

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

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
D/B/A XCEL ENERGY TO ESTABLISH A  
TRANSMISSION COST RECOVERY TARIFF  
AND FOR APPROVAL OF 2007 PLANNED  
TRANSMISSION INVESTMENTS TO BE  
INCLUDED IN RATES

DOCKET NO. \_\_\_\_\_

**PETITION  
FOR TRANSMISSION  
COST RECOVERY**

**INTRODUCTION**

Pursuant to SDCL Chapter 49-34A Sections 25.1 through 25.4 relating to approval of tariff mechanisms for automatic annual adjustment of charges for jurisdictional costs of new or modified transmission facilities, Northern States Power Company, a Minnesota corporation and wholly owned subsidiary of Xcel Energy Inc. (“Xcel Energy” or the “Company”) petitions the South Dakota Public Utilities Commission (the “Commission”) for approval of a new tariff establishing a Transmission Cost Recovery Rider (“TCR Rider”) to incorporate legislation enacted during the 2006 Legislative Session. The Company also seeks approval to implement the tariff by including the allocated jurisdictional costs in the TCR Rider for transmission project expenditures that are planned to be made in 2007.

HB 1091 passed by the South Dakota Legislature in 2006 authorizes the Commission to approve a tariff mechanism for the automatic annual adjustment of charges for a public utility to recover the South Dakota jurisdictional portion of eligible investments in and expenses related to new or modified transmission resources. The statute defines eligible projects as new or modified transmission facilities with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length. Electric transmission facilities and electric transmission lines covered by this statute also include associated facilities such as substations and transformers.

By allowing public utilities the opportunity to implement a cost recovery mechanism for investments in new transmission facilities, the 2006 legislation is designed to spur such investment, which will, in turn, improve the capacity and reliability of the electric transmission system in South Dakota.

Following is information specified in South Dakota Administrative Rule 20:10:13:26 regarding the proposed new tariff and rate rider:

**(1) Name and address of the public utility;**

Northern States Power Company d/b/a Xcel Energy  
500 West Russell Street  
Sioux Falls, South Dakota 57104  
(605) 339-8350

**(2) Section and sheet number of tariff schedule;**

Xcel Energy proposes to add Transmission Cost Recovery Rider tariff sheet numbers 71 and 71.1 to Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Exhibit 5, Attachment 1, pages 1 and 2 depict the proposed tariff sheets that would implement this proposed transmission cost recovery rider.

**(3) Description of the change;**

This proposed tariff and rate rider seeks to implement the intent of South Dakota Legislature HB1091 - An Act to authorize the Public Utilities Commission to approve tariff mechanisms for the automatic annual adjustment of charges for jurisdictional costs of new or modified transmission facilities which passed the South Dakota Legislature during the 2006 session and was signed into law by the Governor. The language of the bill is now codified as SDCL 49-34A-25.1-4. This request proposes to establish a new tariff and rate rider that would provide for cost recovery of transmission facilities. The rate rider described and proposed in this filing would be implemented through a separate line item on customer bills.

**(4) Reason for the change;**

This request proposes to implement SDCL 49-34A-25.1-4 for Xcel Energy, which is designed to allow timely recovery of the jurisdictional costs of new or modified transmission facilities by public utilities, thus eliminating unnecessary carrying costs to the utilities and reducing “rate shock” to customers.

**(5) Present rate;**

None

**(6) Proposed rate;**

**A. Proposed Tariff**

***i.* Authority**

SDCL 49-34A-25.1 allows public utilities to file for Commission approval of a mechanism to recover the South Dakota jurisdictional portion of investments and expenditures for certain new transmission facilities. This petition seeks approval of a TCR Rider that would comply with this statute. Following throughout is text from the statutes along with an explanation of how the Company proposes to incorporate provisions of the statute into the proposed TCR Rider tariff or rate. A proposed TCR Rider tariff sheet is provided in Exhibit 5, Attachment 1. Beginning with the statutory enabling clause:

