

**PUBLIC DOCUMENT
TRADE SECRET DATA EXCISED**



414 Nicollet Mall
Minneapolis, Minnesota 55401

December 30, 2008

—Electronic Filing—

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

RE: NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION
AMENDMENT TO PETITION
2008-09 CONTRACT DEMAND ENTITLEMENTS
DOCKET NO. G002/M-08-1315

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) submits this amendment to its October 31, 2008 Petition (“Petition”) in this Docket, where the Company proposed its contract demand entitlements for its natural gas utility operation for the 2008 - 2009 heating season. Specifically, we are submitting updated information regarding the Fargo lateral project (“Project”) described in our Petition. As a result of recent developments regarding the Project, the firm contract demand entitlements provisionally included in the Company's purchased gas adjustment (“PGA”) effective November 1, 2008 need to be adjusted effective January 1, 2009.

I. DESCRIPTION OF AMENDMENTS

Except where noted, all changes are for the Minnesota jurisdiction (including Minnesota and North Dakota states).

On page 6 of Attachment 1 of our Petition, we describe the Project. Viking Gas Transmission Company (“Viking”) had planned to increase capacity on the lateral that

serves the Moorhead and Dilworth, Minnesota, and Fargo, North Dakota delivery points (“Moorhead/Fargo area”) area by replacing 9 miles of existing 8-inch pipe with 12-inch pipe. The Company agreed to contract for 37,668 Dekatherms (“Dth”)/day of additional firm contract demand entitlements with Viking.

We stated that we would amend our Petition if “project events cause a change in capacity entitlement costs.” See Petition, Attachment 1 at p. 6. Due to construction delays caused by weather and regulatory filing requirements at the Federal Energy Regulatory Commission (“FERC”), this Project will not be in service for the 2008 - 2009 heating season.

We are making this amendment to our Petition to remove the incremental capacity that would have been provided by the Project and replace it with other capacity resources that we have contracted for in the short-term, to allow the Company to meet its firm load obligations in the Moorhead/Fargo area.

The impacts of the change are as follows:

- Proposed change in demand costs in Minnesota state from the 2007 - 2008 heating season for the system will go from an increase of [TRADE SECRET BEGINS TRADE SECRET ENDS] to an increase of [TRADE SECRET BEGINS TRADE SECRET ENDS].
- Remove 37,668 Dth/day of Project capacity at a cost of [TRADE SECRET BEGINS TRADE SECRET ENDS] annually and replace the capacity with 820 Dth/day of contracted firm Viking capacity at [TRADE SECRET BEGINS TRADE SECRET ENDS] for the 2008 - 2009 heating season.
- Add 850 Dth/day delivered firm peaking supply from a large industrial customer in North Dakota, [TRADE SECRET BEGINS TRADE SECRET ENDS], at [TRADE SECRET BEGINS TRADE SECRET ENDS].
- The Company's design day reserve margin is reduced from 7.2% to 6.9% on a total system basis.

The following attachments and schedules from our Petition have been updated and are provided as part of this filing:

- Attachment 1, Schedule 2, Page 1 of 1
- Attachment 1, Schedule 3, Page 1 of 2
- Attachment 1, Schedule 5, Page 1 of 1
- Attachment 2, Page 2 of 2
- Attachment 2, Schedule 1, Pages 1 and 2 of 2
- Attachment 2, Schedule 2, Pages 1 and 2 of 2

II. REASONS THE FARGO LATERAL PROJECT WILL NOT BE IN SERVICE

As described in the Petition, the Company entered into a Precedent Agreement (“Agreement”) with Viking on May 15, 2008. The Agreement calls for the addition of 37,668 Dth/day of firm transportation from the Marshfield, Wisconsin interconnect point between the Viking and ANR Pipeline Company, with deliveries to the Company's Moorhead/Fargo area.

The Project proposes to replace 9 miles of 8-inch steel pipe with 12-inch steel pipe, to provide the hourly and daily capacity necessary to meet the growing needs of the Moorhead/Fargo area. Because of adverse weather conditions and regulatory filing requirements at FERC, Viking cannot complete the construction associated with the Project until after the 2008 - 2009 heating season. Viking has represented to the Company that Viking expects to have the expansion project completed in advance of the 2009 - 2010 heating season.

