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Minneapolis, Minnesota 55401

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July 15, 2009

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—VIA ELECTRONIC FILING—

PUBLIC SERVICE COMMISSION

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: REQUEST TO WITHDRAW
AMENDED PETITION TO REBILL
DOCKET NO. G-002/CI-08-871

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (the “Company”), respectfully requests to withdraw our March 6, 2009 Amended Petition and Proposed Resolution (the “Amended Petition”) for customers affected by the failure of the Cellnet 1074 v.2 Automated Meter Reading (“AMR”) natural gas modules (the “AMR module”) previously filed with the Minnesota Public Utilities Commission (the “Commission”) in the above-referenced docket. Also included with our filing is a proposed refund and communication plan.

INTRODUCTION

This proceeding arose from the mechanical failure of the AMR module used by the Company to remotely read residential customers’ natural gas meters. As a result of this failure, approximately 7,600 Minnesota customers received inaccurate bills for several months during the 2007/2008 heating season. While we continue to believe in the principle that the customers who used the natural gas should be the ones to pay for it, for other important reasons we are withdrawing our request to rebill customers affected by this mechanical AMR module failure.

At the time we filed our March 6, 2009 Amended Petition, which provided remedies for affected customers, we were hopeful that it would achieve consensus among

stakeholders that have been involved in this process and lead to a timely resolution. However, legitimate concerns about our proposal led to additional questions, and our response has caused more time to pass than initially anticipated. We have also refined our estimate for the amount of time it would take to rebill affected customers, and have concluded that, even if the Commission were to approve our rebilling plan (which we understand has not been decided), billing our customers after such an extended period of time will likely cause confusion and frustration. In addition, any rebilling at this time may contribute toward additional hardship, as some of the rebilling would likely not be completed until we have entered the next heating season. Given the unique circumstances presented in these facts, we have decided to withdraw our August 21, 2008 Request to Rebill and March 6, 2009 Amended Petition.

We recognize that our decision to not rebill affected customers requires us to take additional steps to ensure all AMR module affected customers are treated the same. For this reason, we are submitting a refund plan for the Commission's review that will credit those customers who had been rebilled. We also recognize that we will need to continue to address the service quality concerns raised by this request. Thus, our filing provides:

- A Refund Plan for customers impacted by the 1074 v.2 model AMR module failure that were rebilled prior to July 2008, when we suspended our rebilling of affected customers;
- A description of how we plan to protect other non-affected customers from the natural gas true-up impacts;
- An outline of the revenue cycle process improvements that we have both implemented and have in-process; and
- Proposed steps for addressing broad issues affecting our customers going forward.

We will continue on the path to the revenue cycle improvements that we have previously outlined in our filings, and made in our meetings with Commission Staff, and the Minnesota Office of Energy Security (the "OES") and Minnesota Office of the Attorney General – Residential Utilities Division (the "OAG")(collectively, the "State Agencies"). We believe that the commitments outlined in this filing will ensure that customers affected by the AMR module failure will be treated consistently, and that non-affected customers will not pay for the natural gas costs that the Company is not rebilling.

A. Background

In June of 2008, the Company began rebilling Minnesota customers for their usage during the AMR module malfunction period. This Docket was opened as a result of concerns that arose from that rebilling effort, including the delay in initiating rebilling, customer confusion resulting from related communications, and our failure to provide timely communication to the Commission about the AMR module failures.

From early 2008 to present, we have implemented a number of changes that we believe will reinstate confidence in our internal processes and controls. As we described in our Amended Petition, and have further discussed at meetings with the Commission Staff and State Agencies, the Company has:

- (1) Mobilized an *Executive Committee* to improve internal oversight of processes and controls;
- (2) Implemented and revised processes to address concerns regarding AMR technology failures;
- (3) Implemented the 90-Day Billing and Metering Initiative Plan which has and will put into place a number of improvements to those areas;
- (4) Executed Change Orders 6 and 7 to enable better oversight of Cellnet and its obligations to maintain the AMR system; and
- (5) Retained Global Enterprise Managers, Inc. (“GEM”), an outside consulting firm, to analyze and then make recommendations for any improvements to our metering and billing processes.

