

Direct Testimony and Schedules
Laura McCarten

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of Northern States Power Company
for Authority to Increase Rates for Electric Service in North Dakota

Case No. PU-12-____
Exhibit____(LM-1)

Policy Testimony

December 18, 2012

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Schedules

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I. INTRODUCTION

1

2 Q. PLEASE STATE YOUR NAME AND TITLE.

3 A. My name is Laura McCarten. I am Regional Vice President for Northern
4 States Power Company – Minnesota (NSPM or Company).

5

6 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

7 A. I am responsible for regulatory, legislative, and customer and community
8 relations activities in North Dakota, South Dakota, and Minnesota. I provide
9 strategic leadership regarding the development and implementation of our
10 initiatives to most effectively serve our retail customers and communities. My
11 résumé is included as Exhibit____(LM-1), Schedule 1.

12

13 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

14 A. My testimony provides an overview of our rate case filing and the key factors
15 driving this request. I also introduce the witnesses we are sponsoring in
16 support of our request. My testimony highlights the following:

17 • *Our request supports significant investments to ensure system safety and reliability,*
18 *both now and in the future.* Our customers expect safe, reliable, and clean
19 electric service, and we have been investing around \$1 billion per year in
20 our power plants, substations, poles and wires to ensure we meet those
21 expectations. We are moving forward with projects to obtain an
22 additional 20 years of operation from our nuclear fleet, expand capacity
23 from our Monticello nuclear plant, and refresh and upgrade equipment
24 on our transmission and distribution systems. Such investments are in
25 our customers' long-term interests, as reliability is a key factor in
26 satisfying customers and supporting economic growth.

1 the long term while keeping costs reasonable. These investments have
2 resulted in a strong system that allows us to meet our customers' needs and
3 expectations for safe, reliable electric service and provide the assurance that
4 we have skilled crews and support personnel to quickly and safely respond to
5 any service interruption.

6
7 Another key objective is for the Commission to approve a rate of return on
8 equity (ROE) that will support continued investment and the Company's
9 financial health, which would align the interests of customers and the
10 Company by lowering the overall cost of service and keeping rates reasonable.
11 Our ability to attract capital and secure favorable borrowing terms is affected
12 by the decisions in each of our state jurisdictions, making it important that our
13 North Dakota operations are sustainable and financially healthy.

14
15 We are also proposing a Transmission Cost Recovery (TCR) Rider mechanism
16 to provide, beginning January 1, 2014, timely recovery of jurisdictional capital
17 and operating costs incurred by NSPM for new and modified transmission
18 facilities investments not included in base rates. As we continue to build
19 backbone infrastructure as part of the CapX2020 initiative and upgrade the
20 transmission system to serve localized load growth and new interconnections,
21 timely recovery will reduce carrying costs and smooth the rate impact to
22 customers.

23
24 Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST IN THIS PROCEEDING.

25 A. We seek authority to increase our electric rates by \$16.9 million, or 9.25
26 percent. We base this request on a 2013 Test Year, using a 10.6 percent ROE
27 and a 52.56 percent equity ratio. Under our proposal, a residential customer

1 using 850 kWh per month would see a monthly bill increase of about \$7 per
2 month or nine percent.

3

4 Q. IS THE COMPANY SEEKING INTERIM RATE RELIEF IN THIS PROCEEDING?

5 A. Yes. If the Commission suspends our Notice of Rate Change, interim rate
6 relief is being sought in this case effective February 16, 2013, pursuant to
7 North Dakota Century Code (NDCC) 49-05-06. The amount of interim relief
8 requested is \$14.7 million, or 8.05 percent, and consists of the projected 2013
9 revenue requirement adjusted for the currently authorized ROE and other
10 items as detailed in our Interim Rate Request included with this petition.

11

12 Q. PLEASE SUMMARIZE THE KEY DRIVERS PROMPTING THE RATE REQUEST.

13 A. Key drivers of our request are:

14 • *The costs of extending the life of our nuclear fleet and increasing power output at our*
15 *Monticello nuclear plant.* Approximately half of the total increase in
16 revenue requirements is associated with supporting our Prairie Island
17 and Monticello nuclear plants (capital and operations and maintenance
18 (O&M)). These investments will keep these plants operating to the
19 benefit of our customers for another 20 years.

20 • *Other capital investment to keep our core plants, substations, poles and wires*
21 *operating reliably for the future.* We are in a cycle of significant system
22 investment, as we replace and refresh infrastructure that was originally
23 built to handle the rapid post-war growth during the 1950's to 1970's.
24 Investments in poles, cable, substations, and generating plants are
25 needed to ensure customers have energy that is safe and reliable, and
26 that we comply with increasing regulatory and environmental
27 requirements.

1 • *Increases in operational expenses.* While we are experiencing some sales
2 growth in our North Dakota service territory, the sales growth is
3 insufficient to completely offset the cost increases we are experiencing,
4 such as increases in the cost of materials and services and pension-
5 related expenses.

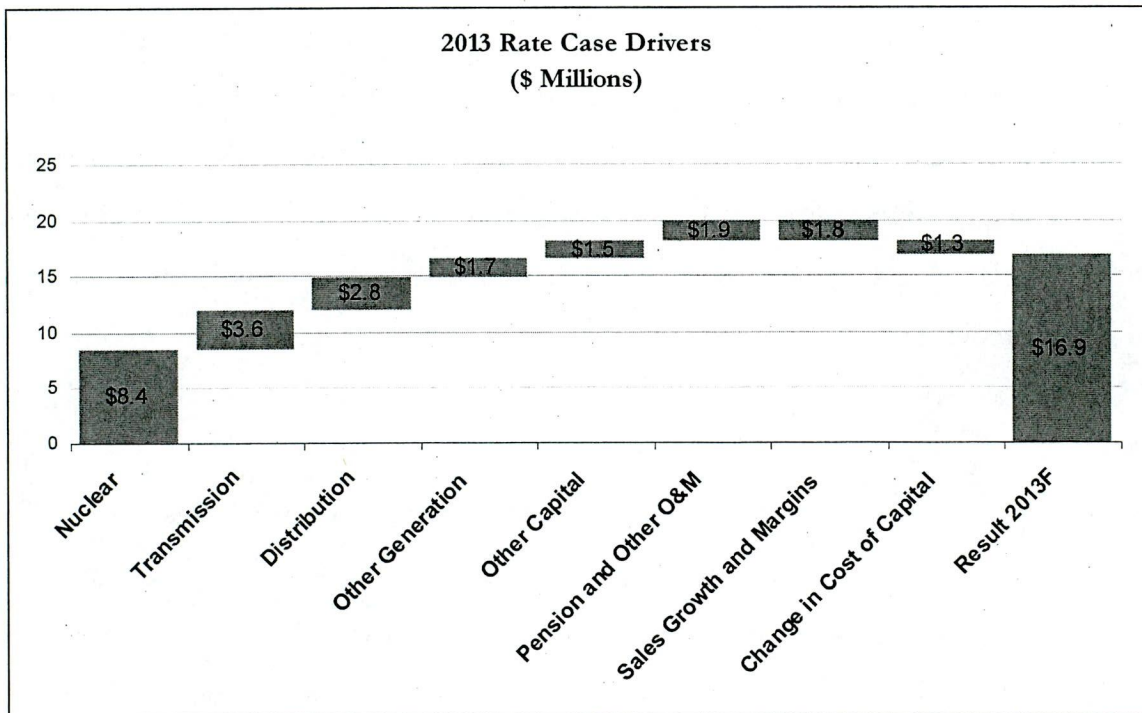
6

7 Figure 1 below summarizes the key drivers of this case, which are discussed in
8 greater detail in the following section.

