

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION
IN THE MATTER OF AN APPLICATION
FOR ADVANCE DETERMINATION OF
PRUDENCE FOR A POWER PURCHASE
AGREEMENT WITH GERONIMO WIND
ENERGY, LLC

CASE NO. PU-12- 059

I. OVERVIEW

Pursuant to N.D.C.C. § 49-05-16 and the Settlement Agreement in Case No. PU-07-776, Northern States Power Company, a Minnesota corporation, submits this Application to the North Dakota Public Service Commission for approval of an Advance Determination of Prudence (“ADP”) for the 200 megawatt (“MW”) Prairie Rose wind generation project and power purchase agreement (“PPA”) with Geronimo Wind Energy, LLC.

The Prairie Rose wind project is a prudent and cost-effective opportunity to achieve a portion of our future energy supply requirements. In 2010, with natural gas prices dropping, we issued a Request for Proposals (“RFP”) for up to 250 MW of wind generation to test the market and determine whether we might see a corresponding decrease in wind generation costs. The market responded aggressively and we received over 140 proposals comprising about 9,200 MW of wind capacity. In reviewing the pricing contained in the various proposals, it became evident that the recent drop in natural gas prices along with the possible expiration in 2012 of the federal Production Tax Credits (“PTC”) placed significant downward pressure on wind energy prices. Our analysis and subsequent negotiations led us to the selection of the Prairie Rose project, whose price reflects a significant market drop in wind prices and compares favorably to non-renewable energy supply options such as natural gas.

Our final negotiated price for the Prairie Rose project is [BEGIN TRADE SECRET
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