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Xcel Energy Inc.

Docket No.: IP6701/CN-09-1186, E002/M-09-1349

Response To: MN Office Energy Security Information Request No. 9

Analyst: Steve Rakow, Chris Shaw

Date Received: February 22, 2010

Question:

1. Please provide a red-lined version of Xcel's February 18, 2010 CORRECTION: PETITION FOR APPROVAL OF C-BED POWER PURCHASE AGREEMENT WITH GOODHUE WIND LLC in Docket No. E-002/M-09-1349, that identifies each change to the November 20, 2009 version of the document.
2. Please provide a red-lined version of Xcel's February 18, 2010 CORRECTION: PETITION FOR APPROVAL OF C-BED POWER PURCHASE AGREEMENT WITH GOODHUE WIND LLC in Docket No. E-002/M-09-1350, that identifies each change to the November 20, 2009 versions of the document.

Response:

Attached please find the red-lined versions of the February 18, 2010 non-public and public Corrected Petitions in docket numbers E002/M-09-1349 and E002/M-09-1350.

Response By: Nancy Haley
Title: Regulatory Case Specialist
Department: Regulatory Administration
Telephone: 612-330-2865
Date: March 5, 2010

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STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Phyllis Reha	Commissioner
Thomas Pugh	Commissioner
Betsy L. Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION FOR
APPROVAL OF A POWER PURCHASE
AGREEMENT WITH GOODHUE WIND,
LLC

DOCKET No. E-002/M-09-_____

PETITION

INTRODUCTION

Northern States Power Company, a Minnesota Corporation ("Xcel Energy" or "Company"), hereby petitions the Minnesota Public Utilities Commission ("Commission") for an Order approving a Power Purchase Agreement (the "Agreement" or "PPA") with Goodhue Wind, LLC ("Goodhue South" or "the Project") for 39.0 MW of wind generation.

Goodhue Wind, LLC is a single-purpose entity created by project participants who qualify under Minn. Stat. §216B.1612 ("C-BED Statute"). This Agreement for wind generation with Goodhue South is the result of contract negotiations for the purchase of energy from a C-BED project.

As permitted under Minn. Stat. 216B.1612, subd. 7(e), this PPA is approved if the Commission receives no objections within 30 days of the filing date. A copy of the C-BED PPA is included here as Attachment 1.

I. General Filing Information

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A. Name, Address, and Telephone Number of Utility

Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401
(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Matthew P. Loftus
Senior Attorney
Xcel Energy Services Inc.
414 Nicollet Mall, GO 5
Minneapolis, Minnesota 55401
(612) 215-4501

C. Date of Filing and Date Modified Rates Take Effect

Xcel Energy submits this petition for approval on November 20, 2009. The Company requests approval of the Agreement as of December 20, 2009 if no objections are received by that date, or upon the date of the Commission Order in the event the normal Commission process must be followed due to receipt of an objection to this C-BED PPA. No change in rates would occur until construction of the project and acceptable delivery of energy under the project begins, which is potentially by [TRADE SECRET BEGINS: TRADE SECRET ENDS]

D. Statute Controlling Schedule for Processing the Filing

The Agreement is the result of negotiations under our C-BED tariff established as a result of Minn. Stat. §216B.1612 and approved by the Commission in Docket No. E002/M-07-1527. Specifically, Minn. Stat §216B.1612 subd. 7(e) provides that a utility's ratepayers have an opportunity to address PPA reasonableness, and if no objection is made within 30 days, the contract is deemed approved.

E. Utility Employee Responsible for Filing

Timothy J. Edman
Manager, Regulatory Administration
Xcel Energy Services Inc.

**PUBLIC DOCUMENT
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414 Nicollet Mall, GO 7
Minneapolis, Minnesota 55401
Fax Number: 612-330-2952

II. Description and Purpose of Filing

Xcel Energy seeks approval of the Agreement, provided as Attachment 1,¹ for wind generation resources from Goodhue Wind, LLC, a single-purpose entity created by the project participants. This agreement addresses the power purchase aspect of the transaction with Goodhue. Interconnection issues are separately negotiated.² A unique feature of this petition is the approval process established by statute. Typically, the Commission has acted on wind PPAs using traditional regulatory process whereby comment and reply periods precede Commission action. In the case of C-BED projects, the Minnesota legislature intended rapid regulatory approval of these types of contracts. The priority of encouraging community-based wind development is emphasized by establishing approval after a 30-day period if no objections are raised.

