

| <u>Line No.</u> | | <u>Jan-11</u> | <u>Feb-11</u> | <u>Mar-11</u> | <u>Apr-11</u> | <u>May-11</u> | <u>Jun-11</u> | <u>Jul-11</u> | <u>Aug-11</u> | <u>Sep-11</u> | <u>Oct-11</u> | <u>Nov-11</u> | <u>Dec-11</u> | <u>2011 Total</u> |
|-----------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|
| 1 | Asset Based Margins | | | | | | | | | | | | | |
| 2 | 2011 Calendar Year Asset Based Margin Credits to Customers | | | | | | | | | | | | | \$ (492,447) |
| 3 | Actual Asset Based Margin Credits Reflected in Retail Fuel Revenues | (244,920) | (223,284) | (140,713) | (49,089) | (13,722) | (24,984) | 13,816 | (22,063) | (26,557) | (44,866) | (31,365) | (88,442) | \$ (896,189) |
| 4 | Adjustment to Test Year Retail Fuel Revenues | | | | | | | | | | | | | \$ 403,742 |
| 5 | Non-Asset Based Margins | | | | | | | | | | | | | |
| 6 | 2011 Calendar Year Non-Asset Based Margin Credits to Customers | | | | | | | | | | | | | \$ (65,328) |
| 7 | Actual Non-Asset Based Margin Credits Reflected in Retail Fuel Revenues | - | (7,662) | (11,970) | (5,379) | (2,811) | 3,694 | 2,513 | 3,993 | 227 | (1,788) | (3,243) | 1,557 | \$ (20,869) |
| 8 | Adjustment to Test Year Retail Fuel Revenues | | | | | | | | | | | | | \$ (44,459) |
| 9 | Total Adjustment to Test Year Retail Fuel Revenues (\$000s) | | | | | | | | | | | | | \$ 359 |

SOURCES:

Line 2, 2011 Total: Exhibit__(BAM-4), page 2, - Customer Portion Asset Margins * Net Energy and Interchange Allocator (-10,357,714 * 4.7544%)
Line 3, Jan-11 through Dec-11: Exhibit__(BAM-7), Schedule 1, page 2, line 15
Line 3, 2011 Total: sum of Jan-11 through Dec-11
Line 4, 2011 Total: line 2 - line 3
Line 6, 2011 Total: Exhibit__(BAM-4), page 2, - Customer Portion Non Asset Margins * Energy Allocator (-1,155,456 * 5.6539%)
Line 7, Jan-11 through Nov-11: Exhibit__(BAM-7), Schedule 1, page 3, line 15
Line 7, Dec-11: Exhibit__(BAM-7), Schedule 1, page 4, line 15
Line 7, 2011 Total: sum of Jan-11 through Dec-11
Line 8, 2011 Total: line 6 - line 7
Line 9, 2011 Total: line 4 + line 8 (rounded to the nearest 1,000)

Northern States Power Company, A Minnesota Corporation
 Electric Operations - State of South Dakota
 Derivation of Adjustment for Fuel Clause Rider
 Asset Based Margin Sharing

