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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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February 27, 2012

Patricia Van Gerpen
Executive Director
SD Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

**Re: EL12-003 – In the Matter of the Petition of Northern States Power Company dba Xcel
Energy to Discontinue Customer Buyback Program**

Dear Ms. Van Gerpen:

On January 25, 2012, the Commission received a petition from Northern States Power Company d/b/a Xcel Energy (Xcel or Company) to cancel the Customer Buyback Program Tariffs included in its South Dakota Electric Rate Book.

Upon review of this filing, Commission Staff recommends approval of this request.

The Buyback Program was originally developed in response to extreme weather and was approved in Docket No. EL00-013. It was created to provide an ad hoc, voluntary, market-price-driven source of load relief where pre-qualified customers were offered payments per MWh for voluntarily shedding load that would otherwise be firm. The program's standard form agreement allowed for participation to be terminated at any time by the Company or a participating customer upon written notice.

Because MISO market prices under the MISO Day 2 and Ancillary Service markets have been low relative to what retail customers require to induce them to voluntarily shed load and as these markets continue to evolve and broaden, the potential need to utilize this Customer Buyback Program has been diminished. In fact, it was last used in 2001 and it is the Company's belief the program no longer provides value to its customers or itself.

Sincerely,

Matthew Tysdal