

December 17, 2018

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

—Via Electronic Filing—

RE: REPLY TO DOC RESPONSE COMMENTS
GAS UTILITY INFRASTRUCTURE COST RIDER
DOCKET NO. G002/M-17-787

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits this reply to the December 6, 2018 Response Comments of the Department of Commerce regarding our November 1, 2017 Petition requesting approval of recovery of gas utility infrastructure costs (GUIC) through a GUIC Rider pursuant to Minn. Stat. § 216B.1635.

We appreciate the Department's analysis of the issues and support for recovery of eligible project costs through our GUIC Rider. We continue to support our proposal of a \$23.22 million revenue requirement as updated in the Company's July 27, 2018 Reply Comments in the present docket. We respectfully disagree with the modifications on the disputed items summarized by the Department in their Response Comments. To provide context, our interpretation of the Department's position results in an estimated \$20.97 million revenue requirement for 2018. The issues listed below are still in dispute.

- Authorized Rate of Return
- Allowance of full "return on" for MAOP Validation Program
- Inclusion of ILI assessment and water pumping costs for Island Line South
- Inclusion of full cost of installation for Langdon Line
- Inclusion of extension costs on Lexington to Snelling Project (H005)
- Inclusion of low-risk infrastructure replacement projects in conjunction with other projects
- Proper allocation of operation and maintenance costs for one vendor
- Inclusion of overhead, other, and transportation costs
- Sales forecast used to calculate GUIC rate factors and potential inclusion of carrying charge in revenue requirement
- Adjustment for property tax recovery in previous years

We have electronically filed this document with the Commission, which also constitutes service on the Department of Commerce and the Office of the Attorney General – Residential Utilities and Antitrust Division. A copy of this filing has been served on all parties on the attached service list.

If you have any questions about this filing, please contact me at (612) 330-7681 or lisa.r.peterson@xcelenergy.com or Mary Martinka at mary.a.martinka@xcelenergy.com or (612) 330-6737.

SINCERELY,

/s/

LISA R. PETERSON
MANAGER, REGULATORY ANALYSIS

Enclosures
c: Service List

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies or summaries of the foregoing documents on the attached list(s) of persons.

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

or

xx electronic filing

Docket No. G002/M-17-787

Dated this 17th day of December 2018

/s/

Jim Erickson
Regulatory Administrator

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