



414 Nicollet Mall
Minneapolis, MN 55401

January 11, 2012

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept 408
600 East Boulevard
Bismarck, ND 59505-0480

- VIA E-MAIL & U.S. MAIL -

RECEIVED

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PUBLIC SERVICE COMMISSION

**RE: APPLICATION OF NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION, FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY FOR THE 230 kV PEACE GARDEN
SWITCHING STATION AND TRANSMISSION LINE
CASE No. PU-12-_____**

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”), is pleased to offer this Application for a Certificate of Public Convenience and Necessity (“CPCN”) for the 230 kV Peace Garden switching station and 300 feet of transmission line to interconnect the Border Winds Energy Project (“Project”) to the existing Rugby to Glenboro transmission line located in Rolette County, North Dakota.

Xcel Energy has entered into a provisional Generation Interconnection Agreement (“GIA”) with Sequoia Energy U.S. Inc. (“Sequoia”) and the Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”) to develop and construct the interconnection needed for the Project. The interconnection will consist of the 230 kV Peace Garden Switching Station and approximately 300 feet of transmission line to interconnect the Project to the existing Rugby to Glenboro 230 kV transmission line.

The Project cannot be completed without the switching station and additional 300 feet of transmission line. As we demonstrate in the attached application, granting a CPCN for these facilities is prudent and reasonable.

Darrell Nitschke, Executive Director
Page 2 of 2
January 11, 2012

Included with this application are a signed affidavit supporting the truthfulness of our statements and the Notice of Opportunity for Hearing and. All information contained in this filing is public information.

We look forward to working with the Commission in the review of this filing.

SINCERELY,

/s/

SARA J. CARDWELL
MANAGER, REGULATORY ADMINISTRATION

Enclosures

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF
NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION, FOR A
CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY FOR THE 230 kV PEACE
GARDEN SWITCHING STATION AND
TRANSMISSION LINE TO INTERCONNECT TO
THE BORDER WINDS ENERGY PROJECT

CASE No. PU-12-_____

INTRODUCTION

Northern States Power Company respectfully submits this Application to the North Dakota Public Service Commission for a Certificate of Public Convenience and Necessity, pursuant to the North Dakota Century Code Title 49-03, for the purpose of constructing and operating the Peace Garden 230 kV switching station and 300 feet of transmission line to interconnect the Border Winds Energy Project to the Company's existing Rugby to Glenboro 230 kV transmission line.

The Company owns the portion of the Rugby to Glenboro 230 kV transmission line located in the United States as part of the Company's electrical system in the Upper Midwest. In the role of transmission owner, the Company is obligated to work with prospective generators and the Midwest ISO to provide access to the transmission system by constructing the facilities necessary for interconnection of new or incremental generation.

In November 2011, the Company entered into a provisional Generation Interconnection Agreement with Sequoia Energy U.S. Inc. and the Midwest ISO. As part of the Company's obligation under the GIA, we are required to build the proposed Peace Garden 230 kV switching station and 300 feet of transmission line to interconnect the Border Winds Project to the Rugby to Glenboro transmission line. Under the terms of the GIA, the Company must complete the construction of the switching station by October 30, 2012. N.D.C.C. § 49-03-01(2) requires a CPCN for the type of work the Company needs to perform under the GIA.

The Border Winds Project requires a very aggressive schedule for completion in order to be eligible for the federal production tax credit which is set to expire December 31, 2012. This in turn requires a very aggressive schedule for completion of the Peace

Garden switching station. The Company is submitting this CPCN application at this time to allow the Commission time to review and grant the CPCN on a schedule that would allow the Company to construct the interconnection facilities by the October 2012 milestone date in the GIA.

The costs for the Border Winds Project interconnection facilities as proposed in this Application (\$7.2 million) will be paid for by Sequoia pursuant to the GIA. The Company wishes to note that there is some uncertainty as to whether or not Sequoia will proceed with the Project. Sequoia failed to submit a required milestone payment, (\$3.6 million) due on January 3, 2012, to pre-fund construction of the interconnection facilities. Sequoia has 30 days to cure the default before the GIA can be terminated. Thus it is uncertain if the Commission will ultimately need to issue a CPCN, because it is uncertain if the interconnection facilities will ultimately be required.