In support of this filing, Xcel Energy provides:

- Background information;
- Overview of the generation resources;
- Summary of relevant terms of the power purchase agreements;
- Proposed use of fuel and resource recovery clauses related to the purchases; and
- Demonstration that the PPA is in the public interest, reasonable and protects the interest of ratepayers.

A. Background

¹ Certain provisions of the Agreement have been designated "Trade Secret". We have designated more information to be trade secret than we have in past agreements due to the ongoing negotiations with other C-BED projects.

² As a result of the FERC functional separation rules for wholesale contracts and FERC's determination that transmission interconnection is a service under the Xcel Energy Open Access Transmission Tariff ("OATT," required by FERC Order 888), the interconnection agreement for the PPA will be separately negotiated (through MISO) and filed with FERC.

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During the 2005 session, the Minnesota legislature created a new law intended to further facilitate wind development in the state by adopting a set of ownership criteria and pricing guidelines supporting much greater local, regional and state involvement than had been realized in the past. In addition to specifically defining qualifying ownership – examples of which include Minnesota residents, non-profit organizations, school district and tribal councils – Minn. Stat. §216B.1612 specifies the pricing structure may be front end-loaded for the first half of the contract term. Under the 2005 law, the power generated by C-BED projects could be purchased by Minnesota utilities at a rate up to 2.7 cents per kilowatt hour on a net present value basis over a 20-year contract life.

To emphasize the importance state leaders place on additional development of renewable energy resources, Governor Pawlenty announced a state goal of 800 MW of community-based wind by 2010. The Goodhue South Project wind is one of several C-BED contracts with which Xcel Energy strives to secure 500 MW of C-BED resources.

By law, all Minnesota utilities were to offer a C-BED tariff for Commission approval and in an Order dated May 3, 2006 in Docket No. E002/M-05-1887, Xcel Energy's C-BED tariff was approved. In 2007, the Minnesota legislature modified the C-BED statute in a number of ways including ownership criteria and removal of the price cap, further requiring utilities to submit by December 1, 2007 revised C-BED tariffs to the Commission. On December 3, 2007, the Company filed for approval of revisions to the C-BED tariff in Docket No. E002/M-07-1527 in order to conform to the 2007 C-BED statutory amendments. In particular, the revised C-BED tariff clarifies the possible ownership of a C-BED facility and removes the 2.7 cents per kWh net present value price cap. On September 5, 2008 the Commission issued an Order approving the revised C-BED tariff.

B. Overview of the Generation Resources

Goodhue South is a 39.0 MW C-BED project consisting of one Minnesota limited liability company ("LLC"). The project plans to use 26 GE 1.5 xle wind turbines. The project will be constructed on a site located in Goodhue County in southeastern Minnesota. The facility is expected to produce approximately [TRADE SECRET BEGINS:

TRADE SECRET ENDS]- Goodhue South has signed an Interconnection Agreement with Great River Energy, and few transmission upgrades are required. Goodhue South will install and operate the facilities necessary to interconnect the

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project. The point of transmission interconnection will be at Great River Energy's 69 kV line in Goodhue Township (T-117N, R-15W) in Goodhue County. The MISO queue number is H062. Goodhue South will install and operate the facilities necessary to interconnect the project to Great River Energy. The point of delivery and interconnection will be Great River Energy's 69 kV line at the Vasa Substation near Ryan, Minnesota. [TRADE SECRET BEGINS:

TRADE SECRET ENDS] Goodhue South has begun making arrangements for equipment and resources, and the 30-day approval process established in statute can help the project accomplish its commercial operation date.

Goodhue South submitted its proposal for consideration in response to the January 21, 2009 Request for Proposals for C-BED projects and, based on the Company's evaluation of the proposals received, was determined to be competitive.

C. Relevant Terms of the Transaction

Following is a brief description of the relevant terms of this particular PPA.