The primary issue that led to the delay in the construction of the Moorhead/Fargo lateral expansion by Viking was the significant rainfall during the months of October and November 2008. Excessively wet ground made construction unfeasible, and also delayed crops in the construction area from being harvested to make way for construction.

In spite of the rain delays, Viking proceeded to receive final construction bids for the Project. Due to the difficult construction conditions, approaching winter weather, and significant increase in steel costs, the cost for the installation of the lateral pipeline rose significantly, resulting in the total project cost rising from approximately [TRADE SECRET BEGINS TRADE SECRET ENDS] to approximately [TRADE SECRET BEGINS TRADE SECRET

ENDS].

Viking's original Project plan and construction cost estimate would have allowed Viking to complete the Project under their FERC "blanket certificate" authorization under 18 CFR § 157.205. Under FERC's blanket certificate rules, interstate gas pipelines may construct certain types of pipeline facilities, including laterals, with no project-specific public notice or FERC authorization if the cost of the project is below a FERC-specified cap. However, the substantial installation cost increase stemming from the rain delays and contractor concerns regarding the adverse construction conditions, along with increased steel costs, caused the Project to exceed Viking's blanket certificate automatic authorization cost cap of \$10.2 million. As a result, Viking must now file with FERC for approval under Viking's blanket certificate using the 60-day prior notice filing process under 18 CFR § 157.205, which allows interested parties to comment on the project. Actual costs for the Project when installed in 2009 will be different than construction bids received in 2008. It is expected that costs will decline, but it is estimated that they will be over the blanket certificate automatic authorization cost cap and that the FERC filing will still be necessary.

For these reasons, the Project cannot be in service on January 1, 2009, and the firm contract entitlements associated with the Project also will not be effective on January 1, 2009, as contemplated in our original Petition. The Company is filing this amendment to both notify the Commission of the change and to remove the incremental Viking entitlements from the calculation of the monthly PGA factor effective January 1, 2009.

III. SHORT-TERM FIRM RESOURCES ACQUIRED

The 37,668 Dth/day of capacity from the Project was secured primarily to provide for future growth. However, a portion was secured to improve reliability in the Moorhead/Fargo service area for the 2008 – 2009 heating season. Because this capacity from the Project will not be in service for this heating season, we are working closely with Viking to ensure that appropriate operational steps are taken to ensure maximum flow so service reliability to retail customers is maintained. We have also acquired other firm resources to help meet our firm design day requirements in the Moorhead/Fargo area.

First, beginning in December 2008, we acquired 220 Dth/day of capacity on the existing Fargo Lateral facilities through the capacity release market from **[TRADE SECRET BEGINS** **TRADE SECRET ENDS]**, a large industrial company with a plant in Moorhead, Minnesota. Beginning in January 2009, the large industrial company plans to release to us an estimated additional 600 Dth/day of additional firm capacity, for a total of 820 Dth/day.

Second, we have entered into a peaking supply transaction with a large industrial plant in North Dakota, **[TRADE SECRET BEGINS** **TRADE SECRET ENDS]**. When the average daily temperatures forecasted at Moorhead/Fargo are minus 15 degrees Fahrenheit or lower for the upcoming Gas Day (9:00 a.m. to 9:00 a.m. CST), the plant will curtail industrial operations and deliver 850 Dth/day of gas supply to Fargo on the Williston Basin Interstate Gas Pipeline (“WBI”) system. That firm natural gas capacity and firm transportation from the WBI system will increase the total firm gas supplies and capacity serving the Moorhead/Fargo region.

Third, the Company has arranged for Viking to lower its 400 pounds per square inch gauge (“psig”) minimum pressure requirement at the Company's Fargo town border station to 300 psig during peak day periods. This will allow Viking to deliver greater volumes down the Fargo lateral during emergency conditions, even though Viking is unable to allow the Company to specifically contract for this additional capacity on a longer-term firm basis. The lower pressure will require a bypass of the main Fargo regulator station, and the Company will have personnel on-site manually operating these regulator stations to ensure safe and reliable operation of our retail distribution system.

The result of these changes also required modifications to our upstream capacity and capacity release plans. These changes have been incorporated into the Attachments included in this filing.

