Xcel Energy℠

February 3, 2009

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Dear Ms. Van Gerpen:

RE: Filing Pursuant to SDPUC Cogeneration and Small Power Production Order, Docket No. F-3365

Pursuant to the above referenced docket, Northern States Power, a Minnesota corporation ("Xcel Energy" or "the Company") hereby submits for Commission approval the revised rate sheets for the Occasional Delivery Energy Service and Time of Delivery Energy Service. The enclosed tariffs are essentially consistent with those the Commission approved in its February 28, 2007 Order (Docket No. EL07-001). In Attachment 1 are the supporting work papers to illustrate the derivation of these proposed rates.

The proposed Occasional Delivery Energy Service rate sheet is revised to reflect the 1.16 cents per kWh decrease in energy payment and no change in monthly metering charge. The energy payment is based on the Company's 2009 avoided energy cost estimate. The proposed Time of Delivery Energy Service rate sheet is also revised to reflect energy and capacity payments based on the Company's 2009 avoided costs projection with no change in monthly metering charge. The Company requests the Commission approve the proposed rate sheets.

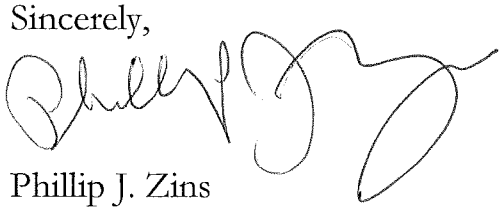
Xcel Energy notes that the statutory changes to the Public Utility Regulatory Policy Act of 1978 ("PUPRA") contained in the Energy Policy Act of 2005 ('EPAct 2005"),[1] the Federal Energy Regulatory Commission ("FERC") adoption

[1] Pub. L. No. 109-58, Sec. 1253, 119 Stat. 594 (2005).

of a Small Generation Interconnection Procedure and standard form Small Generation Interconnection Agreement in FERC Order No. 2006,[2] and recent FERC rules governing the mandatory purchase obligation under EPAct 2005, may affect future development of QF's in South Dakota and either encourage or discourage cogeneration and small power production. Since FERC recently issued its final rule implement the EPAct 2005 changes to PURPA,[3] the ultimate impact is not known at this time.

If anyone has any questions, please call me at 612-330-6128.

Sincerely,



Phillip J. Zins
Manager, Pricing and Planning

c. Jim Wilcox

enclosures

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[2] *Standardization of Small Generation Interconnection Agreements and Procedures*, Order No. 2006, 70 Fed. Reg. 34,189 (June 13, 2005); 111 FERC ¶ 61,220 (2005); *order on rehg.*, Order No. 2006-A, 116 FERC ¶ 61, 046 (2006).

[3] *New PURPA Section 210(m) Regulations Applicable to Small Power Production and Cogeneration Facilities,* Order No. 668, Docket No. RM06-10-000, (Oct. 20, 2006). FERC interpreted Section 210(m) to require elimination of utilities' QF purchase obligation in wholesale markets that meet specific criteria, including the Midwest ISO "Day 2" market. FERC established rebuttable presumptions regarding market access for QFs larger than 20 MW and smaller than 20 MW. To terminate a mandatory QF purchase obligation, a utility must file for FERC authorization. The new rules are effective 60 days after publication in the Federal Register.

OCCASIONAL DELIVERY ENERGY SERVICE
RATE CODE E50

Section No. 9
6th Revised Sheet No. 2
Canceling 5th Revised Sheet No. 2

AVAILABILITY
Available to any small qualifying facility (SQF) for the delivery of small amounts of energy.

RATE

Metering Charge for Single Phase Service per Month	$3.75
Payment Schedule for Energy Delivered to Company	
Energy Payment per kWh	$0.0387 R

TERMS AND CONDITIONS OF SERVICE

1. Electric service provided by Company to customer at the same site shall be billed in accordance with the appropriate retail electric tariff.

2. Compensation for energy delivered to Company is limited to payment for a maximum 2,000 kWh delivered per month. Delivery of energy to Company in excess of this limit will be uncompensated.

3. The minimum contracted term of service is 12 months.

4. Interconnection charges will be assessed by the Company on an individual basis for all costs associated with addition to or modification of Company facilities to accommodate the SQF. The monthly metering charge recovers the cost of the additional metering equipment and the associated billing, operating, and maintenance expenses. The net interconnection charge recovers those costs incurred for equipment and expenses in excess of metering equipment and expenses. At the option of the SQF, the net interconnection charge will be a single payment or will be a monthly payment. The calculations of such charges are described in Subdivision 1, DEFINITIONS, in this section.

5. Payments are subject to the adjustment provided in Fuel Clause Rider.

TIME OF DELIVERY ENERGY SERVICE
RATE CODE E52

Section No. 9
6th Revised Sheet No. 3
Canceling 5th Revised Sheet No. 3

AVAILABILITY
Available to any small qualifying facility (SQF).

RATE

Metering Charge for Single Phase Service per Month	$4.75
Payment Schedule for Energy Delivered to Company	
On Peak Energy Payment per kWh	$0.0519
Off Peak Energy Payment per kWh	$0.0314
Capacity Payment for Firm Power per On Peak kWh	$0.0120

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FUEL CLAUSE
Payments subject to the adjustment provided for in Fuel Clause Rider.