***SDCL 49-34A-25.1** - Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new transmission facilities with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length. For the purposes of §§49-34A-25.1 to 49-34A-25.4, inclusive, electric transmission facilities and electric transmission lines covered by this section include associated facilities such as substations and transformers.*

This statute establishes Commission authority for considering and approving the tariff mechanism being sought in this petition. The language also defines which transmission facilities should be eligible for consideration of cost recovery under a TCR Rider. That is, new lines at 34.5 kV or more and greater than five miles in length as well as other facilities needed to connect and enable the operation of the power system should be considered for eligibility for cost recovery through this rider mechanism.

*SDCL 49-34A-25.2 - Upon filing of an application consistent with rules promulgated by the commission by any public utility providing transmission service, the commission may approve, reject, or modify, after notice, hearing, and comment, a tariff that:*

- (1) Allows the public utility to recover on a timely basis the costs net of revenues of facilities described in § 49-34A-25.1;*

The Company proposes to include the jurisdictional annual revenue requirements, within the TCR Rider, associated with transmission projects that are determined by the Commission to be eligible for recovery under SDCL 49-34A-25.1.

## ***ii.* Implementation**

Exhibit 5, Attachment 1, pages 1 and 2 depict proposed tariff sheets implementing this proposed transmission cost recovery rider. The Company proposes administering a separate TCR adjustment factor for each of four categories of customers: residential, commercial (non-demand), demand billed and street lighting. These four categories are distinguished by the various load factors and typical characteristics of the behavior of their electrical usage patterns.

This TCR Rider is proposed to be made based on forecast costs for the upcoming calendar year. In order to correct those forecasts after-the-fact and “true” this rider “up,” the Company proposes an adjustment by May 1 of the following calendar year that would be included in the TCR Tracker Account and used in the development of the rate for each customer group in the Company’s next annual rate rider filing. The Company proposes to file annually by September 1 for rates effective for the next calendar year.

## **B. Eligible Transmission Projects**

### ***i.* Summary**

The Company is currently making significant new investments in the transmission system to support the further development of wind generation resources on the Buffalo Ridge area of eastern South Dakota and western Minnesota.

This petition includes a request to approve the costs associated with six proposed projects that the Company believes meet the eligibility criteria established in SDCL 49-34A-25.1.

In summary, these six projects include the following:

- Project 1. An 825 MW Wind upgrade – the main project.
- Project 2. Yankee Wind Collector station. This is a new substation.
- Project 3. Fenton Wind Collector station. This is a new substation.
- Project 4. Lakefield Jct – Wilmarth 345KV Series Capacitor.
- Project 5. Nobles County Wind Collector station. This is a new substation.
- Project 6. Rock County Wind Collector station. This is a new substation.

More detailed descriptions of these projects can be found in Exhibit 1, Attachment 1.

## ***ii.*** Supporting Information

The Transmission Cost Recovery Statute requires certain information be provided in support of this request. This required information is provided within exhibits included with this Petition.

*SDCL 49-34A-25.3. states: A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to § 49-34A-25.2. In the utility's filing, the public utility shall provide:*

*(1) A description of and context for the facilities included for recovery;*

Exhibit 1, Attachment 1, contains the descriptions of projects the Company believes are eligible for recovery under the Transmission Statute through the TCR rider. The Company provides a description and context for each project included for recovery in that exhibit. Exhibit 1, Attachment 4 provides a map corresponding to the facilities described in Exhibit 1, Attachment 1.

*(2) A schedule for implementation of applicable projects;*

Exhibit 1, Attachment 2, contains an implementation schedule for each of the transmission projects identified in Exhibit 1, Attachment 1.