However, if Sequoia decides to proceed and pays the overdue GIA milestone payment within the 30 day cure period, the Company needs to be ready to start construction so that the Border Winds Project can be in service by the end of 2012. Thus, the Company is filing this CPCN now to accommodate Sequoia if the Border Winds Project proceeds.

We are committed to providing updates to the Commission on the status of the Border Winds Project and the GIA with Sequoia. We will promptly inform the Commission when and if Sequoia does or does not cure its default. In the meantime, we are committed to assisting the Commission in any way we can in its review of this CPCN request.

Consistent with N.D.C.C. § 49-03-02(2), the Company respectfully requests the Commission consider issuing a CPCN for the interconnection facilities if no other interested party, including any local electric cooperative, requests a hearing on this Application after receiving appropriate notice of the opportunity to request such a hearing.

The Company respectfully requests that the Commission find the standards for granting a CPCN for the Peace Garden switching station are satisfied. The remainder of this Application will provide additional support for our request. This application will address:

- Standard of Review;
- Description of the Company; and
- Description of the Interconnection for the Border Winds Project.

I. STANDARD OF REVIEW

The statutory provisions governing the requirement for a public utility to file for and obtain a CPCN are found in Title 49 of the N.D.C.C.

N.D.C.C. § 49-03-01(2). Certificate of public convenience and necessity - Secured by electric public utility. An electric transmission provider may not begin construction or operation of an electric transmission line interconnecting with an existing electric transmission line owned or operated by an electric public utility without first obtaining a certificate that public convenience and necessity require or will require the construction or operation.

N.D.C.C. § 49-03-01.1. Limitation on electric transmission and distribution lines, extensions, and service by electric public utilities. No electric public utility henceforth shall begin in the construction or operation of a public utility plant or system or extension thereof without first obtaining from the commission a certificate that public convenience and necessity require or will require such construction and operation, nor shall such public utility henceforth extend its electric transmission or distribution lines beyond or outside of the corporate limits of any municipality, nor shall it serve any customer where the place to be served is not located within the corporate limits of a municipality, unless and until, after application, such electric public utility has obtained an order from the commission authorizing such extension and service and a certificate that public convenience and necessity require that permission be given to extend such lines and to serve such customer.

N.D.C.C. § 49-03-02. Prerequisites to issuance of certificate of public convenience and necessity. Before any certificate may issue under this chapter, a certified copy of the articles of incorporation or charter of the utility, if the applicant is a corporation, or a certified copy of the articles of organization of the utility, if the applicant is a limited liability company, must be filed with the commission. At the hearing on the application after notice as provided in this title, the utility shall submit evidence showing that the applicant has received the consent, franchise, permit, ordinance, or other authority of the proper municipality or other public authority, if required, or has or is about to make application.

We believe this Application demonstrates that public convenience and necessity require that the interconnection facilities for the Border Wind Project be constructed and operated. Under statute, the Midwest ISO tariff provisions and the terms of the GIA, the Company is contractually obligated to perform the work required to facilitate interconnection of the Project. Without the Peace Garden switching station,

the Border Winds Project cannot interconnect to the transmission system and cannot operate.

In considering whether to grant a CPCN, we understand the Commission considers whether or not this interconnection will unnecessarily duplicate facilities. No duplication of facilities will result from this interconnection as the interconnection is necessary to allow the Border Winds Project to deliver its output to the transmission system. The interconnection is being undertaken at the request of Sequoia and supports the development of a wind generation resource in North Dakota. No expansion of our retail electric service territory occurs as the result. Finally, the interconnection work to be performed by the Company does not duplicate the work performed by Sequoia.

The Commission has indicated it considers ten (10) factors in determining whether to grant a CPCN for a new electric facility.¹ Below we provide our responses to each of these factors:

From whom does the customer prefer electric service?