We believe that with the addition of the capacity and peaking supply, along with lowering the pressure requirement at Fargo, the Company will have adequate firm resources to meet the design day requirement in the Moorhead/Fargo area. To test our demand projections for such a peak demand day, on December 15, the coldest day of the season to date, we monitored the system load at our town border stations. We then used the data from this day, which had an average daily temperature of

minus 14, to confirm that our load projections including recent growth were accurate for a minus 33-degree day.

IV. IMPACT ON MONTHLY PGA

The Company provisionally included the cost of the incremental firm Viking capacity in the monthly PGA effective November 1, 2008, the start of the 2008 - 2009 heating season. The Company will discontinue collection of these contract demand entitlement costs (approximately [TRADE SECRET BEGINS TRADE SECRET ENDS] annually) effective with the January 2009 PGA. However, the Company will include our costs of contracted additional short-term firm resources in our monthly PGA filings starting in January 2009. These include:

- 820 Dth/day of released capacity at a cost of [TRADE SECRET BEGINS TRADE SECRET ENDS]; and
- 850 Dth/day of delivered firm gas from the peaking supply transaction at a cost of [TRADE SECRET BEGINS TRADE SECRET ENDS].¹

We will also reflect the reduction in Viking firm contract entitlements and our costs for the alternative additional firm resources for the Moorhead/Fargo area this heating season in our annual 2008 – 2009 PGA true-up filing to be submitted September 1, 2009. The Project capacity costs already recovered in November and December 2008 that will be returned to customers through the annual true-up filing amount to approximately \$0.84 for a typical Minnesota residential customer using a total of 252 therms in November and December 2008.

CONCLUSION

Despite the unexpected delay of the Fargo lateral Project, we are confident that the changes described above will provide us with sufficient resources to meet the design day requirement in the Moorhead/Fargo area.

We have served a copy of this filing on the Minnesota Office of Attorney General –

¹ The capacity cost stated here is only for the delivered natural gas capacity. The Company would also compensate the supplier for the market value of the commodity natural gas. These costs would be included in the commodity gas portion of the Company's PGA and annual PGA true-up.

Dr. Burl Haar
December 30, 2008
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Residential Utilities Division and all parties on the enclosed Service List. If you have any questions about this filing, feel free to call me at (612) 330-6613.

SINCERELY,

/s/

AMY LIBERKOWSKI
MANAGER, PRICING AND PLANNING

Enclosure
c: Service List

REVISED

CHANGE IN CONTRACT DEMAND ENTITLEMENTS

<u>Contract Demand Entitlement Change:</u>	<u>Volume Dth/Day</u>	<u>Current Monthly Demand Rates</u>	<u>No. of Months</u>	<u>Total Annual Cost</u>
VGT FT-A (Jan - Dec) ¹	(5,913)	\$ 3.4671	12	\$ (246,011.55)
VGT FT-A (Nov - Mar) ¹	(16,246)	\$ 3.4671	5	\$ (281,632.53)
VGT FT-A (Jan - Dec) ¹	(300)	\$ 3.7671	12	\$ (13,561.56)
VGT FT-A (Nov - Mar) ^{1,2}	(300)	\$ 3.7671	5	\$ (5,650.65)
VGT FT-A (Dec-Mar) ¹	220	\$ 3.4671	4	\$ 3,051.05
VGT FT-A (Dec-Mar) ¹	600	\$ 3.4671	3	\$ 6,240.78

Total for Change in Pipeline Entitlement

\$ (537,564.46)

[TRADE SECRET BEGINS

Change in Supplier Reservation Fees

Total MN & ND Demand Cost Adjustment

Minnesota Allocation Factor (MN/ND Allocated Demand)

MN only Demand Cost Adjustment due to MN/ND Allocated Demand

TRADE SECRET ENDS]

¹VGT First Revised Volume No. 1, Twelfth Revised Sheet No. 5, Effective January 1, 2006

²This entry was inadvertently omitted from our original petition

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DESIGN DAY CALCULATION

	Jan-2009 Budget Customer	2009 MMBtu Design Day ¹	2008 MMBtu Design Day ¹	MMBtu Change
<u>State of Minnesota</u>				
Residential	396,214	448,944	445,383	3,561
Commercial	32,513	216,268	217,396	(1,128)
Demand Billed	125	19,793	20,938	(1,145)
State of Minnesota Total	428,852	685,005	683,717	1,288
State of North Dakota Total	45,875	81,777	86,350	(4,573)
Total Company - Gas Utility Operations	474,727	766,782	770,067	(3,285)

