



**BEFORE THE NORTH DAKOTA
PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

**IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER
COMPANY FOR AUTHORITY TO INCREASE RATES FOR ELECTRIC
SERVICE IN NORTH DAKOTA**

CASE NO. PU-12-813

EXHIBIT MJM-5

SUPPLEMENTAL DIRECT TESTIMONY OF

MICHAEL J. MAJOROS, JR

**ON BEHALF OF THE STAFF OF THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

I. Introduction

Q. State your name, position, and business address.

A. My name is Michael J. Majoros, Jr. I am President of Snavely King Majoros & Associates, Inc. located at 8100 Professional Place, Landover MD 20785.

Q. What is the purpose of this supplemental direct testimony?

A. First, my direct testimony contained some typographical and verbiage errors which did not adequately summarize my recommendations. Furthermore, my direct testimony did not quantify my recommendations into a revenue requirement adjustment. I explain why and present the quantification here.

Majoros Recommendations

Q. Please summarize your recommendations.

A. My recommendations are summarized below.

1. I propose retention of the whole-life procedure with a separate amortization of any significant reserve imbalances.¹
2. I propose to set fossil decommissioning cost to the present value of the legal asset retirement obligations the company will incur when it retires its plants.²
3. I propose to set net salvage cost estimates for the mass property transmission, distribution and general functions to their present values by direct reference to the legal asset retirement obligations the average amounts of net salvage the company has incurred during the most recent 5-year.³

Q. Recommendation No. 3 does not make sense. First you say “by direct reference to the legal asset retirement obligations,” then you say “the average amounts of net

¹ Majoros Direct Testimony (Majoros), page 3.

² Id.

³ Id.

salvage the company has incurred during the most recent 5-year.” Can you explain this?

A. Yes, originally, I attempted to use the legal asset retirement obligations, but I encountered problems. So, I decided to use the 5-year average, but at the last minute I concluded that the 5-year average numbers were problematic, but I forgot to remove the reference to the 5-year average from my recommendation. I explain this situation in detail later.

Q. Please continue with your summary of your recommendations.

A. Continuing:

4. I recommend the Company be ordered to report, in all future earnings reports, the North Dakota-specific depreciation adopted in this proceeding and the annual North Dakota depreciation expense produced by those depreciation rates. The Company should also be ordered to report in all future earnings reports, the North Dakota-specific depreciation reserves approved in this proceeding and maintain and update those reserves with North Dakota-specific annual activity.⁴

5. I recommend that the Company’s Steam and Other production plant depreciation rates reflect its actual legal AROs as the basis for depreciation rates. I make the same recommendation for transmission, distribution and general. The Commission should order the company to provide the North Dakota-specific amounts in all future earnings reports.⁵

6. The Commission should order the company to use its legal AROs for all future net salvage estimates.⁶

7. I recommend the Company be ordered to report the North Dakota-specific

⁴ Id., page 9.

⁵ Id., page 14.

⁶ Id., page 17.

depreciation rates and annual expense resulting therefrom in all future Earnings Reports to the NDPSC. These reported expenses should be used in the annual roll-forward of the North Dakota-specific depreciation reserves.⁷

8. I recommend that the Company be ordered to report the total and North Dakota's share of this regulatory liability in all future Earnings reports to this Commission. I also recommend that the Company be ordered to modify its FERC Form 1 language to state that North Dakota's share of the non-legal ARO embedded in accumulated depreciation has been recognized as a regulatory liability.⁸
9. I recommend that the net excess in the Company's nuclear decommissioning fund be recorded in the regulatory liability as requested by the company and that the Commission order the company to report the related balances and activity in all future earnings reports.⁹

Quantifications of Recommendations

Q. Please explain why you did not quantify your recommendations in your direct testimony.

A. I did not quantify my recommendations for several reasons. First, the settlement in Case No. PU-07-776 stated:

The Company will use the principles adopted in this Settlement Agreement in establishing depreciation rates for use in North Dakota.¹⁰

For purposes of determining the overall revenue requirement,

⁷ Id.

⁸ Id., page 21.

⁹ Id., page 28.

the Parties agree to: recover removal costs in depreciation rates for transmission and distribution based on a net present value methodology rather than on a future cost methodology (using Staffs alternative five year historical average for the purposes of this case).¹¹

It is clear that the Company was to calculate depreciation rates intended to recover removal costs on a net present value basis. It is also clear that in Case No. PU-07-776, the five year average was used as a surrogate for the net present value for the purposes of that case.

The Company did not comply with this portion of the Settlement. It did not use a net present value methodology, and it did not provide the net present value calculations to staff when requested.

Q. Given these circumstances what did you do?

A. I had intended to use the Company's legal AROs as the basis for my net salvage recommendations, however I encountered several problems attempting to quantify the result, hence I decided to use the 5-year historical average. At the last minute, I realized by examination of the Company's data, that it had made an obvious accounting change which increased the percentage of replacement costs it was allocating to cost of removal; especially for directly assigned North Dakota distribution plant. This would have increased North Dakota depreciation expense as a result of an arbitrary accounting change to surrogate numbers. Hence, I did not use that data and did not make the adjustment.

Q. Did you fail to make the adjustment because in this case the data went against you?

¹¹ Order Adopting Settlement Dated December 31, 2008 Case PU-07-776 Page 10. (Emphasis added.)

A. No, it was obvious by observation that the Company had implemented an accounting change since Case No. PU-07-776 which threw the negative net salvage numbers out of whack.

Q. Does Ms. Perkett acknowledge that the Company allocates a percentage of replacement costs to Cost of Removal?

A. Yes, at page 9 of her rebuttal, Ms. Perkett admits that the company allocates 10 percent of replacement costs to Cost of Removal. She says:

Our review of the historical removal cost relationship includes an operational review of the trended results to assure the chosen rate is appropriate. That is, if historically, the cost of removal for a type of asset is equal to 10 percent of the initial investment cost, then we use a 10 percent removal cost for newly acquired assets.¹²

Q. Why is it important to understand that the Company uses a ratio to allocate replacement costs to cost of removal?

A. It is important to understand that the Company uses a ratio to allocate replacement costs to cost of removal, because the Company controls the allocation ratio, just as it does with other allocation ratios. The higher the ratio, the more cost allocated to cost of removal. Based on Ms. Perkett's rebuttal testimony, I suspect the Company increased its prior allocation factors to 10 percent in recent years and that may account for the increase in the amount of replacement cost dollars it has allocated to Cost of Removal.

