



414 Nicollet Mall
Minneapolis, Minnesota 55401

December 29, 2017

—Via Electronic Filing—

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

RE: JANUARY 2018 FUEL CLAUSE CHARGES

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy and operating in South Dakota, hereby submits its electric fuel clause charge (FCC) for January 2018.

Pursuant to the Commission authorization of the final compliance tariffs in the Company's 2014 rate proceeding (Docket No. EL14-058), the new rates became effective on July 1, 2015. The Fuel Adjustment Factor (FAF) Ratio listed below also became effective:

FAF Ratio	Current
Residential	1.0124
C & I Non-Demand	1.0199
C & I Demand	1.0033
C & I Demand TOD On-Peak	1.2090
C & I Demand TOD Off-Peak	0.8304
Outdoor Lighting	0.7621

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

January 2018	Fuel Cost Charge (\$/kWh)
Residential	0.03468
C & I Non-Demand	0.03493
C & I Demand	0.03437
C & I Demand Time of Day On-Peak	0.04141
C & I Demand Time of Day Off-Peak	0.02844
Outdoor Lighting	0.02610

RESOLUTION OF THE FUEL CLAUSE SUSPENSION

On September 19, 2017, the Commission issued an Order in Docket No EL16-037 granting the Joint Motion for Approval of Settlement Stipulation issued by the Staff and the Company, which resolved issues related to recovery of certain costs through the Company's Fuel Clause Rider (FCR). On September 15, 2017, the Company filed a request to vary from the FCR tariff in Docket No. EL17-038. In compliance with the Commission's Order in Docket No. EL16-037, the Company proposed to mitigate potential FCR rate volatility by amortizing the unrecovered balance over a period of five months. The Company also requested approval of the proposed proxy pricing methodology for the Aurora project. On September 28, 2017, the Commission issued an Order approving the Company's amortization proposal of the accumulated unrecovered balance and the proposed proxy pricing methodology for the Aurora project. Attachment 1 contains the computation of the January 2018 FCC consistent with the Commission's Orders. Specifically, Attachment 1, pages 2 and 3 illustrate the derivation of the true-up and the five-month amortization plan to recover the unrecovered balance. In addition, Attachment 5, page 1, is the report on new Purchased Power Agreements (PPAs) with a term of one year or more where costs are included in January 2018 FCC.

MISO CHARGES IMPLEMENTATION

MISO Day 2 Charges

This filing includes our reporting of the Midcontinent Independent 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 (FCR). On February 12, 2009, the Commission approved the FCR tariff revisions (Docket No. EL08-035), which allowed the new MISO Day 2 charge types (Schedule 24, Auction Revenue Rights, and Financial Transmission Rights) to be reflected in the FCR. In compliance with this Order and the required "net" accounting of Day 2 costs and revenues, we have included in the January 2018 FCC the net MISO Day 2 costs for November 2017 as recorded in Account 555. The MISO Day 2 cost recovery included in the FCC is \$6,995,871 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.

MISO ASM Charges

Pursuant to the Commission's February 12, 2009 Order in Docket No. EL08-035, the MISO Ancillary Services Market (ASM) charges and the ASM-related costs and revenues are approved to be included in rates through the Fuel Clause Rider. In compliance with this Order and the required "net" accounting of ASM costs and revenues, we include in the January 2018 FCC the net MISO ASM costs for November 2017 as recorded in Account 555. The MISO ASM cost recovery included in the FCC is \$809,616 which is the net of many items. The detailed records are contained in Attachment 2, page 2.

PROPERTY TAX

Pursuant to the Commission's June 16, 2015 Order in Docket No. EL14-058, the Company has modified the Fuel Clause Rider (FCR) tariff to allow collection of property taxes. As permitted by SDCL 49-34A-25, a property tax adjustment will be determined annually and is defined as the difference between the South Dakota state jurisdictional share of property tax forecasted for the calendar year and the amount reflected in South Dakota base rates, plus a true-up for the prior year actual property tax recorded compared to that year's forecast. The resultant adjustment amount shall be recovered from customers. An annual adjustment amount equal to or less than \$100,000 will be recovered in one month, and an amount greater than \$100,000 will be recovered over a 12-month period beginning in April.