



414 Nicollet Mall
Minneapolis, MN 55401

October 29, 2025

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

**Re: Notice of Xcel Energy Inc. IRS Form 3115 Submission
(Natural Gas Safe Harbor Election)**

Dear Mr Kahl:

Northern States Power Company, doing business as Xcel Energy, submits this notification to the North Dakota Public Service Commission of a federal tax accounting methodology change recently filed with the Internal Revenue Service (IRS).

IRS regulations allow businesses to change certain tax accounting methods.¹ Provided as Attachment A is a copy of 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, Minnesota (“NSPM” or “the Company”).

The purpose of Xcel Energy’s Form 3115 was to notify the IRS of its adoption of the natural gas transmission and distribution property safe harbor method of accounting² for determining whether certain costs of maintaining, repairing, replacing, and improving natural gas transmission and distribution property are required to be capitalized under § 263(a) or § 263A, or may be treated as ordinary and necessary business expenses for which a deduction is allowable under § 162(a). See Attachment A, starting at page 9.

The information on Form 3115 was reflected in Xcel Energy’s 2024 federal income tax return filed on September 29, 2025. IRS Revenue Procedure 2025-23, 3.12(3)(c)(iii) 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

¹ See IRS Rev. Proc. 2023-15

² As defined under Section 4.01 of Rev Proc 2023-15

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 contact me at 701-929-0547 or alex.j.nisbet@xcelenergy.com regarding this notification.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST

Enclosure

Form **3115**
(Rev. December 2022)
Department of the Treasury
Internal Revenue Service

Application for Change in Accounting Method

OMB No. 1545-0070

Go to www.irs.gov/Form3115 for instructions and the latest information.

Attachment
Sequence No. **315**

Name of filer (name of parent corporation if a consolidated group) (see instructions) XCEL ENERGY INC. AND AFFILIATES	Identification number (see instructions) 41-0448030
Number, street, and room or suite no. If a P.O. box, see the instructions. 414 NICOLLET MALL	Principal business activity code number (see instructions) 551112
City or town, state, and ZIP code MINNEAPOLIS MN 55401	Tax year of change begins (MM/DD/YYYY) 01 01 2024 Tax year of change ends (MM/DD/YYYY) 12 31 2024
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions) RYAN MERRELL
	Contact person's telephone number 612-330-7744

Does the filer want to receive a copy of the change in method of accounting letter ruling or other correspondence related to this Form 3115 by fax or encrypted email attachment? If "Yes," see instructions Yes No

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

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

<p>Check the box to indicate the type of applicant.</p> <p><input type="checkbox"/> Individual</p> <p><input checked="" type="checkbox"/> Corporation</p> <p><input type="checkbox"/> Controlled foreign corporation (Sec. 957)</p> <p><input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))</p> <p><input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))</p> <p><input type="checkbox"/> Exempt organization. Enter Code section: _____</p> <p><input type="checkbox"/> Cooperative (Sec. 1381)</p> <p><input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> S corporation</p> <p><input type="checkbox"/> Insurance co. (Sec. 816(a))</p> <p><input type="checkbox"/> Insurance co. (Sec. 831)</p> <p><input type="checkbox"/> Other (specify): _____</p>	<p>Check the appropriate box to indicate the type of accounting method change being requested.</p> <p>See instructions.</p> <p><input type="checkbox"/> Depreciation or Amortization</p> <p><input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions</p> <p><input checked="" type="checkbox"/> Other (specify): <u>Natural Gas Transmission and Distribution Property Costs</u></p>
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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 (1) all relevant information requested on this Form 3115 (including its instructions), and (2) any other relevant information, even if not specifically requested on Form 3115.

