



414 Nicollet Mall  
Minneapolis, Minnesota 55401

April 25, 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. ER14-1325-00\_\_  
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.<sup>1</sup> This amendment would revise certain of the tariff sheets submitted on February 14, 2014 in the above captioned docket. The NSP Companies respectfully request that the amended tariff sheets be effective January 1, 2014, the same effective date initially proposed.

## **I. Background**

On February 14, 2014, 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”) (“February 14 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 annually. The February 14 Filing proposed, *inter alia*, typical annual revisions to Interchange Agreement exhibits. As noted, the tariff changes were proposed to be effective January 1, 2014.

After submission of the February 14 Filing, the Commission accepted for filing certain modifications to the Interchange Agreement in FERC Docket Nos. ER14-846-000 and -001, by delegated letter order dated April 2, 2014. The tariff changes filed in Docket No. ER14-846

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<sup>1</sup> 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.

were effective January 1, 2013.<sup>2</sup> Thus, on April 8, 2014, the NSP Companies filed a letter requesting the Commission defer statutory action in the instant proceeding, pending the submission of amended tariff sheets.

This amendment makes two types of changes to the tariff pages submitted for Commission approval in our February 14 Filing. First, the NSP Companies have amended the tariff sheets submitted in the instant docket to be consistent with the tariff sheets accepted in Docket No. ER14-846-001. Second, the NSP Companies propose changes to Exhibit V, including Schedules 4.2 and 8.1 to include the first year of a three year amortization of the remaining theoretical depreciation reserve “surplus” using a pattern of 50 percent, 30 percent and 20 percent for each of the respective three years (2014 to 2016) as ordered by the Minnesota Public Utilities Commission (“MPUC”) for the purpose of setting interim rates effective for Minnesota retail electric rates effective January 1, 2014. Similar to the September 2013 MPUC depreciation reserve amortization order discussed in Docket No. ER14-846, the recent MPUC interim rate order issued January 2, 2014 affects certain costs being recorded by NSPM and thus allocated to NSPW under the Interchange Agreement. The NSP Companies request an effective date for the revised Interchange Agreement Exhibits of January 1, 2014, to coincide with the effective date of the MPUC decision regarding the theoretical depreciation reserve surplus amortization. The revised exhibits include true-up provisions to allow the NSP Companies to true-up the theoretical depreciation reserve amortization for 2014 in the event the MPUC final rate order (expected in March 2015) approves depreciation rates and reserve amortization different from those approved for interim rates.

## **II. Proposed Revised Tariff Sheets Effective January 1, 2014**

The February 14 Filing explains the various updates or changes proposed to several Exhibits to the Interchange Agreement. In this amendment filing, the NSP Companies propose additional clarifying changes to the following tariff sheets beyond those initially proposed in the February 14 Filing to the following schedules:

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, 2014 are included with this filing as parts of the XML package. The redline tariff sheets show the revised changes proposed herein.<sup>3</sup> 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. ER14-846-001.

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<sup>2</sup> The initial filing in Docket No. ER14-846-000 was submitted on December 27, 2013. The NSP Companies filed an amendment in Docket No. ER14-846-001 on March 6, 2014, after the February 14 Filing.

<sup>3</sup> The revisions to the other tariff pages in the December 27 Filing (Exhibit V and Exhibit IX) are not further revised by this amendment. The depreciation rates in Exhibit IX are not affected by the MPUC interim rate order, for example.

**A. Amended Exhibit V, Schedule 8.1**

In MPUC Docket No. E002/GR-13-868 (“2014 Rate Case”), NSPM proposed to accelerate the amortization of the theoretical reserve surplus for certain plant. Specifically, NSPM proposed that the balance of the remaining theoretical reserve surplus for transmission, distribution, intangible and general functions of plant be amortized in a pattern of 50 percent for 2014, 30 percent for 2015, and 20 percent for 2016. In its order setting interim rates issued January 2, 2014, the MPUC approved the Company’s interim rates proposal, subject to refund and hearing procedures (Attachment A). A final MPUC decision is expected in March 2015. Based on the recent MPUC order, NSPM is reflecting the amortization of the theoretical depreciation reserve on its books and records in 2014, which affects the costs to be allocated to NSPW under the Interchange Agreement. If the final MPUC order in the 2014 Rate Case includes a 2014 amortization level different from the interim rate order, the NSP Companies propose to true-up the impact in 2015.

In this filing, the NSP Companies propose to add a reference on Schedule 8.1 to the MPUC Order in the 2014 Rate Case. For additional clarity, the NSP Companies also propose to list on Schedule 8.1 the total annual theoretical depreciation reserve surplus amortization expense for the NSPM assets as approved by the MPUC in Docket No. E002/GR-12-961 and reflected in the filing in Docket No. ER14-846 (\$3.3 million for 2013) and the amount proposed by the Company in the 2014 Rate Case (\$11.7 million for 2014), totaling \$15.0 million to be amortized through the end of 2014. If the final MPUC order in the 2014 Rate Case includes a 2014 amortization level different from the interim rate order level, the NSP Companies would make a filing in 2015 to update Schedule 8.1 tariff language to reflect the final ordered amounts.

**B. Amended Exhibit V, Schedule 4.2**

Similar to Schedule 8.1, the NSP Companies propose to add a reference on Schedule 4.2 to the MPUC order issued January 2, 2014, in Docket No. E002/GR-13-868, to clarify that the Other Regulatory Assets under Schedule 4.2 are limited to those created by the MPUC order. If the final MPUC order in the 2014 Rate Case provides a different 2014 amortization amount, the revised 2014 theoretical reserve surplus amortization and resulting accumulated amortization balance would be trued-up in 2015. The NSP Companies are also updating the table included in Schedule 4.2 to provide the accumulated amortization of theoretical reserve surplus balance as of January 1, 2014 of \$23.3 million.

**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 February 14 Filing. This filing also includes:

- a. Revised Interchange Exhibits effective January 1, 2014 in clean format, which replace in their entirety the Exhibit tariff changes proposed in the February 14

Filing;

- 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. ER14-846-001. Again, these redline Exhibit tariff pages replace in their entirety the redline Exhibit tariffs submitted in the February 14 Filing.
- c. Attachment A: *Order Setting Interim Rates*, MPUC Docket No. E002/GR-13-868, issued January 2, 2014.

For the reasons stated in the February 14 Filing, the NSP Companies respectfully request any waiver necessary for the revised Interchange Agreement Exhibits to be effective January 1, 2014.

#### IV. Conclusion

The NSP Companies request that the Commission accept the amended revised tariff sheets to the Interchange Agreement for filing effective January 1, 2014, 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.

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 25th day of April, 2014.

*/s/ Susan M. Nerheim*

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Susan M. Nerheim  
Xcel Energy Services Inc.