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Xcel Energy		
Docket No.:	EL12-046	
Response To:	SDPUC	Data Request No.
Requestor:	South Dakota Public Utilities Commission	8-003
Date Received:	September 12, 2012	

Question:

Please refer to the Company's response to data request 4-26.

a. Referring to the Company's response to data request 4-26 (d), please explain why these costs should be included in the test year when NSP does not anticipate incurring these expenses in the future. Please explain why the costs are included if the objective of the test year is to reflect normal, ongoing conditions.

b. Referring to the Company's response to data request 4-26 (b), the Company indicated it may experience a variety of remediation costs at its plants and other sites in any given year. Please identify all environmental remediation projects at the Company's plants and other sites for the past 10 years. For each remediation project, please provide a brief description, total company and South Dakota cost, and the appropriate FERC account for the expense.

c. Please provide any work order authorizations, studies, and reports prepared for the Riverside boundary project.

d. Was this project required for regulatory or legal compliance? Please explain.

e. Were remediation costs included in Riverside's depreciation calculation? Please explain.

Response:

a. Responsibility for environmental site remediation and clean up activities on any properties associated with NSPM facilities is an on going Company obligation. Remediation and cleanup costs at a given site will be incurred from time to time and are a reasonable cost of business operations. The specific remediation costs described in the response to South Dakota data request 4-26(d) are considered unique to the test year period and that exact remediation project is not anticipated to be recurring in future periods. The remediation costs were prudently incurred for the site and they are a just and reasonable cost of service item. The Company recommends amortizing the $168,500 cost over a two year period which will result in a rebuttal testimony adjustment and removal of $84,250 from the 2011 test year.

b. After lengthy review of accounting records which concluded that much of the information as requested is not tracked separately in these records, Attachment A provides information for a limited number of environmental remediation projects for NSPM that were initiated in the past 10 years that exceeded $10,000 and were separately tracked because these limited number of projects required the accrual of an environmental liability. In addition to these projects, we incur expenses related to environmental remediation and clean-up activities throughout the ordinary course of business (for example: asbestos abatement, clean-up of oil spills, and removal of concrete under grade level). However, these costs are either recorded as part of operating and maintenance expenses when incurred or included as part of capital removal projects and not separately identifiable as site remediation. Thus, we are not able to separately identify each such activity.

c. Initial investigations have been completed and a Phase I report and work plan have been submitted to the Minnesota Pollution Control Agency (MPCA). See Attachments B and C. (Please note we are not seeking Confidential designation of Attachment B or Attachment C.) We are currently working with the Minneapolis Park and Recreation Board to reach a long term lease agreement which would allow them to further develop the site (at their expense) and use the reclaimed land for public recreational activities after remediation activities are complete. Once an agreement is reached, a Remedial Investigation Report/ Response Action Plan will be submitted to the MPCA for approval.

d. The investigation was undertaken on a voluntary basis under the MPCA Voluntary Investigation and Cleanup (VIC) Program. The VIC program is able to provide assurance that remediation has been completed in a manner that meets the MPCA's requirements and that no additional cleanup is needed. This limits our future potential environmental liability.

e. The remediation costs were to existing buffer land owned for the Riverside plant. Land is a non-depreciable asset and there are no remediation costs recorded for it through depreciation expense.

Response By: Tom Kramer/Ted Ronning/Andrew Sawyer
Title: Principal Rate Analyst/Senior Environmental Analyst/Senior Financial Analyst
Department: Revenue Requirements/Environmental Remediation/Capital Asset Accounting
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Date: October 11, 2012

Northern States Power Company, a Minnesota corporation
Electric Utility Operations - South Dakota Jurisdiction

Docket No. EL12-046
SDPUC DR 8-003
Attachment A
Page 1 of 1

Expenses Incurred

Environmental Remediation Costs		2011		2010		2009		2008		2007	
Project Name	Project Description	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account
Bickford	Third party site of Bickford Inc., a recycler of oil filled electric equipment containing < 500 ppm PCB mineral oil. NSP-MN, as a potentially responsible party, contributed to the cost of remedial actions.										
Koppers	The coke oven gas pipeline, which originates at the former Koppers Coke Plant is buried underground in St Paul, typically in city streets. The pipe was found to be causing water contamination and NSP-MN has undertaken a plan to remove accessible portions of the pipe. Responsibility for the costs was split 57% power supply and 43% gas utility.			122,545	108/735						
MERCo	Payments by NSP-MN related to a Mercury Refining Superfund Site in Colonie and Guilderland, New York. Responsibility for the costs was split between power supply and the gas utility.					7,030	880			5,000	549
Riverside site plan	Clean-up and restoration of approximately 13 acres located north east of the Riverside plant.	2,638,672	511								
St Cloud Substation	Soil clean-up from a transformer leak.					15,000	570				
Warden Oil	Third party site of Warden Oil, a waste oil recycling/reprocessing business. NSP-MN, as a potentiall responsible party, contributed to the costs of remedial actions.										

