



414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

October 8, 2012

**--Via Electronic Filing--**

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

RE: IN THE MATTER OF THE APPLICATION OF GREAT RIVER ENERGY,  
NORTHERN STATES POWER COMPANY (d/b/a XCEL ENERGY) AND  
OTHERS FOR CERTIFICATES OF NEED FOR THREE 345 kV  
TRANSMISSION LINES WITH ASSOCIATED SYSTEM CONNECTIONS  
MPUC DOCKET No.: ET-2, E002, et al./CN-06-1115  
OAH DOCKET No.: 15-2500-19350-2

Dear Dr. Haar:

Enclosed for electronic filing please find here, Applicants' Compliance Filing for CapX Fargo Phase III pursuant to Order Point 4 of May 22, 2009 Certificate of Need Order in the above-captioned matter. By copy of this letter, all parties of record are being served with same.

### **Ownership Structure for Phase III of the Fargo Project**

Previously, Applicants had advised the Commission of the information required in Order Point 4 of the Order for the first segment of the CapX2020 Group 1 Fargo Project<sup>1</sup>. The applicants had further advised the Commission of the same required information for the second segment of this Project<sup>2</sup>. With this letter, the Applicants further advise the Commission that on September 28, 2012, Xcel Energy, Great River Energy and the other project owners executed a Second Amended and Restated Project Participation Agreement as well as the Construction Management Agreement, the Transmission Capacity Exchange Agreement, and the Operation and Maintenance Agreement for the Fargo Project from Monticello, Minnesota to Fargo, North Dakota

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<sup>1</sup> See the Applicants August 20, 2010 letter to the Commission regarding the CapX Fargo Phase I segment from Monticello, Minnesota to St. Cloud, Minnesota.

<sup>2</sup> See the Applicants August 17, 2011 letter to the Commission regarding the CapX Fargo Phase II segment from St. Cloud, Minnesota to Alexandria, Minnesota.

(CapX Fargo). The first Amended and Restated Project Agreements were further amended to expand the scope of the project to include the Alexandria, Minnesota to Fargo, North Dakota (CapX Fargo Phase III) portion of the project.

### **Project Owners for the Fargo Project**

The utilities who are committing themselves to funding and eventual ownership of the completed Project are unchanged as: Xcel Energy, Great River Energy, Western Minnesota Municipal Power Agency (WMMPA)<sup>2</sup>, ALLETE, Inc., d/b/a Minnesota Power, and Otter Tail (collectively Project Owners).

The Project Owners have elected to remain at the following ownership percentages in the CapX Fargo Project:

Xcel Energy	36.1%
Great River Energy	25.0%
Minnesota Power	14.7%
Otter Tail Power	13.2%
WMMPA	11.0%

These are the same ownership percentages represented to the Commission by Applicants in their Certificate of Need application to the Commission, dated August 16, 2007 for the CapX Fargo Project.

### **Transmission Capacity for the Fargo Project**

*Thermal or design capacity.* The CapX utilities have worked collaboratively to develop construction standards that will ensure uniformity in the design and capability of all the CapX projects. In line with these standards, the CapX Fargo Phase I 345 kV transmission line will have a design capacity of 2,050 MVA. This indicates the maximum level of power associated with the current flow that the facility is designed to handle without damaging conductors. To save cost and avoid installing expensive

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<sup>3</sup> Missouri River Energy Services (MRES) has been a participating CapX2020 utility from the commencement of these proceedings. Under the Project Development Agreement, MRES held rights to as much as 11% of the Fargo Project. MRES chose to assign its rights to its affiliate, WMMPA. While WMMPA will be the owner of a share of the CapX Fargo Project, it will continue to be affiliated with MRES and the overall utility operations are unchanged.

new equipment, certain pieces of substation equipment will be limited to 1,800 MVA during substation maintenance or contingency conditions when a substation circuit breaker is out of service. While the equipment is physically capable of supporting these power levels, there are other system conditions that will limit power levels as describe below.

*System Capacity.* As current on a transmission line increases, its impedance or resistance to the follow of energy increases. At very high levels of current, the impedance of the line increases to such a level that energy will take other high voltage paths with lower impedance. For this reason, the entire Fargo – Monticello 345 kV line will not see flow as high as its design or thermal capacity.

Transmission studies indicate that once the entire length of the Fargo – Monticello line is in service, flow on the line could be as high as 600 MVA. As additional generation is integrated into the electric system, particularly in North Dakota, South Dakota and Manitoba, the Fargo – Monticello line could experience current flow with associated power levels as high as 1,200 to 1,500 MVA. It is expected that these conditions would occur during periods when other transmission lines are out of service.

## CONCLUSION

This compliance filing provides the information required by Order Point 4 pertaining to the CapX Fargo Phase III segment of the Project.

