

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) Case No. U-14719-R
of Xcel Energy, Inc., for a gas cost recovery)
reconciliation for the 12-month period ended)
March 31, 2007.)
_____)

At the February 12, 2008 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 June 22, 2007, pursuant to 1982 PA 304; MCL 460.6h *et seq.*, Northern States Power Company, a Wisconsin corporation (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, 2007. NSP-W also requested approval to roll into its 2007-2008 GCR plan its prior GCR overrecovery and interest.

Prehearing conferences were held on September 12, 2007 and October 25, 2007 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 the issues in this case.

According to the settlement agreement, attached as Exhibit A, the parties agree that NSP-W overcollected \$323,113, plus interest of \$32,964, from its Michigan GCR customers during the period ended March 31, 2007. The parties agree that NSP-W will roll the total overcollected amount of \$356,077 into NPS-W's 2007-2008 GCR plan according to the method authorized by the Commission in Case No. U-10491-R.

The Commission finds that the settlement is reasonable and in the public interest and should therefore be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern States Power Company shall roll the total overrecovered amount of \$356,077 into its 2007-2008 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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

By its action of February 12, 2008.

Monica Martinez, Commissioner

Mary Jo Kunkle, Executive Secretary

Steven A. Transeth, Commissioner

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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 gas cost reconciliation for) <u>the 12-month period ending March 31, 2007.</u>) | Case No. U-14719-R |
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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 22, 2007, 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, 2007, and to roll-in to its current Gas Cost Recovery (“GCR”) plan a total GCR over-recovery and interest.

2. On August 17, 2007, the Commission’s Executive Secretary issued its Notice of Hearing, and on September 27, 2007, issued a revised 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 and to any intervenors

in Case Nos. U-14404-R and U-15044. 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 September 27, 2007 directives, NSP-W filed the requisite Affidavit of Mailing and Proof of Publication with the Commission on October 16, 2007.

3. At the September 12, 2007 prehearing conference, Administrative Law Judge Mark E. Cummins presided, Staff entered its appearance and no parties intervened. At a second prehearing conference held October 25, 2007, there were no intervenors, and the Company and Staff agreed to adhere to the schedule established at the first prehearing conference held on September 12, 2007.

4. Subsequent to the prehearings, 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 ending March 31, 2007, were reasonably and prudently incurred.

b. During the GCR period ending March 31, 2007, NSP-W over-recovered an amount of \$323,113 including interest of \$32,964 from its Michigan gas customers, which also reflects the roll-in of the net over-recovery of \$98,143 from the previous GCR reconciliation. The parties agree that NSP-W will roll-in the total over-recovered amount of \$356,077 into NSP-W's current 2007-2008 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 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. 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.

