



2302 Great Northern Drive
P O Box 2747
Fargo, ND 58108-2747
(701) 241-8632
dave.sederquist@xcelenergy.com

February 18, 2009

RECEIVED

FEB 18 2009

PUBLIC SERVICE COMMISSION

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

RE: Northern States Power Company
Docket No. PU-09-016
Notice of Withdrawal of Filing

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company") herewith withdraws its application for Fuel Cost Recovery of Midwest Independent Transmission System Operator, Inc. ("MISO") Ancillary Services Market ("ASM") net costs and revenues in the above noted docket.

On December 23, 2008, the Company submitted an application to the North Dakota Public Service Commission ("Commission") requesting confirmation that the net costs associated with serving the Company's retail electric customers in North Dakota through participation in the Midwest ISO's wholesale ASM are appropriate for inclusion in the Company's Fuel Clause Rider No. 1 tariff as set forth in its North Dakota Electric Rate Book and the Commission's existing Automatic Adjustment Clause administrative rules (Chapter 69-09-02-39), or alternatively, the proposed replacement Fuel Cost Rider ("FCR") tariff filed in the Company's then pending general rate case filing, Case No. PU-07-776. The Company also requested that the Commission approve the proposed accounting for ASM expenses and revenues effective January 6, 2009, the planned start-up date for the ASM; and requested the Commission approve the Company's electric tariff changes effective no later than March 1, 2008, the month when ASM costs would first be included in the Company's monthly fuel clause adjustment calculations.

On December 31, 2008, after submission of the instant filing, the Commission approved a settlement agreement in the then pending electric rate case (Case No. PU-07-776) that included specific settlement provisions and settlement tariff changes related to FCR recovery of MISO costs in rates. After Commission approval of the rate case settlement, the Company conferred with the Commission advisory staff (Mr. Mike Diller) regarding the impact of the ASM and the need for the proposed FCR tariff changes.

At the Commission's Administrative Matters Meeting on February 11, 2009, Mr. Diller explained his rationale why the ASM costs and associated revenues should be subject to FCR

5 PU-09-16 Filed: 2/18/2009 Pages: 2
Letter Withdrawing Filing

Northern States Power Company

David H. Sederquist

Mr. Darrel Nitschke
February 18, 2009
Page 2

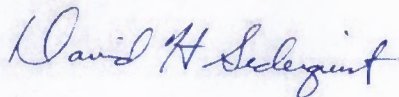
treatment, and why he believes the FCR compliance tariff submitted in Case No. PU-07-776 is sufficient to allow FCR recovery of ASM net charges without the further language changes proposed by the Company. Specifically, the rate case FCR tariff allows recovery of:

Net costs, excluding administrative charges otherwise recoverable in rates, associated with the Company's participation in wholesale electric energy markets operated by Independent System Operators or entities that have received FERC approval to operate energy markets

The Company has considered the Staff recommendations and the Commission's oral concurrence with those recommendations at the February 11, 2009 Administrative Matters Meeting. As a result, the Company is withdrawing its tariff change and accounting application. The rate case FCR compliance tariff language noted above will be placed into effect on March 1, 2009, without further changes; and the Company will reflect net ASM charges (expenses less revenues) in its monthly FCR calculations effective March 1, 2009. Pursuant to N.D. Admin. Code § 69-02-02-07(2), the Company does not believe Commission approval is required to withdraw the pending tariff and accounting application, since no hearing has been convened or held.¹

An original and seven copies of the notice of withdrawal are enclosed. An electronic copy of this filing has been sent to the Commission as well and to the parties on the service list in this proceeding. Please contact me at (701) 241-8632 if you have any questions regarding this notice of withdrawal.

Sincerely,



David H. Sederquist
Sr. Consultant, Regulation & Finance
Northern States Power Company

c. Service list

¹ If the Commission determines Commission approval is required to withdraw the application, the Company respectfully requests Commission permission to withdraw the application.