



414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

July 9, 2015

—Via Electronic Filing—

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

RE: REPLY
SALE OF RENEWABLE ENERGY CREDITS
DOCKET NO. E002/M-15-515

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Reply to the June 29, 2015 Comments of the Minnesota Department of Commerce, Division of Energy Resources in the above-referenced docket.

We appreciate the Department's review of our filing. However, we respectfully disagree with the Department's recommendation to require the return of 100 percent of the net proceeds from the sale of FibroMinn renewable energy credits (RECs) to customers. As noted in our petition, we propose to credit customers 85 percent of the net proceeds from the sale of these RECS through the Renewable Energy Standard (RES) Rider and retain 15 percent of the proceeds. Our proposal to share in the proceeds is an opportunity to provide additional revenue to customers while also aligning their interests with shareholders. As discussed in our initial petition, these types of transactions require initiative, innovation and trading acumen to seek out potential opportunities and negotiate the highest price possible for the RECs. An incentive-based approach provides an opportunity to pilot an important concept supported by the Company and stakeholders in its E21 initiative.

We have electronically filed this document with the Commission and copies have been served on all 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
COMPLIANCE AND FILINGS

c: Service List

CERTIFICATE OF SERVICE

I, Lynnette Sweet, 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 by electronic filing.

DOCKET No.: E002/M-15-515

Dated this 9th day of July 2015

/s/

Lynnette Sweet

[illegible]

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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