

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
3rd Revised Sheet No. 7.1

1.9 SERVICE QUALITY

A. Definitions

1. "Answer Time" – [In the context of measuring call center response] Answer Time will be measured from the instant the Customer selects the option from the mechanized menu to speak to a Customer Service Representative ("CSR") to the time the call is responded to by a CSR.

"Answer and Talk Time" [in the context of measuring gas emergency response] is measured for calls answered, and begins the instant the Customer's call connects to the Company's gas emergency number, or the Customer selects the option from a mechanized menu to report a gas emergency. Data is gathered at the aggregate level (rather than for each individual call) and is used to calculate the average time involved with answering a potential gas emergency call, taking the customer's information and concluding that call. Specifically, Answer and Talk Time is measured in the following manner:

Answer Time starts when the caller connects to the Company's gas emergency number or selects the option to report a gas emergency, and ends when a gas dispatcher or call center representative picks up the call. Once a gas dispatcher or call center representative answers the call, the Talk Time begins and will continue until the call concludes. These two segments are then combined to form Answer and Talk Time.

"Total Answer & Talk Time" [in the context of measuring gas emergency response] is the first element used to calculate the gas emergency response metric. Calculated by first dividing total Answer time for all Minnesota gas calls by the total number of Minnesota gas calls handled. Next, total Talk time for all Minnesota gas calls is divided by the total number of Minnesota gas calls handled. These two averages are added together for an average Answer and Talk Time for the month. The monthly average Answer and Talk Time is multiplied by the total number of gas emergency calls handled for the respective month, which results in the total Answer & Talk Time for the month.

"Answer" [in context of measuring call center response] means that an operator or representative is ready to render assistance or accept the information to handle the call. Acknowledging that the customer is waiting on the line and will be served in turn is not an answer. If the Company uses an automated call-processing system, the 20-second period begins when the customer has selected a menu option to speak to a live operator or representative. If the Company uses an automatic call-processing system, it must provide the option to opt-out of the automated call-processing system, and it must not delay connecting the caller to a live operator or representative for purposes of playing promotional announcements.

"Answer" [in the context of Calls regarding electric service interruptions] may mean connecting the caller to a recording providing, to the extent practicable, at least the following information:

- A. the number of customers affected by the interruption;
- B. the cause of the interruption;
- C. the location of the interruption; and
- D. the utility's best estimate of when service will be restored, by geographical area.

(Continued on Sheet No. 7.2)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.2

1.9 SERVICE QUALITY (Continued)

A. Definitions (continued)

2. *"Average Number of Customers"*:

A. For the purposes of calculating CAIDI, SAIFI and SAIDI for this tariff, "average number of customers" is defined as the monthly customer count from the Company's outage management system. The Company's outage management system bases its customer count on the number of addresses served.

B. For the purposes of customer complaints, "average number of customers" is to be accorded its plain meaning as a mathematical average, with the term "customer" defined as an electric and gas or an electric or a gas customer that receives a bill for utility service from the Company.

3. *"Customer"*:

A. For the purposes of calculating CAIDI, SAIFI and SAIDI, "customer" is defined as an address served.

B. For the purposes of customer complaints, "customer" is defined as an electric and gas or an electric or a gas customer that receives a bill for utility service from the Company.

4. *"Customer Average Interruption Duration Index or CAIDI"* is defined as the average customer-minutes of interruption per Average Number of Customers interrupted. It approximates the average length of time required to complete service restoration. It is determined by dividing the annual sum of all customer-minutes of interruption durations by the annual number of customer interruptions, excluding Storm Days, Public Damage and transmission, and including Stepped Restoration.

5. *"Customer Complaint"* is defined as any complaint submitted, in writing, by US Mail, e-mail, or by fax, by the Minnesota Public Utilities Commission's Consumer Affairs Office to the Company, regarding a complaint submitted by an Xcel Energy customer in which the customer states a grievance related to the Company's provision of service to that customer.

6. *"Customer Minutes"*:

A. For the purposes of calculating CAIDI and SAIDI for this tariff, "customer minutes" is defined as the total number of minutes of a service interruption multiplied by the total number of customers experiencing the interruption. The Company's outage management system bases its customer count for this purpose on the number of addresses served.

B. For the purposes of customer complaints, the term "customer minutes" is not commonly used. Nonetheless, "customer" is defined as an electric and gas or an electric or a gas customer that receives a bill for utility service from the Company.

