

Fuel Cost Adjustment Methodology

	Settlement Amount	NSPM	Minnesota Retail	North Dakota Retail	South Dakota Retail	Wholesale
Initial Settlement Amount	\$99,966,841	\$84,543,050	\$74,349,034	\$4,956,690	\$4,285,234	\$952,093
Outside Legal and Expert Witness Costs (Notes (1))			(\$1,908,090)	(\$288,794)	(\$264,420)	(\$20,358)
Amount Available for Initial Credit		\$84,543,050	\$72,440,943	\$4,667,895	\$4,020,814	\$931,735
Estimated Additional Payments						
2009 & 2010 Payment	\$15,000,000	\$12,564,383	\$10,997,453	\$706,897	\$685,959	\$174,073
2011 Payment	\$25,000,000	\$20,950,475	\$18,539,578	\$1,217,369	\$1,168,597	\$24,931
2012 Payment	\$31,000,000	\$25,978,589	\$22,989,077	\$1,509,538	\$1,449,060	\$30,915
2013 Payment	\$27,000,000	\$22,626,513	\$20,022,744	\$1,314,759	\$1,262,084	\$26,926
Additional Payment Totals	\$98,000,000	\$82,119,960	\$72,548,853	\$4,748,563	\$4,565,699	\$256,844
Total Payments (jurisdictional amounts are less legal fees)	\$197,966,841	\$166,663,010	\$144,989,796	\$9,416,459	\$8,586,513	\$1,188,580

Initial Settlement

	January	February	March	April	May	June	6 Months Total
[1] Monthly Credit							
Jurisdictional Settlement Payment	\$ 670,136	\$ 670,136	\$ 670,136	\$ 670,136	\$ 670,136	\$ 670,134	\$ 4,020,814
Interest Accrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
True Up of Prior Month Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Monthly Credit Balance	\$ 670,136	\$ 670,134	\$ 4,020,814				
[2] 2011 MWh Sales							
Residential	71,655	57,487	60,437	46,447	47,067	55,533	338,626
C&I Non-Demand	10,083	8,238	9,099	6,330	7,201	7,384	48,335
C&I Demand Non-TOD	66,605	49,999	62,362	45,819	59,202	59,248	343,235
C&I Demand TOD On-Pk	15,875	12,732	17,500	13,205	11,835	21,267	92,414
C&I Demand TOD Off-Pk	26,947	19,269	26,917	20,683	18,918	31,582	144,316
Outdoor Lighting	1,530	1,398	1,277	1,568	1,004	917	7,694
SD State Total	192,695	149,123	177,592	134,052	145,227	175,931	974,620
[3] Average Class Per Unit Credit (\$/kWh) ^{[1][2]/1000}							
	\$ 0.003478	\$ 0.004494	\$ 0.003773	\$ 0.004999	\$ 0.004614	\$ 0.003809	\$ 0.004126
[4] Fuel Adjustment Factor (FAF) Ratio							
Residential	1.0094	1.0094	1.0094	1.0094	1.0094	1.0094	
C&I Non-Demand	1.0332	1.0332	1.0332	1.0332	1.0332	1.0332	
C&I Demand Non-TOD	1.0108	1.0108	1.0108	1.0108	1.0108	1.0108	
C&I Demand TOD On-Pk	1.3158	1.3158	1.3158	1.3158	1.3158	1.3158	
C&I Demand TOD Off-Pk	0.751	0.751	0.751	0.751	0.751	0.751	
Outdoor Lighting	0.8171	0.8171	0.8171	0.8171	0.8171	0.8171	
[5] Credit Factor Adjusted for Class Ratio (\$/kWh) ^{[3][4]}							
Residential	0.003511	0.004536	0.003808	0.005046	0.004657	0.003845	
C&I Non-Demand	0.003593	0.004643	0.003898	0.005165	0.004767	0.003935	
C&I Demand Non-TOD	0.003516	0.004543	0.003814	0.005053	0.004664	0.00385	
C&I Demand TOD On-Pk	0.004576	0.005913	0.004965	0.006578	0.006071	0.005012	
C&I Demand TOD Off-Pk	0.002612	0.003375	0.002834	0.003754	0.003465	0.002861	
Outdoor Lighting	0.002842	0.003672	0.003083	0.004085	0.00377	0.003112	
[6] Monthly Credit Added to FCA ^{[5][2]/1000}							
Residential	\$ 251,581	\$ 260,761	\$ 230,144	\$ 234,372	\$ 219,191	\$ 213,524	\$ 1,409,573
C&I Non-Demand	\$ 36,228	\$ 38,249	\$ 35,468	\$ 32,694	\$ 34,327	\$ 29,056	\$ 206,022
C&I Demand Non-TOD	\$ 234,183	\$ 227,145	\$ 237,849	\$ 231,523	\$ 276,118	\$ 228,105	\$ 1,434,923
C&I Demand TOD On-Pk	\$ 72,644	\$ 75,284	\$ 86,888	\$ 86,862	\$ 71,850	\$ 106,590	\$ 500,118
C&I Demand TOD Off-Pk	\$ 70,386	\$ 65,033	\$ 76,283	\$ 77,644	\$ 65,551	\$ 90,356	\$ 445,253
C&I Demand Total	\$ 377,213	\$ 367,462	\$ 401,020	\$ 396,029	\$ 413,519	\$ 425,051	\$ 2,380,294
Outdoor Lighting	\$ 4,348	\$ 5,133	\$ 3,937	\$ 6,405	\$ 3,785	\$ 2,854	\$ 26,462
SD State Credit Total	\$ 669,370	\$ 671,605	\$ 670,569	\$ 669,500	\$ 670,822	\$ 670,485	\$ 4,022,351
[7] Cumulative Credit (at Month End)							
	\$ 669,370	\$ 1,340,975	\$ 2,011,544	\$ 2,681,044	\$ 3,351,866	\$ 4,022,351	
[8] % Credited	16.6%	33.4%	50.0%	66.7%	83.4%	100.0%	

Notes:

- (1) Actual Litigation costs were allocated between NSPM and NSPW as well as NSPM jurisdictions based on actual demand allocators for each individual year.
 NSPM Retail legal fees are through 2005.
 North Dakota Retail legal fees are through 2007.
 South Dakota Retail legal fees are through 2008.
 (See Attachment D for yearly detail on legal fees by jurisdiction)