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**PUBLIC DOCUMENT:
NOT PUBLIC DATA EXCISED**

June 21, 2017

— VIA E-MAIL —

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

RE: NEW RESOURCES INCLUDED IN THE 2016 FUEL COST RIDER
CASE NO. PU-17-245

Dear Mr. Nitschke:

In accordance with Section I.B.1 of the Comprehensive Settlement Agreement in Case No. PU-12-813, Northern States Power Company, doing business as Xcel Energy, with operations in North Dakota, encloses a summary list of new Power Purchase Agreements (PPAs) included in the 2016 Fuel Cost Rider for purposes of cost recovery.

The Settlement directs us to include a description of the project, justification for the contract, expected annual costs over the life of the contract, and the initial estimated monthly bill impact to residential customers.

As the attached report indicates, we entered into PPAs with two projects in 2016:

- A combined heat and power project at the University of Minnesota (22.8 MW)
- A small wind project also at the University of Minnesota (2 MW)

In conjunction with both projects, the University of Minnesota self-certified as a Qualifying Facility under the federal Public Utilities Regulatory Policy Act of 1978 (PURPA) with the Federal Energy Regulatory Commission (FERC). Under PURPA, we are required to purchase all energy and capacity made available by qualifying facilities.¹

¹ Minn. Stat. §216B.164, Subd. 4(b).

NON-PUBLIC DOCUMENT: NOT FOR PUBLIC DISCLOSURE

We therefore negotiated a PPA with the University of Minnesota for each of the two projects listed in this report. See Attachment A for the price and terms of each PPA.

Portions of the attached report have been redacted and designated as “Non-Public.” The redacted portions contain “trade secret” information that is proprietary financial information of the Company as it derives independent value from not being generally known, is not ascertainable by other persons, can be used by other for a variety of purposes, and is maintained as confidential by the Company. Thus, Xcel Energy maintains this information as a trade secret. This designation is made pursuant to the Commission’s Order Granting Trade Secret Protection under the Company’s April 9, 2013 Application.

Please call or email me if you have any questions about the information provided.

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 gray rectangular box.

DAVID SEDERQUIST
SR. REGULATORY CONSULTANT

Enclosure

New Small Purchased Power Agreements (less than 50 MW) Included in the ND Fuel Cost Rider
2016 Reporting Period

Identification/ Counter- parties	Description of Project								Justification	MWh Energy During Report Period	Cost During Report Period	First Year Monthly Bill Impact ****
	Type	Location	Contract Start Date	Contract End Date	MW Capacity	Avg. Price (\$/MWh)	Estimated Annual MWh	Avg. Annual Cost NSP System				
University of Minnesota - Research Project	Wind	Rosemount	3/3/2016*	12/3/20	2.5	[BEGIN TRADE SECRET... ... END TRADE SECRET]	5,430	[BEGIN TRADE SECRET... ... END TRADE SECRET]	This is a qualified facility under PURPA, and we are required to negotiate a power purchase agreement with the counterparty.	3,305	[BEGIN TRADE SECRET... ... END TRADE SECRET]	<\$0.0012
University of Minnesota - Combined Heat & Power Project	Primary Use for Steam Capacity	Minneapolis Campus	5/16/2016**	6/30/17	22.8	[BEGIN TRADE SECRET... ... END TRADE SECRET]	66,576***	[BEGIN TRADE SECRET... ... END TRADE SECRET]	This is a qualified facility under PURPA, and we are required to negotiate a power purchase agreement with the counterparty.	None	[BEGIN TRADE SECRET... ... END TRADE SECRET]	\$0.0000

* Contract filed on 3/3/2016 and is retroactive to 10/14/2015. Wind project is operated intermittently as part of a five-year research project.

** Commercial operation estimated 7/1/2017.

*** CHP system is designed to be fully utilized for self-generation needs. The estimated annual MWh reflects the unlikely event that 100% of the energy produced during off-peak hours is sold to the Company rather than used by the U of MN.

**** Estimated average monthly Residential bill impact based on 750 kWh use.