



2302 Great Northern Drive
Fargo, ND 58102

September 16, 2024

—Via Electronic Mail and U.S. Mail—

Steven M. Kahl, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: 2024 UPDATE OF REMAINING LIVES AND DEPRECIATION RATES
(CASE NO. PU-07-776)

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 Xcel Energy filed its:

- (1) 2024 Annual Review of Remaining Lives and Depreciation Rates for Electric and Gas Production and Gas Storage Facilities and the *Certification of its Five-Year Remaining Life Dismantling Study* (Study) with the Minnesota Public Utilities Commission (MPUC) in Docket No. E,G002/D-23-356 (2024 Update) – available at:
<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=sowPoup&documentId={A0E0D891-0000-CC18-87DB-54F1EA76A233}&documentTitle=20249-210074-01>

and

- (2) 2024 Annual Update of Remaining Lives and Depreciation Rates for Transmission, Distribution, and General Accounts (TD&G) available at:
<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=sowPoup&documentId={B0E0D891-0000-CC2D-A640-2B36FB063D28}&documentTitle=20249-210074-03>.

In the 2024 Annual Review of Remaining Lives and Depreciation Rates for Transmission, Distribution, and General Accounts filings, the Company proposes updates to depreciation, and amortization rates, based on total NSP Company 2023 year-end plant balances (derived using Minnesota jurisdiction depreciation reserves and statistics).

The update to net salvage percentages for production facilities is based off a preliminary Dismantling Cost Study, with an update based on the final comprehensive Dismantling Study to be filed in February 2025. Please reference the Minnesota Petition at the above link for the reasons the Company is using both a preliminary and a final Dismantling Study for this update.

As shown in Table 1 below, the annual depreciation and amortization impact of the proposed Production Remaining Life extensions, dismantling estimate and reserve reallocations, and incorporating the TD&G two-year passage of time results in a net decrease of \$6.7 million as of January 1, 2025.¹

Table 1
Depreciation and Amortization Expense Impact

		Estimated Change to Depreciation and Amortization before allocations	Common Utility allocations	Estimated Change to Depreciation and Amortization after allocations
ARL	Electric Utility	\$(14,262,316)	\$ -	\$(14,262,316)
ARL	Gas Utility	(2,079,029)	-	(2,079,029)
	Total Est. Impact	\$(16,341,345)	\$ -	\$(16,341,345)
TD&G	Electric Utility	\$4,681,901	\$3,049,261	\$7,731,162
TD&G	Gas Utility	1,642,146	226,603	1,868,749
TD&G	Common Utility	3,275,864	(3,275,864)	0
	Total Est. Impact	\$9,599,911	\$ -	\$9,599,911
	Electric Utility	\$(9,580,415)	\$3,049,261	\$(6,531,154)
	Gas Utility	\$(436,883)	\$226,603	\$(210,280)
	Common Utility	\$3,275,864	\$3,275,864)	\$0
	Total Est. Impact	\$(6,741,434)	\$ -	\$(6,741,434)

a) amounts presented are NSPM Total Company amounts, ("MN" set of books)

b) amounts presented do not adjust for those currently in MN interim rates

c) electric production and transmission amounts are not adjusted for Interchange Agreement impact

The primary driver of this net decrease is related to the proposed life extensions of Steam, Hydro, and Other production facilities, presented in Table 1 in the Production

¹ This change is based on a comparison of the proposed rates compared to current approved remaining life rates for Minnesota at December 31, 2023 plant balances.

Remaining Life Petition.² Other notable changes are those related to the TD&G two-year passage of time. For the electric, gas and common utilities the TD&G depreciation and amortization increased, from present to proposed, \$9.6 million or 1.79 percent over a two-year period, less than 1.0 percent per year. The primary drivers, by function, are electric intangible FERC 303 5-year software, electric distribution FERC 370 Meters (AGIS), gas distribution FERC 381 Services – Plastic, and common general FERC 391 Network Equipment. It should be noted that this is the first passage of time update since the 2022 5-year TD&G depreciation study update in Docket No. E,G002/D-22-299.

The electric and gas depreciation expense impact changes from this proceeding are not directly reflected in our North Dakota electric jurisdictional financial statements or annual revenue requirements until, and unless, the Commission approves these changes in the Company's next North Dakota electric or gas rate cases.³ Since the North Dakota Commission has approved depreciation rates and lives (in Case No. PU-07-776) for Electric and Gas Utility and Common assets that are different than what has been approved in Minnesota, there will be no impact to electric depreciation expense in our North Dakota jurisdiction because of this 2024 Annual Update in Minnesota.

Please contact me at alex.j.nisbet@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST

cc: Victor Schock

² See

<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId={A0E0D891-0000-CC18-87DB-54F1EA76A233}&documentTitle=20249-210074-01>

³ In the Company's filed electric rate case (Case No. PU-20-441), the depreciation rates used in that proceeding were from the previously approved 2020 TD&G Update (MPUC Docket No. E,G002-D-20-635) and Remaining Life filing (MPUC Docket No. E,G002-D-19-723). The depreciation rates presented in the currently active gas rate case proceeding (Case No. PU-23-367) are from the 2022 TD&G Update and Remaining Lives filing (MPUC Docket No. E,G002-D-22-299) and awaiting a Commission decision. The depreciation rates filed in the 2024 Annual Update, the subject of this letter, have not been contemplated as they were filed September 9, 2024.