(Continued on Sheet No. 7.3)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
1st Revised Sheet No. 7.2a

1.9 SERVICE QUALITY (Continued)

A. Definitions (continued)

7. *"Dispatch Time"*: [in the context of measuring gas emergency response] consists of the time from when a gas emergency order is received by the company's gas dispatch system or created in that system, until the first responder acknowledges the receipt of the gas emergency order from the gas dispatch system by pressing an "enroute" button on the mobile data terminal. In the event of a wireless service interruption affecting operation of the mobile data terminal, the acknowledge time will be recorded in the company's gas dispatch system by the gas dispatcher based on the voice acknowledgement received from the first responder by radio.
8. *"Gas Emergency Calls"*: [in the context of measuring gas emergency response] includes all calls received by the company related to a potential natural gas emergency, regardless of the identity of the caller (customer, fire & police departments, contractors, etc...)
9. *"Gas Emergency Response"*: measures the company's annual average response to gas emergency calls. The average response time to gas emergency calls shall be calculated by adding the total Answer and Talk Time, Dispatch Time, and Travel Time for these calls and dividing the total response time for all gas emergency calls by the total number of gas emergency calls received. The gas emergency response time for the following internal response categories of natural gas emergencies will be included:

(Continued on Sheet No. 7.2b)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
 1st Revised Sheet No. 7.2b

1.9 SERVICE QUALITY (Continued)

A. Definitions (continued)

Code	Description
EBG	Blowing Gas; Broken / hit gas line (gas blowing); Covers all gas mains and service laterals that are broken. Gas must be blowing. Includes instances of hissing or blowing gas and/or occurrences of strong or sudden odor. Also covers any gas blowing situations such as meters/ reg stations struck by cars, lightning or other natural disasters.
EEX	Explosion; any natural gas explosion and/ or any explosion, we will respond to protect and investigate our interests
EFR EFI	Fire (when gas related); any natural gas fire or whenever requested by the fire department; all fire calls are handled the same with immediate response and there basically is no difference between the orders. Initially one work order type applied for working fires and the other for when we were called to make our checks after the fact (fire out)
ETX	Carbon monoxide order with symptoms; Customer feels that they have Carbon Monoxide symptoms. Company techs would call 911 upon arrival if they felt medical assistance was needed for the affected customers.
EOI	Customer smells gas odor inside; any Customer odor initiated order. When odor is faint and no sound (ie. blowing or hissing) is reported. If odor is strong or there is a hissing sound reported, call is upgraded to an EBG. Also, excavation occurring nearby may warrant an upgrade to EBG.
EOO	Customer smells gas odor outside; any Customer odor initiated order. When odor is faint and no sound (ie. Blowing or hissing) is reported. If odor is strong or there is a hissing sound reported, call is upgraded to an EBG. Also, excavation occurring nearby may warrant an upgrade to EBG.
ENG NOGAS	No gas: no gas due to Company equipment. In the winter months, this code will receive a higher priority since Customer's heat could be dependent on gas.
EPR	Pressure, High or Low Pressure; high pressure gas on Customer fuel line and equipment usually indicated by caller with unusually high/loud pilots or a noise associated with the pilots. Poor pressure; Problem with Regulator, may need change or adjusted. Such calls are prioritized higher in the winter.
EIR:	Ice and/or snow on regulator; Problem of ice and snow on the regulator and regulator vent (pressure problems) These are given a very high priority because blockage of the vent on the regulator by snow or ice build-up can cause the regulator to fail and possibly allow the street pressure (60 pounds) to pass thru the meter and into the building which can lead to many undesirable conditions (explosions/fires/etc)
ECO	Carbon Monoxide Check/Alarm Only: Customer has C.O alarm going off and does not have any symptoms.

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10. "Interruption" [In the context of measuring electric service interruptions] is defined as an interruption of electric service to a customer with a duration greater than five minutes.

(Continued on Sheet No. 7.3)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.3