9

10

Figure 1



11

12

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16

1 **III. CASE DRIVERS**

2

3 Q. YOU HAVE PROVIDED AN OVERVIEW OF THE PRIMARY ISSUES IN THIS CASE.

4 CAN YOU PROVIDE SOME ADDITIONAL DETAIL ABOUT THE CASE DRIVERS?

5 A. Yes. I will walk through our system investments, operational cost increases,
6 and cost mitigation initiatives in the sections below.

7

8 **A. System Investments**

9 Q. PLEASE DESCRIBE THE COMPANY'S ELECTRIC OPERATIONS.

10 A. The Company's core business is to provide reliable, safe, and environmentally-
11 sound energy at a competitive cost. Our employees are responsible for the
12 generation, transmission, and distribution of electricity to our customers, using
13 a diverse mix of supply resources that help lower costs, manage risks, and
14 create environmental benefits over the long term. By proactively and cost-
15 effectively addressing many of the environmental and other compliance
16 requirements that are facing our industry, we believe we are well positioned to
17 keep prices reasonable going forward.

18

19 For the Company and Northern States Power Company-Wisconsin (NSPW),
20 we manage an integrated system of over 8,300 MW of generation capacity
21 (including over 1,600 MW of nuclear capacity), 6,600 miles of transmission
22 lines, 37,000 miles of distribution lines, and 550 transmission and distribution
23 substations; these assets serve over 1.6 million electric customers, including
24 nearly 90,000 North Dakota electric customers in three of the four largest
25 cities and the surrounding areas.

26

1 Q. LET'S EXPLORE FURTHER THE SYSTEM INVESTMENTS INCLUDED IN THIS CASE.
2 WHAT TYPES OF CAPITAL INVESTMENTS ARE PLANNED?

3 A. Approximately \$11.4 million or 67 percent of our revenue deficiency is related
4 to new plant in-service. Of this deficiency, nearly half is related to our nuclear
5 investments. The Company has continued a systematic program of capital
6 investment in Monticello and Prairie Island to ensure safe and reliable
7 operation. Such investment cannot be delayed or deferred, as the investments
8 are required as part of our operating license renewals. The Monticello
9 Lifecycle Management and Extended Power Uprate project, which will be
10 completed in 2013, will support continued operations at the plant through
11 2030, provide improved reliability and safety margins, and help mitigate future
12 O&M increases. The replacement of Unit 2 steam generators at Prairie Island
13 will be completed in 2013 and will support operation through the license
14 renewal period. These investments and others are discussed in greater detail in
15 the Direct Testimony of Company witness Mr. Timothy J. O'Connor.

16
17 The investments in our non-nuclear generation facilities and in the
18 transmission and distribution systems are part of a long-term plan to refresh
19 our system and accommodate evolving technologies, regulatory requirements,
20 and customer needs, while ensuring continued system reliability. These efforts
21 to keep our existing assets operating reliably and in compliance with regulatory
22 requirements are a major focus, because many of our electric assets are 30-50
23 years old or older.

24
25 Our investment plan also addresses localized capacity and growth needs in our
26 North Dakota service territory. New transmission and distribution
27 infrastructure continues to be needed to expand the capabilities of the system,

1 including serving current customer needs and preparing for future growth and
2 new generation assets. The CapX2020 regional expansion process is an
3 example of these efforts. Mr. Foss provides additional detail on our
4 Operations system investments in his Direct Testimony.

5

6 Q. WHAT INVESTMENTS IS THE COMPANY MAKING TO MAINTAIN AND IMPROVE
7 RELIABILITY?

8 A. With the Commission's leadership and constructive approach to supporting
9 reliability investments, we are taking several steps to enhance reliability for our
10 North Dakota customers. Per the Settlement Agreement, we have completed
11 the installation of 25 Intelliteam switches and spent \$422,000 as of December
12 1, 2012 to identify and replace the highest-risk sections of 500 MCM cable,
13 which is an older type of underground cable that is less robust than the current
14 standard cable. We will continue to replace portions of MCM cable that we
15 locate on our system over the 2013-2014 period. Additionally, this case
16 reflects a significant increase in vegetation management expenditures in North
17 Dakota, which will shorten the vegetation management cycle and facilitate
18 mid-cycle check-ups on the higher-growth areas. Finally, we hired an
19 additional electrical engineer in North Dakota, filed a Reliability Performance
20 Plan, and have provided the requested reliability reporting.

21

22 Other projects that will improve reliability for North Dakota customers
23 include expansion of the Cass County 115 kV substation in Fargo to
24 accommodate a third distribution transformer, which will increase capacity at
25 this substation and enable us to maintain service should one of the other two
26 units fail. Three new distribution feeders at the substation will provide added
27 operating capacity and flexibility. We are also hiring four additional line crew

1 employees to improve service in the Minot, Grand Forks, and Fargo areas.
2 These projects and others are described in Mr. Foss' testimony. The test-year
3 revenue requirement includes an O&M adjustment of \$235,000 for the four
4 additional employees, as discussed by Company witness Ms. Anne E. Heuer in
5 her Direct Testimony.

6

7 Q. HOW WILL THESE INFRASTRUCTURE INVESTMENTS BENEFIT YOUR NORTH
8 DAKOTA CUSTOMERS?

9 A. These investments support safe, reliable service to our North Dakota
10 customers. Maintaining and improving the operational characteristics of our
11 system improves operational efficiency, reduces unplanned outages, and
12 ultimately keeps costs low for customers.

13

14 In addition, all of our customers benefit by our planning and operation of an
15 integrated system. Company assets needed to provide service to our North
16 Dakota customers are part of a larger, interconnected network of assets owned
17 by the Company and NSPW. Connection with this larger, regional network
18 allows us to plan and operate our entire five-state system on an integrated
19 basis.

20

21 For example, it would not be feasible for the Company to build and own
22 nuclear power plants if we planned our system on a state-by-state basis and
23 built to only serve customers in one state. But from an integrated, multi-state
24 perspective, a nuclear plant is economical and, thus, customers in North
25 Dakota benefit from this low-cost energy resource, both over the initial
26 licensing period and over the extended period of operation enabled by the

1 license extension and investments to replace, refurbish and upgrade
2 equipment.

