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PUBLIC SERVICE COMMISSION

—Via Electronic Filing—

November 24, 2008

Darrell Nitschke
Executive Secretary and Director of Administration
North Dakota Public Service Commission,
State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

Re: December 2008 Fuel Clause Adjustment

Dear Mr. Nitschke:

Northern States Power Company, a Minnesota corporation operating in North Dakota hereby submits electric fuel clause adjustment (FCA) for December 2008.

The average cost of fuel reflected in this adjustment was 2.942¢ per kWh, which was 0.11¢ lower than last month.

Combined with the recovery provision adjustment, the net adjustment to base fuel rates is 1.745¢ per kWh. The estimated FCA impact to the monthly electric bill of a residential customer using 750 kWh is approximately \$13.09, or \$2.20 less than previous month.

MISO DAY 2 IMPLEMENTATION

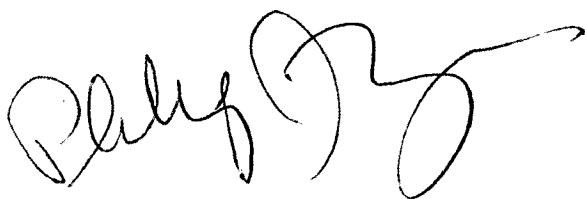
This filing includes our reporting of the Midwest Independent System Operator (“MISO”) charges under the Day 2 Market. Pursuant to the Commission’s Order (Docket No. PU-05-147) dated April 6, 2005, Xcel Energy is authorized to recover on an interim basis, subject to refund, the MISO Day 2 costs. In compliance with this Order and the required “net” accounting of Day 2 costs and revenues, we have included in the December FCA, the net MISO Day 2 costs for October 2008 as recorded in Account 555. The MISO Day 2 cost recovery included in this December FCA is \$30,481,109, which is the net of many items. Pursuant to the above mentioned Order, the Company

also provides in Exhibit 1, which contains more detailed records supporting the calculation of the MISO costs included.

Attached is the calculation of the December FCA, as well as a statistical summary of energy sources and costs, compared to the previous month.

If you have any questions regarding the information contained in this filing, please contact Dave Sederquist in Fargo at 701-241-8632.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip J. Zins". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Phillip J. Zins
Manager, Pricing and Planning

Enclosures (2)
CC: David H. Sederquist

Northern States Power Company, A Minnesota Corporation
Generation Fuel and Purchased Power Costs Per KWH (Jul-2008 - Oct-2008)
North Dakota Retail - Applied in Billing Month of Dec-2008

	<u>Jul-2008</u>	<u>Aug-2008</u>	<u>Sep-2008</u>	<u>Oct-2008</u>	Four Month <u>Total</u>
<u>Fuel and Purchased Power Costs</u>	(A)	(B)	(C)	(D)	(E)
1 Account 151 - Fossil Fuel	\$51,288,373	\$43,578,094	\$33,361,860	\$24,644,851	\$152,873,178
2 Account 518 - Nuclear Fuel *	\$6,971,571	\$6,788,724	\$4,707,997	\$4,964,190	\$23,432,482
3 Account 555 - Purchased Power ¹	\$63,199,299	\$54,140,218	\$44,982,065	\$36,792,004	\$199,113,587
Account 555 - MISO Day 2 Charges	\$33,077,597	\$30,471,482	\$29,191,592	\$30,481,109	\$123,221,781
4 Financial Instruments	\$0	\$0	\$0	\$0	\$0
5 Total System Costs	\$154,536,840	\$134,978,518	\$112,243,514	\$96,882,155	\$498,641,027
6 Less Fuel Cost of InterSystem Sales	(\$10,093,238)	(\$12,267,698)	(\$14,134,706)	(\$4,220,821)	(\$40,716,463)
7 Net System Costs	<u>\$144,443,602</u>	<u>\$122,710,820</u>	<u>\$98,108,808</u>	<u>\$92,661,334</u>	<u>\$457,924,564</u>
<u>Mwh Sales</u>					
8 Total NSP System Retail	3,856,396	3,823,218	3,889,783	3,493,004	15,062,401
9 Non-Gen Muni's/Load Pattern	122,454	134,714	126,772	119,170	503,110
10 Total NSP System Mwh Sales	<u>3,978,850</u>	<u>3,957,932</u>	<u>4,016,555</u>	<u>3,612,174</u>	<u>15,565,511</u>
11 NSP-ND Retail Mwh Sales	168,308	182,946	184,231	168,428	703,913

