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

December 31, 2009

RECEIVED
JAN 04 2010
PUBLIC SERVICE COMMISSION

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
APPLICATION FOR APPROVAL OF A FUEL COST RIDER VARIANCE TO CREDIT CUSTOMERS FOR THE SALE OF RENEWABLE ENERGY CREDITS

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation ("Xcel Energy" or the "Company") hereby requests North Dakota Public Service Commission ("Commission") approval to implement a pilot program in North Dakota where the Company will sell, from time-to-time, excess renewable energy credits ("RECs") allocated to our North Dakota jurisdictional customers and then credit the applicable net proceeds back to those customers thereby reducing electric rates. To deliver this credit, we are proposing to use the Fuel Cost Rider in the Company's Electric Tariff. Since RECs sales are not included in N.D. Admin Code § 69-09-02-39 as an allowable adjustment, we ask the Commission to consider this program under N.D. Admin Code § 69-09-02-39(10).

An original and ten copies of the application and attachments are enclosed. An electronic copy of this filing has been sent to the Commission as well.

Let me know if you have any other questions or comments regarding this filing.

SINCERELY,

David H. Sederquist

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE
NORTHERN STATES POWER COMPANY

Enclosures

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION

CASE NO. PU-09-___

IN THE MATTER OF AN APPLICATION
FOR APPROVAL OF A FUEL COST RIDER
VARIANCE TO CREDIT CUSTOMERS FOR
THE SALE OF RENEWABLE ENERGY
CREDITS

APPLICATION

INTRODUCTION

Northern States Power Company, a Minnesota corporation operating in North Dakota ("Xcel Energy" or the "Company") hereby provides this Application to the North Dakota Public Service Commission ("Commission") for approval to implement a program in North Dakota where the Company will sell, from time-to-time, excess renewable energy credits ("RECs") allocated to our North Dakota jurisdictional customers and then credit the applicable net proceeds back to those customers thereby reducing electric rates. To deliver this credit, we are proposing to use the Fuel Cost Rider in the Company's Electric Tariff. Since RECs sales are not included in N.D. Admin Code § 69-09-02-39 as an allowable adjustment, we ask the Commission to consider this program under N.D. Admin Code § 69-09-02-39(10).

The Company submits this application pursuant to N.D.C.C. §§ 49-05-05 (governing tariff changes) and 49-02-12 (governing utility accounting), and N.D. Admin. Code §§ 69-09-02-39 (governing utility automatic adjustment provisions) and 69-02-01-11 (governing waiver of Commission rules).

DESCRIPTION OF THE APPLICANT

Xcel Energy is a Minnesota corporation duly authorized to conduct business in the State of North Dakota as a public utility subject to the jurisdiction and regulation of the Commission pursuant to Title 49 of the NDCC. The full name and address of the Company is:

Northern States Power Company,
a Minnesota corporation
414 Nicollet Mall
Minneapolis, Minnesota 55401

The Company also operates in North Dakota from the following address:

Northern States Power Company
2302 Great Northern Drive
Fargo, ND 58102

Xcel Energy's Certificate of Incorporation and amendments were filed with the Commission on September 30, 2009 in Docket No. PU-09-664 and are incorporated herein by reference.

Xcel Energy has service territory in three upper Midwest states including North Dakota. The Company presently serves approximately 87,000 retail electric customers in and around Fargo, Grand Forks, and Minot, North Dakota. Xcel Energy owns approximately 250 miles of transmission lines and 12 substations in North Dakota.

