MINNESOTA DEPARTMENT OF
COMMERCE

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February 19, 2016

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

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E,G002/S-15-948

Dear Mr. Wolf:

In its December 30, 2015 Comments in the above-referenced matter, the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) requested that Northern States Power Company, doing business as Xcel Energy (Xcel, NSP-MN, or the Company) provide additional information. The Department deferred making its final recommendations regarding the Company's proposed 2016 Capital Structure filing until it had an opportunity to review Xcel's Reply Comments.

The Company submitted its Reply Comments on January 26, 2015.

The Department reviewed Xcel's Reply Comments and now recommends that the Commission **approve Xcel's petition with modifications**.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/ja
Attachment

MINNESOTA DEPARTMENT OF COMMERCE

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

DOCKET NO. E,G002/S-15-948

I. BACKGROUND

On October 27, 2015, Northern States Power Company (Xcel, NSP-MN or the Company) petitioned the Minnesota Public Utilities Commission (Commission) for approval of its proposed 2016 capital structure (*Petition*). The Company is seeking:

- Approval of its proposed 2016 capital structure and total capitalization;
- Continuation of the ability to issue securities within the approved capital structure ranges;
- Approval of the 2016 capital structure to remain valid until the Commission issues an Order approving NSP-MN's 2017 capital structure;
- Continuation of flexibility to use risk-management instruments to reduce the cost of capital;
- Continuation of the variance of Minnesota Rules part 7825.1000, subpart 6 to allow NSP-MN to treat borrowings under multi-year credit agreements as short-term debt; and
- Approval to have discretion to enter into financing to replace outstanding long-term debt instruments with less expensive securities, and to enter into tax-exempt financing for pollution control construction programs.

In its December 30, 2015 Comments, the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) concluded from the information in Xcel's *Petition* that the Company complied with the great majority of regulatory requirements associated with a filing of this nature. However, the Department had concerns regarding Xcel's efforts to competitively bid the sale of its long-term debt and had questions related to its nuclear operations. Consequently, the Department requested that Xcel address the following issues in its Reply Comments:

- the relationship between the Multi-Year Credit Agreement (MYCA) and the Company's protocol for the selection of the underwriter for its bond issuances;
- the extent of the linkage between the banks supporting the MYCA and the fees those banks receive when acting as underwriters for the sale of NSP-MN's debt;

- any language in the "Amended and Restated Credit Agreement" dated as of October 14, 2014 that pertains to this linkage or relationship;
- the purpose(s) that the NSP Nuclear Corporation serves and the advantages and disadvantages of having NSP Nuclear Corporation structured as a first-tier subsidiary as opposed to being treated similarly to NSP-MN's other generation facilities; and
- why the "timing of the Prairie Island Unit 1 Life Cycle Management Generator Replacement project was moved from 2015 to 2018."

II. XCEL REPLY COMMENTS AND DEPARTMENT RESPONSE

A. XCEL'S DEBT MANAGEMENT PRACTICES

The Company redefined the non-nuclear issues under discussion more broadly in its Reply Comments to encompass its debt management practices. The Department appreciates this change in the discussion's scope. The fact that the existence of the MYCA directly influences the Company's efforts in the markets for short- and long-term debt suggests that this topic encompasses more than the MYCA.

1. Multi-Year Credit Agreement and Bond Underwriter Selection Protocol

The Department was particularly concerned and interested in the linkage between the MYCA and the Company's protocol for selecting the underwriters for its long-term debt (bond issuances). The Department's discovery of the existence of an "informal" arrangement between the banks participating in the MYCA and the population of banks the Company uses to select its underwriters prompted this concern.

The Department identified this relationship by asking a series of information requests on this topic. Up to that point, the MYCA had been presented as a necessary and valuable agreement that provided access to liquidity at very favorable interest rates. It had not been characterized as a loss-leader for the banks that support the MYCA by the Company. Nor had Xcel explained that those same banks that participate in the MYCA do so expecting that they will receive preferential treatment in regards to the fees generated from the sale of NSP-MN's short-term and long-term debt, among other things.

