

143 FERC ¶ 61,220
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 6, 2013

In Reply Refer To:
Northern States Power Company,
a Wisconsin corporation
Northern States Power Company,
a Minnesota corporation
Docket Nos. ER13-954-000
ER13-954-001

Xcel Energy Services, Inc.
Attention: James P. Johnson
Assistant General Counsel
414 Nicollet Mall
Minneapolis, MN 55401

Dear Mr. Johnson:

1. On February 19, 2013, as supplemented on April 8, 2013, Northern States Power Company, a Minnesota corporation (NSPM) and Northern States Power Company, a Wisconsin corporation (NSPW) (jointly, NSP Companies) submitted updates to certain exhibits under the Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy (Interchange Agreement).¹ As discussed below, we accept the filing with an effective date of January 1, 2013, as requested.

2. The NSP Companies are wholly-owned subsidiaries of Xcel Energy Inc. The NSP Companies state that they plan, build and operate a single integrated electric production and transmission system (NSP System). The Interchange Agreement provides for charges between the NSP Companies for certain production and transmission costs related to their integrated electric system. The Interchange Agreement contains values

¹ Northern States Power Company, a Minnesota corporation, FERC Electric Tariff, Market Tariffs, [Exhibits, 0.2.0](#).

and data in Exhibits VII, VIII, and IX that do not automatically adjust. Pursuant to Article 14.2 of the Interchange Agreement, the NSP Companies must file changes to these exhibits annually through filings under section 205 of the Federal Power Act (FPA).²

3. In their filing, the NSP Companies propose: (1) no change in the rate of return on common equity in Exhibit VII; (2) to update the average monthly coincident peak demands for calendar year 2013 for each of the NSP Companies in Exhibit VIII; and (3) to update the composite depreciation rates currently approved for the NSP Companies in Exhibit IX. For informational purposes, the filing also includes an Appendix A to the transmittal letter, a statement of the impacts of the coincident peak demands and depreciation rates on each of the NSP Companies.

4. With regard to Exhibit VII, the NSP Companies state that they are proposing no change to the return on equity for 2013 from the 11.47 percent accepted in Docket No. ER12-1348-000.³ With regard to the revisions to Exhibit VIII, the NSP Companies state that the coincident peak demands were determined based on three years of data consisting of 18 months of actual data and 18 months of projected peak demands, the same methodology accepted in Docket No. ER12-1348-000.⁴ With respect to the revisions to Exhibit IX, the NSP Companies state that they calculated the depreciation rates using the most recent remaining life depreciation studies certified by the respective state commissions. Specifically, the NSP Companies state that the depreciation studies for NSPM were set in filings with the Minnesota Public Utilities Commission (Minnesota Commission): NSPM's 2011 Remaining Life filing; NSPM's 2007 Average Service Life and Vintage Group filing; and its 2010 Minnesota Electric Rate Case.⁵ The NSP Companies state that the depreciation rates for NSPW were those set in NSPW's 2011 Remaining Life filing and NSPW's 2005 Wisconsin Average Service Life and Vintage Group filings.⁶ The NSP Companies state that the depreciation rates approved by the North Dakota Public Service Commission and the South Dakota Public Utilities

² 16 U.S.C. § 824d (2006).

³ NSP Companies Feb. 19 Transmittal Letter at 3 (citing *Northern States Power Company, a Wisconsin corporation and Northern States Power Company, a Minnesota corporation*, Docket No. ER12-1348-000 (May 23, 2012) (delegated letter order)).

⁴ *Id.* at 4.

⁵ NSP Companies April 8 Transmittal Letter at 2.

⁶ *Id.* at 3.

Commission are not included because they are unlikely to materially impact the blended NSPM depreciation rates.⁷ Additionally, the NSP Companies state that the NSPW depreciation rates approved by the Minnesota Commission do not differ from those approved by the Public Service Commission of Wisconsin and, therefore, have not been included.⁸

5. The NSP Companies request waiver of the Commission's notice requirements, for an effective date of January 1, 2013. The NSP Companies state that waiver is appropriate for this filing because: (1) the Interchange Agreement is a longstanding formula rate that only affects the allocation of system costs between two affiliated and regulated electric utilities; (2) Section 14.2 of the Interchange Agreement contemplates that revisions may be filed after the start of the calendar year; and (3) the requested effective date will allow the charges between the NSP Companies to reflect the updated cost allocation formulas for the entire 2013 fiscal year.⁹

6. Notice of the NSP Companies' February 19, 2013 filing was published in the *Federal Register*, 78 Fed. Reg. 13,335 (2013), with comments, protests, or interventions due on or before March 12, 2013. Notice of the April 8, 2013 filing was published in the *Federal Register*, 78 Fed. Reg. 22,537 (2013), with comments, protests, or interventions due on or before April 29, 2013. No comments were filed.

7. Our review indicates that the proposed revisions to the Interchange Agreement appear to be just and reasonable and not unduly discriminatory or preferential.¹⁰

⁷ *Id.*

⁸ *Id.* at 3-4.

⁹ NSP Companies Feb. 19 Transmittal Letter at 5 (citing *Central Hudson Gas and Electric Corp.*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992) (*Central Hudson*)).

¹⁰ We note that, to the extent that the NSP Companies wish to reflect these changes in depreciation rates in rates that they charge pursuant to any of their other formula rates, a separate section 205 filing is required to change such rates. *See Depreciation Accounting*, Order No. 618, FERC Stats & Regs. ¶ 31,104, at n.25 (2000). *See also Old Dominion Electric Cooperative*, 133 FERC at P 5 (2010).

Accordingly, we accept NSP Companies' filing and grant their request for waiver of our notice requirements, to be effective on January 1, 2013,¹¹ as requested.¹²

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹¹ *Central Hudson*, 60 FERC at 61,338.

¹² We note that, in addition, the NSP Companies request that the Commission “consider waiving any requirement to submit the supporting depreciation studies in future Interchange Agreement filings.” We find it premature to address, in this proceeding, potential waiver of the filing requirements in future section 205 filings.

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