A separate, related, operating public utility company, Northern States Power Company – Wisconsin ("NSP-W") has service territory in Wisconsin and Michigan, where it provides electric service at retail to customers. The two companies operate as a regionally integrated system (the "NSP System") through an Interchange Agreement that has been approved by the Federal Energy Regulatory Commission ("FERC"), under which costs related to generation and transmission facilities for the NSP System are shared between the two entities.[1]

DESCRIPTION AND PURPOSE OF FILING

In recent years, each of the states in which we operate has adopted policies designed to advance the development of renewable energy. These policies vary across states. Differences include, among other things: i) the amount of required renewable energy; ii) the types of renewable energy that qualify; and iii) whether the policy is an objective or requirement. Xcel Energy operates the NSP System on an integrated basis. This integrated system provides benefits to our customers in North Dakota and the other states that we serve because the integrated regional system is able to reduce the cost of

[1]Xcel Energy Operating Companies, FERC Electric Tariff – Original Volume No. 3, NSP Rate Schedule FERC No. 2, Effective January 1, 2001.

service as economies of scale result from integrated dispatch of generating units and the coordinated use of the transmission system. This integrated system also provides for increased reliability due to the diversity and dispersed set of resources across the system. As part of operating the integrated NSP System, Xcel Energy plans to acquire the most cost-effective resources to meet all of our renewable requirements, similar to the way we plan and operate other aspects of our integrated electric generation and transmission system.

North Dakota lawmakers have implemented the Renewable Energy Objective ("North Dakota REO") encouraging electric utilities to pursue the objective of supplying at least 10 percent of retail sales from renewable generation sources by 2015. NDCC 49-02-28. This law also requires that Xcel Energy report annually to the Commission on the qualifying energy delivered and the RECs purchased and retired in North Dakota. Xcel Energy provided significant detail on our North Dakota REO compliance program in our 2009 REPORT ON PROGRESS TOWARDS MEETING THE RENEWABLE ENERGY AND RECYCLED ENERGY OBJECTIVE, June 29, 2009 ("2009 REO Report").

Because the North Dakota REO does not become effective until 2015, we currently have excess RECs available that are associated with our North Dakota jurisdictional customers. Because our North Dakota jurisdictional customers have paid for the renewable energy that generated these RECs, we believe it is appropriate to sell the excess RECs using the proceeds to lower electric rates for our North Dakota jurisdictional customers.

We have developed the following plan to return the value of these RECs back to our North Dakota customers. Our plan has the following four elements.

1. Jurisdictional Allocation of RECs. As described in our 2009 REO Report, we are allocating RECs among our various state jurisdictions in the same way renewable energy is allocated across our system, resulting in approximately five percent of the RECs allocated to North Dakota. Based on existing and contracted renewable resources, this allocation results in about 300,000 RECs available this year, growing to approximately 450,000 RECs annually by 2015.

2. Compliance with REO. We propose to demonstrate compliance with the North Dakota REO by retiring RECs from the pool of active RECs allocated to the North Dakota jurisdiction. Since the North Dakota REO establishes a goal for renewable energy of 10 percent of retail sales by 2015, we have assumed no RECs need to be retired for compliance purposes in the years prior to 2015.

3. Sale of Excess RECs. We propose to sell RECs allocated to North Dakota in excess of those needed for compliance. If the Commission concurs, we will strive to sell such RECs until they are needed for compliance in 2015. We note, however, that the market for RECs has not yet fully developed and consequently it is not clear how strong the demand for RECs will be or what the price of RECs will be.

4. Return Proceeds to Customers. We propose to return 85 percent of the applicable net revenue generated through REC sales to customers through a credit to the Fuel Cost Rider. We propose to retain 15 percent of the net revenue as an appropriate incentive to maximize the value of RECs in an immature market. This sharing mechanism is similar to what has been approved in North Dakota for wholesale electric sales from Company generation.

In addition to providing revenue to our North Dakota customers, there is an additional benefit to launching this program at this time. Specifically, the markets in which RECs will be bought and sold are in the early stage of development. Implementing this project will afford us the opportunity to gain experience in the emerging market for renewable attributes. We intend to evaluate the performance of this effort and work with the Commission to make adjustments, if necessary, and enhance the program, if appropriate. We propose to report the status of our efforts in our annual Report on Progress Towards Meeting the Renewable Energy and Recycled Energy Objective due by June 30th of each year.

A. Renewable Energy Standards

Renewable energy standards or objectives have been established in each jurisdiction we serve and are briefly listed below.

