

- *Improved monitoring and oversight*, both within the Company due to new metrics and performance measures and for the Commission through new reporting requirements. Through our newly formed Executive Council, external review of our metering and billing processes, and improved monitoring and controls, we believe we will more readily identify problems and be poised to take prompt corrective action should they occur. In addition, reporting our performance on a regular basis will provide the Commission with information that will be helpful when exercising its appropriate regulatory oversight.

We believe this Proposal offers a reasonable means for addressing the metering and billing issues experienced by our North Dakota customers. We believe the remedies proposed in this Resolution are in the public interest, as they strike an appropriate balance between service quality improvements for our customers, reasonable cost recovery for the Company, and improved oversight for the Commission. It holds the Company accountable for the quality of service we provide while ensuring customers pay for the energy they consume. Therefore, subject to the conditions outlined in this Proposal, the Company respectfully requests the Commission to allow us to commence rebilling the remaining North Dakota customers impacted by the AMR module failure.

BACKGROUND

Over the last year, we experienced situations that caused our customer service to fall below our expectations, as well as those of the Commission and our customers. These include:

- The failure of approximately 4,400¹ AMR modules, which led to inaccurate bills for customers for several months. Our subsequent rebilling process led to customer complaints and inquiries, which led to the Commission opening Case No. PU-08-627.
- Estimated bills this past winter in communities, largely where we have not yet installed AMR. The make-up bills for electric space-heating customers in particular were quite substantial and generated customer complaints and inquiries.

¹ Includes 3,658 accounts rebilled through July 29, 2008 and an estimated 700-800 accounts yet to rebill should the Commission approve this Resolution.

- Our failure to bill our electric monthly customer charge to approximately 4,900 customers in November 2008 due to a programming error.
- Our incorrect application of the Fargo city tax to approximately 40,000 Fargo area customers' electric usage, resulting in a total overcharge of approximately \$6,100.

It is our intention with this Proposal to resolve these issues.

PROPOSAL

We believe that a comprehensive package of remedial measures, improved customer communications, and monitoring and oversight offers an appropriate way to resolve the current issues and customer complaints. In this section, we present the details regarding each component of our proposed package.

A. Remedial Measures

Our Proposal contains specific customer remedies that are tailored to the unique facts of each billing issue.

1. AMR Module Malfunction

a. Service Quality Credit

In recognition of the inconvenience they experienced, we propose to provide a \$50 service quality credit to each of the estimated 4,400 North Dakota customers that were impacted by AMR module failures. We estimate the total benefit of this measure to North Dakota customers to be approximately \$220,000. These credits would be distributed as follows:

- For affected customers not yet rebilled, we propose to apply the credit with the rebilling. This approach will allow these customers to receive the service quality credit on the same statement that presents their rebilled amount, reducing the total amount owed.
- For customers already rebilled, we will apply the credits to bills within 60 days of the Commission approving this Proposal. We will inform these customers of this service quality credit through a bill message on the billing statement in which the credit is applied.

b. Natural Gas Cost True-up Adjustment

Our Proposal also seeks to ensure that other unaffected customers will not experience any costs associated with the AMR module failure. As such, we propose to forego recovery of approximately \$310,000 in under-collected natural gas costs that would have otherwise been collected from other natural gas customers via the natural gas true-up mechanism. This adjustment is needed because we used warmer-than-normal weather when estimating the usage for the AMR-affected customers during the period that their modules did not work; to ensure remaining customers do not pay the difference, an adjustment is needed. We provide a schedule that outlines the basis for our weather adjustment as Attachment B

To ensure we do not recover these unbilled natural gas commodity costs, we propose to make the approximate \$310,000 adjustment to our September 1, 2009 true-up calculation.

c. Remediation Cost

To date, the Company and Cellnet have incurred various costs associated with the AMR module failures and remediation. The Company commits to not seek recovery of these costs in any future natural gas rate case.

2. *Consecutive Estimates*

While not included in the scope of the Commission's investigation into the AMR module failure, we propose to provide remedies to the customers affected by estimated bills this heating season. We recognize that our challenges in reading meters inconvenienced these customers, and in some cases, resulted in large "make-up" bills once an actual read was obtained. To remedy this situation, the Company proposes to issue \$25 service quality credits to each of the approximately 4,000 North Dakota customers who experienced two or more months of consecutively estimated bills during the November 2008 through February 2009 heating period,² resulting in payments totaling approximately \$100,000. In addition, as outlined further below, we will offer flexible payment and credit arrangements, as well as ongoing monitoring meter reading performance reporting, to provide a comprehensive resolution of this issue.

