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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA**

NORTHERN STATES POWER COMPANY  
CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY – FOXTAIL

CASE NO. PU-17-\_\_\_\_\_

**APPLICATION FOR  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy (NSP or Xcel Energy or the Company), submits to the North Dakota Public Service Commission (Commission) this Application for a Certificate of Public Convenience and Necessity (CPCN) for the Foxtail wind project. This application is being made pursuant to N.D.C.C. §§ 49-03-01, *et al.* and 49-03-02.

The Foxtail wind project is one of the cost-effective, geographically- and structurally-diverse wind projects that make up the 1,550 MW Wind Portfolio for which the Company is seeking an Advance Determination of Prudence in Case No. PU-17-120.

The Foxtail wind project presents an opportunity for Xcel Energy to reduce overall system costs by capturing one of the lowest cost wind resources the Company has seen to date. The Foxtail wind project offers significant system cost savings to customers over its life. Our analysis indicates approximately \$161 million in savings on a present value of revenue requirements (PVRR) basis over the life of the project, as compared to not adding the project in the same period. Further, it will provide 150 construction jobs and 8 full-time jobs as well as several hundred thousand dollars per year in tax base and tax revenues for North Dakota. For these reasons, the public convenience and necessity would be served by the Foxtail wind project. The Company is an experienced utility with the ability to construct and operate the project. Therefore, the standard for a CPCN has been met and a CPCN should be granted by the Commission.

The remainder of this Application provides the following:

- Compliance Matters;

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- Description of the Project;
- Public Convenience and Necessity Discussion; and
- Conclusion.

**I. COMPLIANCE MATTERS**

**A. DESCRIPTION OF APPLICANT**

Xcel Energy is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a foreign corporation. The Company conducts business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the North Dakota Century Code. The name and address of Xcel Energy is:

Northern States Power Company, a Minnesota corporation  
414 Nicollet Mall  
Minneapolis, Minnesota 55401

Xcel Energy also operates in North Dakota from the following address:

Northern States Power Company  
2302 Great Northern Drive  
Fargo, North Dakota 58102

The Company's Certificate of Incorporation with amendments and Certificate of Authority were filed with the Commission on September 30, 2009, and October 12, 2009, respectively, in Case No. PU-09-664. Current Certificates of Good Standing issued by the North Dakota and Minnesota Secretaries of State were filed in the same case, and are incorporated herein by reference.

Xcel Energy has service territory in five upper Midwest states including North Dakota. We presently serve approximately 94,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota. We own just over 250 miles of transmission lines and 14 substations in North Dakota.

**B. COMMUNICATION AND SERVICE**

We respectfully request that the following persons be placed on the Commission's official service list for all official communications in this case:

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David H. Sederquist  
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**C. STANDARD OF REVIEW**

North Dakota Century Code Section 49-03-01 provides that:

An electric public utility may not begin construction or operation of a public utility plant or system, or of an extension of a plant or system without first obtaining from the commission a certificate that public convenience and necessity require or will require such construction and operation.

Before the Commission may issue a CPCN, the electric public utility must file a certified copy of its articles of incorporation, and submit evidence that it has obtained, or will make application to obtain, the consent of any other public authority whose consent is required. N.D.C.C. § 49-03-02. After notice and opportunity for hearing, the Commission may: (i) issue the certificate; (ii) refuse to issue the certificate; (iii) issue the certificate for only portions of the proposed facilities; or (iv) issue the certificate subject to such terms and conditions the Commission determines the public convenience and necessity requires.

The Commission has indicated that it considers an additional ten factors in determining whether to grant a CPCN for new electric facilities, relating to whether the facilities extend into and impact other electric service providers' service territories, and whether the facilities are unnecessarily duplicative.<sup>1</sup>

The overall standard applied by the Commission pursuant to statute and its ten factors is whether the proposed system addition is appropriate under all the circumstances, and whether the applicant is qualified to implement the proposed system addition.

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<sup>1</sup> Testimony of Jerry Lein of the Commission Staff, presented to the Interim Electric Industry Competition Committee, April 24, 2000. These factors are discussed in Section VII.C of this Application.

