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December 18, 2012

— VIA E-MAIL & FEDERAL EXPRESS —

Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

**RE: APPLICATION OF NORTHERN STATES POWER COMPANY FOR AUTHORITY
TO INCREASE RATES FOR ELECTRIC SERVICE IN NORTH DAKOTA
NOTICE OF CHANGE IN RATES FOR ELECTRIC SERVICE
CASE NO. PU-12-_____**

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy (Xcel Energy or Company), submits an original and ten (10) copies of a Notice of Change in Rates for Electric Service (Notice) to the North Dakota Public Service Commission (Commission) pursuant to North Dakota Century Code § 49-05-05. The Notice is also being provided electronically to the Commission.

The rate and tariff changes proposed in this Notice would result in an annual increase of base (*i.e.*, non-fuel) electric revenues of \$16.9 million or 9.25 percent, effective for electric service on and after January 17, 2013, or upon final approval, if the rates are suspended and interim rates approved by the Commission. The test year for the proposed increase is 2013.

The Company is also requesting implementation of a Transmission Cost Recovery (TCR) tariff pursuant to N.D. Cent. Code § 49-05-04.3, which would allow the Company to recover the capital and operating costs of investments in new or modified electric transmission facilities not included in the 2013 test year revenue requirement. The initial TCR Rider rate factors are set at zero. If the Commission approves the TCR Rider tariff, rate recovery under the TCR tariff would be subject to a subsequent TCR rate adjustment filing describing the transmission facilities eligible

for recovery, the calculation of the TCR adjustment factors, and complying with the other requirements of N.D. Cent. Code § 49-05-04.3.¹ The Company anticipates the initial TCR rate adjustment filing would be submitted no later than November 1, 2013, to be effective January 1, 2014.

Also included with this Notice is an Alternative Petition for Interim Rates (Petition), should the Commission decide to suspend the Company's Notice and proposed rates and tariffs within thirty (30) days of filing. Pursuant to N.D. Cent. Code, §49-05-06, subd. 2, the Petition supports an interim rate increase of \$14.7 million, or 8.05 percent, effective February 16, 2013, subject to refund, until final rates are placed into effect.

This Notice has been organized into the following sections:

- Notice Petition;
- Supporting Revenue Requirement Schedules, comprised of a deficiency summary, the proposed revenue increase apportionment by customer class, a comparison of present and proposed rates, a schedule showing typical monthly bill impacts, and a North Dakota jurisdictional cost of service summary;
- Revised Tariffs, reflecting the changes in both legislative (red-line) and regular formats (separately provide in Volume 2); and
- Interim Rate Petition, including related schedules and tariffs (separately provided in Volume 2).

In addition, the following Direct Testimony is being filed with this Notice:

- Policy
- Overall Revenue Requirements – 2013 Test Year
- Return on Equity / Rate of Return
- Nuclear Operations
- Operations and System Investments
- Nuclear Decommissioning and Depreciation
- Class Cost of Service and Selected Rate Design
- Rate Design

Under separate cover pursuant to N.D. Cent. Code, §49-05-04, subd. 11, Xcel Energy has provided a check for the amount of one hundred twenty five thousand dollars

¹ For example, N.D. Cent. Code § 49-05-04.3, subd. 2, requires such a rate adjustment filing to include an application fee of \$50,000.

(\$125,000.00) as the application fee. Also, the Company has prepaid the filing fee of fifty dollars (\$50.00) through its periodic regulatory fee payments to the Commission, pursuant to N.D. Cent. Code §49-05-05 which provides no change shall be made by any public utility in any rates except after thirty days' notice and with an accompanying fifty-dollar filing fee.

You may direct any questions regarding this Notice or the Alternative Petition for Interim Rates to me at 701-241-8632 or to James P. Johnson, Assistant General Counsel, at 612-215-4592.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style.

David H. Sederquist
Sr. Consultant, Regulation & Finance
Northern States Power Company

Enclosures