



414 Nicollet Mall  
Minneapolis, Minnesota 55401

**PUBLIC DOCUMENT  
TRADE SECRET DATA REMOVED**

June 30, 2010

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

—Via Electronic Filing—

RE: UPDATED ATTACHMENT 4  
CHANGES IN CONTRACT DEMAND ENTITLEMENTS  
DOCKET NO. G002/M-09-1287

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the Company”) submits to the Minnesota Public Utilities Commission (the “Commission”) an updated, public version of Attachment 4 to our Reply Comments and Update dated March 1, 2010 (the “March 2010 Update”) in the referenced docket. The updated two pages of Attachment 4 provide additional clarifying information concerning payment options, and also correct an error that appeared in the March 2010 Update.

Attachment 4, page 1 shows the payment options associated with the Fargo Lateral Project (the “Project”). After discussing this page with the Minnesota Office of Energy Security (the “OES”) in a telephone conference, we agreed to provide the information in a slightly different way to enhance its clarity. We made changes in four areas:

- We now show both the Estimated and Final Project Cost at the top of page 1;
- We now show the Calculated Volume for the Capacity Option based on the Estimated Project Cost and based on the Final Project Cost (the Calculated Volume Based on the Final Project Cost includes the discount provided by Viking Gas Transmission (“Viking”) under the terms of the Cost-Based Precedent Agreement described in our March 1 update);

- We now show the Actual Annual Cost for 2009-10, which included the costs we incurred based on the Estimated Project Cost for the five month period November 2009 through March 2010, and the Actual Annual Cost that we will incur for 2010-2011 and annually thereafter for the duration of the contract term; and
- The Rates and Annual Cost figures in the Negotiated Rate Option section have been updated to reflect the 2009-10 actual annual cost. As we discussed in our Petition, we chose to purchase additional entitlement as the means of paying for the cost of the Project, and did not use the Negotiated Rate Option.

For easy reference, we have shaded the revisions in the attached, updated versions of Attachment 4, pages 1 and 3. The changes described above do not change the analysis of the final economics of the Fargo Lateral Project as set forth in our March 2010 Update.

We have also corrected Attachment 4, page 3 of our March 2010 Update, which included only winter capacity costs in the Fargo Project Costs section. The revised version of page 3, which has also been shaded, includes all expected demand costs to be paid to Viking for the 2009-10 timeframe and for the remainder of the term of the contract.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document on the eDockets website, and copies of this filing have been served on all parties on the attached service list. Please contact Scott Scheffer at (612) 330-6089 or [scott.k.scheffer@xcelenergy.com](mailto:scott.k.scheffer@xcelenergy.com) or me at (612) 330-6613 or [amy.a.liberkowski@xcelenergy.com](mailto:amy.a.liberkowski@xcelenergy.com) if you have any questions regarding this update.

Sincerely,

/s/

AMY LIBERKOWSKI  
MANAGER, PRICING & PLANNING

c: Service List

**Fargo Lateral Pipeline Project  
Project Cost Estimate and Payment Options**

**REVISED June 2010**

**CIAC Option**

Estimated Project Cost	\$ 14,692,000
Final Project Cost	\$ 12,110,175

Capacity Option			Calculated Volume Based on	Calculated Volume Based on	Actual Annual Cost	Actual Annual Cost
Service	Rate (Cat. 3)	Capacity Factor	Estimated Project Cost	Final Project Cost	2009-10	2010-11
Zone 1-2 Backhaul (8 yr)	\$4.59	0.0060756	89,263	72,213	\$4,366,029	\$3,974,979
Zone 1 Backhaul (10 yr)	\$3.47	0.0067464	99,118	80,185	\$3,664,338	\$3,336,130
Zone 2 Backhaul (10 yr)	\$1.84	0.0127121	186,766	151,092	\$3,664,315	\$3,336,113

**Negotiated Rate Option**

Service	Rate (Cat. 3)	Volume	Forecast Cost	
			Ann. Cost	
Zone 1-2 Backhaul (8 yr)	\$6.36	57,178		4,366,029
Zone 1 Backhaul (10 yr)	\$5.34	57,178		3,664,338
Zone 2 Backhaul (10 yr)	\$5.34	57,178		3,664,315

Northern States Power Company, a Minnesota corporation

Docket No. G002/M-09-1287

Attachment 4

Combined Fargo Project Costs and Northern Discount Savings

Page 3 of 3

REVISED - June 2010

Fargo Project Costs	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Zone 1-2 Backhaul (8 yr)	\$4,336,029	\$3,974,979	\$3,974,979	\$3,974,979	\$3,974,979	\$3,974,979	\$3,974,979	\$3,974,979

**Northern Discount Savings**

**Assumptions**

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Volume Requirements	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ANR Capacity		50,000	57,500	66,500	66,500	66,500	66,500	66,500
Viking Capacity - excess Fargo summer	15,035	15,035	15,035	15,035	15,035	15,035	15,035	15,035
Viking Capacity - incremental backhaul		20,059	27,559	36,559	36,559	36,559	36,559	36,559
NNG Capacity (Hugo Summer)		34,443	34,443	34,443	34,443	34,443	34,443	34,443
NNG Capacity (Hugo Winter)		36,316	36,316	36,316	36,316	36,316	36,316	36,316
NNG Capacity (Hugo Expansion)		3,884	7,962	12,245	12,245	12,245	12,245	12,245
NNG Capacity (St Cloud Expansion)		2,401	4,921	6,067	6,067	6,067	6,067	6,067

The costs associated with this Viking capacity are shown above in the Fargo Project Costs line item. Costs for incremental backhaul capacity are included below.

**Project Economics**

**Daily Rate**

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TRADE SECRET ENDS]

Annual Cost Savings	\$ -	\$ 460,559	\$ 1,024,207	\$ 1,271,691	\$ 1,271,691	\$ 1,271,691	\$ 1,271,691	\$ 1,271,691
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## CERTIFICATE OF SERVICE

I, SaGonna Thompson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**DOCKET No. G002/M-09-1287**

Dated this 30<sup>th</sup> day of June 2010

/s/

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SaGonna Thompson  
Records Analyst

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