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January 5, 2016

VIA ELECTRONIC FILING

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

Re: In the Matter of the Joint Request of the City of North Saint Paul and Northern States Power Company (d/b/a Xcel Energy) to Terminate Service-by-Exception Arrangement and Update Electric Service Territory Records
MPUC Docket: _____
Our File No.: 63328-0001

Dear Mr. Wolf:

I represent the City of North Saint Paul (the "City"), which is authorized, on behalf of the City and Northern States Power Company (d/b/a Xcel Energy) ("Xcel Energy") (collectively, the "Parties"), to make this filing.

Summary of Joint Request

This filing constitutes the Parties' joint request to terminate a service-by-exception arrangement for the Affected Area (as later defined) and to update the Commission's official electric service territory records. The Joint Request affects one customer that Xcel Energy had been serving by exception.

Legal Authorities

By statute, "no electric utility shall render or extend electric service at retail within the assigned service area of another electric utility unless the electric utility consents thereto in writing . . ." Minn. Stat. § 216B.40 (2014). In the present case, Xcel Energy served certain areas under a written service-by-exception agreement. The Parties have

agreed to terminate the service-by-exception rights for Xcel Energy to serve the Affected Area, and wish to update the Commission's official records.

Underlying Documents

1. Exhibit 1: Exception Agreement. Attached as Exhibit 1 is a copy of the Exception Agreement between the Parties dated November 8, 2012 ("Exception Agreement"). The Exception Agreement allowed the City to elect to serve any of the customers under the Exception Agreement by providing notice to Xcel Energy and by paying for applicable Xcel Energy facilities. The City provided notice on December 23, 2014. The Parties determined payment for facilities, as further described below.
2. Exhibit 2: Transfer Agreement. Attached as Exhibit 2 is a copy of the Compensation and Orderly Transfer Agreement and Bill of Sale between the Parties dated as of June 2, 2015 ("Transfer Agreement"). Section 1 of the Transfer Agreement specifies the facilities payment agreed to by the Parties as to the facilities listed in Exhibit B. The City has completed the payment described in Section 1. Exhibit A to the Transfer Agreement contains maps, address, and a legal description of the exception area affected by the Transfer Agreement (the "Affected Area"). Under the Transfer Agreement, the Affected Area remains in the City's assigned electric service territory, and Xcel Energy's service by exception terminates.

By written agreement of the Parties, and in consultation with the customer in the Affected Area, to ensure a seamless and appropriate transition, the City began providing electric service to the Affected Area on or about July 17, 2015. The Parties cooperated to provide information to the affected customer. Under the Transfer Agreement, Xcel Energy will provide notice to the customer of this proceeding.

Contact Information

If there are any questions concerning this filing, you may contact the following representatives:

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Straughn & Lamb, Chtd.
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612-338-2525
kmb@mcgrannshea.com

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Assistant General Counsel
414 Nicollet Mall, 5th Floor
Minneapolis, MN 55401
612.215.4662
Alison.C.Archer@xcelenergy.com

Counsel for Xcel Energy

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Request

The Parties therefore petition the Commission to accept and file these documents and provide due acknowledgment thereof. The Parties further request that the Commission provide evidence of its acceptance of this termination of service-by-exception and update its official records.

Proposed Service List

A copy of this letter and the accompanying documents has been mailed or emailed to the persons on the enclosed proposed service list.

Please contact me if you have any questions.

Sincerely,



Kathleen M. Brennan

Enclosures
cc (w/encl.): Proposed Service List

EXHIBIT 1

**EXCEPTION AGREEMENT BETWEEN
North Saint Paul Municipal
AND
Xcel Energy**

Exception Form Number (XE#2)

This agreement entered into this 8TH day of November, 2012, (the "Agreement") between North Saint Paul Municipal with its principal office located at 2400 Margaret Street, North Saint Paul, Minnesota, and XCEL ENERGY, with its principal office located at 414 Nicollet Mall, Minneapolis, Minnesota (collectively, the "Parties").

RECITALS

A. The North Saint Paul Municipal is an electric Municipal formed pursuant to the provisions of Chapter 308A of the Minnesota Statutes ("North Saint Paul Municipal").

B. Northern States Power Company, a Minnesota corporation, d/b/a Xcel Energy ("Xcel Energy") is a "public utility" under Minn. Stat. § 216B.02, subd. 4.

C. Pursuant to the electric service area assignments of the Minnesota Public Utilities Commission (the "Commission") and Minnesota Statutes § 216B.39 and §216B.40, North Saint Paul Municipal and Xcel Energy have exclusive rights to provide electric service to customers within their respective service territories.