Average Unit Cost of Fuel and Purchased Power

12 Fuel Cost per Kwh for NSP System ²	<u>3.630¢</u>	<u>3.100¢</u>	<u>2.443¢</u>	<u>2.565¢</u>	<u>2.942¢</u>
13 Base Fuel Cost included in rates					<u>1.092¢</u>
14 Fuel Cost in excess of Base Fuel Cost	[12E - 13E]				<u>1.850¢</u>

Dec-2008 Recovery Provision Calculation

15 Oct-2008 Actual cost per Kwh:	2.565¢	[12D]
16 Oct-2008 Expenses recovered per Kwh:	<u>3.199¢</u>	[Oct-2008 12E]
17 Oct-2008 Unrecovered expenses per Kwh:	-0.634¢	[line 15 - line 16]
18 Prior Unrecovered Expenses:	\$440,357	[Oct-2008 line 21]
19 Prior Expenses recovered in Oct-2008	\$109,478	[11D X Oct-2008 line 22]
20 Oct-2008 Unrecovered Expenses:	<u>(\$1,067,834)</u>	[11D X line 17]
21 Balance of Unrecovered Expenses	(\$736,955)	[line 18 - line 19 + line 20]
22 Recovery Provision adjustment per Kwh:	<u>-0.105¢</u>	[line 21 / 11E]

Dec-2008 Fuel Clause Adjustment Factor

23 Fuel cost adjustment per Kwh:	1.850¢	[14E]
24 Recovery provision adjustment per Kwh:	<u>-0.105¢</u>	[line 22]
25 Total Fuel Clause Adjustment per Kwh:	<u>1.745¢</u>	[line 23 + line 24]
26 Special Adjustment	0.000¢	
27 Adjusted Fuel Clause Factor	<u>1.745¢</u>	[line 25 + line 26]

Notes:

¹ Excludes demand-related expenses

² Line 7 divided by line 10

Northern States Power Company, A Minnesota Corporation
 Electric Operations - State of North Dakota
 FUEL CLAUSE ADJUSTMENT (FCA) COMPARISON -
 Prior Month Compared to Current Month FCA

