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August 1, 2003

Mr. Robert W. Kehres
Acting Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

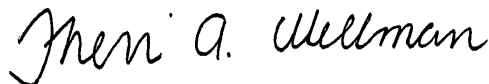
Re: MPSC Case No. U-12133 [e-file]

Dear Mr. Kehres:

Enclosed for filing is an original and four (4) copies of the Report and Application of Northern States Power Company Wisconsin, d/b/a Xcel Energy to Refund Amounts Collected Pursuant to the CHOICE Advisory Council Program. Also enclosed is an original Proof of Service. These documents are also being electronically filed. If you should have any questions, please kindly advise.

Very truly yours,

LOOMIS, EWERT, PARSLEY,
DAVIS & GOTTING, P.C.



Sherri A. Wellman

SAW/kab
Enclosure

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the	)	
CHOICE ADVISORY COUNCIL , for a statewide	)	
customer education program and other related	)	Case No. U-12133
matters.	)	
_____	)	

REPORT AND APPLICATION OF
NORTHERN STATES POWER COMPANY, A WISCONSIN
CORPORATION, d/b/a XCEL ENERGY,
TO REFUND AMOUNTS COLLECTED PURSUANT
TO THE CHOICE ADVISORY COUNCIL PROGRAM

Since the passage of 2000 PA 141 (“Act 141”), the Michigan Public Service Commission (“MPSC” or “Commission”) has issued a series of orders in this case designed to implement a customer choice education program. Key among these was the MPSC’s October 11, 2001 Order approving the settlement agreement developed by the CHOICE Advisory Council. This order required Northern States Power Company, a Wisconsin corporation, d/b/a Xcel Energy (“NSPW” or “Company”), among others, to begin collecting January 1, 2002, a customer choice education fee of \$0.18 per meter per month.

Following the October 11, 2001 Order, the utilities and potential consultants were unable to execute the necessary contracts to implement the settlement agreement. Subsequently, on August 20, 2002, the Commission issued an order instructing the utilities to implement a modified customer education program that would:

- 1) Inform commercial electric customers about customer choice;
- 2) Inform commercial and residential electric customers about the availability of green power and related tariff offerings; and

- 3) Inform potential alternative electric suppliers the opportunities to participate in Michigan's customer choice program.

On September 19, 2002, a petition for rehearing or clarification of the MPSC's August 20, 2002 order was filed. Thereafter, the MPSC issued its April 17, 2003 Order instructing NSPW to:

- 1) Prospectively suspend the collection of the \$0.18 per meter per month charge;
- 2) File a reconciliation report of funds collected and dispersed during 2003; and
- 3) File an application proposing how each utility plans to use the funds already collected pursuant to the program to promote green power or refund such funds to its customers.

NSPW files this Report and Application pursuant to the directives of the April 17, 2003 Order, representing as follows:

1. NSPW collected the \$0.18 per meter per month customer choice education fee beginning January 2002, through the end of the June 2003 billing month. The fee was applied to all NSPW's residential, commercial, and industrial customer billings.

2. The surcharge amount collected in 2002 is \$18,572.22 and in 2003 is \$9,415.25. The total surcharge amounts including interest calculated at NSPW's short-term interest rate, is \$28,609.73. (See Attachment 1 and 2 attached hereto) NSPW had no disbursement of funds collected under the customer choice education program.

3. NSPW proposes to refund the customer choice education surcharge amounts including interest by issuing a one-time per meter credit in the first billing month after issuance of a Commission order approving such a credit. This credit will be applied to all NSPW's Michigan customers with an active electric meter at the time the credit is issued.

4. Attachment 1 lists the amounts collected by month, monthly active accounts, monthly interest calculations and the total collected over the 18 month period, which was \$28,609.73. Using 9136 active electric accounts in June 2003, NSPW has determined the one time per active meter credit is \$3.13.

5. Any over or under refund as a result of the application of the credit is expected to be insignificant and should therefore not be subject to further adjustment.

6. NSPW believes a “one-time per active electric meter credit”, methodology is the most viable, cost effective, and manageable option from a computer programming and administrative perspective. Xcel Energy (NSPW’s parent corporation) is currently involved in a significant effort to change its customer information and billing system to a new system that will be utilized across all 11 states Xcel Energy serves. Therefore, computer-programming resources are currently at a premium. Additionally, the cost savings of implementing a one-time equal credit would be substantial as compared to implementing software changes that try to match the credit with the exact amount each customer paid into the fund. The amount and level of programming changes for a more complex credit or refund could easily exceed the full \$28,609.73 balance of the Customer Choice Education Fund as of June 30, 2003.

7. NSPW considered the use of the funds for the future expansion of Xcel Energy’s Windsource® green pricing program, but for the reasons set forth below, has decided the one-time credit is the best option at this time.

