



414 Nicollet Mall  
Minneapolis, Minnesota 55401

—Via Electronic Filing—

February 28, 2011

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

**RE: MARCH 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 March 2011.

Pursuant to the Commission authorization of the final compliance tariffs in the 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 previous single-factor mechanism. The March 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 January 2011.

Beginning this month, the actual billed fuel cost (actual fuel costs recovered from customers) is used as an input in the determination of the true-up factor instead of a calculated billed fuel cost using sales and fuel cost charges. This will improve the precision of the true-up factors reflecting the fact that when the Company bills out its fuel costs using the FCC, each customer's energy use is prorated to calendar month and then billed using the FCC specific to the applicable calendar month in the billing cycle. There is no change in the mathematical calculation of the FCC, true-up, the application

of the FCC, or to the Rider tariff language. This improvement is essentially an administrative change to use the direct source of the billed fuel cost amount.

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).

The table below shows the new Fuel Cost Charge by service category:

<b>March 2011</b>	<b>Fuel Cost Charge (\$/kWh)</b>
<b>Residential</b>	0.02235
<b>C &amp; I Non-Demand</b>	0.02288
<b>C &amp; I Demand</b>	0.02238
<b>C &amp; I Demand Time of Day On-Peak</b>	0.02914
<b>C &amp; I Demand Time of Day Off-Peak</b>	0.01663
<b>Outdoor Lighting</b>	0.01809

## **MISO CHARGES IMPLEMENTATION**

### MISO Day 2 Charges

This filing includes our reporting of the Midwest Independent Transmission System Operator, Inc. (“MISO”) charges under the Day 2 Market. Pursuant to the Commission’s April 7, 2005 Order in Docket No. EL05-008, Xcel Energy is authorized to recover the MISO Day 2 costs through the Fuel Clause Rider. On February 12, 2009, the Commission approved the Fuel Clause Rider tariff revisions (Docket No. EL08-035), which allowed the new MISO Day 2 charge types: Schedule 24, Auction Revenue Rights, and the new Financial Transmission Rights charge types, to be reflected in the Fuel Clause Rider. In compliance with this Order and the required “net” accounting of Day 2 costs and revenues, we have included in the March FCC, the net MISO Day 2 costs for January 2011 as recorded in Account 555. The MISO Day 2 cost recovery included in this March FCC is \$12,635,170, which is the net of many items. Pursuant to the above mentioned Orders, the Company also provides more detailed records in Attachment 2 page 1 to support the calculation of the MISO Day 2 costs.