D. In North Saint Paul Municipal's Washington County service territory are [10] developed residential/commercial sites within close proximity to Xcel Energy's distribution facilities. These residential/commercial sites (the "exception area") are further shown on Attachment 1 to the Agreement.

E. The Parties have come to a mutual agreement that will allow Xcel Energy to provide service by exception to [10] residential/commercial locations within the exception area.

NOW THEREFORE, in consideration of the promises exchanged herein, the Parties agree as follows:

1. Scope of Agreement: The scope of this Agreement is limited to the [10] residential/commercial locations within the exception area more specifically identified on Attachment 1 and is further described as:

1877 County Rd B	attached T29 R22W map	Submap #2
1883 County Rd B	attached T29 R22W map	Submap #2
1884 County Rd B	attached T29 R22W map	Submap #2
1890 County Rd B	attached T29 R22W map	Submap #2
1896 County Rd B	attached T29 R22W map	Submap #2
3120 Geneva Ave N	attached T29 R22W map	Submap #4
2465 Beam Ave E	attached T29 R22W map	Submap #1
2360 White Bear Ave N	attached T29 R22W map	Submap #2
1830 County Rd B	attached T29 R22W map	Submap #2
2905 Century Ave	attached T29 R22W map	Submap #1

2. Existing customers: The Parties acknowledge that there are currently no existing customers of North Saint Paul Municipal located within the exception area that would be affected by this Agreement.
3. Compensation: The Parties agree that no compensation is owed to North Saint Paul Municipal by Xcel Energy for the limited right to serve customers by exception in the exception area.
4. Future Service Rights: The Parties acknowledge that the limited right to serve by exception the exception area as contemplated in this Agreement does not convey permanent rights to serve the exception area. In the event that North Saint Paul Municipal chooses to exercise its right to serve the exception area in the future, the Parties agree to the following:
 - a. Notice: North Saint Paul Municipal will give Xcel Energy ninety (90) days written notice of its intent to provide service to the exception area.
 - b. Compensation for Facilities: North Saint Paul Municipal will pay to Xcel Energy the net book value (original cost depreciated) of the service facilities in place in the exception

area at the time of the notice referenced in Section 4 (a) (above) as compensation. The net book value will be calculated using the average property unit cost, net of customer contributions, and the year the unit of property was initially purchased.

- c. Lost Revenue: The Parties acknowledge that no compensation was paid by Xcel Energy to North Saint Paul Municipal for the limited right to serve by exception, and agree that no compensation will be owed by North Saint Paul Municipal to Xcel Energy in the future for lost revenue related to existing or future customers in the exception area.
 - d. Agreement in Writing: The Parties will memorialize their agreement on reasonable compensation terms in writing, and file the agreement with the Commission.
 - e. Resolution: In the event that the Parties cannot agree on reasonable compensation terms within ninety (90) days of the notice referenced in Section 4(a) (above), the issue of compensation will be submitted to the Commission for resolution.
 - f. Late Charges: [IF COMPENSATION IS BEING PAID] If the either party fails to make any payment(s) within thirty (30) days of the date due, additional charges shall become due and payable at a rate of interest per annum equal to the prime rate for the last day of the prior month as reported in the "Wall Street Journal" plus one and one-half percent (1 1/2%) per month (or the maximum percentage allowed by law, whichever is lower) on any unpaid amounts. Any payments shall be applied to outstanding interest first, followed by outstanding charges due prior to any current charges due.
5. Reservation of Rights: Except as specifically set forth herein, this Agreement does not modify or limit the legal rights of any party.
6. No Precedent. The Parties recognize that this Agreement is the result of negotiations between the Parties and that the Agreement does not represent any binding or legal precedent on any party in any other matter.

7. Agreement Filed with the Commission. Upon execution of this Agreement by all Parties, the Parties will file a copy of the Agreement with the Commission jointly.

8. Miscellaneous.

- (a) Entire Agreement and Modification. This Agreement contains the entire agreement and understandings of the Parties hereto regarding the scope of the Agreement and appropriate compensation for the exception area. All previous communications, or agreements, between the Parties hereto, either verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed by a duly appointed representative of all Parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- (b) Assignment. None of the Parties shall assign, or sublet, this Agreement, voluntarily, involuntarily or by operation of law, without the prior written consent of the other.
- (c) Severance. If any provision of this Agreement shall be found invalid or unenforceable, in whole or in part, by a court of competent jurisdiction or the Commission, then such provision shall be deemed to be modified or restricted to the extent and in a manner necessary to render the same valid and enforceable, or if that is not possible, such provision shall be stricken and deleted from this Agreement, as the case may require, and this Agreement shall then be construed and enforced to the maximum extent permitted by law and with the purpose to achieve the fundamental intent of the Parties.
- (d) Choice of Laws. This Agreement shall be construed and interpreted in accordance with the laws of the State of

Minnesota and excluding any choice of law or rules that may direct the application of laws of another jurisdiction.