*(3) The public utility's costs for these projects;*

Exhibit 1, Attachment 3 depicts the capital expenditure forecast for each identified project. Capital expenditures are accumulated from project inception through March 1, 2007 and then reported annually thereafter. Exhibit 2, Attachment 2 schedules one through nine, depict the development of 2007 revenue requirements on a project by project basis for the South Dakota jurisdiction, based on the capital expenditures referenced in Exhibit 1, Attachment 3. Revenue requirements are allocated to the South Dakota jurisdiction based on the relative demand of State of South Dakota customers to the demand of all customers of the Company and Northern States Power Company, a Wisconsin corporation ("NSPW"). (Development of the allocators is depicted on Exhibit 4, Attachment 1)

*(4) A description of the public utility's efforts to ensure the lowest reasonable costs to ratepayers for the project; and*

The Company has made extensive efforts to ensure the lowest reasonable cost to ratepayers for the proposed TCR-eligible projects. First, during the planning for the first Buffalo Ridge wind outlet expansion project, several options were studied to evaluate the effect that each option would have on increasing wind generation outlet capability from the Buffalo Ridge area to the Company's load centers. The option, which included projects that achieved the greatest incremental wind outlet at the lowest total cost, including reduced losses, was selected. Second, where possible, Xcel Energy has competitively bid engineering, equipment procurement and construction. Third, Xcel Energy has developed a standard design for collector stations, thereby minimizing design and engineering costs. Finally, Company analysis determined that alternative design options would have been substantially more expensive.

*(5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in § 49-34A-25.2.*

Exhibit 2, Attachment 1, Schedule 3 contains the calculation of the proposed 2007 TCR rate adjustment by customer group. The Company provides the detail of these calculations under the Cost Recovery section of this Petition. We believe that these calculations are consistent with the terms of the TCR tariff proposed and described in Exhibit 5, Attachment 1.

*SDCL 49-34A-25.4 - Upon receiving a filing under § 49-34A-25.3 for a rate adjustment pursuant to the tariff established in § 49-34A-25.2, the commission shall approve the annual rate adjustments if, after notice, hearing, and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.*

Based on the information provided in this Petition and the merits of the projects for which the Company requests recovery under the Transmission Cost Recovery Statute, Xcel Energy respectfully requests Commission approval of these projects for TCR recovery.

## **C. Tracker Account and Accounting**

### ***i.* TCR Tracker Account**

The Company proposes to use a tracker account (“Tracker”) as the accounting mechanism for eligible TCR project costs. The revenue requirements to be included in the Tracker will be only those related to South Dakota’s share of eligible projects. In making our calculations, the Company will use the most current data available at the time of the annual filings and will:

- Allocate a share of the total costs to NSPW by multiplying total eligible costs by the Company’s currently effective 36-month coincidental peak demand factor established under the “Interchange Agreement” between the Company and NSPW.
- Exclude the portion of Company costs not related to serving South Dakota retail customers by multiplying the Company portion of the total by the South Dakota demand allocation factor. This step allocates a share of costs to the North Dakota and Minnesota retail jurisdictions, and to the firm requirements wholesale sales jurisdiction.

The result of this allocation process is that South Dakota electric customers would be allocated approximately 4% of the total costs. By performing this cost allocation process, we ensure that electric customers in other jurisdictions are allocated a share of TCR revenue requirements, consistent with the Company’s allocation of similar costs in a general rate case.

Pursuant to the proposed tariff, Xcel Energy would file by September 1 of each year a forecast of the total revenue requirements needed to recover costs over the upcoming year, and the corresponding rate adjustment factors. After review and comment, the Commission determines whether forecasted revenue requirements and associated rate adjustment factors are appropriate and eligible for recovery.

Each month as revenues are collected from retail customers, the Company will track the amount of recovery under the TCR rate adjustment and compare that amount with the monthly revenue requirements. The difference will be recorded in the Tracker account as the amount of over/under recovery. Any over- or under-recovery balance at the end of the year will be used to calculate the rate adjustment factor for the collection of the next year's forecasted revenue requirement.

Because the Company proposes to use forecast revenue requirement information to set the rate adjustment factors, we do not propose to calculate carrying charges on the monthly balance in the Tracker. Carrying charges on the Tracker balance should not be necessary (or significant) since the recovery on an annual basis should match closely the costs incurred.

