



414 Nicollet Mall
Minneapolis, MN 55401

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June 30, 2017

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: PETITION FOR APPROVAL OF AN AMENDMENT TO THE HERC PPA
DOCKET NO. E002/M-17-_____

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of Amendment No. 1 to the Power Purchase Agreement (PPA) with Hennepin County, Minnesota in conjunction with the Hennepin County Energy Recovery Center (HERC). We also seek continued recovery of the PPA costs through the Fuel Clause Adjustment (FCA).

In addition to this filing, we are also making four related but separate filings today in other dockets. The overall goal of all of these filings is the same: to lower customer costs while continuing to provide safe, reliable service. If approved by the Commission, these initiatives together will achieve over \$531 million in total cost savings (nominally) for our customers over the next 10 years. We believe there are more opportunities to further reduce customer costs and will continue to evaluate other potential transactions and may come forward with additional cost-saving proposals in the future.

The Company acknowledges that bringing forward five separate petitions increases the workload for the Department of Commerce and Commission Staff. We believe it was important to pursue these transactions separately because each transaction has its own unique sets of facts and circumstances. With that being said, we look forward to working with the Department and Commission Staff on developing a schedule that is responsive to any concerns they may have.

This Petition includes information the Company considers to be trade secret data as defined by Minn. Stat. § 13.37(1)(b). The information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Thus, Xcel Energy considers this non-public data.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Bria Shea at bria.e.shea@xcelenergy.com or (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/

AAKASH H. CHANDARANA
REGIONAL VICE PRESIDENT
RATES AND REGULATORY AFFAIRS

Enclosures
c: Service Lists

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STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF AMENDMENT NO. 1
TO A POWER PURCHASE AGREEMENT
WITH THE HENNEPIN ENERGY
RECOVERY CENTER

DOCKET NO. E002/M-17-_____

PETITION

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of Amendment No. 1 to the Power Purchase Agreement (PPA) with Hennepin County, Minnesota in conjunction with the Hennepin County Energy Recovery Center (HERC). In addition, we seek to continue recovery of the PPA costs through the Fuel Clause Adjustment (FCA). This Petition is submitted pursuant to Minn. Stat. §§ 216B.1645 and 216B.164 and Minnesota Rule 7829.1300.

The proposed agreement provides that the current PPA will be extended seven years (to December 31, 2024)—but at a lower overall cost. The Amended PPA also provides a more simplified pricing structure which benefits all parties including customers and is consistent with the industry trend in recent PPAs. The simplified approach will provide customers assurance that they are paying a reasonable price for delivered energy and the amendment supports Hennepin County's desire to continue operating the plant, albeit at a lower price.

If the Commission approves our proposal to extend the HERC PPA, we expect NSPM customers will see a Net Present Value (NPV) savings of approximately \$27 million (\$33 million nominally) over the life of the PPA relative to the existing pricing methodology. This roughly translates from an existing Levelized Cost of Energy (LCOE) of *[PROTECTED DATA BEGINS PROTECTED DATA ENDS]* over the life of the existing PPA to a new LCOE

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of *[PROTECTED DATA BEGINS PROTECTED DATA ENDS]* under the amended PPA. For these reasons, we believe this transaction is reasonable, in the public interest and merits approval.

We respectfully request that the Commission take the following actions:

- Approve our proposed Amendment No. 1 to extend the HERC PPA; and
- Approve continued cost recovery of the PPA through the FCA.

Minn. Stat. § 216B.1645, subds. 1 and 2, provide that upon Commission approval of a PPA to satisfy the renewable energy standards and objectives set forth in Minn. Stat. § 216B.1691, the utility who has entered into the PPA shall be allowed to recover the costs incurred over the duration of the approved contract through a rate schedule using an automatic adjustment of charges. If our Petition is approved by the Commission, the Company seeks to continue to recover the costs of this PPA in the FCA.

I. SUMMARY OF FILING

A one-paragraph summary is attached to this filing pursuant to Minn. R. 7829.1300, subp. 1.

