

Xcel Energy Operating Companies Load Interconnection Cost Allocation Policy

Purpose:

The purpose of this policy is to define the process and cost allocation for new transmission-to-load interconnection facilities to be connected to the transmission systems of the Xcel Energy Operating Companies: Northern States Power Company, a Minnesota corporation (NSP); Northern States Power Company, a Wisconsin corporation (NSPW); Public Service Company of Colorado (PSCo); and Southwestern Public Service Company (SPS). The Transmission Function of the Xcel Energy Operating Companies (XET) will apply this policy comparably to any Interconnection Customer requesting a new load interconnection or seeking to expand an existing load interconnection to an Xcel Energy Operating Company (XEOC) transmission voltage facility (typically 69 kV and above).

Section I – Customer Request/Customer Planning Information

(a) On an annual basis by January 1st, each Load Serving Entity (LSE), Network Integration Transmission Service Customer, Firm Point-to-Point transmission service customer and Grandfathered Agreement transmission service customer (Customer) connected to an XEOC transmission system shall provide, one year in advance, a 5 (five) year forecast (Forecast) of proposed new load serving interconnections or expansions to existing load serving interconnections. A transmission service Customer (such as a cooperative G&T) may provide a single forecast for the LSEs its serves on the XEOC system. The forecast shall be provided using the form set forth in the XEOC Joint Open Access Transmission Tariff (Joint OATT).

(b) Any LSE or transmission service Customer (Customer) on behalf of an LSE may also submit a stand-alone request (Request) for load interconnection service from XET. The Interconnection Customer shall provide a written description of the load serving facilities proposed to be connected to the Xcel Energy Operating Company's transmission system, the requested in-service date, and the location of the proposed point or points of interconnection. Requests must be received no later than February 1 for in-service the following calendar year. Submitting a request by February 1 does not guarantee, however, that the new load serving interconnection will be constructed and in-service by the date requested. XET shall notify any other affected transmission or distribution system owners and operators (if any) of the Request.

Section II – Interconnection Study(ies)

(a) As part of its system evaluation and planning process, XET will periodically perform studies to evaluate the impact of load additions for each XEOC. These studies will be based on the load forecast inputs received through the annual LSE/Customer Forecasts.

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The Xcel Energy planning and engineering system planning studies, where applicable, will determine the feasibility of the new load interconnection(s), the impact to the XEOC and affected utilities, and the required Transmission Provider load interconnection facilities and Network Upgrades required on the XEOC transmission, substation or distribution systems to accommodate the Forecasted load interconnection(s). The study results will provide an estimated construction schedule and total costs for the forecasted load interconnection(s). XET will post a copy of its completed system study(ies) on the applicable OASIS.

(b) Upon receipt of a Request, XET will perform an initial assessment of the feasibility of the proposed interconnection. If the initial assessment indicates a more detailed interconnection study is required, XET will notify the Requestor.

Within thirty (30) days of receipt of the Request, XET will provide a form of System Impact Study Agreement to the Interconnection Customer and an estimate of the costs of the planning and engineering studies, where applicable. If deemed necessary, XET may also require a Facilities Study Agreement. The costs of these studies are to be funded in advance with 50% of the estimated cost due by the Interconnection Customer when the study agreement is executed. XET will not commence work on any studies prior to receipt of the signed load interconnection System Impact Study Agreement and Facilities Study Agreement. The remainder of the actual cost will be billed following completion of the study. If the actual costs of such engineering studies exceed the estimate, the Interconnection Customer shall fund such additional amounts upon issuance of any invoice by XET. If actual costs are less the amount funded, XET will refund the difference and will be refunded to the Interconnection Customer.

The Xcel Energy planning and engineering interconnection studies, where applicable, will determine the feasibility of the new load interconnection, the impact to the XEOC and affected utilities, and the required Transmission Provider load interconnection facilities and Network Upgrades required on the XEOC transmission, substation or distribution systems to accommodate the requested load interconnection. The study results will provide an estimated construction schedule and both total costs and cost assignments for the Requested load interconnection. XET will provide a copy of its completed System Impact Study and/or Facilities Study to the Requestor.