#### ***ii.* Proposed Accounting for the Tracker**

Xcel Energy proposes to calculate the monthly South Dakota jurisdictional revenue requirements (including appropriate overall return, income taxes, property taxes and depreciation), compare them with monthly TCR rate rider recoveries from customers and place the net amount in FERC Account 182.3, Other Regulatory Assets (the Tracker Account).

### **D. Project Cost Recovery**

#### ***i.* Summary**

The Cost Recovery and TCR Rate section provides support for the proposed 2007 TCR adjustment rates. This information may be summarized as follows:

- The projected TCR tracker activity for 2007, including both revenue requirements and projected revenues, is included in Exhibit 2, Attachment 1, Schedule 1.
- The projected 2007 revenue requirements proposed to be recovered under the TCR adjustment rates from South Dakota electric customers are approximately



\$800,000. Support for this amount is included in Exhibit 2, Attachment 2. These calculations are discussed in detail below.

- Projected revenues are calculated by customer group as shown in Exhibit 2, Attachment 1, Schedule 2, and are based on forecast 2007 State of South Dakota billing month sales from March through December.
- The development of the TCR adjustment factors is included in Exhibit 2, Attachment 1, Schedule 3. The proposed factors by customer group are shown on the next page.

## *ii.* **Proposed 2007 TCR Adjustment Factors**

The Company's TCR rate design provides for rates specific to four customer groups (residential, commercial non-demand, demand and street lighting) and uses transmission demand and sales allocators approved by the Commission in the Company's last electric rate case.

The Company proposes to combine demand-billed customers into one group. In doing so the application of the proposed TCR cost allocation is consistent with the design of demand-billed tariffs. Although voltage-based discounts apply to demand and energy charges of demand-billed tariffs, the base demand and energy charges are developed with the joint load characteristics of all demand-billed customers. Under the proposed TCR Rider rate design, we propose to use the "D10C" transmission demand allocator.

The proposed TCR Rider rate design converts the allocated cost for each group into an Adjustment Factor per kWh. In the proposed TCR Rider rate design, the most recent electric rate case defines both the demand allocator and the sales that are used to determine group Adjustment Factors. This process provides appropriate TCR rate differentials by customer group by maintaining a comparable relationship between sales and the corresponding demand allocation.

A four-step process is proposed to implement this calculation. In the first step, we will determine a weighting factor for each customer group, which defines the cost responsibility relative to the average retail cost. We will calculate group weighting factors by dividing the demand allocation percentage for each customer group by the corresponding sales allocation percentage for the same customer group. In the second step, we will calculate the sales factor adjustment by multiplying the sales for the period by customer group by the group weighting factor. The third step will calculate an "adjusted" group weighting factor by multiplying the group weighting factor by the

sales adjustment factor, to account for the change in the class sales distribution from the last test year. Finally, the TCR Adjustment Factors by customer group are determined by multiplying each adjusted group weighting factor by the average retail cost per kWh. The average retail cost per kWh is calculated by dividing the South Dakota electric retail cost by retail sales (March to December 2007). Attachment 2, Schedule 3, 2007 South Dakota TCR Adjustment Calculation, demonstrates the above described process.

Based on this rate design, we propose the following 2007 TCR adjustment factors:

|                       | <u>Rate/kWh</u> |
|-----------------------|-----------------|
| Residential           | \$0.00065       |
| Commercial Non-Demand | \$0.00053       |
| Demand Billed         | \$0.00042       |
| Street Lighting       | \$0.00035       |

The average bill impact for a residential customer using 750 kWh per month would be \$0.49 per month.

***iii.* 2007 TCR Rider Revenue Requirements**

The 2007 revenue requirements in support of the proposed TCR adjustment rates are set forth in Exhibit 2, Attachment 2. In the proposed Tariff (Exhibit 5, Attachment 1) the Company proposes the following tariff language, “Recoverable Transmission Costs shall be the annual revenue requirements associated with transmission projects eligible for recovery under SDCL 49-34A-25.1 that are determined by the Commission to be eligible for recovery under this Transmission Cost Recovery Rider.”