II. SERVICE ON OTHER PARTIES

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this filing on the Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing has been served on all parties on the enclosed service list.

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the Company provides the following information.

A. Name, Address, and Telephone Number of Utility

Northern States Power Company, doing business as:
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401
(612) 330-5500

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

Amanda Rome and Ryan Long
Lead, Assistant General Counsel/Principal Attorney
Xcel Energy
401 Nicollet Mall, 8th Floor
Minneapolis, MN 55401
(612) 215-5331/(612)-215-4659

C. Date of Filing

The date of this filing is June 30, 2017.

D. Statute Controlling Schedule for Processing the Filing

Minn. Stat. § 216B.16 subd. 1 requires 60-days of notice to the Commission of a proposed tariff change. Under the Commission's rules, the proposed tariff change discussed in this Petition falls within the definition of a miscellaneous tariff filing under Minn. R. 7829.0100, subp. 11, since no determination of Xcel Energy's general revenue requirement is necessary.

Utility Employee Responsible for Filing

Al Krug and Bria Shea
Associate VP, State Regulatory Policy/ Director, Regulatory and Strategic Analysis
Xcel Energy
401 Nicollet Mall, 7th Floor
Minneapolis, MN 55401
(612)-330-6270 /(612) 330-6064

IV. MISCELLANEOUS INFORMATION

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission's official service list for this proceeding:

Amanda Rome
Lead, Assistant General Counsel
Xcel Energy
401 Nicollet Mall, 8th floor
Minneapolis, MN 55401
amanda.j.rome@xcelenergy.com

Carl Cronin
Records Analyst
Xcel Energy
401 Nicollet Mall, 7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

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Any information requests in this proceeding should be submitted to Mr. Cronin at the Regulatory Records email address above.

V. EFFECT OF CHANGE UPON XCEL ENERGY REVENUE

If approved, the Company would receive less revenue because lower costs would be recovered through the FCA as demonstrated in Table 1.

Table 1: Revenue Requirement Impact

	Current PPA Costs Total NSPM (\$ mil)	Proposed Transaction Costs Total NSPM (\$ mil)	Difference Total NSPM (\$ mil)	Change in Revenue Requirement for MN Jur Net of I/A (\$ mil)
	<i>[PROTECTED DATA BEGINS]</i>		<i>[PROTECTED DATA BEGINS]</i>	
2018		7.34		(3.72)
2019		7.56		(3.64)
2020		7.78		(3.56)
2021		8.02		(3.47)
2022		8.26		(3.38)
2023		8.50		(3.28)
2024		8.76		(3.18)
	<i>PROTECTED DATA ENDS]</i>		<i>PROTECTED DATA ENDS]</i>	

VI. DESCRIPTION AND PURPOSE OF FILING

Xcel Energy seeks approval for Amendment No. 1 to the current PPA with Hennepin County. This filing will address the terms and benefits of the agreement the Company has negotiated with Hennepin County as well as the Company's request for continued cost recovery through the FCA.

This Petition is structured as follows:

- Background
- Key Transaction Terms
- Standard of Review
- Cost Recovery

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Attachments provided with this filing are listed below:

- Attachment A - HERC Amendment No. 1
- Attachment B - Spreadsheet supporting HERC Analysis

The Company will also be filing an Advanced Determination of Prudence for this transaction in North Dakota.

VII. BACKGROUND

HERC is a waste-to-energy facility, where Hennepin County waste is received and burned to generate steam. In 1985, HERC entered into an agreement with Hennepin County to design, construct, own, operate, and maintain a solid waste resource energy facility to process municipal solid waste to produce steam for heating and cooling and to generate electric power, subject to HERC negotiating and entering into an electric sales agreement with NSPM. The intent at that time was for HERC and the County to share revenues from electric energy sales, and the County share was to be used to reduce fees paid by its residents for processing the solid waste.

