



January 22, 2014

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Mr. James Lepinski
 Public Service Commission of Wisconsin
 P.O. Box 7854
 Madison, WI 53707-7854

**RE: Fourth Quarterly Progress Report – Bay Front
 Baghouse and Activated Carbon Injection Project**

Docket No. 4220-CE-180

Dear Mr. Lepinski:

Pursuant to Order Point 5 of the Commission's final order in Docket No. 4220-CE-180, dated December 12, 2012, Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc. (NSPW or the Company) submits this Quarterly Progress Report.

Following are responses to subpart a, b and d of Order Point 5. Attached is a summary of the actual project costs by line item as reflected in the final order in response to Order Point 5, subpart c.

Order Point 5. Beginning with the quarter ending December 31, 2012, and within 30 days of the end of each quarter thereafter and continuing until the facilities are fully operational, NSPW shall submit quarterly progress reports to the Commission that include all of the following:

a. The date that construction commences.

Status: Construction commenced on May 30, 2013 with the start of pile installation.

b. Summaries of the status of construction, the anticipated in service date, and the overall percent of physical completion.

Status:
 Baghouse erection is complete. Enclosure of the baghouse and stair tower structures is approximately 90% complete.

Erection of the five duct support towers is complete. We identified that non-conforming bolts were used to assemble duct support towers two and three and portions of duct support tower one. The contractor is replacing the subject bolts at their cost.

We began installing the ductwork from the baghouse inlet plenums to the existing Plant and materials for the ash collection system are on site and ready for installation in 2014.

We continue to experience multiple fabrication errors in the materials supplied by Siemens. We continue tracking the costs associated with correcting these fabrication errors in the field and will attempt to recover some or all of these costs from Siemens in the future. We do not expect to see costs over-runs for the project due to these additional fabrication costs, however.

On December 31, 2013 the overall percent of physical completion was approximately 55%.

c. Actual project costs segregated by line item as reflected in the cost breakdown listed in this Final Decision.

Status: See attachment.

d. The date that the facilities are placed in service.

Status: We anticipate placing the equipment in service on February 28, 2015. This is a change from the previous report mainly due to a change in the definition of “placed in service”. While the equipment will be installed and operational by December 16, 2014 there will be a time period needed to start up the equipment, condition the fabric filter bags, and to implement a compliance stack test. We anticipate this work to be completed by February 28, 2015 at which time the baghouse and related equipment will be ‘placed in service’.

Based on this filing, NSPW believes it is in compliance with the Order Point 5. If you have any questions regarding the responses or attached material, please contact me at (715) 737-1115, or by e-mail at john.r.ness@xcelenergy.com.

Sincerely,

/s/ John R. Ness

John R. Ness
Regulatory Case Specialist

Enc.

c. – Internal List

Bayfront Baghouse Project Cost Report - Summary

Cost to date Through December 31, 2013

General Work Category	Current Project Estimate	Actuals to date	Remaining forecast
Direct Expenses			
Materials	\$5,691,510	\$4,672,229	\$1,019,281
Miscellaneous Materials	\$283,600	\$85,004	\$198,596
Labor	\$6,888,078	\$3,269,338	\$3,618,740
Contingencies	\$150,000	\$0	\$150,000
Allowance for Cost Overruns	\$100,000	\$0	\$100,000
Subtotal Direct Expenses	\$13,113,188	\$8,026,571	\$5,086,617
Indirect Expenses			
Construction Management, Site Services, Owners Engineer	\$3,689,743	\$2,278,104	\$1,411,639
Performance Testing	\$100,000	\$0	\$100,000
Contingencies	\$100,000	\$0	\$100,000
Subtotal Indirect Costs	\$3,889,743	\$2,278,104	\$1,611,639
Other Cost			
Reserve/ Allowances	\$297,069	\$0	\$297,069
AFUDC	\$1,206,741	\$262,800	\$943,941
Subtotal Other Costs	\$1,503,810	\$262,800	\$1,241,010
Total Project Cost with AFUDC	\$18,506,741	\$10,567,474	\$7,939,266
Total Project Cost without AFUDC	\$17,300,000	\$10,304,674	\$6,995,325