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March 9, 2012

VIA ELECTRONIC
AND U.S. MAIL

Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

**Re: XCEL ENERGY COMMITMENT TO SUBMIT APPLICATIONS FOR
ADVANCED DETERMINATIONS OF PRUDENCE
CASE NO. PU-07-776**

Dear Mr. Nitschke:

As a part of Northern States Power Company's 2007 electric rate case settlement agreement in Case No. PU-07-776, we committed to seek an Advance Determination of Prudence ("ADP") for, among other items, all capacity purchases of at least 50 MW. Since then, the Company has met this obligation by submitting ADP applications for various resource acquisitions. This letter is to update the Commission on a purchased power agreement ("PPA") the Company has entered into with AWA Goodhue, LLC ("Goodhue Project") and notify the Commission that, for the reasons stated below, we intend to wait until there is more certainty around this project before we submit an ADP application.

The Goodhue Project is a 78 MW wind generation facility, and thus it meets our 50 MW ADP commitment threshold. Because the Project will interconnect at two separate points of delivery, the purchase arrangement has been split into two PPAs for ease of administration. However, for quite some time there has been considerable uncertainty regarding the viability of the Goodhue Project. In light of this, and with deference to the Commission's and Staff's time, we have decided not to submit an ADP for this project at this time. Instead, we plan to file an ADP request once the uncertainty regarding the Goodhue Project has been resolved.

Key reasons for the Project's uncertainty include:

Siting Difficulties

The Goodhue Project has experienced delay and difficulty in obtaining its site permit. This delay required the developers to declare force majeure and extend its in-service date. Ultimately, a site permit was obtained on August 23, 2011 and the developer is planning to be

operational by year end 2012. However, appeals have been filed by project opponents, and one is still pending. This appeal is not expected to be resolved until later this spring.

Delays in Securing Avian Protection Permits

Goodhue Project developers declared a second force majeure related to the siting permit appeals and the need to receive approval from the Minnesota Public Utilities Commission (“MPUC”) for an Avian and Bat Protection Plan. Two weeks ago the MPUC considered, but did not approve, the Project’s Avian and Bat Protection Plan (“ABP”). The project developers are also applying for an Incidental Take Permit (“ITP”) with the United States Fish and Wildlife Service.

The developer has indicated they need to proceed to construction in June in order to complete the facility by the end of the year. That would appear to leave a limited amount of time to resolve the outstanding regulatory issues and litigation.

For the above reasons, we believe it would not be an efficient use of Commission or Company time and resources to proceed with an ADP filing at this time. If AWA Goodhue, LLC is able to successfully navigate the challenges described above and provide us assurance that it will be able to move forward on the Goodhue Project, we will then file an ADP application with the Commission. We have discussed this approach with Commission Staff and they are comfortable with it. If for any reason the Commission would rather have the Company submit its ADP application sooner, we would be happy to oblige, and would respectfully request that this desire be communicated to us through Staff.

We will continue to keep the Commission apprised of the status of the Goodhue Project and a potential schedule for filing an ADP request. Please contact me if you have any questions regarding this letter or need further information.

Sincerely,



DAVID SEDERQUIST
SR. REGULATORY CONSULTANT

cc: Mike Diller