If you have questions, or need additional information, please contact me at 612-330-7529.

SINCERELY,

/s/

PAUL J LEHMAN  
MANAGER REGULATORY ADMINISTRATION  
FOR NORTHERN STATES POWER COMPANY

## CERTIFICATE OF SERVICE

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

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

xx electronic filing

**Docket No. ET-2,E002, et al./CN-06-1115**

Dated this 8th day of October 2012

/s/

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SaGonna Thompson  
Records Analyst

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street  Minneapolis, MN 554024629	Paper Service	No	OFF_SL_6-1115_1
Lisa	Agrimonti	lagrimonti@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center80 South 8th Street  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_6-1115_1
Richard	Alberts		David L. & Duane O. Alberts	53951 265th Avenue  Pine Island, MN 55963	Paper Service	No	OFF_SL_6-1115_1
Kenneth & Myron	Alberts		A Limited Partnership	54046 265th Ave.  Pine Island, MN 55963	Paper Service	No	OFF_SL_6-1115_1
Brett	Anderson			PO Box 191  Sauk Centre, MN 56378	Paper Service	No	OFF_SL_6-1115_1
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_6-1115_1
John	Bailey	bailey@ilsr.org	Institute For Local Self-Reliance	1313 5th St SE Ste 303  Minneapolis, MN 55414	Electronic Service	No	OFF_SL_6-1115_1
David	Birkholz		MN Department of Commerce	Suite 500 85 7th Place East St. Paul, MN 551012198	Paper Service	No	OFF_SL_6-1115_1
Kevin	Blanchette	kblanchette@meltel.net		25709 Hilltop Road  Richmond, MN 56368	Paper Service	No	OFF_SL_6-1115_1
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson & Byron, P.A.	200 S 6th St Ste 4000  Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Brady	Busselman, P.E., CPESC	bbusselman@mfra.com	McCombs Frank Roos Associates, Inc.	Suite 140 14800 28th Avenue North Plymouth, MN 55447	Paper Service	No	OFF_SL_6-1115_1
Current	Chair	netty@swrdc.org	Rural Minnesota Energy Board	Suite 1 2401 Broadway Avenue Slayton, MN 56172	Paper Service	No	OFF_SL_6-1115_1
Delane	Christenson	cchristenson5@msn.com		3700 Hazelwood Avenue  Webster, MN 55088	Paper Service	No	OFF_SL_6-1115_1
Jim	Clowes			Rt. 1 Box 1773  Hermitage, MO 65688	Paper Service	No	OFF_SL_6-1115_1
Mike & Becky	Creglow	mcreglow@qwest.net		16481 Circle Drive  Welch, MN 55089	Paper Service	No	OFF_SL_6-1115_1
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Paper Service	No	OFF_SL_6-1115_1
Robert	Dahse			30319 Wiscoy Ridge Road  Winona, MN 55987	Paper Service	No	OFF_SL_6-1115_1
Lois	Dandurard	lodandurard@yahoo.com		26446 Langford Ave.  New Prague, MN 56071	Paper Service	No	OFF_SL_6-1115_1
Lisa	Daniels	lisadaniels@windustry.org	Windustry	201 Ridgewood Avenue  Minneapolis, MN 55403	Paper Service	No	OFF_SL_6-1115_1
Delmar	Debbaut			PO Box 116  Milroy, MN 562630116	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Atina	Diffley	atinagoe@frontiernet.net	Citizens Energy Task Force	25498 Highview Ave.  Farmington, MN 55024	Paper Service	No	OFF_SL_6-1115_1
John E.	Drawz	jdrawz@fredlaw.com	Fredrikson & Byron, P.A.	Suite 4000 200 South Sixth Street Minneapolis, MN 554021425	Paper Service	No	OFF_SL_6-1115_1
Craig	Empey	craigempey@empeylawoffice.com	Empey Law Office	Suite 204, American Financial Center 1060 Dakota Drive Mendota Heights, MN 55120	Paper Service	No	OFF_SL_6-1115_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_6-1115_1
Carl and Alyssa	Forhan	forhan@yahoo.com		1736 Chippewa Drive NW  Rochester, MN 55901	Paper Service	No	OFF_SL_6-1115_1
Kelly	Fuller	kelly@kellyfuller.net	Energy and Nature	PO Box 214  Vermillion, SD 57069	Paper Service	No	OFF_SL_6-1115_1
David	Giesecke	david.giesecke@wedbush.com	Wedbush Securities	1270 6th Avenue Suite 301 New York, NY 10020	Electronic Service	No	OFF_SL_6-1115_1
Elizabeth	Goodpaster	bgoodpaster@mncenter.org	MN Center for Environmental Advocacy	Suite 206 26 East Exchange Street St. Paul, MN 551011667	Paper Service	No	OFF_SL_6-1115_1
Mike	Greco	m.greco@frontiernet.net		25452 Ipava Ave. W.  Lakeville, MN 55044	Paper Service	No	OFF_SL_6-1115_1
Gary	Ground			9200 280th Street, West  Northfield, MN 55057	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_6-1115_1
Dale	Hartman	dale_hartman@symantec.com		2203 Raspberry Ct.  Buffalo, MN 55313	Paper Service	No	OFF_SL_6-1115_1
Joseph and Theresa	Headley	N/A	-	850 S. Boulder Hwy #132  Henderson, NV 89015	Paper Service	No	OFF_SL_6-1115_1
Bill and Carolyn	Hovland			26835 Jaquard  Lakeville, MN 55044	Paper Service	No	OFF_SL_6-1115_1
Loren	Ingebretsen			8438 100th Ave. N.  Felton, MN 56536	Paper Service	No	OFF_SL_6-1115_1
Rebecca	Johnson	rjohnson_01@hotmail.com		7000 Derby Drive  Chanhassen, MN 55317	Paper Service	No	OFF_SL_6-1115_1
Grant	Johnson			1883 15th Avenue, NW  New Brighton, MN 55112	Paper Service	No	OFF_SL_6-1115_1
Peter	Jones			5636 Sturgeon Lake Road  Welch, MN 55089	Paper Service	No	OFF_SL_6-1115_1
Will	Kaul		Great River Energy	12300 Elm Creek Boulevard  Maple Grove, MN 553694718	Paper Service	No	OFF_SL_6-1115_1
Chuck	Kerr		Great Northern Power Development, L.P.	Suite 3600 601 Jefferson Street Houston, TX 770027906	Paper Service	No	OFF_SL_6-1115_1



