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(701) 241-8632
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April 29, 2016

----- Via Electronic Filing -----

Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

**RE: FUEL COST RIDER TARIFF COMPLIANCE FILING
(CASE NOS. PU-12-813, ET. AL.)**

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, submits the attached Fuel Cost Rider (FCR) Tariff Compliance Filing pursuant to the *Order Approving Settlement*, dated March 9, 2016, issued by the North Dakota Public Service Commission in the case referenced above.

Fuel Cost Rider

Sheet No. 5-76.2, which is part of the FCR Tariff in the Company's Rate Schedules section of the North Dakota Electric Rate Book—NDPSC No. 2, has been updated to reflect the exclusions of certain Purchased Power Agreements as provided in the *Negotiated Agreement* approved in the Order. The tariff update provides documentation of the excluded costs and volumes beginning with the Company's May 2016 Fuel Cost Charge (FCC).

Tariff Sheets

The following proposed tariff sheets are attached to this filing in legislative and non-legislative format:

North Dakota Electric Rate Book—NDPSC No. 2

Sheet No. 5-76.2, revision 5

- 142 PU-13-194 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
- 152 PU-13-743 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
- 144 PU-13-742 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff

- 140 PU-13-708 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
- 141 PU-13-707 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
- 141 PU-13-706 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
- 280 PU-12-813 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff

159 PU-13-195 Filed 04/29/2016 Pages: 6
Compliance filing – Fuel Cost Rider (FCR) Tariff
Northern States Power Company
David Sederquist

Please contact me if there are any questions concerning this filing at 701-241-8632.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style and is centered within a light blue rectangular background.

DAVID H. SEDERQUIST
SENIOR REGULATORY AND FINANCIAL CONSULTANT

cc John Chow, Xcel Energy
Amy S. Fredregill, Xcel Energy

Enclosures

Legislative

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

FUEL COST RIDER (Continued)

Section No. 5
~~4th~~^{5th} Revised Sheet No. 76.2

INTERSYSTEM SALES MARGINS

Intersystem Sales Margins are defined as intersystem sales revenues less the sum of fuel, energy costs (including costs associated with MISO Day 2 markets that are recorded in FERC Account 555), and any additional transmission costs incurred that are required to make such sales (referred to as "margins"). Retail customers will receive a per kWh credit for the retail share of total intersystem sales margins, as defined below:

1. Asset Based Margins: One hundred percent (100%) of the North Dakota state jurisdictional share of margins from asset based intersystem energy sales and ancillary services. These margins shall be the actual amounts of such margins recorded, subject to any MISO resettlements.
2. Non-Asset Based Margins: Fifty percent (50%) of the North Dakota state jurisdictional share of non-asset based margins from intersystem sales. These margins shall be the actual amounts of such margins recorded, subject to the FERC approved Joint Operating Agreement and any MISO resettlements. The retail share of the Non-Asset Based Margins will be calculated annually after the close of the calendar year, and will be credited to the Fuel Cost True-up Factor only if calendar year margins are positive.

SALES OF RENEWABLE ENERGY CREDITS

One hundred percent (100%) of the North Dakota state jurisdictional share of net revenue generated by the sale of Renewable Energy Credits shall be credited to customers.

PURCHASED POWER AGREEMENT (PPA) COST EXCLUSION

Pursuant to the Commission's March 9, 2016 Order Accepting Settlement (Case Nos. PU-12-813, et. al.), the costs and volumes of the PPAs identified in that Order will be excluded from the calculation of the monthly Fuel Cost Charge (FCC) under the North Dakota Fuel Cost Rider (FCR).

PURCHASED POWER AGREEMENT (PPA)-COST RECOVERY REVIEW

1. The Company will report in each regular monthly FCR filing the costs and volumes of all PPAs included in the FCR calculation for the first time.
2. The Company will file annually a listing of all new PPAs included in the FCR during the previous calendar year. The annual filing will include a description of the project, a summary of the justification for the contract or investment, the expected annual costs over the life of the contract, and the initial estimated monthly bill impact to residential customers. If the Commission does not commence review of the listed PPAs within six months of the filing, the PPAs listed will be deemed prudent for FCR recovery or other ratemaking purposes for the life of the PPA.
3. For all PPAs 50 MW or greater, an Advance Determination of Prudence (ADP) must be approved by the Commission before such costs are included in the FCR.
4. The Company's energy purchases from the MISO markets or other independent system operators are exempted from this Commission review.

Non-Legislative

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

FUEL COST RIDER (Continued)

Section No. 5
5th Revised Sheet No. 76.2

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Date Filed: 04-29-16

By: Christopher B. Clark

Effective Date:

President, Northern States Power Company, a Minnesota corporation

Case No. PU-16-

Order Date: