



414 Nicollet Mall  
Minneapolis, MN 55401

December 21, 2012

Darrell Nitschke, Executive Director  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 59505-0480

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

Dear Mr. Nitschke:

In compliance with Order clauses 6 and 7 in the North Dakota Public Service Commission's (Commission) October 6, 2010 *Order Adopting Settlement* in the above-referenced matter (Order) and paragraph 1 of the Settlement Agreement, Northern States Power Company, doing business as Xcel Energy (NSPM or Xcel Energy), provides the following regarding the portion of the CapX2020 Twin Cities – La Crosse project (La Crosse Project)<sup>1</sup> in Minnesota in which NSPM will invest:

*Binding Contractual Investment Commitments for the La Crosse Project*

On December 21, 2012, NSPM and the other project owners executed a Participation Agreement (“Ownership Agreement”) and other project agreements constituting the binding contractual investment commitments for the La Crosse Project. The Minnesota portion will be constructed from NSPM's new substation at Hampton, Minnesota to the Minnesota/Wisconsin border at the Mississippi River, and include certain appurtenant 161 kV facilities. The utilities that are committing themselves to funding and eventual ownership of the completed Project in Minnesota are: NSPM,

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<sup>1</sup> Although Otter Tail Power Company (Otter Tail) was a joint Applicant to the Advance Determination of Prudence (ADP) docket for its investments in CapX2020 Group 1 projects in Case No. PU-09-676, Otter Tail will not invest in the La Crosse Project and is not a party to this compliance report.

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Southern Minnesota Municipal Power Agency (SMMPA), Rochester Public Utilities, and Dairyland Power Cooperative (Dairyland) (collectively Project Owners).

In addition, Northern States Power Company, a Wisconsin corporation (NSPW), Dairyland and WPPI Energy will separately own the La Crosse Project facilities in the State of Wisconsin, from the Wisconsin/Minnesota border to the new NSPW Briggs Road substation to be constructed near La Crosse, Wisconsin. Collectively, the Ownership Agreements and other project agreements create a binding obligation that each owner will fund construction, operation and maintenance of the CapX2020 La Crosse Project up to their allocated share. NSPM will function as the project manager for construction of the facilities in both Minnesota and Wisconsin. The agreements constitute legally binding contractual investment commitments for the Project Owners for the CapX2020 La Crosse Project as contemplated in paragraph 1 of the Settlement Agreement entered into between Applicants and Advocacy Staff. NSPW would be in a position to provide further information to the Commission upon request.

The Project Owners have elected to remain at the following ownership percentages in the CapX2020 La Crosse Project. The percentages below govern the overall project in both Minnesota and Wisconsin.

NSPM and NSPW (d/b/a Xcel Energy)	64%
SMMPA	13%
Dairyland Power Cooperative	11%
Rochester Public Utilities	9%
WPPI Energy	3%

These are the same owners and ownership percentages for the La Crosse Project represented to the Commission in the ADP application to the Commission dated October 2, 2009 for the CapX2020 Group 1 Projects.

The ownership structure will vary by state, however.

Minnesota Project:

- The new Hampton and North Rochester substations will be owned by NSPM.
- The existing Northern Hills and Chester substations will be owned by RPU, the current owner of these facilities.

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- New 345 and 161 kV transmission lines will be owned tenants in common by NSPM, Dairyland, RPU and SMMPA.
- In several locations the approved route requires attachment of existing transmission lines to the CapX2020 Project transmission towers. Ownership of these existing circuits will remain with the existing owner of those facilities (NSPM, Peoples Energy Cooperative and Dairyland.)
- In total, the anticipated ownership of the Project in Minnesota will be: NSP-Minnesota: 52.9%, SMMPA 21.3%, Dairyland 11%, and RPU 14.8%.

Wisconsin Project:

- The new Briggs Road substation will be owned by NSPW.
- The existing North La Crosse substation will be owned by Dairyland, the current owner of this facility.
- The new 345 kV transmission line will be owned tenants in common by NSPW, Dairyland and WPPI Energy.
- A new 69 kV line connecting Briggs Road and North La Crosse substations will be owned by NSPW.
- In several locations the approved route requires attachment of existing transmission lines to the CapX2020 Project towers. Ownership of these existing lines will remain with the existing owner of the facilities (NSPW and Dairyland.)
- In total, the anticipated ownership of the Project in Wisconsin will be: NSP-Wisconsin 81.3%, Dairyland 11%, and WPPI Energy 7.7%.

#### *Critical Permits for the La Crosse Project*

Enclosed as Attachment A, please find a list of all critical permits received by the Project Owners for the Minnesota and Wisconsin segments prior to making their investment commitment. Submission of this list is a provision of paragraph 1 of the Settlement Agreement.

#### *Start of Actual Physical Construction for the La Crosse Project*

Applicant Xcel Energy advises the Commission that construction activities on CapX2020 La Crosse project are expected to begin in January 2013. Pursuant to Order clause 7 of the Commission's Order, Applicant Xcel Energy will inform the Commission within five (5) business days of when construction activities for the CapX2020 La Crosse segment commence.

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

Respectfully,

*/s/ Paul J Lehman*

Paul J Lehman

Manager, Regulatory Compliance and Filings

Northern States Power Company

Enclosure

c: Illona Jeffcoat-Sacco  
Mitchell D. Armstrong  
Matthew R. Dorsett

**CRITICAL PERMITS FOR CAPX2020 LA CROSSE PROJECT**

Certificate of Need granted by the Minnesota Public Utilities Commission on May 22, 2009 in PUC Docket No. ET-2, E-002, et. al./CN-06-1115.

Route Permit granted by the Minnesota Public Utilities Commission on May 30, 2012 in PUC Docket No. E002/TL-09-1448 for the 345 kV line and the North Rochester to Chester 161 kV line. (Appeal pending.)

Route Permit granted by the Minnesota Public Utilities Commission on May 30, 2012 in PUC Docket No. E002/TL-11-800 for the Chester 161 kV transmission line.

Certificate of Public Convenience and Necessity granted by the Public Service Commission of Wisconsin on May 30, 2012 in PSCW Docket No. 5-CE-136.

Federal Record of Decision by the U.S. Department of Agriculture Rural Utilities Service anticipated December 2012.