



2302 Great N. Drive  
Fargo, ND 58102

October 10, 2014

Mr. Darrell Nitschke  
Executive Secretary  
North Dakota Public Service Commission  
600 East Boulevard  
Bismarck, ND 58505



**Re: Notice of Xcel Energy Inc. IRS Form 3115 Submission  
(General Asset Accounting Election)**

Dear Mr. Nitschke:

Internal Revenue Service ("IRS") regulations allow businesses to change certain tax accounting methods. (See IRS Rev. Proc. 2011-14). Attachment A to this submittal is a copy of the Form 3115, Application for Change in Accounting Method, recently filed with the IRS by Xcel Energy Inc. ("Xcel Energy") on behalf of the Xcel Energy utility operating companies, including Northern States Power Company ("NSP" or "the Company").

The purpose of the Xcel Energy Form 3115 was to notify the IRS of a general asset account election for property placed in service prior to January 1, 2012 and subject to the Modified Accelerated Cost Recovery System for purposes of calculating tax depreciation. The narrative attachment to the Xcel Energy Form 3115 provides explanatory information. See Attachment A, starting at page 10. Due to the Company's current net operating loss position, this change does not presently have any ratemaking implications. In future periods, once the Company has sufficient taxable income to consume the net operating losses being carried forward, ratepayers will receive a minor benefit in the form of a reduced rate base.

The information on Form 3115 was reflected in Xcel Energy's federal income tax return filed on September 10, 2014. IRS Revenue Procedure 2014-54, 6.32(5)(g) requires Xcel Energy to provide a copy of the Form 3115 submittal to regulatory agencies with jurisdiction over the public utility property subject to the Form 3115 submission. We are providing a copy of the Xcel Energy Form 3115 to the Commission at this time in compliance with this IRS requirement.

Please direct any questions to me at (701-741-8632 or via e-mail at [Dave.Sederquist@xcelenergy.com](mailto:Dave.Sederquist@xcelenergy.com)

Sincerely,

/s/

Dave Sederquist  
Senior Regulatory/Financial Consultant

Attachment

1 **PU-14-746** Filed: 10/15/2014 Pages: 21  
**Form 3115 – tax accounting method**

Northern States Power Company  
David Sederquist

1 **PU-14-747** Filed: 10/15/2014 Pages: 21  
**Form 3115 – tax accounting method**

Northern States Power Company  
Dave Sederquist

Form **3115**  
(Rev. December 2009)  
Department of the Treasury  
Internal Revenue Service

**Application for Change in Accounting Method**

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)	Identification number (See instructions)
XCEL ENERGY INC. & AFFILIATES	41-0448030
Number, street, and room or suite no. If a P.O. box, see the instructions.	Principal business activity code number (see instructions)
414 NICOLLET MALL	221100
City or town, state, and ZIP code	Tax year of change begins (MM/DD/YYYY)
MINNEAPOLIS, MN 55401	01/01/2013
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Tax year of change ends (MM/DD/YYYY)
SEE ATTACHMENT	12/31/2013
	Name of contact person (see instructions)
	ERIC PEEL - c/o DELOITTE TAX LLP
	Contact person's telephone number
	(202) 438-4714

If the applicant is a member of a consolidated group, check this box  X

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box  X

Check the box to indicate the type of applicant.

<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1361)
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation
<input type="checkbox"/> 10/50 corporation (Sec. 804(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)
<input type="checkbox"/> Exempt organization. Enter Code section ▶	<input type="checkbox"/> Other (specify) ▶

Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)

<input checked="" type="checkbox"/> Depreciation or Amortization
<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions
<input type="checkbox"/> Other (specify) ▶

Caution. To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

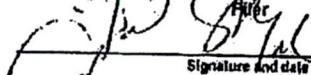
The taxpayer must attach all applicable supplemental statements requested throughout this form.


