



414 Nicollet Mall
Minneapolis, Minnesota 55401

December 18, 2009

**PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN EXCISED**

—VIA ELECTRONIC FILING—

RECEIVED

DEC 21 2009

PUBLIC SERVICE COMMISSION

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

Re: COMPLIANCE FILING
CELLNET DISPUTE RESOLUTION
DOCKET NO. G-002/CI-08-871

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) submits the Company’s final resolution of its dispute resolution process with Cellnet Technology Midwest, Inc. (“Cellnet”) to the Minnesota Public Utilities Commission (the “Commission”) in accordance with the Commission’s October 26, 2009 ORDER REQUIRING REFUND AND OTHER MEASURES TO ADDRESS ISSUES IDENTIFIED IN INVESTIGATION in the above-referenced Docket. We outline below key provisions of the resolution we reached with Cellnet, and proposed disposition of any proceeds.

BACKGROUND

Our dispute with Cellnet stemmed from a mechanical failure of Cellnet’s 1074 v.2 model Automated Meter Reading (“AMR”) module, largely occurring during the 2007-2008 heating season (the “1074 failure”). This systemic 1074 failure resulted in the Company underbilling affected customers for the natural gas they consumed during the module failure period, and the Commission opening this Docket. To remediate the 1074 failure, during 2008, Cellnet largely repaired and/or replaced the approximately 64,500 1074 v.2 AMR modules that had been installed in Minnesota.¹

¹ A small number of 1074 v.2 AMR modules remained into early 2009 due to customer access issues.

On August 1, 2008, the Commission issued a Notice directing Xcel Energy to file a rebilling plan and to respond to a series of questions related to the 1074 failure. On August 21, 2008, the Company filed a Petition seeking approval to rebill affected customers and providing responses to the questions contained in the Commission's Notice.

On March 6, 2009, the Company filed an Amended Petition and Proposed Resolution proposing to:

- Rebill and issue service quality credits to affected customers;
- Make adjustments to our natural gas true-up;
- Forgo any future cost recovery of remediation costs;
- Return to customers their share of any future damages received from Cellnet;
- Improve customer communications and billing; and
- Work with parties to implement ongoing service quality monitoring and reporting.

In our Amended Petition, we additionally noted a newly identified module failure issue affecting our 5-Dial commercial customers (the "5-Dial failure"), identifying that resolution of this type of AMR module failure may require resolution in a manner similar to what we had proposed for the 1074 failure. We note that while this 5-Dial issue was later determined to also be systemic, it only affected the billing of approximately 410 of the 6,800 total Minnesota 5-Dial meter population.

On July 15, 2009, the Company filed a request to withdraw its March 6, 2009 proposed rebilling plan and resolution and stated its intent not to rebill customers affected by the 1074 failure. On October 26, 2009, the Commission issued its Order accepting the Company's withdrawal request. The Company did not seek to rebill customers affected by the 5-Dial failure, and instead treated these customers the same as other customers whose billing had been impacted by either the 1074 failure or other module failures occurring during the same timeframe.

During the time since our identification of the 1074 failure in early 2008, we have developed and implemented numerous process and system improvements to detect and remedy AMR module and meter issues more quickly for our customers, as well as improve our customer billing services. We have detailed these improvements in various filings in this Docket, and for reference, further highlight a few of these improvements below:

- Streamlined cancel/rebill customer billing statement that significantly improves customer understanding of corrected bills by presenting the information on a instead of multiple, billing statement;

- Daily Work Management meter/module issue identification process that uses daily AMR usage information to identify unusual customer consumption patterns that may indicate a meter or AMR module issue; and
- External Revenue Cycle process review by Global Enterprise Managers, LLC (“GEM”) that reviewed our processes from the time a meter arrives in Xcel Energy inventory to the point that customers’ energy payments are applied to their accounts;

We initiated our dispute resolution process with Cellnet in March 2009. At that time, talks with Cellnet focused primarily on the 1074 failure issue. In June 2009, we added the 5-Dial failure to our ongoing discussions with Cellnet. We signed a settlement with Cellnet of both issues on November 3, 2009.