3

4 Q. ARE YOU MAKING ANY PROPOSALS RELATED TO COST RECOVERY OF SYSTEM
5 INVESTMENTS?

6 A. Yes, we are proposing a TCR mechanism that would provide for timely cost
7 recovery of new or modified transmission facilities not included in base rates.
8 The TCR rate would initially be set at zero in this case and would be adjusted
9 through future TCR rate adjustment filings. Establishing a TCR mechanism
10 and process now, however, will facilitate ongoing transmission investments by
11 allowing for cost recovery as qualifying projects come on-line. Timely
12 recovery benefits customers by reducing carrying costs and smoothing the rate
13 increases resulting from these investments. Additionally, timely cost recovery
14 provides added confidence to our investors and creditors, which can
15 ultimately lead to lower financing costs and reduced rates for our customers.
16 Company witnesses Ms. Heuer and Mr. Steven V. Huso provide additional
17 support and detail on our proposed TCR mechanism.

18

19 **B. Operational Cost Increases**

20 Q. PLEASE DESCRIBE THE OPERATIONAL COSTS THAT ARE DRIVING YOUR
21 REQUEST.

22 A. We are experiencing the kinds of operational cost increases that are typical of
23 prior rate cases, such as increases in the cost of materials and services.

24

25 Q. PLEASE PROVIDE AN EXAMPLE OF MATERIAL COST INCREASES.

26 A. We are facing an increase in the price of transmission conductor cable and
27 wire, which is notable because Company-wide demand for cable and wire is

1 expected to increase by 10 percent in 2013. We entered into our current
2 contracts in 2008, when commodity prices were relatively low. Due to the
3 large upswing in the global market over the past three years, we are expecting a
4 10-15 percent increase in cable and wire costs upon contract expiration at the
5 end of 2012. However, to help offset the increases in the new contract, we
6 will build up our inventories under the current contract pricing, thereby
7 delaying the full price increase to later in 2013.

8
9 Q. PLEASE DISCUSS THE COST INCREASE FOR SERVICES.

10 A. The Company uses highly-skilled contract labor for engineering, construction,
11 operations, and maintenance services, with a significant portion of the labor
12 provided by union workers. As we build-out the transmission system, our
13 need for these services increases. As is typical for the industry, the contracts
14 prescribe annual escalations in the contract labor rate, both for union and
15 non-union contractors. Mr. Foss discusses both of these O&M cost issues
16 (materials and services) in more detail in his Direct Testimony.

17
18 **C. Cost Mitigation Efforts**

19 Q. WHAT IS THE COMPANY DOING TO KEEP THE COSTS OF ITS INVESTMENTS AS
20 LOW AS POSSIBLE FOR CUSTOMERS?

21 A. First, we continually monitor our plans and adjust accordingly to new
22 circumstances and opportunities to ensure that we have the right plan to meet
23 customer needs at a great value. While not a contributor to this rate case,
24 potential projects such as our proposed Black Dog combined cycle project and
25 Prairie Island uprate projects would have been key drivers of upcoming rate
26 cases. Our proposals to reevaluate these projects in light of changed

1 circumstances are examples of our efforts to keep our future costs as low as
2 reasonably possible while serving our customers well.

3

4 Second, we work to execute projects efficiently and effectively. Many of these
5 investments are associated with small projects to refresh our core system, like
6 poles, underground cable, transformers, and other components of our
7 operating system. Good execution on these projects helps keep service
8 reliability strong and costs reasonable. Managing our labor costs, leveraging
9 our purchasing power via our supply chain process, and planning and
10 executing projects well are also important parts of keeping costs low and
11 maximizing customer value from our investments.

12

13 Third, by maintaining a strong balance sheet and solid cash flows, we have
14 been able to secure long-term debt financing at historically low rates, which
15 lowers the overall cost of our investments. This long-term debt financing was
16 a significant factor in the reduction in cost of capital shown on Figure 1 in my
17 testimony. Thus, customers have an important interest in keeping the
18 Company financially healthy.

19

20 Q. WHAT STEPS HAS THE COMPANY TAKEN TO MANAGE OPERATING COSTS AND
21 MITIGATE THIS REQUESTED RATE INCREASE?

22 A. We continue to be vigilant in our management of costs. Our business units
23 have met the challenge to tightly manage O&M expenses in light of rising
24 costs through cost management, efficiency, and productivity efforts. For
25 example, one of our key strategies to manage O&M costs in our Operations
26 area is to emphasize preventative maintenance and planned asset replacements
27 over corrective or reactive work. An example of this effort is the development

1 by the Transmission business unit of an analytical approach called the
2 “Adaptive Reliability Centered Maintenance” (ARCM) program to identify and
3 prioritize maintenance activities based on a set of risk factors. This approach,
4 which helps ensure O&M resources are directed to the highest-benefit
5 maintenance activities, will help reduce the need for more expensive reactive
6 repairs.

7
8 For example, we completed condition assessments for all North Dakota
9 substations, including infrared inspections, battery testing, and oil gauge
10 readings for oil-filled devices. Examples of projects completed in 2012 as a
11 result of these assessments and the roll-out of the ARCM program include
12 replacement of four feeder breakers at North Dakota substations, replacement
13 of three station batteries, and rebuild of eight breakers. Mr. Foss provides
14 additional examples of cost management and productivity efforts in his Direct
15 Testimony.

16
17 Q. HAS THE COMPANY TAKEN ANY OTHER STEPS TO REDUCE THIS RATE
18 INCREASE?

19 A. Yes. We are not including the costs for the merit base pay increases provided
20 to our exempt employees in October 2012, resulting in an exclusion of
21 approximately \$225,000 from this case. The merit increases had not been
22 granted at the time the Company’s 2013 budget was made final. Having
23 awarded the increase late in the year, we elected to not adjust the test-year
24 budget to reflect the 2012 increase. While we believe that we should be
25 allowed to recover the actual cost of providing competitive wages to our
26 employees, 2012 was somewhat unique, and we believe this one-time decision
27 is appropriate.

1 Additionally, we are experiencing high pension expenses in 2013 as we
2 amortize the impact of the 2008 downturn on our pension funds. If the
3 Commission is interested, we are open to considering options for smoothing
4 the impact of our request with respect to increased pension costs.

5

6

IV. RETURN ON INVESTMENTS

7

8 Q. WHAT IS YOUR RATE OF RETURN AND ROE REQUEST?

9 A. Our proposed revenue requirement reflects an overall rate of return (ROR) on
10 investment of 7.90 percent, based on an average common equity ratio of 52.56
11 percent and an ROE of 10.60 percent. Outside witness Ms. Ann E. Bulkley
12 provides a detailed analysis of the appropriate ROR and ROE for the
13 Company.

14

15 Q. GIVEN THE SCALE OF CAPITAL INVESTMENTS NEEDED, WHAT IS THE
16 IMPORTANCE OF MAINTAINING THE COMPANY'S FINANCIAL INTEGRITY?

17 A. We will need to continue to turn to the capital markets to raise the funds
18 necessary to make improvements to our system. The cost at which we can
19 obtain capital depends in large part on investors' perceived risk of investing
20 with us and the expected return. Because the cost at which we can borrow
21 money and our ability to attract equity investments directly affects the overall
22 cost of service and the rates customers pay, it is important that we clearly
23 demonstrate value to investors through a strong balance sheet, solid cash
24 flows, and high-quality credit ratings.