1. Purchase Price and Term

Xcel Energy will purchase the entire output of the Project over a 20-year term of the contract. The price in this PPA is a flat price for the entire 20 years. The PPA rates are [TRADE SECRET BEGINS: **TRADE SECRET ENDS]**.

Energy production prior to the Commercial Operation Date ("COD") will be purchased by Xcel Energy at a rate of [TRADE SECRET BEGINS: **TRADE SECRET ENDS]**

Xcel Energy has reviewed the price stream of the above rates and using our current cost of capital of 8.83%³, we conclude that the contract energy payments translate into a net present value of [TRADE SECRET BEGINS:

TRADE SECRET ENDS] Legislation enacted during the 2007 Session removed the 2.7 cent/kWh limit. The Goodhue South C-BED PPA is [TRADE SECRET BEGINS:

TRADE SECRET ENDS]

The PPA includes a provision to address any situation in which the Commission or another governmental authority with jurisdiction determines that Goodhue South has not maintained its eligibility with respect to the C-BED statute. In the event this

³ The current cost of capital value was set in Docket E002/GR-08-1065.

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condition occurs, Xcel Energy will continue to purchase the energy at a reduced rate of [TRADE SECRET BEGINS: TRADE SECRET ENDS] until seller has restored its C-BED eligibility.

2. Commercial Operation Date

The potential commercial operation date (COD) is [TRADE SECRET BEGINS: TRADE SECRET ENDS] or as extended for reasons other than Force Majeure, Event of Default by NSP or delay attributable to NSP, is considered an Event of Default on the part of Goodhue South.

3. Security

To mitigate performance risks, the PPA includes a security provision in the amount of [TRADE SECRET BEGINS: TRADE SECRET ENDS] from which Xcel Energy may draw. The security fund will be established and can be fully funded through one of two methods – either by letter of credit within 120 days of regulatory approval or through an escrow account with deposits being built up over a relatively short period of time until the agreed to amount is reached. As is typical with security funds, the Seller must replenish the fund within a short period of time for any draws.

4. Transmission and Curtailment

The PPA includes provisions under which Xcel Energy will pay for transmission related curtailment due to [TRADE SECRET BEGINS:

TRADE SECRET ENDS] We have estimated a low curtailment risk for this project meaning [TRADE SECRET BEGINS: TRADE SECRET ENDS] may possibly be curtailed. In the event the full amount of estimated curtailment occurs, the incremental cost above the energy purchase would be [TRADE SECRET BEGINS: TRADE SECRET ENDS] The value of this market-priced PPA outweighs the relatively small cost associated with the risk of curtailment.

5. Other Terms and Conditions

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The Agreement contains numerous other terms and conditions typical in a power purchase agreement that involves construction of new resources. These include representations of each party about their ability to enter the transaction, force majeure provisions, dispute resolution, listing of responsibilities, and provisions relating to defaults and similar issues. This Agreement contains similar, although not identical provisions, to other wind-only PPAs previously reviewed and approved by the Commission. Consequently, we have not provided a term-by-term review of this Agreement to other previously-submitted PPAs. We are willing to provide any additional analysis that the Commission, the Office of Energy Security, or the Office of the Attorney General believes would be helpful to facilitate review of the Agreement.

D. Fuel and Resource Recovery Clauses Related to the Purchases

The Company intends to count this C-BED purchase toward the legislative requirements of Minn. Stat. §216B.1691 subd. 2, and upon PPA approval, costs incurred in connection with this Agreement are recoverable consistent with Minn. Stat. §216B.1645. Comparable to all Xcel Energy's wind generation purchases, costs for this purchase are priced entirely on an energy basis. As with the purchases from other wind projects,⁴ Xcel Energy is seeking approval to recover these costs pursuant to Minn. Stat. §216B.1645 through the fuel cost charge of the fuel clause rider. This recovery method is the same as that set forth for other wind generation projects to satisfy the legislative requirements of Minn. Stat. §216B.2423 subd. 1 and Minn. Stat. §216B.1691 subd. 2.

E. Description of the Proposed Tariff

Specific tariff changes are not necessary as the existing tariff language provides for recovery of the costs of the energy through the Company's renewable resource recovery clause. The proposed terms of the agreement and associated costs to ratepayers are described in this petition.