On March 6, 2009 we submitted an Amended Petition proposing a Resolution and requesting to rebill customers affected by the AMR module failures. We discuss below our reasons for now seeking to withdraw our Proposed Resolution and Request to Rebill.

B. Reasons for Withdrawal

In general, while we continue to believe that the customers affected by the AMR module failure who used the natural gas should be the ones to pay for it, we no longer support rebilling our customers under these circumstances. We outline below the primary reasons for this request:

1. *Customer Confusion and Frustration*

We are withdrawing our earlier requests because we believe initiating rebilling under these circumstances will likely result in further customer confusion and frustration.

We have not been able to build consensus between stakeholders on the issues identified in this Docket, and any additional attempts at resolution will further prolong the delay between when the AMR module failed and our rebilling. The majority of the AMR module failures occurred over the 2007/2008 heating season, which for some customers represents a period of almost two years. We believe that this length of time may present a challenge for the customer to reconcile the relationship between the energy service they received and their continued responsibility for payment so long after the fact.

We additionally recognize that rebilling could create hardship for a number of our customers. At this point, any recommencement of rebilling may coincide with the start of the upcoming Cold Weather Rule period. Commission Staff and the State Agencies have previously expressed concern that rebilling during the Cold Weather Rule period may have an adverse impact on some of our customers and had suggested delaying rebilling until the end of the Cold Weather Rule period. Recognizing that steps to mitigate these impacts could result in a delay in any rebilling until Spring 2010, we have concluded that it is likely that even more time will pass (as much as three years) between the customer's energy usage and the issuing of a more accurate bill for that service. At some point it is simply no longer practical to seek relief, regardless of the principle involved, as from a pragmatic viewpoint, any effort to rebill, would likely result in further customer confusion and frustration.

2. *Diminishing Returns on Rebilling Efforts*

Another concern supporting our decision to not rebill is the increasing number of instances where AMR module impacted customers have since moved from the residence where they received service during the 2007/2008 heating season. Under our previously filed Rebilling Plan, customers who had moved would not be billed for their estimated usage for the AMR module failure period, thereby diminishing the financial impact of any rebilling effort.

For these reasons, we are withdrawing the Amended Petition and Proposed Resolution, and seek approval of our Refund and Communication Plan for customers that were previously rebilled for the AMR module failure.

We recognize that this request for withdrawal does not diminish in any way the importance of our obligation to demonstrate improvements in our metering and billing processes to ensure a higher level of customer satisfaction. The efforts we have undertaken to achieve this goal are summarized in Attachment A to this filing. Additionally, we restate below the commitments the Company has previously made in this Docket to further this goal:

- Provide a copy of the report from GEM with the results of their review of our processes and controls in the revenue cycle, and work with Commission Staff and State Agencies to evaluate the recommendations provided in that report.
- Adjust our natural gas supply costs in the natural gas true-up to ensure that this issue does not affect other customers.
- Forego any future cost recovery from customers associated with remediating the malfunctioning 1074 v.2 modules.
- Continue developing and implement a streamlined billing statement that details both the current charges and rebilled amounts on a single invoice.
- Continue to improve and implement improved customer letters of explanation, in conjunction with overall future rebilling.
- Continue to ensure we provide specific and thorough internal communications and procedures for all customer-assisting employees to assure the best possible customer service.
- Continue to incorporate peer review and random audits performed by the Billing Supervisors to assure the accuracy of future bills.

Our filing provides further detail on our proposed refund plan for those customers that were rebilled prior to the July 28, 2009, suspension of our rebilling efforts, and the steps we will take to shield other customers from the effects of the unbilled gas through our natural gas true-up.

C. Refund Plan

Approximately 1,330 Minnesota customers were rebilled for their energy usage prior to the end of July 2008 when we suspended our rebilling of affected customers. We provide our Refund and Customer Communication Plan as Attachment B to this filing, and summarize below:

In general, we propose to apply credits to customer accounts for the amounts we previously assessed for usage during the AMR module failure period, plus interest, within 60-90 days of the Commission's Order approving our Refund Plan. We will calculate and apply the interest as suggested by Minn. R. 7820.4000, subpt. 2.