North Dakota
North Dakota's REO (N.D.C.C. § 49-02-28 et seq) establishes a state renewable and recycled energy objective that 10 percent of all electricity sold at retail within the state by the year 2015 be obtained from renewable energy and recycled energy sources, subject to a cost-effectiveness evaluation.

South Dakota
South Dakota's REO (S.D.C.L. § 49-34A-101 et seq.) establishes a state renewable and recycled energy objective that 10 percent of all electricity sold at

retail within the state by the year 2015 be obtained from renewable energy and recycled energy sources, subject to a cost-effectiveness evaluation.

Minnesota
Minnesota's Renewable Energy Standard ("RES") (Minn. Stat. § 216B.1691) requires Xcel Energy to obtain 30 percent of the energy we supply to customers from renewable generation sources by 2020, with interim threshold requirements or milestones of 15 percent by 2010, 18 percent by 2012 and 25 percent by 2016.

Wisconsin
Wisconsin's Renewable Portfolio Standard ("RPS") (Wis. Stat. § 196.378) requires NSP-W to obtain 12.89 percent of the energy we supply to customers from renewable generation sources by 2015 and establishes an interim threshold or milestone of 8.89 percent of retail sales be supplied from renewable sources by 2010.

Michigan
Michigan's Clean, Renewable, and Efficient Energy Act ("CREEA") (2008 Mich. Public Acts. 295) requires NSP-W to obtain 10 percent of retail sales from renewable generation sources by 2015. Any new renewable generation to be used to satisfy this mandate must be located in the NSP-W operating company footprint.

All generators creating RECs subject to state renewable energy requirements[2] are registered with a tracking system. With the exception of generation located in Michigan, all RECs generated within the NSP system are currently created, tracked and retired in the Midwest Renewable Energy Tracking System ("M-RETS"). M-RETS tracks all renewable energy production that complies with any of the state renewable energy requirements or objectives within most of the Midwest Independent Transmission System Operator, Inc. ("MISO") footprint. Compliance with state renewable energy standards or objectives is demonstrated by "retiring" a REC produced by a renewable based generator that complies with that specific state's renewable energy standard or objective. Retirement of a REC is achieved by placing it in a "retirement" sub-account in the tracking system.

[2]North Dakota (June 4, 2008 order in Case No. PU-07-318), Minnesota (October 9, 2007 order in Docket No. E-999/CI-04-1616) and Wisconsin (March 26, 2007 contract between Commission and APX for M-RETS) require registration in M-RETS for tracking and retiring RECs for compliance. Michigan has established a separate system, the Michigan Renewable Energy Certification System ("MIRECS"). South Dakota is a participant in M-RETs as well.

Some jurisdictions we operate in have established rules that give RECs a "shelf life" or a set period of time the REC can be used for compliance. For example, a REC can be used to comply with Wisconsin's RPS in the year it is generated or in any of four subsequent years. Thus, in Wisconsin, a REC generated in 2008 can be used to comply with Wisconsin's requirements any time through 2012. Michigan's CREEA rules, on the other hand, provide for a 3-year shelf life meaning a REC created in 2008 must be retired for compliance no later than 2011.

Additionally, RECs created and tracked in M-RETS, or other regional systems, can be purchased and used to comply with utilities' state requirements. Thus, a utility does not necessarily have to generate all of the renewable energy needed to comply with these requirements. In a given window of time as set by the applicable jurisdiction, RECs can be bought or sold or banked to smooth out the incremental, stair-step nature of generation additions.

North Dakota's renewable energy objective establishes a non-binding goal for utilities to provide 10 percent of the retail energy sold to customers in the state from renewable generation by 2015. The statute does not establish any intermediate milestones and we believe there is no "shelf-life" restriction for each REC. Since the North Dakota REO is an objective or goal, we have portrayed our interpretation of its effect as shown in Figure 1. We interpret the statute to allow utilities to have until 2015 to meet the 10 percent goal, with no specific objective for the years prior to 2015. Starting in 2015 Figure 1 illustrates our estimate of the RECs necessary to achieve the Statute's 10 percent non-binding objective. While North Dakota's 'objective' is not mandatory, we have interpreted our obligation is to utilize or retire RECs allocated to North Dakota up to the 10 percent level. We welcome the Commission's feedback on this interpretation.

