



Jim Wilcox
Government & Regulatory Affairs
500 West Russell Street
Sioux Falls, South Dakota 57101

September 3, 2010

- Via Electronic Filing -

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

RE: ENVIRONMENTAL COST RECOVERY
2010 PETITION
Docket No. _____

Dear Ms. Van Gerpen:

Enclosed is Xcel Energy's petition for approval of the Company's 2010 environmental cost recovery tariff and rider. Please note that the Company has designated Exhibit 2, Attachment 3 as CONFIDENTIAL. The confidential trade secret designation is explained in pages 13-14 of our Petition.

If you have any questions or need additional information regarding this filing, please contact me at 612-330-6750.

Sincerely,

/s/
MARK SUEL
GOVERNMENT & REGULATORY AFFAIRS

Enclosure

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

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION, REGARDING
THE 2011 ENVIRONMENTAL COST
RECOVERY RIDER AND 2010 ECR
TRACKER REPORT

**PETITION
AND COMPLIANCE FILING**

DOCKET NO. _____

INTRODUCTION

Pursuant to S.D. Codified Laws Chapter 49-34A, Sections 97 through 100, relating to approval of tariff mechanisms for automatic annual adjustment of charges for jurisdictional costs of new environmental measures, Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) petitions the South Dakota Public Utilities Commission (the “Commission”) for approval of our 2011 Environmental Cost Recovery Rider (“ECR Rider”) Adjustment Factor and tracker account report.

South Dakota Codified Laws Chapter 49-34A, Sections 97 through 100 authorizes the Commission to approve a tariff mechanism for the automatic annual adjustment of charges for a public utility to recover the South Dakota jurisdictional portion of eligible investments and expenses related to new environmental measures. The Company was authorized to establish the ECR Rider based on the Commission’s January 13, 2009 order in Docket No. EL07-026. As discussed below, in this filing we propose to revise the ECR Rider to reflect current projects and expenditures.

SUMMARY

This filing seeks approval of a revised ECR Rider Adjustment Factor for 2011. In addition, this Petition requests Commission approval of the tracker report for approved environmental expenditures and revenues received since the implementation of the first adjustment factor that became effective on February 1, 2009.

This rider was originally established to recover the costs associated with pollution control measures at our Allen S. King (“King”) generating facility. These costs were

incorporated into base rates on January 18, 2010¹. As a result, the ECR Adjustment Factor that became effective in January 2010 was designed to collect the remaining balance in the tracker account but no capital project costs. For 2011, we propose to begin recovery of the South Dakota jurisdictional portion of the revenue requirements related to two environmental improvement capital projects the Company has initiated at our King and Sherburne County (“Sherco”) generating facilities. A mercury control system was placed in service in late 2009 at Sherco Unit 3. A similar system will be in service by the end of 2010 at King. The Company proposes to recover \$325,349 associated with these projects for the 2011 calendar year.

The tracker balance that we propose to return to customers during the period from January 1, 2011 to December 31, 2011 is \$29,843 as a result of an estimated over-collection of the remaining balance in 2010. The total of the mercury control investments and the tracker balance results in a revenue requirement of \$295,506. The average bill impact for a typical residential electric customer using 750 kWh per month would be \$0.11 per month, a reduction of \$0.01 per month from the current rider collections. The Company proposes to implement a rate of \$0.000146 per kWh applied to all kWh billed to each customer class for the year ending December 2011.

Following is information specified in South Dakota Admin. R. 20:10:13:26 regarding the proposed ECR Adjustment Factor:

(1) Name and address of the public utility;

Northern States Power Company
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

(2) Section and sheet number of tariff schedule;

Xcel Energy proposes to modify the Environmental Cost Recovery Rider tariff sheet number 72 to Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Exhibit 3 depicts the proposed tariff sheet that would implement the revised Environmental Cost Recovery Rider Adjustment Factor.

¹ *In the Matter of the Application of Northern States Power Company d/b/a/ Xcel Energy for Authority to Increase its Electric Rates.* ORDER GRANTING JOINT MOTION FOR APPROVAL OF SETTLEMENT STIPULATION AND APPROVING TARIFFS (January 12, 2010). Docket No. EL09-009.

(3) Description of the change;

This request revises ECR Adjustment Factor that became effective on January 18, 2010. This adjustment factor is shown as a separate line item on customer bills.

(4) Reason for the change;

In compliance with S.D. Codified Laws 49-34A-97 which is designed to allow timely recovery of the jurisdictional costs of new environmental measures by public utilities, we propose to update the adjustment factor in order to ensure customers are paying for current projects. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and return or collect any differences during the next recovery period based on the estimated end of year balance in the tracker account.

(5) Present rate;

As discussed above, the present adjustment factor was established at \$0.000154 per kWh in January 2010 to recover the remaining balance in the tracker account during 2010.

(6) Proposed rate;

A. Proposed Tariff

Exhibit 3 depicts the proposed tariff sheet implementing the proposed revised ECR adjustment factor to be applied as a rate rider uniformly to all customer kWh monthly billings beginning on January 1, 2011.

B. Eligible Environmental measures

i. Summary

The mercury emissions reduction projects at King and Sherco Unit 3 both use sorbent injection systems. The sorbent currently being used is a chemically treated activated carbon (“CTC”). The CTC identified as having the best performance at this time is a brominated powdered activated carbon, referred to as B-PAC. The configuration of the units and their existing emissions control systems make this the most cost-effective option for reducing mercury emissions.

At both units, the sorbent injection system is designed to inject the sorbent into the flue gas flow upstream of the semi-dry scrubber and fabric filter (referred to also as the “air quality control system” or “AQCS”). Elemental and oxidized forms of mercury are adsorbed into the sorbent and then captured by the AQCS, removing it from the flue gas prior to release into the atmosphere.

The storage silo and carbon feeder systems were engineered specifically for King and Sherco Unit 3 and designed to provide maximum effectiveness, contact time and thorough mixing for mercury removal. Spent B-PAC material is effectively contained for long-term disposal. The required B-PAC injection rates needed to achieve the desired mercury removal rate is determined through engineering evaluations and verified through use of the certified mercury continuous emission monitoring system (“CEMS”) on the stacks at both King and Sherco Unit 3.

Finally, due to the rapidly changing state of development of sorbent technology, we may test other sorbents as they become available to ensure we are employing the most effective and most cost-effective sorbent for mercury removal.

Figure 1 shows the current configuration of the King Plant. Figure 2 shows the schematic drawing of King with the Sorbent Injection system in place.