¹ 91 Heating Degree Days for Design Day

DESIGN DAY ESTIMATE FROM ACTUAL USE PER CUSTOMER

<u>Company</u>	Jan-2009 Budget Customer	Jan-2008 Budget Customer	Change
Residential	435,436	436,825	(1,389)
Commercial	39,166	39,137	29
TOTAL	474,602	475,962	(1,360)
Peak Day Use/Cust ²	1.57393	1.57393	
Peak Day Res. & Comm. MMBtus	746,989	749,129	
Demand Billed Customers	125	130	
Contracted Billing Demand of Demand Billed Customers	19,793	20,938	
Projected Design Day (Dth)	766,782	770,067	(3,285)

² Determined from Peak Day usage at an average temperature of -15 degrees Fahrenheit on Thursday, Jan. 29, 2004

ENTITLEMENT ESTIMATE PER CUSTOMER

	Jan-2009 Budget	Jan-2008 Budget
Reserve Margin	52,886	42,531
Total Available Capacity	819,668	812,598
Entitlement per Customer	1.7266	1.7068

Northern States Power Company, a Minnesota corporation
FIRM SUPPLY ENTITLEMENTS

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	Current Quantity Effective 11/1/2007 Dth/Day	Proposed Quantity Effective 11/1/2008 Dth/Day	Proposed Quantity Change 11/1/2008 Dth/Day
Firm Supplies (1)			

A. Upstream Supply

[TRADE SECRET BEGINS]

- ANR Firm 3rd Party (2)
- ANRP Storage (2)
- ANR Storage Company (3)
- GLGT Firm 3rd Party (3)

B. Minnesota Company Delivered Supply

WBI Firm 3rd Party			
VGT Firm 3rd Party			
NNG Firm 3rd Party			
NNG FDD Storage			
LP Peak Shaving	94,300	90,000	(4,300)
LNG Peak Shaving	156,000	156,000	-
TOTAL	812,598	819,668	7,070

[TRADE SECRET ENDS]

C. Minnesota State Delivered Supply

State of MN Allocators	88.79%	89.34%	
TOTAL	721,506	732,291	10,786

- (1) Contracts are available for inspection upon request
- (2) ANR feeds VGT.
- (3) GLGT feeds NNG or VGT

REVISED

**PROPOSAL FOR ENTITLEMENT CHANGE
 OES Format dated October 1, 1993**

1 Provide a peak-day/design-day study by class for the twelve months ending one year from the proposed implementation date of the change(s):

See Attachment 1, Schedule 3.

2 Provide Heating Degree Day ("HDD") data for the most recent twelve month period ending March 31 or September 30. This should include HDD, use per firm customer, and the peak season and off-peak HDD used for calculating the Company's design days:

See Attachment 1, Schedule 1, and Attachment 1, Schedule 4.

3 Historical and Projected Design-Day and Peak Demand Requirements:

Minnesota State

Heating Season ¹	Number of Firm Customers ²	Design Day Requirement (Dth) ³	Total Entitlement plus Storage plus Peak Shaving ³ (Dth)	Peak Day Sendout (Dth)	Heating Degree Days	Actual Peak Pay
-1	-2	-3	-4	-5	-6	
Proposed: 2008/2009	428,727	685,005	732,291	Unknown	Unknown	Unknown
2007/2008	431,373	683,717	725,975	585,874	72	1/29/2008
2006/2007	424,286	677,733	696,257	568,963	67	2/2/2007
2005/2006	421,570	670,846	691,689	537,660	63	12/5/2005
2004/2005	410,986	649,655	675,120	537,374	60	1/5/2005
2003/2004	401,633	603,468	643,315	561,250	80	1/29/2004
2002/2003	395,807	607,856	642,275	534,385	64.8	1/20/2003

1 Per Annual Financial Reports.

2 Provide data and calculations for projected number of firm customers by class and in total corresponding to the design day requirement.

