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December 20, 2010

— VIA E-MAIL & U.S. MAIL —

Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

**RE: APPLICATION OF NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, FOR AUTHORITY TO INCREASE RATES FOR ELECTRIC SERVICE IN NORTH DAKOTA
NOTICE OF CHANGE IN RATES FOR ELECTRIC SERVICE
CASE NO. PU-10-_____**

Dear Mr. Nitschke:

Pursuant to North Dakota Century Code, Section 49-05-05, Northern States Power Company, a Minnesota corporation (the “Company” or “Xcel Energy”) operating in North Dakota, submits an original and ten (10) copies of a Notice of Change in Rates for Electric Service (the “Notice”). The Notice was also provided electronically to the North Dakota Public Service Commission (the “Commission”). The rate and tariff changes proposed in this Notice would result in an annual increase of base (*i.e.*, non-fuel) electric revenues of \$19.773 million or 12.02 percent, effective for electric service on and after January 19, 2011, or upon final approval, if the rates are suspended and interim rates approved by the Commission. The test year for the proposed increase is 2011. The Company is also requesting a step increase of \$4.226 million or 2.57 percent for a total of \$23.999 million or an overall increase of 14.59 percent effective January 1, 2012.

Also included with this Notice is an Alternative Petition for Interim Rates, should the Commission decide to suspend the Company’s Notice. Pursuant to N.D. Cent. Code, §49-05-06, subd. 2, interim rates would be effective February 18, 2011.

This Notice has been organized into the following sections:

- Notice Petition;
- Supporting Revenue Requirement Schedules, comprised of a deficiency summary, the proposed revenue increase apportionment by customer class, a comparison of present and proposed rates, a schedule showing typical monthly bill impacts, and a North Dakota jurisdictional cost of service summary;
- Revised Tariffs, reflecting the changes in both red-line and regular formats(separately provide in Volume 2); and
- Interim Rate Petition, including related schedules and tariffs(separately provide in Volume 2).

In addition, the following testimony is being filed with this Notice:

- Policy
- Overall Revenue Requirements – 2011 Test Year
- Step In Adjustment - 2012
- Return on Equity
- Sales Forecast
- Nuclear
- Supply
- Transmission
- Employee Compensation & Benefits
- Class Cost of Service
- Rate Design

Under separate cover pursuant to N.D. Cent. Code, §49-05-04, subd. 11, Xcel Energy has provided a check for the amount of one hundred twenty five thousand dollars (\$125,000.00) as the application fee. Also the Company has prepaid the filing fee of fifty dollars (\$50.00) through its periodic regulatory fee payments to the Commission, pursuant to N.D. Cent. Code §49-05-05 which provides no change shall be made by any public utility in any rates except after thirty days' notice and with an accompanying fifty-dollar filing fee.

Darrell Nitschke
December 20, 2010
Page 3 of 3

You may direct any questions regarding this Notice or the Alternative Petition for Interim Rates to me at (701) 241-8632 or Matthew Loftus (612) 215-4501.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style with a large initial 'D'.

David H. Sederquist
Sr. Consultant, Regulation & Finance
Northern States Power Company,
a Minnesota corporation operating in North Dakota.

Enclosures

**Northern States Power Company, a Minnesota corporation
operating in North Dakota**

**Notice of Change in Rates for Electric Service
Table of Contents**

Rate Petition

Affidavit of Laura McCarten
Notice of Change in Rates for Electric Service

Deficiency & Proposed Revenue

Deficiency Summary
Revenue Apportionment
Present and Proposed Rates
Typical Bill Impact Analysis
Jurisdictional Cost of Service Summary (2011 Test Year)

Interim Rates

Interim Rate Petition
Agreement and Undertaking
Interim Deficiency Summary
Interim Operating Income Adjustments
Interim Rate Base Adjustments
Interim Capital Structure, Cost of Capital
Interim Jurisdictional Cost of Service
Interim Rate Increase Percent

Testimony

Policy
Overall Revenue Requirements (2011 Test Year)
Step-In Adjustment (2012)
Return on Equity
Sales Forecast
Nuclear
Supply
Transmission
Employee Compensation & Benefits
Class Cost of Service Study
Rate Design

Tariffs – Volume 2

- Summary List of Modified Tariffs
- Proposed Tariff Sheets (legislative)
- Proposed Tariff Sheets (non-legislative)
- Interim Proposed Tariff Sheets (legislative)
- Interim Proposed Tariff Sheets (non-legislative)