The Transmission Statute provides guidance on the calculation of revenue requirements in SDCL 49-34A-25.2. The Company incorporates Parts 2 through 5 of that section into the Transmission project revenue requirements model in 2007. The following explains how we propose to implement these provisions:

*SDCL 49-34A-25.2 (2) Allows a return on investment at the level approved in the public utility’s last general rate case, unless a different return is found to be consistent with the public interest.*

The overall rate of return from the 1992 Electric Rate Case (9.54%) was used to calculate the return on construction work in progress (“CWIP”) and rate base. This

includes an 11.25% return on equity and an equity ratio of 49.89%. (See the base assumptions in Exhibit 3, Attachment 1).

*SDCL 49-34A-25.2 (3) Provides for a current return on construction work in progress, if the recovery from retail customers for the allowance for funds used during construction is not sought through any other mechanism.*

The Company's TCR revenue requirement model includes a current return on capital expenditures beginning with the cumulative CWIP balance for each project at March 1, 2007, or the date construction expenditures begin after that date, whichever is sooner. The beginning CWIP balance includes Allowance for Funds Used During Construction ("AFUDC") incurred prior to March 1, 2007. After that date, the South Dakota jurisdictional portion of costs does not include AFUDC and a current return is calculated on the CWIP balance. Please note that capital projects included in this request are not being recovered from South Dakota customers under any other mechanism.

*SDCL 49-34A-25.2(4) Allocates project costs appropriately between wholesale and retail customers;*

Project costs are allocated to the State of South Dakota retail jurisdiction based on the demand allocator, excluding demands for NSPW as well as the Company's North Dakota, Minnesota and wholesale customer demands. In addition, to ensure no double recovery occurs from Open Access Transmission Tariff ("OATT") revenue collected from non-NSP transmission customers, the Company will apply a OATT revenue credit calculated based on a forecast of OATT revenue collections divided by the transmission revenue requirements included in the OATT rate calculation for the Company's pricing zone under the Midwest ISO Transmission and Energy Markets Tariff ("MISO TEMT"). Transmission assets are included in the OATT revenue requirement calculation under Attachment O to the MISO TEMT in the year after they are placed in service. Therefore, the OATT revenue credit will be applied to project revenue requirements the year after a transmission project is placed into service, since MISO OATT recovery lags the investment. Because this is the first year of the TCR adjustment rate, the Company does not apply an OATT revenue credit to any project in 2007.

For purposes of calculating actual revenue requirements, the Company proposes to use 2007 forecast demand allocators. Any resulting over/under recovery from customers as a result of the use of the 2007 demand factors will be reflected in the true up of 2007 revenues when determining the 2008 TCR adjustment rate. These demand allocators are computed in Exhibit 4, Attachment 1.

In addition to inclusion of the above provisions in the Transmission Statute project revenue requirements model, we also request inclusion of the following related costs: property taxes, current and deferred taxes and book depreciation. 2007 revenue requirements from March through December for these projects are approximately \$800,000. Exhibit 2, Attachment 2, Schedules 1 through 9 show the revenue requirement calculations for the proposed TCR projects.

**(7) Proposed effective date of modified rate;**

The Company proposes that this new tariff and rate rider would be implemented beginning in the second calendar month following Commission approval of this docket consistent with the process developed in implementing the monthly fuel clause adjustment factor. The Company proposes to calculate the TCR factors based on forecasted sales over the remaining months of 2007 in an effort to match as closely as possible 2007 revenue recoveries and 2007 revenue requirements.

**(8) Approximation of annual amount of increase in revenue;**

Exhibit 2, Attachment 1, Schedule 1, shows the TCR Tracker Account activity from March through December 2007. This schedule summarizes the total revenue requirements for each qualifying TCR transmission project allocated to the South Dakota jurisdiction for 2007, totaling \$802,018. If approved, this amount would be passed to customers in 2007 through this tariff mechanism thereby Company revenues should include this increase in 2007.

