

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF)	SETTLEMENT
NORTHERN STATES POWER COMPANY)	STIPULATION
D/B/A XCEL ENERGY TO ESTABLISH A)	
TRANSMISSION COST RECOVERY TARIFF)	EL07-007
AND FOR APPROVAL OF 2007 PLANNED)	
TRANSMISSION INVESTMENTS TO BE)	
INCLUDED IN RATES)	

On February 28, 2007, Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) operating in South Dakota, filed with the South Dakota Public Utilities Commission a petition to establish a transmission cost recovery (TCR) tariff and for approval of 2007 planned transmission investments to be included in the TCR tariff rate rider applicable to electric service rendered to its customers in South Dakota. The petition consisted of an introduction, explaining that the filing was being made pursuant to SDCL Chapter 49-34A Sections 25.1 through 25.4, enacted by the South Dakota Legislature in 2006 as HB 1091, and various supporting information pursuant to South Dakota Administrative Rule 20:10:13:26. No testimony of Xcel Energy witnesses was included with the petition.

The Commission issued notice of the filing on the March 1, 2007, South Dakota Public Utilities Commission’s Weekly Filings, assigned it to Docket No.EL07-007, and established March 30, 2007, as the intervention deadline. No interventions were filed.

Staff examined the petition in its entirety and entered into a series of written and oral inquiries designed to test the consistency of the proposal with the 2006 legislation and with other relevant ratemaking principles and practices and to fully understand the mechanics of the TCR rider mechanism. Issues were identified and discussed with Company representatives and, as a result of these discussions, Staff and Xcel Energy (the Parties) have been able to resolve all of their differences in this proceeding and have reached agreement in the form of this Settlement Stipulation, which, if accepted and ordered by the Commission, will determine final rates for service for this proceeding. The term “final rates” in this agreement encompasses both the TCR rate rider mechanism, established to have continuing effect, and the TCR rate per kWh to be implemented as the initial TCR rate rider.

This Settlement Stipulation has been prepared and executed by the parties for the sole purpose of resolving the above captioned docket. The Parties acknowledge that they may have differing views that justify the end result, which they themselves deem to be just and reasonable, and in light of such differences, the Parties agree that the resolution of any single issue, whether express or implied by the Settlement Stipulation, should not be viewed as precedent setting.

In consideration of the mutual promises contained herein, the Parties agree as follows:

1. Upon execution of this Settlement Stipulation, the Parties shall immediately file this document with the Commission, along with a joint motion asking the Commission to issue an order approving this Settlement Stipulation in its entirety without further condition or modification.

2. This Settlement Stipulation includes all terms of settlement and is submitted with the condition that in the event that the Commission imposes any changes or conditions to this Settlement Stipulation which are unacceptable to any Party, this Settlement Stipulation shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose.

3. This Settlement Stipulation shall become binding upon execution by the Parties, provided however, that if this Settlement Stipulation does not become effective in accordance with Paragraph 2 above, it shall be null, void and privileged. This Settlement Stipulation is intended to relate only to the specific matters referred to herein; no party waives any right or claim which it may otherwise have with respect to any matter not expressly provided for herein; no Party shall be deemed to have approved, accepted, agreed or consented to any ratemaking principle, or any method of cost of service allocation underlying the provisions of this Settlement Stipulation, or be prejudiced or bound thereby in any other present or future proceeding before the Commission or before the comparable body in any other jurisdiction (including FERC).

4. It is understood that Commission Staff enters into this Settlement Stipulation for the benefit of Xcel Energy's customers in South Dakota affected by this docket.

5. The Parties agree that the Company's attached rate schedule is designed to implement the TCR rate rider upon approval by the Commission based on estimated costs of eligible

transmission facilities incurred with revenue requirements beginning July 1, 2008, subject to later “true-up” to their actual costs and actual recoveries.

ELEMENTS OF SETTLEMENT STIPULATION

- 1. Eligible Transmission Facilities** – Staff’s investigations raised concerns about the inclusion of certain transmission facilities in the TCR. These concerns focused on (a) the cost of moving structures involved in the construction of the South Dakota portion of the 345KV Split Rock to Lakefield Junction line and (b) the additional costs incurred to upgrade (from the original specification) the towers constructed to support the Minnesota portion of the Split Rock to Lakefield Junction 345KV line in order to expedite the attachment of wind generation resources and to avoid potential increases in fuel adjustment clause costs. The Parties agree that none of the moving costs described in (a), above, will be recovered in the TCR (neither in the initial rate nor in any subsequent “true-up”). The Parties also agree that the actual costs of the 345KV towers described in (b), above, will be included in the TCR. However it is understood by the Parties that the latter agreement does not preclude the Commission or Staff from addressing any purchased power issues that might arise in the Company’s fuel adjustment or general rate filings.
- 2. Rate of Return** – The Parties agree that the rate of return applicable to the eligible transmission investments reflected in the TCR rider shall be based on the Company’s actual capital structure and senior capital costs (long-term debt) at the end of the preceding calendar year (December 31, 2007, for the initial TCR rate) and a return on common equity capital (ROE) of 9.50%. The Parties further agree that, if the Company should make a general rate filing utilizing the calendar year 2008 as a test year, the 9.50% ROE reflected in the TCR would be adjusted to reflect the cost of equity capital determined in the general rate case. Any change in the 9.50% ROE would be reflected in the calculation of the overall cost of capital used to calculate the TCR revenue requirements effective July 1, 2008, included in the TCR rider as a “true-up” adjustment and billed to customers prospectively. Xcel Energy’s agreement to the ROE addressed in this Settlement Stipulation shall not prejudice the Company’s ability to advocate or receive a different ROE in any future rate proceeding in South Dakota.

3. **Allocation of Costs to FERC Jurisdiction** – The Parties agree that, although transmission costs allocable to the FERC jurisdiction are recovered by the Company on a delayed basis, these costs will be allocated away from the South Dakota jurisdiction as they are incurred via a wholesale revenue credit.
4. **Carrying Charge on Over/Under Recoveries** – The Parties agree that a carrying charge calculated at the TCR overall rate of return, adjusted for related Federal income taxes, shall be applied to the monthly over-or under-recoveries determined as the estimated TCR revenues and costs are trued-up to actual revenues and costs.
5. **Rate Design** – The Parties agree that a single uniform rate per kWh will apply to all customers.
6. **Effective Date** – The Parties agree that, after approval of this Settlement Stipulation by the Commission, the initial TCR rate rider would be implemented with an effective date of July 1, 2008. There would be no retroactive billing to customers; however, revenues not collected from July 1, 2008, to the first billing under the TCR tariff would be recovered by the Company in subsequent “true-ups.”
7. **Annual Reports of South Dakota Jurisdictional Earnings** – The Parties agree that, by June 1 of each year, the Company will file with the Commission a report of its South Dakota jurisdictional earnings (“Cost of Service Study”) for the preceding calendar year showing, among other things, the overall rate of return and ROE earned, and the South Dakota revenue excess or deficiency based on a 9.5 % ROE (subject to change as provided for in paragraph 2, above) and 11.25% ROE. The determinations will be presented on an actual and weather-normalized basis and will reflect South Dakota ratemaking practices.