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**D. OTHER APPLICABLE PROCEEDINGS**

The Foxtail wind project is the subject of the Settlement Agreement in Case No. PU-17-120. The Company believes that the prudence of the project is best addressed in that Case. However, the Company requires a CPCN to construct this North Dakota based project and believes that the public convenience and necessity is served through the construction of the project notwithstanding any outcome in Case No. PU-17-120.

Further, the Foxtail wind project is also implicated in our currently pending Resource Treatment Framework (RTF) proceeding before the Commission in Case Nos. PU-12-813, *et al.* Although the final disposition of the RTF proceeding may affect the Foxtail wind project’s cost allocation or customers served, it will not affect the matters at issue in this proceeding. Rather, the benefits associated with jobs and tax revenues demonstrate that this project will benefit the public convenience and necessity notwithstanding the pending issues in the RTF Case.

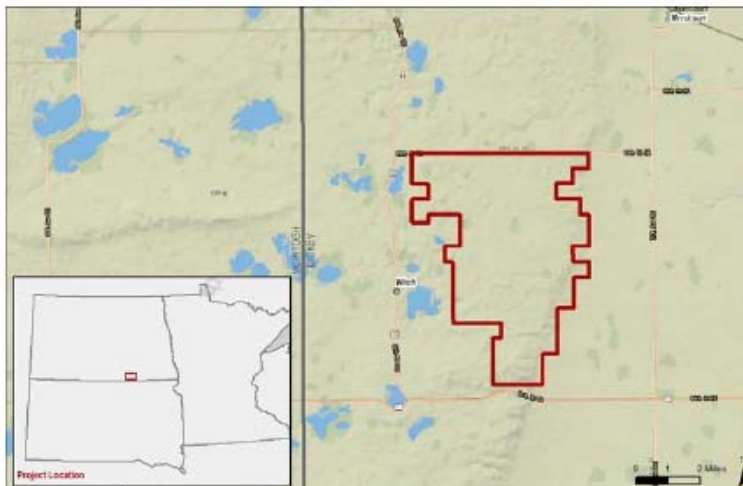
**E. FILING FEE**

NSP is including a filing fee in the amount of \$10,000 with this Application in anticipation of the Commission requiring such a fee pursuant to North Dakota Century Code section 49-03-02(3).

**II. DESCRIPTION OF PROJECT**

The Foxtail wind project is being developed by an affiliate of NextEra Energy Inc. (NextEra), and is located on an approximately 20,000 acre site located 20 miles west of Ellendale, North Dakota.

**Figure 1: Foxtail Project Location**



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The Foxtail project will have 150 MW of nameplate capacity. Wind performance analysis predicts a net capacity factor of **[TRADE SECRET BEGINS TRADE SECRET ENDS]**. We additionally project average annual energy production of approximately **[TRADE SECRET BEGINS TRADE SECRET ENDS]**, depending on final layout and turbine selection.

Total capital costs for the Foxtail project are currently estimated at approximately **[TRADE SECRET BEGINS TRADE SECRET ENDS]**, which includes the estimated transmission upgrades and interconnection costs as well as anticipated siting and permitting costs. The projected Levelized Cost of Energy for the Foxtail project is **[TRADE SECRET BEGINS TRADE SECRET ENDS]**, which is significantly lower than any of the Company's past renewable additions.

As discussed in the ADP proceeding in Docket No. PU-17-120, the Foxtail wind project is estimated to provide system-wide customer benefits of approximately \$161 million on a PVRR basis.

We anticipate that commercial operation will be achieved by September 2019. This timeline allows Xcel Energy to capture 100 percent of the Federal Production Tax Credits, because the construction will be completed well within four years from the end of the year in which construction commenced. Variables that may affect the construction schedule include regulatory activity and weather.

### **III. PUBLIC CONVENIENCE AND NECESSITY**

#### **A. COST-EFFECTIVE RESOURCE**

Public convenience will be served by allowing the Company to take advantage of the historically low cost of wind generation. Our analysis demonstrates that the addition of the Foxtail wind project will keep our customers' bills lower than they otherwise would be over the life of the project. Using conservative assumptions, the Company's Strategist modeling predicts that energy costs for our customers will be \$161 million less on a PVRR basis.