Part I Information For Automatic Change Request		Yes	No
1	Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. <u>180</u> (b) Other <input type="checkbox"/> Description ▶		
2	Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation. . . . . SEE ATTACHMENT		N/A

Part II Information For All Requests		Yes	No
3	Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.	X	
b	Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		X

Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

  
Signature and date  
**TERESA S. MADDEN, SENIOR VP AND CFO**  
Name and title (print or type)

Preparer (other than filer/applicant)  
 12/13/13  
Signature of individual preparing the application and date  
**ERIC PEEL**  
Name of individual preparing the application (print or type)  
**DELOITTE TAX LLP**  
Name of firm preparing the application

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**Part II Information For All Requests (continued)**

		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		X
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.		X
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day; Date examination ended ▶ N/A		X
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ MARK COHEN Telephone number ▶ 612-330-5577 Tax year(s) ▶ 2010-2011		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f2	X	
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ▶ N/A Telephone number ▶ N/A Tax year(s) ▶ N/A		X
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?		N/A
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.		N/A
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court. SEE ATTACHMENT		N/A
7	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change.		N/A
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		X
b	If "Yes," attach an explanation.		N/A
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?	X	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. SEE ATTACHMENT		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		N/A
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?		X
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		N/A
11	Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		X
	Present method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	Proposed method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		



Part IV Section 481(a) Adjustment (continued)		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?		N/A
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		X
		N/A	

**Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)** N/A

**Part I Change in Overall Method (see instructions)**

1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

	Amount
a Income accrued but not received (such as accounts receivable)	\$
b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	
c Expenses accrued but not paid (such as accounts payable)	
d Prepaid expense previously deducted	
e Supplies on hand previously deducted and/or not previously reported	
f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	
g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment.	
h Net section 481(a) adjustment (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.	\$ -

- 2 Is the applicant also requesting the recurring item exception under section 461(h)(3)?  Yes  No
- 3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request (see instructions)**

Applicants requesting a change to the cash method must attach the following information:

- A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B—Change to the Deferral Method for Advance Payments (see instructions)** N/A

- If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
  - A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
  - If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
  - If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following:
  - A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
  - A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
  - A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(i).
  - A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

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**Schedule C—Changes Within the LIFO Inventory Method (see instructions)**

N/A

**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (e.g., unit method or dollar-value method).
  - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c Pricing dollar-value pools (e.g., double-extension, Index, link-chain, link-chain Index, IPIC method, etc.).
  - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

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**Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other**  
**Section 263A Assets (see instructions)** N/A

**Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)**

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
- 2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?  Yes  No
- b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?  Yes  No  
If line 2b is "No," attach an explanation.
- c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?  Yes  No
- d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?  Yes  No  
If line 2d is "Yes," attach an explanation of what cost comparison the applicant will use to determine a contract's completion factor.  
If line 2d is "No," attach an explanation of what method the applicant is using and the authority for its use.
- 3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?  Yes  No
- b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
- c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
- 4 To determine a contract's completion factor using the percentage-of-completion method:
  - a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?  Yes  No
  - b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?  Yes  No
- 5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

**Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)**

- 1 Attach a description of the inventory goods being changed.
- 2 Attach a description of the inventory goods (if any) NOT being changed.
- 3a Is the applicant subject to section 263A? If "No," go to line 4a  Yes  No
- b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)?  
If "No," attach a detailed explanation  Yes  No

- 4a Check the appropriate boxes below.
- Identification methods:
- Specific identification
  - FIFO
  - LIFO
  - Other (attach explanation)
- Valuation methods:
- Cost
  - Cost or market, whichever is lower
  - Retail cost
  - Retail, lower of cost or market
  - Other (attach explanation)

Inventory Being Changed		Inventory Not Being Changed
Present method	Proposed method	Present method

- b Enter the value at the end of the tax year preceding the year of change
- 5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
  - a Copies of Form(s) 970 filed to adopt or expand the use of the method.
  - b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
  - c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A—Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B—Direct and Indirect Costs Required to be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

**Part III Method of Cost Allocation (see instructions) (continued)**

**Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)**

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses . . . . .		
2 Research and experimental expenses riot included in Section B, line 26 . . . . .		
3 Bidding expenses not included in Section B, line 22 . . . . .		
4 General and administrative costs not included in Section B . . . . .		
5 Income taxes . . . . .		
6 Cost of strikes . . . . .		
7 Warranty and product liability costs . . . . .		
8 Section 179 costs . . . . .		
9 On-site storage . . . . .		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 . . . . .		
11 Other costs (Attach a list of these costs.) . . . . .		