Prior to execution of the agreement between HERC and the County, the County had discussions with NSPM regarding the terms of an Electric Sales Agreement, and a draft of the Electric Sales Agreement was completed on May 22, 1985. The County provided HERC with the draft Electric Sales Agreement, and further negotiations took place until about February, 1986. Negotiations then stalled. HERC subsequently filed a petition on March 31, 1986 (Docket No. E002/CI-86-176) to resolve contractual disputes and negotiations with the Company relating to the purchase of electric energy and capacity from the project. The petition was filed pursuant to Minn. Stat. § 216B.164 (Cogeneration and Small Power Production).

The matter was referred to the Office of Administration Hearings for a contested case hearing, and the parties reached a settlement during the pendency of that hearing. The Commission approved the settlement in its July 29, 1986 Order, finding that the rates established for capacity, energy, excess energy and high capacity factor energy fairly approximated the costs NSPM would avoid through the output from the HERC facility.

The HERC PPA agreement with Hennepin County began in January of 1990 with a 28 year term and an end date of December 31, 2017. The contract includes a seven year extension at Hennepin County's option at "fair market value". Fair market value is not a defined term and the agreement contemplates arbitration if the parties cannot agree on an extension price. In the hopes of avoiding a contentious and possibly

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expensive arbitration, the Company began negotiating a possible extension with HERC. Formal negotiations with HERC began in January 2017 when HERC provided an initial extension offer to Xcel.

The original contract includes both energy and capacity payments. The energy charge is based on actual production costs at Sherco 3 subject to a formula adjustment which assigns more value for volumes delivered during on-peak versus off-peak hours. The capacity charge is currently *[PROTECTED DATA BEGINS PROTECTED DATA ENDS]* and is adjusted annually in May. Annual production at the facility has averaged *[PROTECTED DATA BEGINS PROTECTED DATA ENDS]* over the past five years.

VIII. TRANSACTION KEY TERMS

The proposed contract amendment extends the current PPA seven years (to December 31, 2024)—but at a lower overall cost. In addition, the amendment also provides a more simplified pricing structure to replace the previous, formulaic pricing structure that included separate capacity and energy components. The simplified “all in” energy pricing structure benefits all parties including customers and is consistent with the industry trend, as seen in the Company’s more recent PPAs. The “all in” approach will provide assurance to customers that they are paying a reasonable price for delivered energy. The PPA Amendment between Hennepin County and NSP is provided as Attachment A to this filing. The PPA Amendment between Hennepin County and NSP is provided as Attachment A to this filing.

In our recently approved rate case (Docket No. E002/GR-15-826), our demand charge assumptions for 2017 included the HERC PPA. With the proposed contract amendment, there is an approximate \$8 million (total Company) reduction in demand charges and potential shifting of these charges to the FCA. However, even if our analysis included this impact in 2017 there are still net savings for customers over the life of the PPA. We note that 2017 is the only year impacted by this change since that is the year the contract was originally scheduled to end.

IX. STANDARD OF REVIEW

Minn. Stat. § 216B.1645 applies to purchase power contracts entered into to satisfy renewable energy objectives, and Minn. Stat. § 216B.164 applies to cogeneration and small power production facilities, such as HERC. For both of these statutes, the

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applicable standard of review requires transactions to be reasonable and in the public interest. For the reasons outlined below, we believe the proposed transaction, and the associated cost recovery, warrants approval.

A. Customer and Public Interest

The amended PPA extends the contract seven years. Seven years is a reasonable time frame for extension as it will allow the Company to compare HERC to other resource alternatives in 2025 when there is a capacity need. In addition, the amendment also includes a conversion from the existing pricing for 2017 to be converted to an all-in \$/MWh price of *[PROTECTED DATA BEGINS*

PROTECTED DATA ENDS] This price is based on current expectations of what the average \$/MWh price will amount to at the end of the year per the current price structure. The current capacity payment of *[PROTECTED DATA BEGINS* *PROTECTED DATA ENDS]* per the existing pricing structure allows HERC to get paid a significant amount of money (in excess of *[PROTECTED DATA BEGINS* *PROTECTED DATA ENDS]* regardless of actual MWh output at the facility. As a result, the Company wanted to immediately convert to the \$/MWh structure to adopt a “pay for performance” approach in which HERC only gets paid for delivered energy.

