



Department of Transportation

Mitchell Region Office

P.O. Box 1206

Mitchell, South Dakota 57301

TELEPHONE: 605-995-8129

FAX: 605-995-8135

October 19, 2007

Northern States Power d/b/a Xcel Energy

Attn: David G. Callahan

414 Nicolett Mall

Minneapolis, MN 55401

Ref: Xcel Energy Utility Application on Interstate 90 – 345 kV Line

Dear Mr. Callahan:

The Department has received concurrence from the Federal Highway Administration allowing the above permit submitted on January 17, 2007 to be considered.

After careful review of Xcel Energy's proposal, SDDOT has determined that it "will not impair the highway or interfere with the free and safe flow of traffic thereon". Therefore, the Department will approve the permit as submitted and amended as per Xcel Energy's letter dated October 15, 2007. The approval is conditioned on the following terms:

1. As a material condition of issuance of this permit, which Xcel Energy hereby fully agrees to and accepts as a binding contractual obligation, Xcel Energy hereby agrees to assume the responsibility and cost for relocation of this line if: 1) a material conflict with the safety and use of Interstate 90, SD Highway 11, or other local roads intersecting Interstate 90 is caused by the portion of the line permanently overhanging the existing interstate, highway, or local road right-of-way; and 2) there is no reasonable alternative solution other than to relocate the line in order to eliminate the material conflict. The Department of Transportation will have the authority to make final determination to relocate the line only if a reasonable alternative solution does not exist. If additional costs are incurred by the Department for an alternate solution, Xcel Energy shall bear the additional SDDOT costs for this work.
2. At any time Xcel Energy needs to perform repairs or maintenance to the facilities and needs to utilize Interstate 90 right-of-way for access, a permit to occupy the right-of-way shall be submitted to the South Dakota Department of Transportation Sioux Falls Area Office for approval.
3. The impacts to the scenic easement at the Beaver Creek rest area will need to be assessed. Separate action will need to be taken regarding the easement that will require the approval of the Transportation Commission. Since Federal funds were used to purchase the easement the Department will need to assess the impacts for determination of compensation due.

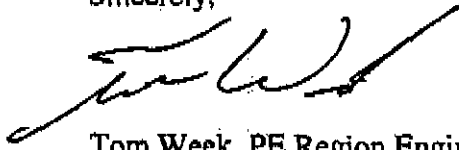
Mr. Dave Callahan

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Please review the conditions and if acceptable sign the original letter and return it to this office. If you have additional questions you can contact Craig Smith, 605-367-5680 to discuss.

Sincerely,

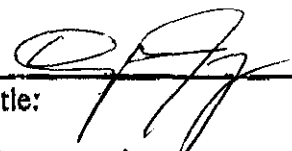


Tom Week, PE Region Engineer
South Dakota Department of Transportation

CC: Craig Smith, Sioux Falls Area Engineer
Darin Bergquist, Director of Operations
Joel Gengler, Right of Way
Tim Bjorneberg, Project Development
Kevin Tveidt, Deputy Secretary

Approval Xcel Energy:

NORTHERN STATES POWER COMPANY, D/B/A
XCEL ENERGY

 10/24/07
Title: _____ Date

DOUGLAS W. JAEGER, VICE PRESIDENT
TRANSMISSION,
XCEL ENERGY SERVICES, INC., AS
AUTHORIZED AGENT FOR NORTHERN
STATES POWER COMPANY, A
MINNESOTA CORPORATION, D/B/A
XCEL ENERGY

SD EForm - 0929 V2 SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION APPLICATION FOR UTILITY PERMIT

DOT-200 (10/05)

Highway No. I-90 County Minnehaha Approximately 9 MI. N S E W

from South Dakota/Minnesota boarder for construction of an overhead transmission line
(City or well defined point) (type of utility facility)

Begin Section 27 Township 102 Range 47 End Section 29 Township 102 Range 48

Intended usage or rating 345,000 voltage

Cable size and type 1.084 inch diameter, acsr, 954 kcmil, 6 conductors

Outsize pipe diameter N/A Maximum pipeline operation pressure N/A

Size and type of metal casing N/A

Minimum depth of cable or pipeline: (Rural Roadway 48") (Curb-Gutter 24") (Other Areas 36")

Method of installation overhead stringing

Approximate construction dates - Start 7/16/2007 Finish 3/3/2008

Special conditions Line parallels and overhangs I-90 right of way and also includes two crossings of I-90.