The Company explained on page 4 of its Reply Comments:

> We currently have 20 banks in our Credit Facility that provide lending support and expertise for other financial services. <u>There is no formal written policy or language in our "Amended and Restated Credit Agreement" for selecting Underwriters from the group of banks that support our Credit Agreement. There is, however, an understanding between corporations and the banks that offer below-market priced credit facilities that the banks will have the first opportunity to provide the corporation with additional financial services including commercial paper</u>

> dealer positions and underwriting opportunities. [Emphasis added.] . . .
>
> In selecting the underwriting group, we ensure the group has the necessary expertise, experience and past performance. It is important that we have the right mix of underwriting capabilities for a particular issuance that will deliver the most cost-effective transaction and long-term benefits for our customers. Therefore, depending on the issuance, a specific consideration may be the bank's reach with various investors, such as international, regional, institutional, or retail. We also consider the breadth of financial services the bank is providing the Company – balancing opportunities for the qualified banks to provide financial services to the Company as equitably as possible.
>
> The number of Underwriters for a particular bond issuance is determined by the size of the bond. The underwriting fees are market standard based on the term of the bond, and do not differentiate between banks. [Emphasis added.]

The Company also provided two examples of the market standard issuance fees, 65 basis points (bps) for a 10-year bond; 87.5 bps for a 30-year bond.

The Department appreciates the Company's explanation of the relationship between the MYCA and the fees that the banks supporting the MYCA might expect to garner in providing services to the Company for the sale of short- or long-term debt.

2. Competitive Bid versus Negotiated Placement

The Department included two recommendations regarding competitive bidding in its Comments, namely that the Commission require Xcel to: 1) competitively bid all standard bond issuances unless it can conclusively demonstrate that a negotiated sale approach is warranted and 2) issue an RFP for services for those bond issuances that the Company has conclusively demonstrated are sufficiently complex to warrant a negotiated sales approach.

The Company asserted in its Reply Comments that the existence of the MYCA has effectively removed competitive bidding as an option for selling debt. By extension, Xcel has chosen negotiated placement as its preferred method for selling its debt; as its justification, Xcel stated that this method is consistent with that used by most, if not all of corporate America. It also explained how the negotiated placement process works to the benefit of its ratepayers (and shareholders).

The Department acknowledges that our recommendations regarding competitively bidding bond issuances are moot at this time given Xcel's explanation regarding its choice to use negotiated placement. However, the Department offers the following further discussion and analysis regarding Xcel's debt management practices.

a. Negotiated Placement

Xcel asserted in its Reply Comments that its debt management practices are cost-effective. In support of this position it noted that:

- The Credit Facility (MYCA) is an essential financial base;
- Fees for other financial services are market standard;
- The bank relationships provide valuable market intelligence; and
- The Company consistently evaluates its performance with objective tools.

Xcel cautioned that "Requiring the Company to implement a non-market standard practice such as traditional Competitive Bidding process for bond issuances would cause banks to withdraw from our credit facility to the determent of our financial health and ultimately, our customers."[1]

Xcel also provided some historical context regarding the movement on the part of various regulatory entities from solely relying on competitive bidding to one in which utilities could use competitive bidding or negotiated placement to sell debt in its Reply Comments. The Company referenced findings by two federal agencies -- the Federal Energy Regulatory Commission, and the Securities and Exchange Commission and a rule-making completed by the California Public Utilities Commission (CPUC) that allowed for the use of negotiated placement to sell debt.

Finally, the Company offered to provide additional reporting in an effort to increase the transparency of its debt management practices.

b. Department Analysis

The Department reviewed the CPUC's Decision in rulemaking 11-03-007 and concludes that it is consistent with the Company's characterization[2]. The Department also met with Xcel staff to review the Company's process for issuing debt using negotiated placement. That meeting proved to be very informative.[3] In addition, the Department reviewed the information Xcel provided in Attachment B of its Reply Comments regarding recent utility bond sales.

