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February 21, 2017

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: Advance Determination of Prudence - CapX2020 Group 1 Projects
Case Nos. PU-09-676, PU-09-678**

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, and Otter Tail Power Company (Otter Tail), collectively, the Applicants in the above-referenced cases, provide the following update to the North Dakota Public Service Commission regarding the CapX2020 Group 1 Projects.

Execution of the Ownership Agreements

Ordering clause 6 in the Commission's October 6, 2010 Order Adopting Settlement in the above referenced matters requires Applicants to confirm in writing to the Commission when an Ownership Agreement is executed for each of the CapX2020 Group 1 Projects or portion of a project. Also, Paragraph 1 of the Advanced Determination of Prudence Request Settlement Agreement (Settlement) for the CapX2020 Group 1 Projects requires Applicants to confirm to the Commission that all critical permits for a particular project have been obtained. Finally, ordering clause 6 of the Commission's November 10, 2011 Order Adopting Settlement reiterates Applicants' obligation to confirm in writing the execution of an Ownership Agreement for a particular Group 1 Project or portion thereof.

In conformance with these requirements, Applicants have previously reported on the execution of all Ownership Agreements for all of the CapX2020 Group 1 projects. There are no remaining Ownership Agreements to report on.

Annual Update

Pursuant to N.D.C.C. § 49-05-16, a “public utility shall provide periodic reports, as directed by the commission, which must include a description of the status of the resource addition and any changes in material circumstances affecting the resource addition.” Applicants report that they are not aware of any “material circumstances affecting the resource addition.”

Attachment A contains the dates commercial agreements were executed for each project as well as the construction status. Attachment B is a summary of Otter Tail and Northern States Power Company capital expenditures through 2016. The Permitting and Development Phase has been completed and the costs have been assigned to the construction assets which are presented as direct costs (non-shared) under each construction management agreement.

All of the group 1 projects are now fully in service: Bemidji, Fargo, Brookings, and LaCrosse. The final segment of the project, a 37-mile line from Pine Island to Hampton, MN, went into service on September 16, 2016.

Unless otherwise directed by the Commission, this report represents the final annual update provided for the CapX2020 Group 1 projects. Please feel free to contact Mr. Dave Sederquist at (701) 241-8632 if the Commission requires additional information or has any questions.

Respectfully,

/s/ _____
David Sederquist
Senior Consultant Regulatory & Finance
Northern States Power Company

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

Enclosures

Case Nos. PU-09-676 & PU-09-678
Annual Project Update
Attachment A

CapX2020 Commercial Agreements and Construction Status

Status of Commercial Agreements		
Project		
	Executed (Y/N)	Date Executed
Bemidji – Grand Rapids	Y	12/01/2010
Brookings – Hampton	Y	1/14/2011
Fargo 1 (Monticello to Quarry Sub)	Y	6/22/2011
Fargo 2 (Quarry Sub to Alexandria)	Y	8/12/2011
Fargo 3 (Alexandria to Bison Sub)	Y	9/28/2012
La Crosse – Hampton	Y	12/21/2012

Status of Construction			
Project	Construction Commenced (Y/N)	Status of Construction	Estimated Completion
Fargo 1 (Monticello to Quarry Sub)	Y	Complete December 21, 2011	N/A
Bemidji – Grand Rapids	Y	Complete September 17, 2012	N/A
Fargo 2 (Quarry Sub to Alexandria)	Y	Complete April 22, 2014	N/A
Brookings – Hampton	Y	Complete March 2015	N/A
Fargo 3 (Alexandria to Bison Sub)	Y	Complete April 2, 2015	N/A
La Crosse – Hampton	Y	Complete September 16, 2016	N/A

Exhibit 12 - Otter Tail Power Company & Northern States Power Company	Exhibit 12
Advance Determination of Prudence - CapX2020 Group 1 Application	2/21/2017
Case Nos. PU-09-676 and PU-09-678	
Expenditures through December 31, 2016	
Dollars are presenting (in Thousands)	
PDA - Permitting and Development Phase	
CMA - Construction Management Agreement	