² Excluding customers whose meter was not accessible to our meter readers.

We propose to apply this service quality credit within 60 days of the Commission accepting this Proposal. We will inform these customers of this service quality credit through a bill message.

3. *Electric Basic Service Charge*

Upon further evaluation of this issue, we found that the cost of rebilling in the manner in which the Commission previously directed would outweigh the revenue to be collected. In the interest of efficiency in this circumstance, we have elected to forego rebilling of the \$28,000 in electric Basic Service Charges.

4. *Fargo City Tax*

We will refund the over-collection of the Fargo city tax to all affected electric customers. We plan on applying credits equal to the amount over-collected on customer bills beginning April 15, 2009.

5. *Summary: Remedial Measures*

We recognize that we have not provided the level of service that meets our expectations, or those of our customers or the Commission. We believe service quality credits are an appropriate and reasonable way to compensate customers for the inconvenience they have experienced. We estimate the total value of the Company's remedial measures at approximately \$658,000,³ which includes the service quality credits for the AMR module failures and consecutive estimates, the adjustment to the natural gas true-up, and forgoing recovery of the electric Basic Service Charges we previously failed to bill.

To provide continued Commission oversight over these remedies, the Company proposes to provide a final report to the Commission after the rebilling of customers affected by the AMR module failures is complete, and the service quality credits are applied to the consecutive estimate and AMR module failure customer accounts.

B. Improved Customer Communication

Many of the customer complaints and inquiries regarding the malfunctioning AMR modules stemmed from customer confusion regarding our communications and

³ This amount does not include costs associated with the Company's or Cellnet's incremental efforts to check, test, repair, or replace the malfunctioning AMR modules.

multiple billing statements. In this section, we outline our Proposals to improve communications and billing and reduce customer confusion.

1. *Streamlined Billing Statement*

We have developed a new streamlined billing statement (see Attachment C) that details both the current charges and the rebilled amounts on a single invoice. We have also developed an improved letter of explanation, which will be enclosed *with* the correcting bill instead of as a separate mailing (see Attachment D). An accompanying bill message describing the rebilled charges and credit and directing the reader to the enclosed letter will also be printed on the statement.

While these improvements are part of the proposed rebilling plan outlined in this filing, we are additionally working on improvements to our overall process for all rebillings that will improve customer understanding. Further, by year-end, we anticipate implementing an improved usage estimation process for use in any circumstances requiring usage estimate. Both of these improvements should help minimize customer inquiries and complaints in the future.

2. *Customer Payment Options and Support*

We recognize that it may be difficult for customers to pay the rebilled amounts, as well as the need to ensure accurate charges and demonstrate flexibility as we consider customers' input regarding their estimated consumption. To address these concerns, we will use:

- A dedicated team of specially-trained billing specialists,
- A thorough quality-assurance process,
- Flexible payment options,
- Proactive communication to customers enrolled in payment programs, and
- A dedicated toll-free number for customers affected by the AMR module failure.

We describe each below.

a. *Dedicated Team of Billing Specialists*

The Company is prepared to implement a Dedicated Billing Specialist Team (“Dedicated Team”) to rebill the remaining customers impacted by the AMR module failure. We have identified and trained experienced Billing Specialists who will

implement the process from start to finish, including: analyzing customer accounts for possible rebilling, contacting customers regarding their payment program participation, and “special handling” the rebilling statements and customer letters so they are mailed in the same envelope.

b. Quality-Assurance Process

In addition to our standard Billing quality assurance and controls, we will perform the following quality-assurance processes on the rebilled statements:

- *Peer Reviews* for overall accuracy on a 10 percent sample of the accounts worked by each Billing Specialist.
- *Random audits* on eight percent of the rebilled accounts to ensure that the rebilling amount was calculated consistent with the terms of the Commission-approved Rebilling Plan, and that the rebilling statement is consistent with all communication sent to our customers.

We believe these processes will ensure that the rebilling statements are accurate and appropriate to be issued to customers. Having billing specialists verify the accuracy of a sizable sample of the statements is a good approach to catching any oversights or errors before the rebillings reach our customers.

c. Payment of Rebilled Amounts

The Company will offer flexible payment options, including a 12-month payment plan to affected customers. For already-rebilled customers with an outstanding, non-current balance, we will send them a letter that explains that they are eligible for a 12-month payment arrangement. In the case of customers who have not yet been rebilled, the 12-month payment arrangement option is outlined in the letter of explanation that we will include with their rebilling statement.