F. The PPA is in the Public Interest, Reasonable and Protects the Interests of Xcel Energy Ratepayers

Minn. Stat. §216B.1612 provides the means by which the Commission is to measure the reasonableness of C-BED projects; the Goodhue South project as described

⁴ Except for those proposed in the Windsource program, Docket No. E-002/M-01-1479.

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meets these statutory requirements. Xcel Energy offers the following to support this assertion:

1. The Minnesota legislature has clearly stated its support for locally developed, small scale energy development through the passage of the C-BED program. Further, the Governor has set a goal for the development of at least 800 MW through the C-BED program by the year 2010;
2. The Minnesota legislature recently removed the statutory price cap enacted in 2005 for C-BED projects in response to the increased construction costs for all types of energy projects and in order not to place C-BED projects at a competitive disadvantage;
3. The Goodhue ~~North~~South cost per MWh falls within reasonable range of other similar C-BED projects that submitted bids this year;
4. The Goodhue ~~North~~South PPA has been structured to protect the interests of ratepayers through various safeguards and deliver energy to them at a reasonable cost;
5. Approval of the Goodhue ~~North~~South PPA will help satisfy the legislative requirements for the purchase of additional wind generation resources;
6. The Goodhue ~~North~~South project will help Minnesota maintain its forward position as a leader in wind energy development; and
7. Approval of the Goodhue ~~North~~South PPA will provide a clear signal that widespread wind energy development is an important part of Minnesota's long-term energy supply.

Therefore, Xcel Energy is asking the Commission for approval of the PPA and a determination that its terms and prices are reasonable and in the interests of its ratepayers.

As such, this project will also help satisfy the legislative requirements for the purchase of an additional wind generation resources and continues to diversify Xcel Energy and Minnesota's energy supply. Goodhue ~~South~~ will help Minnesota maintains its forward position as a leader in wind energy development. Approval of this PPA provides a clear signal that wide-spread wind energy development is an important part of Minnesota's long-term energy supply. At the same time, this PPA has been structured to protect the interests of ratepayers through various safeguards and deliver energy to them at a reasonable cost.

III. Effect of Change upon Xcel Energy Revenue

The PPA is expected to result in annual energy expenditures of approximately [TRADE SECRET BEGINS: TRADE SECRET ENDS] starting with the COD of the project. Pursuant to Minn. Stat. §216B.1645, the Minnesota portion of these wind energy costs will be recovered through the fuel cost charge of the fuel clause rider. The Company proposes that the Minnesota portion of these costs will be recovered through the automatic adjustment mechanism of the Company's electric rate tariffs on file with the Commission.

No net increase in revenue to Xcel Energy will result from this transaction, as the Minnesota costs of the power purchase will equal the Minnesota revenue collected.

IV. Miscellaneous Information

A. Service List

Pursuant to Minnesota Rule 7829.0700, Xcel Energy requests that the following persons be placed on the Commission's official service list for this matter:

Matthew P. Loftus
Senior Attorney
Xcel Energy Services Inc.
414 Nicollet Mall, GO 5
Minneapolis, Minnesota 55401

SaGonna Thompson
Records Specialist
Xcel Energy Services Inc.
414 Nicollet Mall, GO 7
Minneapolis, Minnesota 55401

B. Service on Other Parties

Pursuant to Minnesota Rule 7829.1300, subp. 2, Xcel Energy has served a copy of this Petition on the Office of Energy Security and the Office of the Attorney General (Residential Utilities Division). A summary of the filing has been served on all parties on Xcel Energy's miscellaneous electric service list.

C. Summary of Filing

A one-paragraph summary of the filing accompanies this Petition pursuant to Minnesota Rule 7829.1300, subp. 1.

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CONCLUSION

The PPA negotiated with Goodhue South as a result of the 2005 and 2007 C-BED legislation will satisfy various wind mandates and help diversify and serve the growing electric supply needs of Xcel Energy's electric customers. The project and associated PPA meet the requirements of Minn. Stat. §216B.1612. Therefore, approval of the PPA is reasonable and in the public interest.