**Schedule E—Change in Depreciation or Amortization (see instructions)**

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants *must* provide this information for each item or class of property for which a change is requested.  
 Note: See the *List of Automatic Accounting Method Changes* in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? . . . . .  Yes  No  
 If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(III). N/A
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? . . . . .  Yes  No  
 If "Yes," enter the applicable section ▶ 263A
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? . . . . .  Yes  No  
 If "Yes," state the election made ▶ N/A
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity. SEE ATTACHMENT
- b If the property is residential rental property, did the applicant live in the property before renting it? N/A  Yes  No
- c Is the property public utility property? . . . . .  Yes  No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expenses, etc.). SEE ATTACHMENT
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property. N/A
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods: SEE ATTACHMENT
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

**Xcel Energy Inc. & Affiliates  
Attachment to Form 3115****EIN: 41-0448030  
FYE: 12/31/2013****Part I, Name of Applicants**

Xcel Energy Inc. (EIN: 41-0448030), the parent of a group of affiliated corporations that file a consolidated tax return, is filing this method change on behalf of itself and the following subsidiaries for the tax year ended December 31, 2013:

<b>Applicant</b>	<b>EIN</b>	<b>PBAC</b>
Public Service Company of Colorado	84-0296600	221100
Southwestern Public Service Company	75-0575400	221100
Northern States Power Company, Minnesota	41-1967505	221100
Northern States Power Company, Wisconsin	39-0508315	221100

**Part I, Question 2**

Pursuant to Appendix Section 6.32(3) of Rev. Proc. 2011-14 (as added by Section 5.03(6) of Rev. Proc. 2012-20), the scope limitations contained in Section 4.02 of Rev. Proc. 2011-14 do not apply to taxpayers that make this change for their first or second taxable year beginning after December 31, 2011.

**Part II, Question 6**

Parent: Xcel Energy Inc.  
 EIN: 41-0448030  
 Address: 414 Nicollet Mall  
 Minneapolis, MN 55401  
 Exam: 2010 – 2011

**Part II, Questions 9b**

The Applicants filed the following method changes:

<b><u>Trade or Business</u></b>	<b><u>Year of Change</u></b>	<b><u>Status</u></b>	<b><u>Accounting Method Change Requested</u></b>
Transmission & Distribution	2011	Automatic	Repairs and Maintenance of Tangible Depreciable Assets
Transmission & Distribution	2011	Automatic	Disposition of Tangible Depreciable Assets
Generation	2012	Automatic	Repairs and Maintenance of Tangible Depreciable Assets
Generation	2012	Automatic	Disposition of Tangible Depreciable Assets
Generation	2012	Automatic	Non-Incidental Materials and Supplies

**Xcel Energy Inc. & Affiliates  
Attachment to Form 3115****EIN: 41-0448030  
FYE: 12/31/2013****Part II, Question 12**

- a. **Linear Electric Transmission and Distribution ("T&D") Property:** The Applicants are making a late general asset account ("GAA") election under I.R.C. § 168(i)(4) and Treas. Reg. §§ 1.168(i)-1 and 1.168(i)-1T for all linear electric transmission and distribution ("T&D") assets (described below in further detail) placed in service by the Applicant between January 1, 1987 and December 31, 2011. The Applicants are also making a late election to recognize gain or loss on the disposition of *certain* assets that are the subject of the late GAA election in accordance with Treas. Reg. § 1.168(i)-1T(e)(3)(ii). The collective purpose of these elections is to: (1) not deduct casualty losses related to the assets that are the subject of this request, whether or not such losses were deducted by the Applicants prior to January 1, 2013; (2) deduct losses upon non-casualty-related dispositions (e.g., retirements) of the assets that are the subject of this request if the Applicants capitalized the associated replacement costs as improvements under I.R.C. § 263(a) and Rev. Proc. 2011-43 (i.e., if the Applicants replaced 10% or more of a unit of linear property) prior to January 1, 2013; (3) not deduct losses upon non-casualty related dispositions of the assets that are the subject of this request if the Applicants deducted the associated replacement costs as repair and maintenance under I.R.C. § 162, Treas. Reg. 1.162-4, and Rev. Proc. 2011-43 (i.e., if the Applicants replaced less than 10% of a unit of linear property) prior to January 1, 2013; and (4) maintain otherwise deductible repair and maintenance costs that are not required to be capitalized under Treas. Reg. § 1.263(a)-3T(i)(1)(i)-(iii) or Treas. Reg. 1.263(a)-3(k)(1)(i)-(iii), as applicable.