1.9 SERVICE QUALITY (Continued)

A. Definitions (Continued)

11. "Performance Year" is defined as a calendar year.
12. "Public Damage" [in the context of measuring electric service interruptions] is defined as an outage resulting from the actions of an individual or contractor beyond Xcel Energy's control and is coded as such when recording the outage cause.
13. "System Average Interruption Duration Index or SAIDI" is defined as the average customer-minutes of interruption per Average Number of Customers. It is determined by dividing the annual sum of customer-minutes of interruption by the average number of customers served during the year, excluding Storm Days, Public Damage and transmission, and including Stepped Restoration.
14. "System Average Interruption Frequency Index or SAIFI" is defined as the average number of interruptions per Average Number of Customer per years. It is determined by dividing the total annual number of customer interruptions by the average number of customers served during the year, excluding Storm Days, Public Damage and transmission, and including Stepped Restoration.
15. "Step Restoration" [in the context of measuring electric service interruptions] is defined as restoration of customers downstream from an interrupted device occurs in steps, the customer-out minutes will be calculated to reflect the incremental restoration.
16. "Travel Time": [in the context of measuring gas emergency response] consists of the time from when the first responder acknowledges the receipt of the gas emergency order from the gas dispatch system by pressing an "enroute" button on the mobile data terminal, to when the first responder arrives on site and presses the "arrive" button on the mobile data terminal. In the event of a wireless service interruption affecting operation of the mobile data terminal, the acknowledge time and arrive time will be recorded in the company's gas dispatch system by the gas dispatcher based on the voice acknowledgement received from the first responder by radio.
17. Xcel Energy Corporate "Storm Day" Designation [in the context of measuring electric service interruptions].
 1. Determine the number of sustained outage events by day for a 5-year historical period. Xcel Energy set this period in late 2001 and used September 1996 to August 2001. The intent is to recalculate this number every 5 years with an updated dataset.
 2. Calculate the standard deviation of the events per day.
 3. Remove values higher than 6 standard deviations above the mean.
 4. Calculate the standard deviation of the remaining values of events per day
 5. The "storm day" threshold is set at 3 standard deviations above the mean of the remaining values of events per day.

(Continued on Sheet No. 7.4)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.4

1.9 SERVICE QUALITY (Continued)

B. Under Performance Payments

The maximum total under performance payment in the performance year 2004 is \$10 million allocated as follows:

Customer complaints	\$1.25 million
Telephone response	\$1.25 million
SAIDI	\$2.0 million
SAIFI	\$2.0 million
Gas Emergency Response	\$1.25 million
Customer outage refunds	\$1.0 million
Meter reading	\$1.25 million

Xcel Energy shall pay for periodic audits of the accuracy of the outage duration data by an independent firm overseen by the Department and the RUD-OAG. The firm will have expertise in reliability reporting and electric industry practices and will evaluate the Company's outage records in light of reasonable and prudent utility practices. The verification of the Company's records by an independent firm shall identify whether the sufficiency of the documentation and/or errors in the documentation resulted in a problem that materially compromised the integrity of the annually reported value for outage duration. The results of these audits will inform the decision regarding the application of any under-performance payments required under this tariff.

The maximum SAIDI under-performance payment shall be triggered for a given reporting year in the event that the underlying outage records used by the Company to determine the annually reported SAIDI value are found to be insufficient or inaccurate on completion of the audit process. The determination of a required payment under this provision will be made, after notice and hearing, by the Commission.

These under performance payments shall ratchet up or down beginning in performance year 2005 depending on whether an under performance payment was incurred in 2004. Each measure may increase \$.5 million per year but in no case shall the total under performance payment increase more than \$2.0 million or decrease more than \$2.0 million annually based on performance in the previous year. The maximum under performance payment in any year will not exceed \$30.0 million allocated as follows:

Customer complaints	\$3.0 million
Telephone response	\$3.0 million
SAIDI	\$7.50 million
SAIFI	\$7.50 million
Gas Emergency Response	\$3.0 million
Customer outage refunds	\$3.0 million
Meter reading	\$3.0 million

(Continued on Sheet No. 7.5)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.5

1.9 SERVICE QUALITY (Continued)

B. Under Performance Payments (Continued)

During the Service Quality Tariff annual review process, the potential under performance payment amounts for the succeeding performance year will be adjusted (up or down) depending on each individual measure's previous year performance. In the event more than four measures require an under performance payment during that year, the \$2.0 million increase shall be prorated among the measures requiring an under performance payment according to the weight given the under performance payments established for Performance Year 2004.

If the Company's performance on an individual measure requires any under performance payment to be assessed (at the, 50%, 75%, or 100% levels or Customer Outage refunds paid in excess of \$500,000), the next year's potential under performance payment and/or refund amount(s) will be increased for that individual measure as follows:

Customer complaints	\$0.5 million
Telephone response	\$0.5 million
SAIDI	\$0.5 million
SAIFI	\$0.5 million
Gas Emergency Response	\$0.5 million
Customer outage refunds	\$0.5 million
Meter reading	\$0.5 million

If the Company's performance on an individual measure requires no under performance payment to be assessed (0% level), the next year's potential under performance payment amount(s) will be reduced for that individual measure as follows, but not below the \$.5 million minimum for each performance measure:

Customer complaints	\$0.5 million
Telephone response	\$0.5 million
SAIDI	\$0.5 million
SAIFI	\$0.5 million
Gas Emergency Response	\$0.5 million
Customer outage refunds	\$0.5 million
Meter reading	\$0.5 million

(Continued on Sheet No. 7.6)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.6

1.9 SERVICE QUALITY (Continued)

C. Under Performance Payment Disbursement

50% of any under performance payments assessed will be applied to customer bills during the following July billing cycle of a given performance year. Any bill credit amounts not remitted by the end of the July billing cycle shall accrue interest beginning after the September billing cycle of the applicable year at a rate equal to that applied to the Company's customer deposits.