Attachment 3
 Page 1

| 1 Forecast Month | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 | Feb-12 |
|--|----------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2 True-up Month | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 |
| 3 | | | | | | | | | | | | |
| 4 Monthly Refund | (46,872) | (61,172) | (109,789) | 33,315 | (23,628) | (22,459) | (57,040) | (75,654) | (20,250) | (25,489) | (32,431) | (41,914) |
| 5 | | | | | | | | | | | | |
| 6 Forecast South Dakota Sales | 165,549 | 149,962 | 145,254 | 175,437 | 190,506 | 207,095 | 182,557 | 157,837 | 145,678 | 163,274 | 182,161 | 157,848 |
| 7 | | | | | | | | | | | | |
| 8 Current Month Refund Factor | (0.028) | (0.041) | (0.076) | 0.019 | (0.012) | (0.011) | (0.031) | (0.048) | (0.014) | (0.016) | (0.018) | (0.027) |
| 9 | | | | | | | | | | | | |
| 14 Expected Refund | (390,799) | (65,580) | (192,751) | 96,532 | (161,827) | 178,935 | (171,733) | 181,460 | (242,589) | 127,869 | (236,282) | 147,246 |
| 15 Actual Refund | (244,920) | (223,284) | (140,713) | (49,089) | (13,722) | (24,984) | 13,816 | (22,063) | (26,557) | (44,866) | (31,365) | (88,442) |
| 16 Deviation | (145,879) | 157,704 | (52,038) | 145,621 | (148,105) | 203,919 | (185,549) | 203,523 | (216,032) | 172,735 | (204,917) | 235,688 |
| 17 | | | | | | | | | | | | |
| 18 True-up Factor | (0.088) | 0.105 | (0.036) | 0.083 | (0.078) | 0.098 | (0.102) | 0.129 | (0.148) | 0.106 | (0.112) | 0.149 |
| 19 | | | | | | | | | | | | |
| 20 Realized Margin | (0.116) | 0.064 | (0.111) | 0.102 | (0.090) | 0.088 | (0.133) | 0.081 | (0.162) | 0.090 | (0.130) | 0.123 |
| 21 | | | | | | | | | | | | |
| 22 Class Ratios | | | | | | | | | | | | |
| 23 Residential | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 |
| 24 C&I Non-Demand | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 |
| 25 C&I Demand Non-TOD | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 |
| 26 C&I Demand TOD On-Peak | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 |
| 27 C&I Demand TOD Off-Peak | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 |
| 28 Outdoor Lighting | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 |
| 29 | | | | | | | | | | | | |
| 30 Realized Margin Adj for Class Ratios | | | | | | | | | | | | |
| 31 Residential | (0.118) | 0.065 | (0.112) | 0.103 | (0.091) | 0.088 | (0.134) | 0.082 | (0.164) | 0.091 | (0.132) | 0.124 |
| 32 C&I Non-Demand | (0.120) | 0.067 | (0.115) | 0.105 | (0.093) | 0.091 | (0.137) | 0.084 | (0.168) | 0.093 | (0.135) | 0.127 |
| 33 C&I Demand Non-TOD | (0.118) | 0.065 | (0.113) | 0.103 | (0.091) | 0.089 | (0.134) | 0.082 | (0.164) | 0.091 | (0.132) | 0.124 |
| 34 C&I Demand TOD On-Peak | (0.153) | 0.085 | (0.147) | 0.134 | (0.119) | 0.115 | (0.175) | 0.107 | (0.213) | 0.119 | (0.171) | 0.162 |
| 35 C&I Demand TOD Off-Peak | (0.087) | 0.048 | (0.084) | 0.077 | (0.068) | 0.066 | (0.100) | 0.061 | (0.122) | 0.068 | (0.098) | 0.092 |
| 36 Outdoor Lighting | (0.095) | 0.053 | (0.091) | 0.083 | (0.074) | 0.072 | (0.109) | 0.066 | (0.133) | 0.074 | (0.106) | 0.100 |

Note: Workpaper contained in NSP's February 2012 Fuel Clause Adjustment Filing, filed January 31, 2012

Northern States Power Company, A Minnesota Corporation
 Electric Operations - State of South Dakota
 Derivation of Adjustment for Fuel Clause Rider
 Non-Asset Based Margin Sharing

Attachment 3
 Page 2

| 1 Forecast Month | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Jan-12 |
|---|----------|---------|----------|----------|----------|---------|----------|---------|----------|---------|----------|---------|
| 2 True-up Month | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 |
| 3 | | | | | | | | | | | | |
| 4 Monthly Refund | (21,146) | - | - | - | - | - | - | - | - | - | - | - |
| 5 | | | | | | | | | | | | |
| 6 Forecast South Dakota Sales | 159,721 | 165,549 | 149,962 | 145,254 | 175,437 | 190,506 | 207,095 | 182,557 | 157,837 | 145,678 | 163,274 | 182,161 |
| 7 | | | | | | | | | | | | |
| 8 Current Month Refund Factor | (0.013) | - | - | - | - | - | - | - | - | - | - | - |
| 9 | | | | | | | | | | | | |
| 10 Expected Refund | | | (21,146) | - | (13,484) | 11,970 | (8,105) | 14,781 | (11,799) | 12,268 | (15,792) | 12,041 |
| 11 Actual Refund | | | (7,662) | (11,970) | (5,379) | (2,811) | 3,694 | 2,515 | 3,993 | 227 | (1,788) | (3,245) |
| 12 Deviation | | | (13,484) | 11,970 | (8,105) | 14,781 | (11,799) | 12,268 | (15,792) | 12,041 | (14,004) | 15,284 |
| 13 | | | | | | | | | | | | |
| 14 True-up Factor | - | - | (0.009) | 0.008 | (0.005) | 0.008 | (0.006) | 0.007 | (0.010) | 0.008 | (0.009) | 0.008 |
| 15 | | | | | | | | | | | | |
| 16 Realized Margin | (0.013) | - | (0.009) | 0.008 | (0.005) | 0.008 | (0.006) | 0.007 | (0.010) | 0.008 | (0.009) | 0.008 |
| 17 | | | | | | | | | | | | |
| 18 Class Ratios | | | | | | | | | | | | |
| 19 Residential | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 |
| 20 C&I Non-Demand | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 |
| 21 C&I Demand Non-TOD | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 |
| 22 C&I Demand TOD On-Peak | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 |
| 23 C&I Demand TOD Off-Peak | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 |
| 24 Outdoor Lighting | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 |
| 25 | | | | | | | | | | | | |
| 26 Realized Margin Adj for Class Ratios | | | | | | | | | | | | |
| 27 Residential | (0.013) | - | (0.009) | 0.008 | (0.005) | 0.008 | (0.006) | 0.007 | (0.010) | 0.008 | (0.009) | 0.008 |
| 28 C&I Non-Demand | (0.014) | - | (0.009) | 0.009 | (0.005) | 0.008 | (0.006) | 0.007 | (0.010) | 0.009 | (0.009) | 0.009 |
| 29 C&I Demand Non-TOD | (0.013) | - | (0.009) | 0.008 | (0.005) | 0.008 | (0.006) | 0.007 | (0.010) | 0.008 | (0.009) | 0.008 |
| 30 C&I Demand TOD On-Peak | (0.017) | - | (0.012) | 0.011 | (0.006) | 0.010 | (0.007) | 0.009 | (0.013) | 0.011 | (0.011) | 0.011 |
| 31 C&I Demand TOD Off-Peak | (0.010) | - | (0.007) | 0.006 | (0.003) | 0.006 | (0.004) | 0.005 | (0.008) | 0.006 | (0.006) | 0.006 |
| 32 Outdoor Lighting | (0.011) | - | (0.007) | 0.007 | (0.004) | 0.006 | (0.005) | 0.005 | (0.008) | 0.007 | (0.007) | 0.007 |