Q. Can you provide any evidence of the accounting change?

A. Exhibit___(MJM-6) demonstrates my point. The exhibit compares the company's recorded cost of removal to additions. The increase in the ratio

¹² Perkett Rebuttal, page 9.

demonstrates the Company's accounting change. In recent years, the five year average skyrockets for several major accounts. Consequently, I did not choose to use that data to make an adjustment that would be harmful to ratepayers.

Quantification of Recommendations

Q. Have you subsequently quantified your recommendations?

A. Yes, Exhibit ___(MJM-7) quantifies my recommendations. I propose a \$730 thousand reduction compared to the \$1.1 million increase shown in Ms. Perkett's testimony and workpapers.

Q. Does this conclude your supplemental direct testimony?

A. Yes, it does.

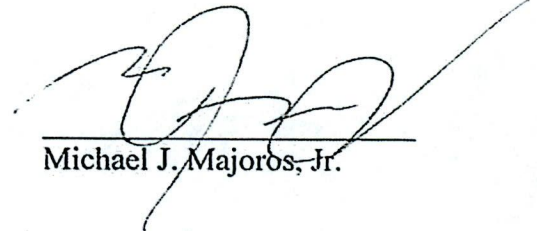
STATE OF NORTH DAKOTA
BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

In the Matter of the Application of
NORTHERN STATES POWER COMPANY,
A Minnesota Corporation for authority to
Increase Rates for Electric Service in North Dakota

Case No. PU-12-813

AFFIDAVIT OF
Michael J. Majoros, Jr.

I, the undersigned, being duly sworn, depose and say that the foregoing is the Supplemental Direct Testimony of the undersigned, and that such Supplemental Direct Testimony and the exhibits or schedules sponsored by me to the best of my knowledge, information and belief, are true, correct, accurate and complete, and I hereby adopt said testimony as if given by me in formal hearing, under oath.



Michael J. Majoros, Jr.

Subscribed and sworn to before me, this 22nd day of August, 2013

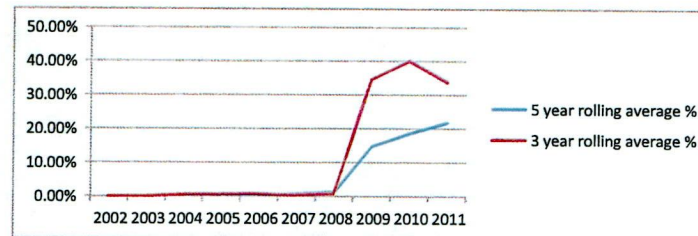
Notary Public



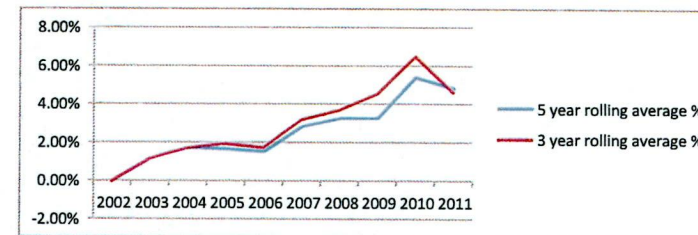
DONNA ANN JEFFRIES
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires July 14, 2016

Snavely King Majoros & Associates, Inc.
 Northern States Power
 Comparison of Cost of Removal to Plant Additions

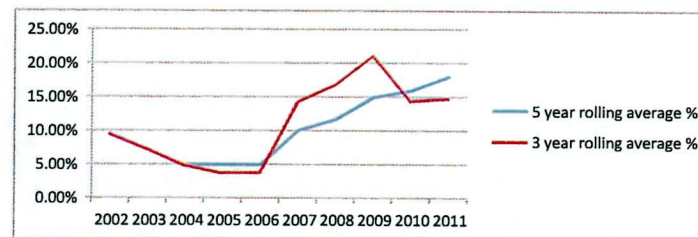
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
361					
Distribution Structures & Improvements					
2002	\$542,473	-	0.00%	0.00%	0.00%
2003	\$2,900,838	379	0.01%	0.01%	0.01%
2004	\$1,233,274	25,206	2.04%	0.55%	0.55%
2005	\$351,442	-	0.00%	0.57%	0.51%
2006	\$2,003,052	3,203	0.16%	0.79%	0.41%
2007	\$378,429	7,907	2.09%	0.41%	0.53%
2008	\$1,034,182	16,808	1.63%	0.82%	1.06%
2009	\$305,720	571,354	186.89%	34.69%	14.71%
2010	\$648,129	210,579	32.49%	40.18%	18.53%
2011	\$1,368,931	6,899	0.50%	33.96%	21.78%



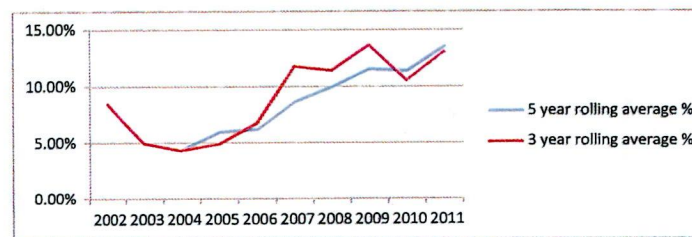
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
362					
Distribution Station Equipment					
2002	\$9,976,930	(890)	-0.01%	-0.01%	-0.01%
2003	\$24,632,608	402,144	1.63%	1.16%	1.16%
2004	\$11,642,680	389,606	3.35%	1.71%	1.71%
2005	\$15,747,994	216,410	1.37%	1.94%	1.62%
2006	\$22,270,631	257,631	1.16%	1.74%	1.50%
2007	\$17,995,522	1,316,458	7.32%	3.20%	2.80%
2008	\$21,827,575	719,927	3.30%	3.69%	3.24%
2009	\$17,642,244	586,428	3.32%	4.56%	3.24%
2010	\$13,878,720	2,165,848	15.61%	6.51%	5.39%
2011	\$34,753,048	332,428	0.96%	4.65%	4.83%