Environmental Remediation Costs		2006		2005		2004		2003		2002		10 Year Total
Project Name	Project Description	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account	Amount	FERC Account	
Bickford	Third party site of Bickford Inc., a recycler of oil filled electric equipment containing < 500 ppm PCB mineral oil. NSP-MN, as a potentially responsible party, contributed to the cost of remedial actions.							30,000	592			30,000
Koppers	The coke oven gas pipeline, which originates at the former Koppers Coke Plant is buried underground in St Paul, typically in city streets. The pipe was found to be causing water contamination and NSP-MN has undertaken a plan to remove accessible portions of the pipe. Responsibility for the costs was split 57% power supply and 43% gas utility.	110,000	108/735			8,000	108	392,000	108/735			632,545
MERCo	Payments by NSP-MN related to a Mercury Refining Superfund Site in Colonie and Guilderland, New York. Responsibility for the costs was split between power supply and the gas utility.											12,030
Riverside site plan	Clean-up and restoration of approximately 13 acres located north east of the Riverside plant.											2,638,672
St Cloud Substation	Soil clean-up from a transformer leak.											15,000
Warden Oil	Third party site of Warden Oil, a waste oil recycling/reprocessing business. NSP-MN, as a potentiall responsible party, contributed to the costs of remedial actions.									15,000	426.5	15,000
												-

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Xcel Energy
Docket No.: EL12-046
Response To: SDPUC Data Request No.
Requestor: 4-026
Date Received: August 10, 2012

Question:
Please refer to the response to DR 1-22 (a).

a. Please provide the total company and South Dakota amounts included in the test year relating to (i) the Riverside boundary project and (ii) maintenance resulting from the Black Dog bunker fire.
b. Are the environmental remediation costs related to the Riverside boundary project typical expenses the Company experiences on an annual basis? Please explain.
c. Does the Company anticipate incurring similar expenses in 2012 and future years related to the Riverside Boundary project?
d. Does the Company anticipate incurring similar expenses in 2012 and future years for maintenance of structures, FERC Account 511?
e. Provide a detailed breakdown of the 2.6M Riverside boundary project expenses.

Response:

a. Total company and South Dakota amounts included in the test year are as follows:

Test Year Expenses	Total Company	South Dakota
Riverside boundary project	$2,638,672	$152,283
Black Dog bunker fire	$280,999	$16,217

b. The Company may experience a variety of remediation costs at its plants and other sites in any given year, such as oil spill cleanups and hazardous material abatement The particular costs related to the Riverside boundary project were related to a specific project for clean-up and restoration of approximately 13 acres located north east of the Riverside plant. Once we have completed the environmental improvements, the City Park and Recreation Board wants to rebuild two existing baseball fields. We do not expect to experience these types of remediation costs at Riverside on an annual basis.

c. No, an estimate of the total project cost was accrued in 2011. The project has not yet been completed and the remaining liability is consistent with the initial project estimate. There is no indication that further expenses associated with this site remediation will be incurred in 2012.

d. We are currently not aware of any similar expenses to be incurred in 2012 or future years for maintenance of structures.

e. See Attachment A, *Riverside Site Remediation Project Estimate* for a breakdown of the initial project estimate. Minor changes to project scope have occurred since this estimate was created; however, there has been minimal impact on the total estimate.