Figure 1: Current Schematic Diagram of King Plant

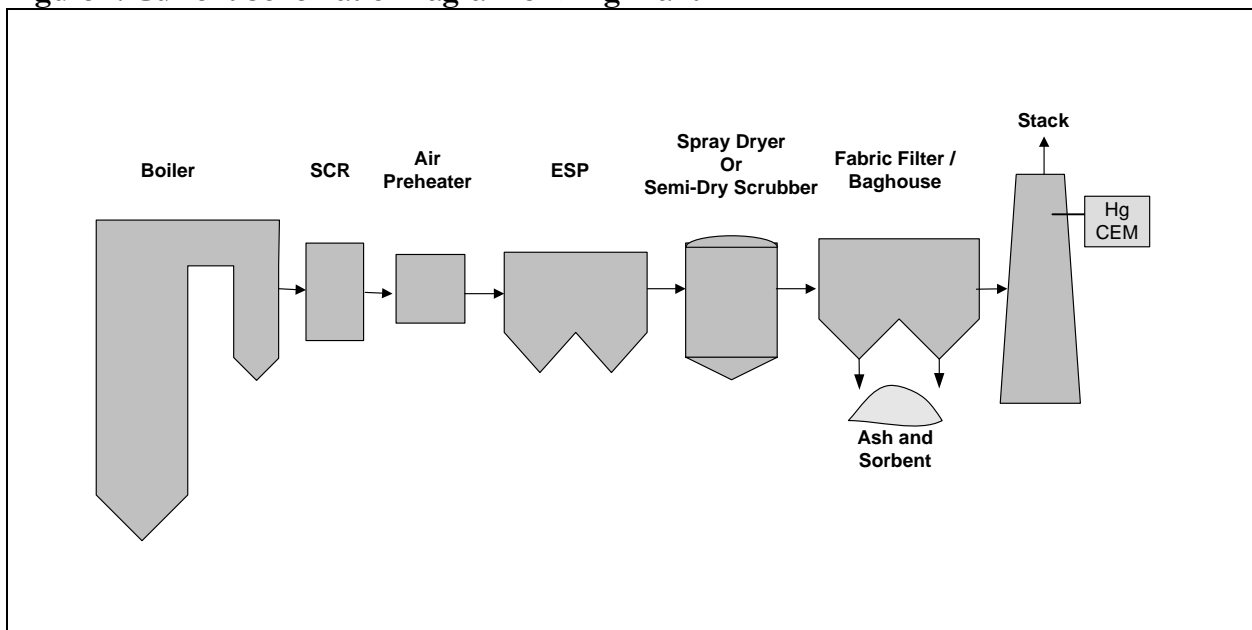
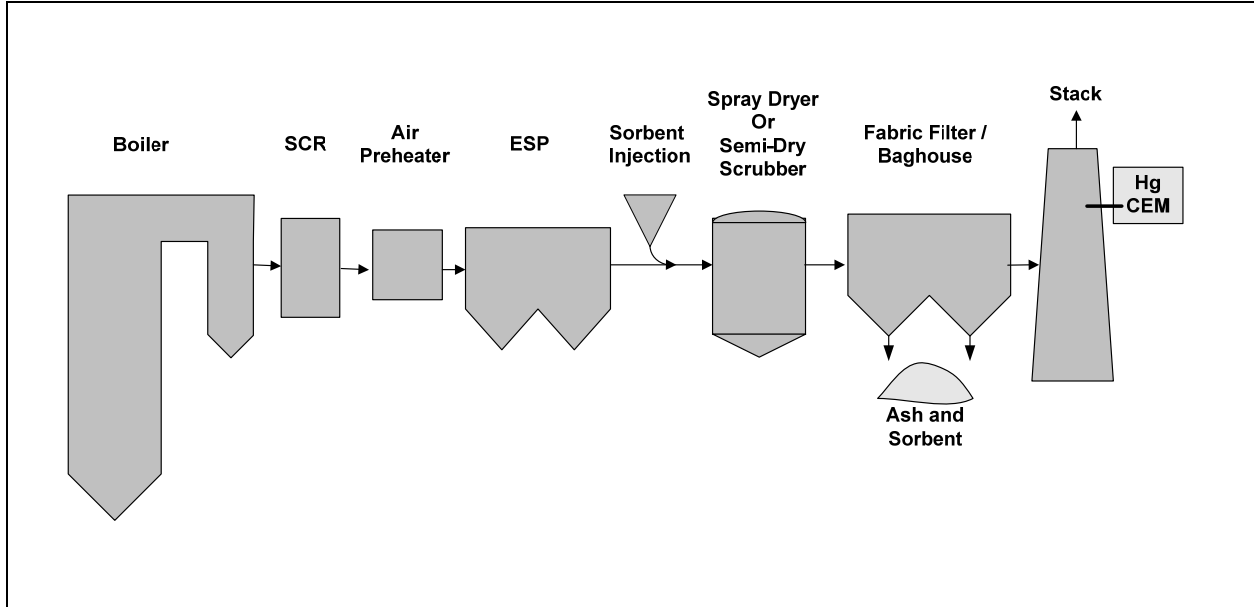
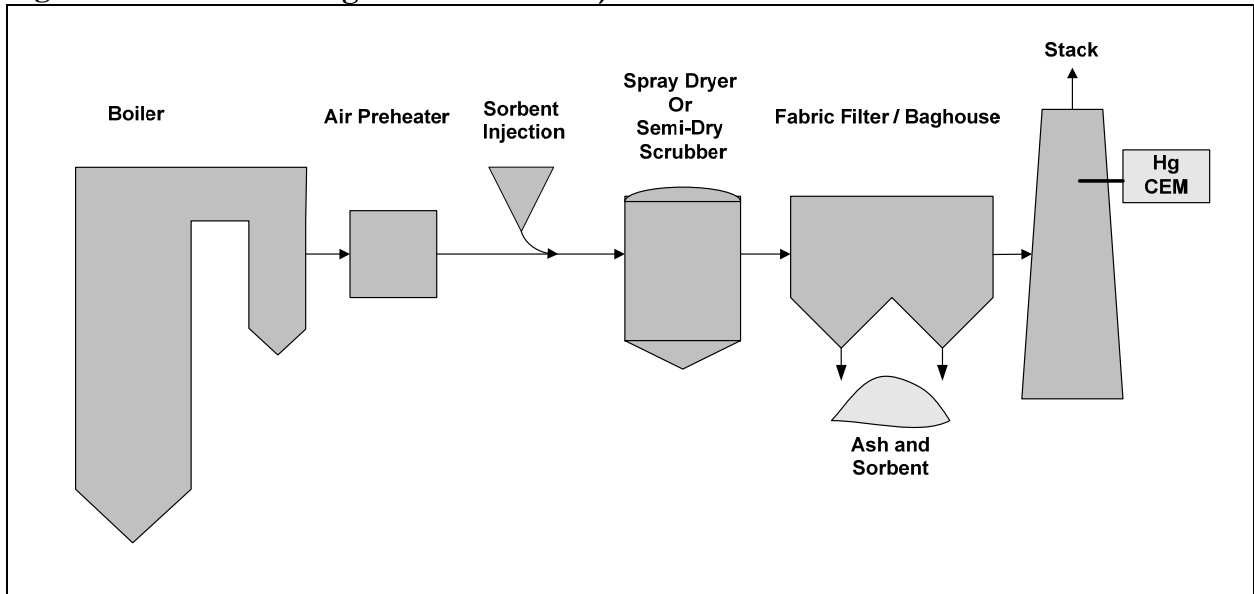


Figure 2: Schematic Diagram of Sorbent Injection Process at King Plant



Note that in the above drawings the acronym SCR stands for the selective catalytic reduction system and the acronym ESP stands for electrostatic precipitator. Because the sorbent injection system installation has been completed for Sherco Unit 3, we only show the installed system in the drawing below. There is a slight difference between the units as Sherco Unit 3 does not have an SCR or ESP system.

Figure 3. Schematic Diagram of Sorbent Injection Process at Sherco Unit 3



ii. Supporting Information

South Dakota statutes require certain information be provided in support of this request. This required information is provided within exhibits included with this Petition.

S.D. Codified Laws § 49-34A-99 states: A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to § 49-34A-98. In the utility's filing, the public utility shall provide:

(1) A description of and context for the costs and expenses of environmental improvements included for recovery;

These projects were contemplated to comply with both the Minnesota Mercury Emissions Reduction Act (“MMERA”), Minn. Stat. §§ 216B.68 through 216B.688 and the federal Clean Air Mercury Rule. Although the U.S. Court of Appeals for the D.C. Circuit vacated the Clean Air Mercury Rule in 2008², these projects were already in the planning stages prior to the Court’s ruling. Moreover, the Federal Environmental Protection Agency (“EPA”) has been tasked with creating a replacement rule by November 2011 which will include regulation of mercury as well as dioxin/furan organics and non-dioxin/furan organics and other emissions. Thus, these controls allow the Company to be compliant with MMERA. These same controls are expected to satisfy the mercury removal component of the new rules.

(2) A schedule for implementation of applicable measures;

As stated earlier, the mercury control system was placed in service at Sherco Unit 3 in 2009. The following table indicates the tasks left to do for the King installation.

Table 1: Summary of King Project Milestones

Description	Estimated Completion Date
Construction	October 2010
Start-up / Commissioning	December 2010
Closeout	December 2010
In-Service	December 31, 2010

² N.J., et al. v. Env'tl Protection Agency, 517 F.3d.574 (D.C. Cir. 2008).

(3) The public utility's costs and expenses for these measures;

Exhibit 1 depicts the total capital costs as of January 1, 2010 for the pollution control measures installed at the King plant that were previously recovered in the rider. Exhibit 2, Attachment 1 provides the detail on the monthly revenue requirements associated with the King pollution control projects as well as the mercury control projects for the years from 2008 through 2011. Exhibit 2, Attachment 2 summarizes the annual revenue requirements for these same years.

Xcel Energy operates the Company and Northern States Power Company, a Wisconsin corporation ("NSP-Wisconsin") as one system. Pursuant to the terms of the Federal Energy Regulatory Commission ("FERC") regulated "Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy between Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin)" ("Interchange Agreement"), all transmission costs are shared between the Company and NSPW based on load ratio share using a FERC approved 36 month coincident peak demand allocator.

The Company's portion is here referred to as the NSPM 36 month CP demand percentage. Within the Company, a 12 month coincident peak demand allocator is used to allocate costs between the Company's South Dakota, North Dakota, Minnesota and full requirements Wholesale jurisdictions. The South Dakota portion is here referred to as the SD 12 month CP demand percentage. A composite demand allocator for the South Dakota jurisdiction is calculated by multiplying the NSPM 36 month CP demand percentage by the SD 12 month CP demand percentage. As a result, the Company determines the South Dakota jurisdictional portion of revenue requirements by calculating total project revenue requirements and multiplying them by the composite demand allocator.

Exhibit 2, Attachment 3, Cost Recovery Assumptions, provides the specific allocation information.

(4) A description of the public utility's efforts to ensure the lowest reasonable costs to ratepayers for the measure; and

The Company first worked with an engineering consulting firm to evaluate potential technologies for mercury control. The technologies were evaluated for both costs and cost-effectiveness. The technology chosen was the technology that provided the best level of mercury removal rate per dollar of capital investment. Once we identified the technology, we competitively bid the projects to ensure that we received the lowest

reasonable costs for the projects. Competitive bidding was also used and will be continued to be used in purchasing the chemicals used in these systems to capture mercury emissions.

In addition, these are important base load generation resources for Xcel Energy. The Sherco and King facilities are low-cost resources and remain so even with the implementation of these mercury control technologies. Moreover, these plants provide important system benefits. For example, the Sherco plant is designed to be cycled in response to changing load and renewable resource conditions. Due to its location, the King plant provides the added benefit of being located close to load centers.

(5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in § 49-34A-98.

Exhibit 2, Attachment 6 provides the calculation of the ECR rate adjustment factors for 2010 and 2011. The Company discusses these calculations in the Cost Recovery section of this Petition. We believe that these calculations are consistent with the terms of the ECR tariff.

In addition, S.D. Codified Laws §49-34A-100 provides that the Commission may consider the extent to which the environmental improvement may affect the service, rate stability, financial stability of the public utility, reasonable capital costs, just and reasonable rates, a fair rate of return and other considerations that benefit the public interest. In this case, the environmental improvements at King and Sherco assist in the Company's effort to keep base load generating resources running in compliance with environmental requirements. By recovering these costs now, we maintain the ECR Rider at a similar level to the current rate such that there is little impact to customers' bills and in fact there is a slight reduction.

Based on the information provided in this Petition and the merits of the measures for which the Company requests recovery under the Environmental Cost Recovery Statute, Xcel Energy respectfully requests Commission approval of the revised ECR rate adjustment factor.