3 Total entitlement for Minnesota is calculated from the Proposed January 1 Entitlement.

See Attachment 1, Schedule 3.

4 Demand Profile:

See Attachment 2, Schedule 1.

5 Rate Impact:

See Attachment 2, Schedule 2.

Northern States Power Company, a Minnesota corporation
COMPANY DEMAND PROFILE
2008-2009 Heating Season

Contract No.	REVISID Type of Capacity or Entitlement	Current Amount Dth or MMBtu	Proposed Change Dth or MMBtu	Proposed Amount Dth or MMBtu	Contract Length and Expiration Date	Change Description	% of Peak Day Entitlement
Capacity Entitlements							
112183	NNG TF12 BASE (Max)	134,235	0	134,235	10 yrs - 10/31/17		16.38%
112182	NNG TF12 BASE (Disc)	3,624	0	3,624	10 yrs - 10/31/17		0.44%
112182	NNG TF12 VARIABLE (Disc)	60,785	0	60,785	10 yrs - 10/31/17		7.42%
112183	NNG TF5 (Max)	63,443	0	63,443	10 yrs - 10/31/17		7.74%
112182	NNG TF5 (Disc)	28,571	0	28,571	10 yrs - 10/31/17		3.49%
111739	NNG TFX (Nov-Mar)	38,584	0	38,584	2 yrs - 10/31/09		4.71%
112185	TFX (Disc)	52,526	0	52,526	10 yrs - 10/31/17		6.41%
112186	TFX (Max)	52,025	0	52,025	10 yrs - 10/31/17		6.35%
112186	TFX 2 (Max)	5,800	0	5,800	10 yrs - 10/31/17		Summer Only
112186	TFX 5 (Max)	29,428	0	29,428	10 yrs - 10/31/17		Summer Only
112184	TFX (Disc)	25,000	0	25,000	10 yrs - 10/31/17		3.05%
TRADE SECRET BEGINS							
VGT to NNG Chisago (1)							
VGT to NNG Pierz NNG (2)							
AF0044	VGT FT-A 12 Mos.	29,002	0	29,002	5 yrs - 10/31/13		3.54%
AF0054	VGT FT-A 12 Mos.	5,913	(5,913)	0	15 yrs - 10/31/08	Contract Expired	
AF0044	VGT FT-A (Nov-Mar)	4,239	0	4,239	5 yrs - 10/31/13		0.52%
AF0054	VGT FT-A (Nov-Mar)	16,246	(16,246)	0	15 yrs - 10/31/08	Contract Expired	
AF0054	Capacity Release	(22,159)	22,159	0		Contract Expired	
AF0055	VGT FT-A 12 Mos.	300	(300)	0	4 yrs - 10/31/08	Contract Expired	
AF0055	VGT FT-A (Nov-Mar)	300	(300)	0	4 yrs - 10/31/08	Contract Expired	
AF0055	Capacity Release	(600)	600	0		Contract Expired	
AF0036	VGT FT-A 12 Mos.	5,000	0	5,000	15 yrs - 10/31/11		0.61%
AF0036	VGT FT-A (Nov-Mar)	16,105	0	16,105	15 yrs - 10/31/11		1.96%
AF0036	Capacity Release	(1,105)	1,105	0			
AF0103	VGT FT-A (Apr-Oct)	5,000	0	5,000	15 yrs - 10/31/14		Summer Only
AF0103	VGT FT-A 12 Mos.	10,000	0	10,000	15 yrs - 10/31/14		1.22%
AF0035	VGT FT-A 12 Mos.	5,450	0	5,450	10 yrs - 10/31/10		0.66%
AF0035	VGT FT-A (Nov-Mar)	6,550	0	6,550	10 yrs - 10/31/10		0.80%
AF0035	Capacity Release	(12,000)	12,000	0		Change in capacity release	0.00%
AF0037	VGT FT-A 12 Mos.	15,600	0	15,600	4/30/2014		1.90%
RF0169	VGT FT-A 12 Mos.	300	(300)	0	2 yrs - 5/31/08	Contract Expired	0.00%
AF0116	VGT FT-A 12 Mos.	1,903	0	1,903	5 yrs - 4/30/11		0.23%
Capacity Acquisition	VGT FT-A 4 Mos.	0	220	220	4 mos - 3/31/08	3rd Party Capacity Acquisition	0.03%
Capacity Acquisition	VGT FT-A 3.5 Mos.	0	600	600	3 mos - 3/31/08	3rd Party Capacity Acquisition	0.07%
WBI X-13		8,000	0	8,000	20 yrs - 10/31/12		0.98%
WBI FT-1		461	0	461	20 yrs - 07/01/13		0.06%
City Gate Deliveries		24,000	10,850	34,850	10 yrs - 10/31/17	Included in Supply Entitlement below	4.25%
LP Peak Shaving		94,300	(4,300)	90,000		Grand Forks LPG not operational	10.98%
LNG Peak Shaving		156,000	0	156,000			19.03%
Total Design Day Capacity		812,598		819,668			100.00%
Heating Season Total		812,598		819,668			
Non-Heating Season Total		320,801		314,288	37,668		