Our analysis leads us to conclude that the addition of the Foxtail wind project to our system is prudent and would serve the public convenience because it will contribute to substantial financial benefits to our customers. These financial benefits are reflected in a lower cost of energy in the near- and long-term, and in a material

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hedge against future increases in the fuel and government regulation components included in the cost of energy. The Foxtail wind project will also provide tax revenues and fees and jobs arising from the project in Dickey County, North Dakota.

**B. BENEFITS TO NORTH DAKOTA**

Construction of the Foxtail project will bring economic benefits to North Dakota. The Company has selected Wanzek Construction of West Fargo to build the Foxtail project, and approximately 150 workers will be employed during the construction phase. There will also be approximately 8 full-time jobs connected to the project once it is operational. The construction will result in activity for local businesses (stores, hotels, services, housing, etc.) and sales and use tax contributions to the State of North Dakota. The landowners will receive payment for use of their land, and the project will generate several hundred thousand dollars of property taxes each year for the State of North Dakota.

**C. COMMISSION'S TEN FACTORS SUPPORT GRANTING THE CPCN**

Xcel Energy provides the following responses to the ten factors the Commission considers regarding a proposed facility's impacts on other service providers, and whether the facility is unnecessarily duplicative. These factors further support the need for the Foxtail Project and Xcel Energy's qualifications to add the project to its system.

1. *From whom does the customer prefer electric service?*

Customer preference is not a consideration in this circumstance. The Foxtail wind project will be an additional resource on the Xcel Energy system, which serves all the Company's customers within the system's five-state service area (North Dakota, South Dakota, Minnesota, Wisconsin, and Michigan).

2. *What electric suppliers are operating in the general area?*

Electric suppliers and nearby service territories are not at issue in this circumstance. The Foxtail wind project will not provide direct retail service in competition with electric suppliers in the area.

3. *What electric supply lines exist within a two-mile radius of the locations to be served and when were they constructed?*

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An electric supply line in the vicinity is not a consideration in this circumstance. The Foxtail wind project will not provide direct retail service in competition with electric suppliers in the area.

4. *What customers are served by electric suppliers within at least a two-mile radius of the location to be served?*

The customer base in the vicinity is not a consideration in this circumstance. The Foxtail wind project will be an additional resource on the Xcel Energy system, which serves all the Company's customers within the system's five-state service area.

5. *What are the differences, if any, between the electric suppliers available to serve the area with respect to reliability of service?*

This is not a consideration in this circumstance. The Foxtail wind project will not provide direct retail service in competition with electric suppliers in the area.

6. *Which of the available electric suppliers will be able to serve the location in question more economically and still earn an adequate return on its investment?*

This is not a consideration in this circumstance because the Foxtail wind project will not provide direct retail service in competition with electric suppliers in the area.

7. *Which supplier's extended electric service would best serve orderly and economic development of electric service in the general area?*

This is not a consideration in this circumstance. The Foxtail wind project will not provide direct retail service in competition with electric suppliers in the area.

8. *Would approval of the application result in wasteful duplication of investment or services?*

No. The Foxtail wind project will improve the efficiency of our generation system and help keep customer costs lower than they would be otherwise.

9. *Is it probable that the location in question will be included within the corporate limits of a municipality within the foreseeable future?*

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No. The area under consideration for the Foxtail wind project is not likely to be included within a municipality within the foreseeable future.

10. *Will the service by either of the electric suppliers in the area unreasonably interfere with the service or system of the other?*

This is not a consideration in this circumstance. The Foxtail wind project will not provide direct retail electric service in competition with other electric suppliers.

In summary, the Foxtail wind project and the Company satisfy the requirements to be granted a CPCN.

**IV. CONCLUSION**

For all of the reasons set forth above, we respectfully request the Commission issue a CPCN for the Foxtail wind project.

Dated: October 27, 2017

Northern States Power Company

Respectfully submitted,



David H. Sederquist  
SR. CONSULTANT, REGULATORY & FINANCE  
XCEL ENERGY