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Minneapolis, MN 55401

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

February 15, 2008

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
Docket Room
Room 1A-East
888 First Street, N. E.
Washington, DC 20426

RE: Notice of Termination of the Transmission Capacity and Planning Agreement between Northern States Power Company and Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services; Northern States Power Company FERC Electric Rate Schedule No. 456 as Supplemented.
Docket No. ER08-_____

Dear Ms. Bose:

Pursuant to Part 35 of the Federal Energy Regulatory Commission's ("Commission") Rules and Regulations (18 C.F.R. Part 35), Xcel Energy Services Inc. ("XES" or "Xcel Energy") hereby submits for filing with the Commission the original and six (6) copies of the Notice of Termination of the Transmission Capacity and Planning Agreement ("Agreement"), dated August 15, 1988, between Northern States Power Company, a Minnesota corporation ("NSP-M") and Missouri River Energy Services, a body corporate and politic organized under Chapter 28E of the Code of Iowa, Minnesota, South Dakota, and North Dakota ("MRES") as supplemented. (NSP-M and the MRES are sometimes referred to herein as the "Parties"). The Notice of Termination submitted by mutual agreement of the Parties to the Agreement and is included in Attachment A of this filing.

XES respectfully requests the Commission accept the Notice of Termination for filing effective on March 31, 2008.

A. Background

NSP-M and Northern States Power Company, a Wisconsin corporation ("NSPW") are collectively referred to as the "NSP Companies". Both are wholly-owned

utility operating company subsidiaries of Xcel Energy Inc. The NSP Companies are, inter alia, engaged in the business of generating, transmitting, distributing and selling electric power and energy and related services in the States of Minnesota, North Dakota, South Dakota, Wisconsin and Michigan. The NSP Companies are transmission-owning members of the Midwest Independent Transmission System Operator, Inc. ("MISO" or "Midwest ISO") pursuant to the MISO Transmission Owners Agreement ("TOA"),¹ and the NSP Companies provide transmission service, inter alia, pursuant to the Midwest ISO Open Access Transmission and Energy Market Tariff ("TEMT") currently on file with and accepted by the Commission.² The high voltage transmission system of the NSP Companies (100 kV and above) is subject to the functional control of MISO.³

The MRES a body corporate and politic organized under Chapter 28E of the Code of Iowa, and existing under the intergovernmental cooperation statues of the states of Iowa, Minnesota, South Dakota, and North Dakota, to provide transmission service for the member Cities of Adrian, MN; Jackson, MN; Lakefield, MN; Westbrook, MN; and Worthington, MN that are engaged in the business of selling electric power and energy to customers within their incorporated area and environs. The MRES's electric system is located within the United States Department of Energy's Western Area Power Administration ("WAPA") marketing area in the State of Minnesota and North Dakota, and MRES has contracted with WAPA to purchase and receive a preference MRES firm power allocation. MRES had insufficient transmission capacity in the Sioux Falls regional transmission system to fulfill its power supply obligations and therefore entered into the Transmission Capacity and Planning Agreement.

Under the Agreement, the Parties agreed to a capacity allocation of NSP-M's Split Rock transmission substation to the MRES. The Agreement as supplemented thereto was accepted for filing by the Commission, effective August 15, 1988 in Docket No. ER88-343-000 as NSP Rate Schedule FERC No. 456 as supplemented, respectively. The Agreement is currently listed as NSP grandfathered agreement No. 351 under Attachment P to the MISO Tariff. The Agreement was excluded from the grandfathered agreement proceedings ordered by the Commission because it does not provide for transmission services.⁴ The Parties have mutually agreed to terminate the Agreement

¹ Agreement of Transmission Facility Owners to Organize Midwest Independent System Operator, Inc. See *Midwest Independent Transmission System Operator, Inc.* Docket No. ER98-1438-010 and ER02-111-000.

² See *Midwest Independent Transmission System Operator, Inc.* Docket No. ER04-691 and EL04-104.

³ *Northern States Power Company et al.*, 91 FERC ¶ 61,157 (2000).

⁴ *Midwest Independent Transmission System Operator, Inc.* Public Utilities with Grandfathered Agreements in the Midwest ISO Region, Order Addressing Treatment of Grandfathered Agreements in the Midwest ISO Energy Markets and Establishing Hearing

effective March 31, 2008. The Certificate of Concurrence for early termination executed by authorized representatives of the MRES and XES is being submitted in Attachment B of this filing.

Notwithstanding the stated term and termination notice provisions in the Agreement, the Parties mutually agree the Agreement should be terminated as MRES is receiving transmission service under the MISO TEMT, which grants the MRES use of the NSP Companies' transmission system, along with use of other MISO Transmission Owners' systems. Terminating this Agreement eliminates the redundant access to the NSP Companies' system and prevents rate pancaking to the MRES.