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

Part I Information for Automatic Change Request

		Yes	No
1 Enter the applicable designated automatic accounting method change number ("DCN") for the requested automatic change. Enter only one DCN, except as provided for in guidance published by the IRS. If the requested change has no DCN, check "Other," and provide both a description of the change and a citation of the IRS guidance providing the automatic change. See instructions. a (1) DCN: <u>269</u> (2) DCN: _____ (3) DCN: _____ (4) DCN: _____ (5) DCN: _____ (6) DCN: _____ (7) DCN: _____ (8) DCN: _____ (9) DCN: _____ (10) DCN: _____ (11) DCN: _____ (12) DCN: _____ b Other <input type="checkbox"/> Description: _____			
2 Do any of the eligibility rules restrict the applicant from filing the requested change using the automatic change procedures (see instructions)? If "Yes," attach an explanation			X
3 Has the filer provided all the information and statements required (a) on this form and (b) by the List of Automatic Changes under which the applicant is requesting a change? See instructions. Note: Complete Part II and Part IV of this form, and, Schedules A through E, if applicable.		X	

Part II Information for All Requests

		Yes	No
4 During the tax year of change, did or will the applicant (a) cease to engage in the trade or business to which the requested change relates, or (b) terminate its existence? See instructions			X
5 Is the applicant requesting to change to the principal method in the tax year of change under Regulations section 1.381(c)(4)-1(d)(1) or 1.381(c)(5)-1(d)(1)? If "No," go to line 6a. If "Yes," the applicant cannot file a Form 3115 for this change. See instructions.			X

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 of filer (and spouse, if joint return) 	Date 09/29/2025	Name and title (print or type) VP, TAX PETER MATHESON
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Preparer (other than filer/applicant) Print/Type preparer's name	Preparer's signature	Date
Firm's name		

Part II Information For All Requests (continued)		Yes	No
6a	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 7a.		X
b	Is the method of accounting the applicant is requesting to change an issue under consideration (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))? See instructions		
c	Enter the name and telephone number of the examining agent and the tax year(s) under examination. Name _____ Telephone number _____ Tax year(s) _____		
d	Has a copy of this Form 3115 been provided to the examining agent identified on line 6c?	X	
7a	Does audit protection apply to the applicant's requested change in method of accounting? See instructions If "No," attach an explanation.	X	
b	If "Yes," check the applicable box and attach the required statement. <input checked="" type="checkbox"/> Not under exam <input type="checkbox"/> 3-month window <input type="checkbox"/> 120 day: Date examination ended _____ <input type="checkbox"/> Method not before director <input type="checkbox"/> Negative adjustment <input type="checkbox"/> CAP: Date member joined group _____ <input type="checkbox"/> Audit protection at end of exam <input type="checkbox"/> Other _____		
8a	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 "No," go to line 9.		X
b	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.		X
c	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 _____ Telephone number _____ Tax year(s) _____		
d	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 8c?		
9	If the applicant answered "Yes" to line 6a and/or 8a 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.		
10	If for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or 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?		X
11a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic or non-automatic change procedure) a change in method of accounting within any of the 5 tax years ending with the tax year of change? If "No," go to line 12.		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.		
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.		
12	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? If "Yes," for each request attach a statement providing (a) the name(s) of the taxpayer, (b) identification number(s), (c) the type of request (private letter ruling, change in method of accounting, or technical advice), and (d) the specific issue(s) in the request(s).	X	
13	Is the applicant requesting to change its overall method of accounting? If "Yes," complete Schedule A on page 4 of this form.		X