Customer preference is not applicable in this circumstance. The interconnection for the Border Winds Project is needed so the Project's generation can be delivered into the transmission system for eventual delivery to electric utility customers within the Midwest ISO footprint. Sequoia has entered into a GIA with the Midwest ISO as Transmission Provider and the Company as owner of the transmission system available at the site. Under the GIA, the Midwest ISO Tariff and Federal Energy Regulatory Commission rules, the Company is obligated to construct the interconnection facilities if Sequoia meets the terms of the GIA.

What electric suppliers are operating in the general area?

Electric suppliers and nearby service territories are not at issue in this circumstance. The interconnection for the Border Winds Project is not related to direct retail service in competition with any other retail electric suppliers in the area.

What electric supply lines exist within a two-mile radius of the location to be served and when were they constructed?

An electric supply line in the vicinity is not a consideration in this circumstance. The interconnection for the Border Winds Project will not provide direct retail service. In fact the converse is true. The only transmission in the vicinity that can accept the full

¹ Testimony of Jerry Lein of the Commission staff, presented to the Interim Electric Industry Competition Committee, April 24, 2000.

output of the Border Winds Project is the Company's Rugby to Glenboro 230 kV line.

What customers are served by electric suppliers within at least a two-mile radius of the location to be served?

The customer base in the vicinity is not a consideration in this circumstance. The interconnection for the Border Winds Project will not provide direct retail service. Rather the interconnection for the Border Winds Project is needed so the Project's generation can be delivered into the Midwest ISO regional transmission system.

What are the differences, if any, between the electric suppliers available to serve the area with respect to reliability of service?

Not applicable. The interconnection for the Border Winds Project will not provide direct retail service.

Which of the available electric suppliers will be able to serve the location in question more economically and still earn an adequate return on its investment?

Not applicable. The interconnection will not extend the Company's retail electric service territory.

Would approval of the application result in wasteful duplication of investment or services?

No. The interconnection will allow the Border Winds Project to deliver its output into the Rugby to Glenboro 230 kV transmission line. The interconnection of the Border Winds Project will be accomplished through the Peace Garden switching station which will be located adjacent to the Rugby to Glenboro 230 kV line. The amount of new transmission required to connect Peace Garden to the system is 300 feet in length. To further insure duplication is not occurring, our transmission personnel have worked closely with the developer to clearly differentiate the Company's interconnection responsibilities from the work the developer will undertake to establish a collector substation as part of the Border Winds Project.

Is it probable that the location in question will be included within the corporate limits of a municipality within the foreseeable future?

No. The interconnection of the Border Winds Project is not in the immediate vicinity of a municipality.

Will the service be either of the electric suppliers in the area unreasonably interfere with the service or system of the other?

Not applicable. The interconnection of the Border Winds Project does not extend, and will not provide, direct retail electric service.

As indicated above, the ten criteria typically used by the Commission to review a CPCN are focused on the extension of electric service to new customers in competition with other providers and do not apply to the interconnection of the Border Winds Project. Thus, we believe that it is in the public interest that we be granted a Certificate of Public Convenience and Necessity for the interconnection of the Border Winds Project.

The remainder of this application discusses following: (II) Description of the Applicant; (III) Description of the Interconnection for the Project; (IV) Communications and Service List and (V) Conclusion.

II. DESCRIPTION OF APPLICANT

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) is a Minnesota corporation duly authorized to do business in the State of North Dakota as a foreign corporation. The Company conducts business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the N.D.C.C. The full name and address of the Company is:

Northern States Power Company,
a Minnesota corporation
414 Nicollet Mall
Minneapolis, Minnesota 55401

The Company also operates in North Dakota from the following address:

Northern States Power Company,
a Minnesota corporation
2302 Great Northern Drive
Fargo, ND 58102

Xcel Energy's most recent Articles of Incorporation and Certificate of Authority were filed with the Commission on September 30, 2009 and October 12, 2009, respectively, and are incorporated herein by reference. In 2010 and 2011 the Company filed Certificates of Good Standing and confirmed that the documents filed in 2009 are still current.