For the rebilled amount, the Company will provide customers flexibility to pay the entire balance or a monthly portion, ensure that carrying charges will not be assessed to customers on the extended payment plans, and ensure that the Company will not issue late notices, assess late charges, or take any action to shut-off an affected customer’s service until we have first worked with Commission Staff.

d. Payment Program Participation

At the time of rebilling, the Company will proactively contact all customers enrolled in payment programs (such as Averaged Monthly Payment or Automatic Payment Plan) or that have an existing payment arrangement. This proactive contact will provide customers with individualized options for how they prefer the rebilling to be implemented for their account, considering their participation in a particular payment program. For customers on the Automatic Payment Plan, we will not deduct the rebilling amount from their account without their express approval in advance.

e. Customer Questions and Concerns

The Company has established a special toll-free phone number that all customers affected by the AMR module malfunction can call with any questions or concerns. Customer calls to this phone number (which will be included in both the Bill Message on the streamlined bill and the Letter of Explanation) will only be routed to a core group of customer service and billing specialists that have completed customized training.

Further, any escalated customer concerns will be directed to a newly designated customer issues specialist located in North Dakota. The Company offers this resource as a single point of contact for Commission Staff's inquiries related to customer complaints, low-income energy assistance, and payment arrangements during the rebilling process due to the AMR module malfunction. The Company will keep this single point of contact available for future matters as well.

C. Improved Monitoring and Oversight

We recognize that our internal controls and response to the metering and billing issues could be improved. Key steps for improvement include devising a new system of controls, identifying needed changes, and taking effective action to implement needed improvements. In this section, we outline both our internal actions to improve monitoring and oversight, as well as our Proposal for ongoing reporting to the Commission regarding metering and billing performance.

1. Internal Processes and Controls

In December 2008, the CEO of NSP-Minnesota organized an *Executive Committee* to improve the coordination and oversight of our metering and billing areas (see Attachment E). The Executive Committee is comprised of senior management

representing the relevant business, operation, technology, regulatory and legal functions, and is responsible to:

- Ensure we have the right business analytics and processes in place to detect potential problems.
- Set priorities and direct the appropriate resources to resolving identified problems.
- Ensure appropriate oversight and administration of the Cellnet contract.
- Develop the Company's long-term metering and billing strategy.

Since January 2009, under the direction of the Executive Committee, we have implemented many of the oversight improvement measures contained in our Proposal. The improved processes and controls are designed to bring any issues to light so that they can be effectively resolved. As discussed further below, we expect to continue to uncover issues as we work through this process, as our priority right now is to identify and resolve any other metering and billing issues that may exist. We anticipate that any such issues may also require addressing in a manner similar to this proposal. We will keep the Commission informed of our progress through the additional reporting offered below.

We outline two key areas of focus and action resulting from the Executive Committee below:

a. Cellnet Contract and Oversight

Because it is our vendor for AMR services and technology, solutions to these recent problems require the involvement and assistance of Cellnet. In addition to retrofitting malfunctioning modules, the Company and Cellnet have agreed to a number of improved processes and controls, including:

- An enhanced daily work management process to identify and repair AMR module failures.
- A Return Material Analysis process so that we will be able to better evaluate the performance of Cellnet AMR modules.
- Contractual requirements that establish improved processes and warranties for the maintenance and remediation of Cellnet AMR modules.⁴

⁴ We will not seek recovery from our customers of any replacement costs for these particular modules and do not expect to be billed by Cellnet for these costs due to the terms of a current change order negotiated with Cellnet. However, the Company has reserved its right to litigate, and if it does, the terms of the Change Order are void.

Two of these improvements with immediate impact include the:

- *Enhanced Daily Work Management process*, which detects potential dead meter issues after each billing cycle. This process identifies customer accounts that require a deeper analysis or fieldwork on a more frequent basis than our prior processes. Combined with the improved AMR module maintenance terms we have negotiated with Cellnet, we are able to more quickly assess and address potential meter and module problems.
- *Return Materials Analysis process*, which requires Cellnet to provide the modules removed from the field to the Company, as well as report findings of analyses performed on samples of equipment returned from the field. By conducting our own assessment of problem modules, we can design better business analytics to find potential systemic problems and take appropriate field action.
- *First Article Testing*, under which we perform various tests on the module components, and compare the read information from both the module and meter. We additionally use an outside lab to test items such as the chemical composition of the module's components, and to conduct more involved bend & torque testing. With the improved contract terms, Cellnet is now required to inform us when they make changes to the modules, so that we can perform these tests before releasing a module for deployment on our system.