Part II Information For All Requests (continued)		Yes	No						
<p>14 If the applicant is either (I) not changing its overall method of accounting, or (II) is changing its overall method of accounting and changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following (see instructions):</p> <p style="margin-left: 20px;">a The item(s) being changed.</p> <p style="margin-left: 20px;">b The applicant's present method for the item(s) being changed.</p> <p style="margin-left: 20px;">c The applicant's proposed method for the item(s) being changed.</p> <p style="margin-left: 20px;">d The applicant's present overall method of accounting (cash, accrual, or hybrid).</p> <p>15a Attach a detailed and complete description of the applicant's trade(s) or business(es). See section 446(d).</p> <p style="margin-left: 20px;">b If the applicant has more than one trade or business, as defined in Regulations section 1.446-1(d), describe (i) whether each trade or business is accounted for separately; (ii) the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; (iii) the overall method of accounting for each trade or business; and (iv) which trade or business is requesting to change its accounting method as part of this application or a separate application.</p> <p style="margin-left: 20px;">Note: If you are requesting an automatic method change, see the instructions to see if you are required to complete lines 16a-16c.</p> <p>16a Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method.</p> <p style="margin-left: 20px;">b Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method.</p> <p style="margin-left: 20px;">c Include either a discussion of the contrary authorities or a statement that no contrary authority exists.</p> <p>17 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions</p> <p style="margin-left: 20px;">If "No," attach an explanation.</p> <p>18 Does the applicant request a conference with the IRS National Office if the IRS National Office proposes an adverse response?</p> <p>19a If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting or any property subject to section 263A, any long-term contract subject to section 460 (see 19b), or inventories subject to section 471 or 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.</p> <table style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="width: 25%; border-bottom: 1px solid black;">1st preceding year ended: mo. yr.</td> <td style="width: 25%; border-bottom: 1px solid black;">2nd preceding year ended: mo. yr.</td> <td style="width: 25%; border-bottom: 1px solid black;">3rd preceding year ended: mo. yr.</td> </tr> <tr> <td style="border-bottom: 1px solid black;">\$ 0</td> <td style="border-bottom: 1px solid black;">\$ 0</td> <td style="border-bottom: 1px solid black;">\$ 0</td> </tr> </table> <p style="margin-left: 20px;">b If the applicant is changing its method of accounting for any long-term contract subject to section 460, in addition to completing 19a, enter the applicant's gross receipts for the 4th tax year preceding the tax year of change: 4th preceding year ended: mo. yr. \$ 0</p>	1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.	\$ 0	\$ 0	\$ 0			<p>X</p> <p>X</p>
1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.							
\$ 0	\$ 0	\$ 0							
Part III Information For Non-Automatic Change Request									
<p>20 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request?</p> <p style="margin-left: 20px;">If "Yes," attach an explanation describing why the applicant is submitting its request under the non-automatic change procedures.</p> <p>21 Attach a copy of all documents related to the proposed change (see instructions).</p> <p>22 Attach a statement of the applicant's reasons for the proposed change.</p> <p>23 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed?</p> <p style="margin-left: 20px;">If "No," attach an explanation.</p> <p>24a Enter the amount of user fee attached to this application (see instructions) . . . \$ 0</p> <p style="margin-left: 20px;">b If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).</p>									

XCEL ENERGY INC. AND AFFILIATES

41-0448030

Form 3115 (Rev. 12-2022)

Page 4

Part IV Section 481(a) Adjustment		Yes	No
25	Does published guidance require the applicant (or permit the applicant and the applicant is electing) to implement the requested change in method of accounting on a cut-off basis? If "Yes," attach an explanation and do not complete lines 26, 27, 28 and 29 below.		X
26	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. \$ <u>-407,190,767</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If the applicant waived any deductions with respect to the method of accounting pursuant to Regulations section 1.59A-3(c)(6)(i), include a summary of the waived deductions. If more than one applicant is applying for the method change on the application, attach a list of the (a) name, (b) identification number, and (c) the amount of the section 481(a) adjustment attributable to each applicant.		
27	Is the applicant required to take into account in the year of change any remaining portion of a section 481(a) adjustment from a prior change (see instructions)? If "Yes," enter the amount. \$ <u>0</u>		
28	Is the applicant making an election to take the entire amount of the adjustment into account in the tax year of change? If "Yes," check the box for the applicable elective provision used to make the election (see instructions). <input type="checkbox"/> \$50,000 de minimis election <input type="checkbox"/> Eligible acquisition transaction election		
29	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

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

Part I Change in Overall Method (see instructions)

1 Check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting.

Present method: Cash Accrual Hybrid (attach description)

Proposed method: Cash Accrual Hybrid (attach description)

2 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 2a through 2g.

	Amount
a Income accrued but not received (such as accounts receivable)	NONE \$ 0
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	NONE 0
c Expenses accrued but not paid (such as accounts payable)	NONE 0
d Prepaid expenses previously deducted	NONE 0
e Supplies on hand previously deducted and/or not previously reported	NONE 0
f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	NONE 0
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.	NONE 0
h Net section 481(a) adjustment (Combine lines 2a-2g.) 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 26	NONE \$ 0

3 Is the applicant also requesting the recurring item exception under section 461(h)(3)? Yes No

4 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 (such as tax-exempt organization returns) for that period. If the amounts in Part I, lines 2a through 2g, do not agree with the amounts shown on balance sheet, attach a statement explaining the differences.