The change to a “pay for performance” model was a critical component to securing the Company’s support because it shifts the risk of underperformance to HERC and away from our customers. Under the proposed amendment, if the facility experiences a significant outage or underperforms, our customers will benefit in that they avoid paying for a resource that is not providing any energy value.

Assuming the five year historical production average of about *PROTECTED DATA ENDS]* *PROTECTED DATA ENDS]* per year, the proposed extension pricing is expected to save approximately \$27 million (NPV) compared to the existing pricing methodology. Stated differently, if we continued the current contract, we estimate the costs would have totaled \$72 million (NPV) over the remainder of the PPA, however, with the newly structured PPA, we estimate costs will total \$45 million (NPV). The spreadsheet supporting our HERC Analysis is provided as Attachment B.

While the proposed extension pricing is somewhat higher than current market estimates for energy and capacity, it is reflective of recent agreements the Company has entered into. The Company believes the proposed extension pricing delivers a

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solution that, for the Company, eliminates a challenging contract risk and, for customers, eliminates the risk of operational performance—or underperformance. In addition, Hennepin County indicated a preference to continue operating the plant for at least seven more years and this amendment supports their plans.

Table 1: HERC PPA Pricing

Year	Existing PPA Pricing Methodology	Proposed 7 Year Extension Pricing
	<i>[PROTECTED DATA BEGINS]</i>	
2018		
2019		
2020		
2021		
2022		
2023		
2024		
	<i>PROTECTED DATA ENDS]</i>	

The proposed HERC PPA Amendment is in the public interest because our analysis estimates that customers will save approximately \$27 million (NPV) over the life of the PPA. In addition, HERC supports the extension of the PPA as it extends the partnership between NSPM and HERC for an additional seven years and provides them financial stability. NSPM supports the amendment as it will result in customer savings and provides greater assurance that customers pay a reasonable price for delivered energy. For all of these reasons, we believe the proposed transaction merits approval.

The spreadsheet supporting our HERC Analysis is provided as Attachment B.

1. Analysis Methodology

In analyzing whether, and to what extent, the proposed action would benefit customers; we utilized Microsoft Excel as opposed to Strategist for several reasons.

First, the contracted capacity of the resource in question is 33.7 MW which is small relative to the total nameplate capacity on our system which is about 10,000 MW.

Second, the contract at issue is a “must take” contract and is not dispatchable, which means the volume is generally stable and predictable on an annual basis. Accordingly, because production levels stay relatively flat, the analysis did not require a full system model to simulate the dispatch of this resource relative to others.

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Third, the NSPM system is currently projected to have sufficient capacity until the mid-2020s. As a result, this contract has a limited impact on our capacity position and does not change our expansion plan.

Fourth, modeling in Microsoft Excel throughout the negotiations process was necessary to try to reach an agreement with HERC on extension pricing and avoid arbitration that could have potentially yielded a much higher contract cost. We not only used Excel to calculate savings of the proposed pricing relative to the existing contract pricing, but also used it to rationalize our extension proposals to HERC.

X. COST RECOVERY

Consistent with the existing PPA, we seek the Commission's approval to continue recovering these costs pursuant to Minn. Stat. § 216B.1645 through the FCA. This request is similar to other PPA amendments or extensions submitted in the past since the underlying premise of the agreement will remain in place. Stated differently, HERC will continue making energy and the Company will continue purchasing it, albeit at a lower price, which is good for our customers. Accordingly, the cost recovery mechanism should not change from its current form.

CONCLUSION

We respectfully request that the Commission take the following actions:

- Approve our proposed Amendment No. 1 to extend the PPA with Hennepin County; and
- Approve the continued cost recovery of the PPA through the FCA.