These new processes are already reaping benefits for our system. For example, although we are still on track to meet our year-end completion of the North Dakota AMR deployment, the results of our enhanced First Article Testing process have delayed our start while Cellnet addresses certain design issues. But, even with this necessary delay, we expect the North Dakota deployment schedule to remain on track for the end of this year.

Also, as we have discussed with Staff, we are currently investigating a problem with broken Commercial and Industrial ("C&I") gas meters equipped with a Cellnet module. Generally, it appears that over time, some of the modules have broken a connection with the meter dial, thus causing the Cellnet reading to show no, or less than actual, consumption, while in most cases the meter continues to record actual usage. We initially identified the problem by analyzing broken modules received from Cellnet, and used our improved analytics to identify other customers that may be experiencing a similar module failure. Having identified a potential population of approximately 8,100 customers, we conducted detailed billing analyses, planned and

executed targeted field visits, and collected manual meter readings to determine the scope of problem. We found through field investigations of this specific issue that approximately six percent of the random sample population of 405 had a problem. We will continue to define the scope and root cause for this issue.

We will keep the Commission informed of our progress; we will not undertake rebilling of any of these customers without first obtaining Commission consent. While it is disappointing to identify another issue, we recognize that our efforts are both necessary and achieving the desired result of identifying and resolving problem issues with our metering and billing. As noted above, we anticipate that this issue may also require a resolution similar to this proposal.

b. External Review of Metering and Billing Processes

The Company has engaged an outside consulting firm, Global Enterprise Managers, Inc. (“GEM”) to review the Company’s customer information system and determine whether we are reasonably providing timely and accurate customer bills. We provide a draft of the GEM Review Scope as Attachment F. While the scope of this review is still being refined, we are asking GEM to evaluate and make recommendations on:

- The Company’s work processes and information flows within and between metering, meter reading, and billing functions.
- The Company’s oversight and administration of the Cellnet contract.
- The Company’s processes for evaluating, implementing, and testing new technologies such as AMR devices and new billing information systems.
- Training, knowledge, and data retention practices.
- The current revenue cycle-related service quality measures to ensure they appropriately address key performance areas.

GEM has proposed to perform the external review in two phases. Phase 1 will develop a detailed schedule, work plan, cost estimates, identification of external review tools, and definition of deliverables for completing the full audit. We have included the issues raised by Commissioner Kalk in this project scope (see Attachment F). GEM will perform the actual review in Phase 2.

GEM began the Phase 1 work earlier this month. GEM’s objective will be to complete Phase 1 and develop a work plan that will allow Phase 2 to be completed between March and June of 2009.

2. *Ten-Day Meter Investigation Tariff Proposal*

We propose to hold ourselves accountable for responding within 10 days to customer inquiries regarding the operation or accuracy of their meter. That is, if we do not investigate a customer inquiry regarding the accuracy of their meter within 10 days of the customer's call, we will not bill the customer for the period of time between when the customer called and when we eventually responded with a meter investigation.

To implement the 10-Day investigation proposal, the Company submitted a miscellaneous tariff filing to the Commission simultaneous with this filing, requesting to add the 10-Day investigation tariff provision to our North Dakota tariff books.

In recognition of the approximately 50 already-rebilled customers where our investigation in response to their inquiry took more than 10 days, we will provide those customers an additional \$25 service quality credit.

3. *Performance Reporting*

Clearly, many of the issues we have experienced have stemmed from problems with meter reading, both automated and manual. To ensure continued oversight over our performance in these areas, we propose to provide to the Commission ongoing, monthly reports regarding our performance in the areas of manual and automated meter reading percentages, and numbers of customers receiving consecutive estimates. In this report, we will provide an update on the improved processes described in this Proposal, as well as a discussion of any new emerging or resolved metering or billing issues on our system.