Also provided with this filing as Attachment C, is our proposed customer letter explaining the bill credit. We also propose to provide a compliance report to the Commission within 30 days after the refunds have been completed.

D. Natural Gas True-Up

As we have previously committed, we will not allocate the unbilled gas costs associated with the AMR failures to other customers. For additional information, please refer to our September 1, 2009 Automatic Annual Adjustment (“AAA”) filing when filed, where we will make an adjustment to our 2009 true-up based on our most recent estimate of the unbilled and the refunded natural gas costs.

E. Future Rebilling

In the normal course of business, meter or module performance issues occur and can impact customers. The Company routinely relies upon the Commission’s Rules and our tariffs to resolve such issues without petitioning the Commission. Specifically, the Commission’s Rules and our tariffs allow us to elect whether to rebill a customer for energy usage when there is an error that results in an undercharge.¹

We acknowledge that the AMR module failure presented unique circumstances that required additional regulatory review prior to any potential rebilling activity. We recognize, that a repetition of the facts at issue in this proceeding would further erode the Commission’s and State Agencies’ confidence in our performance. We commit to informing Commission Staff and the State Agencies regarding significant issues affecting our customers. We also will consult with Commission Staff and the State Agencies prior to rebilling customers impacted by systemic meter, AMR module, or other issues on whether a formal filing is necessary. We do not, however, believe that with more routine billing errors a formal filing seeking the Commission’s approval is required. In these circumstances we will act consistent with the Commission’s Rules and our tariffs to address billing adjustments resulting from metering/module failures or billing errors, which provide limitations on our actions and customer protections.

We anticipate additional discussions with the Commission Staff and State Agencies regarding these and the other commitments we have made in this Docket, as well as around our Action Plan in response to the recommendations in the pending GEM report.

¹ See Minn. R. 7820.3900, Minn. R. 7820.4000 and Gas Tariff, Section No. 6, 5th Revised Sheet No. 12, § 3.7.

CONCLUSION

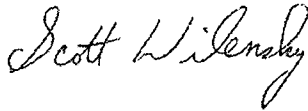
Xcel Energy withdraws its Amended Petition and respectfully asks the Commission to approve the proposed Refund and Communication Plan for those Minnesota customers impacted by the AMR module failure that were rebilled prior to July 28, 2009. Given the unique circumstances presented, we no longer think that it is appropriate to seek rebilling for unbilled energy usage resulting from the AMR module failure, and seek to refund those customers who were previously rebilled.

The Company will continue to develop and implement measures that will strengthen our revenue cycle oversight and internal and external communications, and further improve the quality of service we provide to our customers. We believe that these efforts will restore confidence in our performance.

July 15, 2009

Northern States Power Company,
a Minnesota corporation

RESPECTFULLY SUBMITTED,



By: _____

SCOTT M. WILENSKY

VICE PRESIDENT, GOVERNMENT & REGULATORY AFFAIRS

Enclosures

c: Service List

Xcel Energy
 Status Update on 90-Day Plan and Executive Committee Initiatives

90-DAY PLAN INITIATIVES – BILLING

| Initiative | Description | Timeline/Status |
|---------------------------------------|--|---|
| System QA/ Accenture Assessment | Accenture assessment of billing quality assurance controls and processes. | <p>Apr 30 - Initial assessment complete.</p> <p>Currently – Refinement of Accenture plan which will outline several initiatives from improving system and testing quality.</p> <p>Jul 31 – Present initiatives to business groups.</p> |
| CRS Estimation Enhancements | Develop and implement enhancements to the CRS estimation routine to improve the customer experience by increasing estimation accuracy. | <p>Currently – Testing to ensure enhancements meet our success criteria.</p> <p>Jul 31 - Test on-site configuration options.</p> <p>Sep 15 - Implement estimation improvements.</p> |
| High Bill Check Process | Supplemental process designed to perform a quality check on bills exceeding a designated dollar threshold. | Implemented |
| CRS Cancel/Rebill Enhancements | Develop and implement system and process changes resulting in an improved customer cancel/rebill experience. | <p>May 31 – Clarified vendor requirements and developed acceptance criteria.</p> <p>Jun 30 –</p> <ul style="list-style-type: none"> • Confirmed industry trends, identified available system options to improve the cancel/rebill process; • Clarified compliance requirements (<i>i.e.</i>, Rules/tariff, SOX, etc.).Evaluated system reason codes with goal to better improve customer understanding of cancel/rebill reasons. <p>Aug 31 – Complete testing to ensure that enhancements meet our success criteria.</p> |