Preparer:	Melissa Ostrom \ Thomas E. Kramer
Title:	Manager, Budgeting and Reporting \ Principal Rate Analyst
Department:	Energy Supply Finance \ Revenue Requirements - North
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Date:	September 5, 2012

Docket No. EL12-046
Data Request 4-26
Attachment A

Riverside Site Remediation Project Estimate, July 2011
(Work order 4437206)

Cost Description	NSPM Initial Project Estimate
Construction	
Mobilization	$ 50,000
Demolition	100,000
Site Feature Adjustments (transformers, transmission towers, storm sewer)	47,500
Erosion Control	17,700
Earthwork	787,500
Underground utilities	60,000
Sitework	245,000
Existing Field Rebuild	196,000
Landscaping	120,000
Demobilization	50,000
Site Project Management	100,000
Project Indirects	425,460
Project Contingency	425,000
Total	$ 2,624,160

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Xcel Energy
Docket No.: EL12-046
Response To: SDPUC 1-22
Date Received: July 23, 2012

Question:

Regarding Statement H, please provide an explanation for the increase in expenses in the following accounts:

a) FERC Account 511 (Steam Power Generation, Maintenance of Structures) – increased $4,481,408 or 67.3% from 2010 to 2011.
b) FERC Account 525 (Nuclear Power Generation, Rents) – increased $4,986,017 or 95.8% from 2010 to 2011.
c) FERC Account 530 (Nuclear Power Generation, Maintenance of Reactor Plant Equipment) – increased $13,344,287 or 68.4% from 2010 to 2011.
d) FERC Account 554 (Other Power Generation, Maintenance of Miscellaneous Other Power Generation Plant) – increased $727,293 or 157.0% from 2010 to 2011.
e) FERC Account 561.8 (Transmission Expenses, Reliability, Planning and Standards Development Services) – increased $1,777,369 or 374.8% from 2010 to 2011.
f) FERC Account 589 (Distribution Expenses, Rents) – increased $1,349,246 or 47.5% from 2010 to 2011.
g) FERC Account 908 (Customer Service and Information Expenses, Customer Assistance Expenses) – increased $36,295,400 or 46.3% from 2010 to 2011.
h) FERC Account 931 (Administrative and General Expenses, Rents) – increased $11,055,406 or 75.9% from 2010 to 2011.

Response:

a) The $4,481,408 or 67.3% increased costs from 2010 to 2011 in FERC Account 511 are due to increases in environmental remediation costs of $2.6M related to the Riverside boundary project in 2011. In addition, there were also increases related to structural maintenance projects at Black Dog and A.S. King, including exterior wall maintenance after the Black Dog bunker fire; elevator and HVAC maintenance; scaffold rental; and other miscellaneous maintenance costs.

b) The $4,986,017 or 95.8% increased costs from 2010 to 2011 in FERC Account 525 are due to a change to the facilities chargeout process effective January 1, 2011. Under the new process costs are charged out to the Operating Companies following the labor costs associated with the employees located in each of the specific buildings. Historically, the shared building costs were held within the Service Company and allocated to the Operating Companies based on the Service Company labor only, not total labor for all of the employees located within the building. This change results in more costs being charged to FERC accounts 500-598 rather than A&G FERC accounts 920-935.
c) The $13,344,287 or 68.4% increased costs from 2010 to 2011 in FERC Account 530 are due to two nuclear refueling outages in 2011 vs. one in 2010 as well as increased scope of outage work in 2011.
d) The $727,293 or 157.0% increased costs from 2010 to 2011 in FERC Account 554 are due to $350,000 of additional maintenance at the Grand Meadows wind farm as a result of the expiration of the two-year manufacturer's warranty and the need for additional routine maintenance after two to three years of operation. In addition, higher costs of $120,000 were incurred due to boiler feed pump piping support and $135,000 for inventory adjustments, both at Riverside.
e) The $1,777,369 or 374.8% increased costs from 2010 to 2011 in FERC Account 561.8 are due to regulatory fees that were reclassified from FERC Account 928 in 2010 to 561.8 in 2011.
f) The $1,349,246 or 47.5% increased costs from 2010 to 2011 in FERC Account 589 are due to a change to the facilities chargeout process effective January 1, 2011. Under the new process costs are charged out to the Operating Companies following the labor costs associated with the employees located in each of the specific buildings. Historically, the shared building costs were held within the Service Company and allocated to the Operating Companies based on the Service Company labor only, not total labor for all of the employees located within the building. This change results in more costs being charged to the operational FERC rather than A&G.
g) The $36,295,400 or 46.3% increase from 2010 to 2011 in FERC Account 908 is due to higher CIP costs in Minnesota and the related higher revenue collection rates of $4.084/MWH in 2011 vs. $2.939/MWH in 2010. The higher Minnesota CIP costs are recovered from Minnesota ratepayers only.

h) The $11,055,406 or 75.9% increased costs from 2010 to 2011 in FERC Account 931 are due to higher network equipment shared asset costs, which are partially offset in FERC Account 922.

Response By:	Erica Meyer Olson
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Date:	August 8, 2012