Project	Expenditures to Date*	Xcel Energy		Otter Tail		Comments
		Ownership Share	ND Jurisdiction	Ownership Share	ND Jurisdiction	
Fargo - PDA						
Joint Development	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Shared)	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Non-Shared) NSPMN	\$0	\$0	\$0			
Direct Costs (Non-Shared) OTP	\$0			\$0	\$0	
Fargo - CMA						
Direct Costs (Shared)	\$528,208	\$173,238	\$8,991	\$75,035	\$30,989	
Discrete (Non-Shared)**	\$42,661	\$42,661	\$2,214	\$3,104	\$1,282	** OTP and NSP only
Direct Costs (Non-Shared) NSPMN	\$31,213	\$31,213	\$1,620			Includes PDA
Direct Costs (Non-Shared) OTP	\$3,796			\$3,796	\$1,568	
Total Fargo Project	\$605,878	\$247,112	\$12,825	\$81,935	\$33,839	
Bemidji - PDA						
Joint Development	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Shared)	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Non-Shared) NSPMN	\$0	\$0	\$0			
Direct Costs (Non-Shared) OTP	\$0			\$0	\$0	
Bemidji - CMA						
Direct Costs (Shared)	\$91,563	\$27,374	\$1,421	\$13,513	\$5,608	
Discrete (Non-Shared)**	\$7,383			\$7,383	\$3,064	** OTP and NSP only
Direct Costs (Non-Shared) NSPMN	\$7,089	\$7,089	\$368			Includes PDA
Direct Costs (Non-Shared) OTP	\$2,546			\$2,546	\$1,057	
Total Bemidji Project	\$108,583	\$34,463	\$1,789	\$23,443	\$9,729	
Brookings - PDA						
Joint Development	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Shared)	\$0	\$0	\$0	\$0	\$0	
Direct Costs (Non-Shared) NSPMN	\$0	\$0	\$0			
Direct Costs (Non-Shared) OTP	\$0			\$0	\$0	
Brookings - CMA						
Direct Costs (Shared)	\$522,710	\$362,085	\$18,792	\$24,976	\$10,365	
Discrete (Non-Shared)**	\$63,999	\$63,999	\$3,322	\$0	\$0	** OTP and NSP only
Direct Costs (Non-Shared) NSPMN	\$42,331	\$42,331				Includes PDA
Direct Costs (Non-Shared) OTP	\$1,421			\$1,421	\$590	OTP input cell N48
Total Brookings Project	\$630,461	\$468,415	\$22,114	\$26,397	\$10,955	
La Crosse - PDA						
Joint Development	\$0	\$0	\$0			
Direct Costs (Shared)	\$0	\$0	\$0			
Direct Costs (Non-Shared) NSPMN	\$0	\$0	\$0			
La Crosse MN - CMA						
Direct Costs (Shared)	\$250,225	\$123,900	\$6,430			
Discrete (Non-Shared)**	\$28,572	\$28,572	\$1,483			** OTP and NSPMN only
Direct Costs (Non-Shared) NSPMN	\$27,146	\$27,146	\$1,409			Includes PDA
La Crosse WI - CMA						
Direct Costs (Shared)	\$142,725	\$111,443	\$5,784			
Discrete (Non-Shared)**	\$28,678	\$28,678	\$1,488			** OTP and NSPWI only
Direct Costs (Non-Shared) NSPWI	\$13,333	\$13,333	\$692			Includes PDA
Total La Crosse Project	\$490,679	\$333,072	\$17,286	\$0	\$0	
Grand Total	\$1,835,600	\$1,083,062	\$54,014	\$131,775	\$88,361	

*Currently the expenditures listed are actual costs through 12/31/2014
Xcel totals include overheads and AFUDC; OTP totals does not include AFUDC

** NSP or OTP only

*** OTP Put Direct Costs in CMA Phase on Bemidji & Fargo since project agreements are signed

NSP ND Jurisdictional Allocation	5.19%
OTP ND Jurisdictional Allocation	41.5%