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...TRADE SECRET ENDS]

PROPOSED DISPOSITION OF ANY PROCEEDS

The Resolution resulted in several [TRADE SECRET BEGINS...

...TRADE SECRET

ENDS], which will, in turn, assist us in continuing to improve the service we provide our customers. The Resolution also provides for a [TRADE SECRET BEGINS...

...TRADE SECRET ENDS].

While we acknowledge that affected customers were inconvenienced as a result of the AMR module failures, we believe that the outcome of our July 15, 2009 rebilling withdrawal, which included foregoing margins and recovery of associated gas costs, provided a reasonable remedy for customers in this case. Further, the service improvement outcomes in this Docket combined with the additional benefits offered through the Resolution provide improved service to all customers.

In conclusion, we request that the Company retain [TRADE SECRET BEGINS...
...TRADE SECRET ENDS], as this outcome will provide a reasonable allocation of the benefits of our recent Resolution.

TRADE SECRET DATA JUSTIFICATION

The attached Agreement and Change Order between Xcel Energy and Cellnet contains "trade secret" information as defined by Minn. Stat. §13.37(1)(b). Specifically, the Agreement and Change Order memorialize the negotiated terms between the parties, including cost and price data. This information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. Based on its economic value, the parties have agreed to maintain this information as confidential, the violation of which would constitute a breach of the current contract. These facts support the treatment of the contract as "trade secret" under the Minnesota Data Practices Act.

We have served a copy on all parties on the attached service list.

Please contact Jody Londo at jody.l.londo@xcelenergy.com or (612) 330-5601 or me at allen.d.krug@xcelenergy.com or (612) 330-6270 if you have questions or would like any additional information.

SINCERELY,

/s/

ALLEN D. KRUG
MANAGING DIRECTOR
GOVERNMENT AND REGULATORY AFFAIRS

Enclosure

c: Service List

PUBLIC DOCUMENT --- TRADE SECRET DATA HAS BEEN EXCISED



SETTLEMENT AGREEMENT

between

NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION

and

CELLNET TECHNOLOGY MIDWEST, INC.

[THE ATTACHED AGREEMENT HAS BEEN EXCISED FROM THE PUBLIC
VERSION OF THIS FILING]

CERTIFICATE OF SERVICE

I, John Clay, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

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

Dated this 18th day of December 2009

/s/

John Clay

Service List Name	First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret
OFF_SL_8-871_1	Aakash	Chandarana	achandarana@briggs.com	BRIGGS and MORGAN	2200 IDS Center 80 South 8th Street Minneapolis, MN 554022157	Paper Service	No
OFF_SL_8-871_1	Bill	Bullard		South Dakota Public Utilities Commiss	Capitol Building Pierre, SD 575015070	Paper Service	No
OFF_SL_8-871_1	Burl W.	Haar	burl.haar@state.mn.us	MN Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No
OFF_SL_8-871_1	Christopher	Clark	christopher.b.clark@xcelenergy.com	Xcel Energy	5th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Paper Service	No
OFF_SL_8-871_1	Darrell	Nitschke		North Dakota Public Service Commission	600 E. Boulevard Avenue Bismarck, ND 585050480	Paper Service	No
OFF_SL_8-871_1	James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Paper Service	No
OFF_SL_8-871_1	John	Lindell	agonud.ecf@state.mn.us	OAG-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No
OFF_SL_8-871_1	Julia	Anderson	Julia.Anderson@state.mn.us	MN Office Of The Attorney General	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No
OFF_SL_8-871_1	Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No
OFF_SL_8-871_1	Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Paper Service	No
OFF_SL_8-871_1	SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No

Service List Name	First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret
OFF_SL_8-871_1	Sharon	Ferguson	sharon.ferguson@state.mn.us	State of MN - DOC	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No
OFF_SL_8-871_1	William	Stamets	bill.stamets@state.mn.us	Office of the Attorney General	Suite 900445 Minnesota Street St. Paul, MN 551012127	Electronic Service	No