	<u>FCA Application</u>		<u>Comparison</u>		<u>Generation Type by Percent</u>		
	Nov-2008	Dec-2008	Differ- ence	Percent Change	FCA Application Nov-2008	Dec-2008	Differ- ence
** COSTS (Millions) **							
1 Fossil	\$164.5	\$152.9	(\$11.7)	-7.1%	31.9%	30.7%	-1.2%
2 Nuclear	\$25.3	\$23.4	(\$1.9)	-7.4%	4.9%	4.7%	-0.2%
3 Purchases	\$215.0	\$199.1	(\$15.9)	-7.4%	41.6%	39.9%	-1.7%
MISO 2 related Purchases	\$111.7	\$123.2	\$11.6	10.3%	21.6%	24.7%	3.1%
4 Total System Costs	516.5	498.6	(\$17.9)	-3.5%	100.0%	100.0%	0.0%
3 Intersystem Sales	\$47.0	\$40.7	(\$6.3)	-13.4%	9.1%	8.2%	-0.9%
6 Net System Costs	\$469.5	\$457.9	(\$11.6)	-2.5%	90.9%	91.8%	0.9%
7							
** GWH OUTPUT **							
9 Fossil	6,632	6,314	(318)	-4.8%	37.4%	36.1%	-1.3%
10 Nuclear	4,282	3,957	(325)	-7.6%	24.2%	22.6%	-1.6%
11 Purchases	6,199	6,146	(53)	-0.9%	35.0%	35.1%	0.1%
12 Hydro & Other	304	239	(65)	-21.4%	1.7%	1.4%	-0.3%
13 Net Interchange	296	855	559	188.9%	1.7%	4.9%	3.2%
14 Total Output	17,713	17,511	(202)	-1.1%	100.0%	100.0%	0.0%
15 Intersystem Sales	1,245	1,208	(37)	-3.0%	7.0%	6.9%	-0.1%
16 Native Requirement	16,468	16,303	(165)	-1.0%	93.0%	93.1%	0.1%
17							
** COST per KWH OUTPUT (\$) **							
19 Fossil	2.481	2.421	-0.060	-2.4%			
20 Nuclear	0.591	0.592	0.001	0.2%			
21 Purchases	3.468	3.240	-0.229	-6.6%			
22 Total System Costs	2.916	2.848	-0.068	-2.3%			
23 Intersystem Sales	3.775	3.371	-0.404	-10.7%			
24 Net System Costs	2.851	2.809	-0.042	-1.5%			
25							
26							
27 TOTAL SYSTEM GWH SALES	15,384	15,566	182	1.2%			
28							
29 COST per KWH SALES (\$)	3.052	2.942	-0.110	-3.6%			
30							
31 RECOVERY PROV (\$ / KWH)	0.078	-0.105	-0.183				
32 REFUND	0.000	0	0.000				
33 TOTAL FCA IMPACT (\$ / KWH)	3.130	2.837	-0.293	-9.4%			

BILL IMPACT (\$'s)

Calculations:

[4] = [1]+[2]+[3]
 [6] = [4] - [5]
 [14] = [9]+.[13]
 [16] = [14] - [15]
 [19] = [1] / [9]
 [20] = [2] / [10]

[21] = [3] / [11]
 [22] = [4] / [14]
 [23] = [5] / [15]
 [24] = [6] / [16]
 [29] = [6] / [27]
 [33] = [29]+[31]

kWh	Change from Previous Month
100	(\$0.29)
250	(\$0.73)
500	(\$1.47)
750	(\$2.20)
1,000	(\$2.93)

Northern States Power Company, A Minnesota Corporation
MISO DAY 2 MARKET SETTLEMENT BY CATEGORIES