Within thirty (30) days of XET issuance of the System Impact Study and/or Facility Study, the Interconnection Customer shall provide written notice to XET if it intends to proceed with installation of the load interconnection. If the Interconnection Customer does not provide written notice, the Request will be deemed withdrawn.

Section III – Interconnection Agreement Required

XET requires execution of a Transmission to Load Interconnection Agreement (“Interconnection Agreement”) for any LSE or Interconnection Customer interconnected to an XEOC transmission system. For a new interconnection proposed to be constructed through either a regular XET annual Forecast and planning process or a Request, XET will not proceed with construction of such interconnection without an executed interconnection

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agreement. If a master transmission to load interconnection agreement is already in place between the XEOC and the Interconnection Customer, the parties may execute a connection agreement or addendum to the master agreement. During the negotiation of the interconnection agreement, XET and the Interconnection Customer may also execute a letter agreement to facilitate procurement of equipment with long lead times.

In addition to the description and costs of such interconnection facilities and Network Upgrades required to provide the requested load interconnection service, the Interconnection Agreement shall define the XEOC standards applicable to the requested load interconnection, including, but not limited to: voltage, frequency and power factor requirements; metering requirements; operating, testing and maintenance standards; joint planning procedures for any modifications or upgrades of interconnection facilities or load serving facilities; and other standard transmission to load interconnection terms and conditions. The interconnection agreement will also document any security requirements required by (i) XET; (ii) the Regional Transmission Organization (RTO) providing transmission service on the XEOC's transmission system (if applicable); and (iii) any Regional Reliability Entity (RE) with responsibility for oversight of the operations of the XEOC system.

If XET and the Customer cannot agree on all of the terms of the required Interconnection Agreement, XET may file an unexecuted Interconnection Agreement with FERC and request that FERC establish the terms of the Interconnection Agreement as provided in the unexecuted agreement.

Section IV – Facility Cost Responsibility

Unless adequate notice is given or otherwise agreed in the Interconnection Agreement, all Transmission Provider Interconnection Facilities costs related to the new or upgraded interconnection will be directly assigned to, and be the financial responsibility of, the Interconnection Customer. The Customer shall pre-pay 100 percent of the estimated cost of the interconnection facilities prior to construction by XET. For large load interconnection projects, XET and the Interconnection Customer may agree to milestones and progress payments as costs are incurred.

All costs related to the Network Upgrades necessary to construct the interconnection will normally be the ultimate financial responsibility of the XEOC. However, the Interconnection Customer may be required to provide financial security in a form deemed acceptable to XET during construction. Such security shall comply with the XET credit policy currently in effect from time to time.

XET may also, at its option, require the Interconnection Customer to pre-fund the estimated cost of all required Network Upgrades. An Interconnection Customer required to pre-fund Network Upgrades shall be eligible for a refund (without interest) of the amounts advanced for any Network Upgrades on the XEOC transmission system as provided under the Joint OATT or other applicable open access transmission tariff. Such refunds will be paid to the Interconnection Customer over a period of up to five (5) years. XET, Transmission Customer and the Interconnection Customer as the affected load serving

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facility system operator (if applicable) may adopt any alternative payment schedule that is mutually agreeable. XET will only provide refunds to the Interconnection Customer after all Interconnection facilities and Network Upgrades are in place and energized. If the Interconnection Customer fails to complete the interconnection for any reason, Xcel Energy will not be obligated to provide refunds.

XET reserves the right for the XEOC to itself fund any Network Upgrades under the applicable open access transmission tariff, with prior notice to the Interconnection Customer.

Section V – Facility Ownership

The applicable XEOC will own all Transmission Provider Interconnection Facilities and Network Upgrades constructed to provide the load serving interconnection. Unless otherwise agreed, the Customer will own the Interconnection Customer Interconnection Facilities.

Section VI -- Redispatch

The Interconnection Customer will be responsible for the cost of any redispatch required to install the new or expanded load interconnection facilities.