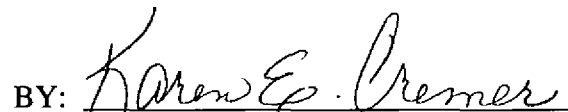
Xcel Energy



BY: _____
 Judy Pofel
 Vice President
 414 Nicollet Mall
 Minneapolis, MN 55401

DATED: _____12/16/08_____

South Dakota Public Utilities Commission



BY: _____
 Karen E. Cremer
 Staff Attorney
 State Capitol Building
 500 E. Capitol
 Pierre, SD 57501

DATED: 12/17/08

TRANSMISSION COST RECOVERY RIDER

Section No. 5
Original Sheet No. 71

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There shall be included on each customer's monthly bill a Transmission Cost Recovery (TCR) adjustment, which shall be the TCR Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This TCR Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF TCR ADJUSTMENT FACTOR

The TCR Adjustment Factor shall be calculated by dividing the forecasted balance of the TCR Tracker Account by the forecasted retail sales for the calendar year. The TCR Adjustment Factor shall be rounded to the nearest \$0.000001 per kWh.

The TCR Adjustment Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The TCR Adjustment Factor shall apply to bills rendered on and after January 1st of the year. The TCR factor for all rate schedules is:

All Classes	\$0.000935 per kWh
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Recoverable Transmission Costs shall be the annual revenue requirements associated with transmission projects eligible for recovery under SDCL 49-34A-25.1 that are determined by the Commission to be eligible for recovery under this Transmission Cost Recovery Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible projects for the designated period. All costs appropriately charged to the Transmission Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered from the TCR Adjustment shall be credited to the Transmission Tracker Account.

Forecasted retail sales shall be the estimated total retail electric sales for the designated recovery period.

TRUE-UP

For each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between the TCR Adjustment recoveries and the actual revenue requirements for such period. The true-up adjustment shall be calculated and recorded by no later than May 1 of the following calendar year and will be included in calculating the TCR Adjustment Factor effective with the start of the next designated recovery period.

For example, the Year 1 actual revenue requirements versus TCR Adjustment recoveries would be determined by May 1 of Year 2, at which time the Company would record an adjustment to the Tracker Account. The difference between the Year 1 actual revenue requirements and Year 1 TCR Adjustment recoveries would be included in the calculation of the TCR Adjustment factor filed by September 1 of Year 2 to be effective January 1 of Year 3.

Date Filed:

By: David M. Sparby

Effective Date:

President and CEO of Northern States Power Company, a Minnesota corporation

Docket No. EL07-007

Order Date:

Northern States Power Company, a Minnesota corporation
Transmission Cost Recovery Rider
2008 Revenue Calculation

EXHIBIT 2
Attachment 1, Schedule 2
Page 1 of 1

	Total Revenue	Retail Sales (3)
Adjustment Factors		
2008 TCR Rates (1)	\$0.000935	
Jan-08 (2)	-	-
Feb-08	-	-
Mar-08	-	-
Apr-08	-	-
May-08	-	-
Jun-08	-	-
Jul-08	-	-
Aug-08	-	-
Sep-08	-	-
Oct-08	-	-
Nov-08	-	-
Dec-08	-	-
Jan-09	161,310	172,523,701
Feb-09	140,902	150,697,784
Mar-09	142,950	152,887,348
Apr-09	137,751	147,327,505
May-09	142,878	152,810,457
Jun-09	168,068	179,752,308
Jul-09	188,544	201,650,890
Aug-09	180,650	193,208,857
Sep-09	153,958	164,661,097
Oct-09	142,574	152,485,651
Nov-09	139,394	149,084,507
Dec-09	154,087	164,798,458
Total Jan-Dec	\$ 1,853,066	1,981,888,563

Notes:

- (1) 2008 / 2009 TCR Adjustment Factor is calculated on Attachment 1, Schedule 3.
- (2) 2009 estimated revenues to be recovered under the TCR Rate Rider are calculated by multiplying the TCR Adjustment Factor, listed above, by the forecast sales for the month.
- (3) Sales are based on the 2008 and 2009 State of Minnesota budget sales by calendar month.

Northern States Power Company, a Minnesota Corporation
Transmission Cost Recovery Rider
2008 / 2009 TCR Adjustment Factor Calculation

		Retail
TCR Adjustment Factor (1)	Cost Per kWh	\$0.000935
	SD retail Sales	1,981,888,563
	SD retail Cost	\$1,853,305

Notes:

1) The average retail cost per kWh is calculated by using the South Dakota electric retail cost divided by the annual South Dakota retail sales.

EXHIBIT 2
Attachment 2, Schedule 1

Xcel Energy - Electric (State of South Dakota)
TCR Rider Factor Calculation

TCR Projected Tracker Activity for 2008														
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Beg Balance	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	2008 Total
Project 1 - 825 Wind Main Project (1)		-	-	-	-	-	-	80,204	87,942	87,433	86,880	86,607	86,334	515,399
Project 2 - Yankee Collector Stn (2)		-	-	-	-	-	-	2,641	2,633	2,624	2,615	2,607	2,598	15,718
Project 3 - Fenton Collector Stn (3)		-	-	-	-	-	-	3,632	3,620	3,608	3,597	3,585	3,573	21,615
Project 4 - Series Capacitor Stn (4)		-	-	-	-	-	-	3,498	3,486	3,475	3,464	3,453	3,441	20,817
Project 5 - Nobles Co Collector Stn (5)		-	-	-	-	-	-	1,236	1,232	1,229	1,225	1,222	1,218	7,363
Subtotal Transmission Statute Projects		-	-	-	-	-	-	91,211	98,913	98,369	97,781	97,473	97,164	580,911
Project 6 - Rock Co Collector Stn (6)		-	-	-	-	-	-	1,289	1,286	1,282	1,279	1,276	1,273	7,685
Subtotal Renewable Statute Projects		-	-	-	-	-	-	1,289	1,286	1,282	1,279	1,276	1,273	7,685
TCR True-up Carryover (7)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense (8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,500	\$ 100,199	\$ 99,652	\$ 99,060	\$ 98,749	\$ 98,437	\$ 588,596
Revenues (9)		-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Expenses Less Revenues (10)		-	-	-	-	-	-	92,500	100,199	99,652	99,060	98,749	98,437	\$ 588,596
Balance before Carrying Charge (11)		-	-	-	-	-	-	92,500	193,504	294,841	396,468	498,669	601,448	\$ 588,596
Carrying Charge (12)		-	-	-	-	-	-	805	1,685	2,567	3,452	4,342	5,237	\$ 18,088
Ending Balance (13)		-	-	-	-	-	-	93,305	195,189	297,408	399,920	503,011	606,685	\$ 606,685

