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November 26, 2008

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

Re: SDCL 49-34A-105 - Annual reports concerning renewable and recycled energy objective.

Dear Ms. Van Gerpen:

In 2008, the South Dakota Legislature enacted legislation requiring an annual report describing each electric company's progress toward a 2015 renewable energy objective. The text of the new law that became effective on July 1, 2008 is as follows:

*SDCL 49-34A-105. Annual reports concerning renewable and recycled energy objective. Beginning on December 1, 2008, each retail provider shall annually report to the Public Utilities Commission on the provider's energy sales during the twelve month period ending on the preceding September thirtieth. This report shall include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the state renewable and recycled energy objective over time and identifies any challenges or barriers encountered in meeting the objective.*

In compliance with the requirements of this statute, Xcel Energy reports that energy sales in South Dakota for the twelve-month period ending on September 30, 2008 totaled 1,940,735 Megawatt Hours.

Xcel Energy purchases or produces electric energy from nearly 1300 megawatts of wind turbines in Minnesota and South Dakota. The entire fleet of Xcel Energy generation and power purchases is utilized for the benefit of all our customers across our five state service territory. While Xcel Energy does purchase renewable energy from the MinnDakota Wind Project in Brookings County, the credits associated with that energy are currently assigned to the Minnesota or Wisconsin renewable energy requirements, or are being banked to be applied to future

obligations. At present, Xcel Energy has not yet assigned any renewable or recycled energy credits to its South Dakota jurisdiction.

Xcel Energy plans for the generating resources necessary to meet our customers' energy requirements on a system basis. We will be including South Dakota's Renewable Energy Objective along with the renewables policies of North Dakota, Minnesota, Wisconsin, and Michigan in our planning process.

If anyone has any questions, please call me at 339-8350

Sincerely,

A handwritten signature in cursive script that reads "Jim Wilcox".

Jim Wilcox

c. Judy Pofert