



414 Nicollet Mall
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**PUBLIC DOCUMENT
TRADE SECRET DATA EXCISED**

April 25, 2011

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

—Via Electronic Filing—

RE: REPLY COMMENTS
CHANGES IN CONTRACT DEMAND ENTITLEMENTS
DOCKET NO. G002/M-10-1163

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”), has reviewed the April 15, 2011 Comments of the Department of Commerce, Division of Energy Resources (“Department”) in this proceeding and provides these brief Reply Comments.

We appreciate the Department’s thorough review and recommendation for approval of our demand entitlements and our proposal to recover the associated demand entitlement costs effective with November 1, 2010 billing cycles. We specifically address below the Department’s request for updated information on our 2010-2011 heating-season financial instruments and additional examination in our next contract demand entitlement filing. We also include clarification of two numbers referenced in the Department’s Comments and a clarification regarding the proposed effective date for recovery of certain Producer Demand and Storage costs from firm and interruptible customers.

REPLY

As required by the Commission’s Order in Docket No. G002/M-08-46, we included a table summarizing the Company’s financial hedging transactions for the 2010-2011

heating season in our November 1, 2010 filing in this matter. The data was preliminary as none of the transactions had closed at that time. Attached as Schedule A, please find this table updated with actual information.

Schedule A contains “trade secret” information as defined by Minn. Stat. §13.37(1)(b). This information derives independent economic value from not being generally known or readily ascertainable by others who could obtain a financial advantage from its use. For this reason, pursuant to Minn. Stat. §13.37, subd. 2, we have excised this data from the public version of our filing.

The Department has requested that in our next contract demand entitlement filing we examine

“whether the amount of demand resources needed to serve firm customers should be revised to reflect any measurable changes in the amounts firm customers use on peak days, based on its forecast using 70 data points and any other factors the Company considers to be reasonable.”

We agree to discuss this issue in our next filing.

On page 8 of the Department’s comments, in section D.1., we believe the Department inadvertently listed the Minnesota heating season capacity of 743,781 Dth instead of the Minnesota Design Day forecasted demand of 699,611 Dth. On the same page, in section D.2., the Grand Forks allocation factor increase should be 1.9% instead of 2.1%, as shown on Attachment 1, Schedule 1, Page 4 of 4 of our initial petition.

Finally, in our November 1, 2010 filing in this matter, we did not include a proposed effective date for the proposal¹ to recover certain Producer Demand and Storage costs from firm and interruptible customers. If this proposal is approved by the Commission, we propose that it become effective prospectively upon the date of the Commission’s Order in this proceeding.

Pursuant to Minn. Stat. § 216.17, subd. 3, Xcel Energy has electronically filed this document and served copies on all parties on the attached service list.

Please contact me at (612) 330-6613 if you have questions or need any additional information.

¹ Our proposal was initially included in Docket No. G002/M-07-1395 and updated in Docket No. G002/M-08-1315. In Docket No. G002/M-09-1287, we continued to support the proposal. All three dockets are pending Commission action.

Sincerely,

/s/

AMY LIBERKOWSKI
MANAGER
PRICING AND PLANNING

c: Service List

Northern States Power Company, a Minnesota corporation
SUMMARY OF COMPANY HEDGE TRANSACTIONS
2010-2011 Heating Season

30	31	31	28	31
Monthly Volumes (Dth)				

Transaction Date	Hedge Instrument	Counterparty	Premium (\$/Dth)	Call Strike Price	Put Strike Price	Daily Vol (Dth)	Basis Point	November	December	January	February	March	Total Volume (Dth)	Total Dollars	Monthly Settlement Price	Cost / (Benefit)
[TRADE SECRET BEGINS																

CERTIFICATE OF SERVICE

I, Lindsey Didion, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. G002/M-10-1163

Dated this 25th day of April 2011

/s/

Lindsey Didion
Administrative Assistant

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