Notes:

- (1) Revenue Requirements calculated for Project 1 on EXHIBIT 2, Attachment 4, Schedule 1, Page 1
- (2) Revenue Requirements calculated for Project 2 on EXHIBIT 2, Attachment 4, Schedule 2, Page 1
- (3) Revenue Requirements calculated for Project 3 on EXHIBIT 2, Attachment 4, Schedule 3, Page 1
- (4) Revenue Requirements calculated for Project 4 on EXHIBIT 2, Attachment 4, Schedule 4, Page 1
- (5) Revenue Requirements calculated for Project 5 on EXHIBIT 2, Attachment 4, Schedule 5, Page 1
- (6) Revenue Requirements calculated for Project 6 on EXHIBIT 2, Attachment 4, Schedule 6, Page 1
- (7) The beginning balance in 2008 is zero (there are no under/over recovered amounts to bring forward to 2008).
- (8) Total Expense for Transmission and Renewable Transmission Projects.
- (9) See EXHIBIT 2, Attachment 1, Schedule 2 for the calculation of revenues that would have been collected under this rate adjustment rider. The factors are calculated on EXHIBIT 2, Attach. 1, Sched. 3.
- (10) Expenses Less Revenues is the amount over (under) collected or the difference between the total revenue requirements and the amount of revenue that would have been received from customers under this rider.
- (11) Balance before carrying charge for the month.
- (12) Carrying charge
- (13) Ending balance is the amount over (under) collected or the difference between the total revenue requirements and the amount of revenue received from customers under this rider, including the carrying charge.

EXHIBIT 2
Attachment 1, Schedule 1

Xcel Energy - Electric (State of South Dakota)
TCR Rider Factor Calculation

TCR Projected Tracker Activity for 2009														
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Beg Balance	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Total
Project 1 - 825 Wind Main Project (1)		92,818	92,552	92,286	92,020	91,754	91,488	91,221	90,955	90,689	90,423	90,157	89,891	1,096,254
Project 2 - Yankee Collector Stn (2)		2,656	2,648	2,639	2,631	2,623	2,614	2,606	2,598	2,590	2,581	2,573	2,565	31,324
Project 3 - Fenton Collector Stn (3)		3,662	3,651	3,639	3,628	3,617	3,605	3,594	3,582	3,571	3,559	3,548	3,537	43,193
Project 4 - Series Capacitor Stn (4)		3,518	3,507	3,496	3,485	3,475	3,464	3,453	3,442	3,431	3,420	3,410	3,399	41,500
Project 5 - Nobles Co Collector Stn (5)		1,418	1,413	1,409	1,404	1,400	1,395	1,391	1,386	1,382	1,377	1,373	1,368	16,717
Subtotal Transmission Statute Projects	-	104,072	103,771	103,470	103,169	102,867	102,566	102,265	101,964	101,663	101,361	101,060	100,759	1,228,988
Project 6 - Rock Co Collector Stn (6)		1,496	1,491	1,486	1,481	1,477	1,472	1,467	1,462	1,457	1,453	1,448	1,443	17,633
Subtotal Renewable Statute Projects	-	1,496	1,491	1,486	1,481	1,477	1,472	1,467	1,462	1,457	1,453	1,448	1,443	17,633
TCR True-up Carryover (7)	606,685	-	-	-	-	-	-	-	-	-	-	-	-	606,685
Total Expense (8)	\$ 606,685	\$ 712,253	\$ 105,262	\$ 104,956	\$ 104,650	\$ 104,344	\$ 104,038	\$ 103,732	\$ 103,426	\$ 103,120	\$ 102,814	\$ 102,508	\$ 102,202	\$ 1,853,305
Revenues (9)		161,310	140,902	142,950	137,751	142,878	168,068	188,544	180,650	153,958	142,574	139,394	154,087	\$ 1,853,066
Expenses Less Revenues (10)		550,943	(35,640)	(37,994)	(33,101)	(38,534)	(64,030)	(84,812)	(77,224)	(50,838)	(39,760)	(36,886)	(51,885)	\$ 239
Balance before Carrying Charge (11)		550,943	520,100	486,634	457,770	423,222	362,877	281,225	206,450	157,409	119,020	83,170	32,009	\$ 239
Carrying Charge (12)		4,797	4,529	4,237	3,986	3,685	3,160	2,449	1,798	1,371	1,036	724	279	\$ 32,049
Ending Balance (13)	606,685	555,740	524,628	490,871	461,756	426,907	366,037	283,674	208,247	158,780	120,056	83,894	32,288	\$ 32,288

Notes:

- (1) Revenue Requirements calculated for Project 1 on EXHIBIT 2, Attachment 4, Schedule 1, Page 2
- (2) Revenue Requirements calculated for Project 2 on EXHIBIT 2, Attachment 4, Schedule 2, Page 2
- (3) Revenue Requirements calculated for Project 3 on EXHIBIT 2, Attachment 4, Schedule 3, Page 2
- (4) Revenue Requirements calculated for Project 4 on EXHIBIT 2, Attachment 4, Schedule 4, Page 2
- (5) Revenue Requirements calculated for Project 5 on EXHIBIT 2, Attachment 4, Schedule 5, Page 2
- (6) Revenue Requirements calculated for Project 6 on EXHIBIT 2, Attachment 4, Schedule 6, Page 2
- (7) The beginning balance in 2009 is carried over from the 2008 ending balance.
- (8) Total Expense for Transmission and Renewable Transmission Projects.
- (9) See EXHIBIT 2, Attachment 1, Schedule 2 for the calculation of revenues that would have been collected under this rate adjustment rider. The factors are calculated on EXHIBIT 2, Attach. 1, Sched. 3.
- (10) Expenses Less Revenues is the amount over (under) collected or the difference between the total revenue requirements and the amount of revenue that would have been received from customers under this rider.
- (11) Balance before carrying charge for the month.
- (12) Carrying charge
- (13) Ending balance is the amount over (under) collected or the difference between the total revenue requirements and the amount of revenue received from customers under this rider, including the carrying charge.