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Miscellaneous Entitlements with Reservation Fees

Additional Pipeline Entitlements

ANR FT-106209 12 Mos. (1)	4,829		4,829	7 yrs - 03/31/15	
ANR FT-106211 (Summer) (1)	4,921	0	4,921	7 yrs - 03/31/15	
ANR FT-106211 (Winter) (1)	15,171		15,171	7 yrs - 03/31/15	
GLT FT-043 (2)	3,799		3,799	16 yrs - 03/31/10	
GLT FT-142 (Nov-Apr) (2)	15,195		15,195	17 yr - 04/30/11	
GLT FT-6187 (2)	960		960	7 month 10/31/09	
NNG SMS (3)	30,650		30,650	15 yrs - 10/31/17	Error of 150 Dth
VGT OBA (3)	7,400		7,400	14 yrs - 10/31/09	

Supply Entitlements (4)

TRADE SECRET BEGINS

TRADE SECRET ENDS]

Storage Entitlements

ANR Pipeline Storage (.953 Bcf)	15,250		15,250	16 yrs - 3/31/08	
ANR Storage (.994 Bcf)	15,297		15,297	7 yrs - 3/31/14	
FDD Service (8.085Bcf)	140,230		140,230	4 yrs - 5/31/07 (1.4 Bcf expires 5/31/08)	
FDD Service (1.875Bcf)	32,518	(32,518)	0	12 yrs - 5/31/17	
FDD Service (4.5Bcf)	78,050		78,050	15 yrs - 5/31/27	

- (1) Not included in total peak deliverability -- feeds VGT (capacity not additive)
- (2) Not included in total peak deliverability -- feeds NNG (capacity not additive).
- (3) Not included in total peak deliverability -- entitlement delivered by or associated with TF or FT-A service.
- (4) Supply contracts containing reservation fees.

Northern States Power Company, a Minnesota corporation

Attachment 2

CHANGES TO CONTRACT ENTITLEMENTS AS OF NOVEMBER 1, 2008

Revised Schedule 1

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REVISED

	Current Amount <u>Dth</u>	Proposed Change <u>Dth</u>	Proposed Amount <u>Dth</u>
Total MN Company Available Capacity:			
Heating Season	812,598	7,070	819,668
Non-Heating Season	320,801	(6,513)	314,288
Heating Season			
Forecasted Design Day	770,067	(3,285)	766,782
Non-Heating Season			
Forecasted Design Day	N/A	N/A	N/A
Heating Season Capacity			
Reserve/(Shortage)	42,531	10,355	52,886
Non-Heating Season Capacity			
Reserve/(Shortage)	N/A	N/A	N/A
Heating Season Capacity			
Reserve/(Shortage) Margin %	5.5%	1.4%	6.9%
Total MN State Available Capacity:			
State of MN Allocation Factor	88.79%	0.55%	89.34%
State of MN Heating Season Capacity	721,506	10,786	732,291
State of MN Design Day Demand	683,717	1,288	685,005
State of MN Heating Season Capacity			
Reserve/(Shortage)	37,789	9,498	47,286
State of MN Heating Season Capacity			
Reserve/(Shortage) Margin %	5.5%	1.4%	6.9%

(1) Entitlement changes for November are included in Available Capacity.

Please reference Attachment 1 Schedule 5 for the detail on supply entitlement changes.

