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December 20, 2016

--Via Electronic Filing--

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

RE: COMPLIANCE FILING
2017 TRANSMISSION COST RECOVERY ELIGIBILITY AND ASSOCIATED RATE
CASE NO. PU-16-658

Dear Mr. Nitschke:

On September 30, 2016 Northern States Power Company, doing business as Xcel Energy, filed its 2017 Transmission Cost Recovery (TCR) Application. On December 14, 2016, the North Dakota Public Service Commission issued an ORDER in the above-referenced case approving a TCR billing surcharge of \$0.003220 per kWh effective January 1, 2017.

Tariff

Our compliance tariff sheet is attached as follows:

North Dakota Electric Rate Book – NDPSC No. 2
Sheet No. 5-86, revision 5

In addition, we include with this letter an attachment showing the information that will be included on each customer bill. If you have any questions, please contact me at 701-241-8632 or dave.sederquist@xcelenergy.com.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style with a large initial "D".

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION/FINANCE

cc: Pat Fahn
Enclosures

TRANSMISSION COST RECOVERY RIDER

Section No. 5
5th Revised Sheet No. 86

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There will be included on each customer's monthly bill a Transmission Cost Recovery (TCR) charge for purposes of recovering transmission capital and operating costs not presently reflected in base retail rates. The TCR charge shall be determined by multiplying a customer's monthly billed kWh for electric service by the current TCR rate. The TCR charge shall be calculated prior to the application of any city surcharges and/or sales tax.

DETERMINATION OF TCR RATE

The TCR rate is calculated by dividing the forecasted balance of the TCR Tracker Account by the forecasted retail sales. The TCR rate shall be rounded to the nearest \$0.000001 per kWh.

Transmission costs recoverable under this Rider include (i) the annual revenue requirements associated with electric transmission facilities eligible for recovery under NDCC 49.05.04.1, and (ii) federally regulated costs charged to or incurred by the Company to increase regional transmission capacity or reliability. A standardized forecast model will be used to calculate the total revenue requirements for eligible transmission facilities affecting the recovery period. Forecasted retail sales shall be the estimated total retail electric sales for the applicable recovery period.

The TCR rate will be determined annually for each upcoming calendar year recovery period through a TCR rate adjustment application to the North Dakota Public Service Commission.

The TCR rate will apply to monthly billed kWh rendered on and after January 1st of the recovery year. The present TCR rate is:

All Customer Classes	\$0.003220 per kWh
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All approved costs appropriately charged to the TCR Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered through the Rider shall be credited to the TCR Tracker Account.

TRUE-UP

For each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between actual TCR Rider revenue and the corresponding transmission costs (revenue requirements) for the recovery period. The true-up amount shall be recorded by May 1 of the following calendar year and will be included in the calculation of the TCR rate effective for the next calendar year recovery period.

For example, Year 1 actual Rider revenue will be compared to actual revenue requirements for the same period and the difference recorded as an adjustment to the Tracker Account on or before May 1 of Year 2. This difference would then be included in the calculation of the new TCR rate (application to be filed in Year 2) effective January 1 of Year 3.

Date Filed:	09-30-16	By: Christopher B. Clark	Effective Date:	01-01-17
		President, Northern States Power Company, a Minnesota corporation		
Case No.	PU-16-658		Order Date:	12-14-16



Transmission Cost Recovery Rider Rate Increase

Effective January 1, 2017

The Transmission Cost Recovery (TCR) line item on your bill recovers investment costs associated with transmission lines, substations, and equipment and certain regional transmission costs. Beginning January 1, 2017, the TCR rate is \$0.003220 per kWh.

Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior TCR rate vs. the new TCR rate.

Usage (kWh)	Prior Rates				New Rates				Amount of Bill Increase	Percent Increase
	Other Rates	Prior TCR Factor	Prior TCR	Prior Bill	Other Rates	New TCR Factor	New TCR	New Bill		
400	\$49.15	\$0.002340	\$0.94	\$50.09	\$49.15	\$0.003220	\$1.29	\$50.44	\$0.35	0.70%
500	\$57.82	\$0.002340	\$1.17	\$58.99	\$57.82	\$0.003220	\$1.61	\$59.43	\$0.44	0.75%
600	\$66.48	\$0.002340	\$1.40	\$67.88	\$66.48	\$0.003220	\$1.93	\$68.41	\$0.53	0.78%
750	\$79.48	\$0.002340	\$1.76	\$81.24	\$79.48	\$0.003220	\$2.42	\$81.90	\$0.66	0.81%
1000	\$101.14	\$0.002340	\$2.34	\$103.48	\$101.14	\$0.003220	\$3.22	\$104.36	\$0.88	0.85%
2000	\$187.77	\$0.002340	\$4.68	\$192.45	\$187.77	\$0.003220	\$6.44	\$194.21	\$1.76	0.91%

You may examine the new rate rider by visiting our website at xcelenergy.com/ndrates.

If you have further questions, please contact Xcel Energy at **800.895.4999**.