C. Tracker Account and Accounting

***i.* ECR Tracker Account**

The revenue requirements calculation includes the over recovery from the prior rider period, the costs we propose to recover over the upcoming year, and the corresponding rate adjustment factor.

Each month as revenues are collected from retail customers, the Company has tracked the amount of recovery under the ECR rate adjustment and compared that amount with the monthly revenue requirements. The difference was recorded in the Tracker account each month as the amount of over/under recovery. The projected balance at the end of the year was used in the calculation of the rate adjustment factor for the 2011 forecasted revenue requirement. Exhibit 2, Attachment 5 contains the detail on the actual and projected tracker activity from July of 2008 through December of 2011.

***ii.* Tracker Accounting Process**

Xcel Energy calculates the monthly South Dakota jurisdictional revenue requirements (including appropriate overall return, income taxes, property taxes and depreciation), compares them with the monthly ECR rate rider recoveries from customers and places the net amount in FERC Account 182.3, Other Regulatory Assets (the Tracker Account).

D. Cost Recovery

***i.* Summary**

The Cost Recovery and ECR Rate section provides support for the proposed ECR adjustment rate. This information may be summarized as follows:

- The projected ECR tracker activity through the end of 2010, including both revenue requirements and projected revenues (Exhibit 2, Attachment 5, Page 3).
- The projected revenue requirements for January through December 2011 proposed to be recovered under the ECR adjustment rates from South Dakota electric customers for the mercury control projects are \$325,349. Support for this amount is shown in Exhibit 2, Attachment 1, Pages 7 and 8. These calculations are discussed in detail below.

- Projected revenues are calculated as shown on Page 2 of Exhibit 2, Attachment 4 and are based on a forecast of the State of South Dakota Calendar month sales for 2011.
- Exhibit 2, Attachment 6 provides the development of the ECR adjustment factor. The proposed factor is shown below.

ii. Proposed ECR Adjustment Factor

The Company’s ECR rate design is simply the calculated revenue requirements to include the reduction for the estimated 2010 year end tracker balance for January to December 2011 divided by the total forecast kWh to South Dakota electric retail customers from January to December 2011. This calculation is shown on Exhibit 2, Attachment 6, ECR Rate Adjustment Factor Calculation.

Based on this rate design, we propose the following ECR adjustment factor:

	<u>Rate/kWh</u>
All Customers	\$0.000146

The average bill impact for a residential customer using 750 kWh per month would be \$0.11 per month.

iii. 2011 ECR Rider Revenue Requirements

The revenue requirements in support of the proposed ECR adjustment are set forth in Exhibit 2, Attachment 1. The information that follows explains how we propose to implement the provision of S.D. Codified Laws §49-34-98:

S.D. Codified Laws § 49-34A-98 (1) Allows the public utility to recover on a timely basis the costs and expenses net of revenues of environmental improvements described in §49-34A-97.

In addition to inclusion of the direct costs of the projects in the revenue requirements model, we also request inclusion of the following related costs: property taxes, current and deferred taxes and book depreciation and the O&M chemical costs. The 2011 revenue requirements are approximately \$325,349. Exhibit 2, Attachment 1, shows the revenue requirement calculations for the proposed ECR measures from 2008 through 2011.

S.D. Codified Laws § 49-34A-98 (2) Allows a return on investment at the level approved in the public utility's last general rate case, unless a different return is found to be consistent with the public interest.

The overall cost of capital to be used in the ECR Rider revenue requirement calculations was determined in the Commission's Order in Docket No. E07-026 approving the Settlement Agreement. The capital structure to be used was addressed in the Settlement Agreement at page 3 as stated below:

“...2. Rate of Return - The Parties agree that the rate of return applicable to the eligible investments reflected in the ECR rider shall be based on the Company's actual capital structure and senior capital costs at the end of the preceding calendar year...”

The Commission Order in this docket superseded the Settlement Agreement with respect to the applicable return on equity and included the following ordering paragraph:

“...(ii) that the return on equity to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the test year, the Commission may determine and order, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the ECR Rider, including the appropriate return on equity to be utilized and subject to true-up for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel's general rate filing depending on the Commission's findings on the evidence received in such case.”

Our revenue requirements in this instant petition reflect the Company's actual 2008 capital structure for 2008 calculations and actual 2009 capital structure for the years 2009 through 2011. Since the Company did file a general rate case utilizing a 2008 test year, we used the return on equity approved by the Commission in that case for each year 2008 through 2011. (See the base assumptions in Exhibit 2, Attachment 3).

S.D. Codified Laws § 49-34A-98 (3) Provides a current return on construction work in progress, if the recovery from retail customers for the allowance for funds used during construction is not obtained through any other mechanism.

The revenue requirements include a return on construction work in progress (“CWIP”) for these projects. We used the overall rate of return in this calculation and rate base of 8.37% for 2008 and 8.38% for 2009 to 2011. Because our last rate case was based on a 2008 test period, neither of these projects is included in current base rates. (See the base assumptions in Exhibit 2, Attachment 3).

S.D. Codified Laws § 49-34A-98(4) Allocates project costs and expenses appropriately between wholesale and retail customers;

Project costs are allocated to the State of South Dakota retail jurisdiction based on the demand allocator, excluding demands for NSP-Wisconsin as well as the Company’s North Dakota, Minnesota and wholesale customer demands.

For purposes of calculating projected revenue requirements, the Company proposes to use 2010 forecast demand allocators. Any resulting over/under recovery from customers as a result of the use of the 2010 demand factors will be reflected in the true up of 2011 revenues when determining the 2012 ECR adjustment rate. These demand allocators are shown in Exhibit 2, Attachment 3, Cost Recovery Assumptions.

S.D. Codified Laws § 49-34A-98(5) Terminates recovery once costs and expense have been fully recovered or have otherwise been reflected in general rates.

A true up for the difference between the revenues received from customers and actual revenue requirements for the 2011 period will be included in the September 1, 2011 filing. Any resulting over/under recovery from customers will be reflected as a carry over balance from the prior period and incorporated in determining the 2012 ECR adjustment rate. This annual true-up and related review will serve to terminate recovery once costs and expenses have been fully recovered or are reflected in general rates.

(7) Proposed effective date of modified rate;

The Company proposes a January 1, 2011 implementation date. However, if the Commission approval is delayed such that we cannot meet this date, we would propose implementation in the second calendar month following Commission approval consistent with the process developed in implementing the monthly fuel clause adjustment factor.

(8) Approximation of annual amount of increase in revenue;

Exhibit 2, Attachment 5, shows the ECR Tracker Account activity from January 2008 through December 2011. When the tracker balance from 2010 is combined with the revenue requirements from Exhibit 2, Attachment 1 for 2011, it results in a revenue requirement of \$295,506 for 2011. If approved, this amount would be passed onto customers from January to December 2011 through this tariff mechanism.

(9) Points affected;

The proposed tariff would be applicable to all areas served by Xcel Energy in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;

This tariff rider is proposed to be applied to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves 83,000 customers in 36 communities in Eastern South Dakota.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

Exhibits attached.

PLANNED CUSTOMER NOTICE

The Company plans to provide notice to customers regarding inclusion of this cost on their monthly electric bill. The following is proposed language to be included as a notice on the customer's bill the month the ECR factor is implemented:

“This month the Environmental Cost Recovery (ECR) Adjustment, which recovers the costs and expenses of environmental measures, will be decreasing from \$0.000154 per kWh to \$0.000146 per kWh. Questions? Contact us at 1-800-895-4999”

We will work with the Commission Staff to ensure that we incorporate any suggestions they might have regarding this notice.

CONFIDENTIAL INFORMATION

Pursuant to South Dakota Admin. R. 20:10:01:41, we provide the following support for our request to classify certain documentation as confidential trade secret data:

- We request confidential treatment of Exhibit 2, Attachment 3 (Cost Recovery Assumptions).

Pursuant to S.D. Codified Laws Chapter 20:10:01:41, the Company submits the following justification for confidential treatment of Exhibit 2, Attachment 3.

(1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested;

We request confidential treatment on the grounds that the material is proprietary and trade secret information, the disclosure of which would result in material damage to the Company's financial or competitive position. Exhibit 2, Attachment 1 (Cost Recovery Assumptions) contains financial information that is not available to the general public.

(2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment;

The Company requests that Exhibit 2, Attachment 3 be recognized as trade secret data in perpetuity.

(3) The name, address, and phone number of a person to be contacted regarding the confidentiality request;

James C. Wilcox
Manager, Regulatory Administration
500 W. Russell Street
P.O. Box 988
Sioux Falls, South Dakota 57101
(605) 339-8350

(4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for

confidential treatment does not preclude the party from raising additional grounds in the future;

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with South Dakota Admin. R. 20:10:01:41, we have clearly marked each page containing confidential information as “CONFIDENTIAL” and submitted it separately.

The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of “trade secret” under S.D. Codified Laws Chapter 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that “Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” The information also meets the definition of “proprietary information” under S.D. Codified Laws Chapter 1-27-28, which is defined as “information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes.”

(5) The factual basis that qualifies the information for confidentiality under the authority cited.

The South Dakota Public Utilities Commission mandated that the Company’s cost of capital be kept trade secret. The Commission made this determination in the Company’s 2009 electric rate case.

APPEARANCE OF COUNSEL

The Company will be represented in this proceeding by the following counsel upon whom all pleadings, documents and other filings should be served:

Brett Koenecke
May Adam Gerdes and Thompson LLP
503 South Pierre Street
PO Box 160
Pierre, SD 57501
(605) 224-8803

CONCLUSION

Xcel Energy respectfully requests that the Commission approve the revised ECR Rider Adjustment Factor for 2011 described in this filing. This revised factor is designed to recover the costs associated with mercury control systems at our Sherco and King generating facilities and return the over collection in the tracker account to customers. The Company continues to make investments in necessary environmental measures to comply with all regulatory requirements and appreciates the interest and efforts of South Dakota policy makers in supporting that effort.

