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Minneapolis, MN 55401

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February 8, 2012

- VIA FEDERAL EXPRESS -

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

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FEB 08 2012

PUBLIC SERVICE COMMISSION

RE: ADVANCE DETERMINATION OF PRUDENCE FOR THREE POWER PURCHASE
AND DIVERSITY EXCHANGE AGREEMENTS WITH MANITOBA HYDRO-
ELECTRIC BOARD
CASE NO. PU-12-_____

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota Corporation operating in North Dakota, respectfully submits the above referenced application. This application requests an Advanced Determination of Prudence ("ADP") for three power purchase agreements and associated transactions (collectively "MH PPAs"), with the Manitoba Hydro Electric Board ("Manitoba Hydro" or "MH").

The MH PPAs are presented together as a package in this application and Xcel Energy requests that the Commission consider them as a package in this ADP proceeding. The proposed MH PPAs essentially extend the current contracts for an additional 10 years, thus extending the parties' relationship until at least 2025. The MH PPAs work together to form a single transaction that results in 725 MW of reliable summer-season capacity for 10 years along with associated energy, with the potential for the amount to increase to 850 MW in 2021.

The purpose of this ADP filing is to seek a Commission determination that the MH PPA's represent a reasonable and prudent resource addition and are in the best interests of our customers. Included with this application are both the filing fee of \$125,000 and a signed affidavit supporting the truthfulness of our statements. Consistent with our previous ADP filings and North Dakota Century Code

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("N.D.C.C.") § 49-05-16, testimony is not included with this application. However, we are happy to supplement the application with written testimony within 30 days if desired by Staff, and we would not take issue with starting the statutory 7 month time period to render a decision once the testimony is submitted.

We look forward to working with the Commission in the review of this filing and respectfully request that the Commission approve an ADP for this PPA as set forth in N.D.C.C. § 49-05-16.

SINCERELY,

A handwritten signature in cursive script, reading "David H. Sederquist".

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE

Enclosures