50% of any under performance payments assessed will be added to the amount budgeted for the maintenance and repair of the Company's gas and electric distribution system. The Company shall maintain records sufficient to enable tracking, by work center, the amounts budgeted, amounts added due to under performance payments incurred, and amounts expended by work center (Metro East, Metro West, Northwest, and Southeast) in a given year.

D. Reporting Requirements

By April 1 of each year, the Company will file a report with the Commission detailing the Company's actual performance as compared with the benchmarks established for each measure. This report will be accompanied by supporting documentation related to the results achieved by the Company along with any bill credit calculations.

By the 25th of each month, the Company will file a report with the Commission showing the number of written complaints received from the Commission's Consumer Affairs Office during the previous calendar month; telephone response times and meter reading results.

By the 25th of each month, the Company will file a report with the Commission showing the SAIDI, SAIFI, and CAIDI measures state wide and for each of its four work centers (Metro East, Metro West, Northwest, and Southeast) during the previous calendar month. These measures shall be calculated based on the raw outage data, the raw outage data after applying the Company's existing method for determining exclusions, and the raw outage data using the IEEE method for determining exclusions. The Company shall also provide the Commission with the raw outage data, including outage cause codes.

By the 25th of each month, the Company will file a report with the Commission showing gas emergency response times for the state of Minnesota. This report shall include the averages for answer & talk time, dispatch time, travel time and total response time by each call type and in total for all call types. If the Company adjusts any of its internal guidelines for dispatching and responding to gas emergency calls, those changes shall be noted in the Company's next monthly report.

(Continued on Sheet No. 7.7)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.7

1.9 SERVICE QUALITY (Continued)

E. Under Performance Measures

1. Customer Complaints

This measure will track the number of written complaints submitted by the Commission's Consumer Affairs Office. A under performance payment will be assessed as follows for the 2004 Performance Year:

More than 450 but less than 500 complaints per year	\$625,000
500 or more but less than 550 complaints per year	\$937,500
550 or more per year	\$1,250,000

For Performance Years beginning after 2004, the under performance payments may be prorated up or down in accordance with Section B herein.

2. Telephone Response Time

On a performance year basis, this measure will assess the response time to customer calls directed to the Company's call center or to its business office during regular business hours. The benchmark is 80 percent of the calls are answered within 20 seconds. The under performance payments to be assessed are as follows:

Less than 80% but $\geq 76\%$ of calls answered within 20 seconds	\$625,000
$\geq 72\%$ but $< 76\%$ answered within 20 seconds	\$937,500
$< 72\%$ answered within 20 seconds	\$1,250,000

For Performance Years beginning after 2004, the under performance payments may be prorated up or down in accordance with Section B herein.

Exclusions

Telephone response time will be recorded and reported with no exclusions, but the Company may request exclusion of certain circumstances or events. Such events include but are not limited to periods of emergency, illegal work stoppages, catastrophe, natural disaster, catastrophic storm, civil unrest or other events affecting large numbers of customers. Such events should include only those extraordinary events that result in an unusually heavy influx of telephone calls to the Company's call centers. Nuisance calls, (those aimed at increasing the call volume to the Company's call centers) may be considered for exclusion.

(Continued on Sheet No. 7.8)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
3rd Revised Sheet No. 7.8

1.9 SERVICE QUALITY (Continued)

E. Under Performance Measures (Continued)

3. SAIDI

This service quality measure will assess the duration of electric system service interruption that the Company's Minnesota electric customers experience on a performance year basis. Company work centers tracked for this measure are Metro East, Metro West, Northwest, and Southeast. The SAIDI statewide goal set for the next two Performance Years will be 98 minutes. This measure will be renegotiated and filed with the PUC before March 1, 2007 for Performance Year 2006 based on data from the proposed Outage Management System. The under performance payments to be assessed are as follows:

SAIDI above 98 minutes but less than 108 minutes	\$1,000,000
SAIDI at 108 minutes but less than 118 minutes	\$1,500,000
SAIDI at 118 minutes or above	\$2,000,000

For Performance Years beginning after 2004, the under performance payments may be prorated up or down in accordance with Section B herein.