Figure 1

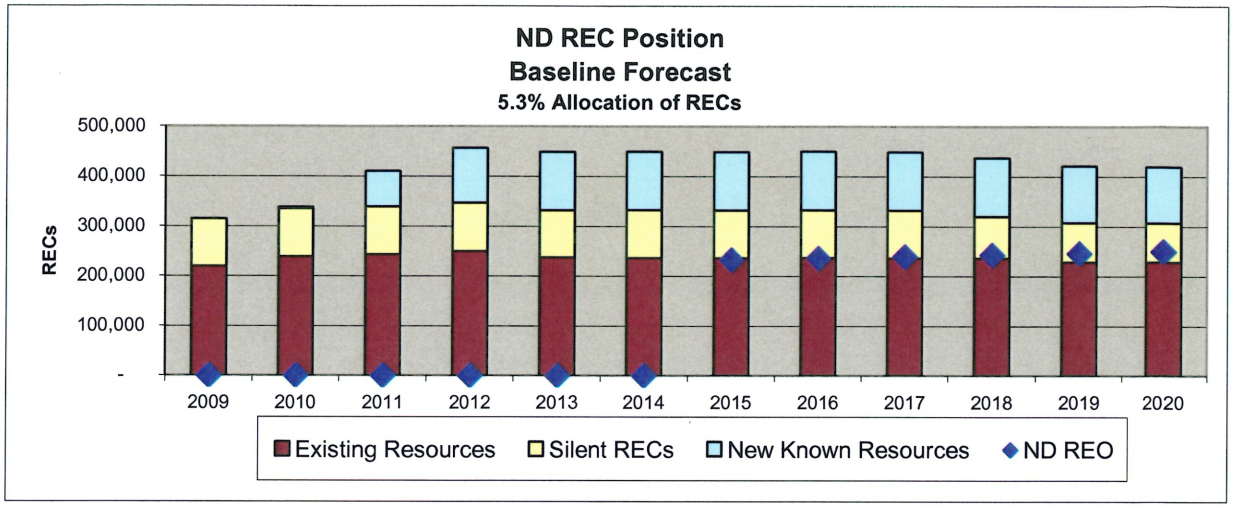

Figure 1 illustrates that the allocation process will result in more than enough RECs in North Dakota's accounts to comply with the North Dakota REO[3]. We have developed similar comparisons of allocated RECs and compliance requirements for each of our jurisdictions.

B. State Allocation of System RECs

As described in our 2009 REO Report, we are jurisdictionally allocating RECs in the same way renewable energy is allocated.[4] As described in these filings, renewable energy (and the related RECs) are allocated to our jurisdictions on an energy basis and each jurisdiction is allocated an amount that corresponds with its pro rata share of the energy requirements for that state. This allocation methodology resulted in

[3] Figure 1 includes what we call "silent RECs". Several of our early power purchase contracts were silent about how RECs are to be treated. These contracts were entered into before the REC concept was established. A dispute has arisen as to the proper regulatory treatment of RECs when the power purchase contract is silent on the matter. We are working to resolve the matter and in any event do not believe that the amount of RECs in question will materially impact our North Dakota compliance program.