25

26 Q. IN ADDITION TO LOWERING THE OVERALL COST OF SERVICE, ARE THERE
27 OTHER BENEFITS TO MAINTAINING A FINANCIALLY HEALTHY UTILITY?

1 A. Yes. A healthy, financially viable utility is able to support economic
2 development and job creation. For example, a healthy utility can make the
3 infrastructure investments necessary to meet its customers' current and future
4 needs and facilitate business development and expansion. With these
5 infrastructure investments comes the possibility for local employment
6 opportunities over the short and long term, which benefits local communities.
7 Additionally, a healthy utility has greater ability to support the community
8 through charitable giving.
9

10 V. PRESENTATION OF WITNESSES

11
12 Q. COULD YOU PLEASE INTRODUCE THE WITNESSES THE COMPANY IS
13 SPONSORING IN THIS PROCEEDING?

14 A. In addition to my Policy Testimony, the Company sponsors the following
15 witnesses:

- 16 • *Anne E. Heuer*, who sponsors the overall revenue requirement for the 2013
17 Test Year.
- 18 • *Ann E. Bulkeley*, of Concentric Energy Advisors, who sponsors testimony
19 on the ROE and ROR, including capital structure and the cost of debt.
- 20 • *Timothy J. O'Connor*, who sponsors testimony regarding our nuclear program
21 and the reasonableness of our nuclear-related O&M costs and capital
22 investments.
- 23 • *Stephen R. Foss*, who sponsors testimony supporting the Operations
24 organization, including system investments made in the Distribution,
25 Transmission, and Energy Supply business units. Mr. Foss will also
26 address the reasonableness of O&M costs related to these business areas.

- 1 • *Lisa H. Perkett*, who provides testimony on depreciation and remaining
2 lives for all plant and plant-related items, and on nuclear decommissioning
3 costs.
- 4 • *Michael A. Peppin*, who sponsors our class cost of service study, and selected
5 rate design and tariff changes.
- 6 • *Steven V. Huso*, who sponsors the general rate design in this case and
7 supports the proposed TCR Rider.

8
9 Together, these witnesses provide the information and advocacy needed to
10 evaluate and approve our Application.

11
12 **VI. CONCLUSION**

13
14 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

15 A. This case requests the rate relief necessary in 2013 to preserve system safety
16 and reliability, both now and in the future. More specifically, this case is
17 needed to allow recovery of:

- 18 • The costs of extending the life of our nuclear fleet and increasing power
19 output at our Monticello nuclear plant;
- 20 • Other capital investment to keep our core plants, substations, poles and
21 wires operating reliably for the future; and
- 22 • Increases in the cost of doing business.

23
24 Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST TO THE COMMISSION.

25 A. We respectfully request that the Commission approve:

- 26 • Our requested rates that provide a net increase of \$16.9 million in
27 revenues;

- 1 • An overall ROR on investment of 7.90 percent, based on an average
2 common equity ratio of 52.56 percent and an ROE of 10.60 percent;
3 and
4 • Our proposed rate design and tariffs, including our request for a
5 Transmission Cost Recovery Rider.

6

7 Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

8 A. Yes, it does.

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

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In the Matter of the Application of Northern)
States Power Company, a Minnesota Corporation)
For Authority to Increase Rates for Electric Service) Case No. PU-012-____
in North Dakota)

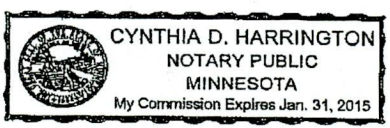
**AFFIDAVIT OF
Laura McCarten**

I, the undersigned, being duly sworn, depose and say that the foregoing is the Direct Testimony of the undersigned, and that such Direct Testimony and the exhibits or schedules sponsored by me to the best of my knowledge, information and belief, are true, correct, accurate and complete, and I hereby adopt said testimony as if given by me in formal hearing, under oath.

Laura McCarten
Laura McCarten

Subscribed and sworn to before me, this 12th day of December, 2012.

[Signature]
Notary Public



Laura McCarten

Experience	2008-Present	Northern States Power Co.	Minneapolis, MN
	Regional Vice President, NSPM		
	<ul style="list-style-type: none">▪ For NSPM's North Dakota service territory, responsible for regulatory and legislative interface and policy development, customer and community relations and public affairs, gas business development, and providing strategic leadership on initiatives to effectively serve customers.▪ For NSPM's South Dakota service territory, responsible for regulatory and legislative interface and policy development, customer and community relations and public affairs, and providing strategic leadership on initiatives to effectively serve customers.▪ For NSPM's Minnesota service territory, responsible for managing relationships with communities and large customer accounts, natural gas business development and our HomeSmart service.		
	2006-2008	Xcel Energy Services Inc.	Minneapolis, MN
	Director, Regional Transmission Development		
	1997-2005	Xcel Energy Services Inc.	Minneapolis, MN
	Director, Minnesota Community Services		
	1994-1997	Northern States Power Co.	Mankato, MN
	Regional General Manager		
	1992-1994	Northern States Power Co.	Minneapolis, MN
	Manager, Regulatory Affairs		
	1979-1991	Northern States Power Co.	Minneapolis, MN
	Nuclear Generation: Spent Nuclear Fuel Project Manager, Engineer		
Education	1979	University of Wisconsin	Madison, WI
	Bachelor of Science in Nuclear Engineering		
Professional Development	<ul style="list-style-type: none">▪ Xcel Energy Leadership Advantage Program (2004)▪ University of Michigan Business School, Strategic Marketing Planning (1998)▪ University of Minnesota, Carlson School of Management, Minnesota Management Institute (1996)		
Community Service	<ul style="list-style-type: none">▪ Lignite Energy Council, Board of Directors▪ Minneapolis Regional Chamber of Commerce, Board of Directors▪ North Central Electrical League, Board of Directors▪ Ordway Center for the Performing Arts, Board of Directors▪ University Enterprise Laboratories, Board of Directors		

FILING REQUIREMENT COMPLIANCE TABLE

Application of Northern States Power Company,)
 for Authority to Increase Rates for Electric)
 Service in North Dakota)
)

Case No. PU-12-____

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-400-92-399 1992 ELECTRIC RATE CASE FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (12/15/92) Finding 118	Long-term incentive compensation was treated as a shareholder expense.	Anne E. Heuer , Exhibit__(AEH-1), pg 30 & 31; long-term incentive compensation costs excluded.
PU-400-92-399 FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (12/15/92) Findings 130 and 131	Only organizational dues related to North Dakota electric operations were included.	Anne E. Heuer , Exhibit__(AEH-1), pg 31; rate request is consistent with this decision.
PU-07-774 Accounting for Nuclear Refueling Costs ORDER CHANGING ACCOUNTING TREATMENT (Date)	Northern States Power Company shall amortize nuclear refueling costs over the life of the installed fuel.	Anne E. Heuer, Exhibit__(AEH-1), pg 31 & 32; rate request is consistent with this decision.