**(9) Points affected;**

The proposed tariff would be applicable to all areas served by Xcel Energy in South Dakota.

**(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;**

This tariff rider is proposed to be applied to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves just over 78,000 customers in 36 communities in Eastern South Dakota.

**(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.**

Exhibits attached.

**Planned Customer Notice**

The Company plans to provide notice to customers regarding inclusion of this cost on their monthly electric bill. The following is proposed language to be included as a notice on the customers' bill the month the TCR factor is implemented:

“The Transmission Cost Recovery Adjustment recovers the costs of transmission investments.”

We will work with the Commission Staff to determine if there are any suggestions to modify this notice.

**Conclusion**

Xcel Energy respectfully requests that the Commission approve the proposed tariff and transmission cost recovery mechanism described in this filing. The proposed TCR Rider reflects the statutory changes adopted in the 2006 legislation. The Company plans to make significant investments in needed transmission infrastructure, and appreciates the interest and efforts of South Dakota policy makers in supporting that effort.

Dated: February 28, 2007  
Northern States Power Company  
d/b/a Xcel Energy



By: \_\_\_\_\_  
JAMES C. WILCOX  
Manager, Government & Regulatory Affairs

**TRANSMISSION COST RECOVERY RIDER  
DESCRIPTION OF PROJECTS PROPOSED  
TO BE ELIGIBLE UNDER SDCL 49-34A-25.1**

The projects described below are being planned to increase transmission capacity between the wind generation on the Buffalo Ridge in South Dakota and Minnesota and the Company's retail load centers.

**PROJECT 1. 825 MW WIND UPGRADE – MAIN PROJECT**

|                                   |  |
|-----------------------------------|--|
| <b>Estimated Project Cost:</b>    | <b>\$188 million</b>   |
| <b>Construction Start Date:</b>   | <b>8/1/2006</b>  |
| <b>Estimated In-Service Date:</b> | <b>Various sections will go into service between 3<sup>rd</sup> quarter 2007 and 2<sup>nd</sup> quarter 2008</b> |

**Proposed TCR project facilities descriptions and context**

**(1) Parent Project 10311808**

**Split Rock (Near Brandon, SD) to Nobles County to Lakefield Jct (MN) 345 kV line and the Nobles County to Chanarambie 115 kV line**

The most significant project in terms of capital expense is the Split Rock - (Nobles County) - Lakefield Junction 345 kV line. This parent project includes a new 86-mile, 345 kV transmission line from the existing Split Rock Substation, located near Brandon, SD, to a the new Nobles County Substation, located north of Worthington, MN, to the existing Lakefield Junction Substation located near Lakefield, MN. This new 345 kV line facilitates a connection from the wind farms in Southwestern Minnesota and Eastern South Dakota to load centers in the Sioux Falls and Twin Cities metropolitan areas.

This parent project also includes a new 40-mile 115 kV transmission line running from the new Nobles County 345kV / 115 kV substation (to Fenton) to the Chanarambie Substation located near Lake Wilson, MN. This project connects the existing Buffalo Ridge 115 kV transmission system with the new 345 kV line running from Split Rock to Lakefield Junction.

**(2) Parent Project 10374968**  
**Buffalo Ridge Substation Expansion**

This project item expands the existing Buffalo Ridge substation near Lake Benton, Minnesota, to accommodate the new Buffalo Ridge to Brookings County 115 kV line. The project includes the construction of a new “ring bus” at the Buffalo Ridge Substation.

**(3) Parent Project 10375942**  
**Buffalo Ridge to Brookings County 115 kV line (Minnesota)**

This project includes the Minnesota portion of a new 26-mile 115 kV line running between the existing Buffalo Ridge Substation near Lake Benton, Minnesota and a new Brookings County substation near the WAPA White Substation in Brookings County, SD. This line facilitates connection of the existing Buffalo Ridge 115 kV system to the Western Area Power Administration 345 kV system, and also allows connection of the new Yankee wind collector substation. Yankee is described later in this exhibit.