Dated: September 3, 2010

Northern States Power Company,
a Minnesota corporation



By: _____
JAMES C. WILCOX
Manager, Government & Regulatory Affairs

Exhibits for the Xcel Energy Environmental Cost Recovery Rider Filing

Exhibit 1 Base Information

Total Project Costs – King Production – Pollution Control Components

Exhibit 2 South Dakota Jurisdiction Calculation Worksheets

- Attachment 1 - Revenue Requirement Calculations by Month 2008-2011
- Attachment 2 –Revenue Requirement Summary by Year 2008-2011
- Attachment 3 – Cost Recovery Assumptions
- Attachment 4 – 2010 & 2011 ECR Rider Projected Revenue Collection by Month
- Attachment 5 - Monthly Tracker 2008-2011
- Attachment 6 - 2010 & 2011 ECR Rate Adjustment Factor Calculation

Exhibit 3 South Dakota Environmental Cost Recovery Rider Tariff Sheet

Proposed Tariff Sheet

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
Total Project vs. South Dakota Pollution Control Components

Pollution Control Measure Descriptions	Total Capital Expenditures	Pollution Control %	Total Included in ECR
<u>Measure 1 - AQCS System</u>			
AQCS System	\$34,622,650	100%	\$34,622,650
AQCS Mechanical Construction	\$46,335,247	99%	\$46,224,323
Measure 1 - AQCS System Total	\$80,957,898		\$80,846,974
<u>Measure 2 - SCR System</u>			
SCR System	\$21,752,331	100%	\$21,752,331
SCR System (Property Unitization Reconciliation)	-\$1,938	100%	-\$1,938
SCR System (Ductwork Sleeves)	\$740,415	100%	\$740,415
Ammonia System	\$2,080,187	100%	\$2,080,187
Structural Steel	\$2,849,660	50%	\$1,424,830
Ductwork & Expansion Joints	\$2,398,004	67%	\$1,606,663
SCR Mechanical Construction	\$33,288,061	82%	\$27,244,075
Measure 2 SCR System Total	\$63,106,720		\$54,846,562
<u>Measure 3 - BOP Equipment</u>			
Bulk Material Handling System	\$4,395,217	100%	\$4,395,217
Bulk Material Handling System (Property Unitization)	-\$1,169	100%	-\$1,169
Insulation & Lagging	\$19,307,181	59%	\$11,387,590
Fire Protection	\$3,084,257	25%	\$770,505
BOP Equipment	\$9,068,853	13%	\$1,214,171
BOP Mechanical Construction	\$17,252,065	39%	\$6,653,350
Measure 3 - BOP Equipment Total	\$53,106,404		\$24,419,665
<u>Measure 4 - Substructures Construction</u>			
Substructures Construction	\$26,125,996	79%	\$20,728,991
Measure 4 - Substructures Construction Total	\$26,125,996		\$20,728,991
<u>Measure 5 - Electrical</u>			
Electrical Equipment Upgrades	\$4,277,247	97%	\$4,152,238
DCS & PLC's	\$5,584,524	32%	\$1,795,016
AQC/SCR Electrical Installation	\$9,945,870	100%	\$9,945,870
DCS / BOP Electrical Installation	\$12,087,580	44%	\$5,291,013
DCS / BOP Electrical Install (Property Unitization)	-\$708	44%	-\$312
Measure 5 - Electrical Total	\$31,894,512		\$21,183,826
<u>Measure 6 - Cooling Tower Modifications</u>			
Cooling Tower Modifications	\$8,310,265	100%	\$8,310,265
Cooling Tower Modifications (Property Unitization)	-\$114,893	100%	-\$114,893
Cooling Tower System Upgrades	\$2,754,009	100%	\$2,754,009
Measure 6 - Cooling Tower Modifications	\$10,949,381		\$10,949,381
<u>Measure 7 - Pre-Engineered Buildings</u>			
Pre-Engineered Buildings	\$5,208,259	67%	\$3,470,885
Measure 7 - Pre-Engineered Buildings Total	\$5,208,259		\$3,470,885
Total Pollution Control Capital Equipment	\$271,349,170	79.77%	\$216,446,285

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
Total Project vs. South Dakota Pollution Control Components (continued)

Project Description	Total Capital Expenditures	Pollution Control %	Total Included in ECR
Boiler			
Boiler	\$40,649,078	0%	\$0
Boiler Construction (less Precipitator Stiffening)	\$57,831,806	0%	\$0
Boiler (Property Unitization Reconciliation)	-\$152,994	0%	\$0
ID Fans	\$5,318,296	0%	\$0
Site Development	\$4,700,322	0%	\$0
BOP Modifications / Other	\$3,969,789	0%	\$0
	\$112,316,296		
Electrical			
345 kV Transmission Upgrade	\$3,124,690	0%	\$0
Misc. Electrical	\$976,293	0%	\$0
	\$4,100,983		
Generator			
Exciter Construction	\$558,477	0%	\$0
Exciter Replacement (Property Unitization Rec)	-\$109,156	0%	\$0
Exciter Replacement	\$1,772,608	0%	\$0
	\$2,221,929		
Turbine			
Canal Modifications	\$1,043,758	0%	\$0
Steam Turbine	\$33,962,012	0%	\$0
Steam Turbine Construction	\$11,006,462	0%	\$0
Steam Turbine Construction (Property Unitization)	-\$17,031	0%	\$0
Boiler Total	\$45,995,202		\$0
Totals (less AFUDC/Retention/Demo)	\$435,983,580	49.65%	\$216,446,285
	Total Capital Expenditures	Pollution Control %	Total Included in ECR

Northern States Power Company, a Minnesota
corporation
South Dakota Environmental Cost Recovery
Revenue Requirement Calculations by Month 2008-2011

King Mercury	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
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Accum Deferred Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
End Of Month Rate Base	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Rate Base (BOM/EOM)	0	0	0	0	0	0	0	0	0	0	0	0	0
Calculation of Return													
Plus Debt Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Equity Return	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Return	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0
Plus Deferred Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Gross Up for Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue Requirements	0	0	0	0	0	0	0	0	0	0	0	0	0
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	0	0	0	0	0	0	0
ECR Total													
Rate Base													
Plus CWIP Ending Balance	265,950	285,950	265,950	269,878	271,994	273,119	280,360	279,952	556,412	(14,612)	89,587	94,154	94,154
Plus Plant In-Service	220,549,734	220,626,310	220,738,964	220,993,235	220,998,824	220,987,828	221,047,220	221,046,628	221,523,679	220,350,342	220,349,612	220,352,436	220,352,436
Less Book Depreciation Reserve	3,946,554	4,572,730	5,199,180	5,826,163	6,453,521	7,080,872	7,706,297	8,335,808	8,964,021	9,591,204	10,216,648	10,842,094	10,842,094
Less Accum Deferred Taxes	(4,902,162)	(4,576,700)	(4,251,095)	(3,925,213)	(3,599,135)	(3,273,062)	(2,946,951)	(2,620,794)	(2,294,296)	(1,968,350)	(1,643,354)	(1,318,401)	(1,318,401)
End Of Month Rate Base	221,771,293	220,896,231	220,056,849	219,362,163	218,414,432	217,453,137	216,566,235	215,611,567	215,410,266	212,712,877	211,865,904	210,922,896	210,922,896
Average Rate Base (BOM/EOM)	221,989,579	221,333,762	220,476,540	219,709,506	218,868,298	217,933,785	217,009,898	216,088,901	215,510,917	214,061,571	212,289,390	211,394,400	217,223,661
Calculation of Return													
Plus Debt Return	597,522	595,757	593,449	591,385	589,174	586,605	584,118	581,639	580,084	576,182	571,412	569,003	7,016,331
Plus Equity Return	950,855	948,046	944,375	941,089	937,572	933,483	929,525	925,581	923,105	916,897	909,306	905,473	11,165,306
Total Return	1,548,377	1,543,803	1,537,824	1,532,474	1,526,746	1,520,088	1,513,643	1,507,220	1,503,189	1,493,079	1,480,718	1,474,476	18,181,637
Income Statement Items													
Plus Operating Expense	84,498	554,960	449,164	213,769	629,535	368,266	328,621	490,636	369,358	437,663	443,718	736,276	5,106,462
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	624,458	626,176	626,450	626,983	627,359	627,351	627,425	627,511	628,213	627,184	625,443	625,447	7,519,999
Plus Deferred Taxes	324,570	325,462	325,605	325,882	326,077	325,073	326,112	326,156	326,498	325,948	324,997	324,853	3,908,331
Plus Gross Up for Income Tax	238,656	236,661	234,767	232,969	231,113	229,118	227,157	225,198	223,792	221,173	216,201	216,449	2,735,253
Less AFUDC	0	0	0	0	0	0	0	0	172	300	616	890	2,079
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	0	93	162	332	533	1,119
Less OAIT Credit to retail customers	0	0	0	0	0	0	0	0	0	0	0	0	0
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	1,272,182	1,743,259	1,635,966	1,399,603	1,814,084	1,550,808	1,509,314	1,669,501	1,547,596	1,611,504	1,611,410	1,901,602	19,266,847
Total Revenue Requirements	2,820,559	3,287,062	3,173,810	2,932,076	3,340,830	3,070,896	3,022,957	3,176,721	3,050,764	3,104,583	3,092,128	3,376,077	37,448,484
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	131,018	137,661	132,226	134,561	134,021	146,328	815,635