Dated: June 30, 2017

Northern States Power Company

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF AMENDMENT NO. 1
TO A POWER PURCHASE AGREEMENT
WITH THE HENNEPIN ENERGY
RECOVERY CENTER

DOCKET NO. E002/M-17-_____

PETITION

SUMMARY OF FILING

Please take notice that on June 30, 2017, Northern States Power Company, doing business as Xcel Energy, filed with the Minnesota Public Utilities Commission a Petition for approval of an amendment to a power purchase agreement (PPA) with Hennepin County, Minnesota regarding the Hennepin Energy Recovery Center (HERC). In addition, the Petition sought to continue recovery of the PPA costs through the Fuel Clause Adjustment (FCA).

PUBLIC DOCUMENT - NOT PUBLIC (OR PRIVILEGED)**DATA HAS BEEN EXCISED*****Black rectangle indicates protected data.****FIRST AMENDMENT TO THE RESOURCE RECOVERY ELECTRIC SALE
AGREEMENT****BETWEEN****NORTHERN STATES POWER COMPANY****AND****COUNTY OF HENNEPIN**

This First Amendment to the Resource Recovery Electric Sale Agreement ("First Amendment") is made and entered into on June ____, 2017 by and between Northern States Power Company, a Minnesota corporation ("NSP") and the County of Hennepin, State of Minnesota, A-2300 Government Center, Minneapolis, Minnesota 55487 ("Seller") and are hereinafter referred to individually as a "Party" and collectively as the "Parties" .

WITNESSETH

WHEREAS, Hennepin Energy Resource Company and NSP are parties to that certain Resource Recovery Electric Sale Agreement dated August 1, 1986, as previously amended by Addendum 1 dated July 7, 1988 (collectively the "Agreement"); and

WHEREAS, Seller purchased the Hennepin Energy Recovery Center ("HERC") from Hennepin Energy Resource Company on July 8th, 2003 and assumed by assignment the terms and conditions of the Agreement from the Hennepin Energy Resource Company; and

WHEREAS, under Section 7.13, the Agreement terminates on December 31, 2017, unless Seller decides to continue to operate the plant after that date, at which time Seller may offer the output of the plant to NSP for an additional seven (7) years as "its fair market value to NSP at the time it is offered"; and

WHEREAS, NSP and Seller have reached agreement on the rates, terms and conditions pursuant to which Seller shall sell the output of the plant to NSP from January 1, 2018 through December 31, 2024 ("Extension Term"). Included in the Parties' agreement are revised pricing terms for calendar year 2017; and

WHEREAS, NSP and Seller desire to enter into this First Amendment to reflect their understanding and to update or delete certain terms of the Agreement to reflect terms that will be applicable during the Extension Term;

NOW, THEREFORE, in consideration for the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, and intending to be legally bound hereby, the Parties agree through this First Amendment to amend the Agreement as follows:

1. Capitalized Terms. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

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2. Section 1.15 is deleted and replaced with the following:

"Net Generating Capacity Testing. Net Generating Capacity associated with the Plant will be determined as set forth in Module E of the Midcontinent Independent System Operator's (MISO's) Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) and Resource Adequacy Business Practice Manual. Seller shall cooperate to assist NSP as necessary in determining the amount of net generating capacity associated with the Plant. Seller shall collect data and perform tests and calculations in compliance with Module E of the MISO's Tariff and Resource Adequacy Business Practice Manual as interpreted by NSP, as they change from time to time. NSP will provide reasonable assistance to Seller in performing such tests and collecting the necessary testing data if requested by Seller. Seller will provide to NSP all relevant records required by MISO related to capacity testing and other records reasonably requested by NSP related to Plant operation. All required testing shall be conducted at Seller's expense."

3. In Section 2.01 a., the phrase "pursuant to the provisions of Appendix 2 hereto" in Section 2.01 a. is deleted so that the Section now reads as follows:

"NSP agrees to purchase from the Seller all the electric power and electric energy produced or generated by the Plant and delivered to NSP, less the electric power and electric energy necessary for the operation of the Plant, subject to the provisions of Article V hereof."