DETERMINATION OF FIRM POWER
The SQF will have supplied firm power if during the billing period an on peak capacity factor of at least 65% was achieved. The calculation of the on peak capacity factor will be as follows:

The average on peak period metered capacity delivered to the Company for the on peak period of the billing period divided by the greatest 15 minute metered capacity delivered for the on peak period of the same billing period expressed in percent and rounded to the nearest whole percent. If the percent calculated is 65 or greater, capacity payment will be made. If the percent calculated is less than 65, capacity payment will not be made.

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Northern States Power Company, a Minnesota Corporation

Electric Operations - State of South Dakota
COGENERATION AND SMALL POWER PRODUCTION FILING

Derivation of Metering Costs - State of South Dakota

OCCASIONAL DELIVERY ENERGY SERVICE

STANDARD KWH METER	Single Phase
(1) Installed Cost	$146.58
(2) L.A.R.R.	12.30%
(3) Levelized Cost (1)*(2)	$18.03
(4) Accounting Expenses $/Cust/Yr	$29.02
(5) Total Annual (3)+(4)	$47.05
(6) Total Monthly (5)/12	$3.92

Proposed	$3.75
Current	$3.75

TIME OF DELIVERY ENERGY SERVICE

TOD KW/KWH METER	Single Phase
(7) Installed Cost	$254.08
(8) Levelized Cost (7)*(2)	$31.25
(9) Total Annual (8)+(4)	$60.27
(10) Total Monthly	$5.02

Proposed	$4.75
Current	$4.75

Source:

(1)(7) Data provided by NSP Metering Dept.

(2) Based on cost of capital on page 4

(4) Based on NSP ECCOSS Workpapers (Docket No. EL92-016) escalated to 2009 levell.

Electric Operations - State of South Dakota
COGENERATION AND SMALL POWER PRODUCTION FILING

Derivation of Energy Payments - State of South Dakota

OCCASIONAL DELIVERY ENERGY SERVICE

	Annual Average
(1) Estimated System Average Incremental Energy Costs for 2009 (¢/kWh)	3.58
(2) Energy Loss Factors	0.9241
(3) Estimated System Average Incremental Energy Costs Adjusted for Losses (1)/(2)	3.87

TIME OF DAY PURCHASE SERVICE

	Annual On Peak	Annual Off Peak
(1) Estimated System Average Incremental Energy Costs for 2009 (¢/kWh)	4.76	2.91
(2) Energy Loss Factors	0.9170	0.9279
(3) Estimated System Average Incremental Energy Costs Adjusted for Losses(1)/(2)	5.19	3.14

Sources:
Incremental Energy Cost Data provided by Xcel Energy's Risk Management department.

Electric Operations - State of South Dakota
COGENERATION AND SMALL POWER PRODUCTION FILING

Calculation of Net Annual Avoided Capacity Costs

(1) Completed Cost of Planned C.T. Unit (2009$)	$758	/kW
(2) Inflation Net of Technical Progress	1.92%	
(3) Average Service Life	35	Years
(4) Discount Rate (After Tax)	8.35%	
Calculation of Marginal Capital Carry Charge Rate		
(5) Present Value of Revenue Requirements	$1,106	/kW
(6) Annuity Factor Adjustment for Inflation **	0.07286	
(7) Present Value of Revenue Requirements Adjusted for Inflation (5)*(6)	$80.59	
(8) Marginal Capital Carrying Charge Rate (7)/(1)	0.10631	
(9) First Year Revenue Requirement (1)*(8)	$80.59	/kW (2009 $)
(10) Present Value at 8.35% for 0 years	$80.59	/kW
(11) Present Value of Average Annual Fuel Savings	$0.00	/kW
(12) Annual Avoided Capacity Cost (10)-(11)	$80.59	/kW
(13) Adjusted for 15% Reserve Margin (12)*1.15	$92.67	/kW
(14) Plus $2.53/kW Fixed O & M (2009 $) (13)+2.53	$95.20	/kW
(15) Adjusted for Losses (14)/0.9041	$105.30	/kW
(16) NET ANNUAL AVOIDED CAPACITY COST	$105.30	/kW
(17) Net Annual Avoided Capacity Cost Average Over All Hours (16)*100/8760	1.20	cents/kWh

** AC = K*(r-j)*(1+j)^(t-1)*[1/(1-(1+j)^n/(1+r)^n)]
Where AC = Annual Charge in year t
t = Year (=1)
K = Total Present Value Cost of Original Investment
r = Discount Rate (Overall Marginal Cost of Capital) (8.35%)
j = Inflation Rate Net of Technology Progress (1.92%)
n = Expected Service Life of Investment (35 Years)

O & M	$2.53

Electric Operations - State of South Dakota
COGENERATION AND SMALL POWER PRODUCTION FILING

Marginal Cost of Capital

(Before Tax)	Capitalization Ratio (%)	Cost (%)	Weighted (%)
Debt	40.92%	8.28%	3.390%
Preferred Equity	9.19%	5.85%	0.540%
Common Equity	49.89%	11.25% *	5.610%
Weighted Average	100.00%		**9.540%**

* Common Equity is Commission settled return in case no. EL92-016

(After Tax)	Capitalization Ratio (%)	Cost (%)	Weighted (%)
Debt	40.92%	8.28%	2.202%
Preferred Equity	9.19%	5.85%	0.538%
Common Equity	49.89%	11.25% *	5.610%
Weighted Average	100.00%		**8.350%**

* Common Equity is Commission settled return in case no. EL92-016

Source:

Information based on December 4, 2008 Corporate Assumptions