[4] Xcel Energy has made similar filings in South Dakota and Minnesota describing the uniform way in which renewable generation and RECs are allocated among jurisdictions. *See* 2009 REPORT OF NORTHERN STATES POWER COMPANY ON MEETING THE RENEWABLE, RECYCLED AND CONSERVED ENERGY OBJECTIVE, dated June 30, 2009 (South Dakota) and IN THE MATTER OF A RENEWABLE ENERGY CERTIFICATE RETIREMENT REPORT FOR COMPLIANCE YEAR 2008, dated June 1, 2009, MPUC Docket No. E-999/PR-09-287.

approximately 5.3 percent of the integrated system being allocated to North Dakota in 2008.[5]

Renewable generation, which is a component of our fleet of generating resources, generally relies on wind, water, solar radiation and biomass as fuel. There is one REC associated with each megawatt-hour of renewable energy produced or purchased. RECs are used to demonstrate compliance with renewable energy requirements and goals or, when a utility has more than needed to comply, they can be sold in a secondary market. As described more fully in our 2009 REO Report, these RECs are allocated across the NSP System in the same proportion as we allocate our costs for energy to each jurisdiction. As described in the 2009 REO Report, this methodology resulted in us allocating 283,951 vintage 2008 RECs to North Dakota. We anticipate the annual REC allocation to North Dakota to grow to approximately 450,000 by 2015, based on existing and contracted resources.

In recognition of the REC allocation across the NSP System, we have set up jurisdictional accounts in M-RETS for tracking each state's active allocated share. These are not "retirement" accounts or accounts demonstrating compliance. We began recognizing "jurisdictional" allocations of active RECs in annual compliance reports in all jurisdictions this year (reporting calendar year 2008).

C. Selling RECs

We propose to attempt to sell the RECs allocated to our North Dakota jurisdiction in excess of North Dakota's REO compliance requirements as we have portrayed them in Figure 1. However, the market for RECs produced in the Upper Midwest is still developing. Unlike electric energy sales, there is no established exchange or centralized market where buyers and sellers of RECs can make transactions. Instead, sellers of RECs must seek out buyers, or vice versa, and transact REC sales and purchases on a bi-lateral basis. The lack of a marketplace also prevents transparent pricing of RECs. Without an established market or REC price transparency, buyers and sellers of RECs must expend considerable time and effort in order to obtain the best price possible.

[5] The allocation method used across the integrated system ensures that all of our customers pay a proportionate share of our system costs and share equally in the benefits of operating a large, integrated system. Approximately 75% of the costs are allocated to Minnesota customers, a little less than 5 percent is allocated to South Dakota customers, about 15% is allocated to Wisconsin customers, and less than 1 percent is allocated to Michigan customers.

The ability to affect the sale of RECs is further complicated by the fact that the attributes of each REC may differ according to specific state requirements (e.g., type, location of generation). RECs are generally divided into two separate categories: (a) compliance RECs and (b) voluntary RECs. Compliance RECs are those RECs that are used by their owner to comply with the various renewable energy standards and objectives of different states. Since the definition of "renewable energy" can vary from one jurisdiction to another, a compliance REC must represent the environmental attributes which are required to comply with a specific state's renewable energy requirement. Some states' require that the renewable energy be produced in a certain area, making inter-regional sales of compliance RECs difficult. Last, as noted above, states have different requirements regarding how an old a REC can be (i.e. how many years before retirement was the REC produced) to be compliant. The necessity to match both a buyer and seller and to match the environmental attributes represented by a REC with the requirements of the state for which the REC is intended to be retired add significant complexity to transacting compliance RECs. In addition, some states have enacted restrictions on the use of RECs, by limiting the right for utilities to purchase RECs to satisfy their own renewable generation obligations. Restrictions of this sort could impact the emerging market for RECs and could make transactions more complex and difficult.

Voluntary RECs are those not needed by their purchaser to meet any particular state requirement or objective and RECs owned by utilities in excess of their requirements are often sold to purchasers who acquire these RECs voluntarily. These voluntary RECs are generally purchased by people or entities other than utilities, and used to ensure that the electricity they represent is renewable based. In addition to tracking systems like M-RETS and other regional tracking systems, RECs can be certified by certification companies such a Green-E.[6]

Due to the complexity of transacting sales of RECs, brokers and aggregators are beginning to emerge to facilitate REC transactions. It is the Company's experience in transacting RECs in other jurisdictions that brokers and aggregators do not always provide the best pricing. Therefore, the Company favors using internal personnel to work directly with potential buyers, eliminating the middleman (when possible), at least until a more mature market forms. Depending on the identified purchaser, however, the Company may use brokers and aggregators as it deems appropriate. It is also likely, that as the market matures, REC brokers may be a cost-effective way to consummate transactions.