8. Xcel Energy has a green pricing program called Windsource® that is currently available in its Colorado, New Mexico and Minnesota jurisdictions. Xcel Energy has plans to expand the offering to other jurisdictions in the coming months/years. It is NSPW’s goal to submit a filing to the Public Service Commission of Wisconsin (“PSCW”) by the end of

2003 with an anticipated offering sometime in 2004. Once the PSCW has approved the program in Wisconsin, it is NSPW's intent to submit the program as approved in Wisconsin to the MPSC for approval to offer in Michigan.

9. NSPW's plan to offer the same Windsource® program as approved in Wisconsin increases the cost-effectiveness and efficiency of the offering by making the same program available to a larger number of customers, instead of potentially managing a separate Windsource® program for NSPW's 9,500 or so Michigan customers.

10. NSPW has chosen not to utilize the dollars collected under the Customer Choice Education Fund to promote the Windsource® green pricing program due to the uncertainty in the timing of the offering and more importantly, because the Windsource® program has both its administrative and marketing cost built into its \$/kWh charge. Thus, retaining the customer choice education dollars would amount to double charging for administration and promotion of the program. This decision will provide overall program efficiencies by keeping the Windsource® program proposed in Michigan consistent with the program that is approved in Wisconsin and with Xcel Energy's Windsource® program as offered in other states Xcel Energy serves.

11. NSPW is committed to providing customers low cost reliable energy through a diverse energy supply portfolio. Xcel Energy, and its predecessor, Northern States Power Company, dispatch the power plants it owns in the Midwest on a 5 state "system-wide" basis. This has allowed Xcel Energy to build power plants, both fossil fuel and renewable generation, based on the need and best available location in the five state area (Minnesota, North Dakota, South Dakota, Wisconsin and Michigan). Xcel Energy's ongoing commitment to renewable energy is evident as found in its most recent (June 2003) environmental disclosure bill

statement which shows Xcel Energy receives 10.4% of its generation from hydroelectricity and 3.5% from other renewables, as compared to the combined Michigan, Wisconsin, Illinois, Indiana, and Ohio average of 0.6% from hydroelectricity and only 0.8% from renewables. Even with this strong commitment to renewable or green energy, Xcel Energy continues to pursue opportunities to allow customers to contribute to the construction of additional “green power” through programs like Windsource®

12. NSPW represents that the requested relief may be approved without notice and hearing in that it does not increase the cost of service or rates for NSPW’s Michigan electric customers.

WHEREFORE, NSPW respectfully requests that the Commission:

- 1) Accept this report and application for filing;
- 2) Grant the relief requested in an expeditious manner and without notice and hearing;
- 3) Approve NSPW’s plan to issue a one-time per active meter credit to all Michigan electric customers in the amount of \$3.13.
- 4) Approve NSPW’s request to not require any further rate adjustments to handle any over/under credits that may occur; and
- 5) Grant NSPW any other relief that may be lawful and equitable.

Respectfully submitted,

NORTHERN STATES POWER COMPANY, A
WISCONSIN CORPORATION, d/b/a Xcel Energy

Dated: August 1, 2003

By: *Sherri A. Wellman*
One of their attorneys
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Attorneys for NORTHERN STATES POWER
COMPANY, A WISCONSIN CORPORATION,
d/b/a Xcel Energy

NORTHERN STATES POWER COMPANY - WISCONSIN
Michigan Customer Choice Collection
Fee Collection and Interest Calculation, January 2002 - June 2003

<u>Month</u>	<u>Active Accounts</u>	<u>Beginning Balance</u>	<u>Fee Collected</u>	<u>Ending Balance</u>	<u>Average Balance</u>	<u>Interest Rate</u>	<u>Monthly Interest Amount</u>
January-02	9,011	\$0.00	\$724.70	\$724.70	\$362.00	.001877	\$0.68
February-02	8,898	\$724.70	\$1,383.76	\$2,108.46	\$1,417.00	.001979	\$2.80
March-02	8,883	\$2,108.46	\$1,598.30	\$3,706.76	\$2,908.00	.002446	\$7.11
April-02	9,055	\$3,706.76	\$1,634.56	\$5,341.32	\$4,524.00	.002268	\$10.26
May-02	9,228	\$5,341.32	\$1,759.91	\$7,101.23	\$6,221.00	.001979	\$12.31
June-02	9,184	\$7,101.23	\$1,655.81	\$8,757.04	\$7,929.00	.001866	\$14.80
July-02	9,175	\$8,757.04	\$1,641.86	\$10,398.90	\$9,578.00	.002047	\$19.61
August-02	9,167	\$10,398.90	\$1,642.27	\$12,041.17	\$11,220.00	.003363	\$37.73
September-02	9,126	\$12,041.17	\$1,640.13	\$13,681.30	\$12,861.00	.004027	\$51.79
October-02	9,177	\$13,681.30	\$1,638.36	\$15,319.66	\$14,500.00	.004298	\$62.32
November-02	9,200	\$15,319.66	\$1,631.56	\$16,951.22	\$16,135.00	.003699	\$59.68
December-02	8,899	\$16,951.22	\$1,621.00	\$18,572.22	\$17,762.00	.003737	\$66.38
Total 2002			<u>\$18,572.22</u>				<u>\$345.47</u>
January-03	8,946	\$18,572.22	\$1,612.01	\$20,184.23	\$19,378.00	.001172	\$22.71
February-03	8,900	\$20,184.23	\$1,602.00	\$21,786.23	\$20,985.00	.001066	\$22.37
March-03	8,954	\$21,786.23	\$1,608.57	\$23,394.80	\$22,591.00	.001181	\$26.68
April-03	9,060	\$23,394.80	\$1,662.61	\$25,057.41	\$24,226.00	.001126	\$27.28
May-03	9,237	\$25,057.41	\$1,840.91	\$26,898.32	\$25,978.00	.003856	\$100.17
June-03	9,136	\$26,898.32	\$1,089.15	\$27,987.47	\$27,443.00	.002827	\$77.58
Total 2003			<u>\$9,415.25</u>				<u>\$276.79</u>
Total 2002-2003			<u><u>\$27,987.47</u></u>				<u>\$622.26</u>
					Interest		
					Total Fee Collected plus Interest		<u>\$28,609.73</u>
					Active Meters as of June 30, 2003		9,136
					One-Time per Meter Credit		<u>\$3.13</u>