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Larry	Kirkland	larry.kirkland@myclearwave.net		1527 20th Street NE  Byron, MN 55920	Paper Service	No	OFF_SL_6-1115_1
Leo	Klisch			P.O. Box 247  St. Joe, MN 56374	Paper Service	No	OFF_SL_6-1115_1
John A.	Knapp	jknapp@winthrop.com	Winthrop & Weinstine	Suite 3500 225 South Sixth Street Minneapolis, MN 554024629	Paper Service	No	OFF_SL_6-1115_1
Kevin	Kolbe	N/A	-	9340 Starting Gate Court  Wilton, CA 95693	Paper Service	No	OFF_SL_6-1115_1
Phillip R.	Krass	rod.krass@mgmlp.com	Malkerson Gunn Martin LLP	Suite 1900 220 South Sixth Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_6-1115_1
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_6-1115_1
Alan C.	Lakes		Great Northern Power Development, L.P.	1749 Pinto Place  Bismarck, ND 58503	Paper Service	No	OFF_SL_6-1115_1
Dan	Lemm			11380 Cameron Ave. NE  Monticello, MN 55362	Paper Service	No	OFF_SL_6-1115_1
Joel	Levie			21467 County Rd 24 NW  Evansville, MN 56326	Paper Service	No	OFF_SL_6-1115_1
Donald	Lieffort	al.lieffort@mail.co.douglas.mn.us	Douglas County	PO Box 398  Alexandria, MN 56308	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_6-1115_1
Karen	Lloyd			18150 East Souix Vista Drive  Jordan, MN 55352	Paper Service	No	OFF_SL_6-1115_1
Paula	Maccabee	Pmaccabee@visi.com	Just Change Law Offices	1961 Selby Avenue  St. Paul, MN 55104	Paper Service	No	OFF_SL_6-1115_1
Phil	Mahowald	pmahowald@piic.org	Prairie Island Tribal Council	1158 Island Lake Blvd.  Welch, MN 55089	Paper Service	No	OFF_SL_6-1115_1
Nicholas D. & Mary E.	Majerus	medicine1976@hotmail.com	Safari Estates Well System Two	1707 75th Street NW  Rochester, MN 559018634	Paper Service	No	OFF_SL_6-1115_1
Russell	Martin	bens@integra.net		11600 270th Street  Elko, MN 55020	Paper Service	No	OFF_SL_6-1115_1
Corey	McDonald	corey@cmcdhomeinspection.com	C.Mc D Home Inspection, Inc.	35002 Wagner Hill Way  Cannon Falls, MN 55009	Paper Service	No	OFF_SL_6-1115_1
Mike	Michaud	mike@juhlwind.com		N802 240th St.  Maiden Rock, WI 54750	Paper Service	No	OFF_SL_6-1115_1
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_6-1115_1
Charles	Myrbach	chuckx@southwestmsu.edu		10599 State Hwy 19  Marshall, MN 56258	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Janice	Neigel			24568 County Highway 88 Fergus Falls, MN 52537	Paper Service	No	OFF_SL_6-1115_1
Kyle	Nelson			447 73th Street NW Rochester, MN 55901	Paper Service	No	OFF_SL_6-1115_1
Bob and Alice	Nytes			5710 West 260th Street New Prague, MN 56071	Paper Service	No	OFF_SL_6-1115_1
Joyce H.	Osborn			PO Box 1165 Burnsville, MN 55337	Paper Service	No	OFF_SL_6-1115_1
Carol A.	Overland	overland@legalectric.org	Legaelectric - Overland Law Office	1110 West Avenue Red Wing, MN 55066	Paper Service	No	OFF_SL_6-1115_1
Bill	Pascoe		Pascoe Energy Consulting, LLC	104 Country Club Lane Butte, MT 59701	Paper Service	No	OFF_SL_6-1115_1
