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RECEIVED

August 6, 2009

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Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 58505-0480

PUBLIC SERVICE COMMISSION

**RE: EXTERNAL REVIEW OF BILLING FUNCTION AND PROCESSES**

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) provides this update to the North Dakota Public Service Commission (the “Commission”) regarding the status of the external review (“Review”) of the Company’s revenue cycle being conducted by Global Enterprise Managers, Inc. (“GEM”).

Although GEM provided a first draft of its report in late June, it has not yet finalized its report, as it is continuing to work to ensure that it is clear and factually accurate. We understand that the Executive Summary, key recommendations, and portions of the report that are not related to GEM’s billing accuracy assessment (see below), should be available by August 14, 2009. We will provide the Commission with these documents as soon as possible, once they are available.<sup>1</sup>

GEM has also been building a billing accuracy assessment tool to test the accuracy of the Company’s billing system calculations. This assessment has taken longer than expected due to various hardware and software issues, as well as validation and testing time. GEM anticipates that this portion of the review will be complete in early September. Once complete, GEM will document their findings as part of their overall final report, which we will submit as soon as practical after receiving.<sup>2</sup>

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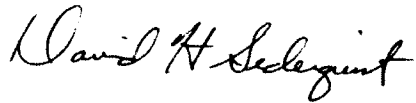
<sup>1</sup> We anticipate that portions of these documents will contain Trade Secret information that will require protection under the Commission’s rules. We will work to make those designations as quickly as possible so that we can file the report and any request for Trade Secret designation as soon as possible after we receive it.

<sup>2</sup> Consistent with the interim information we expect to provide prior to August 14, 2009, we anticipate that GEM’s final report will contain Trade Secret information that will require protection under the Commission’s rules. We will work to make those designations as quickly as possible so that we can file the report and any request for Trade Secret designation as soon as possible after we receive the final report.

We recognize that the Commission is very interested in the results of this external review. Although the final report is not yet available, we offer to make a GEM representative available at your convenience to discuss their progress, if that would be helpful. Otherwise, we would plan to schedule a meeting for the Commission and its Staff to hear from both GEM and the Company regarding the report findings and action plan after we have provided the interim report information. We would anticipate such a meeting occurring the week of August 24, 2009, or as soon as practical thereafter.

Please call me at (701) 241-8632 if you have any questions. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "David H. Sederquist". The signature is written in black ink and is positioned above the typed name.

David H. Sederquist  
Sr. Consultant, Regulation & Finance