



2302 Great Northern Drive
PO Box 2747 Fargo, ND
58108-2747 (701) 241-8632
dave.sederquist@xcelenergy.com

February 11, 2015

VIA EMAIL AND FEDERAL EXPRESS

Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: JURISDICTIONAL ALLOCATION STUDY UPDATE
AND REQUEST FOR FILING EXTENSION
CASE NO. PU-12-813

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, inadvertently submitted an incomplete letter on February 6, 2015. This new letter of February 11, 2015 is a replacement for that erroneous letter. We respectfully request this new letter of February 11th replace the February 6th filing in its entirety.

Xcel Energy submits this update to the North Dakota Public Service Commission on the efforts being made by the Company and the Brattle Group to finalize the allocation study directed by the Commission in our last general rate case, Case No. PU-12-813. As described below, we also request a 60-day extension of the filing date.

In its February 26, 2014 Order Adopting Settlement, the Commission directed the Company to work with their Staff and an independent third party to conduct a study to analyze the contribution of our North Dakota jurisdiction towards the Company's overall system-wide production and transmission costs, and study various demand allocation methodologies which could be implemented to reflect such cost causation. The Settlement Agreement called for the study to be submitted within a year after the date of the Commission's Order Adopting Settlement.

Thus far, progress on the Study has generally followed our work plan and schedule. We presented the project to interested staff from the Minnesota and South Dakota commissions last June, and provided an overview to the Commission in August. The Brattle Group provided an in-person presentation on general cost allocation principles, and various industry methods in Bismarck on September 22, 2014. On December 18, representatives of the Brattle Group and the Company met with Staff

in Fargo and by phone to review the analysis to date and discuss some of the preliminary findings.

The Company and Staff had initially identified nine allocation methods to include in the study. The Brattle Group subsequently recommended the addition of three other methods to analyze. Each of the twelve methodologies was evaluated using 10 years of actual, weather normalized, and budget data. As the Commission is aware, these methods rely on various types of load data; some methods are based on demands only, while other methods are based on a mix of energy and demand.

The Company provided the data and corresponding calculations to the Brattle Group for their review and analysis. The Brattle Group is now in the process of developing recommendations and finalizing the Report.

Due to the extent and complexity of the analysis required to complete the study, we approached the staff last week to discuss a 60-day extension of the February 26, 2015 Report filing date. Staff did not object to the extension, understanding that the Settlement Agreement target date for the Report was somewhat arbitrary and nearly two years ahead of the Company's next possible rate application. The Brattle Group concurs that additional time would be helpful to ensure that the final report can include the type and depth of analysis contemplated at the time the parties entered into the Revised Second Amended Settlement Agreement.

We respectfully request the Commission grant a 60-day extension to the February 26, 2015 due date of the Jurisdictional Allocation Study report to April 27, 2015. No party will be harmed by this brief delay as the Company's current multi-year rate plan approved by the Commission establishes the rate structure for the Company until 2017. The Report and subsequent Commission review will be completed well in advance of any future rate proceeding and this extension will not unduly impact any other future filings.

Please contact me if there are any questions concerning this request at 701-241-8632 or at dave.sederquist@xcelenergy.com.

Sincerely,

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

David H. Sederquist
Sr. Regulatory and Financial Consultant

cc: Mike Diller