



414 Nicollet Mall
Minneapolis, MN 55401

February 5, 2013

—Via Electronic Filing and Federal Express—

Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 E Blvd, Dept 408
Bismarck, ND 58505

RE: WIND ENERGY REQUEST FOR PROPOSALS NOTIFICATION
2011-2025 RESOURCE PLAN
CASE NO. PU-10-580

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, submits this letter to the North Dakota Public Service Commission to inform the Commission of our intent to issue a Request for Proposals (RFP) for up to 200 MW of additional wind generation resources. With the extension of the federal renewable electricity production tax credit (PTC) effective January 2, 2013, we believe it is prudent to assess opportunities for additional wind resources on our system at this time to determine if there are cost-effective wind projects that could provide long-term value to our customers.

The January 2013 federal legislation replaced the PTC requirement that a wind project be placed in service by the end of 2012 with a requirement that a wind project begin construction activities by the end of 2013. With this extension in place, it is our intent to issue the wind RFP as soon as February 15, 2013 to ensure there is time for any new project that may be selected to begin construction in 2013.

If we receive proposals that warrant proceeding with a project, we will bring these selections forward for Commission approval once the process has been completed. Consistent with our commitment in the Geronimo ADP proceeding (Case No. PU-12-59), we will file an ADP in North Dakota at or around the same

time we file for approval of any selected project in Minnesota. We discuss further below the expected timeline for completion of this process.

We currently have enough renewable energy credits to meet renewable energy requirements through 2020 in the states in which we serve. The PTC has now been extended, but only for a short time. Requesting proposals for additional wind generation now will allow us the opportunity to consider cost-effective wind projects; at the same time, we continue to have the option to defer acquisition of wind resources and remain on track with renewable energy compliance. Thus, by issuing the RFP, we are not committing to add wind generation if our analysis shows no projects would provide reasonable benefits for our customers over the long term.

Currently pending before the Minnesota Public Utilities Commission (MPUC) is a proceeding to determine the size, type, and timing of the Company's future resource needs, which will then be subject to a competitive acquisition process. This wind RFP will not impact our identified resource need or the timing of the competitive acquisition process to satisfy that need. The resource need under consideration for that competitive acquisition process is in the range of 500 MW in the 2017-2019 timeframe. With a wind capacity accreditation factor of 13 percent, any capacity addition related to the 200 MW of wind resources we are seeking would not be significant enough to affect the identified need on our system. As such, the competitive capacity resource acquisition process will continue once the MPUC makes its determination in February 2013 on the size, type, and timing of the resource addition, and we will begin that resource acquisition process in March 2013 as designed.

Assessing opportunities to add wind resources on our system now is consistent with the approach we have taken in the past, where we have added cost-effective wind where appropriate in advance of renewable energy compliance milestones. This strategy has served our customers well over time, allowing us to add cost-effective wind to our system when there is an opportunity to do so, avoiding the need to add significant renewable resources just in advance of when they would be required, which could conceivably be less advantageous for our customers.

The desired outcome of the wind RFP process is to add wind resources if they are shown to provide benefits to our customers over the long term. Our RFP will seek up to 200 MW of wind resources from existing or new projects. While the Company is interested in ownership opportunities to balance our portfolio, we will accept proposals for all types of structures, including utility ownership

arrangements and power purchase agreements of all types. Further, we will accept proposals of differing sizes at various locations, which will allow us the flexibility to add up to 200 MW through any combination of a long-term PPA and/or Company ownership.

We believe the following timeline provides the opportunity for potential project developers to meet the PTC deadline to begin construction by December 31, 2013:

Issue Wind RFP	February 15, 2013
Proposals Due	April 1, 2013
Evaluations Conducted	April-May 2013
Contract Negotiations	June 2013
Decision Report/Selections filed with Commission	July 2013

We will make the appropriate filings with both the Commission and the MPUC seeking the necessary regulatory approvals for any projects selected.

Please contact me at dave.sederquist@xcelenergy.com or (701) 241-8632 if you have any questions regarding this filing.

Sincerely,

/s/

DAVE SEDERQUIST
REGULATORY AND FINANCIAL CONSULTANT

c: Service List