Xcel Energy requests the Commission find that 1) this Agreement is reasonable and in the public interest, 2) this Agreement is subject only to ongoing prudence review through the annual automatic adjustment reports, and 3) Xcel Energy may recover from Minnesota retail customers the Minnesota jurisdictional portion of the amounts incurred by the Company during the full term of this Agreement.

Dated: November 20, 2009

Xcel Energy,
A Minnesota corporation

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd
J. Dennis O'Brien
Thomas Pugh
Phyllis Reha
Betsy L. Wergin

Chair
Commissioner
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IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY A
MINNESOTA CORPORATION FOR
APPROVAL OF A POWER PURCHASE
AGREEMENT WITH GOODHUE WIND,
LLC

DOCKET NO. E002/M-09-_____

PETITION

SUMMARY OF FILING

Please take notice that on November 20, 2009, Southern States Power Company a Minnesota corporation filed with the Minnesota Public Utilities Commission its petition for approval of a Power Purchase Agreement with Goodhue Wind, LLC, resulting from the Community Based Energy Development legislation, Minn. Stat. §216B.1612 for purchase of 39.0 MW of wind generation resources.

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STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
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IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION FOR
APPROVAL OF A POWER PURCHASE
AGREEMENT WITH GOODHUE WIND,
LLC

DOCKET NO. E-002/M-09-___

PETITION

INTRODUCTION

Northern States Power Company, a Minnesota Corporation ("Xcel Energy" or "Company"), hereby petitions the Minnesota Public Utilities Commission ("Commission") for an Order approving a Power Purchase Agreement (the "Agreement" or "PPA") with Goodhue Wind, LLC ("Goodhue North" or "the Project") for 39.0 MW of wind generation.

Goodhue Wind, LLC is a single-purpose entity created by project participants who qualify under Minn. Stat. §216B.1612 ("C-BED Statute"). This Agreement for wind generation with Goodhue North is the result of contract negotiations for the purchase of energy from a C-BED project.

As permitted under Minn. Stat. 216B.1612, subd. 7(e), this PPA is approved if the Commission receives no objections within 30 days of the filing date. A copy of the C-BED PPA is included here as Attachment 1.

I. General Filing Information

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A. Name, Address, and Telephone Number of Utility

Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401.
(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Matthew P. Loftus
Senior Attorney
Xcel Energy Services Inc.
414 Nicollet Mall, GO 5
Minneapolis, Minnesota 55401
(612) 215-4501

C. Date of Filing and Date Modified Rates Take Effect

Xcel Energy submits this petition for approval on November 20, 2009. The Company requests approval of the Agreement as of December 20, 2009 if no objections are received by that date, or upon the date of the Commission Order in the event the normal Commission process must be followed due to receipt of an objection to this C-BED PPA. No change in rates would occur until construction of the project and acceptable delivery of energy under the project begins, which is potentially by [TRADE SECRET BEGINS: TRADE SECRET ENDS]

D. Statute Controlling Schedule for Processing the Filing

The Agreement is the result of negotiations under our C-BED tariff established as a result of Minn. Stat. §216B.1612 and approved by the Commission in Docket No. E002/M-07-1527. Specifically, Minn. Stat §216B.1612 subd. 7(e) provides that a utility's ratepayers have an opportunity to address PPA reasonableness, and if no objection is made within 30 days, the contract is deemed approved.

E. Utility Employee Responsible for Filing

Timothy J. Edman
Manager, Regulatory Administration

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Xcel Energy Services Inc.
414 Nicollet Mall, GO 7
Minneapolis, Minnesota 55401
Fax Number: 612-330-2952

II. Description and Purpose of Filing

Xcel Energy seeks approval of the Agreement, provided as Attachment 1,¹ for wind generation resources from Goodhue Wind, LLC, a single-purpose entity created by the project participants. This agreement addresses the power purchase aspect of the transaction with Goodhue North. Interconnection issues are separately negotiated.² A unique feature of this petition is the approval process established by statute. Typically, the Commission has acted on wind PPAs using traditional regulatory process whereby comment and reply periods precede Commission action. In the case of C-BED projects, the Minnesota legislature intended rapid regulatory approval of these types of contracts. The priority of encouraging community-based wind development is emphasized by establishing approval after a 30-day period if no objections are raised.