5 Is the applicant making a change to the overall cash method or to a method in which a taxpayer uses an accrual method for purchases and sales of inventory and uses the cash method for computing all other items of income and expense (see instructions)? Yes No

Part II Change to the Cash Method for Non-Automatic Change Request (see instructions)

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

- 1 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.
- 2 An explanation as to whether the applicant is required to use an accrual method under any section of the Code or regulations.

Schedule B - Change to the Deferral Method for Advance Payments, Cost Offset Methods, and/or the Applicable Financial Statement Income Inclusion Rule (see instructions)

- 1 If the applicant is requesting to change to the deferral method for advance payments under Regulations section 1.451- 8(c) or (d), as described in the instructions, attach the information specified in the instructions.
- 2 If the applicant is requesting to change to or within a cost offset method under Regulations section 1.451- 3(c) and/or Regulations section 1.451- 8(e), as described in the instructions, attach the information specified in the instructions.
- 3 If the applicant is requesting to change to or within a method to conform to the applicable financial statement (AFS) income inclusion rule under section 451(b) and Regulations section 1.451- 3, as described in the instructions, attach a detailed description of the proposed method including the information specified in the instructions.

Schedule C - Changes Within the LIFO Inventory Method (see instructions)**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 (for example, unit method or dollar-value method).
 - b Pooling (for example, 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 (for example, double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (such as, most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, rolling-average cost, 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 sections 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).

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 direct and indirect costs required to be allocated 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 (for example, specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (for example, 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 Except for long-term contract accounting methods, the method of capitalizing additional section 263A costs (for example, simplified production with or without the historic absorption ratio election, simplified resale 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 (continued) See instructions.

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 not 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 **Summary of the List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, or 197, or former sections 168, 1400I, or 1400L. 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).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section, such as section 263A? Yes No
If "Yes," enter the applicable section _____
- 3 Has a depreciation, amortization, expense, or disposition election been made for the property, such as the election under sections 168(f)(1), 168(i)(4), 179, 179C, or Regulations section 1.168(i)-8(d)? Yes No
If "Yes," state the election made _____
- 4a Attach a statement describing the property subject to the change. Include in the property's description, type, placed-in-service year, and use in the applicant's trade or business or income-producing activity. Also include the type and amount of any federal tax credit claimed or grant received, along with any necessary adjustments to basis required under the Internal Revenue Code, with respect to the property.
 - b If the property is residential rental property, did the applicant live in the property before renting it? 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 (for example, depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 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.
- 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:
 - a The Code section under which the property is or will be depreciated or amortized (for example, 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 former 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 (for example, 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 Whether the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), or former section 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.
 - h Whether the property was or will be in a single asset account, a multiple asset account, or a general asset account.

Xcel Energy Inc. & Affiliates

EIN: 41-0448030

Attachment to Form 3115, Application for Change in Accounting Method

Natural Gas Transmission and Distribution Property Safe Harbor Method of Accounting

Tax year ending December 31, 2024

Name of Applicant

Xcel Energy Inc. and Affiliates (EIN: 41-0448030), the parent of a group of affiliated corporations that file a consolidated tax return, is requesting to make this change in accounting method on behalf of the following subsidiaries (hereinafter referred to as the "Taxpayer") for the tax year ending December 31, 2024:

<u>Legal Entity</u>	<u>EIN</u>
Northern States Power Company, Minnesota	41-1967505
Northern States Power Company, Wisconsin	39-0508315
Public Service Company of Colorado	84-0296600

Page 2, Part II, Question 12, Any Other Pending Requests

Taxpayer's subsidiary, Northern States Power Company, Minnesota (EIN: 41-1967505), currently has pending requests for the following private letter rulings:

Ruling request 1 - Request for a revised schedule of ruling amounts related to Taxpayer's qualified nuclear decommissioning fund for the Monticello Nuclear Generating Plant pursuant to Internal Revenue Code (IRC) Section 468A.