**Electric Generation Property:** The Applicants are also making a late GAA election for certain electric generation property under I.R.C. § 168(i)(4) and Treas. Reg. §§ 1.168(i)-1 and 1.168(i)-1T. For these assets, the Applicants are making a late election to recognize gain or loss on the disposition of the assets that are the subject of the late GAA election in accordance with Treas. Reg. § 1.168(i)-1T(e)(3)(ii). The assets for which the late elections are being made are the 3, 5, 7, 15, 20, and 39-year assets placed in service by the Applicants between January 1, 1987 and December 31, 2007, and that were disposed of by the Applicants prior to January 1, 2013.

- b. Under their present method of accounting, the assets that are the subject of this request are grouped for tax depreciation purposes and individually retired. The Applicants depreciate such assets under MACRS using the 200% or 150% declining balance or straight-line method, the appropriate recovery period (as provided in Rev. Proc. 87-56) and the applicable convention (mid-quarter, half year, or mid-month). The Applicants claimed the additional first-year depreciation deduction under I.R.C. § 168(k) for eligible property.

The Applicants did not deduct casualty losses associated with the linear electric T&D assets that are the subject of this request even though the Applicants may have suffered casualty losses prior to January 1, 2013.

The Applicants report gain or loss on non-casualty-related dispositions of the linear electric T&D assets that are the subject of this request in the year of such disposition if the Applicants capitalized the associated replacement costs as improvements under I.R.C. § 263(a) and Rev. Proc. 2011-43 (i.e., if the Applicant replaced 10% or more of a unit of linear property). The Applicants do not report gain or loss on non-casualty-related dispositions of the linear electric T&D assets that are the subject of this request in the year of such disposition if the Applicants deducted the associated replacement costs as repair and maintenance under I.R.C. § 162, Treas. Reg. 1.162-4, and Rev. Proc. 2011-43 (i.e., if the Applicants replaced less than 10% of a unit of linear property).

**Xcel Energy Inc. & Affiliates**  
**Attachment to Form 3115****EIN: 41-0448030**  
**FYE: 12/31/2013**

c. **Linear Electric T&D Property:** Under their proposed method of accounting, the Applicants will make a late GAA election under Treas. Reg. § 1.168(i)-1T with respect to the linear electric T&D assets that are the subject of this request. Specifically, the Applicants will put each asset that they account for as a separate retirement unit for Federal Energy Regulatory Commission ("FERC") reporting purposes in a separate GAA. For example, *each* of the following assets will be included in a separate GAA:

- Pole, including appurtenances, such as cross arms, guys, etc.
- Tower, including foundation and tower appurtenances
- One continuous span of conductor of one size, kind and type of covering
- Circuit Breaker
- Switch
- Insulator
- Lightning Arresters
- Fuse mountings
- Transformers
- Meters
- Street Lighting

Each GAA will be compliant with Treas. Reg. § 1.168(i)-1T(c) insofar as each GAA will comprise a single asset.

The Applicants will account for dispositions of the assets for which the late GAA election is made consistent with Treas. Reg. § 1.168-1T(e)(2) (e.g., the Applicants will continue to not deduct casualty losses with respect to the assets that are the subject of this request), unless the Applicants elect to recognize gain or loss upon disposition of the assets for which the late GAA election is made pursuant to Treas. Reg. § 1.168(i)-1T(e)(3)(ii).

The Applicants will make a late election to recognize gain or loss upon the non-casualty-related dispositions of the assets for which the late GAA election is made pursuant to Treas. Reg. § 1.168(i)-1T(e)(3)(ii), however, the Applicants will not make this election if the associated replacement costs represent repair and maintenance costs under I.R.C. § 162, Treas. Reg. § 1.162-4, and Rev. Proc. 2011-43. For example, if the Applicants replace linear T&D assets that collectively represent less than 10% of the associated unit of linear property as determined under Rev. Proc. 2011-43, the Applicants will not make a late election to recognize loss upon the retirement of the existing linear T&D assets.

