

Northern States Power Company d/b/a Xcel Energy
 Minneapolis, Minnesota 55401
SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

PROPOSED

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TRANSMISSION COST RECOVERY RIDER

Section No. 5
 Original Sheet No. 71

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There shall be included on each customer's monthly bill a Transmission Cost Recovery (TCR) adjustment, which shall be the TCR Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This TCR Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF TCR ADJUSTMENT FACTORS

A separate TCR Adjustment Factor shall be calculated for the following four customer groups: (1) Residential, (2) Commercial Non-Demand, (3) Demand Billed, and (4) Street Lighting. The TCR Adjustment Factor for each group shall be the value obtained by multiplying each group's weighting factor by the average retail cost per kWh. The average retail cost per kWh shall be determined by the forecasted balance of the TCR Tracker Account, divided by the forecasted retail sales for the calendar year. TCR Adjustment Factors shall be rounded to the nearest \$0.00001 per kWh.

The TCR Adjustment Factor for each customer group may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). Each TCR Adjustment Factor shall apply to bills rendered on and after January 1st of the year. The TCR factor for each rate schedule is:

Residential	\$0.00065 per kWh
Commercial (Non-Demand)	\$0.00053 per kWh
Demand Billed	\$0.00042 per kWh
Street Lighting	\$0.00035 per kWh

Recoverable Transmission Costs shall be the annual revenue requirements associated with transmission projects eligible for recovery under SDCL 49-34A-25.1 that are determined by the Commission to be eligible for recovery under this Transmission Cost Recovery Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible projects for the designated period. All costs appropriately charged to the Transmission Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered from the TCR Adjustment shall be credited to the Transmission Tracker Account.

Forecasted retail sales shall be the estimated total retail electric sales for the designated recovery period.

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(Continued on Sheet No. 5-71.1)

Date Filed:	By: Kent T. Larson	Effective Date:
Docket No. EL06 -	Vice President of Jurisdictional Relations	Order Date:

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(Continued)

TRUE-UP

For each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between the TCR Adjustment recoveries and the actual revenue requirements for such period. The true-up adjustment shall be calculated and recorded by no later than May 1 of the following calendar year and will be included in calculating the TCR Adjustment Factor for each customer group effective with the start of the next designated recovery period.

For example, the Year 1 revenue requirements versus TCR Adjustment recoveries would be determined by May 1 of Year 2, at which time the Company would record an adjustment to the Tracker Account. The difference between the Year 1 revenue requirements and Year 1 TCR Adjustment recoveries would be included in the calculation of the TCR Adjustment factors filed on September 1 of Year 2 to be effective January 1 of Year 3.

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