B. Description of the Agreement

The Agreement shares the benefits of NSP-M's Split Rock transmission substation facilities and an Interstate Power and Light Company interconnection point, so that MRES may avoid having to provide for similar interconnected transmission capacity and may participate in joint planning for, and possible shared ownership of, future regional transmission capacity. Such planning and determination of available transmission capacity is now done on a regional basis under the TEMT.⁵

C. Proposed Effective Date

XES respectfully requests that the Commission accept the Notice of Termination effective March 31, 2008, the date of Termination mutually agreed to by the Parties. XES respectfully requests the Commission grant any waivers necessary to accept the Notice of Cancellation of the Transmission Capacity and Planning Agreement for filing on the date requested.

D. Contents of Filing

Pursuant to the Commission's filing requirements at 18 C.F.R. § 35:

- (1) This filing consists of: (a) this transmittal letter; (b) Attachment A, Notice of Cancellation, (c) Attachment B, Coversheet of the Agreement in Order 614 format, (d) Attachment C, executed Certificate of Concurrence by the Missouri River Energy Services, and (d) Attachment D, a list of state

and Settlement Procedures, 108 FERC ¶ 61,236 at P.41, ¶ 113, *order on reh'g* 111 FERC ¶ 61,042; *order on reh'g* 112 FERC ¶ 61, 311.

⁵ MISO TEMT § 38.1, filed to comply with the March 16, 2005 Order on Certification and Conditionally Approving Revised Tariff Sheets in Docket Nos. ER04-691-014, ER04-691-025, EL04-104-013 and EL04-104-024 (*Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,289 (2005)).

regulatory commissions and Parties being served with a copy of this filing.⁶

(2) The proposed effective date is March 31, 2008.

A copy of this transmittal letter will be served on the Director of the Commission's Division of Tariffs and Market Development – Central; on the State Commissions indicated on the attached service list; and on the MRES.

The Commission's filing requirements in 18 C.F.R. § 35.12(b)(1) to (b)(3) are not applicable. The Notice of Termination will not affect any transactions or revenues between NSP-M and MRES.

E. Correspondence and Communications

XES requests that all Commission orders and correspondence concerning this Notice of Termination be served on each of the following:

Mark M. Moeller
Transmission Business Relations
Xcel Energy Services Inc.
414 Nicollet Mall - MP8
Minneapolis, MN 55401
Phone: (612) 330-7663
Email: Mark.M.Moeller@xcelenergy.com

David B. Grover
Manager, Reg. Admin. Transmission
Xcel Energy Services Inc.
414 Nicollet Mall – 7th Floor
Minneapolis, MN 55401
Tel: (612) 330-2857
Email: David.B.Grover@xcelenergy.com

Kerry W. Krueger
Transmission Business Relations
Xcel Energy Services Inc.
414 Nicollet Mall - MP8
Minneapolis, MN 55401
Phone: (612) 330-7505
Email: kerry.w.krueger@xcelenergy.com

Priti R. Patel
Assistant General Counsel
Xcel Energy Services Inc.
414 Nicollet Mall
Minneapolis, MN 55401
Phone: (612) 215-4546
Email: Priti.R.Patel@xcelenergy.com

⁶ Consistent with the Commission's *Notice Announcing New Combined Notice of Filings* (May 13, 2005), XES has not included a Notice of Filing suitable for publication in the Federal Register and a diskette containing the same, although these requirements remain in the Commission's regulations.

Ms. Kimberly D. Bose
February 15, 2008
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F. Conclusion

XES appreciates the Commission's prompt consideration of this matter. Please direct any questions regarding this filing to Ms. Tracee Holte at (612) 330-6206 or Ms. Priti R. Patel at (612) 215-4546.

Sincerely,

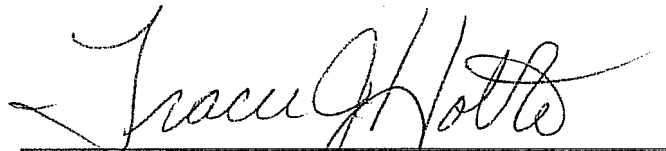
Mark C. Moeller

Mark M. Moeller
Manager, Transmission Business Relations
Xcel Energy Services Inc., on behalf of
Northern States Power Company, a Minnesota corporation

Enclosures

CERTIFICATE OF SERVICE

I, Tracee Holte, do hereby certify that the original plus six copies of the enclosed documents were served on Ms. Kimberly D. Bose and Ms. Penny Murrell of the Federal Energy Regulatory Commission by placing same with a next day delivery service on February 15, 2008. Also, one copy of same was served on each other person listed on the attached Service List by placing same in First Class United States mail.

A handwritten signature in black ink, reading "Tracee J. Holte". The signature is written in a cursive style with a large initial "T" and "H".

Tracee J. Holte
Xcel Energy Services, Inc.

ATTACHMENT A

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Northern States Power Company,
a Minnesota corporation

Docket No. ER08-_____

NOTICE OF CANCELLATION

Notice is hereby given that effective the 29th day of February, 2008, Rate Schedule FERC No. 456, as supplemented, effective August 15, 1988, filed with the Federal Energy Regulatory Commission by Northern States Power Company, a Minnesota corporation, is to be cancelled.