In support of this filing, Xcel Energy provides:

- Background information;
- Overview of the generation resources;
- Summary of relevant terms of the power purchase agreements;
- Proposed use of fuel and resource recovery clauses related to the purchases; and
- Demonstration that the PPA is in the public interest, reasonable and protects the interest of ratepayers.

A. Background

During the 2005 session, the Minnesota legislature created a new law intended to further facilitate wind development in the state by adopting a set of ownership criteria and pricing guidelines supporting much greater local, regional and state involvement

¹ Certain provisions of the Agreement have been designated "Trade Secret". We have designated more information to be trade secret than we have in past agreements due to the ongoing negotiations with other C-BED projects.

² As a result of the FERC functional separation rules for wholesale contracts and FERC's determination that transmission interconnection is a service under the Xcel Energy Open Access Transmission Tariff ("OATT," required by FERC Order 888), the interconnection agreement for the PPA will be separately negotiated (through MISO) and filed with FERC.

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than had been realized in the past. In addition to specifically defining qualifying ownership – examples of which include Minnesota residents, non-profit organizations, school district and tribal councils – Minn. Stat. §216B.1612 specifies the pricing structure may be front end-loaded for the first half of the contract term. Under the 2005 law, the power generated by C-BED projects could be purchased by Minnesota utilities at a rate up to 2.7 cents per kilowatt hour on a net present value basis over a 20-year contract life.

To emphasize the importance state leaders place on additional development of renewable energy resources, Governor Tim Pawlenty announced a state goal of 800 MW of community-based wind by 2010. The Goodhue North Project is one of several C-BED contracts with which Xcel Energy strives to secure 500 MW of C-BED resources.

By law, all Minnesota utilities were to offer a C-BED tariff for Commission approval and in an Order dated May 3, 2006 in Docket No. E002/M-05-1887, Xcel Energy's C-BED tariff was approved. In 2007, the Minnesota legislature modified the C-BED statute in a number of ways including ownership criteria and removal of the price cap, further requiring utilities to submit by December 1, 2007 revised C-BED tariffs to the Commission. On December 3, 2007, the Company filed for approval of revisions to the C-BED tariff in Docket No. E002/M-07-1527 in order to conform to the 2007 C-BED statutory amendments. In particular, the revised C-BED tariff clarifies the possible ownership of a C-BED facility and removes the 2.7 cents per kWh net present value price cap. On September 5, 2008 the Commission issued an Order approving the revised C-BED tariff.

B. Overview of the Generation Resources

Goodhue North is a 39.0 MW C-BED project consisting of one Minnesota limited liability company ("LLC"). The project plans to use 26 GE 1.5 xle wind turbines. The project will be constructed on a site located in Goodhue County in southeastern Minnesota. The facility is expected to produce approximately [**TRADE SECRET BEGINS:**

TRADE SECRET ENDS] ~~Goodhue North has signed an Interconnection Agreement with an Transmission (?) Provider (Great River Energy); and few transmission upgrades are required (what does the IA actually say?);~~
Goodhue North will install and operate the facilities necessary to interconnect the project. The point of transmission interconnection to Great River Energy's 69 kV line is at the Vasa substation near Ryan, Minnesota in Goodhue County, Minnesota.

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The MISO queue number is H061. ~~Goodhue North will install and operate the facilities necessary to interconnect the project. The point of interconnection and delivery will be Great River Energy's 69 kV line in Goodhue Township (T-117N, R-15W) in Goodhue County.~~ [TRADE SECRET BEGINS:

TRADE SECRET ENDS] Goodhue North has begun making arrangements for equipment and resources, and the 30-day approval process established in statute can help the project accomplish its commercial operation date.

Goodhue North submitted its proposal for consideration in response to the January 21, 2009 Request for Proposals for C-BED projects and, based on the Company's evaluation of the proposals received, was determined to be competitive.

C. Relevant Terms of the Transaction

Following is a brief description of the relevant terms of this particular PPA.

1. Purchase Price and Term

Xcel Energy will purchase the entire output of the Project over a 20-year term of the contract. The price in this PPA is a flat price for the entire 20 years. The PPA rates are [TRADE SECRET BEGINS: TRADE SECRET ENDS]. Energy production prior to the Commercial Operation Date ("COD") will be purchased by Xcel Energy at a rate of [TRADE SECRET BEGINS: TRADE SECRET ENDS].