**(4) Parent Project 10851374**  
**Buffalo Ridge to Brookings County 115 kV line (South Dakota)**  
**Brookings County to White 345 kV line**

This project includes the South Dakota portion of a new 26-mile 115 kV line running between the existing Buffalo Ridge Substation near Lake Benton, Minnesota and a new Brookings County substation near the WAPA White Substation in Brookings County, SD.

This project also includes the approximately one-half mile long 345 kV line connecting the Brookings County substation to the Western Area Power Administration White Substation.

**(5) Parent Project 10815902**

**Easement Acquisition, Split Rock to Lakefield Jct 345 line (Minnesota)**

This project item is necessary to provide for the easement needed to be acquired in order to construct the Minnesota portion of the Split Rock to Lakefield Junction 345kV line.

**(6) Parent Project 10815915**

**Easement Acquisition, Split Rock to Lakefield Jct 345 line (South Dakota)**

This project is necessary to acquire easement for the South Dakota portion of the Split Rock to Lakefield Junction 345 kV line.

**(7) Parent Project 10820701**

**Easement Acquisition, Nobles to Chanarambie 115 line**

This project is necessary to acquire easement for the Nobles to Chanarambie 115 kV line.

**(8) Parent Project 10821405**

**Easement Acquisition, Buffalo Ridge to Brookings County 115 (Minnesota)**

This project expense item is necessary to provide for the easement needed to be acquired in order to construct the Minnesota portion of the Buffalo Ridge to Brookings County 115kV line.

**(9) Parent Project 10821455**

**Easement Acquisition, Buffalo Ridge to Brookings County 115 (South Dakota) and Easement Acquisition, Brookings County to White 345 kV**

This project item is necessary to provide for the easement needed to be acquired in order to construct the South Dakota portion of the Buffalo Ridge to Brookings County 115kV line and the Brookings County to White 345 kV line.



**(10) Parent Project 10374978**

**Nobles County Substation**

The new Nobles County substation is located in the middle of the new Split Rock to Lakefield Junction 345kV line near Worthington, MN. The substation will contain a 345kV / 115kV transformer to connect to a new 115 kV transmission line from Nobles County to the new Fenton / Chanarambie line.

**(11) Parent Project 10606046**

**Brookings County Sub and White Substation  
(Facilities Owned by Xcel Energy)**

The new Brookings County substation will contain a 345kV / 115kV transformer and associated breaker and switchgear. This substation allows the connection of the new Buffalo Ridge to Brookings County 115 kV line to the 345 kV system in South Dakota.

The Western Area Power Administration White Substation will be expanded to allow the connection of up to two 345 kV lines from Xcel Energy's Brookings County Substation. Xcel Energy will own two 345 kV breakers, two line terminations and associated controls located within the White Substation.

**(12) Parent Project 10778922**

**Split Rock Substation Expansion**

A new 345 kV line termination will be added at the existing Split Rock Substation located near Brandon, SD. The expansion will accommodate the new Split Rock to Nobles County to Lakefield Junction 345 kV line.

**(13) Parent Project 10789078**

**Minnesota Valley Capacitor Bank Addition**

This project item is necessary to provide for a capacitor bank needed at the existing Minnesota Valley 115kV substation in order to provide for voltage control on the Buffalo Ridge and the area.

**(14) Parent Project 10796935**

**White Substation (Facilities Owned by Xcel Energy)**

Two parent projects were inadvertently created for the White Substation. Typically a single parent is used to both budgeting and to accumulate actual charges. In this instance, parent 10796935 contains the forecasted budget for the project but will not collect actual charges. Parent 10606046 will accumulate the actual construction charges.

**(15) Parent Project 10374983**

**Chanarambie Substation Expansion**

A 115 kV line termination will be added to the Chanarambie Substation. This termination allows the connection of the Nobles County to Fenton to Chanarambie 115 kV line.