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-776 2007 ELECTRIC RATE CASE SETTLEMENT AGREEMENT (12/31/08) Section B, page 7; Section E, page 10-11	The Company will use the principles adopted in Case No. PU-07-776 in establishing depreciation rates for use in North Dakota, including: <ul style="list-style-type: none"> • Extend the service lives of the Sherco Generating Station, Angus C. Anson, Granite City, High Bridge, Inver Hills, and Key City; • Reduce the depreciation rates for its transmission and distribution assets to effect an adjustment in the reserve balance, thereby recalibrating the balance to be more in line with theoretically calculated levels; • Recover removal costs in depreciation rates for transmission and distribution based on a net present value methodology rather than on a future cost methodology (using Staff's alternative five year historical average for the purposes of this case); • No continued accruals to the existing escrow account for Monticello; • Use a remaining life for the Prairie Island nuclear generating plant that assumes approval of the requested life extension for this facility. 	Lisa H. Perkett, Exhibit__ (LHP-1) pgs 7-13; and Schedule 4..
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 8	Unless directed otherwise by the Commission, rate recovery -- past, present, and future -- for the removal and retirement of Company utility property will be used solely for the retirement of the Company's utility property and recognized as a regulatory liability.	Company actions have, do, and will comply with this directive; no new discussion necessary at this time.

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 8</p>	<p>The Company will submit to the Commission the various depreciation studies and related documents that are periodically filed with the Minnesota Public Utilities Commission. Such filings include: Annual Review of Remaining Lives, Average Service Life and Vintage Group Filing (every five years), Triennial Review of Nuclear Decommissioning.</p>	<p>The 2011 Remaining Lives Study was filed in Case No. PU-11-072 (2/18/11) and the 2012 study was filed in Case No. PU-07-776 (2/21/12).</p> <p>The North Dakota Remaining Lives and Transmission, Distribution and General (TD&G) Study is included in this rate case filing. See Lisa H. Perkett, Exhibit____ (LHP-1), Sch 2. & 7.</p> <p>Minnesota 2012 - 2014 Triennial Nuclear Decommissioning Accrual filing was submitted in Case No. PU-11-698 (12/5/11).</p> <p>MN Triennial Decommissioning Accrual Supplemental Filing was submitted in Case No. PU-07-776 (1/6/12)</p> <p>Triennial Decommissioning Accrual Update for 2012 was filed in Case No. PU-07-776 (12/10/12). See Lisa H. Perkett, Exhibit____ (LHP-1), pg. 3-7 for a discussion of our Decommissioning proposal.</p>

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section G, page 13; [Revenue Requirements, page 8]	<p>Ratepayers shall receive 85 percent of all asset-based and 50 percent of non-asset-based margins achieved by the Company through the fuel clause.</p> <p>Asset-based margins will be passed to customers each month through the true-up provision of the monthly FCR. The non-asset-based margins, if any, will be passed through the FCR in the subsequent year.</p>	<p>FCR treatment of asset-based margins initiated with March 2009 FCR factor, and is being computed on a monthly basis.</p> <p>Annual sharing of non-asset margins has been implemented as part the FCR true-up factor.</p>
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section I, page 14	<p>The Company will remove test year expenses related to Renewable Development Fund research and development grants and disbursements.</p>	<p>Anne E. Heuer, Exhibit__ (AEH-1), pg 32.</p>
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section J, page 14	<p>The Company will remove 50% of test year charitable contributions</p>	<p>Anne E. Heuer, Exhibit__ (AEH-1), pg 32 & 33.</p>
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section K, page 14	<p>For cost recovery purposes, incentive compensation costs are capped at 15 percent of base salary.</p>	<p>Anne E. Heuer, Exhibit__ (AEH-1), pg 32 & 33. Interim rates are capped at 15%.</p>
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section L, page 15	<p>The Company agrees to a reduction in costs related to monitoring mercury emissions reduction efforts at its King and Sherco generating plants to meet Minnesota mercury emissions requirements.</p>	<p>The Company explained the need for mercury monitoring in PU-10-657 and 11-55. Also see Stephen R. Foss.</p>
PU-08-171 DEMAND SIDE MGMT & COST RECOVERY TARIFF ORDER (11/5/2008) Order Point 2	<p>NSP is authorized to record expenditures to further promote its existing Savers Switch and Peak & Energy Control Service load management programs in a deferred account for amortization in NSP's next general rate case. The amount deferred may not exceed \$266,904 per year.</p>	<p>Anne E. Heuer, Exhibit__ (AEH-1), pg 33; The proposed annual amount of the 2013 test year amortization does not exceed \$266,904.</p>

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-10-19 SALES OF RECS ORDER (9/8/10) Order Point 3	NSP shall return to customers 90 percent of the applicable net revenue generated through REC sales and retain 10 percent of the net revenue as an incentive to maximize the value of RECs in an immature market.	The sale of FibroMinn RECs occurred in June 2012, and the RECs were transferred in October 2012. The Company credited \$280,039 or 0.145 cent/kWh, in the December 2012 Fuel Cost Charge. See December Fuel Cost Charge filing submitted Nov. 30, 2012 in Case No. PU-12-012.
PU-10-19 ORDER (9/8/10) Order Point 4	NSP shall include revenue from the sale of RECs in its FCR for the duration of the pilot program or until the effective date of rates filed with NSP's next general North Dakota rate increase application, whichever occurs first.	The Company continues to actively manage its REC portfolio and seek opportunities to liquidate RECs at premium prices..
PU-10-657, PU-11-55, and PU-11-557 2010 ELECTRIC RATE CASE ORDER ON SETTLEMENT (2/29/12) Order Point 6	The Company shall make a compliance filing by March 31, 2013 providing a comparison of weather normalized retail revenues to the Settlement 2012 projected non-fuel revenues of \$119.426 million and include supporting schedules calculating the customer bill impacts. The Company will use the same weather normalization methodology used in this current rate case.	Not Applicable; filing due by March 31, 2013.
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section I. A., page 5	The Parties also agree that a 10.4 percent ROE will be used for purposes of determining interim rates in the Company's next electric rate application.	Interim rate petition reflects 10.4 percent ROE. Interim rate petition at p. 3 and Schedule 4.

