

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
NORTHERN STATES POWER COMPANY,)
a Wisconsin corporation and wholly owned)
subsidiary of Xcel Energy, Inc., for a power)
supply cost recovery reconciliation proceeding)
for the 12-month period ended December 31, 2008.)
_____)

Case No. U-15403-R

At the November 12, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 27, 2009, Northern States Power Company, a Wisconsin corporation and wholly
owned subsidiary of Xcel Energy Inc. (NSP-W), filed an application, with supporting testimony
and an exhibit, requesting approval of its power supply cost recovery (PSCR) reconciliation
proceeding for the 12-month period ended December 31, 2008.

A prehearing conference was held on May 28, 2009 before Administrative Law Judge Mark E.
Cummins. NSP-W and the Commission Staff participated in the proceedings. Subsequently, the
parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, NSP-W
experienced a net overrecovery of \$219,865 during 2008. This amount includes a rolled-in
overrecovery of \$318,952 from NSP-W's 2007 PSCR reconciliation and an underrecovery of

\$99,087 for the 12-month period ended December 31, 2008. Interest calculated on the monthly average balance increases the net overrecovery by \$21,371, for a total overrecovery of \$241,236. Pursuant to the roll-in method authorized by the Commission in its order in Case No. U-12614, NSP-W shall roll-in the \$241,236 overrecovery into its 2009 PSCR reconciliation.

The Commission finds that 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. The proposed power supply cost recovery reconciliation overrecovery is approved.
- C. Northern States Power Company shall roll-in the \$241,236 overrecovery into its 2009 power supply cost recovery reconciliation.

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

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of November 12, 2009.

Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the Application of Northern States)
Power Company, a Wisconsin corporation and)
wholly owned subsidiary of Xcel Energy Inc.,)
power supply cost recovery reconciliation) Case No. U-15403-R
proceeding for the 12-month period from)
January 2008 through December 2008.)

SETTLEMENT AGREEMENT

As provided in § 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, a Wisconsin Corporation and wholly owned subsidiary of Xcel Energy Inc. (hereafter “NSP-W”) 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 27, 2009, NSP-W filed with the Michigan Public Service Commission (“Commission”) an Application, with supporting testimony and exhibit, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2008. Based on calculations, NSP-W determined that a netting of its power supply revenues, power supply costs, and the roll-in of the prior year’s overrecovery, resulted in an overrecovery for the 12 month period ending December 31, 2008 of \$241,236 including interest. NSP-W has requested to roll the overrecovery into its current PSCR plan costs.

2. On April 29, 2009, 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, and to all intervenors in Case No. U-15403. Further, the Commission directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. NSP-W filed the requisite Affidavit of Mailing and Proof of Publication on May 11, 2009.

3. Administrative Law Judge Mark E. Cummins presided over the May 28, 2009 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 138,120,000 kWh subject to a Michigan PSCR billing factor during the 12-month period ending December 31, 2008.

c. NSP-W collected \$6,053,204 in base and PSCR revenues and had \$6,152,291 in power supply costs during the 12-month period ending December 31, 2008, resulting in an underrecovery of \$99,087.

d. The 2008 underrecovery of \$99,087, when added to the 2007 PSCR overrecovery of \$318,952 that NSP-W rolled-in to its 2008 PSCR plan case as authorized by the Commission in Case No. U-15005-R, results in an overrecovery of \$219,865.

e. Interest through the plan period equals \$21,371, and when added to the net PSCR overrecovery results in a total PSCR overrecovery of \$241,236.

f. Pursuant to the roll-in methodology authorized by the Commission in its Opinion and Order issued in Case No. U-12614, NSP-W shall reflect the roll-in of the \$241,236 overrecovered amount in its 2009 PSCR Reconciliation.

g. In its 2009 PSCR plan submission in Case No. U-15663, NSP-W rolled in an estimated underrecovery of \$9,339 into the calculation of its 2009 PSCR plan factor.

5. It is the opinion of all signatories that this settlement agreement is reasonable, in the public interest, and will aid in 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, a Wisconsin Corporation

Dated: October 27, 2009

By: _____
One of Its Attorneys
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: October 27, 2009

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