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
Revenue Requirement Calculations by Month 2008-2011

King Mercury	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
Rate Base													
Plus CWIP Ending Balance	0	0	776	3,046	8,000	10,546	14,407	137,482	152,199	170,371	180,143	556,665	556,665
Plus Plant In-Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Book Depreciation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Accum Deferred Taxes	0	0	0	0	0	0	0	(74)	(169)	(257)	(338)	(497)	(497)
End Of Month Rate Base	0	0	776	3,046	8,000	10,546	14,407	137,556	152,368	170,829	180,482	557,163	557,163
Average Rate Base (BOM/EOM)	0	0	388	1,911	5,523	9,273	12,477	75,991	144,962	161,498	175,555	368,822	79,699
Calculation of Return													
Plus Debt Return	0	0	1	5	14	24	32	196	373	415	452	950	2,463
Plus Equity Return	0	0	2	8	24	41	55	335	639	712	774	1,826	4,216
Total Return	0	0	3	13	39	65	87	531	1,012	1,128	1,226	2,576	6,679
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	0	0	0	0	0	0	0	0	0	0
Plus Deferred Taxes	0	0	0	0	0	0	0	(74)	(95)	(88)	(81)	(159)	(497)
Plus Gross Up for Income Tax	0	0	1	4	12	20	27	332	600	655	700	1,464	3,815
Less AFUDC	0	0	0	0	0	0	0	482	923	1,026	1,137	2,369	5,937
Less AFUDC Gross Up for Income Tax	0	0	0	0	0	0	0	259	497	553	612	1,275	3,197
Less OATT Credit to retail customers	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	1	4	12	20	27	(483)	(915)	(1,012)	(1,131)	(2,338)	(5,816)
Total Revenue Requirements	0	0	4	17	50	85	114	48	97	116	95	237	863
SD Jurisdictional Revenue Requirement	0	0	0	0	0	0	0	0	0	0	0	0	0
ECR Total													
Rate Base													
Plus CWIP Ending Balance	99,573	443,455	467,079	533,763	660,074	836,766	966,584	1,249,316	1,372,923	1,515,296	1,787,665	567,098	557,098
Plus Plant In-Service	220,359,802	220,354,220	220,361,369	220,361,474	220,359,749	220,231,502	220,230,917	220,231,115	220,231,115	220,231,115	220,266,135	221,983,529	221,983,529
Less Book Depreciation Reserve	11,467,547	12,093,003	12,718,470	13,343,947	13,969,393	14,594,641	15,219,724	15,844,807	16,469,890	17,094,973	17,720,110	18,351,005	18,351,005
Less Accum Deferred Taxes	(1,006,335)	(594,390)	(382,675)	(71,023)	240,549	551,886	862,905	1,173,851	1,485,033	1,796,264	2,107,557	2,442,867	2,442,867
End Of Month Rate Base	209,992,163	209,399,061	208,492,654	207,622,312	206,789,881	205,921,741	205,114,672	204,461,772	203,649,115	202,855,174	202,226,153	201,756,755	201,756,755
Average Rate Base (BOM/EOM)	210,457,530	209,695,612	208,945,857	208,057,463	207,206,097	206,355,811	205,518,306	204,788,322	204,055,444	203,252,144	202,540,654	201,991,454	206,072,080
Calculation of Return													
Plus Debt Return	541,928	539,966	538,036	535,748	533,556	531,366	529,210	527,330	525,443	523,374	521,542	520,128	6,367,627
Plus Equity Return	927,767	924,408	921,103	917,187	913,434	909,685	905,993	902,775	899,544	896,003	892,667	890,446	10,901,212
Total Return	1,469,695	1,464,374	1,459,139	1,452,935	1,446,999	1,441,051	1,435,203	1,430,105	1,424,987	1,419,377	1,414,409	1,410,574	17,268,839
Income Statement Items													
Plus Operating Expense	611,586	267,656	320,203	313,913	0	412,129	445,051	504,570	416,086	332,594	274,624	397,964	4,296,376
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	625,476	625,465	625,467	625,476	625,445	625,248	625,083	625,083	625,083	625,083	625,137	630,895	7,508,911
Plus Deferred Taxes	312,065	311,946	311,715	311,652	311,572	311,337	311,019	310,946	311,182	311,231	311,293	335,310	3,781,267
Plus Gross Up for Income Tax	234,765	233,505	232,362	230,575	228,891	227,414	225,960	224,832	223,370	221,832	220,492	200,163	2,704,162
Less AFUDC	953	2,262	3,470	3,984	4,255	5,002	5,213	6,986	8,304	9,352	10,671	7,732	66,083
Less AFUDC Gross Up for Income Tax	513	1,218	1,868	2,091	2,291	2,694	2,907	3,782	4,471	5,035	5,746	4,163	36,660
Less OATT Credit to retail customers	0	0	0	0	0	0	0	0	0	0	0	0	0
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	1,782,403	1,435,082	1,464,408	1,475,643	1,159,362	1,568,433	1,599,093	1,654,684	1,582,946	1,476,353	1,415,128	1,552,436	18,165,972
Total Revenue Requirements	3,252,098	2,899,457	2,943,547	2,928,578	2,606,352	3,009,484	3,034,296	3,084,789	2,987,933	2,895,730	2,829,537	2,963,010	35,434,811
SD Jurisdictional Revenue Requirement	144,936	129,208	131,165	130,535	116,153	134,160	135,228	137,515	133,193	129,094	126,144	131,290	1,578,641

Northern States Power Company, a Minnesota
corporation
South Dakota Environmental Cost Recovery
Revenue Requirement Calculations by Month 2008-2011

King Prod	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Annual
Rate Base													
Plus CWIP Ending Balance													
Plus Plant In-Service													
Less Book Depreciation Reserve													
Less Accum Deferred Taxes													
End Of Month Rate Base													
Average Rate Base (BOM/EOM)													
Calculation of Return													
Plus Debt Return													
Plus Equity Return													
Total Return													
Income Statement Items													
Plus Operating Expense													
Plus Accrued Costs / Benefits													
Plus Avoided Property Taxes													
Plus Property Taxes													
Plus Book Depreciation													
Plus Deferred Taxes													
Plus Gross Up for Income Tax													
Less AFUDC													
Less AFUDC Gross Up for Income Tax													
Less OATT Credit to retail customers													
Less Wind Production Tax Credit													
Less Wind PTC Gross up for Income Tax (Fed only)													
Total Income Statement Expense													
Total Revenue Requirements													
SD Jurisdictional Revenue Requirement													
Sherco 3 Mercury	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Annual
Rate Base													
Plus CWIP Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus Plant In-Service	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840	1,797,840
Less Book Depreciation Reserve	93,306	100,080	106,854	113,629	120,403	127,177	133,951	140,726	147,500	154,274	161,048	167,823	167,823
Less Accum Deferred Taxes	344,121	343,532	342,942	342,352	341,763	341,173	340,584	339,994	339,404	338,815	338,225	337,636	337,636
End Of Month Rate Base	1,360,213	1,354,028	1,347,844	1,341,659	1,335,474	1,329,290	1,323,105	1,316,920	1,310,736	1,304,551	1,298,366	1,292,182	1,292,182
Average Rate Base (BOM/EOM)	1,363,305	1,357,121	1,350,936	1,344,751	1,338,567	1,332,382	1,326,197	1,320,013	1,313,828	1,307,643	1,301,459	1,295,274	1,329,290
Calculation of Return													
Plus Debt Return	3,511	3,495	3,479	3,463	3,447	3,431	3,415	3,399	3,383	3,367	3,351	3,335	41,075
Plus Equity Return	6,010	5,963	5,955	5,928	5,901	5,874	5,846	5,819	5,792	5,765	5,737	5,710	70,319
Total Return	9,520	9,477	9,434	9,391	9,348	9,304	9,261	9,218	9,175	9,132	9,089	9,045	111,394
Income Statement Items													
Plus Operating Expense	236,000	236,000	236,000	236,000	236,000	236,000	236,000	236,000	165,200	0	177,000	236,000	2,466,200
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	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	81,291
Plus Deferred Taxes	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(590)	(7,075)
Plus Gross Up for Income Tax	3,250	3,236	3,225	3,213	3,200	3,187	3,175	3,162	3,149	3,137	3,124	3,111	38,171
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	0	0	0	0	0	0	0
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	245,435	245,423	245,410	245,397	245,385	245,372	245,359	245,347	174,534	9,321	186,309	245,296	2,578,587
Total Revenue Requirements	254,956	254,900	254,844	254,788	254,732	254,676	254,621	254,565	183,709	18,453	186,397	254,341	2,689,982
SD Jurisdictional Revenue Requirement	11,928	11,925	11,923	11,920	11,918	11,915	11,912	11,910	8,595	883	9,142	11,899	125,851

Northern States Power Company, a Minnesota
corporation
South Dakota Environmental Cost Recovery
Revenue Requirement Calculations by Month 2008-2011

