



414 Nicollet Mall
Minneapolis, Minnesota 55401

September 6, 2016

VIA ELECTRONIC FILING

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

RE: REPLY COMMENTS
2015 ANNUAL AUTOMATIC ADJUSTMENT OF CHARGES REPORT - ELECTRIC
DOCKET NO. E999/AA-15-611

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments in response to the August 25, 2016 Comments of the Department of Commerce, Division of Energy Resources.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact me at timothy.j.edman@xcelenergy.com or 612-330-2952 if you have any questions regarding this filing.

SINCERELY,

/s/

TIMOTHY J. EDMAN
REGULATORY CASE SPECIALIST

c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

IN THE MATTER OF NORTHERN STATES
POWER COMPANY, REVIEW OF 2014-2015
ANNUAL AUTOMATIC ADJUSTMENT
REPORT FOR ITS ELECTRIC OPERATION

DOCKET NO. E999/AA-15-611

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the Comments issued by the Minnesota Department of Commerce - Division of Energy Resources on August 25, 2016 regarding our 2014 – 2015 Annual Automatic Adjustment of Charges (AAA) Report.

In its Comments, the Department recommended that the Commission accept Xcel Energy's Midcontinent Independent System Operator (MISO) Day 2 reporting and Ancillary Services Market (ASM) reporting. The Department also requested that the Company explain why Municipal Time of Day (TOD) Rate revenues and costs are not directly assigned to these customers but instead are included in the asset based margin assigned to retail customers.

REPLY

We appreciate the Department's recommendation for approval of our MISO Day 2 and ASM costs. We also are pleased to have this opportunity to explain our regulatory treatment of municipal partial requirement municipal customer revenue and costs.

The Municipal TOD rate is a partial requirements obligation to a limited number (4) of municipal customers, totaling approximately 217,725 MWh in the 2014 – 2015 AAA reporting period. TOD energy sales are priced at NSPM's hourly incremental

energy cost, ensuring that these sales are made at no risk to retail customers. Further, the Company collects a scheduling fee for these sales that may vary on a per MWh basis or may be set on a flat monthly basis. These fees are returned to retail customers as generation margins through the Fuel Clause(FCA). Please see Attachment A for further detail regarding 2014 – 2015 partial requirement municipal customer revenue and costs.

Since the revenue and costs associated with these partial requirement sales are variable and not easily forecasted, the Company includes these sales in asset based margins to ensure that retail customers receive a more accurate benefit, with no associated risk.

CONCLUSION

The Company appreciates this opportunity to submit its Reply to the Department's review. Through this Reply, we have provided the additional information requested by the Department. We respectfully request that the Commission accept and approve Xcel Energy's 2014 – 2015 Electric AAA Report.

September 6, 2016
Northern States Power Company

2014 - 2015 Partial Requirement Municipal Customer Sales

	14-Jul	14-Aug	14-Sep	14-Oct	14-Nov	14-Dec	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun	Total
Muni TOD Revenue \$	\$697,142.68	\$703,106.11	\$484,640.72	\$459,132.06	\$489,276.42	\$537,165.89	\$529,482.83	\$526,502.04	\$449,682.28	\$345,084.07	\$331,131.46	\$423,979.62	\$5,976,326.18
Muni TOD Cost \$	(\$658,332.99)	(\$665,297.44)	(\$449,285.53)	(\$426,578.10)	(\$451,834.87)	(\$497,320.78)	(\$487,196.04)	(\$488,118.87)	(\$414,033.12)	(\$314,041.41)	(\$299,794.39)	(\$390,029.62)	(\$5,541,863.16)
Muni TOD Margin \$	\$38,809.69	\$37,808.67	\$35,355.19	\$32,553.96	\$37,441.55	\$39,845.11	\$42,286.79	\$38,383.17	\$35,649.16	\$31,042.66	\$31,337.07	\$33,950.00	\$434,463.02
Muni TOD MWH	20,656	20,846	17,657	16,135	16,971	21,468	22,304	19,846	17,657	13,929	12,889	17,367	217,725

CERTIFICATE OF SERVICE

I, Jim Erickson, 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. E999/AA-15-611

Dated this 6th day of September 2016

/s/

Jim Erickson

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