Given this information, the Department focused its analysis on two questions: —1) are the markets for the services Xcel is seeking reasonably competitive and 2) do Xcel's efforts produce results that are reasonable in light of its fiduciary responsibility to its ratepayers?

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1 Reply Comments at page 12.

[2] Prior to this proceeding, the CPUC rule required competitive bidding with some exceptions. The results of this proceeding allowed utilities the option to choose between competitive bidding and negotiated placement. The current situation in California is similar to that provided for in the Commission's rules.

[3] It also highlighted the fact that while Xcel's process for selling debt had continued to adapt to prevailing market conditions, the Company's description of that process in its regulatory filing failed to keep pace with those changes. This Department notes that this gap between Xcel's Treasury department process and Xcel's description of the process included in the Petition was in part responsible for the Department's misunderstanding of the Company's current process for selling debt.

The information the Company provided in its Reply Comments regarding the efforts of the different federal and state agency proceedings that have reviewed this issue was very helpful. The fact that these different entities have allowed for the use of negotiated placement to sell debt and the example Xcel provided regarding its most recent bond sale in Attachment A of its Reply Comments provide adequate support for the Department to conclude at this time that negotiated placement is a reasonable protocol for selling the Company's long-term debt.

Turning to the second issue, the Department reviewed the information Xcel provided in Attachment B of its Reply Comments. Attachment B listed the results of 44 bond sales by utilities for the period from June 8 through October 7, 2015. NSP-Minnesota was responsible for two of the transactions; it issued $300 million of 5-year debt and $300 million of 30-year debt on August 4, 2015. Initially, the Department sorted the information in Attachment B using the following criteria:

- The entity selling the debt had to be a utility based in the United States of America;
- The debt needed to be secured; and
- The term of the debt was identical.

Table 1 contains the comparison for NSP-MN's 30-year bond issuance.

Table 1 – Comparison of Secured 30-Year Bond Issuances by U.S. Utilities between June 8 and October 7, 2015

Issuer	Ratings[4]	Size ($mn)	Coupon (%)	Spread (bps)	N/C (bps)
Duke Energy Progress Inc	Aa2/A	700	4.2	130	4
Mid-American Energy	Aa2/A	450	4.25	135	5
Northern States Power - Minn	**Aa3/A**	**300**	**4.00**	**120**	**5**
Kentucky Utilities	A1/A	250	4.375	135	2
Louisville Gas & Elec	A1/A	250	4.375	135	2
PPL Electric Utilities	A1/A	350	4.15	132	flat
Indianapolis Pwr & Light	A2/BBB+	260	4.7	175	n/a
Average		366	4.29	137	3
Median		300	4.25	135	3

NSP-MN's credit rating of Aa3/A places it in the middle of the pack. The size of Company's bond issuance ($300 million) also places it in the middle of the pack. The coupon rate and the spread to the 30-year U.S. Treasury Bond (T-bill) are the lowest identified in the group. The final column (new concession or N/C) relates to the discount Xcel provided to the bond's purchasers. While this amount was higher than all the other transactions listed save one, it was within one standard deviation of the group's mean.

[4] The utilities listed in Table 1 are ranked according to Moody's credit ratings.

These results suggest that the Company (and its Underwriters) did a decent job of issuing the debt -- they sold it for a lower interest rate and the difference (spread) between the coupon rate on NSP-MN's bond and the 30-year T-bill was the lowest of the seven sales listed.

As for the new concession issue, in DOC Information Request No. 13, the Department asked the Company:

> Please provide the results of the negotiated sales listed in this portion of the response in terms of the amount of "new-issue" concession" for each issuance and how NSPM's new issue concession compared to the other transactions priced that day.