**Electric Generation Property:** Under their proposed method of accounting, the Applicants will make a late GAA election under Treas. Reg. § 1.168(i)-1T with respect to the electric generation assets that are the subject of this request, and a late election to recognize gain or loss upon the disposition of the assets for which the late GAA election is made pursuant to Treas. Reg. § 1.168(i)-1T(e)(3)(ii). More specifically, in accordance with Treas. Reg. § 1.168(i)-1T(c)(2), each generation GAA will include asset groups that— (1) were placed in service by the Applicants in the same taxable year (between January 1, 1987 and December 31, 2007); (2) have the same applicable depreciation method, recovery period, convention, and additional first-year depreciation deduction characteristics; and (3) were disposed of for tax purposes prior to January 1, 2013. Further, the Applicants will apply the special rules under Treas. Reg. § 1.168(i)-1T(c)(2)(ii) in grouping assets in a GAA.

**Xcel Energy Inc. & Affiliates  
Attachment to Form 3115****EIN: 41-0448030  
FYE: 12/31/2013**

d. The Applicants' overall method of accounting is an accrual method.

**Page 3, Part II, Question 13, Description of Trade(s) or Business(es)**

The Applicants are engaged in the generation, purchase, transmission, distribution, and sales of electricity and natural gas. The Applicants' principal business activity code is 221100.

**Page 3, Part II, Question 14, Books and Financial Statements**

The proposed method will not be used for the Applicants' books and records and financial statements, because the proposed method of accounting does not conform to the Generally Accepted Accounting Principles (GAAP).

**Page 3, Part IV, Question 25, Section 481(a) Adjustment**

Pursuant to Appendix § 6.32(4)(a) of Rev. Proc. 2011-14, as amended by Rev. Proc. 2012-20, the change specified in Appendix Section 6.32(1)(a)(i) of Rev. Proc. 2011-14, as amended by Rev. Proc. 2012-20, for MACRS property disposed of by the taxpayer prior to the beginning of the year of change is made with an I.R.C. § 481(a) adjustment. Similarly, the change specified in Appendix Section 6.32(1)(a)(ii) of Rev. Proc. 2011-14, as amended by Rev. Proc. 2012-20, is made with an I.R.C. § 481(a) adjustment.

The I.R.C. § 481(a) adjustment attributable to the electric generation assets is computed as the net of the following:

- (1) an increase to income resulting from the late GAA election that equals either the difference between the sales proceeds and the previously recognized gain or the difference between the sales proceeds and the previously recognized loss; and
- (2) a decrease to income resulting from the late election to recognize gain or loss upon the disposition of the assets that equals the adjusted tax basis of the assets as of the date of disposition.

Applicant	EIN	I.R.C. § 481(a) Adjustment
Public Service Company of Colorado	84-0296600	TBD
Southwestern Public Service Company	75-0575400	TBD
Northern States Power Company, Minnesota	41-1967505	TBD
Northern States Power Company, Wisconsin	39-0508315	TBD
	<b>Total</b>	<b>TBD</b>

The I.R.C. § 481(a) adjustment attributable to the linear electric T&D assets is \$0.

**Schedule E, Questions 4a, 5 and 7 – Description of Property**

See the response to Part II, Question 12.

**Xcel Energy Inc. & Affiliates**  
**Attachment to Form 3115**

**EIN: 41-0448030**  
**FYE: 12/31/2013**

**Statement Required by Appendix Section 6.32(4)(c) of Rev. Proc. 2011-14**

**Linear Electric T&D Property:** The Applicants will establish separate GAAs for each asset treated as a retirement unit for FERC reporting purposes that was placed in service between January 1, 1987 and December 31, 2011, for example:

Entity	Asset
Public Service Company of Colorado (EIN: 84-0296600)	<ul style="list-style-type: none"> <li>• Each pole, including appurtenances, such as cross arms, guys, etc.</li> <li>• Each tower, including foundation and tower appurtenances</li> <li>• One continuous span of conductor of one size, kind and type of covering</li> <li>• Each circuit breaker</li> <li>• Each switch</li> <li>• Each insulator</li> <li>• Each lighting arrester</li> <li>• Each fuse mounting</li> <li>• Each transformer</li> <li>• Each meter</li> <li>• Each street light</li> </ul>
Southwestern Public Service Company (EIN: 75-0575400)	<ul style="list-style-type: none"> <li>• Each pole, including appurtenances, such as cross arms, guys, etc.</li> <li>• Each tower, including foundation and tower appurtenances</li> <li>• One continuous span of conductor of one size, kind and type of covering</li> <li>• Each circuit breaker</li> <li>• Each switch</li> <li>• Each insulator</li> <li>• Each lighting arrester</li> <li>• Each fuse mounting</li> <li>• Each transformer</li> <li>• Each meter</li> <li>• Each street light</li> </ul>
Northern States Power Company, Minnesota (EIN: 41-1967505)	<ul style="list-style-type: none"> <li>• Each pole, including appurtenances, such as cross arms, guys, etc.</li> <li>• Each tower, including foundation and tower appurtenances</li> <li>• One continuous span of conductor of one size, kind and type of covering</li> <li>• Each circuit breaker</li> <li>• Each switch</li> </ul>