Transmission Cost Recovery Rider
TCR Tracker Account Calculation - 2008-2009

EXHIBIT 2
Attachment 4, Schedule 1
Page 1 of 2

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
825 Wind Main													
Rate Base													
Plus CWIP Ending Balance	81,445,817	84,253,277	91,178,941	80,355,993	78,527,303	79,580,777	6,621,583	6,416,414	2	(1)	(1)	(1)	(1)
Plus Plant In-Service	119,873,144	120,068,534	116,607,381	126,653,130	132,182,820	132,257,850	205,540,883	205,792,535	212,234,450	212,234,453	212,234,453	212,234,453	212,234,453
Less Book Depreciation Reserve	601,051	864,661	1,124,654	1,391,749	1,670,785	1,950,914	2,303,854	2,729,801	3,156,055	3,582,337	4,008,620	4,434,903	4,434,903
Less Accum Deferred Taxes	877,328	1,086,590	1,314,649	1,571,071	1,798,337	2,032,403	2,375,749	2,832,510	3,289,667	3,746,856	4,204,045	4,661,233	4,661,233
End Of Month Rate Base	199,840,582	202,370,560	205,347,020	204,046,302	207,241,001	207,855,310	207,482,863	206,646,638	205,788,730	204,905,259	204,021,787	203,138,315	203,138,315
Average Rate Base (BOM/EOM)	198,539,463	201,105,571	203,858,790	204,696,661	205,643,651	207,548,156	207,669,086	207,064,750	206,217,684	205,346,994	204,463,523	203,580,051	204,644,532
Calculation of Return													
Plus Debt Return	531,093	537,957	545,322	547,564	550,097	555,191	555,515	553,898	551,632	549,303	546,940	544,577	6,569,089
Plus Equity Return	833,866	844,643	856,207	859,726	863,703	871,702	872,210	869,672	866,114	862,457	858,747	855,036	10,314,084
Total Return	1,364,959	1,382,601	1,401,529	1,407,290	1,413,800	1,426,894	1,427,725	1,423,570	1,417,747	1,411,761	1,405,687	1,399,613	16,883,174
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750	1,880,999
Plus Book Depreciation	259,289	263,610	259,993	267,095	279,036	280,129	352,940	425,947	426,254	426,283	426,283	426,283	4,093,141
Plus Deferred Taxes	205,555	209,262	228,059	256,422	227,266	234,066	343,346	456,761	457,157	457,189	457,189	457,189	3,989,461
Plus Gross Up for Income Tax	397,409	402,413	392,483	318,929	386,798	386,786	254,002	120,010	117,633	115,639	113,641	111,643	3,117,388
Less AFUDC	464,476	483,482	523,014	287,651	441,908	450,271	180,443	752	3	0	0	0	2,832,000
Less AFUDC Gross Up for Income Tax	250,102	260,336	281,623	154,889	237,951	242,454	97,162	405	2	0	0	0	1,524,923
Less OATT Credit to retail customers	0	0	0	0	0	0	415,903	562,982	568,317	573,093	571,291	569,490	3,261,076
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	304,425	288,217	232,648	556,657	369,990	365,006	413,531	595,329	589,472	582,768	582,571	582,375	5,462,988
Total Revenue Requirements	1,669,384	1,670,818	1,634,177	1,963,946	1,783,790	1,791,899	1,841,256	2,018,899	2,007,219	1,994,528	1,988,258	1,981,988	22,346,162
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	80,204	87,942	87,433	86,880	86,607	86,334	515,399

Transmission Cost Recovery Rider
TCR Tracker Account Calculation - 2008-2009

EXHIBIT 2
Attachment 4, Schedule 1
Page 2 of 2

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
825 Wind Main													
Rate Base													
Plus CWIP Ending Balance	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Plus Plant In-Service	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453	212,234,453
Less Book Depreciation Reserve	4,861,186	5,287,469	5,713,752	6,140,035	6,566,317	6,992,600	7,418,883	7,845,166	8,271,449	8,697,732	9,124,015	9,550,297	9,550,297
Less Accum Deferred Taxes	5,070,662	5,480,092	5,889,521	6,298,950	6,708,379	7,117,808	7,527,237	7,936,666	8,346,095	8,755,524	9,164,953	9,574,382	9,574,382
End Of Month Rate Base	202,302,603	201,466,892	200,631,180	199,795,468	198,959,756	198,124,044	197,288,332	196,452,620	195,616,908	194,781,196	193,945,484	193,109,772	193,109,772
Average Rate Base (BOM/EOM)	202,720,459	201,884,748	201,049,036	200,213,324	199,377,612	198,541,900	197,706,188	196,870,476	196,034,764	195,199,052	194,363,340	193,527,628	198,124,044
Calculation of Return													
Plus Debt Return	542,277	540,042	537,806	535,571	533,335	531,100	528,864	526,629	524,393	522,157	519,922	517,686	6,359,782
Plus Equity Return	851,426	847,916	844,406	840,896	837,386	833,876	830,366	826,856	823,346	819,836	816,326	812,816	9,985,452
Total Return	1,393,703	1,387,958	1,382,212	1,376,467	1,370,721	1,364,976	1,359,230	1,353,485	1,347,739	1,341,993	1,336,248	1,330,502	16,345,234
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	286,517	286,517	286,517	286,517	286,517	286,517	286,517	286,517	286,517	286,517	286,517	286,517	3,438,198
Plus Book Depreciation	426,283	426,283	426,283	426,283	426,283	426,283	426,283	426,283	426,283	426,283	426,283	426,283	5,115,394
Plus Deferred Taxes	409,429	409,429	409,429	409,429	409,429	409,429	409,429	409,429	409,429	409,429	409,429	409,429	4,913,149
Plus Gross Up for Income Tax	146,816	144,926	143,036	141,146	139,256	137,366	135,476	133,586	131,696	129,806	127,916	126,026	1,637,057
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OAITT Credit to retail customers	594,325	592,621	590,917	589,213	587,508	585,804	584,100	582,396	580,691	578,987	577,283	575,579	7,019,424
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	674,720	674,534	674,348	674,162	673,977	673,791	673,605	673,419	673,234	673,048	672,862	672,676	8,084,375
Total Revenue Requirements	2,068,423	2,062,491	2,056,560	2,050,629	2,044,698	2,038,766	2,032,835	2,026,904	2,020,973	2,015,041	2,009,110	2,003,179	24,429,608
SD Jurisdictional Revenue Requirement	92,818	92,552	92,286	92,020	91,754	91,488	91,221	90,955	90,689	90,423	90,157	89,891	1,096,254