4. Section 2.01j is amended by striking the phrase "maximize the operation of" and replacing it with the word "operate"

5. A new Section 2.01 l. is added to the Agreement as follows:

"l. 2017 Pricing. Notwithstanding anything above to the contrary:

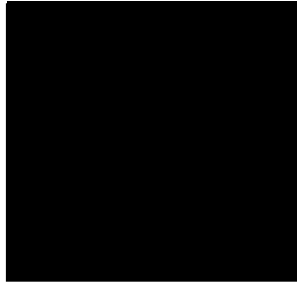
1. 2017 Price. The total fixed price for each megawatt-hour (MWh) of energy delivered by Seller to NSP during 2017 shall be [REDACTED] ("2017 Energy Price"). The 2017 Energy Price shall supersede any and all conflicting pricing terms and conditions contained in the Agreement.

2. 2017 Retroactive Pricing Adjustment. Within 30 calendar days of PUC Approval referenced in Section 9, Condition Precedent, NSP shall make a retroactive adjustment to the previous monthly billings made under the Agreement for 2017 and shall pay or bill Seller (or deduct from invoice(s) as applicable) for any difference between the 2017 Energy Price and the previous monthly invoice amounts paid by NSP under the Agreement for 2017. "

6. A new Section 2.01 m. is added to the Agreement as follows:

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- "m. Extension Term Period Pricing. Notwithstanding anything above to the contrary, during the Extension Term, the following annual fixed prices shall apply to energy delivered by Seller to NSP and received by NSP from Seller and shall be the total compensation paid to Seller for such energy delivered by Seller under the Agreement.



Other than for energy delivered by Seller and received by NSP as stated above, there shall be no payment by NSP to Seller under this Agreement for Committed Capacity, Excess Energy, High Capacity Factor Energy or any other products or services. "

7. Section 2.02 a. The second sentence of Section 2.02 a. is revised to read as follows:

"The billing statement shall state the volume of energy in MWh delivered to NSP from Seller, the applicable price per MWh of energy and the amount due from NSP to Seller."

8. Section 2.02.b. is amended as follows:

"The amount due from NSP to Seller for each Billing Period shall be calculated pursuant to Sections 2.01 l and 2.01 m."

9. Section 2.02.c. is amended by adding the following sentence:

"All energy delivered to NSP by Seller beginning on January 1, 2017 shall be billed pursuant to Sections 2.01.l and 2.01.m."

10. Section 5.01 c.1. is deleted in its entirety and replaced with the following:

"1. An amount equal to the current price of energy times the number of megawatt-hours which could have been purchased during such period of time assuming the average monthly volume of energy sold by Seller to NSP and purchased by NSP from Seller for the last 12 complete months."

11. In Section 5.01 e. the following sentences are hereby added after the first sentence:

"All scheduled outages shall also be subject to MISO approval. Seller shall communicate the approval request to NSP which, in turn, will contact MISO and communicate MISO's response to Seller. "

12. Section 5.01 f. is added as follows:

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"NSP will interface with MISO regarding updates, interpretation and implementation of MISO rules and notify Seller of such as applicable to the operation of the Plant."

13. Section 7.13 shall be amended by striking the second sentence and substituting in its place the following:

"The Extension Term shall be from January 1, 2018 through December 31, 2024."

14. Deletions.

- A. Deletion of References and Requirements related to the MAPP Agreement.
NSP and Seller agree that as reflected amongst the deletions set forth in B. below, references to and requirements of the MAPP Agreement or MAPP Procedures contained in the Agreement no longer apply and are deleted.
- B. The following are hereby deleted from the Agreement in their entirety: the word "and" after the 1st recital (beginning with "WHEREAS, NSP is an investor-owned utility..."), the last recital beginning with "WHEREAS, NSP has entered into a regional power pool.....," Sections 1.01, 1.02, 1.03, 1.06, 1.07, 1.10, 1.11, 1.12, 1.13, 1.14, 2.01 c., 2.01 i., 3.01 a. (v), 3.01 a. (vi.), 5.01 c.2., 7.04 d, 7.14, 7.15, 7.16 and Appendices 2 and 3 and Exhibit J.

