

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, 2003.)
_____)

Case No. U-13555-R

At the October 14, 2004 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

On March 30, 2004, 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, 2003.

Pursuant to due notice, a prehearing conference was held on May 18, 2004 before Administrative Law Judge Barbara A. Stump. NSP-W and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, NSP-W undercollected a net amount of \$102,283 during 2003. This amount includes a rolled-in

overcollected amount of \$253,627 from NSP-W's 2002 PSCR reconciliation. Interest calculated on the monthly average balance totals negative \$5,858, resulting in a total undercollected amount of \$96,425. The parties have agreed that NSP-W will roll the total undercollected amount of \$96,425 into its current 2004 PSCR plan costs pursuant to the methodology authorized by the Commission in its August 16, 2001 order 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 460.6j et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, 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 2004 power supply cost recovery plan the under-recovered amount of \$96,425.

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
issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of October 14, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

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

Chair

Commissioner

Commissioner

By its action of October 14, 2004.

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated October 14, 2004 approving the settlement agreement and authorizing Northern States Power Company-Wisconsin to reconcile its power supply cost recovery revenues and expenses for the 12-month period ended December 31, 2003, as set forth in the order.”

directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. Complying with the Notice of Hearing, NSP-W filed the requisite Affidavit of Mailing and Proof of Publication on May 7, 2004.

3. Administrative Law Judge Barbara Stump presided over the May 18, 2004 prehearing conference, and Staff participated in the proceeding. No parties sought to intervene.

4. The parties have agreed as follows:

a. Proceedings in this PSCR reconciliation were conducted in accordance with 1982 PA 304. The expenditures charged by NSP-W for the cost of power supply were reasonably and prudently incurred.

b. NSP-W sold 134,355,000 kWh subject to a Michigan PSCR billing factor during the 12-month period ending December 31, 2003.

c. NSP-W collected \$3,251,584 in PSCR revenues and had \$3,607,494 in power supply costs during the 12-month period ending December 31, 2003, resulting in an under-collection of \$355,910.

d. The 2003 under-collection of \$355,910, when added to the over-collection of \$253,627 that NSP-W rolled-in to its 2003 PSCR plan case pursuant to the Commission's Order issued in Case No. U-13106-R, results in a net under-collection of \$102,283.

e. Interest through the plan period equals (\$5,858), and when added to the PSCR under-collection results in a total PSCR under-collection of \$96,425.

f. In order to collect the total under-collection of \$96,425, NSP-W will roll that amount into its current 2004 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.

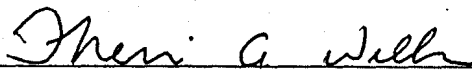
7. This settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purposes in connection with this proceeding or any other proceeding except so as to prove the contents herein.

8. All signatories agree to waive § 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 October 5, 2004

By:




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MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

Dated October 5, 2004

By:



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