Ruling request 2 – Request for an extension of time under § 301.9100-3 to withdraw an excess contribution made to the qualified Monticello nuclear decommissioning fund.

Ruling request 3 - Request for a revised schedule of ruling amounts related to Taxpayer's qualified nuclear decommissioning fund for the Prairie Island Unit 1 Nuclear Generating Plant pursuant to IRC Section 468A.

Ruling request 4 – Request for an extension of time under § 301.9100-3 to withdraw an excess contribution made to the qualified Prairie Island Unit 1 nuclear decommissioning fund.

Ruling request 5 - Request for a revised schedule of ruling amounts related to Taxpayer's qualified nuclear decommissioning fund for the Prairie Island Unit 2 Nuclear Generating Plant pursuant to IRC Section 468A.

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Ruling request 6 – Request for an extension of time under § 301.9100-3 to withdraw an excess contribution made to the qualified Prairie Island Unit 2 nuclear decommissioning fund.

Page 3, Part II, Question 14a, Item Being Changed

Taxpayer is changing the treatment of its costs to maintain, repair, replace, and improve natural gas transmission and distribution property for both linear and non-linear property.

Page 3, Part II, Question 14b, Present Method of Accounting

For linear natural gas transmission and distribution property, Taxpayer has used an average length of pipe as unit of property for the repair's determination. The average length of pipe used for the repairs determination is based on the average length of pipe served by regulator stations in Taxpayer's system. Taxpayer has treated the replacement of more than 5% of this average length of pipe in any work order as a capital expenditure.

Page 3, Part II, Question 14c, Proposed Method of Accounting

Taxpayer proposes to adopt the natural gas transmission and distribution property safe harbor method of accounting (as defined under Section 4.01 of Rev. Proc. 2023-15) for determining whether certain costs of maintaining, repairing, replacing, and improving natural gas transmission and distribution property are required to be capitalized under § 263(a) or § 263A, or may be treated as ordinary and necessary business expenses for which a deduction is allowable under § 162(a). Taxpayer is adopting the natural gas transmission and distribution property safe harbor method of accounting for both linear and non-linear property.

Page 3, Part II, Question 14d, Present Overall Method

Taxpayer's overall method of accounting is an accrual method.

Page 3, Part II, Question 15a, Description of Trade or Business

Taxpayer is a publicly owned utility company. It is in the business of providing electricity and natural gas to retail and wholesale customers at government regulated rates. The Taxpayer's principal business activity code is 221100.

Page 3, Part II, Question 16, Legal Basis Supporting the Proposed Change

Rev. Proc. 2023-15 introduced a safe harbor method of accounting referred to as the Natural Gas Safe Harbor (NGSH) method that allows taxpayers with depreciable natural gas transmission and distribution property to determine whether certain expenditures should be capitalized or expensed. This method is described in Section 3.12 of Rev. Proc. 2025-23, which updates the list of automatic changes and is effective for Forms 3115 filed on or after June 9, 2025.

The NGSH method involves classifying natural gas transmission and distribution property as either linear (e.g., pipes, fittings) or non-linear (e.g., compressors, meters).

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Specific accounting methods are provided for each type of property. For linear property, a safe harbor requires capitalization of costs to replace more than 10% of a linear transmission unit or more than four miles of linear distribution mains. For non-linear property, an optional safe harbor requires capitalization of costs to replace a unit or major component, including related repair and maintenance.