These reports will provide the Commission and Staff with another tool to monitor our performance and identify instances where they might seek information to explain any variations in the monthly trends. We propose to provide this report until we have completed installation. At that time the Commission can decide whether the report continues to be useful. Attachment G provides the data we intend to provide in these reports. We will continue to work with Commission Staff in the future to identify and develop additional performance metrics if the Commission so desires.

PROPOSED REBILLING PLAN

Subject to all of the above conditions, we respectfully request permission to commence rebilling of the estimated remaining 700 – 800 customers affected by the AMR module failure. We propose to use the following process when rebilling:

- We will first determine whether the customer needs to be rebilled by analyzing each customer's account to determine if there was zero or intermittent consumption caused by the AMR module failure.
- If the customer requires rebilling, we will estimate each customer's natural gas usage by using customer-specific consumption information from the prior two years. If an account has no previous history for those periods, or if there is not at least one year of history for the current customer, no rebilling will be made.
- After the initial rebill estimate has been calculated, we will take each customer's circumstances, such as the type of consumption data we have for the premise, and the amount of the rebill, into consideration and modify the rebill as needed.
- We will determine if the customer inquired about the accuracy or operation of their meter, and apply the \$25 credit discussed above if our investigation into their inquiry took more than 10 days.
- We will then mail the streamlined rebilling statement and individualized explanatory letter to each customer affected by the AMR module failure.
- Lastly, we will contact customers enrolled in payment programs, internet-based billing programs, and low-income customers to discuss participation options in light of the rebilling.

For the approximately 3,700 North Dakota customers that have already been rebilled, we will perform an analysis of their respective accounts to ensure the terms of any Commission-accepted Rebilling Plan were applied to their accounts. If we identify any necessary adjustments, we will apply them to the affected customer's account.

We commit to providing the Commission a report summarizing our rebilling effort after we have completed rebilling the North Dakota customers affected by the AMR module failure.

PUBLIC INTEREST

We ask the Commission to accept this Proposal and allow us to commence rebilling of customers affected by the AMR module issue, subject to the conditions of this Proposal. We believe our proposed remedies, improvements, and controls are consistent with the public interest and strike an appropriate balance between various considerations, including achieving service quality improvements for our customers, providing for reasonable cost recovery for the natural gas they used, and improving oversight by the Commission of our performance. Specifically, our Proposal will:

- *Provide meaningful remedies to customers for the inconvenience they have experienced, while ensuring other customers are not harmed.* We believe it is appropriate for customers to pay for the service they use, but to be compensated when service quality fails to meet an acceptable level. Through approval of these measures and our companion tariff filing, the Commission will also be establishing an ongoing standard of reasonableness for our response to customer inquiries regarding their meter/module performance.
- *Improve the level of service for our North Dakota customers.* This Proposal contains actions that will ensure customers experiencing a rebill will have improved interactions with specially-trained Customer Care employees, more understandable bills, clearer communications explaining meter and billing issues, and consistent and timely responses to inquiries.
- *Allow for greater oversight by the Commission.* To ensure continued oversight over our performance in the metering and billing areas, we propose to provide to the Commission ongoing monthly performance reports. This provides the Commission and Staff with another tool to monitor our performance, and identify instances where they might seek information to explain any variations in the monthly trends.

Commission acceptance of this Proposal makes for sound public policy because it holds the Company responsible for the quality of service we provide while holding customers responsible for the natural gas that they use. Overall, we believe the remedies and commitments offered in this Proposal balance these two interests.

We note that we continue to analyze the nature of the AMR module failures and are discussing these concerns with Cellnet.

Finally, as we work to improve our processes, we have found, and expect to continue to find issues that may impact our customers. In these instances, we will continue to work with Commission Staff. We appreciate the Commission's patience with our development of this process to-date.

CONCLUSION

Xcel Energy respectfully requests that the Commission accept this Proposal for resolving various metering and billing issues. Subject to the conditions of this Proposal, the Company requests that we be allowed to commence rebilling of the

remaining approximately 700 – 800 customers affected by the AMR module failure. We believe the remedies, customer communications improvements, and ongoing monitoring and oversight provided by this Proposal are consistent with the public interest and achieves a reasonable balance of various considerations.