Xcel responded:

> The Company does not have the new issue concession information. Banks do not necessarily provide that level of detail after a transaction has priced. The Company has filed general pricing information in each of our follow-up reporting compliance filings after each security has been issued as required by the annual Capital Structure Orders.
>
> In general, the new issue concession is very dependent on market conditions of supply and demand, and the credit rating of the individual company issuing the security or other company factors. As a point of reference, in today's market [December 8, 2015], the new issue concession for a 10-year bond for NSPM is 0 to 5 basis points over the secondary market.

The Department concludes that the Company did a reasonable job of selling the $300 million in 30-year debt, given the results related to the coupon rate, the basis and the Company's response to DOC IR No. 13.[5]

The information provided in Attachment B of the filing included only one bond issuance that was a secured 5-year term issuance – NSP-MN's. Consequently, the Department elected to forego analyzing this particular bond issuance.

In light of the information provided regarding the competitiveness of the Company's negotiated placement approach, the Department concludes that it is reasonable protocol for selling the Company's debt. The Department noted in our Comments dated December 30, 2015 in this docket that Minn. Rule 7825.1400 (O) requires utilities to file:

> A statement of the manner in which such securities will be issued; and if invitations for sealed written proposals (competitive bidding) are not anticipated, an explanation of the decision not to invite such proposals shall be submitted.

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[5] A copy of DOC Information Request No. 13 is included as Attachment A.

The Department concludes that the information provided in Xcel's Reply Comments regarding the benefits of negotiated placement is sufficient to fulfill the Commission's requirement that the utility provide a satisfactory "explanation of the decision not to invite such proposals" (*i.e.* for a competitive bid).

c. *Ongoing Reporting for Bond Issuances*

The Company also offered to work with the Department to "identify specific information about each bond issuance that we would provide in a compliance filing – with the goal of increasing the Commission's transparency into the effectiveness of our debt issuances."

The Department recommends that the Company provide information similar to what Xcel provided in Reply Comments – specifically, a comparison over a six-month period in which NSP-MN sells bonds to the bond issuances by other utilities.

B. NSP NUCLEAR CORPORATION

Xcel explained in its Reply Comments that it is in the process of "assessing whether the time may be appropriate to dissolve this subsidiary" in response to the Department request that it discuss this issue.

To be clear, the Department had requested the Company to explain "the purpose(s) that the NSP Nuclear Corporation serves and the advantages and disadvantages of having NSP Nuclear Corporation structured as a first-tier subsidiary as opposed to being treated similarly to NSP-MN's other generation facilities." Given the Company's limited efforts to respond to the Department's request for information, the Department recommends that the Commission require Xcel to provide a discussion regarding the purpose(s) that the NSP Nuclear Corporation serves and the advantages and disadvantages of having NSP Nuclear Corporation structured as a first-tier subsidiary as opposed to being treated similarly to NSP-MN's other generation facilities" in Xcel's 2017 Annual Capital Structure filing. Or, if Xcel proposes to dissolve the subsidiary, the Department recommends that Xcel provide such a discussion in that filing.

C. PRAIRIE ISLAND UNIT 1 LIFE CYCLE MANAGEMENT GENERATOR REPLACEMENT

As discussed in the Department's Comments in this matter, on May 12, 2009, the Commission issued an "Order Augmenting Information Required in Connection with Securities Issuances and Annual Capital Structure Filings" (Docket No. E,G999/CI-08-1416), where Point 3 of the Order states:

> Starting with the utilities' next annual capital structure filings, the utilities shall include a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term, recurring security issuances.

The Department provided information in Table 3, page 18 of our Comments, which indicated that NSP-MN experienced significantly higher costs than expected in the "Other Nuclear" subcategory during the year. The Department noted that the:

> …significantly higher costs were offset by what appear to be lower costs for the "Prairie Island Extended Power Uprate and LCM" project. However, NSP-MN indicated that the additional $33.4 million in project costs were delayed until 2018. The Department requests that NSP-MN indicate in its Reply Comments why the "timing of the Prairie Island Unit 1 Life Cycle Management Generator Replacement project was moved from 2015 to 2018" as stated in the Company's Attachment N of the petition.

