



Public Service Commission

State of North Dakota

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February 28, 2008

Megan J. Hertzler
Assistant General Counsel
Xcel Energy Services Inc.
414 Nicollet Mall, 5th Fl.
Minneapolis, MN 55401

Douglas A. Bahr
Division Director
Office of the Attorney General
600 E. Boulevard Ave. Dept 125
Bismarck, ND 58505

Re: Case No. PU-07-776, NSP Electric Rate Increase Application

Dear Ms. Hertzler and Mr. Bahr:

The purpose of this letter is to request that you investigate and address the following issues:

1. Whether the terms, conditions and enforcement provisions for interruptible services are cost based and reasonable especially given changes occurring in the wholesale industry, including the expected discontinuance of the Mid-continent Area Power Pool financial obligation for planning reserve capacity and implementation of the Midwest ISO markets and Open Access Transmission Tariff (OATT) Module E resource adequacy requirements.
2. What recovery procedures should be approved for Midwest ISO energy market costs and should any amounts already recovered be refunded? Interim procedures for recovery through NSP's Fuel Cost Adjustment were approved subject to refund by the Commission in Case No. PU-05-147. Since then, the FERC ordered that MISO administrative cost adders under OATT schedules 16 and 17 are no longer eligible for recording as a cost of fuel and purchased energy in FERC Account 555. MDU (Case No. PU-06-447) and Otter Tail (Case

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Letter Requesting Investigation

by Public Service Commission by Lein

02/28/2008

No. PU-05-131) have refunded schedule 16 and 17 administrative charges and are no longer recovering those costs through fuel cost adjustments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Lein". The signature is fluid and cursive, with the first name "Jerry" and last name "Lein" clearly distinguishable.

Jerry Lein
Public Utilities Analyst
Commission Advisory Staff

cc Kent Larson
Dave Sederquist
Mike Diller
Pat Fahn
Commissioner Susan Wefald
Commissioner Kevin Cramer
Commissioner Tony Clark