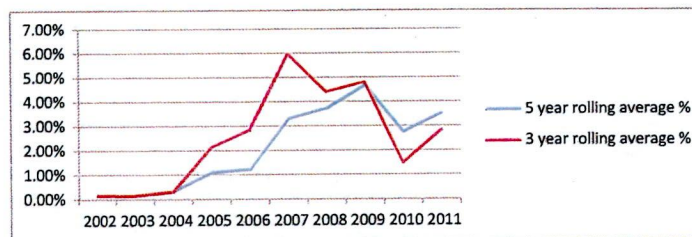
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
364					
Distribution Poles, Towers & Fixtures					
2002	\$8,351,623	795,800	9.53%	9.53%	9.53%
2003	\$8,988,593	463,689	5.16%	7.26%	7.26%
2004	\$14,146,275	282,566	2.00%	4.90%	4.90%
2005	\$9,957,651	488,383	4.90%	3.73%	4.90%
2006	\$13,137,759	647,767	4.93%	3.81%	4.91%
2007	\$12,982,613	4,027,184.12	31.02%	14.31%	9.98%
2008	\$12,438,421	1,819,603.36	14.63%	16.84%	11.59%
2009	\$10,854,006	1,827,129.46	16.83%	21.15%	14.84%
2010	\$12,716,686	1,538,628.63	12.10%	14.40%	15.87%
2011	\$17,226,437	2,664,541.08	15.47%	14.78%	17.94%



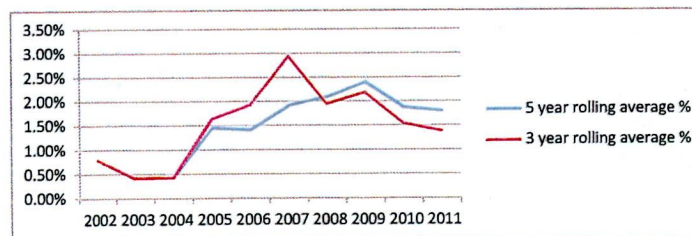
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
365 Distribution Overhead Conductors & Devices					
2002	\$13,790,170	1,177,045	8.54%	8.54%	8.54%
2003	\$9,864,497	8,623	0.09%	5.01%	5.01%
2004	\$12,122,786	372,909	3.08%	4.36%	4.36%
2005	\$13,076,697	1,348,786	10.31%	4.93%	5.95%
2006	\$18,056,894	1,216,234	6.74%	6.79%	6.16%
2007	\$16,167,752	3,036,373.43	18.78%	11.84%	8.63%
2008	\$17,314,845	1,662,865.20	9.60%	11.48%	9.95%
2009	\$14,524,543	1,876,982.35	12.92%	13.70%	11.55%
2010	\$15,793,842	1,512,856.92	9.58%	10.61%	11.37%
2011	\$16,894,506	2,802,065.45	16.59%	13.11%	13.50%



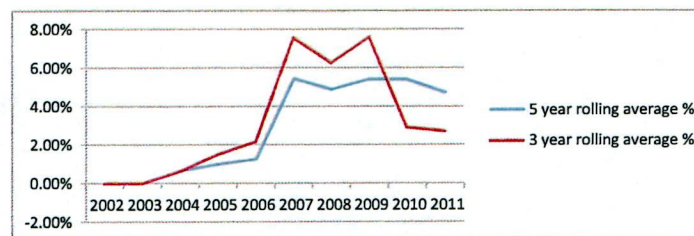
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
366 Distribution Underground Conduit					
2002	\$30,656,661	54,777	0.18%	0.18%	0.18%
2003	\$7,646,754	2,981	0.04%	0.15%	0.15%
2004	\$11,114,292	93,947	0.85%	0.31%	0.31%
2005	\$7,325,897	463,130	6.32%	2.15%	1.08%
2006	\$6,418,529	150,174	2.34%	2.85%	1.21%
2007	\$5,608,311	544,491.27	9.71%	5.98%	3.29%
2008	\$6,457,853	120,236.12	1.86%	4.41%	3.72%
2009	\$5,860,997	197,695.85	3.37%	4.81%	4.66%
2010	\$16,901,120	117,180.54	0.69%	1.49%	2.74%
2011	\$13,274,893	706,087.49	5.32%	2.83%	3.50%



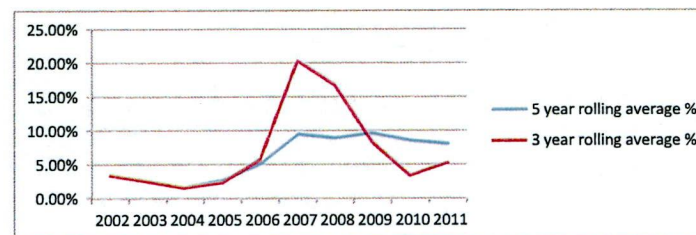
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
367 Distribution Underground Conductor & Devices					
2002	\$33,900,692	272,122	0.80%	0.80%	0.80%
2003	\$32,312,573	6,220	0.02%	0.42%	0.42%
2004	\$41,265,574	190,980	0.46%	0.44%	0.44%
2005	\$40,243,448	1,669,831	4.15%	1.64%	1.45%
2006	\$41,390,901	519,822	1.26%	1.94%	1.41%
2007	\$34,720,554	1,246,596	3.59%	2.95%	1.91%
2008	\$41,883,439	541,188	1.29%	1.96%	2.09%
2009	\$33,399,328	624,811	1.87%	2.19%	2.40%
2010	\$28,231,301	440,597	1.56%	1.55%	1.88%
2011	\$37,060,155	310,599	0.84%	1.39%	1.80%