- (e) Agreement Drafted Jointly. The Parties agree that none of the Parties shall be deemed solely responsible for drafting all or any portion of this Agreement, and in the event of a dispute, responsibilities for any ambiguities arising from any provision of this Agreement shall be shared equally among the Parties.
- (f) Regulation. The Parties acknowledge that this Agreement is subject to the jurisdiction of the Commission.
- (g) Effective Date. The effective date of this Agreement is the date upon which the Agreement has been signed by a duly appointed representative of both Parties.
- (h) Notice. Any notice permitted or required by this Agreement shall be made in writing and personally served or mailed (postage prepaid, return receipt requested) and shall be effective upon the date of personal service, or if by mail, upon the date of receipt.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written and the Parties agree to take such additional steps and actions including execution of such instruments and other documents as are reasonably necessary to effectuate the intentions of expressed hereby.

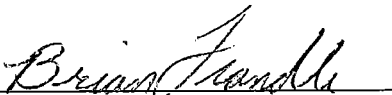
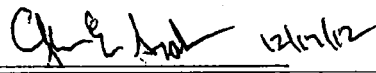
North Saint Paul Municipal	Northern States Power Company, A Minnesota corporation
By: 	By:  12/17/12
Brian Frandle Director of Electric Utilities City of North Saint Paul	Alan Srock Sr. Director, Distribution Business Operations Xcel Energy

EXHIBIT 2

COMPENSATION AND ORDERLY TRANSFER AGREEMENT AND BILL OF SALE

This Compensation and Orderly Transfer Agreement and Bill of Sale (“Agreement”), is made and entered into as of the 2nd day of June, 2015, by and between NORTHERN STATES POWER COMPANY, a Minnesota corporation, d/b/a Xcel Energy, with its principal office located at 414 Nicollet Mall, Minneapolis, Minnesota (“Xcel Energy”), and the City of North St. Paul, a Minnesota municipal corporation, with its principal office located at 2400 Margaret Street, North Saint Paul, Minnesota (the “City”), each a “Party” and collectively, “the Parties.”

RECITALS

A. The Parties entered an Exception Agreement dated November 8, 2012 (“2012 Agreement”), which provided Xcel Energy the limited right to provide electric service by exception within the City’s assigned electric service territory. The exception area described in the 2012 Agreement included 2360 White Bear Avenue North, which is depicted in further detail in Exhibit A (the “Affected Area”). The Affected Area includes one existing customer.

B. Under the 2012 Agreement, the City may choose to serve the exception area (1) by providing 90-days notice to Xcel Energy, and (2) by paying compensation for applicable Xcel Energy facilities. The City provided notice to Xcel Energy in a letter dated December 23, 2014. The 2012 Agreement further provides that the Parties will memorialize the terms and conditions of their agreement as to compensation, and the Parties desire to do so in this Agreement.

NOW THEREFORE, in consideration of the promises exchanged herein and other consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Transfer of Facilities. Pursuant to the 2012 Agreement, the City will pay Xcel Energy the net book value (original cost less depreciation) of the electric service facilities in place in the Affected Area at the time of the December 23, 2014 notice (the “Facilities”). Xcel Energy has calculated the value of the Facilities to be \$12,870.07. The Facilities are described in greater detail on Exhibit B. Payment for the Facilities shall be made within thirty (30) days of the City’s receipt of (a) Xcel Energy’s executed signature pages of this Agreement, and (b) Xcel Energy’s invoice for the Facilities.

1.1 Xcel Energy hereby sells, conveys, transfers, assigns and sets over to the City, its successors and assigns, all of the right, title and interest of the Xcel Energy in and to the Facilities. The City hereby accepts the assignment of all of the right, title and interest of Xcel Energy in and to the Facilities.

2. No Additional Payment. As provided in the 2012 Agreement, and in recognition that the Affected Area remains part of the City’s assigned electric service territory, except as set forth in Section 1.0 above, the City shall provide no compensation to Xcel

Energy, including, but not limited to, payment for loss of revenue, integration expense, or other appropriate factors, is required.