King Mercury	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Annual
Rate Base													
Plus CWIP Ending Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	3,501,682	3,540,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682	3,571,682
Less Book Depreciation Reserve	17,303	28,968	40,749	52,582	64,415	76,247	88,080	99,913	111,746	123,579	135,412	147,245	147,245
Less Accum Deferred Taxes	109,037	112,376	115,748	118,136	122,523	125,910	129,298	132,685	136,072	139,460	142,847	146,235	146,235
End Of Month Rate Base	3,375,342	3,399,339	3,415,165	3,399,965	3,384,744	3,369,524	3,354,304	3,339,083	3,323,863	3,308,643	3,293,422	3,278,202	3,278,202
Average Rate Base (BOM/EOM)	3,369,771	3,387,340	3,407,262	3,407,575	3,392,354	3,377,134	3,361,914	3,346,693	3,331,473	3,316,253	3,301,033	3,285,812	3,357,051
Calculation of Return													
Plus Debt Return	8,677	8,722	8,774	8,775	8,735	8,698	8,657	8,618	8,579	8,539	8,500	8,461	103,733
Plus Equity Return	14,855	14,933	15,020	15,022	14,955	14,888	14,820	14,753	14,686	14,619	14,552	14,485	177,588
Total Return	23,532	23,655	23,794	23,796	23,690	23,584	23,477	23,371	23,265	23,158	23,052	22,946	281,321
Income Statement Items													
Plus Operating Expense	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	312,000	3,744,000
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	11,556	11,664	11,781	11,833	11,833	11,833	11,833	11,833	11,833	11,833	11,833	11,833	141,498
Plus Deferred Taxes	3,303	3,339	3,373	3,387	3,387	3,387	3,387	3,387	3,387	3,387	3,387	3,387	40,501
Plus Gross Up for Income Tax	4,807	4,820	4,839	4,830	4,799	4,768	4,737	4,706	4,675	4,644	4,613	4,581	58,819
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	0	0	0	0	0	0	0
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	331,666	331,823	331,993	332,051	332,020	331,998	331,957	331,926	331,895	331,864	331,833	331,802	3,982,817
Total Revenue Requirements	355,198	355,478	355,787	355,847	355,710	355,572	355,435	355,297	355,160	355,022	354,885	354,748	4,264,138
SD Jurisdictional Revenue Requirement	16,618	16,831	16,845	16,648	16,642	16,635	16,629	16,623	16,616	16,610	16,603	16,597	199,498
ECR Total													
Rate Base													
Plus CWIP Ending Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Plus Plant In-Service	5,299,322	5,338,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322	5,369,322
Less Book Depreciation Reserve	110,609	129,048	147,603	166,210	184,817	203,425	222,032	240,639	259,246	277,853	296,461	315,068	315,068
Less Accum Deferred Taxes	453,158	455,907	458,690	461,488	464,286	467,084	469,881	472,679	475,477	478,275	481,072	483,870	483,870
End Of Month Rate Base	4,735,555	4,753,367	4,763,029	4,741,624	4,720,219	4,698,814	4,677,409	4,656,004	4,634,599	4,613,194	4,591,789	4,570,384	4,570,384
Average Rate Base (BOM/EOM)	4,733,076	4,744,461	4,758,198	4,752,326	4,730,921	4,709,516	4,688,111	4,666,706	4,645,301	4,623,896	4,602,491	4,581,086	4,666,341
Calculation of Return													
Plus Debt Return	12,188	12,217	12,252	12,237	12,182	12,127	12,072	12,017	11,962	11,907	11,851	11,796	144,808
Plus Equity Return	20,865	20,915	20,976	20,950	20,855	20,761	20,667	20,572	20,478	20,384	20,289	20,195	247,907
Total Return	33,053	33,132	33,228	33,187	33,038	32,888	32,739	32,589	32,440	32,290	32,141	31,991	392,715
Income Statement Items													
Plus Operating Expense	548,000	548,000	548,000	548,000	548,000	548,000	548,000	548,000	477,200	312,000	489,000	548,000	6,210,200
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	18,330	18,438	18,555	18,607	18,607	18,607	18,607	18,607	18,607	18,607	18,607	18,607	222,789
Plus Deferred Taxes	2,713	2,749	2,783	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	33,425
Plus Gross Up for Income Tax	8,057	8,057	8,064	8,043	7,999	7,955	7,912	7,868	7,824	7,780	7,737	7,693	94,990
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	0	0	0	0	0	0	0
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	577,101	577,245	577,403	577,448	577,404	577,360	577,317	577,273	506,429	341,185	518,142	577,098	6,561,404
Total Revenue Requirements	610,153	610,377	610,631	610,635	610,442	610,249	610,055	609,862	538,869	373,475	550,282	609,089	6,864,119
SD Jurisdictional Revenue Requirement	28,548	28,556	28,568	28,569	28,559	28,550	28,541	28,532	25,211	17,473	25,745	28,496	325,348

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
Revenue Requirement Summary by Year 2008-2011

King Prod	2008	2009	2010 (1)	2011
Rate Base				
Plus CWIP Ending Balance	(51,876)	6,486	6,486	
Plus Plant In-Service	220,352,436	220,266,135	220,266,135	
Less Book Depreciation Reserve	10,842,094	18,345,300	18,970,491	
Less Accum Deferred Taxes	(1,318,121)	2,093,420	2,337,399	
End Of Month Rate Base	210,776,587	199,833,901	198,964,731	
Average Rate Base (BOM/EOM)	217,194,886	205,294,388	33,197,004	
Calculation of Return				
Plus Debt Return	7,015,395	6,343,597	513,453	
Plus Equity Return	11,163,817	10,860,073	879,019	
Total Return	18,179,212	17,203,670	1,392,472	
Income Statement Items				
Plus Operating Expense	5,106,462	4,296,376	215,847	
Plus Accrued Costs / Benefits	0	0	0	
Plus Avoided Property Taxes	0	0	0	
Plus Property Taxes	0	0	0	
Plus Book Depreciation	7,519,999	7,503,206	625,191	
Plus Deferred Taxes	3,908,611	3,411,541	243,979	
Plus Gross Up for Income Tax	2,733,824	2,940,430	247,519	
Less AFUDC	0	0	0	
Less AFUDC Gross Up for Income Tax	0	0	0	
Less OAIT Credit to retail customers	0	0	0	
Less Wind Production Tax Credit	0	0	0	
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	
Total Income Statement Expense	19,268,896	18,151,553	1,332,536	
Total Revenue Requirements	37,448,108	35,355,223	2,725,008	
SD Jurisdictional Revenue Requirement	815,835	1,578,641	126,054	

Note (1) - Revenue requirements shown for the month of January 2010. The SD Jurisdictional portion multiplied by 17/31 is the total 2010 Tracker balance. In the 2010 Tracker the total is reflected as a total month, with a partial month credit.

Sherco 3 Mercury	2008	2009	2010	2011
Rate Base				
Plus CWIP Ending Balance	146,030	3,946	0	0
Plus Plant In-Service	(0)	1,717,394	1,797,640	1,797,640
Less Book Depreciation Reserve	0	5,705	86,531	167,823
Less Accum Deferred Taxes	(280)	349,944	344,711	337,636
End Of Month Rate Base	146,310	1,365,692	1,366,398	1,292,182
Average Rate Base (BOM/EOM)	28,975	697,973	1,396,479	1,329,290
Calculation of Return				
Plus Debt Return	936	21,567	43,151	41,075
Plus Equity Return	1,489	36,923	73,874	70,319
Total Return	2,425	58,490	117,025	111,394
Income Statement Items				
Plus Operating Expense	0	0	1,861,893	2,466,200
Plus Accrued Costs / Benefits	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0
Plus Property Taxes	0	0	0	0
Plus Book Depreciation	0	5,705	80,827	81,291
Plus Deferred Taxes	(280)	350,223	(5,233)	(7,075)
Plus Gross Up for Income Tax	1,429	(240,084)	38,605	38,171
Less AFUDC	2,079	62,146	121	0
Less AFUDC Gross Up for Income Tax	1,119	33,463	65	0
Less OATT Credit to retail customers	0	0	0	0
Less Wind Production Tax Credit	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0
Total Income Statement Expense	(2,049)	20,235	1,975,906	2,578,587
Total Revenue Requirements	376	78,725	2,092,931	2,689,982
SD Jurisdictional Revenue Requirement	0	0	0	125,851

King Mercury	2008	2009	2010	2011
Rate Base				
Plus CWIP Ending Balance	0	556,665	(0)	(0)
Plus Plant In-Service	0	0	3,475,682	3,571,682
Less Book Depreciation Reserve	0	0	5,747	147,245
Less Accum Deferred Taxes	0	(497)	105,734	146,235
End Of Month Rate Base	0	557,163	3,364,200	3,278,202
Average Rate Base (BOM/EOM)	0	79,699	1,828,255	3,357,051
Calculation of Return				
Plus Debt Return	0	2,463	56,493	103,733
Plus Equity Return	0	4,216	96,715	177,588
Total Return	0	6,679	153,208	281,321
Income Statement Items				
Plus Operating Expense	0	0	787,500	3,744,000
Plus Accrued Costs / Benefits	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0
Plus Property Taxes	0	0	0	0
Plus Book Depreciation	0	0	5,747	141,498
Plus Deferred Taxes	0	(497)	106,231	40,501
Plus Gross Up for Income Tax	0	3,815	(2,886)	56,819
Less AFUDC	0	5,937	142,494	0
Less AFUDC Gross Up for Income Tax	0	3,197	76,727	0
Less OAIT Credit to retail customers	0	0	0	0
Less Wind Production Tax Credit	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0
Total Income Statement Expense	0	(5,816)	677,372	3,982,817
Total Revenue Requirements	0	863	830,579	4,264,138
SD Jurisdictional Revenue Requirement	0	0	0	199,498