Please use the following table to illustrate the financial effects of the proposed change, based on the most recent Purchased Gas Adjustment (PGA), the first PGA which implemented the most recently approved demand change and the last rate case for residential customers and all firm customers. If interruptible customers are affected, please identify the rate impact in the same format as specified below.

REVISED

Date to implement proposed change: January 1, 2009
 Docket No. of most recently approved demand change: G002/M-06-1454
 Date of last rate case: November 9, 2006, 2007 Test Year
 Docket No. of last rate case: G002/GR-06-1429

RESIDENTIAL FIRM										
All Cost \$/Dth	2007 Rate Case	Last Approved Demand	Last Month PGA with previous entitlement level	Current PGA without Adjustment:	Current PGA with Adjustment:	Change From Last Rate Case	Change From Last Approved Demand	Change From Last Month PGA	Change From Current PGA	
	Base Cost of Gas (7)	Adjustment: November 2006	October 2008 (8)	December 2008 (8)	December 2008 (8)	Base Cost	Adjustment	Last Month PGA	Current PGA	
Commodity Cost of Gas (WACOG) (1)	\$7.2073	\$7.0824	\$5.1953	\$7.1028	\$7.1028	-1.4%	0.3%	36.7%	0.0%	
Demand Cost of Gas -Summer (4)	\$0.6030	\$0.6608	\$0.3548	\$0.3583	\$0.3612	-40.1%	-45.3%	1.8%	0.8%	
Demand Cost of Gas - Winter (4, 5)	\$1.1856	\$1.2166	\$0.9494	\$0.9415	\$0.9490	-20.0%	-22.0%	0.0%	0.8%	
Total Cost of Gas - Summer (2)	\$7.8103	\$7.7432	\$5.5501	\$7.4611	\$7.4640	-4.4%	-3.6%	34.5%	0.0%	
Total Cost of Gas - Winter (2)	\$8.3929	\$8.2990	\$6.1447	\$8.0443	\$8.0518	-4.1%	-3.0%	31.0%	0.1%	
Average Annual Total Usage (6)	35,410,972	36,533,488	35,410,972	35,410,972	35,410,972	0.0%	-3.1%	0.0%	0.0%	
Average Annual Total Cost of Gas (2)	\$292,314,298	\$298,381,973	\$212,602,704	\$279,965,001	\$280,192,002	-4.1%	-6.1%	31.8%	0.1%	

ALL FIRM CUSTOMERS (3)										
All Cost \$/Dth	2007 Rate Case	Last Approved Demand	Last Month PGA with previous entitlement level	Current PGA without Adjustment:	Current PGA with Adjustment:	Change From Last Rate Case	Change From Last Approved Demand	Change From Last Month PGA	Change From Current PGA	
	Base Cost of Gas (7)	Adjustment: November 2006	October 2008 (8)	December 2008 (8)	December 2008 (8)	Base Cost	Adjustment	Last Month PGA	Current PGA	
Commodity Cost of Gas (WACOG) (1)	\$7.1744	\$7.0824	\$5.1953	\$7.1028	\$7.1028	-1.0%	0.3%	36.7%	0.0%	
Demand Cost of Gas -Summer (4)	\$0.6030	\$0.6608	\$0.3548	\$0.3583	\$0.3612	-40.1%	-45.3%	1.8%	0.8%	
Demand Cost of Gas - Winter (4, 5)	\$1.1856	\$1.2166	\$0.9494	\$0.9415	\$0.9490	-20.0%	-22.0%	0.0%	0.8%	
Total Cost of Gas - Summer (2)	\$7.7774	\$7.7432	\$5.5501	\$7.4611	\$7.4640	-4.0%	-3.6%	34.5%	0.0%	
Total Cost of Gas - Winter (2)	\$8.3600	\$8.2990	\$6.1447	\$8.0443	\$8.0518	-3.7%	-3.0%	31.0%	0.1%	
Average Annual Total Usage	53,437,474	55,131,424	53,437,474	53,437,474	53,437,474	0.0%	-3.1%	0.0%	0.0%	
Average Annual Total Cost of Gas (2)	\$439,038,540	\$449,958,270	\$320,499,930	\$422,160,401	\$422,500,395	-3.8%	-6.1%	31.8%	0.1%	