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| | | Nov 15 – Implement cancel/rebill enhancements. |
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90-DAY PLAN INITIATIVES – METERING

| Initiative | Description | Timeline/Status |
|------------------------------------|--|---|
| Field Order Screening Process | Develop and implement enhanced processes to screen & prioritize orders, to eliminate duplicates, and to better identify repeat orders. | <p>Aug 1 – Target implementation date.</p> <p>Completed –</p> <ul style="list-style-type: none"> • Process maps and procedures finalized. • Staffing plans executed. <p>In process –</p> <ul style="list-style-type: none"> • Staff training continues in anticipation of system upgrade by end of July or start of August. |
| New PTJ Types & Classification | Implement additional Project Tracking Job (PTJ) types to facilitate improved tracking of field work completion. | <p>Implemented new PTJ types for the following:</p> <ul style="list-style-type: none"> • Escalated orders • Network referral <p>In process -</p> <ul style="list-style-type: none"> • Access issue PTJ scoped and pending IT completion. Target completion date is mid-July. • PTJ tracking by customer- and internal-initiated orders scoped and IT changes scheduled to be implemented by mid-July. |
| Field Order Completion Tracking | Identify enhancements to existing reports to improve tracking and timeliness of meter maintenance activities for Cellnet contract administration, management oversight, and regulatory reporting purposes. | <p>Complete -</p> <ul style="list-style-type: none"> • Review of field order types and completion time guidelines. • Reporting requirements reviewed with business analysts and report development completed. • Preliminary reports issued with May data have been reviewed and utilized. <p>In process –</p> <ul style="list-style-type: none"> • Interim procedure for customer access issue. |
| Management Information & Reporting | Identify enhancements to existing reports and specify new reports to improve the monitoring and tracking of meter maintenance activities. | <p>Complete -Initial reporting requirements identified.</p> <p>In process – IT developing automated</p> |

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| | | reports, ensuring relevant data is available and developing reporting views. |
| Work Verification Process | Develop and implement improved processes to verify completed fieldwork results. | <p>Complete –</p> <ul style="list-style-type: none"> Development of system requirements for automated check process. Process and procedures for temporary manual check process being finalized. <p>In Process – Automated check upgrades currently being analyzed to determine appropriate hosting systems.</p> |
| Returned Materials Analysis Process (<i>Cellnet</i>) | Implement agreed-to process with Cellnet for their testing, analysis, and reporting of removed module-related equipment. | <p>Mar - Process implemented. Apr - First set of reports (Feb 2009) received and compiled. May 30 - Second set of reports (Mar 2009) scheduled to be complete.</p> <p>Ongoing –</p> <ul style="list-style-type: none"> Established regularly scheduled meetings to review monthly reports process. RMA reports are provided twice a month by Cellnet. <p>Monthly trending reports and life expectancy reports are being undertaken.</p> |
| Returned Materials Analysis Process (<i>Internal</i>) | Evaluate and recommend enhancements to the existing testing and reporting processes for removed gas and electric meters. | <p>May 11 - Initial meeting of gas meter team was held. May 19 - All-day review session of gas team was held to determine action plans. June 1 - Initial meeting of electric team was held.</p> <p>In process –</p> <ul style="list-style-type: none"> All day review session of electric team is being scheduled. Implementation plans are being finalized. |
| Random & Periodic Testing Enhancements | Evaluate and recommend procedural changes to the existing random & periodic testing procedures related to | <p>May 11 - Initial meeting of gas meter team. May 19 - All-day review session of gas</p> |