In response, Xcel essentially referred interested parties to the Direct Testimony of Mr. Timothy J. O'Connor in Docket No. E002/GR-15-826 regarding this issue. The Company did note in its Reply Comments that the replacement of Prairie Island's Main Electrical Generator was "deferred to 2018 to accommodate Company capital budgeting constraints."

The Department concludes that issues regarding nuclear power facilities are expected to be developed in Xcel's integrated resource plan (Docket No. E002/RP-15-21), based on analysis of Xcel's most recent filing, and in the Company's most recent rate case (Docket No. E002/GR-15-826). For the instant case, based on its review of NSP-MN's petition, the DOC concludes that the Company's petition complies with Point 3 of the Commission's May 12, 2009 Order.

III. ADDITIONAL COMMENTS

A. CONTINGENCY RANGES

While reviewing the information for developing these Reply Comments the Department noted that we had neglected to address – 1) the Company's request that it be allowed the flexibility to issue securities outside of the contingency ranges included in its filing for up to 60 days and 2) the Company's efforts to comply with the Commission's requirement that the Company file within 20 days of each non-recurring security issuance an after-the-fact report providing certain specific information.

Regarding the first issue, the Department recommends that the Commission approve NSP-MN's request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days, and require NSP-MN to obtain the Commission's pre-approval of any issuance expected to result in the Company remaining outside the contingency ranges for more than 60 days. These two recommendations are consistent with past practice.

As for the requirement that the Company provide information pertaining to each of its non-recurring security issuances, the Department notes that Xcel did comply with this requirement for its non-recurring issuances in 2015. That information was included in Attachment I of the filing. The Department recommends that the Commission include this requirement in its Order regarding the Company's 2017 Annual Capital Filing.

B. CONTINUANCE OF THE VARIANCE FOR THE MULTI-YEAR CREDIT AGREEMENT

The Company requested an extension of the variance to Minnesota Rules part 7825.1000, subpart 6, which allows Xcel to treat borrowings under the MYCA as captured in the short-term debt authorization of up to 15 percent of total capitalization.

The Department declined to make a recommendation regarding the approval of the variance in our Comments dated December 30, 2015 to allow for review of the information the Company had been asked to provide in its Reply Comments before forwarding a recommendation to the Commission.

The Department notes that the discussion regarding the MYCA has evolved significantly in this docket. Initially, the Company limited its discussion of the MYCA to its benefits – particularly the financial liquidity it will provide should the commercial paper markets fail to operate. In its Reply Comments, Xcel provided significantly more information regarding the MYCA's centrality to the Company's debt management practices, noting:

- The Credit Facility is an essential financial base.
- Fees for other financial services are market standard.
- The bank relationships provide valuable market intelligence.[6]

The Department recognizes that the Company's decision to purchase this set of "bundled services" could be in the public interest. However, Xcel has not provided any analytical support for its position. Consequently, the Department recommends that the Commission require Xcel to meet with the Department and other interested parties in an effort to develop a cost-benefit analysis that can provide the Commission with a frame-work for determining if the Company's current debt management practices are cost-effective for all the services provided related to the MYCA.

At the same time, the Department recognizes that Xcel needs to maintain access to both the short and long-term credit markets and that the MYCA is currently the avenue for maintaining that access. Consequently, the Department also recommends that the Commission approve the variance in this proceeding.

IV. DEPARTMENT RECOMMENDATIONS

The Department recommends that the Commission take the following actions regarding Xcel's capital structure petition:

- Approve NSP-MN's requested 2016 capital structure; this approval to be in effect until the 2017 Capital Structure Order is issued.

- Approve a 10 percent range around NSP-MN's common equity ratio of 52.1 percent (i.e., a range of 46.89 to 57.31 percent).

[6] Reply Comments at page 11.

- Approve NSP-MN's total capitalization contingency of $544 million (i.e. a total capitalization of $10,750, including the $544 million).

