

Exhibit ____ (KM-1)
Schedule 9

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Xcel Energy

Docket No.: EL11-019

Response To: South Dakota Public Utilities Commission Data Request No. 8-22

Date Received: February 3, 2012

Question:

Regarding Nobles, in Docket No. E-002/M-08-1437, Xcel requested that the Commission find that the requirements for a certificate of need, Minn. Stat. § 216.243, did not apply to Nobles as provided in subdivision 9 of the statute. Please provide the relevant statute as well as a narrative interpretation of this statute and explain under what set of conditions this exemption request was made (e.g. is it because Nobles is a renewable resource?). Can Xcel seek a similar exemption for non-renewable generation? If so, please explain under what set of conditions and provide a case where this occurred.

Response:

Minn. Stat. § 216B.243 requires that no large energy facility can be sited or constructed in the state of Minnesota without a Certificate of Need (“CON”). A large energy facility is defined as any electric generating source of 50 MW or more. (Minn. Stat. § 216E.01, Subd. 5). Minn. Stat § 216B.243, Subd. 9 allows for a streamlined process for renewable energy facilities and states:

Subd. 9. Renewable energy standard facilities.

This section does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the obligations of section 216B.1691; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:

- (1) the size of the facility relative to a utility's total need for renewable resources;
- (2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;
- (3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;
- (4) the facility's ability to maintain electric system reliability;

- (5) impacts on ratepayers; and
- (6) other criteria as the commission may determine are relevant.

The Company's CON exemption request for Nobles, a renewable resource, was made pursuant to Minn. Stat. § 216B.243, Subd. 9 and in consideration of the following conditions.

- 1) The Nobles Wind Project is a wind energy conversion system that is contemplated by the RES statute;
- 2) It is intended to meet or exceed Xcel Energy's obligations of the RES; and
- 3) It is a reasonable and prudent approach for Xcel Energy to satisfy the RES.

Also, our Petition submitted to the Minnesota Public Utilities Commission on December 3, 2008 in Docket No. E-002/M-08-1437 addressed the above-noted six statutory factors on Page 43 as follows:

As demonstrated by this petition, the size of the Nobles Wind Project is appropriate for our goals. The addition of 201 MW of renewable generation to our system will help us to meet our renewable energy goals, but additional resources will be needed to be fully compliant by 2020. The Nobles Wind Project will add diversity to our portfolio of renewable resources by adding an increment of Company-owned generation. The costs of the Nobles Wind Project is competitive with other utility owned wind generation projects and its levelized cost is less than power purchases from C-BED projects. The Nobles Project will also promote economic development. There are sufficient safeguards in place to maintain the reliability of our system with the addition of the Nobles Project. Overall ratepayer costs are reasonable in light of available alternatives.

All other large generating facilities of 50 MW or more have to obtain a Certificate of Need under this statute. There is not an exemption available for non-renewable generation facilities.

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