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| | the testing of AMR components and the current sample sizes. | <p>team held.</p> <p>June 1 - Initial meeting of electric team was held.</p> <p>In process –</p> <ul style="list-style-type: none"> All day review session of electric team is being scheduled. Implementation plans are being finalized. |
| Enhanced Inspection Process | Evaluate and recommend processes to obtain manual meter reads and confirm with AMR system reads. In addition, recommend and implement enhanced QA of Cellnet fieldwork. | <p>Complete –</p> <ul style="list-style-type: none"> AMR Meter Read Confirmation & Equipment Inspection Plan Proposal has received preliminary approval for residential meters. Enhanced field inspection process related to Cellnet maintenance and deployment activities. <p>In Process – Implementation plans are being finalized, including refined cost estimates, and are being targeted for August rollout.</p> |
| Electric Meter Health Assessment | Conduct reviews of various automated meter types to identify areas of concern and/or initiate actions to validate performance. | <p>Complete –</p> <ul style="list-style-type: none"> Analysis performed to confirm daily readings of electric demand. Electric demand meter issues escalated to Cellnet and action plan developed and implemented (actions currently in progress). Recommendations made and approved to conduct random sample of commercial meters to perform field visits confirming meter attributes (i.e. multipliers, etc.) of the meter to the billing system. 98% of the 1,440 field orders completed. <p>In Process – Review underway to ensure appropriate capture of MV90/IEE interval data for commercial accounts.</p> |
| Gas Meter Health Assessment | Conduct reviews of various automated meter types to identify areas of concern and/or initiate | <p>Complete -</p> <p>Analysis and field inspections of 5-dial gas meters complete.</p> |

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| | actions to validate performance. | <p>5-Dial gas meters placed on manual read cycles until remediation plans are developed, approved, and implemented.</p> <p>Recommendations made and approved to conduct random sample of commercial meters to perform field visits confirming meter attributes (i.e. correction factors, etc.) of the meter to the billing system. 99% of the 1,130 field orders completed.</p> <p>In Progress – Review underway to ensure appropriate capture of MC90/IEE interval data for commercial accounts.</p> |
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Executive Committee Initiatives

| Initiative | Objective/Description | Timeline | Action/Status | Measures |
|---|---|---|---|--|
| Customer | | | | |
| Call Center Training & Tools | Improve call center training and tools to better ensure customer reported problems and repeat customer calls are properly addressed. | Initial implementation Q1. Ongoing enhancements to be made throughout 2009. | <p>COMPLETE– Implemented:</p> <ul style="list-style-type: none"> • Communication guidelines, including escalation triggers. • FAQ form for rate changes. • A query to identify repeat callers from customers who have a billing issue. • Training curriculum focus identification starting with first call <p>Investigating options to use functions with phone system to identify repeat calls for investigation.</p> | <p>Improved post-call survey statistics Increased Call Agent QA scores Decrease in number of repeat phone calls.</p> <p>Continuing to monitor impacts.</p> |
| Improve Cancel/Rebill Process | Identify and implement changes that improve the cancel/rebill process for the customer. Targeted improvements to include the billing statement and customer communications. | CRS estimate – end of Q1 Overall timeline -- TBD, based on estimate. | <i>See 90-Day Plan Initiatives</i> | Fewer customer complaints |

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| <p>QSP</p> | <p>Identify potential metering and billing QSP measures, and work with internal & external stakeholders to implement.</p> | <p>Begin post-GEM External Review</p> | | <p>Identify and implement metrics for key QSP performance areas, in conjunction with MN Agencies.</p> |
| <p><i>Processes</i></p> | | | | |
| <p>EXTERNAL REVIEW</p> | <p>GEM is completing the Final Draft of its Revenue Cycle Process Review Final Report.</p> | <p>Work expected to be complete by end of Q3.</p> | <p>See <i>90-Day Plan Initiatives</i></p> | <p>Identify measurable areas of improvement and develop plans to implement, as appropriate.</p> |
| <p>Enhanced Work Management Process</p> | <p>Develop improved reporting and processes that better identifies potential meter/ module problems and reduces false positive field check results.</p> | <p>Full implementation expected to be complete by end of Q1.</p> | <p><i>COMPLETE</i> – Enhanced process is in place as of Feb. 21, 2009. Continuing to monitor and improve process.</p> | <p>Improved response time to resolve dead register meter issues. Continuing to monitor impacts.</p> |
| <p>End-to-end Quality Assurance</p> | <p>Implement improvements to pre-change testing that better anticipates and more thoroughly tests for conditions through the entire affected and related processes.</p> | <p>Begin Q1</p> | <p>Implemented visual bill inspection process in early 2009. Implemented initial improvements in overall system testing process. <i>Initiated assessment of overall billing QA from Accenture – See 90-Day Plan Initiatives</i></p> | <p>Reduced number of errors on retail billing statements.</p> |
| <p><i>Cellnet</i></p> | | | | |