[6] *See* http://www.green-e.org/

D. Customer Credits

We propose to establish this program for selling RECs to gain experience in the marketplace and obtain actual data to evaluate the market performance issues we have identified. This program consists of selling excess RECs attributable to the North Dakota and South Dakota jurisdictions. We filed a similar application with the South Dakota Public Utilities Commission on December 31, 2009.

We propose to flow the customer portion of the revenues derived from the sale of RECs back to North Dakota customers through the Fuel Cost Rider. The Fuel Cost Rider will be credited for the proceeds applicable to North Dakota customers in the month following the transfer of the transacted RECs. We believe this credit mechanism provides the most efficient way to return these proceeds to customers in a timely manner. The credit will reduce the fuel cost portion of a customer's bill.

Consistent with the Commission's authorized sharing mechanism for asset-based margins, Xcel Energy respectfully requests that the Commission's authorization include recognition that the Company will retain 15 percent of the net revenues generated by REC sales. Xcel Energy believes that retaining 15 percent of the net revenues generated from REC sales is an appropriate level of compensation to maximize our customers' overall benefit.

Xcel Energy will be making a significant investment of time and internal resources to learn and probe the market, identify the highest value markets for excess RECs and conduct the transactions. Our prior experience (with other affiliates) has been that the best prices are obtained by working directly with REC buyers, which is much more time consuming and requires additional expertise, as opposed to simply waiting for a REC broker or aggregator to make an offer. In order to obtain good prices, Xcel Energy will need to develop the expertise to participate in this market as it develops.

While the market is still immature and illiquid, Xcel Energy anticipates that it will grow and mature. It is important for Xcel Energy to start now to learn as much as it can about this emerging market. Allowing the Company to retain 15 percent should provide an appropriate incentive to recognize the Company's efforts in developing necessary experience to maximize value for our customers. Given the relatively undeveloped state of the REC market, the retained proceeds will help the Company identify buyers and learn more about the market. We believe that the experience gained through this program will also provide customers with additional benefits in

the form of greater experience and better management of environmental products that may be created from our renewable resources.

Further, the retention of proceeds will provide incentives for the Company to obtain the best price for RECs, thereby also providing the largest possible credit back to our customers. Finally, the 15 percent level is similar to the incentive authorized by the Commission for asset-based margins. This type of incentive has proved valuable in the past in asset-based transactions and we believe the same type of incentive could work well here.

Xcel Energy is proposing this program in South Dakota as well and may propose programs to sell RECs in other jurisdictions (to the extent allowed by law) after we have gained some experience in selling RECs. Our current plan is to return revenue from sales in proportion to the jurisdiction's contribution to the pool of RECs available for sale. For example if 45 percent of the RECs available for sale come from our North Dakota REC allocation, then 45 percent of the net revenue after the 15 percent adjustment, or 38.25 percent of total revenue, would be returned to North Dakota customers. Similarly, if 45 percent of the RECs available for sale are from our South Dakota allocation, the same formula would apply.

PROPOSED TARIFF REVISIONS, REQUESTED WAIVERS AND PROCEDURES

A. Tariff Revisions

Pursuant to N.D.C.C. §§ 49-05-05 and 49-02-12 and N.D. Admin. Code § 69-09-02-39, the Company respectfully provides notice of proposed tariff changes to include in our Fuel Cost Rider provisions. Specifically, we propose to supersede Section 5 Original Sheet No. 76.2 in our North Dakota Electric Rate Book – NDPSC No. 2.[7] Assuming REC sales are made, this tariff change will affect all of our North Dakota customers because it will incorporate the proposed RECs sale credit as a rate decrease through the Fuel Cost Rider. As a result, it will not unreasonably discriminate or violate any other Commission laws or rules, except as waivers are requested below.

