



414 Nicollet Mall
Minneapolis, MN 55401

October 26, 2012

—Via Electronic Filing—

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: SUPPLEMENTAL INFORMATION
2012 ANNUAL REVIEW OF REMAINING LIVES
DOCKET NO. E,G002/D-12-151

Dear Dr. Haar:

Northern States Power Company submits to the Minnesota Public Utilities Commission this supplemental information regarding our Reply Comments and plans for the Granite City peaking plant outlined in this docket. While we are not proposing any changes affecting our pending 2012 Remaining Lives docket, we provide this information to keep the Commission informed of a change we expect to include in our 2013 Remaining Lives Petition.

In Reply Comments on August 6, 2012, we withdrew our request for life extensions of the Granite City, Key City, and Blue Lake Units 1-4, resulting in full depreciation of these plants by the end of 2012. These plants will continue operations beyond 2012, be available for dispatch into the Midwest Independent Transmission System Operator (MISO) energy and ancillary services market to serve our customers, and be counted as capacity for MISO Resource Adequacy requirements. We indicated, however, that there will be no depreciable life after 2012 (*i.e.*, rate base will be \$0) since no capital additions would be required to continue operations, and all future work on the plants would be handled through our operation and maintenance (O&M) budget.

Energy Supply recently updated its plans for the Granite City plant and concluded that additional work will be needed to continue operations through 2018. Specifically, a new operating control system for Units 1 and 2 is required at an estimated cost of \$294,000 including AFUDC. The existing control system is

obsolete and no longer supported by the manufacturer. If the system is not replaced, control cards could fail, resulting in outages. We anticipate capital expenditures of \$180,000 in 2012 and \$114,000 in 2013 to complete the control system upgrade; with AFUDC the total addition is approximately \$298,000. In addition, we expect it will be necessary to replace the diesel starting motors at the Granite City plant in 2016 at a cost of approximately \$600,000.

For purposes of this existing docket, the Company still proposes to let the current remaining life of the Granite City plant expire at the end of 2012 on the existing investment. In our next Annual Remaining Lives filing in February 2013, we plan to propose establishing a new remaining life of six years on our Granite City control system investment beginning with its in-service date, currently estimated to be May 2013. Currently, the estimated depreciation expense for 2013 is approximately \$31,000.

Pursuant to Minn. Stat. §216.17, subd. 3, we have electronically filed this document with the Commission, and we have served this filing on all parties on the attached service list.

Please contact me at lisa.h.perkett@xcelenergy.com or (612) 330-6950 if you have any questions regarding this filing.

SINCERELY,

/s/

LISA H. PERKETT
DIRECTOR
CAPITAL ASSET ACCOUNTING

c: Service List

CERTIFICATE OF SERVICE

I, Ketti R. Lindberg, hereby certify that I have this day served copies of the foregoing document or a summary thereof on the attached list of persons.

xx by depositing a true and correct copy or summary thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota; or

xx via electronic filing

Docket No. E002/GR-12-151

Dated this 26th day of October 2012

/s/

Ketti R. Lindberg

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