As part of adopting the natural gas transmission and distribution property safe harbor method of accounting for both linear and non-linear property, the Taxpayer will implement the following tests for the types of property listed:

- **Linear Transmission Property** - If more than 10% of the length of the hydraulic subsystem is replaced, the cost of the replacement will be capitalized by the Taxpayer. If 10% or less of the length of the hydraulic subsystem is replaced, the cost of the replacement will not be capitalized.
- **Linear Distribution Property** - If more than four miles of distribution mains are replaced, the cost of the replacement will be capitalized. If four miles or less of distribution mains are replaced, the cost of the replacement will not be capitalized. If the costs are for the replacement of distribution service lines, the Taxpayer will apply the simplified rules provided by Section 5.07 of Rev. Proc. 2023-15.
- **Non-Linear Property** – The Taxpayer will use the unit of property and major component definitions provided in Appendix A of Rev. Proc. 2023-15 to determine whether expenditures to maintain, replace or improve natural gas non-linear property are required to be capitalized under Section 263(a). If the Taxpayer replaces a unit of non-linear property or a major component of a unit of non-linear property, then the Taxpayer will capitalize the amounts paid to replace the unit of non-linear property or major component of the unit of non-linear property under Sections 263(a) and 263A. If the Taxpayer pays or incurs amounts to repair, maintain, replace, or improve non-linear distribution property, but does not replace either a unit of non-linear property or a major component of a unit of non-linear property as part of these activities, then the Taxpayer is not required to capitalize the amounts paid or incurred for such activities under Sections 263(a) or 263A.
- **Per Se Capitalization Rules** – The Taxpayer will apply the per se capitalization rules provided in Section 5.05 of Rev. Proc. 2023-15.
- **Aggregation Rules** – To determine if thresholds are met, the Taxpayer will apply the aggregation rules provided in Section 5.06 of Rev. Proc. 2023-15 to property subject to the natural gas safe harbor.

Page 3, Part II, Question 17, Books and Records and Financial Statements

The proposed method of accounting will not be used for the Taxpayer's books and records and for financial statement purposes because the proposed tax method of accounting does not conform to generally accepted accounting principles ("GAAP").

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Page 4, Part IV, Question 26, Section 481(a) Adjustment

Pursuant to Appendix B of Rev. Proc. 23-15, Taxpayer is making the change to the NGSH method of accounting with a Section 481(a) adjustment using the extrapolation methodology. The Section 481(a) adjustment is the cumulative difference between the present method and the proposed method of accounting computed on the first day of the year of change. Please see table below for the Section 481(a) adjustments attributable to this change in method of accounting.

Applicant	EIN	PBAC	IRC § 481(a) Adjustment Positive / (Negative)
Northern States Power Company, Minnesota	41-1967505	221100	(\$183,503,623)
Northern States Power Company, Wisconsin	39-0508315	221100	(\$21,527,619)
Public Service Company of Colorado	84-0296600	221100	(\$202,159,525)
		Total	(\$407,190,767)

Pursuant to Section 3.12(4) of Rev. Proc 2025-23, the negative Section 481(a) adjustments will be taken into account entirely in the year of change as provided by Rev. Proc. 2015-13.

Procedural Statement under Section 3.12(3)(a) of Rev. Proc. 2025-23:

For the late general asset account election change described in Section 5.08(2) of Rev. Proc. 2023-15, the Taxpayer agrees to the following additional terms and conditions:

- i. The Taxpayer consents to, and agrees to apply, all the provisions of § 1.168(i)-1 to the assets that are subject to the election specified in Section 5.08(2) of Rev. Proc. 2023-15; and
- ii. Except as provided in § 1.168(i)-1(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by the Taxpayer under Section 5.08(2) of Rev. Proc. 2023-15 is irrevocable and will be binding on the Taxpayer 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.

Procedural Statement under Section 3.12(3)(c) of Rev. Proc. 2025-23:

The change applies to assets that are public utility property within the meaning of Section 168(i)(10). The Taxpayer represents the following:

- i. A *normalization method of accounting* (within the meaning of Section 168(i)(9)) will be used for the public utility property subject to the Form 3115;
- ii. As of the beginning of the year of change, the Taxpayer will adjust its deferred tax reserve account or similar account in the Taxpayer's regulatory books of account by the amount of the deferral of federal income tax liability associated with the Section 481(a) adjustment applicable to the public utility property subject to the Form 3115 if such amount is no longer being normalized for regulatory purposes by the Taxpayer; and

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- iii. Within thirty calendar days of filing the federal income tax return for the year of change, the Taxpayer will provide a copy of the completed Form 3115 to any regulatory body having jurisdiction over the public utility property subject to the Form 3115.