ECR Total	2008	2009	2010	2011
Rate Base				
Plus CWIP Ending Balance	94,154	567,098	6,486	(0)
Plus Plant In-Service	220,352,436	221,983,529	225,539,457	5,369,322
Less Book Depreciation Reserve	10,842,094	18,351,005	19,062,770	315,068
Less Accum Deferred Taxes	(1,318,401)	2,442,867	2,787,844	483,870
End Of Month Rate Base	210,922,896	201,756,755	203,695,329	4,570,384
Average Rate Base (BOM/EOM)	217,223,861	206,072,060	36,421,738	4,686,341
Calculation of Return				
Plus Debt Return	7,016,331	6,367,627	613,098	144,808
Plus Equity Return	11,165,306	10,901,212	1,049,607	247,907
Total Return	18,181,637	17,268,839	1,662,705	392,715
Income Statement Items				
Plus Operating Expense	5,106,462	4,296,376	2,865,240	6,210,200
Plus Accrued Costs / Benefits	0	0	0	0
Plus Avoided Property Taxes	0	0	0	0
Plus Property Taxes	0	0	0	0
Plus Book Depreciation	7,519,999	7,508,911	711,765	222,789
Plus Deferred Taxes	3,908,331	3,761,267	344,977	33,425
Plus Gross Up for Income Tax	2,735,253	2,704,162	283,239	94,990
Less AFUDC	2,079	68,083	142,615	0
Less AFUDC Gross Up for Income Tax	1,119	36,660	76,793	0
Less OATT Credit to retail customers	0	0	0	0
Less Wind Production Tax Credit	0	0	0	0
Less Wind PTC Gross up for Income Tax (Fed only)	0	0	0	0
Total Income Statement Expense	19,266,847	18,165,972	3,985,814	6,561,404
Total Revenue Requirements	37,448,484	35,434,811	5,648,518	6,954,119
SD Jurisdictional Revenue Requirement	815,835	1,578,641	126,054	325,348

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
Cost Recovery Assumptions

<u>Weighted Cost of Capital</u>	<u>2008</u>		<u>Weighted Cost</u>	<u>2009-2011</u>		<u>Weighted Cost</u>
	<u>Rate</u>	<u>Ratio</u>		<u>Rate</u>	<u>Ratio</u>	
Long Term Debt						
Preferred Stock						
Short Term Debt						
Common Equity						
Required Rate of Return			8.37%			8.38%

<u>Composite Income Tax Rates</u>	<u>2008</u>	<u>2009</u>	<u>2010 & 2011</u>
State of South Dakota Tax rate	0.00%	0.00%	0.00%
Federal Statutory Tax rate	35.00%	35.00%	35.00%
Federal Effective Tax Rate (1-State Rate * Fed Rate)	35.00%	35.00%	35.00%
Total South Dakota Composite Tax Rate	35.0000%	35.0000%	35.0000%
Total Corporate Composite Tax Rate (2010 Forecast)	40.8318%	40.8630%	40.8530%

<u>Calculation of State of South Dakota - Demand Allocators</u>	<u>2008</u>	<u>2009</u>	<u>2010 & 2011</u>
36 Month Coincident Peak Demand Allocator	84.4224%	83.8829%	83.6422%
State of South Dakota Retail Demand Allocator	5.1340%	5.3230%	5.5305%

<u>Calculation of State of South Dakota - Energy Allocators</u>	<u>2008</u>	<u>2009</u>	<u>2010 & 2011</u>
36 Month Coincident Peak Energy Allocator	84.1229%	83.7647%	84.0928%
State of South Dakota Retail Energy Allocator	5.2928%	5.4553%	5.6452%

<u>Depreciation Rates</u>	<u>2008</u>	<u>2009</u>	<u>2010 & 2011</u>
Book Depr Rates (Annual)	0.2881%	0.2982%	0.3091%
King Remaining Life (years)	0.034574237	0.035787368	0.037088727
King Net Salvage	-1.9940%	-1.9940%	-1.9940%

<u>Property Tax Rates</u>	<u>2008</u>	<u>2009</u>	<u>2010 & 2011</u>
Property Tax Rate: MN State Electric Personal Property Tax Rate	0.000%	0.000%	0.000%

<u>Minnesota</u>							
<u>2008 Demand Allocators</u>	<u>Total</u>	<u>Company</u>	<u>Minnesota</u>	<u>N Dakota</u>	<u>S Dakota</u>	<u>Wholesale</u>	<u>WI Co</u>
36 Month Coin Peak Demand	100.0000%	84.2864%					15.7136%
12 Month Jurisdictional Demand	100.0000%		86.6512%	5.6889%	5.1989%	2.4610%	
2008 State of SD Demand Factor					4.3820%		
<u>Minnesota</u>							
<u>2009 Demand Allocators</u>	<u>Total</u>	<u>Company</u>	<u>Minnesota</u>	<u>N Dakota</u>	<u>S Dakota</u>	<u>Wholesale</u>	<u>WI Co</u>
36 Month Coin Peak Demand	100.0000%	84.4224%					15.5776%
12 Month Jurisdictional Demand	100.0000%		86.7317%	5.6655%	5.1340%	2.4688%	
2009 State of SD Demand Factor					4.3342%		
<u>Minnesota</u>							
<u>2010 Demand Allocators</u>	<u>Total</u>	<u>Company</u>	<u>Minnesota</u>	<u>N Dakota</u>	<u>S Dakota</u>	<u>Wholesale</u>	<u>WI Co</u>
36 Month Coin Peak Demand	100.0000%	83.8829%					16.1171%
12 Month Jurisdictional Demand	100.0000%		87.0761%	5.6745%	5.3230%	1.9264%	
2010 State of SD Demand Factor					4.4651%		

<u>Cost of Capital**</u>	<u>2008</u>	<u>2009</u>	<u>2010-2011</u>
Weighted Cost of Debt			
Weighted Cost of Equity			
Total Cost of Capital	8.37%	8.38%	8.38%
Tax Gross-up	2.7693%	2.8504%	2.8504%
Composite Tax Rate - SD	35.00%	35.00%	35.00%
Cost of Capital Including Taxes (annual)	11.1373%	11.2324%	11.2324%
Cost of Capital Including Taxes (monthly)	0.8839%	0.8910%	0.8910%

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

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
2010 ECR Rider Projected Revenue Collection by Month

	Total Revenue	Actual Revenue	Forecasted Revenue	Retail Sales (2)
Adjustment Factors				
2010 ECR Rates (1)			\$ 0.000154	
Jan-10	203,679	203,679		
Feb-10	(51,256)	(51,256)		
Mar-10	25,207	25,207		
Apr-10	21,586	21,586		
May-10	22,825	22,825		
Jun-10	27,488	27,488		
Jul-10	32,771	32,771		
Aug-10	30,845		30,845	200,294
Sep-10	24,987		24,987	162,253
Oct-10	24,175		24,175	156,983
Nov-10	22,711		22,711	147,473
Dec-10	26,100		26,100	169,480
Total Jan-Dec	\$ 411,119			836,484

Notes:

(1) 2010 ECR Adjustment Factor was determined in 12/2009 as an estimate based on a 1/1/2010 Rate Case settlement implementation date.

(2) Sales are based on the 2011 State of South Dakota budget sales by calendar month (August 2010 vintage forecast).

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
2011 ECR Rider Projected Revenue Collection by Month

	Total Revenue	Retail Sales (1)
Adjustment Factors		
2011 ECR Rates	\$0.000146	
Jan-11	24,262	166,176
Feb-11	23,319	159,721
Mar-11	24,597	168,475
Apr-11	21,349	146,229
May-11	22,144	151,672
Jun-11	25,812	176,795
Jul-11	30,479	208,758
Aug-11	29,062	199,057
Sep-11	23,880	163,559
Oct-11	23,302	159,606
Nov-11	22,466	153,875
Dec-11	25,621	175,485
Total Jan-Dec	\$ 296,293	2,029,408

Notes:

(1) Sales are based on the 2011 State of South Dakota budget sales by calendar month (August 2010 Vintage forecast).

**Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery**

SD-ECR Projected Tracker Activity for 2008													
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	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
King - Production (1)	-	-	-	-	-	-	131,018	137,681	132,226	134,561	134,021	146,328	\$ 815,835
Balance Forward (2)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Total Expense (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,018	\$ 137,681	\$ 132,226	\$ 134,561	\$ 134,021	\$ 146,328	\$ 815,835
Revenues (4)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Balance (5)	-	-	-	-	-	-	131,018	137,681	132,226	134,561	134,021	146,328	\$ 815,835
Balance before Carrying Charge (6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,018	\$ 269,858	\$ 404,469	\$ 542,604	\$ 681,421	\$ 833,773	\$ 815,835
Carrying Charge (7)	-	-	-	-	-	-	1,158	2,385	3,575	4,796	6,023	7,370	\$ 25,307
Ending Balance (8)	-	-	-	-	-	-	132,176	272,243	408,044	547,400	687,444	841,142	\$ 841,142

Notes:

- (1) Project in service July 2007
- (2) Balance Forward is the forecast balance of Total Expense less Revenue Recoveries. Since this is the first year of the SDECR Tracker Account, the balance is zero.
- (3) Total Expense represents the total SDECR revenue requirements plus the Balance Forward.
- (4) Actual revenue recoveries are shown through July 2010.
- (5) 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.
- (6) Balance before carrying charge for the month.
- (7) Carrying charge.
- (8) 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.