Transmission Cost Recovery Rider
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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
Yankee Collector													
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	6,082,225	6,093,967	6,677,928	6,091,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294
Less Book Depreciation Reserve	29,782	43,049	56,965	70,878	84,153	97,429	110,705	123,981	137,257	150,533	163,809	177,085	177,085
Less Accum Deferred Taxes	61,868	76,481	91,809	107,135	121,757	136,380	151,004	165,627	180,250	194,874	209,497	224,121	224,121
End Of Month Rate Base	5,990,575	5,974,437	6,529,154	5,913,281	5,886,384	5,858,485	5,830,585	5,802,686	5,774,786	5,746,887	5,718,987	5,691,088	5,691,088
Average Rate Base (BOM/EOM)	5,987,816	5,982,506	6,251,795	6,221,217	5,899,833	5,872,434	5,844,535	5,816,635	5,788,736	5,760,837	5,732,937	5,705,038	5,905,360
Calculation of Return													
Plus Debt Return	16,017	16,003	16,724	16,642	15,782	15,709	15,634	15,559	15,485	15,410	15,336	15,261	189,562
Plus Equity Return	25,149	25,127	26,258	26,129	24,779	24,664	24,547	24,430	24,313	24,196	24,078	23,961	297,630
Total Return	41,166	41,130	42,981	42,771	40,561	40,373	40,181	39,989	39,798	39,606	39,414	39,222	487,192
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	8,166	8,166	8,166	8,166	8,166	8,166	8,166	8,166	8,166	8,166	8,166	8,166	97,993
Plus Book Depreciation	13,218	13,267	13,916	13,913	13,275	13,276	13,276	13,276	13,276	13,276	13,276	13,276	160,521
Plus Deferred Taxes	14,559	14,613	15,328	15,325	14,622	14,623	14,623	14,623	14,623	14,623	14,623	14,623	176,812
Plus Gross Up for Income Tax	2,186	2,132	2,183	2,116	1,938	1,875	1,812	1,749	1,686	1,623	1,559	1,496	22,355
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	0	0	0	0	0	0	17,423	17,366	17,309	17,252	17,195	17,138	103,683
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	38,129	38,178	39,593	39,521	38,001	37,940	20,455	20,448	20,442	20,436	20,430	20,424	353,997
Total Revenue Requirements	79,295	79,308	82,574	82,291	78,562	78,313	60,636	60,438	60,240	60,042	59,844	59,646	841,190
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	2,641	2,633	2,624	2,615	2,607	2,598	15,718

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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
Yankee Collector													
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294	6,092,294
Less Book Depreciation Reserve	190,361	203,637	216,913	230,189	243,465	256,741	270,017	283,293	296,569	309,845	323,121	336,397	336,397
Less Accum Deferred Taxes	236,947	249,773	262,600	275,426	288,253	301,079	313,905	326,732	339,558	352,385	365,211	378,037	378,037
End Of Month Rate Base	5,664,986	5,638,883	5,612,781	5,586,678	5,560,576	5,534,473	5,508,371	5,482,269	5,456,166	5,430,064	5,403,961	5,377,859	5,377,859
Average Rate Base (BOM/EOM)	5,678,037	5,651,934	5,625,832	5,599,730	5,573,627	5,547,525	5,521,422	5,495,320	5,469,217	5,443,115	5,417,013	5,390,910	5,534,473
Calculation of Return													
Plus Debt Return	15,189	15,119	15,049	14,979	14,909	14,840	14,770	14,700	14,630	14,560	14,491	14,421	177,657
Plus Equity Return	23,848	23,738	23,628	23,519	23,409	23,300	23,190	23,080	22,971	22,861	22,751	22,642	278,937
Total Return	39,037	38,857	38,678	38,498	38,319	38,139	37,960	37,780	37,601	37,421	37,242	37,063	456,594
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	8,225	8,225	8,225	8,225	8,225	8,225	8,225	8,225	8,225	8,225	8,225	8,225	98,695
Plus Book Depreciation	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	13,276	159,312
Plus Deferred Taxes	12,826	12,826	12,826	12,826	12,826	12,826	12,826	12,826	12,826	12,826	12,826	12,826	153,917
Plus Gross Up for Income Tax	2,833	2,774	2,715	2,656	2,597	2,538	2,479	2,420	2,361	2,302	2,243	2,183	30,098
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	17,007	16,954	16,901	16,847	16,794	16,741	16,688	16,634	16,581	16,528	16,475	16,421	200,571
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PFC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	20,153	20,147	20,141	20,135	20,130	20,124	20,118	20,112	20,106	20,101	20,095	20,089	241,451
Total Revenue Requirements	59,189	59,004	58,819	58,634	58,448	58,263	58,078	57,893	57,707	57,522	57,337	57,151	698,045
SD Jurisdictional Revenue Requirement	2,656	2,648	2,639	2,631	2,623	2,614	2,606	2,598	2,590	2,581	2,573	2,565	31,324

Transmission Cost Recovery Rider
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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
Fenton Collector													
Rate Base													
Plus CWIP Ending Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	8,194,358	8,196,275	8,407,140	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647
Less Book Depreciation Reserve	44,332	62,190	80,281	98,618	116,973	135,327	153,681	172,035	190,389	208,744	227,098	245,452	245,452
Less Accum Deferred Taxes	115,589	135,037	154,738	174,708	194,696	214,684	234,673	254,661	274,649	294,637	314,625	334,613	334,613
End Of Month Rate Base	8,034,438	7,999,047	8,172,121	8,149,321	8,110,978	8,072,636	8,034,294	7,995,951	7,957,609	7,919,267	7,880,924	7,842,582	7,842,582
Average Rate Base (BOM/EOM)	8,035,231	8,016,743	8,085,584	8,160,721	8,130,150	8,091,807	8,053,465	8,015,123	7,976,780	7,938,438	7,900,096	7,861,753	8,022,157
Calculation of Return													
Plus Debt Return	21,494	21,445	21,629	21,830	21,748	21,646	21,543	21,440	21,338	21,235	21,133	21,030	257,511
Plus Equity Return	33,748	33,670	33,959	34,275	34,147	33,986	33,825	33,664	33,502	33,341	33,180	33,019	404,317
Total Return	55,242	55,115	55,588	56,105	55,895	55,631	55,368	55,104	54,840	54,577	54,313	54,050	661,828
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	11,014	11,014	11,014	11,014	11,014	11,014	11,014	11,014	11,014	11,014	11,014	11,014	132,171
Plus Book Depreciation	17,818	17,859	18,091	18,337	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	218,938
Plus Deferred Taxes	19,404	19,449	19,701	19,970	19,988	19,988	19,988	19,988	19,988	19,988	19,988	19,988	238,429
Plus Gross Up for Income Tax	3,032	2,955	2,914	2,874	2,791	2,704	2,617	2,530	2,444	2,357	2,270	2,184	31,670
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OAITT Credit to retail customers	0	0	0	0	0	0	23,959	23,880	23,802	23,724	23,646	23,568	142,579
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	51,268	51,277	51,720	52,195	52,147	52,060	28,015	28,007	27,998	27,990	27,981	27,973	478,630
Total Revenue Requirements	106,510	106,392	107,308	108,300	108,042	107,692	83,383	83,111	82,838	82,566	82,294	82,022	1,140,458
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	3,632	3,620	3,608	3,597	3,585	3,573	21,615