Xcel Energy has reviewed the price stream of the above rates and using our current cost of capital of 8.83%³, we conclude that the contract energy payments translate into a net present value of [TRADE SECRET BEGINS:

TRADE SECRET ENDS] The Goodhue North C-BED PPA is [TRADE SECRET BEGINS:

TRADE SECRET ENDS]

The PPA includes a provision to address any situation in which the Commission or another governmental authority with jurisdiction determines that Goodhue North has not maintained its eligibility with respect to the C-BED statute. In the event this condition occurs, Xcel Energy will continue to purchase the energy at a reduced rate of [TRADE SECRET BEGINS: TRADE SECRET ENDS] until seller has restored its C-BED eligibility.

³ The current cost of capital value was set in Docket E002/GR-08-1065.

2. Commercial Operation Date

The potential COD is [TRADE SECRET BEGINS:

TRADE SECRET ENDS] or as extended for reasons other than Force Majeure, Event of Default by NSP or delay attributable to NSP, is considered an Event of Default on the part of Goodhue North.

3. Security

To mitigate performance risks, the PPA includes a security provision in the amount of [TRADE SECRET BEGINS: TRADE SECRET ENDS] from which Xcel Energy may draw. The security fund will be established and can be fully funded through one of two methods – either by letter of credit within 120 days of regulatory approval or through an escrow account with deposits being built up over a relatively short period of time until the agreed to amount is reached. As is typical with security funds, the Seller must replenish the fund within a short period of time for any draws.

4. Transmission and Curtailment

The PPA includes provisions under which Xcel Energy will pay for transmission related curtailment due to [TRADE SECRET BEGINS:

TRADE SECRET ENDS] We have estimated a low curtailment risk for this project meaning [TRADE SECRET BEGINS TRADE SECRET ENDS] may possibly be curtailed. In the event the full amount of estimated curtailment occurs, the incremental cost above the energy purchase would be [TRADE SECRET BEGINS: TRADE SECRET ENDS] The value of this market-priced PPA outweighs the relatively small cost associated with the risk of curtailment.

5. Other Terms and Conditions

The Agreement contains numerous other terms and conditions typical in a power purchase agreement that involves construction of new resources. These include representations of each party about their ability to enter the transaction, force majeure provisions, dispute resolution, listing of responsibilities, and provisions relating to defaults and similar issues. This Agreement contains similar, although not identical

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provisions, to other wind-only PPAs previously reviewed and approved by the Commission. Consequently, we have not provided a term-by-term review of this Agreement to other previously. We are willing to provide any additional analysis that the Commission, the Office of Energy Security, or the Office of the Attorney General believes would be helpful to facilitate review of the Agreement.

D. Fuel and Resource Recovery Clauses Related to the Purchases

The Company intends to count this C-BED purchase toward the legislative requirements of Minn. Stat. §216B.1691 subd. 2, and upon PPA approval, costs incurred in connection with this Agreement are recoverable consistent with Minn. Stat. §216B.1645. Comparable to all Xcel Energy's wind generation purchases, costs for this purchase are priced entirely on an energy basis. As with the purchases from other wind projects,⁴ Xcel Energy is seeking approval to recover these costs pursuant to Minn. Stat. §216B.1645 through the fuel cost charge of the fuel clause rider. This recovery method is the same as that set forth for other wind generation projects to satisfy the legislative requirements of Minn. Stat. §216B.2423 subd. 1 and Minn. Stat. §216B.1691 subd. 2.

E. Description of the Proposed Tariff

Specific tariff changes are not necessary as the existing tariff language provides for recovery of the costs of the energy through the Company's renewable resource recovery clause. The proposed terms of the agreement and associated costs to ratepayers are described in this petition.

F. The PPA is in the Public Interest, Reasonable and Protects the Interests of Xcel Energy Ratepayers

Minn. Stat. §216B.1612 provides the means by which the Commission is to measure the reasonableness of C-BED projects; the Goodhue North project as described meets these statutory requirements. Xcel Energy offers the following to support this assertion:

1. The Minnesota legislature has clearly stated its support for locally developed, small scale energy development through the passage of the C-BED program. Further, the Governor has set a goal for the

⁴ Except for those proposed in the Windsorce program, Docket No. E-002/M-01-1479.