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| <p>CONTRACT</p> | <p>Conduct contract analysis to identify the parties' rights and obligations under the contract. Develop processes to ensure ownership and accountability by Cellnet of its contractual obligation.</p> | <p>Ongoing</p> | <p>Analysis by Executive Committee is ongoing.</p> | |
| <p>Lawsuit/Legal Action</p> | <p>Analyze whether to initiate legal action against Cellnet.</p> | <p>Ongoing</p> | <p>The Company has initiated the dispute resolution process with Cellnet as required by contract. The dispute resolution process is on-going and after it is completed the Executive Committee will evaluate the Company's legal next steps.</p> | |

Xcel Energy Proposed Refund and Communication Plan

Our proposed refund process to resolve the 1074 v.2 model AMR module failure will notify and credit the approximately 1,330 already rebilled Minnesota customers for their payment of unrecorded natural gas usage during the months that the modules recorded no customer consumption, or intermittent usage. We will refund these customers with interest as provided by our natural gas tariff and the Commission's Rules. As part of our Proposed Refund and Communication Plan, we will not notify customers that have not been rebilled of the refund process. We believe communicating the refund process to these customers would cause confusion, as we had not previously notified them that they would be rebilled for their natural gas usage during the months that the 1074 v.2 model AMR module failed.

We have identified a dedicated team of Billing Specialists that will be specially-trained on any Commission-approved Refund and Communication Plan, and will solely focus on providing service to customers affected by this module failure. We are additionally preparing specific internal communications and procedures for all customer-assisting employees to assure the best possible customer service.

The Refund Implementation section details how we will proceed with refunding and communicating with all the previously rebilled customers impacted by the AMR module failure. We additionally outline our plan to ensure the refunds are accurate and will not impact customer participation in various Company programs.

The last component of our proposed plan is the Refund Reporting. We will provide the Commission with a report when our refunding efforts are complete. In this section, we outline the information that we will provide in the final report.

REFUND PREPARATION

We have developed a refund process that we are prepared to implement – with the first customer receiving notification of the Company’s decision not to rebill and having a billing credit applied to their account within 60-90 days of receiving the Commission’s Order approving the Refund and Communication Plan. We outline below what we are doing to prepare for the refund effort.

A. DEDICATED TEAM OF BILLING SPECIALISTS

We have identified a group of experienced Billing Specialists who will make up our Dedicated Billing Specialist Team (the “Dedicated Team”). The Dedicated Team will be responsible for implementing the details of the refund process from start to finish, as outlined in the REFUND IMPLEMENTATION PLAN section.

To prepare our Dedicated Team and assure the Refund and Communication Plan will be implemented accurately and consistently, we will provide training regarding the specific details of the Refund Plan, as approved by the Commission, refund mechanics and payment programs such as LIHEAP, Average Monthly Payment (AMP) and Automatic Pay Plan (APP) programs. This training will be provided in addition to the special training the Dedicated Team has already received on working directly with customers impacted by the AMR module failure.

B. INTERNAL COMMUNICATIONS

Because we will be providing affected customers with a dedicated toll-free phone number for their questions, we expect calls to our general customer service numbers or other customer service employees will be minimal. But to ensure those calls are properly handled and directed to the Dedicated Team, we are developing specific internal communications for all customer service employees that will instruct them to direct impacted customers to our Dedicated Team.¹

Specifically, we have developed call scripts that will be used by the Dedicated Team when customers call the dedicated toll-free phone number. Customer Care representatives will also be provided these scripts so that they will be prepared to

¹ If the customer calls outside the Dedicated Team hours of 7:00 a.m. to 5:00 p.m., Customer Service employees will receive training and update internal communications so that they will be able to address any questions regarding the refund process.

respond to customers who call after hours. A draft of the inbound, outbound and Customer Care call scripts are included as Attachment D.