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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
Fenton Collector													
Rate Base													
Plus CWIP Ending Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647	8,422,647
Less Book Depreciation Reserve	263,806	282,160	300,515	318,869	337,223	355,577	373,931	392,286	410,640	428,994	447,348	465,702	465,702
Less Accum Deferred Taxes	352,150	369,687	387,223	404,760	422,297	439,834	457,370	474,907	492,444	509,981	527,517	545,054	545,054
End Of Month Rate Base	7,806,691	7,770,800	7,734,909	7,699,018	7,663,127	7,627,236	7,591,345	7,555,454	7,519,563	7,483,672	7,447,782	7,411,891	7,411,891
Average Rate Base (BOM/EOM)	7,824,637	7,788,746	7,752,855	7,716,964	7,681,073	7,645,182	7,609,291	7,573,400	7,537,509	7,501,618	7,465,727	7,429,836	7,627,236
Calculation of Return													
Plus Debt Return	20,931	20,835	20,739	20,643	20,547	20,451	20,355	20,259	20,163	20,067	19,971	19,875	244,834
Plus Equity Return	32,863	32,713	32,562	32,411	32,261	32,110	31,959	31,808	31,658	31,507	31,356	31,205	384,413
Total Return	53,794	53,548	53,301	53,054	52,807	52,561	52,314	52,067	51,820	51,574	51,327	51,080	629,247
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	11,371	11,371	11,371	11,371	11,371	11,371	11,371	11,371	11,371	11,371	11,371	11,371	136,447
Plus Book Depreciation	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	18,354	220,250
Plus Deferred Taxes	17,537	17,537	17,537	17,537	17,537	17,537	17,537	17,537	17,537	17,537	17,537	17,537	210,441
Plus Gross Up for Income Tax	4,006	3,925	3,844	3,762	3,681	3,600	3,519	3,438	3,357	3,275	3,194	3,113	42,715
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OAIT Credit to retail customers	23,450	23,377	23,303	23,230	23,157	23,084	23,011	22,937	22,864	22,791	22,718	22,645	276,567
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	27,818	27,810	27,802	27,794	27,786	27,778	27,770	27,762	27,754	27,746	27,738	27,730	333,286
Total Revenue Requirements	81,612	81,357	81,103	80,848	80,593	80,338	80,084	79,829	79,574	79,320	79,065	78,810	962,533
SD Jurisdictional Revenue Requirement	3,662	3,651	3,639	3,628	3,617	3,605	3,594	3,582	3,571	3,559	3,548	3,537	43,193

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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
Series Capacitor													
Rate Base													
Plus CWIP Ending Balance	13,410	13,411	13,410	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	8,033,573	8,046,072	8,058,585	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856
Less Book Depreciation Reserve	44,436	61,966	79,522	97,131	114,779	132,426	150,073	167,720	185,368	203,015	220,662	238,309	238,309
Less Accum Deferred Taxes	126,352	145,090	163,856	182,679	201,542	220,406	239,269	258,133	276,996	295,860	314,724	333,587	333,587
End Of Month Rate Base	7,876,196	7,852,428	7,828,616	7,814,045	7,777,535	7,741,024	7,704,513	7,668,002	7,631,491	7,594,981	7,558,470	7,521,959	7,521,959
Average Rate Base (BOM/EOM)	7,888,248	7,864,312	7,840,522	7,821,331	7,795,790	7,759,279	7,722,768	7,686,258	7,649,747	7,613,236	7,576,725	7,540,214	7,729,869
Calculation of Return													
Plus Debt Return	21,101	21,037	20,973	20,922	20,854	20,756	20,658	20,561	20,463	20,365	20,268	20,170	248,129
Plus Equity Return	33,131	33,030	32,930	32,850	32,742	32,589	32,436	32,282	32,129	31,976	31,822	31,669	389,585
Total Return	54,232	54,067	53,904	53,772	53,596	53,345	53,094	52,843	52,592	52,341	52,090	51,839	637,714
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	10,829	10,829	10,829	10,829	10,829	10,829	10,829	10,829	10,829	10,829	10,829	10,829	129,945
Plus Book Depreciation	17,503	17,530	17,557	17,609	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	211,376
Plus Deferred Taxes	18,763	18,738	18,767	18,822	18,864	18,864	18,864	18,864	18,864	18,864	18,864	18,864	225,998
Plus Gross Up for Income Tax	3,460	3,355	3,278	3,192	3,103	3,020	2,938	2,855	2,773	2,690	2,607	2,525	35,796
Less AFUDC	51	1	(1)	0	0	0	0	0	0	0	0	0	51
Less AFUDC Gross Up for Income Tax	27	0	(0)	0	0	0	0	0	0	0	0	0	27
Less OATT Credit to retail customers	0	0	0	0	0	0	23,072	22,998	22,924	22,849	22,775	22,700	137,318
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	50,476	50,450	50,432	50,452	50,442	50,360	27,205	27,197	27,189	27,180	27,172	27,164	465,719
Total Revenue Requirements	104,708	104,517	104,335	104,224	104,038	103,705	80,299	80,040	79,781	79,521	79,262	79,003	1,103,433
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	3,498	3,486	3,475	3,464	3,453	3,441	20,817

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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
Series Capacitor													
Rate Base													
Plus CWIP Ending Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856	8,093,856
Less Book Depreciation Reserve	255,957	273,604	291,251	308,898	326,546	344,193	361,840	379,488	397,135	414,782	432,429	450,077	450,077
Less Accum Deferred Taxes	349,934	366,281	382,628	398,975	415,322	431,669	448,016	464,363	480,710	497,057	513,404	529,751	529,751
End Of Month Rate Base	7,487,965	7,453,970	7,419,976	7,385,982	7,351,988	7,317,993	7,283,999	7,250,005	7,216,011	7,182,017	7,148,022	7,114,028	7,114,028
Average Rate Base (BOM/EOM)	7,504,962	7,470,968	7,436,973	7,402,979	7,368,985	7,334,991	7,300,996	7,267,002	7,233,008	7,199,014	7,165,019	7,131,025	7,317,993
Calculation of Return													
Plus Debt Return	20,076	19,985	19,894	19,803	19,712	19,621	19,530	19,439	19,348	19,257	19,166	19,075	234,908
Plus Equity Return	31,521	31,378	31,235	31,093	30,950	30,807	30,664	30,521	30,379	30,236	30,093	29,950	368,827
Total Return	51,597	51,363	51,129	50,895	50,662	50,428	50,194	49,961	49,727	49,493	49,260	49,026	603,734
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	10,927	131,120
Plus Book Depreciation	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	17,647	211,767
Plus Deferred Taxes	16,347	16,347	16,347	16,347	16,347	16,347	16,347	16,347	16,347	16,347	16,347	16,347	196,164
Plus Gross Up for Income Tax	4,403	4,326	4,249	4,172	4,095	4,018	3,942	3,865	3,788	3,711	3,634	3,557	47,759
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	22,525	22,456	22,387	22,317	22,248	22,179	22,109	22,040	21,971	21,902	21,832	21,763	265,730
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	26,798	26,791	26,783	26,776	26,768	26,761	26,753	26,745	26,738	26,730	26,723	26,715	321,081
Total Revenue Requirements	78,395	78,154	77,912	77,671	77,430	77,189	76,947	76,706	76,465	76,224	75,982	75,741	924,816
SD Jurisdictional Revenue Requirement	3,518	3,507	3,496	3,485	3,475	3,464	3,453	3,442	3,431	3,420	3,410	3,399	41,500

