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June 19, 2009

Tom Rafferty, Public Outreach Specialist  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 58505-0480

SUBJECT: Xcel Energy's External Review of Revenue Cycle Processes

Dear Mr. Rafferty:

Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company") provides the following response to your June 16<sup>th</sup> inquiry regarding the external review of its revenue cycle processes currently being conducted by Global Enterprise Managers, Inc. ("GEM"). While there is limited information to share at this point in time, we are still on track to have a final report by the end of June. We will submit the report to the Commission within 30 days of its availability along with our corresponding action plan. We would also like the opportunity to discuss the report and action plan with the Commission in one or more subsequent meetings later this summer.

Please note that submitted under separate cover is a non-public copy of GEM's *Revenue Cycle Process Review Scoping Document*. This document details further the areas identified in GEM's initial review scoping effort, developed after GEM had conducted a more thorough analysis of our needs. Also included is our Application for Trade Secret Protection.

Craig Andrews, who met with the Commission this spring in Bismarck, and David Berg from GEM have spent time over the last two months at various Xcel Energy offices with the following functional areas:

- Meter
- Meter Reading
- Billing
- Regulatory
- Business Systems
- Customer Contact Center

From these work sessions, GEM is developing a Revenue Cycle Relationship Map, as well as process maps for revenue cycle functions such as:

- Customer Provision and Maintenance,
- Product Delivery Measurement, and
- Billing Component Implementation.

GEM is also discussing and gathering information regarding area goals, goal alignment, management metrics, and management oversight of processes in their functional work sessions.

GEM has been providing the Company with regular status reports indicating their activities, observations, progress, and any problem areas and corresponding remedial action (such as issues with the schedule). At this time, GEM is on schedule to deliver their final report by June 30. Some key dates and deliverables include:

May 30 – Process data gathering was completed

June 30 – GEM is scheduled to provide a final report of its review

July 30 – Billing testing system/tool available from GEM

July 30 – GEM report and Xcel Energy action plan submitted to the Commission

The Company looks forward to discussing the final findings and recommendations of GEM's external review with the Commission.

Please call me if you have any follow up questions or comments. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive, flowing style.

David H. Sederquist  
Sr. Consultant, Regulation & Finance  
Xcel Energy