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July 30, 2015

— Via Email and Federal Express —

Mr. Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building – 12<sup>th</sup> Floor  
Bismarck, North Dakota 58505

Re: APPLICANT'S PROPOSED ORDER AND LATE FILED EXHIBITS  
REQUEST FOR APPROVAL OF AN ADVANCE DETERMINATION OF PRUDENCE  
(ADP) FOR A POWER PURCHASE AGREEMENT WITH AURORA SOLAR, LLC FOR  
UP TO 100 MW OF SOLAR GENERATION (CASE NO. PU-15-095)

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission in the above-referenced matter, the Company's Proposed Order and the following late filed exhibits:

*NSP-LF1 – MISO Cost Benefit Analysis*

*NSP-LF2 – Minnesota Law and Goals, Dates – cheat sheet*

*NSP-LF3 – How Does Solar Cost Flow to Wisconsin Company  
(Wisconsin Interchange Agreement Whitepaper)*

*NSP-LF4 – Table 1, p. 10 update – (ND view of table 10)  
(Fall 2014 Forecast, 2016-2030 Resource Plan Charts)*

*NSP-LF5 – Advanced Determination of Prudence Issue Timeline*

*NSP-LF6 – Minnesota Competitive Bid Process Overview  
(force or impact of ND law)*

Darrell Nitschke  
July 30, 2015  
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An original and four (4) copies of the Proposed Order and late filed exhibits are being provided via Federal Express. Please contact me if you have any questions regarding this filing.

Sincerely,



DAVID H. SEDERQUIST  
Sr. Consultant, Regulation & Finance

Enclosures

cc: Mike Diller  
Illona Jeffcoat-Sacco  
Victor Schock  
Jack Schuh  
Jerry Lein

### *Wisconsin Interchange Agreement*

All of Northern States Power Company, a Wisconsin corporation's ("NSPW") electric power supply is acquired through the Federal Energy Regulatory Commission ("FERC")-approved Interchange Agreement ("I/A"). Under this agreement, NSPW and NSPM (collectively NSPW and NSPM are the "NSP Companies") plan, build and operate a single integrated electric Production & Transmission ("P&T") system, (the "NSP System"). Because of the integrated nature of the NSP System, the Companies entered into a FERC-approved agreement for the sharing of all P&T costs, including capital costs. Both NSPW and NSPM rely on the NSP System to meet the electric needs of their customers, and customers of both Companies pay a pro rata share of NSP System capital and operating costs under the I/A. The I/A establishes the charges from each company to the other for the sharing of power, energy, and transmission costs between them. The NSP Companies share in NSP System P&T costs by billing each other according to the methodologies authorized by FERC in the I/A.

The I/A provides for the separation of P&T costs into two components. These components include (1) demand-related costs, and (2) energy-related costs. Demand-related costs consist of fixed charges on P&T investment (return, depreciation, property taxes, income taxes, and insurance), carrying costs on demand-related nuclear refueling outage costs, net capacity purchases and the fixed portion of O&M expenses. Energy-related costs consist of fuel, purchases, sales to non-affiliated utilities, variable O&M expenses, carrying costs on energy-related nuclear refueling outage costs and fuel stocks.

The demand-related costs are shared between the NSP Companies based on the ratio of each company's respective 36-month contribution to NSP System coincident monthly peak demands. The energy-related costs are shared on the basis of the monthly ratio of the energy requirements of each company to the total NSP System energy requirements. For both demand and energy costs, each NSP Company's ratio is adjusted for transmission losses. As a general rule of thumb, NSPW shares in approximately 15 percent of total NSP System P&T costs, with NSPM responsible for the remaining 85 percent.

Consistent with this, the Aurora Project will flow through the I/A to Wisconsin like other P&T costs.