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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
Nobles Collector													
Rate Base													
Plus CWIP Ending Balance	3,063,768	3,084,250	3,120,639	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	0	0	0	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369
Less Book Depreciation Reserve	0	0	0	3,412	10,236	17,059	23,883	30,707	37,530	44,354	51,178	58,002	58,002
Less Accum Deferred Taxes	(20,546)	(23,580)	(25,551)	(24,215)	(19,494)	(14,773)	(10,052)	(5,331)	(610)	4,111	8,832	13,553	13,553
End Of Month Rate Base	3,084,314	3,107,830	3,146,190	3,152,172	3,140,628	3,129,083	3,117,538	3,105,994	3,094,449	3,082,904	3,071,360	3,059,815	3,059,815
Average Rate Base (BOM/EOM)	3,072,862	3,096,072	3,127,010	3,149,181	3,146,400	3,134,855	3,123,311	3,111,766	3,100,221	3,088,677	3,077,132	3,065,587	3,107,756
Calculation of Return													
Plus Debt Return	8,220	8,282	8,365	8,424	8,417	8,386	8,355	8,324	8,293	8,262	8,231	8,200	99,759
Plus Equity Return	12,906	13,004	13,133	13,227	13,215	13,166	13,118	13,069	13,021	12,972	12,924	12,875	156,631
Total Return	21,126	21,285	21,498	21,651	21,632	21,552	21,473	21,393	21,314	21,235	21,155	21,076	256,390
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Book Depreciation	0	0	0	3,412	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	58,002
Plus Deferred Taxes	(3,094)	(3,034)	(1,971)	1,336	4,721	4,721	4,721	4,721	4,721	4,721	4,721	4,721	31,005
Plus Gross Up for Income Tax	13,863	13,993	13,047	8,431	3,564	3,538	3,512	3,486	3,460	3,434	3,408	3,381	77,116
Less AFUDC	19,810	20,483	22,129	10,730	0	0	0	0	0	0	0	0	73,152
Less AFUDC Gross Up for Income Tax	10,667	11,029	11,915	5,778	0	0	0	0	0	0	0	0	39,389
Less OATT Credit to retail customers	0	0	0	0	0	0	8,153	8,130	8,106	8,083	8,059	8,036	48,567
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	(19,708)	(20,553)	(22,968)	(3,330)	15,109	15,083	6,903	6,901	6,898	6,896	6,893	6,890	5,015
Total Revenue Requirements	1,418	733	(1,470)	18,321	36,740	36,635	28,376	28,294	28,212	28,130	28,048	27,966	261,404
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	1,236	1,232	1,229	1,225	1,222	1,218	7,363

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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
Nobles Collector													
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369	3,131,369
Less Book Depreciation Reserve	64,825	71,649	78,473	85,297	92,120	98,944	105,768	112,591	119,415	126,239	133,063	139,886	139,886
Less Accum Deferred Taxes	20,833	28,114	35,395	42,675	49,956	57,236	64,517	71,797	79,078	86,359	93,639	100,920	100,920
End Of Month Rate Base	3,045,711	3,031,606	3,017,502	3,003,398	2,989,293	2,975,189	2,961,085	2,946,980	2,932,876	2,918,772	2,904,667	2,890,563	2,890,563
Average Rate Base (BOM/EOM)	3,052,763	3,038,658	3,024,554	3,010,450	2,996,345	2,982,241	2,968,137	2,954,033	2,939,928	2,925,824	2,911,720	2,897,615	2,975,189
Calculation of Return													
Plus Debt Return	8,166	8,128	8,091	8,053	8,015	7,977	7,940	7,902	7,864	7,827	7,789	7,751	95,504
Plus Equity Return	12,822	12,762	12,703	12,644	12,585	12,525	12,466	12,407	12,348	12,288	12,229	12,170	149,950
Total Return	20,988	20,891	20,794	20,697	20,600	20,503	20,406	20,309	20,212	20,115	20,018	19,921	245,453
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	4,227	4,227	4,227	4,227	4,227	4,227	4,227	4,227	4,227	4,227	4,227	4,227	50,728
Plus Book Depreciation	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	81,885
Plus Deferred Taxes	7,281	7,281	7,281	7,281	7,281	7,281	7,281	7,281	7,281	7,281	7,281	7,281	87,367
Plus Gross Up for Income Tax	1,353	1,321	1,289	1,257	1,225	1,193	1,161	1,129	1,097	1,066	1,034	1,002	14,126
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	9,078	9,049	9,020	8,992	8,963	8,934	8,905	8,877	8,848	8,819	8,790	8,762	107,037
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	10,606	10,603	10,600	10,597	10,594	10,591	10,587	10,584	10,581	10,578	10,575	10,572	127,068
Total Revenue Requirements	31,594	31,494	31,394	31,294	31,194	31,093	30,993	30,893	30,793	30,693	30,593	30,493	372,521
SD Jurisdictional Revenue Requirement	1,418	1,413	1,409	1,404	1,400	1,395	1,391	1,386	1,382	1,377	1,373	1,368	16,717

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	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Annual
Rock Cty Collector													
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	2,538,797	2,926,057	3,244,519	3,265,678	3,325,617	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737
Less Book Depreciation Reserve	2,878	8,840	15,576	22,682	29,876	37,136	44,396	51,656	58,916	66,176	73,436	80,696	80,696
Less Accum Deferred Taxes	(13,000)	(10,814)	(7,897)	(4,720)	(1,504)	1,739	4,983	8,226	11,469	14,713	17,956	21,199	21,199
End Of Month Rate Base	2,548,919	2,928,031	3,236,840	3,247,716	3,297,244	3,286,861	3,276,359	3,265,855	3,255,352	3,244,848	3,234,345	3,223,842	3,223,842
Average Rate Base (BOM/EOM)	1,304,751	2,738,475	3,082,436	3,242,278	3,272,480	3,292,053	3,281,610	3,271,107	3,260,603	3,250,100	3,239,597	3,229,093	3,038,715
Calculation of Return													
Plus Debt Return	3,490	7,325	8,246	8,673	8,754	8,806	8,778	8,750	8,722	8,694	8,666	8,638	97,543
Plus Equity Return	5,480	11,502	12,946	13,618	13,744	13,827	13,783	13,739	13,695	13,650	13,606	13,562	153,151
Total Return	8,970	18,827	21,192	22,291	22,498	22,633	22,561	22,489	22,417	22,344	22,272	22,200	250,694
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	65	65	65	65	65	65	65	65	65	65	65	65	780
Plus Book Depreciation	2,820	5,961	6,736	7,106	7,194	7,260	7,260	7,260	7,260	7,260	7,260	7,260	80,638
Plus Deferred Taxes	(477)	2,186	2,917	3,177	3,216	3,243	3,243	3,243	3,243	3,243	3,243	3,243	33,723
Plus Gross Up for Income Tax	5,859	5,239	4,977	4,925	5,015	4,987	4,964	4,940	4,916	4,892	4,869	4,845	60,429
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	0	0	0	0	0	0	8,502	8,481	8,460	8,438	8,417	8,395	50,693
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PIC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	8,267	13,452	14,696	15,273	15,490	15,556	7,030	7,027	7,025	7,023	7,020	7,018	124,877
Total Revenue Requirements	17,238	32,279	35,887	37,563	37,988	38,189	29,591	29,516	29,442	29,367	29,293	29,218	375,571
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	1,289	1,286	1,282	1,279	1,276	1,273	7,685