I, the undersigned, request permission to construct and maintain a utility facility on public right-of-way at the above location and as shown on the attached layout sheet and in accordance with provisions of Administrative Rules of South Dakota, Chapter 70:04:05. In consideration for the permission, I agree to abide by all conditions of said rules and in addition, the following:

- To furnish all materials, labor, incidentals and pay all costs involved with the construction and maintenance of the utility facility. To perform approved open cut trench operations in accordance with current DOT Open Cut Method of Utility Installation or Repair, Administrative Rule Chapter 70:04:05, Appendix A. To restore any damaged portions of the roadway and right-of-way to equal or better conditions than exist prior to beginning work covered by this permit. To not install a utility over the top of any highway drainage structure.
- To provide protection to highway traffic during construction and maintenance by the use of proper signs, barricades, flagpersons and lights as prescribed in the "Manual on Uniform Traffic Control Devices."
- To indemnify and hold the State of South Dakota, its Department of Transportation, its officers, agents and employees harmless, from an against any and all actions, suits, damages, liability or other proceedings of any kind or nature brought because of any injuries or damage received or sustained by any person or property on account of the use or occupancy of highway right-of-way designated in this application.

Company Northern States Power d/b/a Xcel Energy Date 1-17-07

Address 414 Nicolett Mall City Minneapolis State MN Zip 55401 Telephone (612) 330-5951

By: (Sig.) [Signature] (Typed) David G. Callahan Title Sup., Siting & Land

To be completed by the Department of Transportation

Project (Const.) _____ Station _____ Milepost 402.90* to 412.52

Project (Maint.) 090-271 Maintenance Unit 271

1. Prior to commencing construction and upon completion of work the applicant shall notify Keith Vongali - Maint. Supv. at SDDOT - Sioux Falls Area telephone (605) 941-4477

2. Special Conditions: note permit amended as per Xcel letter dated Oct 15, 2007

3. Failure to construct and maintain the utility facility in accordance with the provisions of this permit will automatically render this permit null and void and constitute grounds for its removal and/or full restoration of the site at the applicant's expense.

Recommended: _____ 20 _____ 20

Recommended: [Signature] 10-19 20 07 Bridge/Roadway Design/Date

Approved: [Signature] 10-19 20 07

Region Engineer/Date

This permit to construct and maintain a utility facility is granted subject to all conditions as herein stated.



414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

October 15, 2007

Mr. Craig Smith, P.E.
Area Engineer
South Dakota Department of Transportation
5316 West 60th Street
Sioux Falls, SD 57101

Via U.S. Mail and Facsimile

Subject: Amendment of January 17, 2007 Application for Utility Permit on Trunk Highway Right-of-Way; Two Crossings and Longitudinal Installation Adjacent to and overhanging Interstate 90, for Xcel Energy's Split Rock Substation to Lakefield Junction Substation 345-kV Transmission Line.

Dear Craig:

This letter serves as amendment of our January 17th permit application to parallel and overhang Interstate 90 with our proposed 345 kV transmission line. It updates our construction timeline and also addresses issues set forth in the Federal Highway Administration's (FHWA) October 10, 2007 letter of concurrence with South Dakota Department of Transportation's SDDOT decision to issue the permit.

Due to the delay in permitting the project, we now expect construction along Interstate 90 to begin late October 2007, and estimate completion December 2008. This construction timeframe includes restoration and cleanup of construction activities, which should be little to none on the interstate right-of-way, as construction activities will occur adjacent to the interstate on private utility easement.

The FHWA indicated in its October 10th letter that Xcel Energy's proposal to relocate the line at its expense as outlined in the January 17th permit application letter should be contained in a separate agreement from the permit. In previous discussions with SDDOT and our telephone conversation of October 12th, it was suggested that this provision could be contained as a condition of the permit. Xcel Energy believes that such a condition in the permit accomplishes the goal articulated by FHWA.

In concurrence with our relocation proposal outlined in our January 17th application letter, we believe the following permit condition would memorialize the relocation obligation:

"As a material condition of issuance of this permit, which Xcel Energy hereby fully agrees to and accepts as a binding contractual obligation, Xcel Energy hereby agrees to assume the responsibility and cost for the relocation of this line

Mr. Craig Smith
October 15, 2007
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if: 1) a material conflict with the safety and use Interstate 90 is caused by the portion of the line overhanging the existing interstate right-of-way, not including intermittent blowout overhang; and 2) there is no reasonable alternative solution other than to relocate the line in order to eliminate the material conflict."

We believe that this relocation provision will mitigate any future material conflict between the transmission line overhang and Interstate 90 eliminating any need to "revoke the permit" for a conflict. Due to essential service nature of this transmission line facility, Xcel Energy would not risk entering into an agreement where its location rights could be wholly terminated with out mitigating solutions.

With regard to the FHWA's request for SDDOT to assess and determine compensation for loss of scenic value to the scenic easement adjacent to Minnesota Department of Transportation's (Mn/DOT) Beaver Creek Rest Area, Xcel Energy has reviewed the impact of the line on this scenic easement and does not find any facts to support a finding of any compensable loss of value. This is because, any loss of value to the Beaver Creek Rest Area has already been settled with Mn/DOT.

Please review this amendment letter and if you have any questions, do not hesitate to contact me at 612/330-5951. I want to thank you for your and the SDDOT's efforts in resolving this permitting issue.

Sincerely,



David G. Callahan
Supervisor,
Siting & Land Rights

Enclosure

cc. Jim Wilcox -- Xcel Energy
Priti Patel -- Xcel Energy