- Approve NSP-MN's short-term debt issuance not to exceed 15 percent of total capitalization at any time while the 2016 Capital Structure is in effect.

- Continue the variance authorizing NSP-MN to enter into multi-year credit agreements and issue associated notes thereunder, but require NSP-MN to continue to report on its use of such facilities, including
    - How often they are used,
    - The amount involved;
    - Rates and financing costs,
    - The intended uses of the financing, and
    - For any period in which Xcel sells bonds, a comparison over a six-month period of the results of all bond issuances by other utilities.

- Approve NSP-MN's request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days.

- Require NSP-MN to obtain the Commission's pre-approval of any issuance expected to result in the Company remaining outside the contingency ranges for more than 60 days.

- Approve NSP-MN's flexibility to use risk management instruments that qualify for hedge accounting treatment under Accounting Standard Codification No. 815.

- Require NSP-MN to include an exhibit providing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit the issuances to project-specific financing in in its next capital structure filing. The exhibit need not list short-term recurring security issuances.

- Require NSP-MN to include a report of actual issuances and uses of funds from the prior year in its next annual capital structure filing. The report will be for information purposes only and need not cover short-term recurring security issuances.

- Require NSP-MN to develop and use in its next annual securities filing, a schedule showing, for various time periods, the planned investment for each project.

- Require, within 20 days of each non-recurring security issuance, NSP-MN to file for informational purposes only an after-the-fact report providing the following information: 1) the type of security issued; 2) the total amount issued; 3) the purpose of the issuance; 4) the issuance cost associated with the security issuance; and 5) the total cost of the security issuance, including details such as interest rate or cost per share of common equity issued.

- Require NSP-MN to include a discussion of the purpose(s) that the NSP Nuclear Corporation serves and the advantages and disadvantages of having NSP Nuclear Corporation structured as a first-tier subsidiary as opposed to being treated similarly to NSP-MN's other generation facilities in its next capital structure filing.

- Require NSP-MN to meet with the Department and other interested parties in an effort to develop a cost-benefit analysis that can provide the Commission with a frame-work for determining if the Company's current debt management practices are cost-effective for all the services provided related to the MYCA. The analysis should be included in the Company's 2017 Annual Capital Structure filing.

The Department notes that Attachment B provides a reference for the Department's recommendations in this docket.

/ja

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☐ **Public Document – Trade Secret Data Excised**
☒ **Public Document**

Xcel Energy			
Docket No.:	EG002/S-15-948		
Response To:	Department of Commerce	Information Request No.	13
Requestor:	John Kundert		
Date Received:	December 8, 2015		

Question:

Reference: Response to DOC Information Request No. 2, subpart (b)

a. Please provide the results of the negotiated sales listed in this portion of the response in terms of whether the issuance was over or under-subscribed and the extent of that over or under-subscription.

b. Please provide the results of the negotiated sales listed in this portion of the response in terms of the amount of "new-issue concession" for each issuance and how NSPM's new-issue concession compared to other transactions priced that day.

Response:

a. The Company does not have that specific information. All of NSPM's bond offerings were at the subscribed amount or over-subscribed. If any bond were under-subscribed, the bond would have been down-sized or failed in the market place – neither of those events occurred.

b. The Company does not have the new issue concession information. Banks do not necessarily provide that level of detail after a transaction has priced. The Company has filed general pricing information in each of our follow-up reporting compliance filings after each security has been issued as required by the annual Capital Structure Orders.

   In general, the new issue concession is very dependent on market conditions of supply and demand, and the credit rating of the individual company issuing the security or other company factors. As a point of reference, in today's market the new issue concession for a 10-year bond for NSPM is 0 to 5 basis points over the secondary market.

