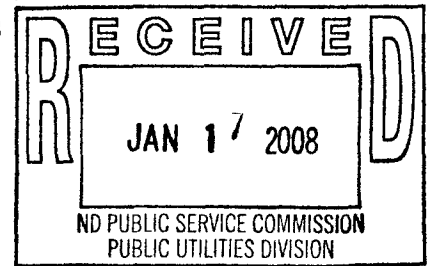


Snavely King Majoros O'Connor & Lee, Inc.

Economic & Management Consultants

**Best and Final Offer of
Snavely King Majoros O'Connor & Lee, Inc
To the Public Service Commission
State of North Dakota**



This Best and Final Offer ("BAFO") constitutes an amendment to the proposal submitted by Snavely King Majoros O'Connor & Lee, Inc ("Snavely King") on January 9, 2008 to the North Dakota Public Service Commission ("the Commission") in response to the Commission's Request for Proposals No. PU-07-776, dated December 17, 2007, for expert consulting assistance in connection with a forthcoming electric rate case involving the Northern States Power Company ("NSP"), a subsidiary of Xcel Energy. Except where changed by this BAFO, Snavely King's original proposal is incorporated and made part of this final proposal.

Attached hereto is a revised work hour and dollar budget. While the total work hours and budget are unchanged from our original proposal, the tasks and the distribution of work hours are altered. Instead of cost of capital, a new topic, characterized as "jurisdictional costs" is substituted, requiring almost the same level of effort as the now-discarded cost of capital topic.

Jurisdictional costs refers to the additional issues raised in the Commission's January 16, 2008 Request for Best and Final Offers: system peak verses North Dakota peak and the appropriateness of using 12CP or another method of allocating demand related costs; power flow analysis to determine where North Dakota ratepayers' power is coming from for the potential segregation of North Dakota electric properties from the total Minnesota company; a review of allocation factors to determine the validity of those factors. We also propose to examine the justification for the Minnesota Metro Emissions Reduction Project, which is the principal driver of NSP's proposed rate increase. As noted in our original proposal, the propriety of allocating a *pro rata* share of this project depends upon whether it is needed to secure sufficient power resources for the NSP system or whether it is justified to enhance the air quality of the Minnesota Twin Cities area.

Thank you for this opportunity to submit our Best and Final Offer. I would be happy to respond to any questions or comments the Commission or its staff my have. My e-mail address is charlieking@snavely-king.com, and my telephone number is (202) 371-9156.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "C. King".

Charles W. King
President
Snavely King Majoros O'Connor & Lee, Inc.

January 16, 2008

Snavely King Majoros O'Connor & Lee, Inc.
Electric Rate Case - Northern State Power Company
Project Budget

Task	Description	Revenue Requirements			Jurisdictional Cost Analysis			Cost Allocation/ Rate Design			Total
		Principal Majoros	Staff (Note)	Total	Principal King	Staff (Note)	Total	Principal King	Staff (Note)	Total	
1	Study Company Filing	6		6	3		3	5		5	14
2	Prepare Discovery Requests	8	4	12	4		4	4		4	20
3	Analyze Company Data	35	25	60	25	15	25	10	15	25	110
4	Prepare Direct Testimony & Exhibits	25	20	45	17	5	22	20	10	30	97
5	Respond to Company Data Requests	5		5	3		3	5	4	9	17
6	Analyze Rebuttal	8	5	13	6		6	5		5	24
7	Draft Cross of Company Witnesses	5		5	4		4	4		4	13
8	Attend Hearings	16		16	16		16				32
9	Assist Counsel on Briefs and Exceptions	8		8				5		5	#VALUE!
	Total Workhours	116	54	170	78	20	83	58	29	87	340
	Rate per Hour	\$ 150	\$ 100		\$ 150	\$ 100		\$ 150	\$ 100		
	Fees	\$ 17,400	\$ 5,400	\$ 22,800	\$ 11,700	\$ 2,000	\$ 13,700	\$ 8,700	\$ 2,900	\$ 11,600	\$ 48,100
	Expenses										
	Air Fare	\$ 550			\$ 550						
	Hotel & Meals	\$ 200			\$ 200						
	Car Rental	\$ 100									
	Airport Parking	\$ 50			\$ 50						
	Communications and Delivery	\$ 100			\$ 100						
	Total Expenses			\$ 1,000			\$ 900				\$ 1,900
	Total Costs										\$ 50,000

Note: "Staff" is an composite of the following professional rates per hour:

Harry Gildea	\$ 125
Margaret Kenney	\$ 100
Eugene Bedell	\$ 100
Kim Hillenbrand	\$ 95
Edgar Banuelos	\$ 75