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery

SD-ECR Projected Tracker													
Activity for 2009													
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	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
King - Production (1)	144,936	129,208	131,185	130,535	116,153	134,160	135,228	137,515	133,193	129,094	126,144	131,290	\$ 1,578,641
Balance Forward (2)	841,142												\$ 841,142
Total Expense (3)	\$ 986,078	\$ 129,208	\$ 131,185	\$ 130,535	\$ 116,153	\$ 134,160	\$ 135,228	\$ 137,515	\$ 133,193	\$ 129,094	\$ 126,144	\$ 131,290	\$ 2,419,784
Revenues (4)	-	182,301	205,923	174,194	186,699	200,627	223,335	230,572	197,448	191,453	188,362	208,196	\$ 2,189,110
Balance (5)	986,078	(53,093)	(74,738)	(43,658)	(70,546)	(66,467)	(88,107)	(93,057)	(64,256)	(62,359)	(62,218)	(76,906)	\$ 230,674
Balance before Carrying Charge (6)	\$ 986,078	\$ 941,771	\$ 875,425	\$ 839,566	\$ 776,501	\$ 716,952	\$ 635,234	\$ 547,836	\$ 488,462	\$ 430,455	\$ 372,073	\$ 298,482	\$ 230,674
Carrying Charge (7)	8,786	8,391	7,800	7,481	6,919	6,388	5,660	4,881	4,352	3,835	3,315	2,659	\$ 70,468
Ending Balance (8)	994,864	950,162	883,225	847,047	783,420	723,340	640,893	552,717	492,814	434,290	375,388	301,141	\$ 301,141

Notes:

- (1) Project in service July 2007
- (2) The beginning balance in 2009 is carried over from the 2008 ending balance. Balance Forward is the forecast balance of Total Expense less Revenue Recoveries.
- (3) Total Expense represents the total SDECR revenue requirements plus the Balance Forward.
- (4) Actual revenue recoveries are shown through July 2010.
- (5) 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.
- (6) Balance before carrying charge for the month.
- (7) Carrying charge.
- (8) 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.

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery

SD-ECR Projected Tracker													
Activity for 2010													
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
King - Production (1)	126,054	-	-	-	-	-	-	-	-	-	-	-	\$ 126,054
King - Production (9)	(56,928)	-	-	-	-	-	-	-	-	-	-	-	\$ (56,928)
ECR True-Up Carryover (2)	301,141												\$ 301,141
Total Expense (3)	\$ 370,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370,268
Revenues (4)	203,679	(51,256)	25,207	21,586	22,825	27,488	32,771	30,845	24,987	24,175	22,711	26,100	\$ 411,119
Expenses Less Revenues (5)	166,589	51,256	(25,207)	(21,586)	(22,825)	(27,488)	(32,771)	(30,845)	(24,987)	(24,175)	(22,711)	(26,100)	\$ (40,851)
Balance before Carrying Charge (6)	\$ 166,589	\$ 219,329	\$ 196,076	\$ 176,237	\$ 154,982	\$ 128,875	\$ 97,252	\$ 67,273	\$ 42,886	\$ 19,092	\$ (3,448)	\$ (29,579)	\$ (40,851)
Carrying Charge (7)	1,484	1,954	1,747	1,570	1,381	1,148	867	599	382	170	(31)	(264)	\$ 11,009
Ending Balance (8)	168,073	221,283	197,823	177,807	156,363	130,023	98,119	67,873	43,268	19,262	(3,479)	(29,843)	\$ (29,843)

Notes:

- (1) Project in service July 2007
- (2) The beginning balance in 2010 is carried over from the 2009 ending balance. Balance Forward is the forecast balance of Total Expense less Revenue Recoveries.
- (3) Total Expense represents the total SDECR revenue requirements plus the Balance Forward.
- (4) Actual revenue recoveries are shown through July 2010.
- (5) 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.
- (6) Balance before carrying charge for the month.
- (7) Carrying charge.
- (8) 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.
- (9) New SD Rates went into effect January 18, 2010. January 2010 Revenue Requirement Credit reflects 14 days of the 31 days of the month.

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery

SD-ECR Projected Tracker													
Activity for 2011													
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011 Total
King - Production (1)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
King - Mercury (2)	16,618	16,631	16,645	16,648	16,642	16,635	16,629	16,623	16,616	16,610	16,603	16,597	\$ 199,498
Sherco Unit 3 - Mercury (3)	11,928	11,925	11,923	11,920	11,918	11,915	11,912	11,910	8,595	863	9,142	11,899	\$ 125,851
Balance Forward (4)	(29,843)												\$ (29,843)
Total Expense (5)	\$ (1,297)	\$ 28,556	\$ 28,568	\$ 28,569	\$ 28,559	\$ 28,550	\$ 28,541	\$ 28,532	\$ 25,211	\$ 17,473	\$ 25,745	\$ 28,496	\$ 295,506
Revenues (6)	24,262	23,319	24,597	21,349	22,144	25,812	30,479	29,062	23,880	23,302	22,466	25,621	\$ 296,293
Balance (7)	(25,559)	5,237	3,971	7,220	6,415	2,738	(1,938)	(530)	1,331	(5,829)	3,279	2,875	\$ (787)
Balance before Carrying Charge (8)	\$ (25,559)	\$ (20,549)	\$ (16,761)	\$ (9,690)	\$ (3,361)	\$ (653)	\$ (2,596)	\$ (3,149)	\$ (1,846)	\$ (7,691)	\$ (4,481)	\$ (1,646)	\$ (787)
Carrying Charge (9)	(228)	(183)	(149)	(86)	(30)	(6)	(23)	(28)	(16)	(69)	(40)	(15)	\$ (873)
Ending Balance (10)	(25,786)	(20,732)	(16,910)	(9,777)	(3,391)	(659)	(2,619)	(3,177)	(1,862)	(7,760)	(4,521)	(1,660)	\$ (1,660)

Notes:

- (1) Project in service July 2007.
- (2) Estimated Project in service October 2010.
- (3) Project in service December 2009.
- (4) The beginning balance in 2011 is carried over from the 2010 ending balance. Balance Forward is the forecast balance of Total Expense less Revenue Recoveries.
- (5) Total Expense represents the total SDECR revenue requirements plus the Balance Forward.
- (6) Actual revenue recoveries are shown through July 2010.
- (7) 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.
- (8) Balance before carrying charge for the month.
- (9) Carrying charge.
- (10) 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.

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
2010 ECR Rate Adjustment Factor Calculation

All customers are subject to the same energy cost per kWh.

<u>Description</u>	<u>All Classes</u>
South Dakota Annual Cost (1)	\$307,175
Forecasted South Dakota MWH (2)	1,996,314
Energy Factor / kWh	\$0.000154
Residential bill impact / Month (3)	\$0.12

Notes:

(1) Annual cost includes true-up adjustment to Tracker Account for the previous year's over- or under-recovery.

(2) Consistent with 2011 Budget sales (August 2010 vintage) forecast. Includes Interdepartmental sales and reflects calendar month sales.

(3) Assumes 750 kWh per month.

(4) New SD Rates went into effect January 18, 2010. January 2010 Revenue Requirements reflect 17 days of the 31 days of the month.

Northern States Power Company, a Minnesota corporation
South Dakota Environmental Cost Recovery
2011 ECR Rate Adjustment Factor Calculation

All customers are subject to the same energy cost per kWh.

<u>Description</u>	<u>All Classes</u>
South Dakota Annual Cost (1)	\$295,506
Forecasted South Dakota MWH (2)	2,029,408
Energy Factor / kWh	\$0.000146
Residential bill impact / Month (3)	\$0.11

Notes:

(1) Annual cost includes true-up adjustment to Tracker Account for the previous year's over- or under-recovery.

(2) Consistent with 2011 Budget sales (August 2010 vintage) forecast. Includes Interdepartmental sales and reflects calendar month sales.

(3) Assumes 750 kWh per month.

Non-Legislative

Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

PROPOSED

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

ENVIRONMENTAL COST RECOVERY RIDER

Section No. 5
2nd Revised Sheet No. 72
Cancelling 1st Revised Sheet No. 72

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 an Environmental Cost Recovery (ECR) adjustment, which shall be the ECR Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This ECR Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF ECR ADJUSTMENT FACTOR

An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker Account by the forecasted retail sales for the upcoming year. ECR Adjustment Factors shall be rounded to the nearest \$0.000001 per kWh.

The ECR Adjustment Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The ECR factor is:

All Customers	\$0.000146 per kWh
---------------	--------------------

R

Recoverable Environmental Measure Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under SDCL 49-34A-97 that are determined by the Commission to be eligible for recovery under this Environmental Cost Recovery Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the Environmental Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the Environmental 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 ECR 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 ECR Adjustment Factor effective with the start of the next designated recovery period.

For example, the Year 1 actual revenue requirements versus ECR 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 ECR Adjustment recoveries would be included in the calculation of the ECR Adjustment factor filed by September 1 of Year 2 to be effective January 1 of Year 3.

Date Filed: 09-03-10	By: Judy M. Poferi	Effective Date:
	President and CEO of Northern States Power Company, a Minnesota corporation	
Docket No. EL10-		Order Date:

Legislative

Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

PROPOSED

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

ENVIRONMENTAL COST RECOVERY RIDER

Section No. 5

~~1st~~ ^{2nd} Revised Sheet No. 72

Cancelling ~~Original-1st Revised~~ Sheet No. 72

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 an Environmental Cost Recovery (ECR) adjustment, which shall be the ECR Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This ECR Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF ECR ADJUSTMENT FACTOR

An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker Account by the forecasted retail sales for the upcoming year. ECR Adjustment Factors shall be rounded to the nearest \$0.000001 per kWh.

The ECR Adjustment Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The ECR factor is:

All Customers

~~\$0.000154~~ \$0.000146 per kWh

R

Recoverable Environmental Measure Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under SDCL 49-34A-97 that are determined by the Commission to be eligible for recovery under this Environmental Cost Recovery Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the Environmental Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the Environmental 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 ECR 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 ECR Adjustment Factor effective with the start of the next designated recovery period.

For example, the Year 1 actual revenue requirements versus ECR 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 ECR Adjustment recoveries would be included in the calculation of the ECR Adjustment factor filed by September 1 of Year 2 to be effective January 1 of Year 3.

Date Filed: ~~06-30-09~~ 09-03-10

By: Judy M. Poferi

Effective Date: ~~01-18-10~~

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

Docket No. ~~EL09-009~~ EL10-

Order Date: ~~01-12-10~~