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June 15, 2015

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

RE: NORTHERN STATES POWER COMPANY
 2013 ELECTRIC RATE INCREASE APPLICATION
 CASE NO. PU-12-813

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, and the North Dakota Public Service Commission Advocacy Staff is pleased to inform the Commission that we have reached an agreement in principle to address jurisdictional generation resource policy differences, as contemplated in the Settlement Agreement in the above referenced Case. However, the nature of the agreement we have reached requires additional work on the part of the Company before it can be executed. To ensure that the objectives of the agreement can be achieved, the Parties respectfully request the Commission's permission to submit the Negotiated Agreement by September 30, 2015 instead of the June 30, 2015 date originally set forth in the Settlement.

As the Commission may recall, the Settlement directed the Company and Advocacy Staff to pursue a "Negotiated Agreement" identifying a mechanism by which the generation resources used by the Company to serve its North Dakota customers are aligned with the state's energy policy preferences. We referred to this concept in the Settlement as the "Restack". For several months Advocacy Staff and the Company have been actively engaged in discussions regarding the design and implementation of a Restack mechanism.

Through these discussions, it has become increasingly clear that the Restack concept is not a sustainable approach to addressing the divergent energy policies of the states in which the Company provides electric service. Nor will it advance other energy policy goals of the Commission. As a result, the Parties recently shifted the focus of our efforts from the specifics of a Restack mechanism to identifying a more effective long-term framework that will match generation resources serving North Dakota with the Commission's policy preferences.

On June 4, 2015, representatives of the Company and Advocacy Staff met in Bismarck to discuss the terms of a newly revised agreement that proposed to treat *existing* generation resources separately from *future* resource additions. This distinction would eliminate

PU-13-742 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 Public Service Commission Advocacy Staff / Northern States Power Company
 Michael Diller / David Sederquist
 99

107 PU-13-743 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 Public Service Commission Advocacy Staff / Northern States Power Company
 Michael Diller / David Sederquist

95 PU-13-708 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 96 PU-13-707 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 96 PU-13-706 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement

114 PU-13-195 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 97 PU-13-194 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement
 231 PU-12-813 Filed 06/15/2015 Pages: 2
 Request for additional time to comply with Settlement Agreement

significant complexity going forward and provide an opportunity to more timely address another Commission policy goal: encourage the Company to geographically diversify its generation resources by locating energy supply closer to its North Dakota load centers, thereby enhancing its ability to reliably and cost-effectively address North Dakota's energy needs. At that meeting, we reached an agreement in principle on the terms of a Negotiated Agreement, and in the days following continued to communicate to refine the details of our agreement. The Parties believe that the terms of our agreement will effectively address the issues related to the divergence of state energy policies, and concur that its objectives are important enough to warrant the extension of time we are requesting to submit the Negotiated Agreement.

Both the Company and Advocacy Staff acknowledge that the provisions of our tentative agreement are sweeping and have far reaching implications. Much more work is needed, however, for the Company to analyze the details of accelerating our North Dakota investment commitment, determine what the most effective alternative is, and confer with our other stakeholders regarding this shift in our current resource planning outlook. Additional time to perform this work is critical to ensuring that our tentative agreement is feasible and achieves an optimal outcome.

The Company has discussed the need for this extension with Advocacy Staff and both Parties concur it is appropriate. Such an extension is contemplated as a potential step in Section II.A of the Settlement Agreement. Therefore, the Parties respectfully request that the Commission allow the Negotiated Agreement to be submitted by September 30, 2015.

Sincerely,



DAVID SEDERQUIST
XCEL ENERGY



MICHAEL DILLER
NDPSC ADVOCACY STAFF

cc: Alison Archer
Jack Schuh
Illona Jeffcoat-Sacco
Patrick Fahn