Notice of the proposed cancellation has been served upon the following:

Missouri River Energy Services
3505 West Russell
PO Box 84610
Sioux Falls, SD 57118-4610
Attn: Raymond J. Wahle

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

Respectfully submitted,

Greg P Chamberlain
Director, Portfolio Delivery & Integration

NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION

By Its Authorized Agent
Xcel Energy Services Inc.

Dated: February 15, 2008

ATTACHMENT B

NOTICE OF TERMINATION

**TRANSMISSION CAPACITY AND PLANNING
AGREEMENT**

between

**NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION**

and

**MISSOURI BASIN MUNICIPAL POWER AGENCY d/b/a
MISSOURI RIVER ENERGY SERVICES,**

**A body corporate and politic organized under Chapter 28E of the Code of Iowa and existing
under the intergovernmental cooperation statues of the states of Iowa, Minnesota, South
Dakota, and North Dakota**

Effective March 31, 2008

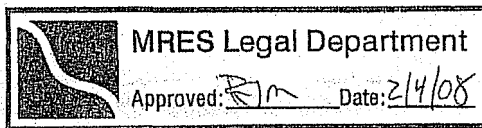
ATTACHMENT C

TERMINATION OF TRANSMISSION CAPACITY AND PLANNING AGREEMENT
BETWEEN NORTHERN STATES POWER COMPANY, A MINNESOTA
CORPORATION AND MISSOURI RIVER ENERGY SERVICES

NORTHERN STATES POWER COMPANY
FERC ELECTRIC RATE SCHEDULE NO. 456
AND SUPPLEMENT NO. 1 THERETO FERC NO. 456

CERTIFICATE OF CONCURRENCE

This is to certify that Missouri Basin Municipal Power Agency, d/b/a Missouri River Energy Services, a body corporate and politic organized under Chapter 28E of the Code of Iowa, and existing under the intergovernmental cooperation statues of the states of Iowa, Minnesota, South Dakota, and North Dakota, to provide transmission service for the member Cities of Adrian, MN; Jackson, MN; Lakefield, MN; Westbrook, MN; and Worthington, MN ("Customer") assents and concurs to the Notice of Cancellation ("Cancellation") of the Transmission Capacity and Planning Agreement ("TCPA" or "Agreement"), dated August 15, 1988, and Exhibit A thereto between Northern States Power Company, a Minnesota corporation ("NSP-M") and Customer, NSP FERC Electric Rate Schedule No. 456 and Supplement No. 1 to Rate Schedule No. 456, being filed by Xcel Energy Services Inc. with the Federal Energy Regulatory Commission on behalf of NSP-M. Customer hereby waives termination and termination notice provisions of Section 5.08 of the Agreement, and hereby agrees to terminate the Agreement with NSP-M. Customer states no further action is required by it or any other person on its behalf to terminate the Agreement. NSP-M agrees that Customer has no past, present, or future financial obligations to it under the Agreement. Customer hereby authorizes NSP-M to submit this Certificate of Concurrence in order to provide evidence of Customer's concurrence and support for the Notice of Cancellation and the proposed effective dated March 31, 2008.



Missouri River Energy Services, on behalf of the
Cities of Adrian, Jackson, Lakefield, Westbrook
and Worthington, Minnesota
By its duly authorized official

Raymond J. Wahle

Name: Raymond J. Wahle

Title: Director, Power Supply + Operations

NORTHERN STATES POWER COMPANY, a
Minnesota corporation
By its duly authorized agent
Xcel Energy Services Inc.

Gregory P. Chamberlain

Name: Gregory P. Chamberlain

Title: Director, Transmission Portfolio

Dated: February 15, 2008

ATTACHMENT D

SERVICE LIST

Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
Metro Square, Suite 350
121 7th Place East
St. Paul, MN 55101-2147
Email: Burl.Haar@state.mn.us

Ms. Illona A. Jeffcoat-Sacco
Executive Secretary
North Dakota Public Service Commission
State Capitol Building 12th Floor
Bismarck, ND 58505-0165
Email: ijeffcoatsacco@state.nd.us

Missouri River Energy Services
Raymond J Wahle, PE, MBA
3005 West Russell
PO Box 84610
Sioux Falls, SD 57118-4610

Ms. Penny Murrell
Acting Director, Division of Tariffs and
Market Development (Central)
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, DC 20426

Ms. Patricia Van Gerpen
Executive Director
Public Utilities Commission of South
Dakota
500 East Capitol
Pierre, SD 57501
Email: patty.vangerpen@state.sd.us

Judi Cooper
Executive Secretary
Iowa Utilities Board
350 Maple Street
Des Moines, IA 50319-0069

Ms. Donna Dare
Sr. Regulatory Paralegal
Midwest ISO
701 City Center Drive
Carmel, Indiana 46032