



2302 Gr. N. Drive  
Fargo, ND 58102

August 2, 2019

—Via Email and U.S. Mail—

Steven M. Kahl, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building, Department 408  
600 East Boulevard  
Bismarck, ND 59505-0480

RE: 2019 TRANSMISSION, DISTRIBUTION, AND GENERAL PLANT ACCOUNTS  
ANNUAL UPDATE OF REMAINING LIVES

Dear Mr. Kahl:

Pursuant to the approved Settlement Agreement in Case No. PU-07-776, Northern States Power Company (NSP) submits this letter to inform the North Dakota Public Service Commission that on July 31, 2019, Xcel Energy filed its *Annual Update of Remaining Lives and Depreciation Rates for Transmission, Distribution, and General Accounts* with the Minnesota Public Utilities Commission (MPUC), Docket No. E,G002/D-19-490. The filing updates the lives and depreciation rates for both electric and natural gas assets.

We note this is the second annual filing required as a result of the change in Minnesota from an *average service life* methodology to an *average remaining life* methodology approved in the Company's 2017 Five-Year Transmission, Distribution, and General Depreciation Study.<sup>1</sup> The impact on electric depreciation expense will not be reflected in our North Dakota electric jurisdictional financial statements or annual revenue requirements until, and unless, the Commission approves the change in the Company's next North Dakota electric rate case.

In this filing, the Company updated depreciation and amortization rates for Transmission, Distribution, and General Accounts based on total NSP Company 2018 year-end plant balances (derived using Minnesota jurisdiction reserves and

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<sup>1</sup> Minnesota Docket No. E,G002/D-17-581; MPUC Order dated May 4, 2018, Order Point 3.

statistics). The new depreciation rates result in a net decrease of \$1,275,358 in annual electric and natural gas depreciation expense on a total company basis (see Table 1 below).

**Table 1: Depreciation Expense Impact**

	Est. Impact Before Allocation of Common Assets	Allocation of Common Assets	Est. Impact After Allocation of Common Assets
Electric Utility	\$ (2,324,175)	\$ 375,517	\$ (1,948,659)
Natural Gas Utility	\$ 676,540	\$ (3,239)	\$ 673,301
Common Assets	\$ 372,277	\$ (372,277)	\$ -
Total Estimated Impact	\$ (1,275,358)	\$ -	\$ (1,275,358)

Since the North Dakota commission has approved depreciation rates and lives for Electric and Common utility assets that are different than what has been approved in Minnesota (Case No. PU-07-776), there will be no impact to electric depreciation expense in the North Dakota jurisdiction as a result of this annual Minnesota update. However, since the approved lives of natural gas assets in North Dakota remains consistent with Minnesota, there will be modest increase (estimated to be just over \$80,000) in annual natural gas depreciation expense reflected in our North Dakota jurisdiction. Customer rates for natural gas service will not change as a result of this filing.

The filing with the MPUC is included as Attachment A to this letter. Please contact me at [dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com) or (701) 241-8632 if you have any questions regarding this filing.

Sincerely,



DAVE SEDERQUIST  
SR. REGULATORY/FINANCIAL CONSULTANT

cc Victor Schock