Note: Workpaper contained in NSP's January 2012 Fuel Clause Adjustment Filing, filed December 30, 2011

Northern States Power Company, A Minnesota Corporation
 Electric Operations - State of South Dakota
 Derivation of Adjustment for Fuel Clause Rider
 Non-Asset Based Margin Sharing

Attachment 3
 Page 2

| 1 Forecast Month | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 |
|--|----------------|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|--------|----------|
| 2 True-up Month | Dec-12 * | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 |
| 3 | | | | | | | | | | | | | |
| 4 Monthly Refund | (61,829) | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | | | | | | | | | | | | | |
| 6 Forecast South Dakota Sales | 157,848 | 165,575 | 145,596 | 152,485 | 172,016 | 185,256 | 206,966 | 178,248 | 163,155 | 149,329 | 165,350 | - | - |
| 7 | | | | | | | | | | | | | |
| 8 Current Month Refund Factor | (0.039) | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | | | | | | | | | | | | | |
| 14 Expected Refund | (14,004) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) |
| 15 Actual Refund | 1,557 | | | | | | | | | | | | |
| 16 Deviation | (15,561) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) | 15,284 | (77,390) |
| 17 | | | | | | | | | | | | | |
| 18 True-up Factor | (0.010) | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | | | | | | | | | | | | | |
| 20 Realized Margin | (0.049) | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | | | | | | | | | | | | | |
| 22 Class Ratios | | | | | | | | | | | | | |
| 23 Residential | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 | 1.0094 |
| 24 C&I Non-Demand | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 | 1.0332 |
| 25 C&I Demand Non-TOD | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 | 1.0108 |
| 26 C&I Demand TOD On-Peak | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 | 1.3158 |
| 27 C&I Demand TOD Off-Peak | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 | 0.7510 |
| 28 Outdoor Lighting | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 | 0.8171 |
| 29 | | | | | | | | | | | | | |
| 30 Realized Margin Adj for Class Ratios | | | | | | | | | | | | | |
| 31 Residential | (0.049) | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 C&I Non-Demand | (0.051) | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 C&I Demand Non-TOD | (0.050) | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 C&I Demand TOD On-Peak | (0.065) | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 C&I Demand TOD Off-Peak | (0.037) | - | - | - | - | - | - | - | - | - | - | - | - |
| 36 Outdoor Lighting | (0.040) | - | - | - | - | - | - | - | - | - | - | - | - |

Note: Workpaper contained in NSP's February 2012 Fuel Clause Adjustment Filing, filed January 31, 2012

* "Dec-12" is mislabeled. This should refer to "Dec-11".

| Line No. | <u>Total Effect of Margin Sharing Adjustment and Margin Sharing Lag Adjustment</u> | | |
|-----------------|---|-----------|----------|
| 1 | Margin Sharing Adjustment | \$ | (196) |
| 2 | Margin Sharing Lag Adjustment | \$ | 359 |
| 3 | Test Year Margin Credits in Retail Fuel Revenues | \$ | (917) |
| 4 | Test Year Margins in Other Operating Revenues | \$ | 754 |
| 5 | TOTAL | \$ | - |

SOURCES:

- Line 1: Exhibit__(BAM-4), page 2, Total Adjustment (rounded to the nearest 1,000)
- Line 2: Exhibit__(BAM-7), Schedule 1, page 1, line 9
- Line 3: Exhibit__(BAM-7), Schedule 1, page 1, line 3 + line 7 (rounded to the nearest 1,000)
- Line 4: Exhibit__(BAM-4), page 2, Total Non Asset Margins * Energy Allocator + Total Asset Margins * Net Energy and Interchange Allocator (rounded to the nearest 1,000)
- Line 5: Sum of lines 1 through 4