

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF)	ORDER APPROVING JOINT
NORTHERN STATES POWER COMPANY)	MOTION FOR APPROVAL
D/B/A XCEL ENERGY TO ESTABLISH AN)	OF SETTLEMENT
ENVIRONMENTAL MEASURES COST)	STIPULATION
RECOVERY TARIFF AND FOR APPROVAL OF)	
2007 AND 2008 PLANNED ENVIRONMENTAL)	EL07-026
MEASURES TO BE INCLUDED IN RATES)	

On September 7, 2007, Northern States Power Company D/B/A Xcel Energy (Xcel) filed a petition with the South Dakota Public Utilities Commission (Commission) for approval of a tariff establishing an Environmental Cost Recovery Rider (ECR Rider) pursuant to SDCL 49-34A-97 through 49-34A-100. The company also seeks approval to implement the tariff by including the allocated jurisdictional costs in the ECR Rider for environmental expenditures planned to be made in 2007 and 2008.

On September 13, 2007, the Commission electronically transmitted notice of the filing and the intervention deadline of October 12, 2007, to interested individuals and entities. No petitions to intervene or comments were filed.

At its regularly scheduled meeting of January 29, 2008, the Commission found that pursuant to SDCL 49-1A-8, Xcel shall be assessed a filing fee as requested by the Deputy Executive Director up to the statutory limit of \$50,000, with an initial deposit of \$8,000. On February 21, 2008, the Commission received a proposed Contract between Chesapeake Regulatory Consultants, Inc. and the South Dakota Public Utilities Commission (Contract). At its regularly scheduled meeting of February 26, 2008, the Commission voted unanimously to approve the proposed Contract.

On December 17, 2008, the Commission received a Joint Motion for Approval of Settlement Stipulation, Settlement Stipulation and Staff Memorandum Supporting Settlement Stipulation.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26, 49-1A and 49-34A, particularly SDCL 49-34A-97 through 49-34A-100.

At its regularly scheduled meeting of December 30, 2008, the Commission considered this matter. Staff recommended approval of the Joint Motion for Approval of Settlement Stipulation. The Commission found and concluded, subject to the conditions set forth herein, that the Settlement Stipulation and attached tariff meet the standards for approval set forth in SDCL 49-34A-98 and that a rate of return on investment other than that approved in Xcel's last general rate case is consistent with the public interest and voted unanimously to grant the Joint Motion for Approval of Settlement Stipulation and approve the Settlement Stipulation, including the attached Environmental Cost Recovery

Rider tariff sheet, Section No. 5, Original Sheet No. 72, subject to the following conditions: (i) that the effective date will be February 1, 2009; and (ii) that the return on equity to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the test year, the Commission may determine and order, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the ECR Rider, including the appropriate return on equity to be utilized and subject to true-up for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel's general rate filing depending on the Commission's findings on the evidence received in such case. It is therefore

ORDERED, that the Joint Motion for Approval of Settlement Stipulation is granted and the Settlement Stipulation approved, including the attached Environmental Cost Recovery Rider tariff sheet, Section No. 5, Original Sheet No. 72, subject to the following conditions: (i) that the effective date will be February 1, 2009; and (ii) that the return on equity value to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the test year, the Commission may determine, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the ECR Rider, including the appropriate return on equity to be utilized and subject to true-up for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel's general rate filing depending on the Commission's findings on the evidence received in such case.

Dated at Pierre, South Dakota, this 13th day of January, 2009.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.	
By:	<u>Melaine Kolbo</u>
Date:	<u>1/13/09</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Dustin Johnson
DUSTIN M. JOHNSON, Chairman

Steve Kolbeck
STEVE KOLBECK, Commissioner

Gary Hanson
GARY HANSON, Commissioner