



414 Nicollet Mall
Minneapolis, Minnesota 55401

January 29, 2010

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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: RESPONSE TO MINNESOTA OFFICE OF ENERGY SECURITY
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”) comments on the December 29, 2009 Response filed by the Minnesota Office of Energy Security (the “OES”) in this proceeding that raises a procedural issue.

BACKGROUND

On December 18, 2009, the Company originally filed its summary of the dispute resolution in compliance with the Commission’s October 26, 2009 ORDER REQUIRING REFUND AND OTHER MEASURES TO ADDRESS ISSUES IDENTIFIED IN INVESTIGATION in the above-referenced Docket. Subsequently, we reviewed the scope of “trade secret” data designated in our December 18, 2009 filing in an effort to disclose more details in the public version of the filing. We filed an updated version of our filing on January 11, 2010 to facilitate greater public disclosure of the dispute resolution terms.

The OES filed a Response on December 29, 2009 noting that they believe it would be more appropriate to consider related financial issues regarding the Company’s proposed disposition of any proceeds from our Settlement Agreement and Change Order No. 9 with Cellnet in the context of our pending natural gas rate case,¹ and as

¹Docket No. G002/GR-09-1153.

such, expect to analyze the reasonableness of the information we provided in our December 18, 2009 filing in that proceeding, as opposed to this Docket.

We appreciate the perspective of the OES in their December 29, 2009 Response to our filing. However, we believe the Commission can continue their consideration of the terms of our dispute resolution process with Cellnet and our proposed disposition of proceeds in the current Docket.

This Docket was initiated to address the issues arising from the failure of certain Cellnet automated meter reading modules, largely occurring during the 2007/08 heating season. As such, the record in this proceeding is well-developed as to the issues arising from the equipment failure, the remedies previously offered to customers, and the details of our dispute resolution with Cellnet. All of this information will be instructive to the Commission in its consideration of our resolution with Cellnet.

The focus of the pending natural gas rate case is different, and does not contain the same record development present in this Docket. Additionally, there is nothing in the rate case record that is instructive as to the review of the terms of our settlement with Cellnet to require review in the context of that proceeding. As such, we believe that the Commission's review of our settlement with Cellnet and proposed disposition of proceeds can be adequately addressed in this proceeding.

We acknowledge that, depending on the Commission's decision, the resolution of this issue in this Docket could impact the rate case proceeding. In that event, we will make any adjustments in the rate case that may result from the Commission's determination in this Docket.

CONCLUSION

Xcel Energy respectfully requests the Commission continue their consideration of the terms of our dispute resolution process with Cellnet and proposed disposition of proceeds in this Docket. We understand that should the Commission continue its review in the current Docket, parties may need additional time to review our request and note we would support any extension requests.

We have served a copy of this letter on the Minnesota Attorney General's Office-Residential Utilities Division and all parties on the attached service lists.

Please contact me at (612) 330-6270 if you require any additional information.

Sincerely,

/s/

ALLEN D. KRUG
MANAGING DIRECTOR
GOVERNMENT AND REGULATORY AFFAIRS

c: Service List

Enclosure

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 29th day of January 2010

/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	Burt W.	Haar	burt.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	agorud.scf@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	mkrkava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 South 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