

Xcel Energy
 FERC Form 1 Reporting
 P 227 – Materials & Supplies
 Change in Methodology

Materials and Supplies Change in Methodology for FERC Form 1 Reporting p. 227— In March 2011, there was a change made in the methodology used to estimate the percentage of year end inventory balances that will eventually be capitalized or expensed. Materials and supplies year end inventory balances are now being estimated as either capital or expense based on how inventory costs were assigned during the previous year. The assignments are specific to operating units – Production, Transmission and Distribution. Previously, a single, estimated percentage rate was used as the basis to determine the portion of inventory that would be capitalized or expensed. The single percentage was combined across operating units.

The supporting documentation for SPS is attached for years 2009 and 2010.

Transmission Summary			
Year	2010	2009	Variance
Plant Material & Supplies Total	\$ 6,203,306	\$ 4,941,771	\$ 1,261,535
Transmission %	29.08%	25.02%	4.05%
Transmission Plant M&S	\$ 1,803,655	\$ 1,236,662	\$ 566,994
Capital Allocation	96.69%	43.21%	53.48%
Capital Amount	\$ 1,743,954	\$ 534,313	\$ 1,209,641
O&M Amount	\$ 59,701	\$ 702,349	\$ (642,648)

In 2010, there was a \$643,000 decrease in the Transmission material and supplies O&M expense. This change is mainly due to a 53% higher capital allocation in 2010, which was a result of a change in the methodology used to estimate the percentage of year end inventory balances.

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2009

	FERC Account	AA JDE Acct	Regulatory Trial Balance W/Trans & Dist Split	Capital Allocation 43.21%	Inventory Allocation	
Fuel Stock	151		11,410,103.10		11,410,103.10	
Fuel Stock Expense Undistributed	152					
Residuals & Extracted Products	153					
Plant Materials & Operating Supplies						
Assigned to - Construction (est)				6,338,909.08	6,338,909.08	43%
Assigned to - Operations & Maintenance (est)						
Production Plant (est)		135175	9,729,571	(4,203,764)	5,525,807	38%
Transmission Plant (est) Split w/ Transmission	25.02%	135115	1,236,662	(534,313)	702,349	5%
Distribution Plant (est) Split w/ Distribution	74.98%	135115	3,705,109	(1,600,832)	2,104,278	14%
Assigned to - Other (Stores Vendor Return Clearing)		135110	414.72			
Assigned to - Other (Plant M&S Construction Suspense)		135120	81,933.65			
Assigned to - Other (Plant M&S Dir Chg Inventory)		135130	0.00			
Assigned to - Other (Plant M&S -Price Variance)		135135	(2,329.48)			
Assigned to - Other (Allowance for Obsolescence)		135350	(812,802.67)			
Assigned to - Other (Inventory Held for Sale)		135600	0.00			
Assigned to - Other (Suspense Items)		136500	0.00			
Total Assigned to - Other			(732,783.78)		(732,783.78)	
Total Account	154		13,938,558.75		13,938,558.75	
Merchandise	155		0.00		0.00	
Other Materials & Supplies	156		0.00		0.00	
Nuclear Materials Held for Sale	157		0.00		0.00	
Stores Expense Undistributed	163		0.00		0.00	
Total Materials & Supplies			25,348,661.85	0.00	25,348,661.85	

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2010**

	FERC Account	AA JDE Acct	Regulatory Trial Balance W/Trans & Dist Split	Capital Allocation	Inventory Allocation
Fuel Stock	151		14,756,352.62		14,756,352.62
Fuel Stock Expense Undistributed	152				
Residuals & Extracted Products	153				

Energy Supply	21.48%
Transmission	96.69%
Distribution	82.28%

Plant Materials & Operating Supplies

	FERC Account	AA JDE Acct	Regulatory Trial Balance W/Trans & Dist Split	Capital Allocation	Inventory Allocation	2010 %	2009 %	
Assigned to - Construction (est)				7,450,886.15	7,450,886.15	47%	43%	capital
Assigned to - Operations & Maintenance (est)								
Production Plant (est)		135175	9,715,545.08	(2,086,899)	7,628,646	47.92%	37.66%	O&M - prod
Transmission Plant (est) Split w/ Transmission	29.08%	135115	1,803,655.22	(1,743,954)	59,701	0.38%	4.79%	
Distribution Plant (est) Split w/ Distribution	70.92%	135115	4,399,650.99	(3,620,033)	779,618	4.90%	14.34%	O&M - distr
Assigned to - Other (Stores Vendor Return Clearing)		135110	0.00		15,918,851	100%	100%	
Assigned to - Other (Plant M&S Construction Suspense)		135120	(0.56)					
Assigned to - Other (Plant M&S Dir Chg Inventory)		135130	0.00					
Assigned to - Other (Plant M&S -Price Variance)		135135	11,784.85					
Assigned to - Other (Plant Inventory Adj)		135180	7.74					
Assigned to - Other (Plant Inventory Adj)		135190	(216.70)					
Assigned to - Other (Allowance for Obsolescence)		135350	(836,469.15)					
Assigned to - Other (Inventory Held for Sale)		135600	0.00					
Assigned to - Other (Suspense Items)		136500	0.00					
Assigned to - Other (pencil reclass - from FERC 155)			(41,136.00)					
Total Assigned to - Other			(866,029.82)		(866,029.82)			
Total Account	154		15,052,821.47		15,052,821.47			
Merchandise	155		0.00		0.00			
Other Materials & Supplies	156		0.00		0.00			
Nuclear Materials Held for Sale	157		0.00		0.00			
Stores Expense Undistributed	163		0.00		0.00			
Total Materials & Supplies			29,809,174.09	0.00	29,809,174.09			