



414 Nicollet Mall
Minneapolis, Minnesota 55401

March 6, 2014

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Northern States Power Company, a Minnesota corporation and
Northern States Power Company, a Wisconsin corporation
Docket No. ER14-846-00__
Interchange Agreement – Amended Tariff Filing

Dear Ms. Bose:

Northern States Power Company, a Minnesota corporation (“NSPM”), and Northern States Power Company, a Wisconsin corporation (“NSPW” and collectively with NSPM, the “NSP Companies”), hereby submit amended tariff sheets in the above referenced proceeding.¹ This amendment would revise certain of the tariff sheets submitted on December 27, 2013 in the above captioned docket. The NSP Companies respectfully request that the amended tariff sheets be effective January 1, 2013, the same effective date initially proposed. Since no party has intervened, the NSP Companies respectfully request a shortened comment period of fourteen (14) days regarding this amendment and a Commission order by March 31, 2014, so the NSP Companies’ Form 1 Reports for 2013 can reflect the outcome of this proceeding.

I. Background

On December 27, 2013, the NSP Companies submitted proposed revisions to the Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy between Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin) (hereafter “Interchange Agreement”) (“December 27 Filing”). The Interchange Agreement allocates the cost of the integrated production and transmission systems of NSPM and NSPW (the “NSP System”) based on allocation factors filed with the Commission. The Interchange Agreement also reflects the depreciation practices and decisions of the state regulatory agencies with jurisdiction over the NSP Companies. Therefore, modifications to certain Exhibits to the Interchange Agreement are necessary to recognize a change to NSPM’s book recovery of electric transmission plant, recently ordered by the Minnesota Public Utilities

¹ Xcel Energy Services Inc. (“XES”) is the service company for the Xcel Energy Inc. holding company system and, *inter alia*, represents the Xcel Energy Operating Companies (including the NSP Companies) in matters before the Commission.

Commission (“MPUC”). Specifically, the NSP Companies proposed changes to Exhibit V, including Schedules 4.2 and 8.1, and Exhibit IX, to reflect revised depreciation rates and an eight (8) year amortization of a theoretical depreciation reserve “surplus” ordered by the MPUC effective for Minnesota retail electric rates effective January 1, 2013. The NSP Companies requested an effective date for the revised Interchange Agreement Exhibits of January 1, 2013, the effective date of the MPUC decision regarding new depreciation rates and theoretical depreciation reserve surplus amortization. To date, no party has filed a motion to intervene in the proceeding.

On February 24, 2014, after consultations with Commission Staff, the NSP Companies requested that the Commission defer action on the December 27, 2013 filing, pending submission of a supplemental filing. On February 25, 2014, the Commission granted the NSP Companies a ten-day deferral of action on the above referenced filing.

II. Proposed Revised Tariff Sheets Effective January 1, 2013

In this amendment filing, the NSP Companies propose additional clarifying changes to the following tariff sheets beyond those initially proposed in the December 27 Filing:

Exhibit V, Schedule 4.2
Exhibit V, Schedule 8.1

Clean and redline versions of the Interchange Agreement revised Exhibit tariff sheets effective January 1, 2013 are included with this filing as an attachment in the XML package. The redline tariff sheets show the revised changes proposed herein.² The redline tariff sheets show the revisions to the Exhibit tariff sheets placed into effect on January 1, 2013, and accepted for filing in Docket No. ER13-954-000.

A. Amended Exhibit V, Schedule 8.1

In the December 27 Filing, the NSP Companies requested that the capital revenue requirement related to electric transmission and certain other assets include in the calculation of Fixed Charges on Investment the Theoretical Reserve Surplus Amortization Expense. These amounts are recorded in FERC Account 407.4 – Regulatory Credits. The Company proposed to add a new Schedule 8.1, which would include the Theoretical Reserve Surplus Amortization Expense in the calculation of the fixed charge.

In this amendment filing, the NSP Companies propose to add a reference on Schedule 8.1 to the MPUC Order, issued on September 3, 2013, in MPUC Docket No. E002/GR-12-961. This is the Order in which the MPUC approved the change to NSPM’s book recovery of electric transmission plant. For additional clarity, the NSP Companies also propose to list on Schedule

² The revisions to the other tariff pages in the December 27 Filing (Exhibit V and Exhibit IX) are not further revised by this amendment.

8.1 the total annual theoretical depreciation reserve surplus amortization expense for the NSPM assets (\$3.3 million). These numbers agree to the calculations provided on page 1 of Appendix A in the NSP Companies' December 27 Filing.

