

July 9, 2013

—Via Electronic Filing—

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 in this docket on June 20, 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. In our last update we noted that we have received the root cause analysis report. We note that we are reviewing the report internally and with our partner, Southern Minnesota Municipal Power Association (SMMPA) and we plan to provide additional information about the report in our next update.

- *Generator (94% complete)*

Assembly of the generator is mechanically complete. The generator bearing, oil deflector, and hydrogen seal installation are complete. The next steps for the generator are to align the frame to the turbine rotors once the turbines are complete and to grout the support feet at their final position. The flushing of the

high purity stator cooling water system continues. The grouting of the generator is forecast to occur by the end of July.

- *High Pressure and Reheat Turbines (89% complete)*

The trial alignment of the rotors, inner casings and lower HP/IP diaphragms is complete. Final alignment and assembly is in progress. 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 both turbines. The final rotors installation is forecast to occur next week. Assembly of the two low pressure turbines continues to be forecasted to be substantially complete by late July.

- *Generator Exciter (94% complete)*

The exciter is mechanically complete. Final installation on the foundation plates was completed and the unit has been released for electrical connections. The flushing of the cooling water lines to the exciter rectifier units has started. The grouting of the exciter and final installation of the “doghouse” enclosure are forecast to be completed by the end of July.

- *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 continues and the EHC hydraulic fluid system cleaning/flushing was completed. The circulating water system was placed into service. We continue the 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 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 or (701) 241-8632 if there are any questions regarding this update.

Sincerely,

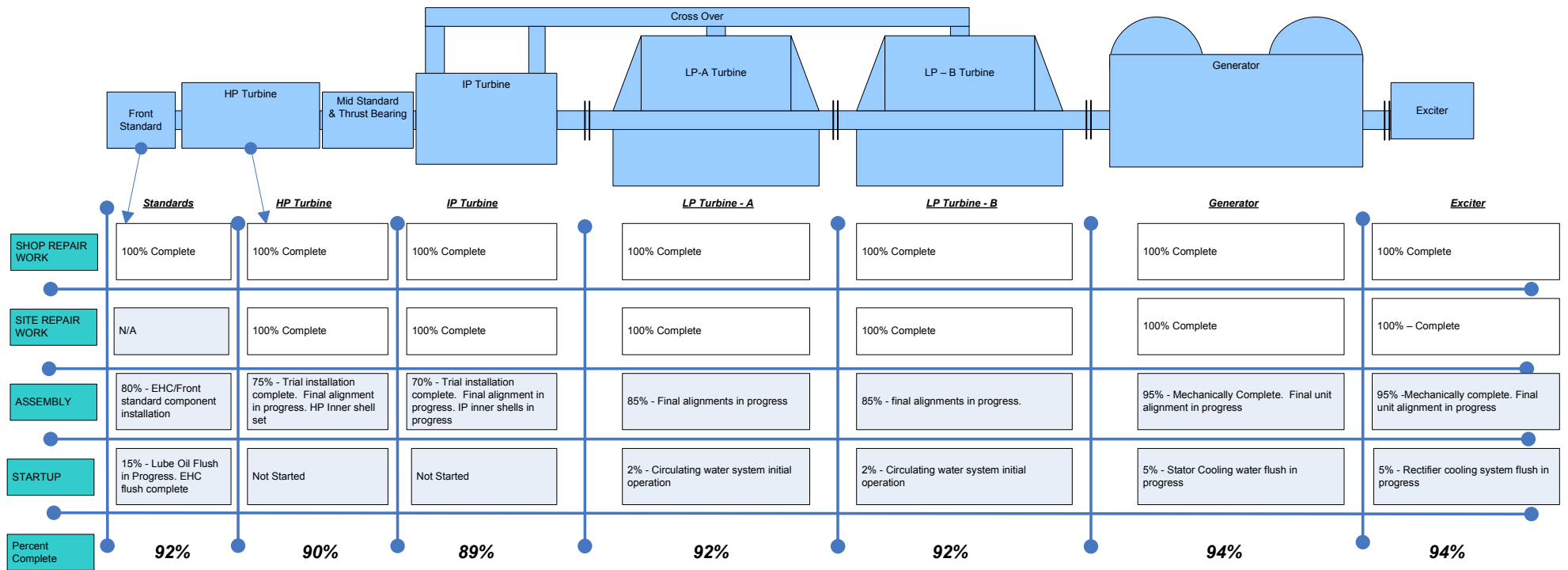


DAVID SEDERQUIST
SR. REGULATORY CONSULTANT

cc: Sara Cardwell

Enclosures

Xcel Energy
 SHERCO 3
 Restoration Project
 Update: July 3, 2013



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