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	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Annual
Rock City Collector													
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737	3,325,737
Less Book Depreciation Reserve	87,956	95,216	102,476	109,736	116,996	124,256	131,516	138,776	146,036	153,296	160,556	167,816	167,816
Less Accum Deferred Taxes	28,945	36,691	44,437	52,183	59,929	67,674	75,420	83,166	90,912	98,658	106,404	114,150	114,150
End Of Month Rate Base	3,208,836	3,193,830	3,178,824	3,163,818	3,148,812	3,133,806	3,118,801	3,103,795	3,088,789	3,073,783	3,058,777	3,043,771	3,043,771
Average Rate Base (BOM/EOM)	3,216,339	3,201,333	3,186,327	3,171,321	3,156,315	3,141,309	3,126,304	3,111,298	3,096,292	3,081,286	3,066,280	3,051,274	3,133,806
Calculation of Return													
Plus Debt Return	8,604	8,564	8,523	8,483	8,443	8,403	8,363	8,323	8,283	8,242	8,202	8,162	100,595
Plus Equity Return	13,509	13,446	13,383	13,320	13,257	13,193	13,130	13,067	13,004	12,941	12,878	12,815	157,944
Total Return	22,112	22,009	21,906	21,803	21,700	21,597	21,493	21,390	21,287	21,184	21,081	20,978	258,539
Income Statement Items													
Plus Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Accrued Costs / Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Property Taxes	4,490	4,490	4,490	4,490	4,490	4,490	4,490	4,490	4,490	4,490	4,490	4,490	53,877
Plus Book Depreciation	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	87,120
Plus Deferred Taxes	7,746	7,746	7,746	7,746	7,746	7,746	7,746	7,746	7,746	7,746	7,746	7,746	92,950
Plus Gross Up for Income Tax	1,300	1,266	1,232	1,198	1,164	1,130	1,097	1,063	1,029	995	961	927	13,362
Less AFUDC	0	0	0	0	0	0	0	0	0	0	0	0	0
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less OATT Credit to retail customers	9,577	9,546	9,516	9,485	9,455	9,424	9,393	9,363	9,332	9,302	9,271	9,240	112,905
Less Wind Production Tax Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income Statement Expense	11,219	11,215	11,212	11,209	11,205	11,202	11,199	11,195	11,192	11,189	11,185	11,182	134,404
Total Revenue Requirements	33,331	33,224	33,118	33,011	32,905	32,798	32,692	32,585	32,479	32,372	32,266	32,159	392,943
SD Jurisdictional Revenue Requirement	1,496	1,491	1,486	1,481	1,477	1,472	1,467	1,462	1,457	1,453	1,448	1,443	17,633

**Transmission Cost Recovery
Base Assumptions**

Weighted Cost of Capital

	<u>Rate</u>	<u>Ratio</u>	<u>Weighted Cost</u>
Long Term Debt	6.83%	46.96%	3.21%
Preferred Stock	0.00%	0.00%	0.00%
Short Term Debt	0.00%	0.00%	0.00%
Common Equity	9.50%	53.04%	5.04%
Required Rate of Return			8.25%

Composite Income Tax Rates

	<u>2008</u>	<u>2009</u>
State of South Dakota Tax rate	0.00%	0.00%
Federal Statutory Tax rate	35.00%	35.00%
Federal Effective Tax Rate (1-State Rate * Fed Rate)	35.00%	35.00%
Total South Dakota Composite Tax Rate	35.0000%	35.0000%
Total Corporate Composite Tax Rate (2009 Forecast)	40.8318%	40.8206%

State of SD Transmission Demand Factor (1)

36 Month Coincident Peak Demand Allocator	4.3559%	4.4874%
State of South Dakota Retail Demand Allocator	84.4383%	83.8829%
	5.1587%	5.3496%

**Transmission Cost Recovery
Base Assumptions**

Composite Depreciation Rates

Depreciation Rate - Lines	2.6532%	2.6532%
Depreciation Rate - Substations	2.6129%	2.6129%

Property Tax Rates

Property Tax Rate: MN State Electric Personal Property Tax Rate	1.620%	1.620%
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OATT Revenue Credit for Non-Retail Transmission Recovery

22.3200%	22.3200%
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(1) Calculation of State of South Dakota - Demand Allocators

<u>2008 Transmission Demand Allocators</u>	Total	Minnesota Company	Minnesota	N Dakota	S Dakota	Wholesale	WI Co
36 Month Coin Peak Demand - 2006 Billings	100.0000%	84.4383%					15.5617%
12 Month Jurisdictional Demand - 2008 Budget	100.0000%		87.1423%	5.7820%	5.1587%	1.9170%	
2008 State of SD Transmission Demand Factor					4.3559%		

<u>2009 Transmission Demand Allocators</u>	Total	Minnesota Company	Minnesota	N Dakota	S Dakota	Wholesale	WI Co
36 Month Coin Peak Demand	100.0000%	83.8829%					16.1171%
12 Month Jurisdictional Demand	100.0000%		87.0730%	5.5128%	5.3496%	2.0646%	
2009 State of SD Transmission Demand Factor					4.4874%		

Cost of Capital**

	Annual			
Weighted Cost of Debt	3.21%			
Weighted Cost of Equity	5.04%			
Total Cost of Capital	8.25%			
Tax Gross-up	2.7138%	Monthly***	Composite Tax Rate - SD	35.00%
Cost of Capital Including Taxes	10.9638%	0.8707%		

***The Annual Cost of Capital was adjusted for monthly compounding.

Proposed Transmission Cost Recovery Customer Notice

To Be Included On Monthly Bill

Xcel Energy filed, pursuant to South Dakota Codified Law Chapter 49-34A, Sections 25.1 through 25.4, for approval of tariff mechanisms for automatic annual adjustment of charges for jurisdictional costs of new or modified transmission facilities. The Transmission Cost Recovery Adjustment recovers the costs of transmission investments.