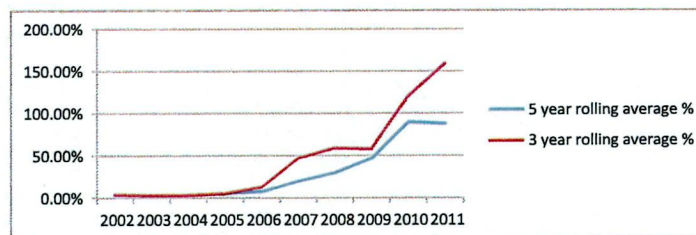
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
368.01 Distribution Line Transformers Amortized					
2002	\$17,508,917	45	0.00%	0.00%	0.00%
2003	\$8,589,849	(1,881)	-0.02%	-0.01%	-0.01%
2004	\$11,385,688	238,090	2.09%	0.63%	0.63%
2005	\$11,554,035	236,717	2.05%	1.50%	0.96%
2006	\$12,036,476	285,212	2.37%	2.17%	1.24%
2007	\$15,511,808	2,444,464	15.76%	7.59%	5.42%
2008	\$18,180,423	131,949	0.73%	6.26%	4.86%
2009	\$124,990	-	0.00%	7.62%	5.40%
2010	\$32,485,079	1,351,824	4.16%	2.92%	5.38%
2011	\$16,994,720	1,297	0.01%	2.73%	4.72%



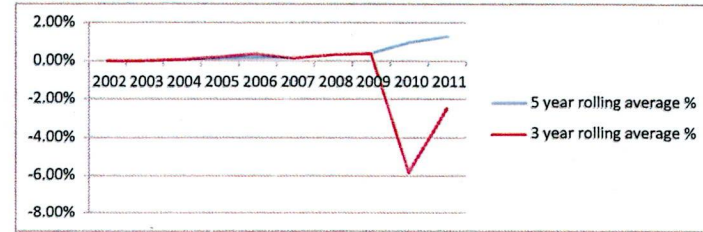
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
368.02 Distribution Line Capacitors Amortized					
2002	\$453,679	15,705	3.46%	3.46%	3.46%
2003	\$173,000	143	0.08%	2.53%	2.53%
2004	\$1,272,006	14,090	1.11%	1.58%	1.58%
2005	\$371,243	28,728	7.74%	2.37%	2.58%
2006	\$434,821	77,590	17.84%	5.79%	5.04%
2007	\$308,204	120,936	39.24%	20.39%	9.44%
2008	\$553,312	19,204	3.47%	16.80%	8.86%
2009	\$1,480,985	55,287	3.73%	8.34%	9.58%
2010	\$594,064	14,377	2.42%	3.38%	8.52%
2011	\$524,132	67,746	12.93%	5.29%	8.02%



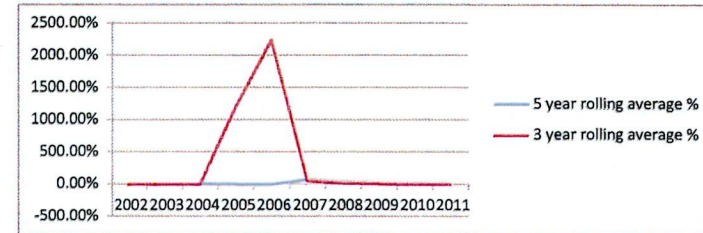
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
369.01 Distribution Services - Overhead					
2002	\$5,947,470	259,969	4.37%	4.37%	4.37%
2003	\$3,392,768	45,729	1.35%	3.27%	3.27%
2004	\$3,544,148	124,165	3.50%	3.34%	3.34%
2005	\$1,764,215	285,411	16.18%	5.23%	4.88%
2006	\$773,656	375,647	48.55%	12.91%	7.07%
2007	\$1,680,783	1,336,427	79.51%	47.35%	19.43%
2008	\$1,488,003	617,067	41.47%	59.08%	29.61%
2009	\$1,334,655	669,233	50.14%	58.24%	46.64%
2010	(\$1,293,619)	557,916	-43.13%	120.61%	89.28%
2011	\$1,088,111	574,424	52.79%	159.55%	87.37%



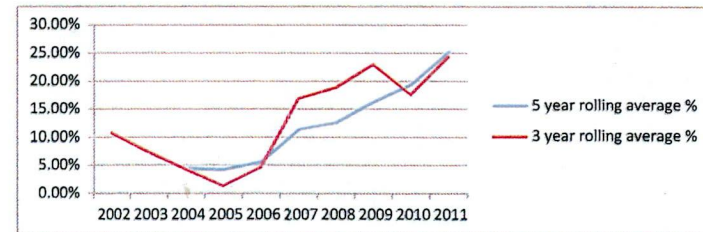
	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
369.02 Distribution Services - Underground					
2002	\$24,207,728	2,994	0.01%	0.01%	0.01%
2003	\$9,643,558	397	0.00%	0.01%	0.01%
2004	\$8,456,761	29,045	0.34%	0.08%	0.08%
2005	\$6,712,347	20,900	0.31%	0.20%	0.11%
2006	\$5,853,249	29,724	0.51%	0.38%	0.15%
2007	\$7,898,947	(16,799)	-0.21%	0.17%	0.16%
2008	\$5,607,968	50,960	0.91%	0.33%	0.33%
2009	\$900,752	22,993	2.55%	0.40%	0.40%
2010	(\$8,242,976)	26,478	-0.32%	-5.79%	0.94%
2011	\$3,672,638	40,934	1.11%	-2.46%	1.27%



	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
370 Distribution Meters					
2002	(\$8,707,800)	45	0.00%	0.00%	0.00%
2003	\$5,475	(1,881)	-34.35%	0.02%	0.02%
2004	\$4,163	238,090	5718.98%	-2.72%	-2.72%
2005	\$29,695	236,717	797.15%	1202.34%	-5.46%
2006	\$0	285,212	0.00%	2244.69%	-8.75%
2007	\$2,356,563	789,129	33.49%	54.94%	64.58%
2008	\$2,743,560	-	0.00%	21.07%	30.17%
2009	\$5,103,326	-	0.00%	7.73%	12.81%
2010	\$23,828,343	493,066	2.07%	1.56%	4.61%
2011	\$3,215,539	-	0.00%	1.53%	3.44%