We will also provide directions for how to identify a customer as receiving a refund because he/she was rebilled for the 1074 v.2 model module failure, samples of the customer letters, high-level FAQs, and directions for guiding customer inquiries to the Dedicated Team of Billing Specialists.

In advance of implementing our refund effort, we will provide a copy of the internal communications that will be provided to all of our customer service employees.

REFUND IMPLEMENTATION PLAN

We recognize that it is important for us to execute this refund effort so as to minimize any confusion to our customers. We outline below the details of how we will execute any Refund and Communication Plan as approved by the Commission. This plan applies to the approximately 1,330 Minnesota customers who were previously rebilled prior to the suspension of our rebilling effort. Thus, this section outlines the actions we will take in regards to these customers.

A. Refund Plan Mechanics

If the Commission approves our Refund and Communication Plan, we will perform an analysis of all customer accounts previously rebilled to verify the billing credit to be applied to their accounts. Specifically, the Dedicated Team will manually review each of the approximately 1,330 accounts to verify the amount previously rebilled and amount paid during the AMR module failure, and the Company Plans (such as Auto-Pay, Budget, Pay Arrangements, E-Bill/EDI or Low-Income) associated with the account. The Dedicated Team will then credit the refund amount plus interest as provided by Commission Rules.

By manually reviewing each account, the Dedicated Team will be able to identify any already rebilled customers who have moved since paying the rebilled amount. We will provide a refund check to those customers that are no longer our customers but who had previously paid the rebilled amount. For those customers that moved during this period but remained a customer and paid the rebilled amount, we will credit the new Xcel Energy account.

B. Ensure Accurate Refunds

In addition to our standard Billing quality assurance and controls, and focusing the refund process by using the specially trained Dedicated Team, we will add the following steps to check and review the accuracy of the refunds:

- Billing Service Specialists will manually sample 1 out of 10 accounts worked by his/her peer to verify that the refund is accurate.
- Billing Service Leadership Team will randomly audit 1 out of 25 accounts to ensure that the refund has been calculated consistent with the terms of any Commission-approved Refund and Communication Plan.

C. Customer Communication

The approximately 1,330 Minnesota customers that have already been rebilled for the 1074 v.2 model AMR module failure will receive a letter notifying them about the refund process approximately 10 days prior to their next billing statement. The letter will explain the circumstances surrounding the Company's decision to refund the rebilled amounts, with interest, and provide the dedicated toll-free phone number for contacting the Dedicated Team with questions or concerns. A draft of the letter is included as Attachment C. We will work with Commission Staff and the State Agencies to incorporate their respective comments.

We will not communicate about the refund process to the approximately 12,500 Minnesota customers that will not be rebilled. To date, these customers have not been told by the Company that they could be rebilled for their natural gas consumption during the AMR module failure period. We believe providing the yet-to-be rebilled customers with information about a refund process, that is not applicable to them, could likely cause customer confusion.

While we do not foresee any impact to customers enrolled in the following Programs, we will proactively contact them to discuss the refund process:

- Averaged Monthly Payment ("AMP" or "budget billing")
- Automatic Pay Plan ("APP")
- E-Bill (online statement)
- Payment Arrangements
- Low Income Customers

For the programs listed above, we will use the draft outbound Calling Scripts provided as Attachment D.

D. Low Income Customers

Some of the customers affected by this 1074 v.2 model AMR module failure are or may be eligible for LIHEAP grants, low-income CIP programs, our Gas Affordability Program (“GAP”) and potentially other energy assistance. We recognize that the circumstances surrounding these customers and the design of some of the heating assistance programs may present unique issues as we work through our refund efforts. We anticipate working with Commission Staff and the State Agencies to ensure that our refund efforts do not negatively impact our low income customers’ ability to qualify for assistance for the upcoming heating season.

REFUND REPORTING

Once we have completed the refund process, we propose to provide the Commission with a report that contains the information below:

- Number of customers refunded.
- Average refund volume and amount per customer.
- Number of customers enrolled in Company programs that received a refund.
- Deviations from any Commission-approved Refund and Communication Plan and how they were remedied.