15. Condition Precedent for this First Amendment

This First Amendment shall not take effect until the Minnesota Public Utilities Commission ("MPUC") approval is received for this First Amendment. For purposes of this First Amendment, "PUC Approval" means a written order of the Minnesota ("MN") PUC and/or an advance determination of prudence from the North Dakota Public Service Commission ("ND PSC"), which alone or in combination make an affirmative determination that all costs incurred under this First Amendment are recoverable from NSP's retail customers pursuant to applicable law, subject only to the requirement that the MN PUC and ND PSC (as applicable) retain ongoing prudence review of NSP's performance and administration of this Agreement. In the event PUC Approval is not obtained or is granted with conditions unsatisfactory to NSP as determined by NSP in its sole discretion, or in the event NSP has not received PUC Approval in nine (9) months after the filing date of each NSP application for approval, then this First Amendment shall automatically terminate without any further financial or other obligation by NSP under this First Amendment

In the event PUC Approval is not obtained or is otherwise granted with conditions unsatisfactory to NSP, NSP and Seller shall endeavor to reach a new agreement that addresses the reason for such PUC action. If an agreement between the Parties is not reached or if reached NSP cannot thereafter obtain PUC Approval, then the Parties shall proceed to arbitration as provided for in Section 6.01. Any award that results from such arbitration shall also be subject to PUC Approval.

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Attachment A.

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Provided however that, if NSP determines in its sole discretion that MN PUC or ND PSC Approval is not necessary; NSP may waive the above requirement with respect to the MN PUC Approval or the ND PSC Approval or both.

16. The Parties warrant that the undersigned are authorized as required by applicable articles, bylaws, resolutions or ordinances to sign this First Amendment on their behalf.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed as of the day and year first written above.

SELLER:

Reviewed by the County
Attorney's Office



Date: 6/29/17

COUNTY OF HENNEPIN
STATE OF MINNESOTA

By: Joni A. Carrin

Chair of Its County Board

ATTEST: M. Ross

Deputy/Clerk of County Board

Date: 6/28/17By: Carl Michael

Assistant/Deputy/County Administrator
Department Director of _____

Date: 6/28/17By: Ryan

Environment and Energy Director

Date: 6/29/17

By: [Signature]

County Administrator

Date: 6/30/17

NSP:

Northern States Power Company, Minnesota

By: Thomas A. Imbler

Thomas A. Imbler
Vice President, Commercial Operations,
Xcel Energy Services Inc. as agent for
Northern States Power Company, Minnesota

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HERC Analysis
Forecasted Costs using Existing Pricing Structure

PROTECTED DATA BEGINS:

Year	\$/kW month	MW of Capacity	Capacity Cost	Sherco Prod Cost	Onpk Cost	Offpk Cost	On Hours %	Off Hours %	Adjusted Cost	Dec Adjustment	Annual Production	Energy Cost	Total Cost	All in \$/MWh
2018														
2019														
2020														
2021														
2022														
2023														
2024														
												Nominal	\$	89,114,492
												NPV		\$71,454,701
												LCOE (\$/MWH)		

Forecasted Costs using Proposed Pricing

Year	All in \$/MWh	Annual Production	Total Cost
2018			
2019			
2020			
2021			
2022			
2023			
2024			
		Nominal	\$ 56,211,301
		NPV	\$44,864,912
		LCOE (\$/MWH)	

Savings	
Nominal	\$ 32,903,191
NPV	\$ 26,589,789
LCOE (\$/MWH)	

On and Off Peak Hours Math		
52	weeks per year	
5	5 onpk days per week	
12	hours of onpk per day	(per contract)
3120	onpk hours	
5640	off peak hours	

Assumptions/Explanation

On peak hours are defined as weekdays between 9am and 9pm and Off peak hours are all other hours

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CERTIFICATE OF SERVICE

I, Lynnette Sweet, 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

MISCELLANEOUS ELECTRIC SERVICE LIST

Dated this 30th day of June 2017

/s/

Lynnette Sweet

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