
SUPPLEMENTAL STAFF MEMORANDUM

TO: COMMISSIONERS AND ADVISORS

FROM: BRITTANY MEHLHAFF, PATRICK STEFFENSEN, ERIC PAULSON, & KRISTEN EDWARDS

RE: EL14-016 - In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of its 2014 Transmission Cost Recovery Eligibility and Rate Adjustment
Hollydale Project Update

DATE: April 11, 2014

On April 8, 2014, Staff filed a memorandum regarding Docket EL14-016, including a section regarding future review of Hollydale project costs. Xcel provided a supplement to its response to Staff's data request 1-3 on April 11, 2014. The supplemental response explained that the MN PUC approved Xcel's request to withdraw the Certificate of Need and Route Permit applications for the Hollydale project. Staff provides this supplemental response attached to this memo.

Although the MN applications have been withdrawn, the Company continues to forecast a need for additional transmission infrastructure in the Hollydale area to maintain system reliability and the Company intends to resubmit a request for approval with the MN PUC when a specific project is selected. Since it remains unclear as to what facilities may eventually be built and how the Hollydale costs currently included in the SD TCR may or may not be applicable to a future project and the accounting treatments that may occur, Staff maintains that the costs included in the SD TCR related to the Hollydale project should be included as proposed, subject to further review in subsequent TCR dockets. Any changes in the treatment of the Hollydale project costs will flow through the TCR tracker account. Allowing all Hollydale project costs to remain in the TCR at this time avoids the potential for under-recovery, which Staff believes is in the best interest of ratepayers.

RECOMMENDATION

As recommended in Staff's memorandum filed on April 8, 2014, Staff recommends approval of the revised TCR rate of \$0.002884, with an effective date of May 1, 2014.