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PUBLIC SERVICE COMMISSION

October 25, 2010

Illona A. Jeffcoat-Sacco, General Counsel
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

Re: XCEL ENERGY SERVICE RELIABILITY INVESTIGATION
CASE NO. PU-10-577

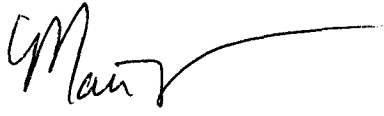
Dear Ms. Jeffcoat-Sacco:

The purpose of this letter is to provide an update to our recent meetings regarding the August 27, 2010 power disturbance (“power disturbance”) in north Fargo. First, however, I want to express my appreciation of the Staff’s involvement in our post-power disturbance discussions. Given your recommendation that the Staff not file a complaint alleging gross negligence, as well as the lack of jurisdiction of the Commission to require compensation, I realize your participation goes beyond what would normally be expected, but believe your input has been very informative and beneficial.

To that end, attached please find a draft letter we intend to send to the twenty-two customers who may have been affected by the power disturbance. The letter is intended to: inform the customers of the repairs made to the distribution system serving their neighborhood; explain how we intend to address their dissatisfaction with our customer service following the incident; and offer a service quality payment of \$500.00. The service quality payment does not relate to any negligence or alleged damages, but instead relates to the less than adequate communication with our customers following the power disturbance.

Before we mail the attached letter to the customers, we respectfully request an opinion regarding whether our proposal is reasonable given the particular set of circumstances surrounding the power disturbance.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Loftus", with a long, sweeping horizontal line extending to the right.

Matthew P. Loftus
Assistant General Counsel

Attachment



2302 Great Northern
P. O. Box 2747
Fargo, North Dakota

October xx, 2010

Customer Name
Address
Fargo, North Dakota 58xxx

Dear Mr./Ms. [Customer name]:

This letter is related to the August 27, 2010 power disruption in your neighborhood. As a customer served by the distribution equipment in the area, we understand that you may have been affected and may have continuing concerns.

We would like to invite you to a neighborhood meeting with Xcel Energy:

Monday, November 1, 2010
6:30 p.m.
Homewood Suites
2021 16th St N, Fargo

At the meeting we will provide you with an update on the August 27 power disruption and resulting repairs; inform you of some limited-time appliance rebate opportunities; and be available to listen to your concerns and answer any questions you may have. We will give a short presentation beginning at 7:00 p.m. and there will be time before and after that to talk with us if you'd like.

As you may be aware, we have taken steps to better protect your neighborhood from future power disruptions. In particular, we have:

- Installed new secondary lines the length of the block using an insulated and "lashed" line, which is stronger and more resistant to tree-related contacts.
- Performed additional tree pruning at the south end of the alley, where it was determined that a tree branch contacted the old line.

We believe these steps will enhance the electrical reliability in your neighborhood. While it is impossible to ensure no power disturbances will occur in the future, we will continue to do our best to provide safe and reliable service to your

neighborhood. We certainly regret the impact that the August 27 power disruption may have had on you.

Following the August 27 power disruption, Xcel Energy performed an investigation and determined that the system serving your block had been constructed and maintained to our standards. Consistent with our General Rules Tariff applicable to such events on file with the Commission, we are not liable for any alleged damages that may have resulted from the power disruption. In addition, the North Dakota Public Service Commission Staff also conducted an investigation. Based on our preliminary discussions with the Staff, it does not appear a complaint will be filed alleging gross negligence.

Nonetheless, we acknowledge the considerable inconvenience caused by this incident and we feel that our customer service following the event was not at the level we expect to deliver. We apologize and believe a service quality payment of \$500.00 is appropriate given the particular set of circumstances surrounding this power disruption. The service quality payment is not intended to be compensation for any damages you may have experienced. Rather, it is our way of recognizing that we could have been more understanding and helpful to the neighborhood in the days following the incident. Checks will be mailed to your home in the very near future.

In addition to the service quality payment, we would like to offer you, free of charge, a home energy audit (valued at over \$300.00) in which an energy consultant will come to your home at your convenience and assess what your best opportunities are for reducing energy costs. Information about how to arrange a home energy audit will be available at our November 1 meeting.

We want to assure you that there are no conditions attached to the service quality payment or home energy audit. We sincerely regret any impact the power disruption has had and are committed to providing you better customer service in the future.

We look forward to seeing you on November 1, 2010. If you are unable to attend the meeting, but would like to schedule a home energy audit, please call Kelsey Burich at 612-337-2328 or email her at kelsey.l.burich@xcelenergy.com.

Please feel free to contact me at 241-8607 if you have any questions or comments about this incident or the information contained in this letter.

Sincerely,

Mark Nisbet

North Dakota Principal Manager