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development of at least 800 MW through the C-BED program by the year 2010;

2. The Minnesota legislature recently removed the statutory price cap enacted in 2005 for C-BED projects in response to the increased construction costs for all types of energy projects and in order not to place C-BED projects at a competitive disadvantage;
3. The Goodhue North cost per MWh falls within reasonable range of other similar C-BED projects that submitted bids this year;
4. The Goodhue North PPA has been structured to protect the interests of ratepayers through various safeguards and deliver energy to them at a reasonable cost;
5. Approval of the Goodhue North PPA will help satisfy the legislative requirements for the purchase of additional wind generation resources;
6. The Goodhue North project will help Minnesota maintain its forward position as a leader in wind energy development; and
7. Approval of the Goodhue North PPA will provide a clear signal that widespread wind energy development is an important part of Minnesota's long-term energy supply.

Based upon the above, Xcel Energy requests the Commission to: (1) approve the PPA; and (2) determine that its terms and prices are reasonable and in the interests of its ratepayers.

III. Effect of Change upon Xcel Energy Revenue

The PPA is expected to result in annual energy expenditures of approximately [TRADE SECRET BEGINS: TRADE SECRET ENDS] starting with the COD of the project. Pursuant to Minn. Stat. §216B.1645, the Minnesota portion of these wind energy costs will be recovered through the fuel cost charge of the fuel clause rider. The Company proposes that the Minnesota portion of these costs will be recovered through the automatic adjustment mechanism of the Company's electric rate tariffs on file with the Commission.

No net increase in revenue to Xcel Energy will result from this transaction, as the Minnesota costs of the power purchase will equal the Minnesota revenue collected.

IV. Miscellaneous Information

A. Service List

**PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN REMOVED**

Pursuant to Minnesota Rule 7829.0700, Xcel Energy requests that the following persons be placed on the Commission's official service list for this matter:

Matthew P. Loftus
Senior Attorney
Xcel Energy Service Inc.
414 Nicollet Mall, GO 5
Minneapolis, Minnesota 55401

SaGonna Thompson
Records Specialist
Xcel Energy Services Inc.
414 Nicollet Mall, GO 7
Minneapolis, Minnesota 55401

B. Service on Other Parties

Pursuant to Minnesota Rule 7829.1300, subp. 2, Xcel Energy has served a copy of this Petition on the Office of Energy Security and the Office of the Attorney General (Residential Utilities Division). A summary of the filing has been served on all parties on Xcel Energy's miscellaneous electric service list.

C. Summary of Filing

A one-paragraph summary of the filing accompanies this Petition pursuant to Minnesota Rule 7829.1300, subp. 1.

CONCLUSION

The PPA negotiated with Goodhue North as a result of the 2005 and 2007 C-BED legislation will satisfy various wind mandates and help diversify and serve the growing electric supply needs of Xcel Energy's electric customers. The project and associated PPA meet the requirements of Minn. Stat. §216B.1612. Therefore, approval of the PPA is reasonable and in the public interest.

Xcel Energy requests the Commission find that 1) this Agreement is reasonable and in the public interest, 2) this Agreement is subject only to ongoing prudence review through the annual automatic adjustment reports, and 3) Xcel Energy may recover from Minnesota retail customers the Minnesota jurisdictional portion of the amounts incurred by the Company during the full term of this Agreement.

Dated: November 20, 2009
Xcel Energy,
A Minnesota corporation

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy L. Wergin	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY A
MINNESOTA CORPORATION FOR
APPROVAL OF A POWER PURCHASE
AGREEMENT WITH GOODHUE WIND,
LLC

DOCKET NO. E002/M-09-_____

PETITION

SUMMARY OF FILING

Please take notice that on November 20, 2009, Northern States Power Company a Minnesota corporation filed with the Minnesota Public Utilities Commission its petition for approval of a Power Purchase Agreement with Goodhue Wind, LLC, resulting from the Community Based Energy Development legislation, Minn. Stat. §216B.1612 for purchase of 39.0 MW of wind generation resources.