**Xcel Energy Inc. & Affiliates**  
**Attachment to Form 3115**

**EIN: 41-0448030**  
**FYE: 12/31/2013**

	<ul style="list-style-type: none"> <li>• Each insulator</li> <li>• Each lighting arrester</li> <li>• Each fuse mounting</li> <li>• Each transformer</li> <li>• Each meter</li> <li>• Each street light</li> </ul>
<p>Northern States Power Company, Wisconsin (EIN: 39-0508315)</p>	<ul style="list-style-type: none"> <li>• Each pole, including appurtenances, such as cross arms, guys, etc.</li> <li>• Each tower, including foundation and tower appurtenances</li> <li>• One continuous span of conductor of one size, kind and type of covering</li> <li>• Each circuit breaker</li> <li>• Each switch</li> <li>• Each insulator</li> <li>• Each lighting arrester</li> <li>• Each fuse mounting</li> <li>• Each transformer</li> <li>• Each meter</li> <li>• Each street light</li> </ul>

**(ii). Electric Generation Property:** The Applicants will establish separate GAAs for all electric generation assets that: (1) were placed in service by the Applicants in the same taxable year (between January 1, 1987 and December 31, 2007); (2) have the same applicable depreciation method, recovery period, and convention, including separate groupings of assets subject to 30-percent and 50-percent bonus depreciation; and (3) were disposed of prior to January 1, 2013. Additionally, each GAA will include only electric generation assets eligible to be grouped in the same GAA taking into consideration the special rules in Treas. Reg. § 1.168(i)-1T(c)(2)(ii). For instance, Northern States Power, Minnesota (EIN: 41-1967505), for assets placed in service in the tax year ended December 31, 2004, and which were disposed of prior to January 1, 2013, will have the following GAAs for its electric generation assets: GAA#1—all assets with a 3-year recovery period; GAA#2— all assets with a 5-year recovery period; GAA#3— all assets with a 7-year recovery period; GAA#4 – all assets with a 15-year recovery period; GAA#5 – all assets with a 20-year recovery period; and GAA#6 – all assets with a 39-year recovery period that are placed in service in the same month (separate GAAs will be established for 39-year property placed in service in the same month), that were disposed of prior to January 1, 2013.

**Statement Required by Appendix Section 6.32(4)(d) of Rev. Proc. 2011-14**

The assets which are the subject of this request are identical to the assets identified above in the statement required by Appendix Section 6.32(4)(c) of Rev. Proc. 2011-14.

**Statement Required by Appendix Section 6.32(4)(e) of Rev. Proc. 2011-14**

The Applicants consent to, and agree to apply, all of the provisions of Treas. Reg. §§ 1.168(i)-1 and 1.168(i)-1T to the assets that are subject to the election specified in Appendix Section 6.32(1)(a)(i) of Rev. Proc. 2011-14.

**Xcel Energy Inc. & Affiliates  
Attachment to Form 3115****EIN: 41-0448030  
FYE: 12/31/2013**

Except as provided in Treas. Reg. §§ 1.168(i)-1T(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by the Applicants under Appendix Section 6.32(1)(a)(i) of Rev. Proc. 2011-14 are irrevocable and will be binding on the Applicants for computing taxable income for the year of change and for all subsequent taxable years with respect to the assets that are subject to this election.

