

April 25, 2018

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/PA-17-529, In the Matter of Northern States Power Company, doing
business as Xcel Energy's Petition for Approval to Sell Land and Tanks to Flint Hills
Resources Pine Bend, LLC.

Dear Mr. Wolf:

On February 16, 2018, the Minnesota Public Utilities Commission (Commission) issued its *Order Approving Petition with Conditions, Approving Cost Recovery Proposal, and Granting Variances* (Order) in the above-referenced docket. In compliance with the Order, on March 12, 2018, Northern States Power Company, doing business as Xcel Energy (Xcel or the Company) filed a compliance filing containing revised journal entries. On April 13, 2018, the Commission issued a *Notice of Comment Period*. Topics open for comment include:

- Should Xcel be permitted to change the calculation of the transaction gain to be retained by Xcel to include a tax gross-up component?
- Are there other issues or concerns related to this matter?

The Commission's Order approved Xcel's request to keep a portion of the transaction gain; Xcel's portion was calculated on a net present value (NPV) basis. Originally (in the initial petition) Xcel's overall calculations included a line calculating a tax gross-up; however, Xcel calculated the NPV by referring to values that omitted the tax gross-up adjustment. As noted by Commission staff, in the March 12, 2018 compliance filing Xcel changed the NPV calculation to refer to values that include the tax gross-up.

As a general rule compliance filings must be consistent with what was approved by the Commission. However, in this instance it is the Department's understanding that the Commission's Order reflects the overall goal of providing Xcel an incentive to reduce overall rates by keeping the Company financially neutral while passing the remaining gain through to ratepayers. The Department reviewed Xcel's compliance filing and concludes that Xcel's

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changes are consistent with the overall goal of revenue neutrality because they improve the accuracy of the calculations. Further, requiring Xcel to file another petition to correct the original calculation error could create a disincentive for Xcel to pursue projects that reduce rates.

Therefore, the Department recommends that the Commission take no action, allowing the revised journal entries to be implemented. If the Commission determines to take action, the Department recommends that the Commission approve Xcel's revised calculation of the Company's share of the gain. The Department's team of Mark Johnson and myself is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ STEVE RAKOW
Analyst Coordinator

SR/ja
Attachment

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E002/PA-17-529

Dated this 25th day of April 2018

/s/Sharon Ferguson

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