[7] Our tariff change adds a provision to our Fuel Cost Rider, Section No. 5, 1st Revised Sheet No. 76 to subtract 85 percent of the North Dakota jurisdictional share from the qualifying system cost of fuel.

Pursuant to the Commission's August 13, 2003 Filing Instructions (Policy 1-13-96(1)), we are providing the required working papers as Attachment 1 which contains:

- Sheet No. 5-76.2, 1st Revision

Attachment 1 show the rate changes in both "legislative" format, with new rates or tariff provisions underlined and deleted rate or provisions stricken; and "non-legislative" format to be inserted in the Company's North Dakota Electric Rate Book on file with the Commission.

Our tariff change adds a provision to our Fuel Cost Rider, Section No. 5, Original Sheet No. 76.2 to subtract 85 percent of the proceeds from the sale of RECs allocable to our North Dakota jurisdictional share from the qualifying system cost of fuel. We believe the proposed changes are appropriate for the reasons stated above. Because the proposed tariff change will affect all of our North Dakota customers, it will not unreasonably discriminate or violate any other Commission laws or rules, except as waivers are requested below.

B. Waivers

Pursuant to N.D. Admin. Code § 69-02-01-11, the Company respectfully requests that the Commission waive certain provisions of N.D. Admin. Code § 69-09-02-01(2). Due to the relatively immature market for RECs, it remains unclear the amount of proceeds that will be available due to the sales of RECs. Therefore, it is not currently possible for the Company to accurately estimate the annual decrease in rates due to our proposal. However, any proceeds gained through REC sales will be reported separately in the applicable monthly FCR filing submitted to the Commission. We will also provide the Commission with more information on an as-needed basis as we continue to gain experience with transacting RECs in the Upper Midwest.

The Company further respectfully requests the Commission waive the provisions of N.D. Admin. Code § 69-09-02-39(3) to allow our proposed REC crediting mechanism to be included in our Fuel Cost Rider. We believe that the Fuel Cost Rider is an appropriate mechanism in which to incorporate our proposed credit. The Fuel Cost Rider is an existing mechanism with which the Commission and the Company have experience and using this mechanism will alleviate the need to create a new crediting program to manage the refund of proceeds from REC sales.

C. Applicable Procedures

Pursuant to NDCC § 49-05-05, the Company believes this Application and attachment fully satisfy the requirements for a notice of rate change, subject to the Commission's authority to thereafter prospectively change such rates and tariffs through a final order under NDCC § 49-05-06 if the Commission formally investigates the change.

If the Commission, on its own initiative, decides to suspend the proposed tariff changes pursuant to NDCC § 49-05-06, the Company respectfully requests either an informal or formal hearing to determine the proper disposition of this matter. The Company is also interested in working with Commission Staff to promptly resolve the proceeding through an information and settlement process.

Since the Company is submitting this Notice of Rate Change under NDCC § 49-05-05, the Company is not submitting expert pre-filed direct testimony in support of the proposed Fuel Cost Rider tariff changes. If this Application is set for an investigation or evidentiary hearing, the Company would submit expert direct testimony in support of our Application as determined by the procedural schedule established by the Hearing Officer assigned to the proceeding.

Pursuant to NDCC § 49-05-05, the filing fee in the amount of $50.00 is available to be withdrawn from Xcel Energy's account. Pursuant to the 1993 filing guidelines, also enclosed is sworn verification of James R. Alders verifying the correctness of the Application and the proposed tariff changes.

COMMUNICATIONS AND SERVICE LIST

We respectfully request that the following persons be placed on the Commission's official service list for all official communications in this case:

James A. Alders
Director, Regulatory Administration
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

David H. Sederquist
Sr. Consultant, Regulation & Finance
Xcel Energy
2302 Great Northern Drive
Fargo, ND 58102

SaGonna Thompson
Records Specialist
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

CONCLUSION

The Company respectfully requests the Commission approve this filing with an effective date for the revised tariff sheet as of the date of the Commission's Order.

