



414 Nicollet Mall  
Minneapolis, Minnesota 55401

—Via Electronic Filing—

December 29, 2010

Ms. Patricia Van Gerpen  
Executive Director  
SD Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501

**RE: JANUARY 2011 FUEL CLAUSE CHARGE**

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation operating in South Dakota hereby submits its electric fuel clause charge (FCC) for January 2011.

Pursuant to the Commission authorization of the final compliance tariffs in Company's 2009 rate proceeding (Docket No. EL09-009) to implement new rates beginning January 18, 2010, a new "multi-class" fuel cost mechanism replaced the previously single-factor mechanism. The January 2011 fuel clause calculation is based on the average of the most recent two-month actual fuel cost plus the "True-up" factor, reflecting cost recovery deviations from November 2010.

The former system average monthly fuel cost adjustment factor is now differentiated into six service categories (see derivation of these factors on Attachment 1, page 1 to 3).