



414 Nicollet Mall  
Minneapolis, Minnesota 55401

—Via Electronic Filing—

June 29, 2012

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

**RE: JULY 2012 FUEL CLAUSE CHARGE**

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation operating in South Dakota hereby submits its electric fuel clause charge (“FCC”) for July 2012.

Pursuant to the Commission authorization of the final compliance tariffs in the Company’s 2009 rate proceeding (Docket No. EL09-009) to implement new rates beginning January 18, 2010, a new “multi-class” fuel cost mechanism replaced the previous single-factor mechanism. The July 2012 fuel clause calculation is based on the average of the most recent two-month actual fuel cost plus the “true-up” factor, reflecting cost recovery deviations from May 2012.

The former system average monthly fuel cost adjustment factor is now differentiated into six service categories (see derivation of these factors on Attachment 1, page 1 to 3).

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

<b>July 2012</b>	<b>Fuel Cost Charge (\$/kWh)</b>
<b>Residential</b>	0.02816
<b>C &amp; I Non-Demand</b>	0.02883
<b>C &amp; I Demand</b>	0.02820
<b>C &amp; I Demand Time of Day On-Peak</b>	0.03671
<b>C &amp; I Demand Time of Day Off-Peak</b>	0.02095
<b>Outdoor Lighting</b>	0.02280

## **MISO CHARGES IMPLEMENTATION**

### MISO Day 2 Charges

This filing includes our reporting of the Midwest Independent Transmission 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. On February 12, 2009, the Commission approved the Fuel Clause Rider tariff revisions (Docket No. EL08-035), which allowed the new MISO Day 2 charge types: Schedule 24, Auction Revenue Rights, and the new Financial Transmission Rights charge types, to be reflected in the Fuel Clause Rider. In compliance with this Order and the required "net" accounting of Day 2 costs and revenues, we have included in the July FCC, the net MISO Day 2 costs for May 2012 as recorded in Account 555. The MISO Day 2 cost recovery included in this June FCC is \$19,036,986, 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

Also 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 July 2012 FCC the net MISO ASM costs for May 2012 as