	Additions	Cost of Removal	%	3 year rolling average %	5 year rolling average %
373 Distribution Street Lighting & Signal Systems					
2002	\$2,381,803	257,437	10.81%	10.81%	10.81%
2003	\$1,066,918	(845)	-0.08%	7.44%	7.44%
2004	\$3,002,968	24,804	0.83%	4.36%	4.36%
2005	\$1,735,533	58,178	3.35%	1.41%	4.15%
2006	\$3,332,821	296,301	8.89%	4.70%	5.52%
2007	\$2,730,212	969,243	35.50%	16.97%	11.36%
2008	\$1,992,581	258,771	12.99%	18.92%	12.56%
2009	\$2,167,866	363,620	16.77%	23.10%	16.27%
2010	\$1,601,884	397,877	24.84%	17.71%	19.33%
2011	\$1,672,129	570,644	34.13%	24.48%	25.19%



Snively King Majoros & Associates, Inc.
Northern States Power Company
Electric Utility
Comparison of Legal Asset Retirement Obligations to Plant Balances
at December 31, 2012

Line	Description	\$ millions		Legal ARO Ratio %
		Legal AROs at December 31, 2012	Plant Balance at December 31, 2012	
	(1)	(2)	(3)	(4)=(3)/(2)
1	Steam Production Asbestos	\$ 12,789		
2	Steam Production ash containment	47,926		
3	Steam production radiation sources	45		
4	Total Steam	60,760	\$ 2,204,533	2.76%
5	Nuclear production decommissioning	1,546,358	2,469,676	62.61%
6	Wind (other) production	32,936	1,883,670	1.75%
7	Total Production	1,640,054	6,557,879	
8	Electric transmission and distribution	13,838	5,352,764	0.26%
9	Total electric	\$ 1,653,892	\$ 11,910,643	

Sources:
Column (2) FERC Form I, page 123.42
Column (3) FERC Form I, pages 204-207

Snavely King Majoros & Associates, Inc.

Northern States Power Company

Electric Utility

Comparison of Legal Asset Retirement Obligations to Plant Balances

at December 31, 2012

Line	Description (1)	\$ millions	
		Legal AROs at December 31, 2012 Form 1, pg. 123.42 (2)	Legal ARCs at December 31, 2012 Form 1, pgs. 204-207 (3)
1	Steam Production Asbestos	\$ 12,789	
2	Steam Production ash containment	47,926	
3	Steam production radiation sources	45	
4	Total Steam	60,760	\$ 28,034
5	Nuclear production decommissioning	1,546,358	159,306
6	Wind (other) production	32,936	27,792
7	Total Production	1,640,054	215,132
8	Electric transmission and distribution	13,838	13,042
9	Total electric	\$ 1,653,892	\$ 228,174

Snavely King Majoros & Associates, Inc.
Northern States Power Company
Electric Utility
Comparison of Legal Asset Retirement Obligations to Plant Balances
at December 31, 2012

Line	Description	Per Company		Per Staff		
		Change	Change	Average Plant Balance 2013		
		Total Company 1/	North Dakota	Change Total Company	Allocation Factor	Change North Dakota
	Nuclear Decommissioning	-	0	0		
1	Electric Production 1/	\$ (4,968,577)	(405,436) 3/	(10,925,645)	5.0864% 5/	(555,722)
2	Distribution 2/	1,484,146	1,484,146 4/	570,117	100%	570,117
3	T&G exclu. ND Dist. 5/	(8,239,078)	?	(14,634,223)	5.0864% 5/	(744,355)
4	Total L1+L4	(11,723,509)	1,078,710	(24,989,751)		(729,960)
5		Per Staff 2012				
		Present	Staff Proposed	Change \$	Change %	
	Transmission	41,484,373	32,057,944	(9,426,429)	-22.72%	
6	Distribution	2,053,578	2,455,418	401,840	19.57%	
7	General	1,313,793	1,038,243	(275,550)	-20.97%	
8	Total Electric Utility	44,851,744	35,551,605	(9,300,139)		
9		Per Staff 2013				
		Present	Staff Proposed	Change %	Change \$	Staff Proposed \$
	Transmission	44,593,772	(0.2272)	(10,132,973)	34,460,799	
10	Distribution	2,913,546	0.1957	570,117	3,483,663	
11	General	21,461,480	(0.2097)	(4,501,250)	16,960,230	
12	Electric Software	5,326,730	-	-	5,326,730	
13	Common General	19,002,646	-	-	19,002,646	
14	Common Software	22,583,670	-	-	22,583,670	
15						

1/ Perkett page 3, and Exhibit (LHP-1), Schedule 4
2/ Perkett page 3, and Exhibit (LHP-1), Schedule 6, p.1
3/ Per Perkett page 3 ND=.4, Total=4.9, ND Ratio=(.4/4.9=8.16%)
4/ -6754932 (TC)-1484146(ND) = -8239078 ; ND from Exhibit (LHP-1), Sch.6, p.1.
5/ Exhibit (KRP-3), page 1 of 4.

