

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, d/b/a Xcel Energy)
for a gas cost reconciliation for the 12-month)
period ended March 31, 2006.)
_____)

Case No. U-14404-R

At the March 21, 2007 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On June 27, 2006, Northern States Power Company, a Wisconsin corporation, d/b/a Xcel Energy, Inc., (NSP-W), filed an application, with supporting testimony and exhibits, requesting approval of its gas cost recovery (GCR) reconciliation for the 12-month period ended March 31, 2006 and requesting approval to roll into its 2006-2007 GCR plan a net GCR overrecovery and interest.

Pursuant to due notice, a prehearing conference was held on September 13, 2006 before Administrative Law Judge Mark E. Cummins. NSP-W and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all the issues in this case.

According to the settlement agreement, attached as Exhibit A, the parties agree that NSP-W overcollected a net total of \$98,143 including interest of (\$10,808), from its Michigan gas customers during the period ended March 31, 2006. The overcollected amount includes a roll-in of a net underrecovery of \$372,937 from NSP-W's previous GCR reconciliation. The parties agree that NSP-W will roll the net total overcollected amount of \$98,143, into the company's 2006-2007 GCR plan according to the method authorized by the Commission in its June 30, 1995 order in Case No. U-10491-R.

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, attached as Exhibit A, 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 overrecovered amount of \$98,143 into its 2006-2007 gas cost recovery plan according to Commission-approved 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 after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of March 21, 2007.

/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

Chairman

Commissioner

Commissioner

By its action of March 21, 2007.

Its Executive Secretary

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NORTHERN STATES POWER COMPANY,)
a Wisconsin corporation d/b/a Xcel Energy)
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12-month period ending March 31, 2006.)

Case No. U-14404-R

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or “Commission”), Northern States Power Company, a Wisconsin corporation and a wholly owned subsidiary of Xcel Energy, Inc., (“NSP-W” or the “Company”) and the MPSC Staff (“Staff”) agree as follows:

1. On June 27, 2006, NSP-W filed with the Commission its Application, along with the testimony and exhibits of its witness, Donald R. Dahl, to reconcile, under the provisions of 1982 PA 304, its gas costs and revenues collected for the 12-month period ending March 31, 2006, and to roll-in to its current Gas Cost Recovery (“GCR”) plan a net GCR over-recovery and interest.

2. On August 14, 2006, the Commission’s Executive Secretary issued its 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 gas service area. The Commission further directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan gas service area. Complying with the directives, NSP-W filed the

requisite Affidavit of Mailing and Proof of Publication with the Commission on September 12, 2006.

3. At the September 13, 2006 prehearing conference, Administrative Law Judge Mark E. Cummins presided, Staff entered its appearance and no parties intervened.

4. Subsequent to the prehearing, the parties have entered into settlement discussions and, as a result, the parties agree as follows:

a. Proceedings in this GCR reconciliation were conducted in accordance with Act 304. The expenditures charged by NSP-W for the cost of gas supply during the 12-month period ended March 31, 2006, were reasonably and prudently incurred.

b. During the GCR period ended March 31, 2006, NSP-W over-recovered a net total amount of \$98,143 including interest of (\$10,808) from its Michigan gas customers, which also reflects the roll-in of the net total under-recovery of \$372,937 from the previous GCR reconciliation. The parties agree that NSP-W will roll-in the net over-recovered amount of \$98,143 into NSP-W's current 2006-2007 GCR plan in accordance with its standard roll-in refund methodology approved in Case No. U-10491-R.

5. All of the signatories are of the opinion 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. 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.

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 purpose in connection with this proceeding or any other proceeding hereof. The Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

8. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, as it applies to this proceeding, if the Commission approves this Settlement Agreement without modification.

NORTHERN STATES POWER COMPANY
a Wisconsin corporation

Dated: February 5, 2007

By: Sherri A. Wellman Digitally signed by Sherri A. Wellman
DN: cn = Sherri A. Wellman, c = US, o =
Miller Canfield
Date: 2007.02.05.15:28:34 -0500

Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

Dated: February 5, 2007

By : Michael J. Orris

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