Dated: February 27, 2009

Northern States Power Company,
a Minnesota corporation, operating in North Dakota

RESPECTFULLY SUBMITTED,



By: _____

DAVID H. SEDERQUIST
SR. REGULATORY/FINANCIAL CONSULTANT

Summary of Proposal

Company Action/Commitment	Benefit
<p>Remedial Measures</p> <ul style="list-style-type: none"> • Issue Service Quality Credits <ul style="list-style-type: none"> • \$50 for AMR malfunction customers • \$25 for delayed meter investigations • \$25 for consecutively estimated bill customers • Forego under-collected natural gas costs • No seeking of recovery of remediation costs • Forego electric Basic Service Charge rebill <p>Total value: \$658,000</p>	<ul style="list-style-type: none"> • Achieves reasonable balance among customers • Recognizes inconvenience customers experienced • Provides for reasonable recovery of costs associated with service that customers used
<p>Improved Customer Bill and Communication</p> <ul style="list-style-type: none"> • Rebill and current bill combined in improved billing statement • Improved letter of explanation enclosed with bill • Dedicated Billing Specialist Team, special toll-free contact number, and ND-based Customer Issues Specialist • Flexible payment arrangements and terms up to 12 months • No late fees or carrying charges on rebilled amount • No disconnection for non-payment 	<ul style="list-style-type: none"> • Addresses key concerns voiced in customer complaints, including confusion and inconvenience • Ensures accuracy of rebilling • Provides resources to ensure accurate and fair handling of customer inquiries
<p>Improved Monitoring & Oversight</p> <ul style="list-style-type: none"> • Executive Council formed to direct metering and billing improvements • Outside firm engaged for thorough review of metering and billing processes • Enhanced internal processes and controls • 10-day investigation tariff • Reporting of key statistics and information to Commission to enhance regulatory oversight 	<ul style="list-style-type: none"> • Helps ensure problems are promptly identified and resolved • Provides customer protection if Company response is slow • Provides enhanced information for both the Company and Commission to monitor performance and address any concerns



Northern States Power Company

Please Return This Portion
With Your Payment.

Your Account Number	Date Due	Please Pay	Amount Enclosed
51-51000692-3	06/01/09	\$386.96 Thank You!	

P. O. BOX 9477
MPLS MN 55484-9477

JOHN DOE
PO BOX 2711
FARGO ND 58107-2711

51112808 51006923 0000007675400000365053

Detach and Retain This Portion For Your Records

Questions: Call 24 Hours 7 Days A Week
Please Call: (800) 895-4999
Hearing Impaired (800) 895-4949
Spanish (800) 687-8778

or write to us at:
Northern States Power Company.
PO BOX 8
EAU CLAIRE WI 54702-0008



Averages for Billing Period	This Year	Last Year
Average Temperature	na	na
Gas/therms per Day	na	na
Cost per Day	na	na

Current Charges	
Gas Charges Usage Period: 02/08/08 to 03/26/08	Meter Reading Information
Heat Content Adjustment 176 ccf x 1.0532 = 185 therms	Meter #000000940318
Heat Content Adjustment 148 ccf x 1.0603 = 157 therms	
Invoice # 116744851	
Previous Unbilled Gas* 58 Days	
Cost Of Gas 185 therms @\$0.9103422	\$168.41
Cost Of Gas 157 therms @\$0.8980841	\$141.00
Subtotal	\$309.41
City Fees @2.00%	\$6.18
City Tax @1.50%	\$4.73
State Tax @1.00%	\$3.16
Total Amount	\$323.48
Other Charges	
Service Quality Credit	-\$50.00

* Previous Unbilled Gas - estimated natural gas you used in previous months but were not billed for due to a malfunctioning automated meter reading device. A \$50 service quality credit is being applied to your bill for the inconvenience. Please refer to the enclosed letter for details. If you have any questions or wish to make a payment arrangement, please contact us at 1-800-xxx-xxxx.

Thank you for your payment.



JOHN DOE
PO BOX 2711
FARGO ND 58107-2711

Next Scheduled Meter Reading Date	Date Due	Please Pay
05/30/09	06/01/09	\$386.96

See back of bill for more information.

Account #: 51-5100692-3

Page 2 of 2

Statement Date 05/01/09

Statement # 170321247

Premise # 999999999

May 1, 2009

John Doe
PO Box 2711
Fargo, ND 58107

Account: 51-51000692-3
Premise: 302148080
Service Address:

Dear Mr. Doe:

We have identified that your natural gas metering equipment registered little or no natural gas usage from 2/8/08 to 3/26/08. We replaced the malfunctioning equipment and confirmed that it is now working correctly. We apologize for any inconvenience this has caused you.