2002 Customer Choice Education Collections by Month

Attachment 2a

	JANUARY*		FEBRUARY*		MARCH		APRIL		MAY		JUNE	
	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters
Michigan Electric												
Total Residential	\$ 629.05		\$ 1,180.58		\$ 1,381.20	7,678	\$ 1,415.08	7,834	\$ 1,540.41	8,013	\$ 1,438.10	7,956
Total Small C&I	\$ 93.66		\$ 196.34		\$ 205.04	1,138	\$ 207.60	1,153	\$ 207.15	1,148	\$ 205.20	1,159
Total Medium C&I	\$ -		\$ -		\$ 4.86	28	\$ 4.68	27	\$ 5.21	28	\$ 5.24	29
Large Industrial	\$ -		\$ 0.36		\$ 0.36	2	\$ 0.36	2	\$ 0.36	2	\$ 0.36	2
Other Sales to Public Authorities	\$ 1.99		\$ 6.48		\$ 6.84	37	\$ 6.84	39	\$ 6.78	37	\$ 6.91	38
Monthly Subtotals	\$ 724.70		\$ 1,383.76		\$ 1,598.30	8,883	\$ 1,634.56	9,055	\$ 1,759.91	9,228	\$ 1,655.81	9,184
											\$ 8,757.04	

	JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER	
	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters	<u>Dollars</u> Collected	<u>Active</u> Meters
Michigan Electric												
Total Residential	\$ 1,423.57	7,957	\$ 1,424.04	7,931	\$ 1,424.44	7,924	\$ 1,421.85	7,974	\$ 1,414.35	7,977	\$ 1,402.75	7,699
Total Small C&I	\$ 206.13	1,151	\$ 205.74	1,167	\$ 203.57	1,135	\$ 204.29	1,134	\$ 205.13	1,154	\$ 205.27	1,132
Total Medium C&I	\$ 5.04	28	\$ 5.39	30	\$ 5.22	28	\$ 5.20	30	\$ 4.85	28	\$ 5.70	29
Large Industrial	\$ 0.36	2	\$ 0.36	2	\$ 0.36	2	\$ 0.36	2	\$ 0.36	2	\$ 0.36	2
Other Sales to Public Authorities	\$ 6.76	37	\$ 6.74	37	\$ 6.54	37	\$ 6.66	37	\$ 6.87	39	\$ 6.92	37
Monthly Subtotals	\$ 1,641.86	9,175	\$ 1,642.27	9,167	\$ 1,640.13	9,126	\$ 1,638.36	9,177	\$ 1,631.56	9,200	\$ 1,621.00	8,899
Total Collected in 2002											\$ 9,815.18	
											\$ 18,572.22	

* Note: Query was edited in March to track active meters going forward

Attachment 2b

[illegible]

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the proposal of the)
CHOICE ADVISORY COUNCIL for a)
statewide customer education program)
and other related matters.)
_____)

Case No. U-12133

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Kathleen Berrena, being duly sworn, deposes and says that she is employed in the law offices of Loomis, Ewert, Parsley, Davis & Gotting, P.C. and that on the 1st day of August, 2003, she served a copy of **Report and Application of Northern States Power Company Wisconsin, d/b/a Xcel Energy to Refund Amounts Collected Pursuant to the Choice Advisory Council Program** upon the persons on attached Service List by sealed envelopes with first-class postage fully prepaid, addressed to them at the addresses set forth and by depositing the envelope and contents in the United States government mail.



Kathleen Berrena

Subscribed and sworn to before me
this 1st day of August 2003.



Edith D. Loomis, Notary Public
Ingham County, Michigan
My Commission Expires: 12/5/2006

**SERVICE LIST
CASE NO. U-12133**

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Hon Daniel E Nickerson

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