Dated: December 31, 2009

Northern States Power Company,
a Minnesota corporation

RESPECTFULLY SUBMITTED,

By: _____
JAMES R. ALDERS
DIRECTOR
REGULATORY ADMINISTRATION

2445233v3

ATTACHMENT 1

Legislative

INTERSYSTEM SALES MARGINS ~~N~~

Intersystem Sales Margins are defined as intersystem sales revenues less the sum of fuel, energy costs (including costs associated with MISO Day 2 markets that are recorded in FERC Account 555), and any additional transmission costs incurred that are required to make such sales (referred to as "margins"). Retail customers will receive a per kWh credit for the retail share of total intersystem sales margins, as defined below:

1. Asset Based Margins: Eighty five percent (85%) of the North Dakota state jurisdictional share of margins from asset based intersystem energy sales and ancillary services. These margins shall be the actual amounts of such margins recorded, subject to any MISO resettlements.

2. Non-Asset Based Margins: Fifty percent (50%) of the North Dakota state jurisdictional share of non-asset based margins from intersystem sales. These margins shall be the actual amounts of such margins recorded, subject to the FERC approved Joint Operating Agreement and any MISO resettlements. The retail share of the Non-Asset Based Margins will be calculated annually after the close of the calendar year, and will be credited to the Fuel Cost True-up Factor only if calendar year margins are positive. ~~N~~

SALES OF RENEWABLE ENERGY CREDITS N

Eighty five percent (85%) of the North Dakota state jurisdictional share of revenue generated by the sale of N
Renewable Energy Credits shall be credited to customers. N

Non-Legislative

INTERSYSTEM SALES MARGINS

Intersystem Sales Margins are defined as intersystem sales revenues less the sum of fuel, energy costs (including costs associated with MISO Day 2 markets that are recorded in FERC Account 555), and any additional transmission costs incurred that are required to make such sales (referred to as "margins"). Retail customers will receive a per kWh credit for the retail share of total intersystem sales margins, as defined below:

1. Asset Based Margins: Eighty five percent (85%) of the North Dakota state jurisdictional share of margins from asset based intersystem energy sales and ancillary services. These margins shall be the actual amounts of such margins recorded, subject to any MISO resettlements.

2. Non-Asset Based Margins: Fifty percent (50%) of the North Dakota state jurisdictional share of non-asset based margins from intersystem sales. These margins shall be the actual amounts of such margins recorded, subject to the FERC approved Joint Operating Agreement and any MISO resettlements. The retail share of the Non-Asset Based Margins will be calculated annually after the close of the calendar year, and will be credited to the Fuel Cost True-up Factor only if calendar year margins are positive.

SALES OF RENEWABLE ENERGY CREDITS N

Eighty five percent (85%) of the North Dakota state jurisdictional share of revenue generated by the sale of N
Renewable Energy Credits shall be credited to customers. N

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION

CASE NO. PU-09-___

IN THE MATTER OF AN APPLICATION FOR APPROVAL OF A FUEL COST RIDER VARIANCE FOR A PILOT PROGRAM TO CREDIT CUSTOMERS FOR THE SALE OF RENEWABLE ENERGY CREDITS

VERIFICATION OF JAMES R. ALDERS

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

JAMES R. ALDERS, being first duly sworn on oath, deposes and says that he is the Director of Regulatory Administration for Xcel Energy Services Inc. on behalf of Applicant Northern States Power Company, a Minnesota corporation in the above captioned matter, that he has read the Application and attachments in this matter, knows the contents thereof, and that the same is true and correct to the best of his knowledge and belief.

JAMES R. ALDERS

Subscribed and sworn to before me this 30 day of December, 2009.

Notary Public
My Commission Expires: January 31, 2010

NANCY A HALEY
NOTARY PUBLIC • MINNESOTA
MY COMMISSION EXPIRES
JANUARY 31, 2010