Because this problem impacted numerous customers, it has taken quite a length of time to resolve. North Dakota Public Service Commission staff worked with us on a resolution that includes issuing a credit on your bill of \$50. If you called us about this problem and we did not respond within 10 days of the call, the amount we are billing you does not include any charges from the date you contacted us until the equipment was replaced.

Your current bill includes charges for estimated use during the period your metering equipment malfunctioned. We have estimated your usage for this period based on your *lowest* daily average for the corresponding period during each of the previous two years.

If you expect difficulty paying your bill, we are offering you up to 12 months from the date of this letter to pay back the estimated amount without interest or late fees. If you made any improvements prior to or during the 2/8/08 – 3/26/08 time period that could impact your energy bill, or if there are other circumstances that you think could affect the accuracy of our estimate, please contact us to discuss if an adjustment is appropriate.

Billing summary:	
New meter equipment installation date	3/27/08
A. Daily average usage 2006-2007 heating season	6.83
B. Daily average usage 2005-2006 heating season	6.50
C. Estimated daily average utilized for corrected billing	6.50
D. Number of days in billing period 01/30/08 – 3/30/08	58
E. Estimated usage (line C x line D)	377
F. Previously billed 01/30/08 – 03/30/08	53
G. Net usage (line E minus line F)	324
H. Unbilled Gas amount for 2/8/08 to 3/08	\$323.48
I. Service Credit	-\$50.00

The current charges on the enclosed statement include the amounts above plus your most recent monthly charges.

Please accept our apology for any inconvenience this may have caused. Feel free to contact us toll free at 1-XXX-XXX-XXXX between the hours of 7:00 a.m. and 5:00 p.m. if you have any questions or wish to set up a payment arrangement.

Sincerely,

Xcel Energy Billing Services

Executive Council Metering, Billing, and Reporting

Role: Coordinate the effective implementation and oversight of all aspects of the Company's revenue cycle.

Membership:

- *Dave Sparby, President and CEO, NSP(M)* - responsible for all NSP(M) operating company performance.
- *Ken Floyd, Vice President, Customer Care and Revenue Cycle* - responsible for meter reading and billing functions.
- *Michael Carlson, CIO and Vice President, Business Systems* - responsible for information system maintenance, updates, programming of controls, quality assurance, and data analysis.
- *Scott Wilensky, Vice President, Regulatory and Government Affairs*, - responsible for input and verification of rate changes, and regulatory communications.
- *Gary O'Hara, General Manager, Supply Chain* - responsible for managing the meter specifications, inventories, and the performance of Cellnet under the terms of the contract.
- *Larry Crosby, Vice President, Construction Operations and Maintenance* - responsible for field orders dealing with meter issues not assigned to Cellnet under the contract terms.
- *Judy Pofertl, Regional Vice President*, - responsible for North Dakota governmental, regulatory, and community relations.

The Executive Council's stated overall mission is to meet or exceed customer and regulatory requirements for metering, billing, and related regulatory reporting. In pursuit of that, the Council has taken the following initial actions to date:

- Hire an external firm to review our processes and controls in the revenue cycle. We will share the results of this study with regulators and interested parties, seek input, and implement recommendations as appropriate.
- Receive regular reports of customer service issues both to assure an integrated response, and to improve communications with our regulators.
- Jointly monitor the performance of Cellnet under the terms of the contract, and determine appropriate steps to make our joint provision of service more responsive to our customers.

Customer Resource System (CRS) Scope of External Review

An outside consulting firm, Global Enterprise Managers, Inc. ("GEM") has been engaged to construct a reasonable test of the Company's customer information system to determine whether Xcel Energy is reasonably providing timely and accurate customer bills.

The firm will review quality assurance processes; and revenue cycle procedures, notifications, and processes as appropriate.

The firm will evaluate and make recommendations on:

- The work processes and information flows within and between metering, meter reading, and billing functions.
- Business processes and policies associated with automated natural gas and electric meter.
- Training and knowledge retention practices.
- The overall corporate culture and business units relationships.
- The communication processes within and between regulatory, advocate, and customer communications relating to meter reading or billing.
- The current revenue cycle-related service quality measures to ensure they appropriately address key performance areas.
- Internal procedures for estimating bills and our response for inaccurate estimates.
- Overall staffing levels in response to technology implementation and relation to service areas.
- Testing procedures used prior to installing new equipment.

