

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>NORTHERN STATES POWER COMPANY-</b>	)	
<b>WISCONSIN, d/b/a XCEL ENERGY, for a gas cost</b>	)	Case No. U-13222-R
reconciliation for the 12-month period ended	)	
March 31, 2003.	)	
_____	)	

At the March 16, 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

**ORDER APPROVING SETTLEMENT AGREEMENT**

On June 27, 2003, Northern States Power Company-Wisconsin, d/b/a Xcel Energy, (NSP-W) filed an application, with supporting testimony and exhibits, seeking a reconciliation of its gas cost recovery (GCR) revenues and expenses for the 12-month period ended March 31, 2003.

Pursuant to due notice, a prehearing conference was held on September 11, 2003 before Administrative Law Judge Daniel E. Nickerson, Jr. NSP-W, the Commission Staff, and Attorney General Michael A. Cox 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 experienced a net GCR underrecovery of \$807,688 during the 12-month period ended March 31, 2003, including a rolled-in overrecovery from its previous GCR reconciliation, the roll-in of

pipeline refunds during the plan period, and interest. The settlement agreement further provides that the net underrecovery should be rolled into NSP-W's current GCR plan in accordance with its standard refund procedures.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 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, 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 the net underrecovery balance of \$807,688 into its current gas cost recovery plan pursuant to its standard refund procedures.

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 March 16, 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

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Chair

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Commissioner

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Commissioner

By its action of March 16, 2004.

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Its Executive Secretary

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<b>NORTHERN STATES POWER COMPANY -</b>	)	
<b>WISCONSIN d/b/a Xcel Energy</b>	)	Case No. U-13222-R
for a gas cost reconciliation for the	)	
12-month period ended March 31, 2003.	)	
_____	)	

SETTLEMENT AGREEMENT

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

1. As directed by the Michigan Public Service Commission (Commission) in its May 9, 1989 Order Approving Settlement Agreement (as amended by ERRATUM dated May 15, 1989), in Case No. U-9297, NSP-W filed, on June 27, 2003, an Application, supporting testimony, and exhibits, seeking to reconcile, under the provisions of 1982 PA 304 (Act 304), its gas revenues and costs for the 12-month period ended March 31, 2003, and to roll-in to its current GCR plan a net GCR under-

recovery, inclusive of pipeline refunds. NSP-W filed supplemental testimony on December 8, 2003.

2. On August 15, 2003, the Commission issued its Notice of Hearing directing NSP-W to mail a copy of the Notice to all cities, incorporated villages, townships and counties in its Michigan gas service area. Further, the Commission directed NSP-W to publish the Notice in daily newspapers of general circulation throughout its Michigan gas service area.

3. Complying with the Notice of Hearing, NSP-W submitted the requisite Affidavit of Mailing and Proof of Publication prior to the prehearing conference held before Administrative Law Judge Daniel E. Nickerson, Jr. on September 11, 2003. At the hearing, the ALJ granted intervention to the Attorney General.

4. Subsequently, the parties entered into settlement discussions and, as a result, the parties agree to the following:

A. The Staff and the Attorney General have reviewed NSP-W's filing and they do not dispute the reasonableness and prudence of NSP-W's gas purchases.

B. During the GCR period ended March 31, 2003, NSP-W under-recovered a net total of \$825,130 from its Michigan gas customers, which includes pipeline refunds and the roll-in of the net over-recovery reconciliation balance from the previous GCR reconciliation. Interest calculated on this amount equals (\$17,442), and when added to the GCR under-recovery results in a total GCR under-recovery of \$807,688. The parties agree that NSP-W will roll-in the total net under-recovered amount of \$807,688 into NSP-W's current GCR

plan in accordance with its standard roll-in refund methodology approved in Case No. U-10491-R.

5. Proceedings in this gas cost reconciliation were conducted as a contested case as defined in § 3.3 of the APA, MCL 24.203(3).

6. All of the signatories are of the opinion that this settlement agreement will promote the public interest, will aid the expeditious conclusion of this case, and will minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and all of the parties.

7. This settlement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The Staff certifies that this settlement agreement is just, reasonable, and in the public interest. The parties agree not to appeal, challenge, or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, 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.

8. The settlement agreement and order adopting same, and all offers of settlement and discussions, are privileged, and shall not be cited as precedent or used in any manner, nor be admissible for any other purpose in connection with this proceeding or any other proceeding except to verify the contents of this settlement agreement.

9. All signatories agree to waive § 81 of the APA, as amended, MCL 24.281, as applied to the issues in this proceeding.

NORTHERN STATES POWER COMPANY-  
WISCONSIN

Dated: January 27, 2004

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Sherri A. Wellman (P38989)  
Michael C. Rampe (P58189)  
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MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF

Dated: January 27, 2004

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ATTORNEY GENERAL MICHAEL A. COX  
\*Non-Objecting Party Pursuant to MPSC.R.  
460.17333

Dated: January 26, 2004

By: Michelle M. Rick  
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