Xcel Energy has service territory in five upper Midwest states including North Dakota. We presently serve approximately 89,000 retail electric customers in and around Fargo, Grand Forks and Minot, North Dakota. We own just over 250 miles of transmission lines and 14 substations in North Dakota.

The Company will not be extending retail service to any new electric customers as a result of building these interconnection facilities for the Border Winds Project nor will there be a change to our retail electric service territory as a result of this interconnection. Our customers will continue to be served by our applicable tariffs, rules and regulations on file with the Commission. The costs for the Border Winds Project interconnection facilities as proposed in this Application of \$7.2 million will be paid for by Sequoia pursuant to GIA.

III. DESCRIPTION OF THE INTERCONNECTION FOR THE BORDER WINDS PROJECT

The interconnection for the Border Winds Project consists of the 230 kV Peace Garden switching station that will interconnect the Project collector substation via 300 feet of new 230 kV transmission line to the existing Rugby to Glenboro 230 kV transmission line.² A copy of the interconnection agreement can be found at:

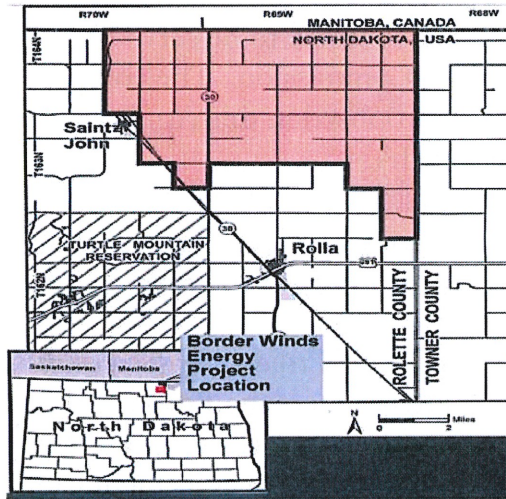
<https://www.midwestiso.org/Library/Repository/Contract%20Legal%20Regulatory/Interconnection%20Agreement/Northern%20States%20Power%20Company-Sequoia%20Energy%20U.S.%20Inc.%20GIA%20G904%20SA2413%20PUBLIC%20OVER.pdf>

The Border Winds Project site is located in Rolette County, North Dakota. Construction of the interconnection will need to begin as early as possible in 2012 and must be completed in October 2012 in order that the Project can achieve commercial operation by December 31, 2012 in order to qualify for the federal PTC. Depicted in

² The Interconnection consists of the proposed Peace Garden 230 kV switching station and 300 feet of 230 kV transmission line which is less than one mile, and is therefore not a "Transmission Facility" as defined in the North Dakota Energy Conversion and Transmission Facility Siting Act. N.D.C.C. § 49-22-03(12)(a)(2) (exempting from the definition of Transmission Facility "a transmission line that is less than one mile long"). Consequently, a Certificate of Corridor Compatibility and a Route Permit are not required for the Company to begin construction of the Border Winds Interconnection. *See*, N.D.C.C. § 49-22-07 (requiring permit before construction of Transmission Facility). Because the Border Winds Interconnection is not a Transmission Facility as defined in statute, the Company does not believe a request for jurisdiction determination is necessary. *See*, N.D. Admin. Code Ch. 69-06-02.1. However, to the extent the Commission deems a jurisdictional determination to be necessary and appropriate the Company respectfully requests the Commission make such a determination based on the information provided in this Application, which meets the content requirements of N.D. Admin. Code 69-06-02.1-02.

Figures 1 and 2 below, are maps of the overall Project location and location of the Proposed Peace Garden switching station.