Xcel Energy shall pay for periodic audits of the accuracy of the outage duration data by an independent firm overseen by the Department and the RUD-OAG. The firm will have expertise in reliability reporting and electric industry practices and will evaluate the Company's outage records in light of reasonable and prudent utility practices. The verification of the Company's records by an independent firm shall identify whether the sufficiency of the documentation and/or errors in the documentation resulted in a problem that materially compromised the integrity of the annually reported value for outage duration. The results of these audits will inform the decision regarding the application of any under-performance payments required under this tariff.

The maximum SAIDI under-performance payment shall be triggered for a given reporting year in the event that the underlying outage records used by the Company to determine the annually reported SAIDI value are found to be insufficient or inaccurate on completion of the audit process. The determination of a required payment under this provision will be made, after notice and hearing, by the Commission.

Exclusions

The Company may exclude interruptions that occur as a result of Public Damage and Storm Days. The Company may include customer restorations resulting from Stepped Restorations.

(Continued on Sheet No. 7.9)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
3rd Revised Sheet No. 7.9

1.9 SERVICE QUALITY (Continued)

E. Under Performance Measures (Continued)

4. SAIFI

This service quality measure will assess the frequency of electric system service interruption that the Company's Minnesota electric customers experience on a performance year basis. Company work centers tracked for this measure are Metro East, Metro West, Northwest, and Southeast. The SAIFI state wide goal set for the next two Performance Years will be 1.0 interruptions. The under performance payments to be assessed are as follows:

SAIFI above 1.00 but less than 1.10	\$1,000,000
SAIFI at 1.10 but less than 1.20	\$1,500,000
SAIFI at 1.20 or above at	\$2,000,000

For Performance Years beginning after 2004, the under performance payments may be prorated up or down in accordance with Section B herein.

Exclusions

The Company may exclude interruptions that occur as a result of Public Damage and Storm Days. The Company may include customer restorations resulting from Stepped Restorations.

5. Gas Emergency Response

This service quality measure will track the Company's average response time to gas emergency calls. Beginning in Performance Year 2007 and measured annually, the average on site response time exceeding the standard will result in an under performance payment as follows:

Greater than 56 response time but less than 58 minutes	\$250,000
58 minutes but less than 60 minutes	\$375,000
60 minutes or greater	\$500,000

For Performance Years beginning after 2007, the under performance payments may be prorated up or down in accordance with Section B herein.

After the 2008 performance year, the Company may request a resetting of the gas emergency response metric standard if an increase in carbon monoxide calls has occurred due to the changes in state law regarding the installation of carbon monoxide alarms.

Exclusions

The Company may request the exclusion of odor calls that occur due to a mercaptin (odorant) release if the Company provides sufficient documentation that such calls were made solely due to an odorant release.

(Continued on Sheet No. 7.10)

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GENERAL RULES AND REGULATIONS (Continued)

Section No. 6
2nd Revised Sheet No. 7.10

1.9 SERVICE QUALITY (Continued)

E. Under Performance Measures (Continued)

6. Customer Outage Refunds

This service quality provision is intended to compensate individual customers who experience service levels below acceptable standards on a performance year basis for outages unrelated to Storm Days or Public Damage. The benchmarks and under performance payments are as follows:

- \$50 annual credit to individual customers experiencing at least 6 interruptions.
- \$50 credit to individual customers per interruption lasting 24 hours or more.
- \$200 credit to municipal pumping customers per interruption of any duration, excluding interruptions that occur as a result of Public Damage and Storm Days.

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7. Meter Reading

This service quality provision is intended to minimize the number of unread meters. The benchmark for the months of April through November is that 90% of all meters are read. The benchmark for the months of December through March is that 80% of all meters are read. The Company will make an under performance payment of \$625,000 for meter reading falling below these thresholds:

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|------------------------------|--|
| April through November: <90% | 50% of under performance payment limit |
| December through March: <80% | 50% of under performance payment limit |

The Company will make an under performance payment of \$1,250,000 for meter reading falling below these thresholds:

- | | |
|------------------------------|--|
| April through November: <80% | 50% of under performance payment limit |
| December through March: <70% | 50% of under performance payment limit |

For Performance Years beginning after 2004, the under performance payments may be prorated up or down in accordance with Section B herein.

Company may request exclusion of certain circumstances or events. Such events include but are not limited to periods of emergency, illegal work stoppages, catastrophe, natural disaster, catastrophic storm, civil unrest or other events affecting large numbers of customers.

F. Duration

This Settlement Agreement and the associated penalties will expire following the 2008 performance year, unless a new or revised SQP has not been negotiated to replace the plan, in which case this plan and associated penalties will remain in effect until a new or revised SQP is completed.

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