



2302 Great N Drive  
Fargo, ND 58102

June 20, 2013

—Via Electronic Mail—

Darrell Nitschke  
Executive Secretary  
North Dakota Public Service Commission  
State Capitol, 600 E. Boulevard  
Bismarck, North Dakota 58505

RE: SHERBURNE COUNTY GENERATING STATION UNIT 3  
RESTORATION UPDATE (CASE NO. PU-12-12)

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, provides this update to the North Dakota Public Service Commission on restoration activities at the Sherburne County Generating Station Unit 3 after the event that occurred on November 19, 2011.

We continue to make good progress on our restoration efforts and continue to expect Unit 3 to return to service in early September, as noted in our last update on June 6, 2013. Below we provide a summary of the current status of each major component and additionally provide Attachment A which is a visual summary of our progress to date. We also note that we have received the final root cause analysis report, and we will be reviewing the report with our partner, Southern Minnesota Municipal Power Association (SMMPA), in the near future. We will provide additional information about the report in our next update.

- *Generator (92% complete)*

Assembly of the generator continues. The generator end shields (end bells) trail installation and fit up were completed and the rotor (field) was installed on June 9. Bearing, oil deflector, and hydrogen seal installation are in progress. We continue to forecast the generator to achieve mechanical completion in mid-July, consistent with what we reported in our last update.

- *High Pressure and Reheat Turbines (85% complete)*

Pipe welding to the high pressure and reheat turbines, including main steam, reheat steam, and seal steam pipelines was completed. The trail alignment of the rotors, inner casings and lower HP/IP diaphragms is nearing completion. We currently forecast the high pressure and reheat turbines to be substantially assembled by late July, which is consistent with our previously communicated schedule.

- *Low Pressure Turbines (LP-A and LP-B) (92% complete)*

Final fit up, alignment, and installation of internal components continues. Final diaphragm adjustments and alignments are complete on LPA and are in progress on LPB. The LPA rotor has been installed and preparations are underway to install the LPB rotor in the next week. Assembly of the two low pressure turbines is forecasted to be substantially complete by late July.

- *Generator Exciter (83% complete)*

The exciter rotor has been installed and the end shields, oil deflectors, and bearings have been installed. The pre-assembly exciter is substantially complete. Final assembly will start once the generator installation is substantially complete.

- *Balance of Plant Systems and Components*


The balance of plant systems and components, like piping and cable, continue to be installed and restored. The lube oil piping/system cleaning has started, including the hydrogen seal oil system. The stator cooling water system flushing has also started. We continue walk-down and valve line-up confirmation process for all balance of plant systems and components in preparation for the return to service. That schedule supports the turbine/generator restoration and return to service schedule and those system checks are in-progress.

We estimate the replacement power costs related to the Sherco 3 outage, using the estimation methodology we discussed in our November 7, 2012 update, is \$64.8 million. Of course, the cost estimate for June through September 2013 is subject to change, based upon natural gas commodity fuel, MISO electricity market conditions, and the actual return to service date.

We also note that the MISO resource adequacy tariff requirements do not require the Company to procure replacement capacity while the Sherco 3 facility is on extended outage.

We will continue to provide updates to the Commission, with our next update expected to be filed in early July 2013. Please contact me at [dave.sederquist@xcelenergy.com](mailto:dave.sederquist@xcelenergy.com) or (701) 241-8632 if there are any questions regarding this update.

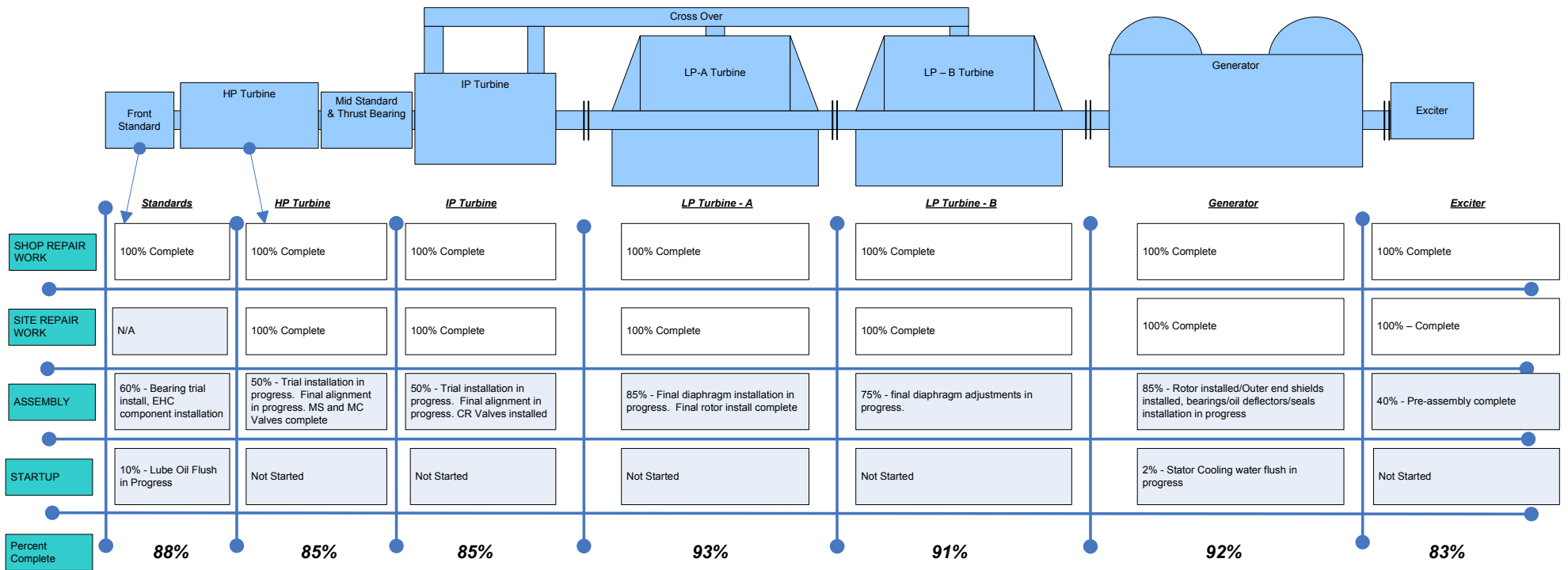
Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style with a clear, legible font.

DAVID SEDERQUIST  
SR. REGULATORY CONSULTANT

Enclosures

Xcel Energy  
 SHERCO 3  
 Restoration Project  
 Update: June 17, 2013



Notes:  
 1. BOP Mech/Electrical/Controls/Instrumentation/New Parts orders work not represented here, however, all is on track to support the re-assembly and startup of unit.