**Statement Required by Appendix Section 6.32(4)(f) of Rev. Proc. 2011-14**

The Applicants agree to the following terms and conditions—

- (i) a normalization method of accounting (within the meaning of I.R.C. § 168(i)(9)) which will be used for the public utility property subject to the application;
- (ii) within 30 calendar days of filing the federal income tax return for the year of change, the Applicants will provide a copy of the completed application to any regulatory body having jurisdiction over the public utility property subject to the application; and
- (iii) as of the beginning of the year of change, the Applicants will adjust their deferred tax reserve account or similar account in the taxpayers' regulatory books of account by the amount of the deferral of federal income tax liability associated with the I.R.C. § 481 (a) adjustment applicable to the public utility property subject to the application.

**Request for Facsimile Transmission Pursuant to Section 9.04(3) or Rev. Proc. 2013-1**

The Applicants request that a copy of any document related to this request (*e.g.*, a request for additional information or the letter ruling) for change in method of accounting be provided to the Applicants and the Applicants' authorized representatives via fax (fax numbers provided below).

Applicants' Fax Number: (612) 330-6335, Attn: Mr. Zsolt Feher

Authorized Representatives' Fax Number: (212) 653-2654, Attn: Mr. Eric Peel  
(612) 692-4144, Attn: Mr. Michael E. Fincher  
(202) 661-1295, Attn: Mr. Robert Kilinskis

Form **2848**  
(Rev. March 2012)  
Department of the Treasury  
Internal Revenue Service

### Power of Attorney and Declaration of Representative

► Type or print. ► See the separate instructions.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name \_\_\_\_\_

Telephone \_\_\_\_\_

Function \_\_\_\_\_

Date / /

#### Part I Power of Attorney

Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

#### 1 Taxpayer Information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address  
**XCEL ENERGY INC. & AFFILIATES**  
414 NICOLLET MALL  
MINNEAPOLIS, MN 55401

Taxpayer identification number(s)

**41-0448030**

Daytime telephone number

**(612) 330-5729**

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

#### 2 Representative(s) must sign and date this form on page 2, Part II.

Name and address  
**ERIC PEEL C/O DELOITTE TAX LLP**  
HARBORSIDE PLAZA 10  
JERSEY CITY, NJ 07311

CAF No. \_\_\_\_\_

PTIN **P0133280**

Telephone No. **(212) 436-4714**

Fax No. **(212) 653-2654**

Check if to be sent notices and communications

Check if new: Address  Telephone No.  Fax No.

Name and address  
**MICHAEL E. FINCHER C/O DELOITTE TAX LLP**  
50 SOUTH SIXTH STREET, STE. 2800  
MINNEAPOLIS, MN 55402

CAF No. \_\_\_\_\_

PTIN **P00362705**

Telephone No. **(612) 397-4144**

Fax No. **(612) 692-4144**

Check if to be sent notices and communications

Check if new: Address  Telephone No.  Fax No.

Name and address  
**ROBERT A. KILINSKIS C/O DELOITTE TAX LLP**  
655 12TH ST. N.W. STE. 400  
WASHINGTON, DC 20004-1207

CAF No. \_\_\_\_\_

PTIN **P01598649**

Telephone No. **(202) 879-4995**

Fax No. **(202) 661-1285**

Check if new: Address  Telephone No.  Fax No.

to represent the taxpayer before the Internal Revenue Service for the following matters:

#### 3 Matters

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, etc.) (see instructions for line 3)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions for line 3)
INCOME, ACCOUNTING METHOD CHANGE	1120, 3115	201312

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Uses Not Recorded on CAF

5 Acts authorized. Unless otherwise provided below, the representatives generally are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matter described on line 3, for example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is (are) not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper checks). Additionally, unless the appropriate box(es) below are checked, the representative(s) is (are) not authorized to execute a request for disclosure of tax returns or return information to a third party, substitute another representative or add additional representatives, or sign certain tax returns.

Disclosure to third parties;  Substitute or add representative(s);  Signing a return;

Other acts authorized: \_\_\_\_\_

(see instructions for more information)

Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: **UNDER THIS POWER OF ATTORNEY, THE DELOITTE TAX REPRESENTATIVES DO NOT HAVE THE AUTHORITY TO SETTLE A TAX MATTER, AGREE TO A TAX LIABILITY, EXTEND A STATUTE OF LIMITATIONS, OR OTHERWISE EXERCISE AN AUTHORITY OR DECISION THAT BELONGS TO A TAXPAYER'S MANAGEMENT. DELOITTE TAX CANNOT RECEIVE FUNDS ON BEHALF OF THE TAXPAYER OR PAY ITS LIABILITIES.**

