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February 3, 2015

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, doing business as 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 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 (October 6 Order) requires Applicants to confirm in writing to the Commission when an Ownership Agreement is executed for each of the CapX Group 1 Projects or portion of a project. Also, Paragraph 1 of the

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CapX2020 Group 1 Projects Advanced Determination of Prudence Request Settlement Agreement (Settlement) requires Applicants to confirm to the Commission that all critical permits for a particular project have been obtained. Last, ordering clause 6 of the Commission's November 10, 2011 Order Adopting Settlement (November 10 Order) 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. Thus 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." As can be seen, the Group 1 Projects are well underway with three projects under construction and one in service. The only project update at this time is the in-service date change for the Hampton to North Rochester segment. This change is necessary because of a delay in receiving the federal record of decision which delayed the start of construction for the project. Without an adjustment in the completion of the project, schedule compression would result in additional costs that exceed the project budget. An early milestone to build a new 161 KV into the Rochester area has already been achieved. Completion of the 345 KV line into the La Crosse area will be achieved in 2015 per the original schedule while completion of the Hampton to North Rochester segment will not be until the third quarter of 2016.

Attachment B is a summary of Otter Tail and Northern States Power Company Expenditures through 2014. 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 CMA.

Attachment A contains the dates commercial agreements were executed for each project as well as the construction status.

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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

/s/ Dean Pawlowski

Dean Pawlowski

Principal Engineer

Otter Tail Power Company

Enclosures

**CapX2020 Commercial Agreements Status and Phase Update
 North Dakota Advanced Determination of Prudence**

CapX2020 Projects – Status of Commercial Agreements		
Project	CapX2020 Project Commercial Agreements	
	Executed (Y/N)	Date Executed
Fargo 1 (Monticello to Quarry)	Y	6/22/2011
Fargo 2 (Quarry to Alexandria)	Y	8/12/2011
Fargo 3 (Alexandria to Bison)	Y	9/28/2012
Bemidji – Grand Rapids	Y	12/01/2010
Brookings – Hampton	Y	1/14/2011
La Crosse – Hampton	Y	12/21/2012

CapX2020 Projects – Status of Construction			
Project	Construction Commenced (Y/N)	Status of Construction	Estimated Completion
Fargo 1 (Monticello to Quarry)	Y	Complete December 21, 2011	N/A
Fargo 2 (Quarry to Alexandria)	Y	Complete April 22, 2014	N/A
Fargo 3 (Alexandria to Bison)	Y	In Construction	Q2 2015
Bemidji – Grand Rapids	Y	Complete September 17, 2012	N/A
Brookings – Hampton	Y	In Construction	Q1 2015
La Crosse – Hampton	Y	In Construction	Q3 2016

Exhibit 12 - Otter Tail Power Company & Northern States Power Company Advance Determination of Prudence - CapX2020 Group 1 Application Case Nos. PU-09-676 and PU-09-678 Expenditures through December 31, 2014 Dollars are presenting (in Thousands) PDA - Permitting and Development Phase CMA - Construction Management Agreement						Exhibit 12 2/3/2015
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)	\$505,995	\$166,889	\$7,710	\$71,344	\$29,465	
Discrete (Non-Shared)**	\$41,464	\$41,464	\$1,916	\$3,414	\$1,410	** OTP and NSP only Includes PDA
Direct Costs (Non-Shared) NSPMN	\$30,955	\$30,955	\$1,430			
Direct Costs (Non-Shared) OTP	\$3,127			\$3,127	\$1,291	
Total Fargo Project	\$581,541	\$239,308	\$11,056	\$77,885	\$32,166	
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	\$1,265	\$13,513	\$5,581	
Discrete (Non-Shared)**	\$7,383			\$7,383	\$3,049	** OTP and NSP only Includes PDA
Direct Costs (Non-Shared) NSPMN	\$7,089	\$7,089	\$328			
Direct Costs (Non-Shared) OTP	\$2,546			\$2,546	\$1,052	
Total Bemidji Project	\$108,583	\$34,463	\$1,592	\$23,443	\$9,682	
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)	\$470,099	\$337,217	\$15,579	\$22,727	\$9,386	
Discrete (Non-Shared)**	\$63,089	\$63,089	\$2,915	\$0	\$0	** OTP and NSP only Includes PDA
Direct Costs (Non-Shared) NSPMN	\$51,442	\$51,442				
Direct Costs (Non-Shared) OTP	\$1,412			\$1,412	\$583	
Total Brookings Project	\$586,042	\$451,748	\$18,494	\$24,139	\$9,969	
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)	\$147,277	\$73,303	\$3,387			
Discrete (Non-Shared)**	\$24,835	\$24,835	\$1,147			** OTP and NSPMN only Includes PDA
Direct Costs (Non-Shared) NSPMN	\$18,724	\$18,724	\$865			
La Crosse WI - CMA						
Direct Costs (Shared)	\$98,993	\$76,336	\$3,527			
Discrete (Non-Shared)**	\$24,941	\$24,941	\$1,152			** OTP and NSPWI only Includes PDA
Direct Costs (Non-Shared) NSPWI	\$8,289	\$8,289	\$383			
Total La Crosse Project	\$323,059	\$226,428	\$10,461	\$0	\$0	
Grand Total	\$1,599,224	\$951,948	\$41,603	\$125,466	\$51,818	
*Currently the expenditures listed are actual costs through 12/31/2014 Xcel totals include overheads and AFUDC; OTP totals does not include AFUDC Brookings CMA include a forecast for the month of December, 2014						
** NSP or OTP only						
*** OTP Put Direct Costs in CMA Phase on Bemidji & Fargo since project agreements are signed						
NSP ND Jurisdictional Allocation	4.6%					
OTP ND Jurisdictional Allocation	41.3%					