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. C., page 13	The Company will expend \$250,000 per year in capital funds for three years beginning in 2012 associated with the replacement of 500 MCM cable. The annual revenue requirement related to this project will be approximately \$19,000 in 2012, \$59,000 in 2013, and \$99,000 in 2014.	Stephen R. Foss, Exhibit __ (SRF-1), pg. 11.
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. D., page 13-14	The annual revenue requirement associated with the additional engineer is approximately \$17,000 in 2012, \$31,000 in 2013, and \$46,000 in 2014, based on the assumption that approximately 90 percent of the engineer's labor and other expenses will be capitalized, and the remaining 10 percent expensed.	Stephen R. Foss, Exhibit __ (SRF-1), pg. 11.
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section V. A., page 17	In future rate applications and earnings reports, the Company will use an ROE of 10.4 percent and the most recent Commission order approving cost recovery for specific costs.	Interim rate petition reflects 10.4 percent ROE. Interim rate petition at p. 3 and Schedule 4.
PU-09-678 CAP X 2020 GROUP 1 ADP ORDER ON ADOPTING SETTLEMENT (10/6/10) Order Point 4	Consistent with the terms and conditions of this Order and the September 23, 2010 Settlement Agreement, Applicants shall make a filing providing additional information on the resolution of cost allocation issues relevant to the Brookings Project, including the impact on North Dakota. This filing will include a level of detail on the application of the Brookings Project cost allocation comparable to what has been provided with regard to the other CapX2020 Group 1 Projects.	This filing was submitted in Case No. PU-09-678 (4/29/11). Also, MVP Status filings were submitted in Case No. PU-09-678 (12/15/11 and 1/20/12). Per the Amended Settlement Agreement, the Applicants satisfied all requirements regarding cost allocation methodology. See Amended Settlement sections 3 and 4.

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-09-678 SETTLEMENT AGREEMENT ON CONTINUED PRUDENCE (8/23/11) Part 6.e., page 3	Should either Applicant file a rate case, rate rider, or other cost recovery mechanism after the Brookings Project, or portion thereof, is in-service but before any appeals or FERC determination on the MVP Allocation are completed, the terms of this Amendment will apply to the costs prudently incurred for the Brookings Project by the Applicant making the filing and included for recovery as part of the rate case, rate rider, or other recovery mechanism. Upon the final disposition of the rate case, rate rider, or other cost recovery mechanism proceeding, the terms of this Amendment will cease to be applicable to the Applicant making the filing and any future outcome of any appeal or final FERC determination on the MVP Allocation on a going forward basis will be addressed in a subsequent rate case, rate rider, or other cost recovery proceeding.	Not applicable. Brookings project not in service. Scheduled in service date is 2015.
PU-09-678 SETTLEMENT AGREEMENT ON CONTINUED PRUDENCE (8/23/11) Part 8, page 4	If the Company files a rate case, rate rider, or other cost recovery proceeding and seeks any costs of the Brookings Project, or portion thereof, including the costs of the Brookings Project, or portion thereof, over and above the FADP Cap, it must establish that the costs incurred in the construction and development of the Brookings Project were appropriately incurred pursuant to the applicable legal standard in the rate case, rate rider, or other cost recovery proceeding. The Company may rely on the terms of this Amendment in any rate case, rate rider, or other cost recovery proceeding as may be applicable.	Not applicable. Brookings project not in service and not included in 2013 test year. Scheduled in service date is 2015.

RATE CASE COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-09-678 ADP SETTLEMENT AGREEMENT (8/23/10) Part 1, pages 2-3</p>	<p>Each Applicant agrees to waive its entitlement to recovery under N.D.C.C. § 49-05-16(5) (Waiver), for any specific CapX Group 1 Project, or portion thereof, to the extent such project, or portion thereof, is abandoned prior to the earlier of the actual physical start of construction of, or thirty days following the execution of an Ownership Agreement for, that CapX Group 1 Project, or portion thereof.</p> <p>Applicants do not forgo their right to seek recovery of prudently incurred costs, even for abandoned projects, through a rate case, or other available mechanisms.</p> <p>Applicants do not forgo the right to rely upon the record in this proceeding and the existence of the ADP to support a claim that the costs incurred for an abandoned project were prudent.</p>	<p>Not applicable. For Fargo, Bemidji and, Brookings, the agreements have been signed and construction has started. Therefore, this point relating to abandonment before either of those events occurring has expired. The same will be true for the La Crosse project in a few weeks</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-776 2007 ELECTRIC RATE CASE SETTLEMENT AGREEMENT (12/31/08) Section A, page 4	Xcel Energy agrees to provide to the Commission its Minnesota-filed Resource Plans for the integrated NSP System	<p>The Company filed its 2010 Resource Plan on in Case No. PU-10-580 (8/3/10), along with the following updates:</p> <ul style="list-style-type: none"> • Merricourt wind project termination (4/8/2011); • Wind development in North Dakota (4/25/11); • Update on Integrated Resource Plan RFP for wind resources (4/29/11); • Update on wind power negotiations (7/27/11); • Resource plan update filed with the MPUC (12/1/11); • Reply Comments filed in the MN Resource Plan docket (8/14/12). • MN PUC Resource Plan Order dated Nov 30, 2012; (12/10/12) <p>The Company has also provided information on the Prairie Island EPU updates in Case No. PU-10-127 (6/5/12 and 10/23/12) and submitted information on the Sherco 3 shutdown (12/6/11) and Sherco 3 Restoration update reports (5/15/12 and 11/19/12) in Case No. PU-12-012</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 4.	The Company agrees to provide an alternative system-wide resource plan (the "North Dakota version") that strictly meets both Federal and North Dakota environmental and renewable requirements for the same time period addressed by the Minnesota Resource Plan.	The North Dakota 2010 Resource Plan was filed in Case No. PU-10-580 (8/3/10).
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 6	Xcel Energy agrees to file the complete resource plan and updated North Dakota version on a schedule that corresponds to its overall Resource Planning cycle.	The North Dakota 2010 Resource Plan was filed in Case No. PU-10-580 (8/3/10).
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 6	In this first and all future Ten Year Plans, the Company will include and describe the current five-year action plan for generation and transmission facilities and its anticipated schedule for Advance Determination of Prudence filings.	Filed with 2011 10-Year Plan in Case No. PU-11- 385 (6/30/11) and the 2012 10-Year Plan in Case No. PU-12-448 (6/29/12).
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 5	The Company agrees to file a summary of the key generating and transmission investments or purchase agreements that it intends to construct or enter into within the next five years with its annual Ten Year Plan . This summary will provide an anticipated schedule of future applications for Advance Determination of Prudence that the Company would commit to filing with the Commission.	Filed with 2011 10-Year Plan in Case No. PU-11- 385 (6/30/11) and the 2012 10-Year Plan in Case No. PU-12-448 (6/29/12).
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 5	The Company agrees to meet with the Commission and Staff as necessary to conduct updates on its resource planning efforts and decisions, and discuss the Ten Year Plan filed in that year.	Update on Resource Plan presented to the Commission on Jan 25, 2011.
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section A, page 5	The Company commits to keeping the Commission and its Staff informed on a timely basis of any major changes in its Resource Plan or significant legislative initiatives under consideration in another jurisdiction.	Minnesota Legislative update scheduled for Feb 12, 2013.