Exhibit 1
 Page 1 of 1

		System	Intersystem	Retail
October 2008 Actual				
Energy and Loss Charges				
1 a	Day-Ahead Asset Energy Amount - Energy Component (1)	\$ 36,681,825.97	\$ 2,329,742.22	\$ 39,011,568.19
1 c	Day-Ahead Asset Energy Amount - Loss Component (1)	\$ 2,651,529.58	\$ -	\$ 2,651,529.58
3	Day-Ahead Financial Bilateral Transaction Loss Amount	\$ 5,887.43	\$ -	\$ 5,887.43
5 a	Day-Ahead Non-Asset Energy Amount - Energy Component (1)	\$ (19,071,420.66)	\$ -	\$ (19,071,420.66)
5 c	Day-Ahead Non-Asset Energy Amount - Loss Component (1)	\$ 2,294,354.05	\$ -	\$ 2,294,354.05
7	Day-Ahead Losses Rebate on Carve-Out Grandfathered Agreements	\$ -	\$ -	\$ -
9	Day-Ahead Losses Rebate on Option B Grandfathered Agreements	\$ -	\$ -	\$ -
13 a	Real-Time Asset Energy Amount - Energy Component (1)	\$ 4,236,837.72	\$ 174,677.88	\$ 4,411,515.60
13 c	Real-Time Asset Energy Amount - Loss Component (1)	\$ 164,959.29	\$ -	\$ 164,959.29
14	Real-Time Distribution of Losses Amount	\$ (1,541,420.46)	\$ -	\$ (1,541,420.46)
16	Real-Time Financial Bilateral Transaction Loss Amount	\$ -	\$ -	\$ -
18	Real-Time Losses Rebate on Carve-Out Grandfathered Agreements	\$ -	\$ -	\$ -
21	Real-time Net inadvertent Distribution	\$ (32,218.67)	\$ -	\$ (32,218.67)
22 a	Real-Time Non-Asset Energy Amount - Energy Component (1)	\$ 470,481.48	\$ -	\$ 470,481.48
22 c	Real-Time Non-Asset Energy Amount - Loss Component (1)	\$ 7,517.85	\$ -	\$ 7,517.85
Congestion Related Charges				
1 b	Day-Ahead Asset Energy Amount - Congestion Component (1)	\$ 1,253,731.59	\$ -	\$ 1,253,731.59
2	Day-Ahead Financial Bilateral Transmission Congestion Amount	\$ 283.31	\$ -	\$ 283.31
5 b	Day-Ahead Non-Asset Energy Amount - Congestion Component (1)	\$ 901,755.02	\$ -	\$ 901,755.02
6	Day-Ahead Congestion Rebate on Carve-Out Grandfathered Agreements	\$ -	\$ -	\$ -
8	Day-Ahead Congestion Rebate on Option B Grandfathered Agreements	\$ -	\$ -	\$ -
13 b	Real-Time Asset Energy Amount - Congestion Component (1)	\$ 39,500.77	\$ -	\$ 39,500.77
15	Real-Time Financial Bilateral Transaction Congestion Amount	\$ -	\$ -	\$ -
17	Real-Time Congestion Rebate on Carve-Out Grandfathered Agreements	\$ -	\$ -	\$ -
22 b	Real-Time Non-Asset Energy Amount - Congestion Component (1)	\$ (7,734.21)	\$ -	\$ (7,734.21)
FTR Related Charges				
28	Financial Transmission Rights Hourly Allocation Amount	\$ (1,102,073.41)	\$ -	\$ (1,102,073.41)
30	Financial Transmission Rights Monthly Allocation Amount	\$ (69,163.32)	\$ -	\$ (69,163.32)
31	Financial Transmission Rights Transaction Amount	\$ 6,501.45	\$ -	\$ 6,501.45
32	Financial Transmission Rights Yearly Allocation Amount	\$ -	\$ -	\$ -
Uplift Charges				
23	Real-Time Revenue Neutrality Uplift Amount	\$ 914,294.23	\$ -	\$ 914,294.23
Revenue Sufficiency Guarantee (RSG) Charges				
10	Day-Ahead Revenue Sufficiency Guarantee Distribution Amount	\$ 53,152.05	\$ -	\$ 53,152.05
11	Day-Ahead Revenue Sufficiency Guarantee Make Whole Payment Amount	\$ (46,200.11)	\$ -	\$ (46,200.11)
24	Real-Time Revenue Sufficiency Guarantee First Pass Distribution Amount	\$ 115,713.63	\$ -	\$ 115,713.63
25	Real-Time Revenue Sufficiency Guarantee Make Whole Payment Amount	\$ (801,073.92)	\$ 201,556.34	\$ (599,517.58)
Market Administration Charges				
4	Day-Ahead Market Administration Amount	\$ 564,779.97	\$ (7,412.29)	\$ 557,367.68
19	Real-Time Market Administration Amount	\$ 39,610.58	\$ (664.74)	\$ 38,945.84
29	Financial Transmission Rights Market Administration Amount	\$ 51,065.63	\$ -	\$ 51,065.63
Virtual Energy Charges				
12	Day-Ahead Virtual Energy Amount	\$ -	\$ -	\$ -
27	Real-Time Virtual Energy Amount	\$ -	\$ -	\$ -
Other MISO Charges				
20	Real-Time Miscellaneous Amount	\$ (38,017.87)	\$ -	\$ (38,017.87)
26	Real-Time Uninstructed Deviation Amount	\$ 38,083.75	\$ 667.29	\$ 38,751.04
TOTAL MISO CHARGES		\$ 27,782,542.72	\$ 2,698,566.70	\$ 30,481,109.42