3. Orderly Transfer of Service. Service to the Affected Area shall transfer to the City on July 1, 2015, or on a date mutually agreed upon in writing between the Parties. The Parties agree to cooperate fully in notifying the affected customer as to the transfer of electric service and in arranging the transfer of service to be as convenient and seamless as possible.

4. Representations and Warranties. The City and Xcel Energy hereby mutually represent and warrant, each to the other, as follows:

(a) Each is duly organized and existing in good standing under the laws of the State of Minnesota and each has all requisite power and authority to own, lease, and operate its electric service facilities;

(b) Each has the power and authority to execute, deliver, and carry out the terms and provisions of this Agreement and has taken all the necessary corporate action to authorize the execution, delivery, and performance of this Agreement;

(c) This Agreement constitutes a valid and binding obligation of each Party, enforceable in accordance with its terms and except as provided in Section 5, no consent, authorization, approval, or exemption by any governmental or public body or authority is required in connection with the execution, delivery, and performance by each of the Parties of this Agreement; and

(d) Neither Party knows of any claim that may be asserted against the other arising from facts and circumstances occurring prior to the date hereof and relating to the provision of electric service to the Affected Area under the laws of the State of Minnesota governing exclusive electric service territories or relating to the Facilities.

4.1 Xcel Energy represents and warrants to the City that it has good and marketable title to the Facilities.

4.2 All representations and warranties herein shall survive the execution and delivery of this Agreement.

5. MPUC Filing. In conjunction with the signing of this Agreement, the City will prepare and complete a joint filing to the Minnesota Public Utilities Commission (the "Commission") by the Parties reflecting the termination of the service-by-exception for the Affected Area and the updating of the electric service territory maps, along with this Agreement as evidence of the Parties' resolution of compensation. Xcel Energy shall retain the right to review the joint filing before signature. Upon the filing of the document, Xcel Energy will send a notice to all affected customers in the Affected Area informing them of the Agreement, and that it has been filed with the Commission. This notice shall provide the Commission's address and the docket number to facilitate any

customer participation in the proceeding. The City shall retain the right to review the notice before sending. The Parties shall each, at their own expense, exercise any and all lawful efforts reasonable and necessary to respond to any questions by the Commission, Department of Commerce, or other agency, and to assure approval.

6. Miscellaneous.

6.1 Entire Agreement. This Agreement (including recitals and exhibits hereto) constitutes the entire Agreement and, with respect to service within the Affected Area and compensation to Xcel Energy, supersedes all prior agreements and understandings, oral and written, between the Parties. This Agreement may only be amended in writing, signed by each of the Parties. Headings are provided for convenience and are not a part of this Agreement.

6.2 Severance. If any provision in this Agreement is determined by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired.

6.3 Assignment. This Agreement will inure to the benefit of the Parties hereto and shall be binding on them and their respective legal representatives, successors and assigns. Provided, however, neither Party hereto may assign any of its rights herein to any person without the prior written consent of the other Party.

6.4 Joint Drafting. The Parties agree that they participated equally in, and are jointly responsible for, the drafting of this Agreement. In the event of any dispute, any ambiguity in this Agreement shall not be construed against either Party.

6.5 Counterparts. This Agreement may be executed in counterpart copies by the Parties and each counterpart, when taken together with the other, shall be deemed one and the same executed Agreement.

6.6 Choice of Laws. This Agreement shall be construed and interpreted in accordance with the laws of the State of Minnesota and excluding any choice of law or rules that may direct the application of laws of another jurisdiction.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written and the Parties agree to take such additional steps and actions including execution of such instruments and other documents as are reasonably necessary to effectuate the intentions of expressed hereby.

Northern States Power Company,
a Minnesota corporation

City of North Saint Paul

By: Laura McCarten
Laura McCarten
Regional Vice President, Xcel Energy

By: Michael R. Kueh
Its: MAYOR

And

And

By: _____
Stephen R. Foss
Regional Vice President,
Distribution Operations, Xcel Energy

By: SB
Its: CITY MANAGER

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written and the Parties agree to take such additional steps and actions including execution of such instruments and other documents as are reasonably necessary to effectuate the intentions of expressed hereby.

