,604 higher than forecasted. Finally, during the first half of the 2013 SEP Period, revenue collections were \$189,214 lower than expected. Thus the net variance of revenue requirements and revenue collection for this period was a carryover balance that was \$184,779 lower than forecasted.

In summary, total actual costs for the past thirteen months (January 2013 – January 2014) were \$7,647 higher than forecast.

\$15,285	2012 RA/SBG
-\$3,146	2012 Cast Iron
-\$ 53	2011 Cast Iron carryover to 2012
-\$6,043	2013 RA/SBG
<u>+\$1,604</u>	2013 Cast Iron
\$7,647	Past 12 Mos. Total Net Variance

However, revenue collections were \$98,532 lower than forecasted during that same period.

We apologize for our oversight in not including this required information in our initial filing, and we will include this information in future SEP Rider Petitions. We respectfully request that the Commission approve our Petition with this added comparative data.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document, and served copies on the parties on the attached service list. Please contact me at (612) 330-7529 or paul.lehman@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE & FILINGS

c: Service List

Gas Tracker

	2012-2013 SEP Period													2013-2014 SEP Period								Total
	12-Jul Actual	12-Aug Actual	12-Sep Actual	12-Oct Actual	12-Nov Actual	12-Dec Actual	13-Jan Forecast	13-Feb Forecast	13-Mar Forecast	13-Apr Forecast	13-May Forecast	13-Jun Forecast	January - June	13-Jul Forecast	13-Aug Forecast	13-Sep Forecast	13-Oct Forecast	13-Nov Forecast	13-Dec Forecast	14-Jan Forecast	July - January	
Natural Gas costs (RR) (Docket 13-161)	171,514	177,388	191,623	192,652	197,967	192,549	207,524	207,051	208,466	206,105	205,633	207,516	2,365,988	165,026	164,554	165,958	163,608	163,135	167,920	162,240	1,152,441	3,518,429
Natural Gas costs (RR) (Docket 14-185)	171,500	177,373	191,608	192,636	197,951	192,533	206,344	205,979	217,044	205,776	205,728	213,603	2,378,075	165,190	164,731	170,744	163,815	163,356	157,518	162,652	1,148,006	3,526,081
Variance Forecast vs. actual-Gas	14	15	15	16	16	16	1,180	1,072	-8,578	329	-95	-6,087	-12,087	-164	-177	-4,786	-207	-221	10,402	-412	4,435	-7,652

	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	January - June	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	July - January	Total	
Gas Revenue (Docket 13-161)	372,825	306,967	258,380	181,675	134,161	84,516	1,338,524	101,380	107,180	94,446	133,632	233,372	338,552	388,772	1,397,334	2,735,858	
Gas Revenue (Docket 14-185)	333,863	333,863	283,629	247,073	147,947	82,831	1,429,206	67,245	70,319	68,984	91,239	169,389	302,187	438,757	1,208,120	2,637,326	
	-38,962	26,896	25,249	65,398	13,786	-1,685	90,682	-34,135	-36,861	-25,462	-42,393	-63,983	-36,365	49,985	-189,214	-98,532	
	Net Result							78,595	Net Result							-184,779	-106,184

Electric Tracker

	2012-2013 SEP Period													2013-2014 SEP Period								Total
	12-Jul Actual	12-Aug Actual	12-Sep Actual	12-Oct Actual	12-Nov Actual	12-Dec Actual	13-Jan Forecast	13-Feb Forecast	13-Mar Forecast	13-Apr Forecast	13-May Forecast	13-Jun Forecast	January - June	13-Jul Forecast	13-Aug Forecast	13-Sep Forecast	13-Oct Forecast	13-Nov Forecast	13-Dec Forecast	14-Jan Forecast	July - December	
Electric costs (RR) (Docket 13-161)	570,758	8,258	39,122	570,758	8,258	-30,290	545,758	8,258	18,338	545,758	8,258	21,046	2,314,280	537,500	0	10,189	537,500	0	28,530	1,113,719	3,427,999	
Electric costs (RR) (Docket 14-185)	570,758	8,258	39,122	570,758	8,258	-30,290	545,758	8,258	65,871	545,758	8,258	63,748	2,404,515	537,500	0	43,196	537,500	0	28,059	1,146,255	3,550,770	
Variance Forecast vs. actual-Electric	0	0	0	0	0	0	0	0	-47,533	0	0	-42,702	-90,235	0	0	-33,007	0	0	471	-32,536	-122,771	

	13-Jan	13-Feb	13-Mar	13-Apr	13-May	13-Jun	January - June	13-Jul	13-Aug	13-Sep	13-Oct	13-Nov	13-Dec	14-Jan	July - December	Total	
Electric Revenue (Docket 13-161)	198,613	179,237	189,445	173,056	184,332	203,632	1,128,315	181,373	176,140	152,458	147,890	145,988	153,564		957,413	2,085,728	
Electric Revenue (Docket 14-185)	217,007	182,380	189,660	192,103	182,997	177,696	1,141,843	210,060	172,468	172,243	154,606	133,227	153,570		996,174	2,138,017	
	18,394	3,143	215	19,047	-1,335	-25,936	13,528	28,687	-3,672	19,785	6,716	-12,761	6		38,761	52,289	
	Net result							-76,707	Net result							6,225	-70,482

The data highlighted above has been adjusted to avoid double counting the carryover balances from the prior SEP Period (July 2012 - June 2013)

CERTIFICATE OF SERVICE

I, Theresa Sarafolean, 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. E,G002/M-14-185

Dated this 11th day of April 2014

/s/

Theresa Sarafolean

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