Priti R.	Patel	priti.r.patel@xcelenergy.com	Xcel Energy	414 Nicollet Mall MP 800 Minneapolis, MN 55401	Paper Service	No	OFF_SL_6-1115_1
Sherwood E.	Peterson, Jr.	peterson494@hotmail.com	-	494 73rd Street NW Rochester, MN 55901	Electronic Service	No	OFF_SL_6-1115_1
Drew	Pierce	drew@piercelink.com		8574 60th St W Lonsdale, MN 55046	Paper Service	No	OFF_SL_6-1115_1
Ken and Milo	Pomije			25815 Cedar Lane New Prague, MN 560717823	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jim	Prokes			25300 Drexel Avenue  New Prague, MN 56071	Paper Service	No	OFF_SL_6-1115_1
Steven J.	Quam, Esq.	squam@fredlaw.com	Fredrikson & Byron, P.A.	Suite 4000 200 South Sixth Street Minneapolis, MN 554021425	Paper Service	No	OFF_SL_6-1115_1
R. L.	Reid		Jill V. Trescott	30150 Cannon River Blvd.  Randolph, MN 55065	Paper Service	No	OFF_SL_6-1115_1
John C.	Reinhardt		Laura A. Reinhardt	3552 26Th Avenue South  Minneapolis, MN 55406	Paper Service	No	OFF_SL_6-1115_1
Tim	Rogelstad	trogelstad@otpc.com	Otter Tail Power Company	215 South Cascade Street  Fergus Falls, MN 56538	Paper Service	No	OFF_SL_6-1115_1
Laureen	Ross McCalib	lrossmccalib@greenergy.com	CapX2020/Great River Energy	12300 Elm Creek Boulevard  Maple Grove, MN 553694718	Paper Service	No	OFF_SL_6-1115_1
Nancy	Sackett			25870 Freeborn Ave  New Prague, MN 56071	Paper Service	No	OFF_SL_6-1115_1
Christopher	Sandberg	cksandberg@locklaw.com	LOCKRIDGE GRINDAL NAUEN PLLP	100 Washington Ave S Ste 2200  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_6-1115_1
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	12 S 6th St Ste 1137  Minneapolis, MN 55402	Paper Service	No	OFF_SL_6-1115_1
Matthew J.	Schuerger P.E.		Energy Systems Consulting Services, LLC	P.O. Box 16129  St. Paul, MN 55116	Paper Service	No	OFF_SL_6-1115_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Paper Service	No	OFF_SL_6-1115_1
Kim	Skappel	bgw@ridge-runner.com	Homer Township Treasurer	24185 County Road 9  Winona, MN 55987	Paper Service	No	OFF_SL_6-1115_1
Jennifer	Smestad	jsmestad@ottertail.com	Otter Tail Corporation	215 South Cascade Street  Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_6-1115_1
Beth H.	Soholt	bsoholt@windonthewires.org	Wind on the Wires	Suite 203 1619 Dayton Avenue St. Paul, MN 551046206	Paper Service	No	OFF_SL_6-1115_1
Erin	Stojan Ruccolo		Fresh Energy	408 Saint Peter St Ste 220  Saint Paul, MN 55102-1125	Paper Service	No	OFF_SL_6-1115_1
SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_6-1115_1
Bev	Topp	eurekatopp@gmail.com	Citizens' Energy Task Force	26045 Ipava Ave West  Lakeville, MN 55044	Paper Service	No	OFF_SL_6-1115_1
Roger	Tupy			26445 Langford Avenue  New Prague, MN 56071	Paper Service	No	OFF_SL_6-1115_1
Heather	Westra		Prairie Island Indian Community	5636 Sturgeon Lake Road  Welch, MN 55089	Paper Service	No	OFF_SL_6-1115_1
Tom	van der Linden	jls@acegroup.cc	Jean Silberman	30585 County Road 1  La Crescent, MN 55947	Paper Service	No	OFF_SL_6-1115_1