Northern States Power Company,
a Minnesota corporation

City of North Saint Paul

By: _____
Laura McCarten
Regional Vice President, Xcel Energy

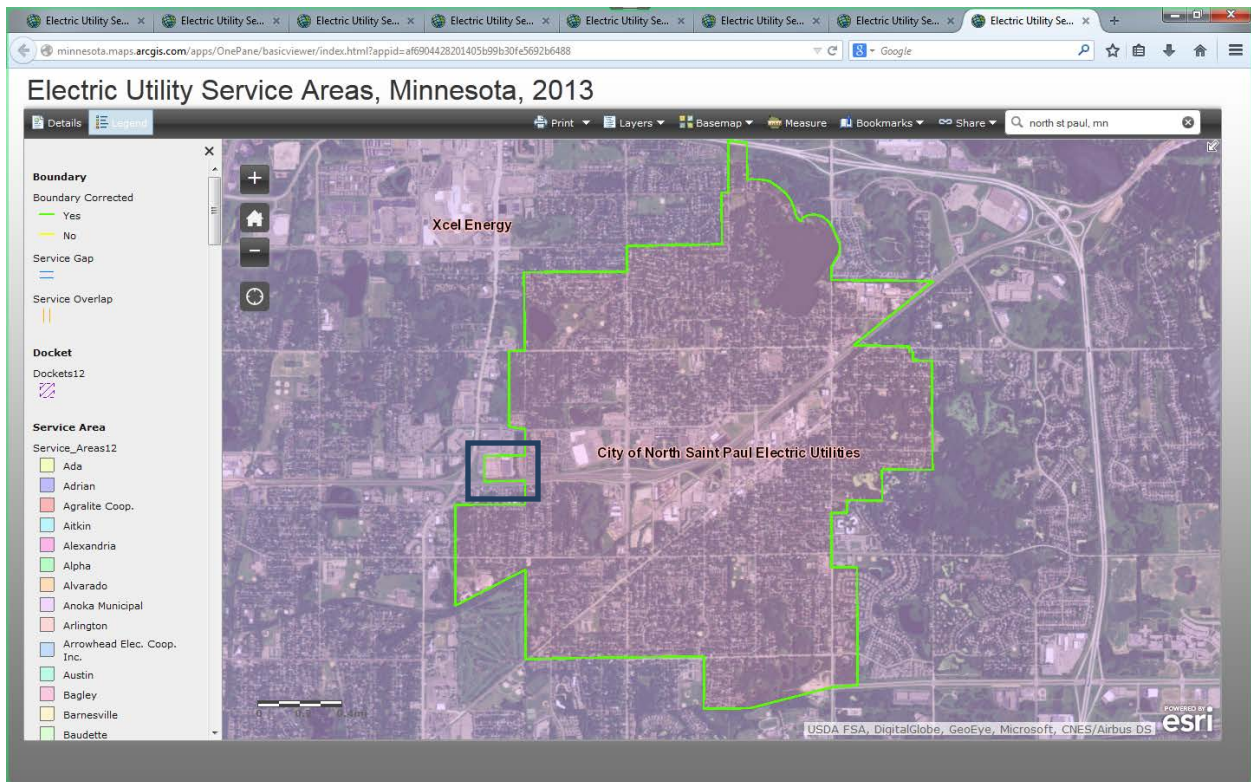
By: Michael R. Kuehn
Its: MAYOR

And
By: [Signature]
Stephen R. Foss
Regional Vice President,
Distribution Operations, Xcel Energy


And
By: [Signature]
Its: CITY MANAGER

EXHIBIT A: MAP

2360 White Bear Avenue North
T29 R22W Map





 Parcel ID: 112922310056  

PID: 112922310056
Primary Owner 1: Home Depot Usa Inc
Primary Owner 2: Property Tax Dept Re 2801
Site Address: 2360 White Bear Ave N
Maplewood MN 55109-2270
Lot: 2 Block: 1, MAPLEWOOD RETAIL ADDITION
Area: 12.54 Acres. Use: Commercial

EXHIBIT B
Facilities Transferred to the City

- 750KVA 3-phase 277/480 volt pad mount transformer
- Transformer ground and ground bonding wire
- 6 cable terminator elbows
- 1 padlock
- 2 spans of 1/0 3-phase UG cable – total of 500' of cable (transformer is looped in)

PROPOSED SERVICE LIST

Re: In the Matter of the Joint Request of the City of North Saint Paul and Northern States Power Company (d/b/a Xcel Energy) to Terminate Service-by Exception Arrangement and Update Electric Service Territory
MPUC Docket: _____

Via Electronic Filing

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

Via Electronic Filing

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Via Electronic Mail

Alison Archer
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Assistant General Counsel
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alison.c.archer@xcelenergy.com
(Xcel Energy)

Via Electronic Mail

Brian Frandle
Director of Electric Utilities
City of North St. Paul
City Hall
2400 Margaret Street
North St. Paul, MN 55109
brian.frandle@northstpaul.org
(City of North St. Paul)

Courtesy Copies

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(City of North St. Paul)