



414 Nicollet Mall  
Minneapolis, Minnesota 55401

Darrell Nitschke  
Director of Administration/Executive Secretary  
North Dakota Public Service Commission  
600 E. Boulevard Ave. Dept. 408  
Bismarck, ND 58505-0480

- VIA E-MAIL & U.S. MAIL -

**RECEIVED**

AUG 17 2009

Re: NORTHERN STATES POWER COMPANY      **PUBLIC SERVICE COMMISSION**  
APPLICATION FOR ADVANCE DETERMINATION OF PRUDENCE –  
20 MW BAY FRONT PROJECT  
CASE NO. PU-09-216  
NOTICE OF WITHDRAWAL OF FILING

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation operating in North Dakota (“Xcel Energy” or the “Company”) herewith withdraws our application for an advance determination of prudence (“ADP”) for our 20 MW Bay Front Project in the above referenced case. The purpose of withdrawing our application is to revise and refile in a manner that is fully compatible with North Dakota statutes relating to the treatment of potential future carbon costs. We plan to refile the revised application shortly.

On May 27, 2009, the Company submitted an application to the North Dakota Public Service Commission (the “Commission”) requesting an advance determination of prudence for our 20 MW Bay Front biomass conversion project located in Northern Wisconsin. The Bay Front Project will consist of installing a biomass gasification system to convert waste wood to synthetic gas and modifying the existing boiler #5 at the Bay Front Plant to burn the gas effectively to produce steam for electric power generation. In addition, the Bay Front Project will consist of increasing the biomass receiving, storage and handling capabilities at the Bay Front Plant and add enhanced flue gas filtering equipment to capture residual particulates. The Company’s application requested that the Commission find the Bay Front Project to be reasonable and prudent and grant the Company an ADP.

During the process of working with the Commission and staff in their examination of our applications for advance determinations of prudence for the Nobles and Merricourt Projects (Case Nos. PU-08-907 and PU-08-908), we discovered that we had inadvertently included in the analysis quantitative data regarding potential future carbon costs. Quantitative analysis of future carbon cost risk is prohibited

Darrell Nitschke, Director of Administration / Executive Secretary  
August 17, 2009  
Page 2

by North Dakota statute, N.D.C.C. § 49-02-23. We appreciated the Commission's and Staff's willingness to allow us to correct those applications.

Based on that experience, we also reviewed this application for instances where we may have inadvertently incorporated externality values. Our review identified that our analyses inappropriately included carbon costs. Because the application is not strictly in compliance with N.D.C.C. § 49-02-23, we believe that it is appropriate to withdraw the application. Pursuant to N.D. Admin. Code § 69-02-02-07(2), the Company does not believe Commission approval is required to withdraw the pending application since no hearing has been convened or held.<sup>1</sup>

The Company intends to revise the analysis presented in the application and shortly file a new application that will conform to the requirements of N.D.C.C. § 49-02-23 and address the Commission's previously expressed concerns.

We recognize that Staff has already placed notices for opportunity for public hearing in the case and we apologize for the inconvenience and extra work created by withdrawing our application. In this circumstance, however, we thought it better to correct our error in this way to avoid further confusion. Since the Bay Front project is scheduled to get underway in 2010, we do not need and will not be asking for any special scheduling treatment.

An original and ten of the notice of withdrawal are enclosed. An electronic copy of this filing has been sent to the Commission. Please contact me at 612-330-6732 or [james.r.alders@xcelenergy.com](mailto:james.r.alders@xcelenergy.com) if you have any questions regarding the notice of withdrawal.

Sincerely,

/s/

JAMES R. ALDERS  
DIRECTOR, REGULATORY ADMINISTRATION

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<sup>1</sup> If the Commission determines Commission approval is required to withdraw the application, the Company respectfully requests Commission permission to do so.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA**

**NORTHERN STATES POWER  
COMPANY, A MINNESOTA  
CORPORATION**

**CASE No. PU-09-216**

**APPLICATION FOR ADVANCE  
DETERMINATION OF PRUDENCE –  
20 MW BAY FRONT PROJECT**

**NOTICE OF WITHDRAWAL**

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) herewith withdraws its application for an advance determination of prudence for its 20 MW Bay Front Project in the above referenced case.

Pursuant to N.D. Admin. Code § 69-02-02-07(2) the Company sets for the following reason for withdrawal:

The Company has determined that its application is not strictly in compliance with N.D.C.C. § 49-02-23. Therefore, the Company believes that withdrawal is appropriate.

Respectfully submitted this the 17th day of August, 2009

  
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JAMES R. ALDERS