Snavely King Majoros & Associates

Northern States Power

Comparison of Present and Staff Proposed Depreciation Parameters

Average Service Life

Electric Utility

FERC Account	Account Description	Present				Staff Proposed				Annual Rate	
		Average Life	Curve	Net Salvage	Annual Rate	Average Life	Curve	Net Salvage	Annual Rate	Percent Change	
Transmission											
	352 Structures and Improvements	45	S1	0	1.86	(1)	68	R5	-0.0026	1.47%	-0.39%
	353 Station Equipment	38	SC	0	2.36	(1)	56	R2	-0.0026	1.79%	-0.57%
	354 Towers and Fixtures	50	R4	-25	1.25	(1)	70	R4	-0.0026	1.43%	0.18%
	355 Poles and Fixtures	45	R1.5	-10	2.08	(1)	62	R2	-0.0026	1.62%	-0.46%
	356 Overhead Conductors and Devices	42	L1	-30	2.22	(1)	63	R1	-0.0026	1.59%	-0.63%
	357 Underground Conduit	55	L1.5	0	1.50	(1)	73	R4	-0.0026	1.37%	-0.13%
	358 Underground Conductor and Devices	40	L1	0	2.15	(1)	55	R2	-0.0026	1.82%	-0.33%
Distribution											
	361 Structures and Improvements	45	R1	-30	1.51	(1)	60	R3	-0.0026	1.67%	0.16%
	362 Station Equipment	38	R1	-10	2.06	(1)	55	R1.5	-0.0026	1.82%	-0.24%
	364 Poles, Towers, and Fixtures	40	R1.5	-90	1.27	(1)	44	R1	-0.0026	2.28%	1.01%
	365 Overhead Conductors and Devices	35	R1	-30	2.20	(1)	39	L0	-0.0026	2.57%	0.37%
	366 Underground Conduit	50	R3	0	1.52	(1)	52	R3	-0.0026	1.93%	0.41%
	367 Underground Conductor and Devices	35	R2	20	1.94	(1)	45	R2.5	-0.0026	2.23%	0.29%
	369 Overhead Services	40	R2.5	-35	1.33	(1)	40	R1.5	-0.0026	2.51%	1.18%
	369 Underground Services	40	R2.5	-35	1.82	(1)	41	R4	-0.0026	2.45%	0.63%
	373 Street Lighting and Signal Systems	25	L5	-20	3.12	(1)	29	L0	-0.0026	3.46%	0.34%
General											
	390 Structures and Improvements	45	R1	-	2.22		57	R1.5	0	1.75%	-0.47%

(1) Rates from ND settlement agreement Docket No. PU-07-776

Xcel Energy

Comparison of Present and Proposed Depreciation Rates

Average Service Life

Common Utility

FERC Account	Account Description	Present				Proposed				Annual Rate	
		Average Life	Curve	Net Salvage	Annual Rate	Average Life	Curve	Net Salvage	Annual Rate	Percent Change	
	390 Structures and Improvements	45	R1	0	2.22		55	R1.5	-20	2.23%	0.01%
	390 Structures and Improvements- (Leasehold Improvements)	9.5	-	0	10.53		10	SQ	0	10.73%	0.20%

Xcel Energy

Comparison of Present and Proposed Depreciation Rates
Vintage Group
Electric Utility

FERC Account	Account Description	Present			Proposed			Annual Rate Percent Change
		Average Life	Net Salvage	Annual Rate	Average Life	Net Salvage	Annual Rate	
Intangible Plant								
303	Computer Software- 5 Year	5	0	20.00	5	0	20.00%	0.0000%
General Plant								
391	Office Furniture and Equipment	18	0	5.56	20	0	5.00%	-0.5600%
391	Network Equipment	4	0	25.00	4	0	25.00%	0.0000%
392	Transportation Equip- Automobiles	5	10	18.00	10	0	10.00%	-8.0000%
392	Transportation Equip- Light Trucks	10	10	9.00	12	0	8.33%	-0.6667%
392	Transportation Equip- Trailers	10	10	9.00	15	0	6.67%	-2.3333%
392	Transportation Equip-Heavy Trucks	12	5	7.92	14	0	7.14%	-0.7771%
393	Stores Equipment	20	0	5.00	20	0	5.00%	0.0000%
394	Tools, Shop, and Garage Equipment	15	0	6.67	15	0	6.67%	-0.0033%
395	Laboratory Equipment	10	0	10.00	10	0	10.00%	0.0000%
396	Power Operated Equipment	10	10	9.00	12	0	8.33%	-0.6667%
397	General Communication Equipment	9	0	11.11	9	0	11.11%	0.0011%
397	General Communication Equip- Two Way	9	0	11.11	9	0	11.11%	0.0011%
397	General Communication Equipment - AES	15	0	6.67	15	0	6.67%	-0.0033%
397	General Communication Equipment - AMR	15	0	6.67	15	0	6.67%	-0.0033%
398	Miscellaneous Equipment	15	0	6.67	15	0	6.67%	-0.0033%
Distribution Plant- (Vintage Group Treatment)								
368	Line Transformers	32	10	2.23	(1) 32	-0.0026	3.13%	0.90%
368	Line Capacitors	25	0	3.34	(1) 25	-0.0026	4.01%	0.67%
370.1	Meters- Old	20	0	4.34	(1) 20	-0.0026	5.01%	0.67%
370	Meters	15	0	6.01	(1) 15	-0.0026	6.68%	0.67%

(1) Rates from ND settlement agreement Docket No. PU-07-776

Xcel Energy
Comparison of Present and Proposed Depreciation Rates
Vintage Group
Common Utility

FERC Account	Account Description	Present			Proposed			Annual Rate
		Average Life	Net Salvage	Annual Rate	Average Life	Net Salvage	Annual Rate	
303	Computer Software- 3 Year	3	0	33.33	3	0	33.33%	0.00%
303	Computer Software- 5 Year	5	0	20.00	5	0	20.75%	0.75%
303	Computer Software- 7 Year	7	0	14.29	7	0	14.29%	0.00%
303	Computer Software- 10 Year	10	0	10.00	10	0	10.99%	
General Plant								
391	Office Furniture and Equipment	18	0	5.56	20	0	5.32%	-0.24%
391	Network Equipment	4	0	25.00	4	0	25.97%	0.97%