Preparer:	Mary Schell
Title:	Director of Corporate Finance
Department:	Treasury/Finance/CFO
Telephone:	612-215-5362
Date:	December 18, 2015

Attachment B – References for Department Recommendations

Number	DOC Recommendation	Reference
1.	Approve NSP-MN's requested 2016 capital structure; this approval to be in effect until the 2017 Capital Structure Order is issued.	DOC Comments dated December 30, 2015, pages 4 through 6.
2.	Approve a 10 percent range around NSP-MN's common equity ratio of 52.1 percent (i.e., a range of 46.89 to 57.31 percent).	DOC Comments dated December 30, 2015, page 6.
3.	Approve NSP-MN's short-term debt issuance not to exceed 15 percent of total capitalization at any time while the 2016 Capital Structure is in effect.	DOC Comments dated December 30, 2015, page 6.
4.	Approve NSP-MN's total capitalization contingency of $544 million (i.e. a total capitalization of $10,750, including the $544 million).	DOC Comments dated December 30, 2015, page 6.
5.	Continue the variance authorizing NSP-MN to enter into multi-year credit agreements and issue associated notes thereunder, but require NSP-MN to also continue to report on its use of such facilities, including – How often they are used, the amount involved, rates and financing costs, the intended uses of the financing, and for any period in which Xcel sells bonds, a comparison over a six-month period of the results of all bond issuances by other utilities.	DOC Reply Comments dated February 19, 2016, page 9.
6.	Approve NSP-MN's request to issue securities provided that the Company remain within the contingency ranges or does not exceed them for more than 60 days.	DOC Comments dated December 30, 2015, pages 9 and 10. DOC Reply Comments dated February 19, 2016, page 8.
7.	Require NSP-MN to obtain the Commission's preapproval of any issuance expected to result in the Company remaining outside the contingency ranges for more than 60 days.	DOC Reply Comments dated February 19, 2016, page 8.
8.	Approve NSP-MN's flexibility to use risk management instruments that qualify for hedge accounting treatment under Accounting Standard Codification No. 815.	DOC Comments dated December 30, 2015, page 19.
9.	Require NSP-MN to include an exhibit providing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit the issuances to project-specific financing	DOC Comments dated December 30, 2015, page 16 for compliance in 2016 filing. Commission Order in Docket No. E, G999/CI-08-1416 for ongoing requirement.

	in in its next capital structure filing. The exhibit need not list short-term recurring security issuances.	
10.	Require NSP-MN to include a report of actual issuances and uses of funds from the prior year in its next annual capital structure filing. The report will be for information purposes only and need not cover short-term recurring security issuances.	DOC Comments dated December 30, 2015, pages 16 through 18 for compliance in 2016 filing. Commission Order in Docket No. E, G999/CI-08-1416 for ongoing requirement.
11.	Require NSP-MN to develop and use in its next annual securities filing, a schedule showing, for various time periods, the planned investment for each project.	DOC Comments dated December 30, 2015, page 18.
12.	Require, within 20 days of each non-recurring security issuance, NSP-MN to file for informational purposes only an after-the-fact report providing the following information: 1) the type of security issued; 2) the total amount issued; 3) the purpose of the issuance; 4) the issuance cost associated with the security issuance; and 5) the total cost of the security issuance, including details such as interest rate or cost per share of common equity issued.	DOC Reply Comments dated February 19, 2016, page 8.
13.	Require NSP-MN to include a discussion of the purpose(s) that the NSP Nuclear Corporation serves and the advantages and disadvantages of having NSP Nuclear Corporation structured as a first-tier subsidiary as opposed to being treated similarly to NSP-MN's other generation facilities in its next capital structure filing.	DOC Reply Comments dated February 19, 2016, page 7.
14.	Require NSP-MN to meet with the Department and other interested parties in an effort to develop a cost-benefit analysis that can provide the Commission with a frame-work for determining if the Company's current debt management practices are cost-effective for all the services provided related to the MYCA. The analysis should be included in the Company's 2017 Annual Capital Structure filing.	DOC Reply Comments dated February 19, 2016, page 9.

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
Reply Comments

Docket No. E,G002/S-15-948

Dated this 19th day of February 2016

/s/Sharon Ferguson

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