Xcel Energy is still finalizing the scope of this review, and as such it is subject to change. The Company will keep the Commission and staff apprised of any material modifications.

Work Phases

In order to ensure that the review will meet Xcel Energy's objectives, GEM proposes that the work be performed in the following two phases.

Phase 1 (Detailed Scoping)

This phase will develop a detailed schedule, work plan, cost estimates, identification of audit tools, and definition of deliverables for completing the full audit.

Phase 2 (Full Audit)

This phase will include development of the customer information system test and the detailed process and technology assessments listed in the previous section, performed in a manner that meets the objectives and measures of success defined during the Detailed Scoping.

GEM began the Phase 1, Detailed Scoping work the week of February 16, 2009. GEM's objective will be to complete the Detailed Scoping and develop a work plan that will allow Phase 2 (Full Audit) to be completed between March and June 2009.

Xcel Energy
Actual Meter Reads
North Dakota

Non-Automated Meters

2009 <u>Town</u>	NOV			DEC			JAN		
	# <u>Mtrs</u>	# <u>Read</u>	%	# <u>Mtrs</u>	# <u>Read</u>	%	# <u>Mtrs</u>	# <u>Read</u>	%
Fargo	5,982	4,539	75.9%	5,982	5,380	89.9%	5,982	4,629	77.4%
W Fargo	3,252	3,049	93.8%	3,252	2,378	73.1%	3,252	2,717	83.5%
Casselton	627	627	100.0%	627	511	81.5%	627	374	59.6%
Horace	373	273	73.2%	373	93	24.9%	373	244	65.4%
Buffalo	<u>228</u>	<u>228</u>	<u>100.0%</u>	<u>228</u>	<u>228</u>	<u>100.0%</u>	<u>228</u>	<u>228</u>	<u>100.0%</u>
Fargo Area	10,462	8,716	83.3%	10,462	8,590	82.1%	10,462	8,192	78.3%
Mayville	1,208	989	81.9%	1,208	757	62.7%	1,208	425	35.2%
Larimore	818	462	56.5%	818	447	54.6%	818	0	0.0%
Thompson	744	354	47.6%	744	68	9.1%	744	654	87.9%
Hatton	449	196	43.7%	449	339	75.5%	449	32	7.1%
Portland	436	245	56.2%	436	436	100.0%	436	342	78.4%
Emerado	328	48	14.6%	328	141	43.0%	328	156	47.6%
G Forks	226	226	100.0%	226	27	11.9%	226	181	80.1%
Reynolds	220	220	100.0%	220	49	22.3%	220	45	20.5%
Buxton	214	214	100.0%	214	0	0.0%	214	204	95.3%
Cummings	32	32	100.0%	32	32	100.0%	32	32	100.0%
GF Area	4,675	2,986	63.9%	4,675	2,296	49.1%	4,675	2,071	44.3%
Des Lacs	116	116	100.0%	116	116	100.0%	116	0	0.0%
Minot	10	10	100.0%	10	10	100.0%	10	0	0.0%
Berthold	<u>264</u>	<u>264</u>	<u>100.0%</u>	<u>264</u>	<u>203</u>	<u>76.9%</u>	<u>264</u>	<u>59</u>	<u>22.3%</u>
Minot Area	390	390	100.0%	390	329	84.4%	390	59	15.1%
Grand Total	15,527	12,092	77.9%	15,527	11,215	72.2%	15,527	10,322	66.5%

Automated and Non-automated Meters

2009	NOV			DEC			JAN		
	# <u>Mtrs</u>	# <u>Read</u>	%	# <u>Mtrs</u>	# <u>Read</u>	%	# <u>Mtrs</u>	# <u>Read</u>	%
Fargo	91,171	85,083	93.3%	91,399	87,291	95.5%	91,374	85,027	93.1%
G Forks	43,199	41,354	95.7%	43,251	40,600	93.9%	42,927	38,847	90.5%
Minot	<u>18,259</u>	<u>18,100</u>	<u>99.1%</u>	<u>18,273</u>	<u>18,140</u>	<u>99.3%</u>	<u>18,113</u>	<u>17,638</u>	<u>97.4%</u>
Grand Total	152,629	144,537	94.7%	152,923	146,031	95.5%	152,414	141,512	92.8%

Note: Non-automated meters are reported as actually read if meter reader is at the premise. Some meters may be inaccessible due to factors beyond control of the meter reader.

