

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
NORTHERN STATES POWER COMPANY- )  
WISCONSIN for authority to reconcile its power )  
supply costs and revenues for the 12-month period )  
ended December 31, 2001. )  
\_\_\_\_\_ )

Case No. U-12614-R

At the August 20, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

On March 28, 2002, Northern States Power Company-Wisconsin (NSP-W), d/b/a Xcel Energy, filed an application, with supporting testimony and exhibits, requesting approval of its power supply cost recovery (PSCR) reconciliation for the 12-month period ended December 31, 2001.

Pursuant to due notice, a prehearing conference was held on May 7, 2002 before Administrative Law Judge James N. Rigas. NSP-W and the Commission Staff participated in the proceedings. Subsequently, a settlement agreement was jointly sponsored by the parties.

According to the terms of the settlement agreement, attached as Exhibit A, NSP-W undercollected a net amount of \$727,547 during 2001. This amount includes a rolled-in undercollected amount of \$336,463 from NSP-W's 2000 PSCR reconciliation. Interest calculated

on the monthly average balance totals \$25,796, resulting in a total undercollected amount of \$753,343. The parties have agreed that NSP-W will roll the total undercollected amount of \$753,343 into its current 2002 PSCR plan costs pursuant to the methodology authorized by the Commission in its order issued in Case No. U-12614.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Northern States Power Company-Wisconsin, d/b/a Xcel Energy, shall roll into its 2002 power supply cost recovery plan the underrecovered amount of \$753,343.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of August 20, 2002.

/s/ Dorothy Wideman  
Its Executive Secretary

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_____	)	

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and the Commission's Rules of Practice and Procedure, Rule 333, 2000 AC, R 460.17333, Northern States Power Company-Wisconsin ("NSP-W") d/b/a Xcel Energy and the Michigan Public Service Commission Staff ("Staff") have resolved through settlement discussions the contested issues regarding this proceeding and hereby agree as follows:

1. On March 28, 2002, NSP-W filed with the Michigan Public Service Commission ("Commission") an Application, with supporting testimony and exhibits, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2001. Based on calculations, NSP-W determined that power supply costs exceeded power supply revenues resulting in undercollection and requested the recovery of same by rolling the undercollection into its current PSCR plan costs.

2. On April 2, 2002, the Commission's Executive Secretary issued the Notice of Hearing directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages,

townships and counties in its Michigan electric service area, as well as to all intervenors in Case No. U-12614. Further, the Commission directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area.

3. . . . Complying with the Notice of Hearing, NSP-W submitted the requisite Affidavit of Mailing and Proof of Publication prior to the May 7, 2002 prehearing conference. Administrative Law Judge James N. Rigas presided over the prehearing conference, and Staff participated in the proceeding.

4. The parties have agreed as follows:

- a. Proceedings in this PSCR reconciliation were conducted in accordance with Act 304. The expenditures charged by NSP-W for the cost of power supply were reasonably and prudently incurred.
- b. NSP-W sold 134,200,000 kWh subject to a Michigan PSCR billing factor during the 12-month period ending December 31, 2001.
- c. NSP-W collected \$3,592,533 in PSCR revenues and had \$3,983,617 in power supply costs during the 12-month period ending December 31, 2001, resulting in an undercollection of \$391,084.
- d. The 2001 undercollection of \$391,084, when added to the undercollection of \$336,463 rolled-in to the 2001 PSCR plan case by NSP-W pursuant to the Commission's September 7, 2001 Order in Case No. U-12125-R, results in an undercollection of \$727,547.
- e. Interest on this undercollected amount through the plan period, totals

\$25,796, resulting in total undercollection of \$753,343.

- f. In order to collect the total undercollection of \$753,343, NSP-W will roll that amount into its current 2002 PSCR plan costs pursuant to the methodology authorized by the Commission in its Opinion and Order issued in Case No. U-12614.

5. It is the opinion of all signatories that this settlement agreement will aid the expeditious conclusion of this case.

6. This settlement agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. The parties agree that if the Commission should not accept this settlement agreement in its entirety, then the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purposes in connection with this proceeding or any other proceeding except so as to prove the contents herein.

8. All signatories agree to waive Section 81 of the APA, as amended, MCL 24.281 as it applies to the issues in this proceeding.

NORTHERN STATES POWER COMPANY-  
WISCONSIN d/b/a XCEL ENERGY

Dated: July 17, 2002

By: ~~Larry~~ Sherri A. Wellman  
One of its Attorneys

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MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF

Dated: July 17, 2002

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