392 Transportation Equip- Automobiles	5	10	18.00	10	0	10.24%	-7.76%
392 Transportation Equip- Light Trucks	10	10	9.00	12	0	8.79%	-0.21%
392 Transportation Equip- Trailers	10	10	9.00	15	0	6.82%	-2.18%
392 Transportation Equip-Heavy Trucks	12	5	7.92	14	0	7.39%	-0.53%
393 Stores Equipment	20	0	5.00	20	0	5.03%	0.03%
394 Tools, Shop, and Garage Equipment	15	0	6.67	15	0	6.84%	0.17%
395 Laboratory Equipment	10	0	10.00	10	0	11.61%	1.61%
396 Power Operated Equipment	10	10	10.00	12	0	8.55%	-1.45%
397 General Communication Equipment	9	0	11.11	9	0	11.90%	0.79%
397 General Communication Equipment- Two Way	9	0	11.11	9	0	12.06%	0.95%
398 Miscellaneous Equipment	15	0	6.67	15	0	7.20%	0.53%

Snavely King Majoros & Associates, Inc.
Northern States Power
Comparison of Present and Proposed Accruals
Average Service Life
Electric Utility

FERC Account	Account Description	Plant Balance		Adjusted Plant	Present			Staff Proposed		Proposed Less Present Accrual
		1/1/2012	Fully Accrued		Annual Rate	Note	Annual Accrual	Annual Rate	Annual Accrual	
Transmission										
	352 Structures and Improvements	46,878,153	-	46,878,153	1.86	(1)	871,934	1.4744%	691,177	(180,757)
	353 Station Equipment	856,268,539	-	856,268,539	2.36	(1)	20,207,938	1.7904%	15,330,265	(4,877,673)
	354 Towers and Fixtures	113,933,667	-	113,933,667	1.25	(1)	1,424,171	1.4323%	1,631,856	207,685
	355 Poles and Fixtures	557,866,574	-	557,866,574	2.08	(1)	11,603,625	1.6171%	9,021,242	(2,582,382)
	356 Overhead Conductors and Devices	303,746,575	-	303,746,575	2.22	(1)	6,743,174	1.5914%	4,833,910	(1,909,264)
	357 Underground Conduit	12,146,888	-	12,146,888	1.50	(1)	182,203	1.3734%	166,828	(15,375)
	358 Underground Conductor and Devices	20,992,067	-	20,992,067	2.15	(1)	451,329	1.8229%	382,666	(68,663)
	Total Transmission	1,911,832,463	-	1,911,832,463			41,484,373		32,057,944	(9,426,429)
Distribution										
	361 Structures and Improvements	786,090	-	786,090	1.51	(1)	11,870	1.6710%	13,136	1,266
	362 Station Equipment	15,727,345	-	15,727,345	2.06	(1)	323,983	1.8229%	286,695	(37,288)
	364 Poles, Towers, and Fixtures	11,184,118	-	11,184,118	1.27	(1)	142,038	2.2786%	254,845	112,807
	365 Overhead Conductors and Devices	16,921,426	-	16,921,426	2.20	(1)	372,271	2.5708%	435,011	62,739
	366 Underground Conduit	5,528,658	-	5,528,658	1.52	(1)	84,036	1.9281%	106,597	22,561
	367 Underground Conductor and Devices	44,510,941	-	44,510,941	1.94	(1)	863,512	2.2280%	991,704	128,192
	369 Overhead Services	5,120,587	-	5,120,587	1.33	(1)	68,104	2.5065%	128,348	60,244
	369 Underground Services	7,237,896	-	7,237,896	1.82	(1)	131,730	2.4454%	176,993	45,263
	373 Street Lighting and Signal Systems	1,795,939	-	1,795,939	3.12	(1)	56,033	3.4572%	62,090	6,057
	Total Distribution	108,813,000	-	108,813,000			2,053,578		2,455,418	401,840
General										
	390 Structures and Improvements	59,179,857	-	59,179,857	2.22		1,313,793	1.7544%	1,038,243	(275,550)
	Total General	59,179,857	-	59,179,857			1,313,793		1,038,243	(275,550)
	Total Electric Utility	2,079,825,319	-	2,079,825,319			44,851,744		35,551,605	(9,300,138)

Xcel Energy
Comparison of Present and Proposed Accruals
Average Service Life
Common Utility

FERC Account	Account Description	Plant Balance		Adjusted Plant	Present		Proposed		Proposed Less Present Accrual	
		1/1/2012	Fully Accrued		Annual Rate	Annual Accrual	Annual Rate	Annual Accrual		
General										
	390 Structures and Improvements	115,747,921	-	115,747,921	2.22		2,569,604	2.2296%	2,580,693	11,089
	390 Structures and Improvements- Leased	1,163,412	-	1,163,412	10.53		122,507	10.7324%	124,861	2,354
	Total General	116,911,333	-	116,911,333			2,692,111		2,705,554	13,443

Total Common Utility	116,911,333	116,911,333	2,692,111	2,705,554	13,443
Total ASL All Utilities	#REF!	#REF!	#REF!	#REF!	#REF!

Xcel Energy
Comparison of Present and Proposed Accruals
Vintage Group
Electric Utility

