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PUBLIC SERVICE COMMISSION

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 Fargo Project from St. Cloud, Minnesota to Alexandria, Minnesota ("Fargo Phase II").

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On August 16, 2011, Applicants provided an update to the Commission that the binding contractual investment commitments for Fargo Phase II had been executed on August 12, 2011. In that update, Applicants also advised that construction activities for Fargo Phase II were now able to be commenced.

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 Group 1 Projects or portion of a project. Also, Paragraph 1 of the CapX2020 Group 1 Projects Advanced Determination of Prudence Request Settlement Agreement ("Settlement") required Applicants to confirm to the Commission that all critical permits for a particular project have been obtained. Last, 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 Phase II of the Fargo Project

On December 19, 2011 construction activities for Fargo Phase II began. These beginning construction activities include route clearing and foundation work. Applicants, and the other CapX utilities participating in this project, expect an in-service date for Fargo Phase II in December 2013. 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.

Respectfully,

/s/ James R. Alders
James R. Alders
Director of Regulatory Administration

/s/ Dean Pawlowski
Dean Pawlowski
Principal Engineer

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Xcel Energy Services Inc. on behalf of
Northern States Power Company

Otter Tail Power Company

Enclosures
cc: Service List