



October 7, 2008

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Petition for Approval of Changes in Contract Demand Entitlements of
Northern States Power Company
Docket No. G002/M-07-1395

Dear Dr. Haar:

On September 12, 2008, Northern States Power Company (Xcel Energy or the Company), filed Reply Comments in this docket, providing requested information about differences in customer growth rates in its Minnesota and North Dakota jurisdictions. Xcel Energy also revised the requested effective date for implementing its proposal to allocate some demand costs to interruptible customers.

Xcel Energy provided detail about customer growth rates in its Minnesota and North Dakota jurisdictions and expanded upon the different forecasting techniques used in predicting growth rates for customer classes in the states. The Minnesota Office of Energy Security (OES) appreciates the additional information provided by the Company.

The OES has reviewed Xcel Energy's request to change the effective date of its proposal to assign some demand costs to interruptible customers. The OES concludes that the revised date of November 1, 2008, is reasonable.

Based on its analysis, the OES recommends that the Commission **approve** Xcel Energy's:

- requested increase in Design Day demand;
- requested changes in resources necessary to meet Design Day demand;
- requested increase in the Company's Design Day reserve margin;
- requested changes in the Company's Design Day jurisdictional allocation factors;
- requested changes in supplier reservation fees;
- PGA recovery of the costs associated with the requested changes, effective November 1, 2007; and
- proposal for allocating some demand costs to interruptible customers, with an effective date of November 1, 2008.

The OES is available to answer any questions the Commission may have.

Sincerely,

/s/ MARLON GRIFFING, PH.D.
Financial Analyst

MF/sm

G002/M-07-1395

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