FERC Account	Account Description	Plant Balance 1/1/2012	Fully Accrued	Adjusted Plant 1/1/2012	Present		Proposed		Proposed Less Present Accrual	
					Annual Rate	Annual Accrual	Annual Rate	Annual Accrual		
Intangible Plant										
303	Computer Software- 5 Years	38,001,392	22,783,834	15,217,558	20.00	3,043,512	18.9911%	2,889,976	(153,536)	
	Total Intangible Plant	38,001,392	22,783,834	15,217,558		3,043,512		2,889,976	(153,536)	
General Plant										
391	Office Furniture and Equipment	22,857,009	-	22,857,009	5.56	1,270,850	4.8295%	1,103,888	(166,962)	
391	Network Equipment	12,149,587	7,265,505	4,884,082	25.00	1,221,021	23.2815%	1,137,085	(83,935)	
392	Transportation Equip- Automobiles	390,265	-	390,265	18.00	70,248	9.8225%	38,334	(31,914)	
392	Transportation Equip- Light Trucks	21,124,664	98,985	21,025,679	9.00	1,892,311	8.1239%	1,708,102	(184,210)	
392	Transportation Equip- Trailers	7,211,534	-	7,211,534	9.00	649,038	6.5948%	475,590	(173,449)	
392	Transportation Equip-Heavy Trucks	41,791,424	133,516	41,657,907	7.92	3,299,306	7.0174%	2,923,293	(376,013)	
393	Stores Equipment	1,586,203	355,520	1,230,683	5.00	61,534	4.8392%	59,556	(1,979)	
394	Tools, Shop, and Garage Equipment	51,659,027	513,185	51,145,841	6.67	3,411,428	6.4616%	3,304,861	(106,566)	
395	Laboratory Equipment	3,805,496	183,311	3,622,186	10.00	362,219	9.3646%	339,202	(23,017)	
396	Power Operated Equipment	20,725,068	-	20,725,068	9.00	1,865,256	8.2231%	1,704,245	(161,011)	
397	General Communication Equipment	12,763,770.31	579,380	12,184,390	11.11	1,353,686	10.7571%	1,310,693	(42,993)	
397	General Communication Equip- Two Way	252,239.22	19,682	232,557	11.11	25,837	10.7048%	24,895	(942)	
397	General Communication Equipment - AES	4,962,953.39	-	4,962,953	6.67	331,029	6.5147%	323,320	(7,709)	
397	General Communication Equipment - AMR	9,748,526.07	-	9,748,526	6.67	650,227	6.4851%	632,198	(18,029)	
398	Miscellaneous	2,794,004	10,058	2,783,945	6.67	185,689	6.2788%	174,798	(10,891)	
	Total General Plant	213,821,771	9,159,142	204,662,628		16,649,678		15,260,059	(1,389,619)	
Distribution Plant										
(Vintage Group Treatment)										
		Plant	Fully Accrued	Adjusted Plant						
368	Line Transformers	13,617,155	2,054,073.32	11,563,082	(1)	2.23	257,857	3.1331%	362,286	104,429
368	Line Capacitors	552,642	141,147.99	411,494	(1)	3.34	13,744	4.0104%	16,503	2,759
370.1	Meters- Old	1,424,660	1,246,910.87	177,749	(1)	4.34	7,714	5.0130%	8,911	1,196
370	Meters	5,326,177	979,610	4,346,566	(1)	6.01	261,229	6.6840%	290,524	29,296
	Total Distribution Plant	20,920,634	4,421,742	16,498,891			540,544		678,223	137,680
	Total Electric Utility	272,743,796	36,364,719	236,379,077			20,233,733		18,828,258	(1,405,475)

(1) Rates from ND settlement agreement Docket No. PU-07-776

Xcel Energy
Comparison of Present and Proposed Accruals

Vintage Group
Common Utility

FERC Account	Account Description	Plant Balance 1/1/2012	Fully Accrued	Adjusted Plant 1/1/2012	Present		Proposed		Proposed Less Present Accrual
					Annual Rate	Annual Accrual	Annual Rate	Annual Accrual	
Intangible Plant									
303	Computer Software- 3 Year	11,905,829	11,905,829	-	33.33	-	33.3333%	-	-
303	Computer Software- 5 Year	135,278,764	71,891,882	63,386,881	20.00	12,677,376	20.7477%	13,151,290	473,914
303	Computer Software- 7 Year	70,726,449	62,397,495	8,328,954	14.29	1,189,851	14.2900%	1,189,851	-
303	Computer Software- 10 Year	20,801,640	20,517,427	284,213	10.00	28,421	10.9943%	31,247	2,826
Total Intangible Plant		238,712,681	166,712,634	72,000,048		13,895,648		14,372,387	476,739
General Plant									
391	Office Furniture and Equipment	31,508,621	8,111,042	23,397,579	5.56	1,300,905	5.3182%	1,244,325	(56,581)
391	Network Equipment	45,809,354	18,520,537	27,288,817	25.00	6,822,204	25.9653%	7,085,625	263,421
392	Transportation Equip- Automobiles	319,097	-	319,097	18.00	57,437	10.2419%	32,682	(24,756)
392	Transportation Equip- Light Trucks	4,350,598	-	4,350,598	9.00	391,554	8.7898%	382,408	(9,146)
392	Transportation Equip- Trailers	1,125,686	-	1,125,686	9.00	101,312	6.8215%	76,789	(24,523)
392	Transportation Equip-Heavy Trucks	4,425,984	-	4,425,984	7.92	350,538	7.3872%	326,956	(23,582)
393	Stores Equipment	73,660	64,524	9,136	5.00	457	5.0273%	459	2
394	Tools, Shop, and Garage Equipment	2,419,867	245,990	2,173,877	6.67	144,998	6.8383%	148,655	3,658
395	Laboratory Equipment	36,686	-	36,686	10.00	3,669	11.6061%	4,258	589
396	Power Operated Equipment	711,999	4,968	707,031	9.00	63,633	8.5497%	60,449	(3,184)
397	General Communication Equipment	1,499,822	132,262	1,367,560	11.11	151,936	11.9005%	162,746	10,810
397	General Communication Equipment- Two Way	3,926,377	188,021	3,738,356	11.11	415,331	12.0571%	450,739	35,408
398	Miscellaneous Equipment	917,274	105,595	811,679	6.67	54,139	7.2002%	58,442	4,303
Miscellaneous Equipment									
Total General Plant		97,125,024	27,372,939	69,752,085		9,858,113		10,034,533	176,420
Total Common Utility		335,837,705	194,085,573	141,752,133		23,753,761		24,406,920	653,160
Total Vintage All Utilities		#REF!	#REF!	#REF!		#REF!		#REF!	#REF!
Total ASL and Vintage All Utilities		#REF!	#REF!	#REF!		#REF!		#REF!	#REF!
Total Electric Utility		2,352,569,116	36,364,719	2,316,204,396		65,085,477		54,379,864	(10,705,613)
Total Gas Utility		#REF!	#REF!	#REF!		#REF!		#REF!	#REF!
Total Common Utility		452,749,038	194,085,573	258,663,465		26,445,872		27,112,474	666,603
Total ASL and Vintage All Utilities		#REF!	#REF!	#REF!		#REF!		#REF!	#REF!