- (1) Commodity costs include Peakshaving.
- (2) Total cost of gas excludes distribution margin
- (3) Excludes Demand Billed Customers firm sales.
- (4) Rate for Rate Case is a weighted average firm rate since each class has a unique cost of gas.
- (5) Not applicable during the summer months
- (6) Residential Total Usage for October and November columns were imputed by taking the Residential % of usage in the 2004 Rate Case usage multiplied by the annual usage filed in the PGA for specific months.
- (7) As in the compliance filing
- (8) Does not include the monthly demand true-up surcharge(credit)

DERIVATION OF CURRENT PGA COSTS

December 2008

REVISED

	<u>Annual Cost</u>	<u>Winter Cost</u>	<u>Total</u>
<u>Demand Cost (Res, Sm & Lg Commercial Firm)</u>			
1. MN & ND Total Demand	\$22,146,879	\$27,163,370	
2. <u>x Minnesota Design Day Ratio (2008 Demand Entitlement Filing)</u>	89.34%	89.34%	
3. Annual System Demand Allocation to MN	\$19,786,022	\$24,267,754	
4. Grand Forks Total Demand	\$275,226	\$369,376	
5. <u>x Minnesota Allocator (2008 Demand Entitlement Filing)</u>	14.37%	14.37%	
6. Annual Grand Forks Demand Allocation to MN	\$39,550	\$53,079	
7. Fargo Base Total Demand	\$226,748	\$113,548	
8. <u>x Minnesota Allocator (2008 Demand Entitlement Filing)</u>	21.58%	21.58%	
9. Annual Fargo Demand Allocation to MN	\$48,932	\$24,504	
10. Minnesota Total Demand (3 + 6 + 9)	\$19,874,504	\$24,345,337	
11. <u>MN State Design Day (2008 Demand Entitlement Filing)</u>	685,005	685,005	
12. <u>- Small & Large Demand Billed Dth (2008 Demand Entitlement Filing)</u>	19,763	19,763	
13. Non-Demand Billed Design Day Dth (11-12)	665,242	665,242	
14. Non-Demand Billed Allocation (10 x 13 / 11)	\$19,301,107	\$23,642,952	
15. Demand Billed Cost Allocation (10-14)	\$573,397	\$702,385	
16. MN Annual / Seasonal Firm Therm Sales (2007 Rate Case)	534,374,742	402,230,147	
17. Demand Unit Cost \$/Therm (14 / 16)	\$0.03612	\$0.05878	\$0.09490
18. Demand Cost True-up - Residential, Oct-May			\$0.00000
19. Demand Cost True-up - Commercial, Oct-May			\$0.00000
20. Total Demnd Rate - Residential (17 +18)			\$0.09490
21. Total Demnd Rate -Commercial (17 + 19)			\$0.09490
<u>Demand Cost (Demand Billed)</u>			
22. Cost Allocated to Demand Billed (15)	\$573,397	\$702,385	\$1,275,782
23. <u>/ Annual Contract Billing Demand (2008 Demand Entitlement Filing)</u>			2,371,560
24. Monthly Commercial Demand Billed Demand Rate			\$0.53795
<u>Commodity Costs</u>			
25. NNG Annual/Best Effort/Viking/WBI/Xcel Energy Pk Shv			\$85,887,465
26. <u>x MN Portion of Monthly Retail Sales</u>		88.17%	
27. MN Portion of Monthly Commodity Costs			\$75,726,978
28. MN Budgeted Calendar Month Retail Therm Sales			106,616,348
29. Commodity Unit Cost \$/Therm (27 / 28)			\$0.71028
<u>Total Gas Cost per Therm</u>			
30. Residential (20 + 29)			\$0.80518
31. Small & Large Commercial (21 +29)			\$0.80518
32. Small & Large Demand Billed - Demand (24)			\$0.53795
33. Small & Large Demand Billed - Commodity; All Interruptible (29)			\$0.71028

CERTIFICATE OF SERVICE

I, Carole Wallace, 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-08-1315

Dated this 30th day of December 2008

/s/

Carole Wallace
Regulatory Coordinator

In the Matter of Northern States Power d/b/a Xcel
Energy's Contract Demand entitlement Changes

G002/M-08-1315

11-25-2008

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