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 6	The Company agrees to seek an Advance Determination of Prudence finding from the Commission for all proposed new construction, rehabilitation, or acquisition of an energy conversion facility, renewable energy facility, transmission facility or proposed energy purchase in which: 1) the Company proposes to allocate all or part of the related costs to the North Dakota jurisdiction for recovery in electric rates; and 2) the capacity of the generation facility or purchase is at least 50 MW; and/or the length of the transmission facility is at least 50 miles long. Also, the Company will identify its proposed cost-allocation methodology in the ADP petition as an item for which a determination of prudence by the Commission is requested.	Since the last rate case filing, ADPs have been filed as necessary for: <ul style="list-style-type: none"> • Manitoba Hydro (Case No. 12-70); • Geronimo Wind (Prairie Rose Wind) PPA (Case No. PU-12-059); • Additional info regarding CAPX2020 Group I, Brookings Project. On March 9, 2012, notification of the Goodhue PPA for 78MW was submitted in PU-07-776. An ADP has not been submitted due to uncertainties around the project.
PU-12-59 PRAIRIE ROSE ADP LETTER (11/5/12) Page 1	The Company will file the necessary ADP filings with the Commission within 14 days of filing Certificate of Need or Petitions for approval of a Power Purchase Agreement applications with the Minnesota Public Utilities Commission	
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 7	To the extent the ADP processes outlined in Case No. 07-776 reveal continued concern with individual resource decisions or cost assignments to jurisdictions, the Company commits to working with Commission Staff on alternative resource evaluation approaches.	The Company has had ongoing informal discussions with Staff to understand staff concerns regarding jurisdictional allocations and discuss alternate methods.
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 7	When appropriate, the Company will advocate for cost recovery statutes that directly assign costs and benefits of any mandated expenditures to the jurisdiction imposing the mandate.	No activity.
PU-07-776 SETTLEMENT AGREEMENT (12/31/08) Section B, page 7	The Company will reflect its North Dakota depreciation rates in its annual North Dakota earnings reports.	The Company has reflected its approved North Dakota depreciation rates in its earnings reports.

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-10-19 SALES OF RECS ORDER (9/8/10) Order Point 1	NSP shall implement a pilot program in North Dakota to sell excess RECs allocated to North Dakota jurisdictional customers.	Initial filing made in Case No. PU-10-19 on Dec. 31, 2009. Compliance tariff filed Dec. 13, 2010.
PU-10-19 ORDER (9/8/10) Order Point 2	All allocated RECs must be considered excess and no RECs may be considered needed for compliance until the year 2015.	Per the Annual reports filed in Case No. PU-09-392 (6/29/2009), Case No. PU-10-383 (6/30/2010), Case No. PU-11-399, Case No PU-11-399 (6/30/2011) and Case No. PU-12-458 (6/29/2012), no RECs have been retired for North Dakota REO Compliance.
PU-10-19 ORDER (9/8/10) Order Point 5	NSP shall file an annual report with the Commission documenting the results of its REC sales. This report can be included as a part of its annual progress reporting requirement toward meeting the renewable energy and recycled energy objective as required under North Dakota Century Code Section 49-02-34.	Annual reports were filed in Case No PU-11-399 (6/30/2011) and Case No. PU-12-458 (6/29/2012)
PU-10-657, PU-11-55, and PU-11-557 2010 Electric Rate Case ORDER ON SETTLEMENT (2/29/12) Order Point 2	Within 90 days of this Order, NSP shall file with the Commission a plan for performance-based regulation with metrics to measure and evaluate system reliability, including rate of return incentives/penalties to improve North Dakota service reliability and reduce costs to improve return on investment.	Proposed Reliability Performance Plan was filed on June 1, 2012 in Case Nos. PU 10-657, 11-55 and 11-557. Hearing held Sept 25, 2012. Commission decision pending.
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. A., page 12	Xcel Energy will install 25 Intelliteam switches on its Fargo, North Dakota distribution system. The switches will be in service by year-end 2012.	Stephen R. Foss, Exhibit ____ (SRF-1), pg 11; 25 Intelliteam switches have been installed.

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. B., page 13	Beginning in 2012, the Company will increase its operating expense budget to supplement its vegetation management (e.g. tree pruning) activities in North Dakota by adding an additional vegetation management crew.	Stephen R. Foss, Exhibit ____ (SRF-1), pgs 11 and 15; 2013 test year reflects a VM budget increase of \$1 million compared to 2011 actuals. .
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. C., page 13	Beginning in 2012, the company will initiate a three year program to proactively locate and replace 500 MCM cable (an older type of underground cable that is less robust than the current standard cable) remaining in its North Dakota system.	Stephen R. Foss, Exhibit ____ (SRF-1), pg 11; Three year program underway.
PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section IV. D., page 13	The Company will hire, in 2012, an additional electrical engineer to be based in Fargo, North Dakota.	Stephen R. Foss, Exhibit ____ (SRF-1), pg 11; The additional electrical engineer was hired.

