Transmission Cost Recovery Rider
Descriptions of Projects Proposed to be
Eligible Under SDCL 49-34A-25.1

The following projects were approved for recovery by the Commission in the Company's Transmission Cost Recovery Rider filing in Docket No. EL12-035 and re-affirmed for cost recovery most recently in Docket No. EL15-030:

- CapX2020 Brookings – Twins Cities 345 kV transmission line
- CapX2020 Fargo – Twin Cities 345 kV transmission line
- CapX2020 La Crosse-Local 345 kV transmission line
- CapX2020 La Crosse-MISO
- CapX2020 La Crosse-WI
- Glencoe – Waconia
- Sioux Falls Northern

The following projects were approved for recovery by the Commission in the Company's Transmission Cost Recovery Rider filing in Docket No. EL13-006 and re-affirmed for cost recovery most recently in Docket No. EL15-030:

- Bluff Creek – Westgate transmission line
- Chaska Area transmission line
- Minn Valley transmission line
- Maple River – Red River
- Big Stone – Brookings 345 kV Line
- Lake Marion – Burnsville
- Maple Lake – Annandale
- Wilmarth – Carver County

The following project was approved for recovery by the Commission in the Company's Transmission Cost Recovery Rider filing in Docket No. EL15-030:

- Minot Load Serving Transmission Line

Project Updates

While there have not been any substantive changes to project scope since our last TCR filing, we note that several of the projects have updated projected in-service dates or updated projected project costs at conclusion. We explain these project updates below.

Sioux Falls Northern

Projected In-Service Date Change from December 2015 to December 2016

While most phases of this project are in-service as planned, the project has been further delayed for the same reasons we discussed in our response to Data Request (DR) No. 1-8 in Docket No. ER15-030:

A relocation of the Company's easement caused delays in both engineering and material procurement tasks which cascaded into outage constraint delays for this work that was originally scheduled to coordinate with the area's low demand in the spring of the year. Specifically, a segment of this project's transmission line was engineered to be rebuilt in place on an existing easement obtained from the City of Sioux Falls in the late 1940s. Sometime after the original line was built, the city constructed below grade sewer infrastructure within the Company's existing easement. This encroachment by the city was discovered in obtaining utility locate information during the final engineering phase of the project. Rather than the city relocating their below-grade infrastructure, the Company and city resolved the issue by the city granting new easement for this segment of line to be relocated where the construction activities would not undermine or interfere with the city's below grade infrastructure.

Bluff Creek – Westgate

Projected In-Service Date Change from December 2015 to December 2016

Construction of the Bluff Creek Substation and the termination of two lines into the substation was delayed due to delays to the construction of a separate but electrically connected substation in Victoria, MN. Part of the Bluff Creek – Westgate project required that we convert a Distribution feeder circuit for Transmission use. In order to do this and maintain reliable service, the Company needed to construct a new substation, Lake Bavaria Substation, in Victoria, MN. We have energized the Bluff Creek Substation in order to use the existing Distribution feeder until the Lake Bavaria Substation is constructed; however, we cannot energize the entire project until the Lake Bavaria Substation project is complete. A longer permitting process and negotiations between the City of Chaska and City of Victoria has delayed the completion of the Lake Bavaria Substation.

Maple River – Red River
Projected In-Service Date Change from June 2017 to December 2017

We discussed the project delay in our response to Data Request (DR) No. 1-8 in Docket No. ER15-030:

Maple River – Red River's forecasted in-service date has been pushed out due to delays in obtaining local permits from the City of Fargo. A requirement for North Dakota's Certificate of Public Convenience and Necessity (CPCN) is that local permits are obtained prior to submission to the state for their approval. Segments of this project's proposed route require coordination and easement acquisition from North Dakota State University, BNSF railroad, and the City of Fargo, and are also in close proximity to Fargo's Hector International Airport (and FAA); in order to obtain our local permit, the city required that any conditions or concerns by the affected parties listed be addressed by Xcel Energy in their permit application to the city. As part of this coordination, the City of Fargo required the Company to determine the feasibility and estimated cost to underground a segment of the proposed transmission line. The additional coordination and engineering required to estimate alternative route options has caused the project schedule to be delayed.

We continue to experience delays in the permitting process with the City of Fargo. Most recently, the City has objected to our proposed pole foundation proximity to their storm sewer. We continue to work with the City to resolve their issues in order to receive final approval to begin construction on this project.

Wilmarth – Carver County
Projected In-Service Date Change from August 2016 to May 2019

As part of the annual Transmission budget planning process, planned projects like Wilmarth – Carver County are weighed against emergent work and occasionally reprioritized. During the reprioritization process we carefully evaluate all of the system risks associated with each scenario and reevaluate all mitigation plans that may mean a suboptimal operation of the transmission system but ensure our compliance with all mandated system reliability standards. At this time, emergent work has taken priority over the Wilmarth – Carver County project, so this project has been delayed.

Minot Load Serving Transmission Line
Projected In-Service Date Change from June 2019 to December 2018
Projected Project Cost Decrease

The scope of this project is still to construct a new 230kV substation and transmission line. The existing 115kV lines in the area will be brought in and out of this new substation. We were able to accelerate this project's projected in-service date and reduce the overall forecasted cost of this project because of changes to the design for the new 230kV transmission line. The project originally planned for a new H-Frame 230kV transmission line to parallel an existing 115kV line requiring an expanded easement/Right of Way (ROW). We have updated the project plan to construct the new 230kV line adjacent to and within the existing 115kV line ROW. Additionally the existing 115kV line will be transferred to the new double circuit mono-pole 230kV structure reducing the footprint and ROW costs. The overall project schedule was accelerated because the permitting and land acquisition process was accelerated to respond to public input. The new schedule assumes little to no land acquisition condemnation.

Big Stone – Brookings
Projected Project Cost Decrease

The projected total project expenditure is currently estimated to be approximately $9.7 million less than the estimated total project costs as projected in our last TCR Petition in Docket No. EL15-030. The lower cost is reflective of: 1) estimate refinement, whereby we have further evaluated and engineered the project to better understand the conditions, methods and materials to be used; 2) reduced risk/contingency, meaning risks identified during the project budget phase of the project and the associated cost estimate have been reduced as the project moves forward and some risks are not realized; 3) favorable transmission line contractor bid pricing–contractor bids were significantly lower than estimated; and 4) lower actual material prices than initially estimated. For example, steel commodity prices were at a 5-year historic low when the structures for this project were purchased, which helped reduce the total project cost.