**Figure 1
Project Location**



**Figure 2
Proposed Peace Garden Substation Location**



IV. COMMUNICATIONS AND SERVICE LIST

We respectfully request that the following persons be placed on the Commission's official service list for all official communications in this case:

Sara J. Cardwell
Manager, Regulatory Administration
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

Matthew Loftus
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 5th Floor
Minneapolis, MN 55401

Dave Sederquist
Sr. Consultant, Regulation & Finance
Xcel Energy
2302 Great Northern Drive
Fargo, ND 58102

SaGonna Thompson
Records Specialist
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

V. CONCLUSION

We believe the public convenience and necessity is met with the construction of the Peace Garden 230 kV switching station and 300 feet of transmission line to interconnect the Border Winds Project to the Rugby to Glenboro 230 kV transmission line. This interconnection neither involves an extension of existing service territory nor does it duplicate facilities. The interconnection is necessary to allow the output of the Border Winds Project to be delivered into the Midwest ISO regional transmission system. Moreover, the Company is contractually obligated to provide transmission access by constructing the necessary interconnection facilities under the terms of the GIA and Midwest ISO Tariff.

Therefore, we respectfully request that the Commission grant a Certificate of Public Convenience and Necessity for this interconnection. We further request, pursuant to N.D.C.C. § 49-03-02, that the Commission grant the requested Certificate not more than 20 days after a notice of opportunity for hearing issued in this proceeding, if no party requests a hearing. We have attached the Form of Notice of Opportunity for Hearing.

As indicated, the Company will promptly notify the Commission of any developments regarding Sequoia's continuing performance of the GIA and the impact (if any) on this Application. In the meantime, we are committed to assisting the Commission in any way we can in its review of this CPCN request.

DATED: JANUARY 11, 2012

Respectfully Submitted,

/s/

Sara J. Cardwell
Manager, Regulatory Administration

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)
NORTHERN STATES POWER COMPANY,)
A MINNESOTA CORPORATION, FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY FOR THE 230 kV PEACE)
GARDEN SWITCHING STATION AND)
TRANSMISSION LINE TO INTERCONNECT TO)
THE BORDER WINDS ENERGY PROJECT)

CASE No. PU-12-_____

**AFFIDAVIT OF
Sara J. Cardwell**

I, the undersigned, being first duly sworn, on oath depose and say that I am a Manager of Regulatory Administration for Northern States Power Company, a Minnesota corporation (the "Company") operating in North Dakota, and the applicant herein; that I have read the foregoing request for a Certificate of Public Convenience and Necessity for the 230 kV Peace Garden Switching Station to interconnect to the Border Winds Energy Project, and I believe all statements therein to be true and correct; and that said filing is submitted and signed on behalf of said Company with the consent and authority of the Company.

/s/

Sara J. Cardwell

Subscribed and sworn to before me, this 11th day of January 2012.

/s/

Notary Public

My Commission Expires:

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

Northern States Power Company, a Minnesota corporation, Application for a Certificate of Public Convenience and Necessity for the 230 kV Peace Garden Switching Station and Transmission Line to Interconnect to the Border Winds Energy Project

Case No. PU-12-_____

NOTICE OF OPPORTUNITY FOR HEARING

January 11, 2012

On January 11, 2012, Northern States Power Company (“Xcel Energy” or the “Company”), a Minnesota corporation, submitted an application for a Certificate of Public Convenience and Necessity (“CPCN”) for the 230 kV Peace Garden Switching Station and 300 feet of 230 kV transmission line needed to interconnect the Border Winds Energy Project (“Project”) to the existing 230 kV Rugby to Glenboro transmission line. Xcel Energy states that issuance of a CPCN would serve the public interest. Xcel Energy is a public utility under Title 49 of the North Dakota Century Code, headquartered at 414 Nicollet Mall, Minneapolis, Minnesota.

The issues to be considered in this matter are:

1. Fitness and ability of the applicant to provide service;
2. Adequacy of the proposed service; and
3. Technical, financial and managerial ability of the applicant to provide service.

Those interested are invited to comment on this application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearing must be received by _____. If deemed appropriate, the Commission can determine the matter without a hearing

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-224-2400, or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Darrell Nitschke, Executive Director.

PUBLIC SERVICE COMMISSION

Kevin Cramer
Commissioner

Tony Clark
Chairman

Brian P. Kalk
Commissioner