



414 Nicollet Mall
Minneapolis, MN 55401

April 17, 2014

—Via Electronic Filing—

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

RE: COMPLIANCE FILING
CREDIT MECHANISM FOR A DOE SETTLEMENT
DOCKET NO. EL-11-023

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation submits to the South Dakota Public Utilities Commission this compliance report regarding the credit to South Dakota retail electric customers resulting from the fourth settlement payment received from the U.S. Department of Energy for failure to take the Company's spent nuclear fuel. We submit this report in compliance with the Commission's January 30th, 2012 ORDER in the above-referenced Docket.

CREDIT SUMMARY

In total \$2,169,529 was credited to South Dakota retail electric customers as summarized in Attachment A. The final credits were posted on March 10. This total includes interest accrued since receipt of the fourth payment on November 7, 2013 and the \$247 in interest which was omitted during implementation of the third payment. Please see Attachment B for the details on the interest calculation. We apologize for the delay in our compliance update.

We began posting credits on January 30, 2014 with approximately 84 percent of the total journal entries occurring to eligible accounts on that date. The remaining credits were to direct debit accounts (accounts where the customer has opted to pay their amount due monthly via a direct debit from a bank account) which require additional processing work and did not all occur within the 90 day window from receipt of the fourth payment.

We did not apply any credit that alters the customer's "please pay" direct debit amount that appears on their most recent statement before it is withdrawn from

their bank account. This process change is due to the number of customer complaints received in the past when our banking transactions did not match what appeared on their last statement. Therefore, we attempt our daily posting process for direct debit accounts to apply the credit just before the customer account goes through another billing and sets up a new “please pay” amount. Our process for posting the remaining credits for direct debit accounts is to proceed through one full bill cycle in a daily attempt to post the remaining credits. A script is run each business day to post any journal that meets the direct debit criteria. By February 5, 2014, we had applied 87.72 percent of the total number of refund credits. We proceeded through a full bill cycle and then on March 10, 2014, we force applied the remaining refund credits to complete the total refund.

As the number of accounts affected by direct debit continue to grow., our posting of credits has become more difficult to match their bill dates, due to other constraints in addition to direct debit such as sync bill, which could include multiple premises with one selective bill date, or an account on a selective due date. The number of credits that remain after we have gone through a full bill cycle posting process need to be handled with manual follow-up. If this number is large, it can require an extensive manual effort. We work with our Customer Receivable area and their availability to determine a final force posting date to allow for this manual processing to occur in a timely manner and not create any customer dissatisfaction.

This manual effort unfortunately delayed having the entire refund completed within the required 90-day timeframe. We apologize for any inconvenience this may have caused. For implementation of the fifth and final payment, we will work with our billing group to improve the timing of implementation to meet the requirement to credit all accounts within 90 days.

Please contact me at gail.baranko@xcelenergy.com (612-330-6935) if you have any questions regarding this filing.

Sincerely,

/s/

GAIL BARANKO
MANAGER, REGULATORY PROJECT MANAGEMENT

Enclosures