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May 18, 2012

VIA EMAIL AND U.S. MAIL

Darrell Nitschke
Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

**Re: Otter Tail Power Company
Advance Determination of Prudence -
CapX2020 Group 1 Application
Case No. PU-09-676**

**Northern States Power Company
Advance Determination of Prudence -
CapX2020 Group 1 Application
Case No. PU-09-678**

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation (“Xcel Energy”), and Otter Tail Power Company (“Otter Tail”) (collectively “Applicants”) in the above-referenced cases, provide the following update to the North Dakota Public Service Commission (the “Commission”) regarding the construction status of the portion of the Brookings Project from Cedar Mountain, Minnesota to Helena, Minnesota.

- 147 PU-09-678 Filed 05/18/2012 Pages: 3
Notice of start of construction for the Cedar Mountain and Helena Segments of the Brookings Project
Northern States Power Company / Otter Tail Power Company
Paul Lehman, Dean Pawlowski
- 148 PU-09-676 Filed 05/18/2012 Pages: 3
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On January 20, 2012, Applicants provided an update to the Commission that the binding contractual investment commitments for the Brookings Project had been executed on January 13, 2012. In that update, Applicants also advised that construction activities for the Brookings Project were expected to commence in the spring of 2012.

Ordering clauses 7 in the Commission's October 6, 2010 Order Adopting Settlement in the above referenced matters ("October 6 Order") requires Applicants to confirm in writing to the Commission the actual physical start of construction for each of the CapX Group1 Projects or portion of a project. Also, ordering clause 7 of the Commission's November 10, 2011 Order Adopting Settlement ("November 10 Order") reiterates Applicants' obligation to confirm in writing the actual physical start of construction of a particular Group 1 Project or portion thereof. In conformance with these requirements, Applicants provide the following:

Start of Actual Physical Construction for the Cedar Mountain – Helena Segment of the Brookings Project

On October 20, 2011, Applicants provided an update to the Commission that Xcel Energy had began some site grading activities at the Helena Substation. Xcel Energy undertook those site grading activities to take advantage of the optimal weather conditions that occurred in the area last fall, therefore mitigating some risk of inclement weather during the spring, 2012 construction season.

Similarly, on April 18, 2012 site review work began to allow for the start of actual physical construction on the Cedar Mountain to Helena portion of the Brookings Project. This preparatory work led to the start of foundation work that began on May 14, 2012. Thus Applicants advise the Commission that the start of actual physical construction on the first segment of the Brookings Project has begun. Applicants, and the other CapX utilities participating in this project, expect an in-service date for the Cedar Mountain to Helena segment of the Brookings Project in August 2013, with completion of the entire Brookings Project in early 2015. Applicants will provide additional updates as may be necessary or required by Commission order.

Please feel free to contact Mr. Dave Sederquist at (701) 241-8632 if the Commission requires additional information or has any questions.

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Respectfully,

/s/ Paul J Lehman
Paul J Lehman
Manager of Regulatory Compliance
& Filings
Xcel Energy Services Inc. on behalf of
Northern States Power Company

/s/ Dean Pawlowski
Dean Pawlowski
Principal Engineer
Otter Tail Power Company

Enclosures

cc: Service List
Illona Jeffcoat-Sacco
Jerry Lein
Mitch Armstrong