Form 2848 (Rev. 3-2012)

Page 2

**6 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here  **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

**7 Signature of taxpayer.** If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

**▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.**

*Teresa Madden* \_\_\_\_\_  
Signature Date SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER  
Title (if applicable)

TERESA MADDEN \_\_\_\_\_  
Print Name PIN Number XCEL ENERGY INC. & AFFILIATES  
Print name of taxpayer from line 1 if other than individual

**Part II Declaration of Representative**

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
  - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
  - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
  - d Officer—a bona fide officer of the taxpayer's organization.
  - e Full-Time Employee—a full-time employee of the taxpayer.
  - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
  - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
  - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the Instructions.
  - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the Instructions.
  - k Student Attorney or CPA—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LITC or STCP under section 10.7(d) of Circular 230. See Instructions for Part II for additional information and requirements.
  - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

**▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE.** See the instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
b	NY	084653	<i>[Signature]</i>	12/13/13
b	DC,MN,SD	CPA010443, 24665, SDCPA245	<i>[Signature]</i>	12/13/2013
b	IL	065-01737-1	<i>[Signature]</i>	12/13/2013

**Deloitte.**

Via UPS

Deloitte Tax LLP  
 Suite 400  
 555 12th Street N.W.  
 Washington, DC 20004-1207  
 USA  
 Tel: 202 879 5600  
 www.deloitte.com

August 18, 2014

Internal Revenue Service  
 1973 North Rulon White Blvd  
 Mail Stop 4917  
 Ogden, UT 84404

Re: **Xcel Energy Inc. & Affiliates**  
**EIN: 41-0448030**

Dear Sir or Madam:

This letter refers to the Form 3115, *Application for Change in Accounting Method*, filed by Xcel Energy Inc. & Affiliates ("Xcel") to request the consent of the Commissioner to make a late general asset account ("GAA") election under § 168(i)(4) and Treas. Reg. §§ 1.168(i)-1 and 1.168(i) - 1T, and to make a late election to recognize gain or loss on the disposition of assets that are the subject of the late GAA election in accordance with Treas. Reg. § 1.168(i)-1T(e)(3)(ii), for the taxable year beginning January 1, 2013 and ending December 31, 2013.

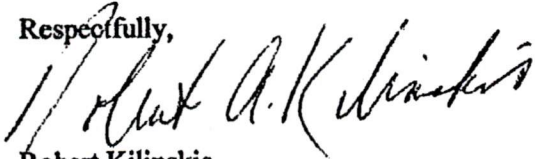
Xcel filed the Form 3115 with your office on December 13, 2013 under the automatic consent procedures of Rev. Proc. 2011-14, 2011-4 C.B. 330. Based on additional information not previously available for review, Xcel has since determined the § 481(a) adjustments for the proposed change, a decrease in taxable income, which are forth below.

Legal Entity	EIN #	Original 481(a) Adjustment	Proposed 481(a) Adjustment
Northern States Power Company, Minnesota	41-1967505	TBD	(\$332,014)
Southwestern Power Service Company	75-0575400	TBD	(\$4,259)
Public Service Company of Colorado	84-0296600	TBD	0
Northern States Power Company, Wisconsin	39-0508315	TBD	0
<b>Grand Total</b>			<b>(\$336,273)</b>

This submission has been reviewed by Teresa S. Madden, Senior Vice President and Chief Financial Officer, and a Penalties of Perjury Statement signed by Ms. Madden is attached.

If you require any additional information, please telephone me at (202) 879-4995, or you may fax your request for information to me at (202) 661-1295.

Respectfully,

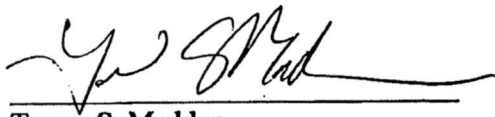
A handwritten signature in black ink, appearing to read "Robert A. Kilinskis". The signature is written in a cursive style with a large initial "R".

**Robert Kilinskis**  
Managing Partner, Deloitte Tax LLP

**Enclosure:**  
**Penalties of perjury statement**

**PENALTIES OF PERJURY**

Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.



Teresa S. Madden  
Senior Vice President and Chief Financial Officer  
Xcel Energy Inc. & Affiliates

9/8/2014

Date