



Matthew P. Loftus
Assistant General Counsel

414 Nicollet Mall, 5th Floor
Minneapolis, Minnesota 55401
Phone: 612.215.4501
Fax: 612.215.4544

RECEIVED

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December 12, 2011

PUBLIC SERVICE COMMISSION

Via Electronic
And U.S. Mail

Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
Department 408
600 East Boulevard Avenue
Bismarck, ND 58505-0480

Re: IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER
COMPANY, A MINNESOTA CORPORATION, FOR AUTHORITY TO INCREASE
RATES FOR ELECTRIC SERVICE IN NORTH DAKOTA
Case Numbers PU-10-657 and PU-11-55
AND
PETITION FOR APPROVAL OF A CUSTOMER CREDIT
MECHANISM FOR A DEPARTMENT OF ENERGY
SETTLEMENT PAYMENT
Case Number PU-11-557

Dear Mr. Nitschke:

The purpose of this letter is to address the ability of the North Dakota Public Service Commission (“Commission”) to take judicial notice of correspondence from the Company to the Commission regarding North Dakota electric service outages, to the extent the Commission believes such discussion relates to the currently-pending Settlement Agreement in the above-referenced proceedings.

On November 30, 2011, Northern States Power Company, a Minnesota corporation operating in North Dakota (“Xcel Energy” or the “Company”) submitted a letter to the Commission, which identified additional actions, beyond our standard level of service, to further enhance the reliability of electric service to our North Dakota customers. The letter was a response to the Commission’s interests as discussed at their October 31, 2011 work session. The proposals, as outlined in the letter were intended to provide additional perspective as the Commission further considers and makes a decision regarding the pending Settlement Agreement.

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Letter re judicial notice - North Dakota electric service outages
Northern States Power Company

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On December 1, 2011, the Company provided a report of findings regarding a November 14, 2011 Fargo area outage. As a part of the December 1 letter, we stated: (1) our understanding that the Commission wished to discuss this outage further as a part of our pending rate case and wished to enter into evidence correspondence regarding the November 14 outage; (2) our non-objection to considering further evidence of the November 14 outage; and (3) our reservation of rights to examine such evidence and provide further discussion as necessary.

The Commission held an administrative meeting on December 7, 2011 and scheduled a second work session to be held December 16. In addition to considering further evidence relating to the November 14 outage, the Commission has conveyed an interest in considering correspondence regarding:

- A wind-related outage in Fargo on November 15, and transformer failures in Minot during November 16 – 18 due to high electric loads resulting from heating over 1,000 emergency FEMA trailers.
- A November 19 shutdown of Sherburne County Generating Station Unit 3 (“Sherco Unit 3”) due to equipment failure and a fire.

As was the case with the correspondence related to the November 14 outage, we do not object to including information concerning the above mentioned Fargo and Minot outages as well. We understand the Commission may find this additional correspondence relevant as to reliability in North Dakota. However, the Sherco Unit 3 shutdown, including its effect on the fuel cost recovery factor, does not fall into the same category for a number of reasons. First, the investigation at Sherco Unit 3 is still ongoing and may not be completed for several months. Second, unlike the outage-correspondence, the event at Sherco is a generation situation and does not relate to either transmission or distribution delivery of electricity. Third, considering potential impacts on the fuel cost recovery factor should be independent of our currently-pending electric rate case proceedings as fuel cost recovery is statutorily-separate from base rate recovery.

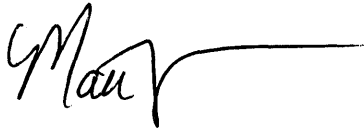
The Company and commission Staff have attempted to enter additional evidence into the record. However, for a number of reasons, it appears the entry of any additional evidence may not be allowed as a matter of procedure. As an alternative, the Commission can take judicial notice of applicable correspondence it has received from the Company. The Company continues to respectfully reserve our right to respond as necessary.

We appreciate the additional discussion of reliability as a part of the Commission's consideration of our Settlement Agreement. We believe the Settlement Agreement provides unprecedented provisions to help monitor and enhance reliability for our North Dakota customers. The proposals set forth in our November 30 letter provide additional options and costs that may be added to the Settlement Agreement, should the Commission determine this is in the best interests of North Dakota customers. Thus, we continue to support and urge the Commission to approve the Settlement Agreement so that we can resolve this case and proceed with the issuance of nearly \$7 million in customer refunds.

I and other Company personnel will be in attendance and/or available by phone for the December 16 working session in the event you have questions or wish to have further discussion.

Please feel free to contact me with any questions.

Sincerely,

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

Matthew P. Loftus
Assistant General Counsel