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section I.C., pages 6-7, Section IV. E., pages 14-15</p>	<p>The parties agree to jointly develop and file, within 90 days of the Order in this proceeding, recommendations regarding a reliability "service quality plan" to include a focus on localized reliability performance. The development of this plan and recommendations will be guided by the following principles:</p> <ul style="list-style-type: none"> • Industry standard performance indicators (SAIFI, CAIDI, and SAIDI) will be considered along with other metrics relating to "customer experience" level (i.e., customers with multiple outages, customer satisfaction survey scores, etc.). • Performance targets will be constructed as ranges to acknowledge normal levels of performance variability and create more meaningful targets. • Performance incentives will be symmetrical, such that any financial impact would be based on both above-target and below-target performance. The duration of the plan term and other plan exceptions will be clearly defined to allow for flexibility in the operation, review, and amendment of the plan. • The Company's ability to seek rate recovery of its prudent investments and operating costs will be maintained during the term of the plan. 	<p>Proposed Reliability Performance Plan was filed on June 1, 2012 in Case Nos. 10-657, 11-55 and 11-557. Hearing held Sept 25, 2012 Commission decision pending.</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-10-657, PU-11-55, and PU-11-557 AMENDED SETTLEMENT AGREEMENT (12/23/11) Section I.C., page 7; Section IV. F., page 15-16</p>	<p>Beginning January 1, 2012, Xcel Energy agrees to provide the Commission the following reliability information for calendar years 2012 through 2014:</p> <ul style="list-style-type: none"> • On an event by event basis, email notification of each sustained (duration of five minutes or more) feeder level outage. Additional notifications and information will be provided for the most significant events as appropriate; • On a quarterly basis, a report showing all outages due to underground cable failure and cable replacements made under the Company's underground cable replacement policy; • On an annual basis, a summary of the key elements of the Company's most current reliability expenditure plan and budget for North Dakota; • On an annual basis, storm-normalized SAIFI and CAIDI results for the Company's North Dakota operations for each of the past five years, as well as a report of the same information for each of the largest five substations; • On an annual basis, the top ten causes of outage events (with and without storm outages) for each of the past three years, and the top ten causes of all customer-minutes out (CMO) for each of the past three years (again, with and without storm outages); • On an annual basis, the number of customers experiencing multiple service interruptions, including the number of customers experiencing 4, 5, and 6 or more outages during the previous calendar year. Storm and public damage-related outages will be excluded from the information. 	<p>Email notifications are sent when sustained outages occur.</p> <p>Quarterly reports on have submitted on April 13, 2012, Aug 7, 2012 and Dec 10, 2012.</p> <p>Annual report items will be submitted in early 2013 for the first annual report.</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-08-908 and PU-08-910 Merricourt Wind Project ADP and CPCN</p> <p>ORDER ON APPLICATION FOR ADP AND CPCN (8/12/09) Order Point 4</p>	<p>NSP will report to the extent possible, as part of its annual 10-year plan, all reductions in the energy produced at its base load generation units that would not have occurred except for the existence of wind generation. The report will include the time of event, length of the event, base load plant affected and the amount of energy not produced at the base load plant during the event.</p>	<p>Filed with 2011 and 2012 10-Year Plans in Case Nos. PU-11- 385 (6/30/11) and PU-12-448 (6/29/12).</p> <p>Note: Company's contract to purchase the Merricourt Wind Project was terminated in early 2011, so our filings in these focus only on Nobles.</p> <p>Notice of cancellation was submitted in Case Nos PU-08-908 and PU-08-910 on April 8, 2011.</p>
<p>PU-08-908 and PU-08-910</p> <p>ORDER ON APPLICATION FOR ADP AND CPCN (8/12/09) Order Point 5</p>	<p>NSP will report, as part of its next 10-year plan, on the impacts and costs associated with taking coal plant production up and down to accommodate wind resources during off peak hours.</p>	<p>Filed with 2011 10-Year Plan in Case No. PU-11-385 (6/30/11).</p> <p>Note: Company's contract to purchase the Merricourt Wind Project was terminated in early 2011, so our filing focuses only on Nobles.</p> <p>Notice of cancellation was submitted in Case Nos PU-08-908 and PU-08-910 on April 8, 2011.</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-09-678 CapX2020 Group 1 ADP</p> <p>ORDER ON ADOPTING SETTLEMENT (10/6/10) Order Point 5</p>	<p>Consistent with the terms and conditions of this Order and the September 23, 2010 Settlement Agreement, Applicants shall make a filing evidencing the continued prudence of the Brookings Project and seeking Commission confirmation of continued prudence of the Project prior to Applicants executing a legally binding investment commitment for the major procurement and construction of the Brookings Project. Failure to make such a filing shall result in the revocation of the advance determination of prudence for the Brookings Project granted in this Order.</p>	<p>Filing submitted April 29, 2011 in Case No. PU-09-678.</p>
<p>PU-09-678</p> <p>ORDER ON ADOPTING SETTLEMENT (10/6/10) Order Point 6;</p> <p>ORDER ON ADOPTING SETTLEMENT (11/10/11) Order Point 6</p>	<p>The Applicants shall confirm in writing to the Commission when an Ownership Agreement is executed for each project or portion of a project, within five working days of execution of such Agreement.</p>	<p>Ownership Agreements have been executed and notice filings filed with NDPSC for the Fargo project on Aug 23, 2010, Aug 16, 2011, Oct 5, 2012; for the Bemidji project on Jan 1, 2010; and for the Brookings Project on Jan 20, 2012. We expect to sign the Ownership Agreement for the La Crosse project on December 21, 2012 and will provide notice shortly thereafter.</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-09-678 ORDER ON ADOPTING SETTLEMENT (10/6/10) Order Point 7; ORDER ON ADOPTING SETTLEMENT (11/10/11) Order Point 7	The Applicants shall confirm in writing to the Commission the actual physical start of construction for each project or portion of a project, within five working days of occurrence.	Applicants submitted informational filings for Fargo project construction starts on Aug 23, 2010 (Phase 1); Dec 22, 2011 (Phase 2); and December 6, 2012 (Phase 3). Informational filing for Bemidji project construction start on Dec 22, 2010. Grading notice for Brookings project submitted on Oct 20, 2011. Informed of construction start on May 18, 2012.
PU-09-678 ORDER ON ADOPTING SETTLEMENT (10/6/10) Order Point 8; ORDER ON ADOPTING SETTLEMENT (11/10/11) Order Point 8	The Applicants shall, within five working days, confirm in writing to the Commission the knowledge of abandonment of a project or portion of a project or the termination of an Ownership Agreement for a project or portion of a project. To the extent any applicable laws, rules, or regulations prohibit Applicants from making such written confirmation within five working days of occurrence, Applicants shall make such disclosure within five working days as allowed by such laws, rules, or regulation.	Not applicable. None of the CapX projects have been abandoned nor have any of the Ownership Agreements been abandoned.
PU-09-678 ORDER ON ADOPTING SETTLEMENT (11/10/11) Order Point 5	Consistent with the terms and conditions of this Order and the Settlement on Continued Prudence, Applicants will provide updates to the Commission on the status of any proceedings related to the cost allocation methodology applicable to the Brookings Project which may arise before the Federal Energy Regulatory Commission or any court of competent jurisdiction.	MVP Status reports filed June 24, 2011; Nov 8, 2011; Dec 15, 2011 and Jan 20, 2012.

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
<p>PU-09-678 SETTLEMENT AGREEMENT ON CONTINUED PRUDENCE (8/23/11) Part 6.d., page 3</p>	<p>Applicants will provide updates to the Commission on the status of any proceedings related to the MVP Allocation which may arise before FERC and the courts. Based upon the updates, if the Commission believes a material modification to the MVP Allocation, as described in paragraph 6(a), above, has occurred, Applicants and Advocacy Staff will provide the Commission with sufficient information, upon notice and hearing, to determine on the record whether a material modification to the MVP Allocation has occurred and the extent of Applicants recovery of any costs exceeding the ADP Cap. Notwithstanding the forgoing, Applicants and Advocacy Staff may request that, upon notice and hearing, the Commission make a determination as to whether a material modification to the MVP Allocation has occurred.</p>	<p>MVP Status reports filed June 24, 2011; Nov 8, 2011; Dec 15, 2011 and Jan 20, 2012.</p>
<p>PU-09-678 ADP SETTLEMENT AGREEMENT (8/23/10) Part 1.b), page 2</p>	<p>Upon execution of each Ownership Agreement, Applicants will provide a written statement to the Commission confirming that all applicable critical permits on Schedule 1 have been obtained.</p>	<p>Notice filings submitted to NDPSC for the Fargo project on Aug 23, 2010, Aug 16, 2011, Oct 5, 2012; for the Bemidji project on Jan 1, 2010. We expect to sign the Ownership Agreement for the La Crosse project on December 21, 2012 and will provide notice shortly thereafter.</p>

OTHER COMPLIANCE ITEMS		
Case No.	Required Information	Section and Page of Application
PU-07-759 Fargo - St. Cloud MN 345 KV CapX Transmission Line NSP FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (9/12/12) Order point 4	NSP shall perform a Class III pedestrian survey for those portions of the proposed corridor for which it was unable to obtain access prior to the issuance of the Certificate of Corridor Compatibility and Route Permit and shall obtain the concurrence of the State Historical Preservation Office of the findings of such Class III pedestrian survey prior to beginning construction on those portions of the proposed route. NSP may construct those portions of the route for which the State Historical preservation Office has stated its concurrence.	The Company has completed the majority of the pedestrian study required. We continue to seek access to some remaining portions of the right of way for the line and will complete the study in those portions once we are granted access.