B. Amended Exhibit V, Schedule 4.2

In the December 27 Filing, the NSP Companies also requested that the capital revenue requirement related to electric transmission assets be modified to include in rate base the average monthly balance of Accumulated Amortization of Theoretical Reserve Surplus. These amounts are recorded in FERC Account 182.3 – Other Regulatory Assets. To effectuate the above requested change, the Company proposed to add a new Schedule 4.2, which would include the Accumulated Amortization of Theoretical Reserve Surplus in rate base.

Similar to Schedule 8.1, the NSP Companies propose to add a reference on Schedule 4.2 to the MPUC Order, issued on September 3, 2013, in Docket No. E002/GR-12-961, to clarify that the Other Regulatory Assets under Schedule 4.2 are limited to those created by the MPUC order. The NSP Companies are also including a table providing the calculation of the NSPM actual to theoretical reserve difference (based on the MPUC order) and the NSPW portion of the difference by functional class.

C. Future Revisions to Exhibit V

The NSP Companies do not propose to add FERC Account 407.3 to the Interchange Agreement at this time. The NSP Companies understand that when a regulatory asset is created it is recorded to FERC Account 407.4, and when a regulatory asset is “unwound” the amounts are recorded to FERC Account 407.3 – Regulatory Debits. The regulatory asset created in this instance will not be unwound for several years. Further, pursuant to the terms of the Interchange Agreement, the NSP Companies are contractually obligated to update exhibits to the Agreement on an annual basis. The NSP Companies believe that it is more appropriate to add FERC Account 407.3 to the Interchange Agreement in one of its future annual Interchange Agreement filings in the future when the regulatory asset is closer to being unwound.³

III. Contents of Filing; Waiver

In accordance with the direction of FERC Staff, the NSP Companies are submitting this filing via eTariff using eTariff Filing Code 130, and is resubmitting the Exhibits to the Interchange Agreement submitted in the December 27 Filing. This filing also includes the following Attachments:

³ In addition, the NSP Companies anticipate filing an amendment to the 2014 Interchange Agreement update filed in Docket No. ER14-1325-000 to reflect a further revision to the NSPM theoretical reserve amortization effective January 1, 2014. The NSP Companies anticipate submitting the revision to the 2014 annual update in March 2014. The amendment will result in a further change to Exhibit V, Schedules 4.2 and 8.1.

Attachment A: Revised Interchange Exhibits effective January 1, 2013 in clean format, which replace in their entirety the tariff changes proposed in the December 27 Filing;

Attachment B: Redline Interchange Exhibits showing the revised changes proposed in this amendment, compared to the previous tariff pages effective January 1, 2013, accepted in Docket No. ER13-954-000. Again, these redline tariff pages replace in their entirety the redline tariffs submitted in the December 27 Filing.

For the reasons stated in the December 27 Filing, the NSP Companies respectfully request any waiver necessary for the revised Interchange Agreement Exhibits to be effective January 1, 2013.

IV. Notice; Request for Shortened Comment Period

The NSP Companies will serve notice of this amendment filing on all parties on the Commission's official service list in this proceeding. A certificate of service is attached. A courtesy copy will also be served on the State Commissions with jurisdiction over the NSP Companies and on the Director, Electric Power Regulation (Central).

The NSP Companies respectfully request the Commission establish a shortened comment period of fourteen (14) days for this amendment, with comments due by March 20, 2014, and respectfully request that the Commission, if possible, issue an order regarding this amended filing by March 31, 2014, twenty five (25) days after filing. No party filed a motion to intervene or comments with respect to the December 27 Filing, and the revisions proposed herein simply provide greater clarity to Exhibit V, Schedules 4.2 and 8.1, so a shortened comment period is reasonable. The NSP Companies anticipate filing their Form 1 financial reports for 2013 on approximately April 11, 2014, and a Commission order approving the proposed tariff sheets by March 31, 2014 would simplify the 2013 Form 1 reporting process.

V. Conclusion

The NSP Companies request that the Commission accept the amended revised tariff sheets to the Interchange Agreement for filing effective January 1, 2013, and request the Commission grant any necessary waiver for the revisions to be effective on the date requested.

Please direct any questions regarding this instant filing to Ms. Mara Koeller at (612) 215-4605 or the undersigned at (612) 215-4592.

Ms. Kimberly D. Bose

March 6, 2014

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Respectfully submitted,

/s/ James P. Johnson

James P. Johnson

Assistant General Counsel

Xcel Energy Services Inc.

On behalf of

Northern States Power Company, a Minnesota corporation and

Northern States Power Company, a Wisconsin corporation

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Minneapolis, Minnesota this 6th day of March, 2014.

/s/ Susan M. Nerheim

Susan M. Nerheim
Xcel Energy Services Inc.