Xcel Energy
Proposed Refund and Communication Plan
Draft – Customer Communication Letter

Date

Name

Address 1

Address 2

Account

Premise

Service Address

Dear Customer:

Previously we had identified that your natural gas remote meter reading equipment had malfunctioned and did not transmit your actual natural gas usage during the 2007/2008 heating season. We subsequently replaced your malfunctioning remote meter reading equipment and rebilled you for the previously unbilled natural gas usage.

Xcel Energy has been working with the Minnesota Public Service Commission to address concerns related to the malfunction of the remote meter reading equipment and the detection of such equipment failures on our system. As a result, Xcel Energy has decided not to rebill customers for their natural gas usage during the time that the equipment failed. While you were previously rebilled an estimate for the natural gas you used during the time of your remote meter reading equipment failure, we will now be issuing you a bill credit in that amount with interest. The bill credit will be included on your next invoice.

Please accept our apology for any inconvenience the failure of this equipment and subsequent rebilling may have caused you. Feel free to contact us toll free at 1-866-672-4534 between the hours of 7:00 a.m. and 5:00 p.m. if you have any questions about this or your bill.

Sincerely,

Xcel Energy Billing Services

Xcel Energy
Proposed Refund and Communication Plan
Draft Inbound, Outbound and Customer Care Scripts

Inbound Call

“Thank you for calling Xcel Energy, this is (employee name) how can I help you?”

I can help you with that, can I get your account number please. Just to let you know your account has gone through a refund process related to rebills performed on your account last year. We rebilled your account because a piece of equipment, a module, failed on your natural gas meter which resulted in you being under billed for your natural gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your natural gas meter. I apologize for any confusion or inconvenience this has caused you. (Specialist will explain refund and answer all customer questions regarding refund).

Are there any other questions you have pertaining to the refund? (Any other issues will be transferred to the appropriate phone center.)

Thank you for calling Xcel Energy.

Outbound Call /Message

Hello, this is (employee name) from Xcel Energy Billing Department. Do you have time to discuss your account? (If no, ask when you can call them back).

As part of our commitment to providing excellent service to our customers I would like to inform you that we have applied a refund to your account. This refund relates to rebills performed on your account last year. We rebilled your account because a piece of equipment, a module, failed on your natural gas meter which resulted in you being under billed for your natural gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your natural gas meter.

I would like to take this time to explain the refund and offer you options once the refund is applied to your account. (Biller will explain refund and answer all customer questions regarding refund). Offerings will be based on the type of plan the customer currently has on their account (Auto-Pay, Budget, Pay Arrangements, E-bill, and low income).

Are there any other questions you have pertaining to the refund? (Any other issues will be transferred to the appropriate phone center.)

Thank you for your time and if you have any other questions please feel free to call Xcel Energy at 1-800 895 4999. (Specialist will leave the Billing 800# in the message.)

Call Center Phone agents - Inbound Calls after hours

"Thank you for calling Xcel Energy, this is (employee name) how can I help you?"

Dialogue that includes identification this is a Cellnet related issue.

"Thank you for your call (Ms/Mr.-----). Your account has gone through a refund process related to rebills performed on your account last year. We rebilled your account because a piece of equipment, a module, failed on your natural gas meter which resulted in you being under billed for your natural gas usage. A new module has since been installed ensuring that we are accurately recording the usage from your natural gas meter. As part of our commitment to providing excellent service to our customers, we have a dedicated team to assist you with any questions you may have about this process. I want to ensure that you get in contact with a member of that team; unfortunately, however, the dedicated team is is available from 7am-5pm Monday through Friday.

I can provide a member of the dedicated team with your name, account number, phone number and they will return your call the next business day. (Include the best time to reach the customer).

CERTIFICATE OF SERVICE

I, Carole A. Wallace, hereby certify that I have this day served copies of the foregoing document on the attached list of persons by delivery by hand or by causing to be placed in the U.S. mail at Minneapolis, Minnesota.

DOCKET NO. G-002/CI-08-871

Dated this 15th day of July 2009

/s/

Carole A. Wallace

Investigation into Northern States Power for
Inaccurate Gas Meters, Recalculation of Bills
and Related Issues.

G002/CI-08-871
4-14-2009

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