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State of North Dakota

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PUBLIC SERVICE COMMISSION

December 14, 2011

600 East Boulevard, Dept. 408
Bismarck, North Dakota 58505-0480
Web: www.psc.nd.gov
E-mail: ndpsc@nd.gov
Phone: 701-328-2400
ND Toll Free: 1-877-245-6685
Fax: 701-328-2410
TDD: 800-366-6888 or 711

Pat Fahn
Director of Compliance and Compleitive Markets
North Dakota Public Service Commission
600 E. Blvd. Ave.
Dept. 408
Bismarck, ND 58505-0480

Re: Northern States Power Company Northern States Power Company
2011 Electric Rate Increase Application 2012 Electric Rate Increase Application
Case No. PU-10-657 Case No. PU-11-55

Northern States Power Company
Customer Credit- DOE Settlement Application
PU-11-557

Dear Mr. Fahn:

Given that Ms. Illona Jeffcoat-Sacco will not be present for the Working Session scheduled on Friday, December 16, 2011, we wanted to briefly set forth what we believe to be the Commission's options with respect to the pending Settlement Agreement in the above-referenced rate case proceedings. The procedural options set forth below are supported by North Dakota Century Code Sections 49-02-01; 49-02-03; 49-05-06 and 38-32-22. All options of course would require an action to be taken at a regular meeting.

- (1) Approve the existing Settlement Agreement as amended and filed on October 28, 2011. (Amendments pertained to added reliability reporting and cable replacement measures.)
- (2) Approve the Settlement Agreement with the inclusion of any of the additional reliability measures identified in the Company's November 30, 2011 letter. (Responsive to the Commission's input from the 10/31/11 Working Session.)
- (3) If the Commission desires additional input from the staff or Company which is not provided at the December 16 working session, seek additional input at a subsequent informal hearing prior to making a final determination regarding the Settlement Agreement.

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- (4) Reject the Settlement Agreement and direct the parties to either develop a modified settlement or proceed to a contested proceeding.

If the Commission decides to choose the second option above, then we recommend the Commission also direct the Company to: (1) update the Settlement Agreement to include any of the additional proposals and corresponding costs; and (2) file the amended Settlement Agreement for final approval.

If you have any questions please do not hesitate to contact us.

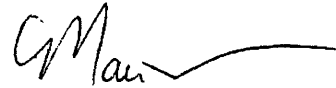
Best regards,



Mark Gruman
Legal Counsel

Dated this 14 day of December 2011

By: _____



Matthew Loftus
Assistant General Counsel
Xcel Energy Services, Inc.