**(16) Parent Project 10709832**

**Substation Land Purchase Minnesota Subs:**

**Yankee, Fenton, Nobles County, Fieldon Series Capacitor Substation**

This project cost item relates to the land acquisition costs for the Yankee, Fenton, Nobles County and Fieldon substations. All four substations are part of the 825 MW Wind Project.

**(17) Parent Project 10709834**

**Substation Land Purchase South Dakota: Brookings County**

This project expense item is necessary to purchase the land needed for the new Brookings County 345kV/115kV substation.

Exhibit 1 - Attachment 2 contains the most recent implementation schedule.

**PROJECT 2.      YANKEE WIND COLLECTOR STATION**

|                                   |                    |
|-----------------------------------|--------------------|
| <b>Estimated Project Cost:</b>    | <b>\$6 million</b> |
| <b>Construction Start Date:</b>   | <b>9/1/2006</b>    |
| <b>Estimated In-Service Date:</b> | <b>8/1/2007</b>    |

**Proposed TCR project facilities descriptions and context****(18) Parent Project 10374579****Yankee 115/35 kV Collector Substation**

The new Yankee Substation is planned to tap into the Buffalo Ridge – Yankee – Brookings County 115kV line. It will provide additional collector station capability as a location for interconnecting additional wind farms on the north end of the Buffalo Ridge in Minnesota. Xcel Energy has signed an interconnection agreement to connect 150 MW of wind generation at the Yankee Substation (50 MW of which will reside in Brookings County, SD) and additional interconnection agreements are in negotiation. This project provides a standard, two-transformer, wind farm collector station including 34.5 kV and 115 kV breakers, transformers and switches. This addition to the Yankee Substation will allow up to 240 MW of wind generation to interconnect with the Buffalo Ridge 115 kV transmission system and can be expanded to accommodate a total of 480 MW of wind generation.

Xcel Energy has developed a standard design for such collector stations, thereby minimizing design and engineering costs. The design is also modular to allow for more closely matching the size of the requesting wind farms while more easily expanded if the density of wind generation increases.

Exhibit 1 - Attachment 2 contains the most current implementation schedule for this project.

**PROJECT 3.      FENTON WIND COLLECTOR STATION**

**Estimated Project Cost:            \$8 million**  
**Construction Start Date:        8/1/2006**  
**Estimated In-Service Date:      10/1/2007**

**Proposed TCR project facilities descriptions and context**

**(19) Parent Project 10516930**

**Fenton 115/35 kV collector substation**

The Fenton Substation is planned to connect into the Nobles County (-Fenton) - Chanarambie 115 kV line as a location for interconnecting additional wind generation on the south end of Buffalo Ridge. Xcel Energy has signed an interconnection agreement to interconnect a 200 MW wind farm at the Fenton Substation. This project provides a standard, two-transformer, wind farm collector station including 34.5 kV and 115 kV breakers, transformers, and switches. This new addition to the Fenton substation will allow 200 MW of wind generation to interconnect with the Buffalo Ridge 115 kV transmission system and is expandable to connect a total of 480 MW of wind transmission.

**PROJECT 4.      SERIES CAPACITOR STATION**  
**LAKEFIELD JCT – WILMARTH 345 KV**

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Estimated Project Cost:</b>    | <b>\$10 million</b> |
| <b>Construction Start Date:</b>   | <b>6/1/2006</b>     |
| <b>Estimated In-Service Date:</b> | <b>6/1/2007</b>     |

**Proposed TCR project facilities descriptions and context**

**(21) Parent Project 10375729**  
**Fieldon Series Capacitor Substation**

Engineering studies determined that Buffalo Ridge wind generation expansion would cause loop flow that would affect the Ft. Calhoun (Nebraska) “constrained interface” in Eastern Nebraska. This issue was identified as a constraint requiring resolution. After discussion with the Nebraska utilities, a series capacitor was determined to be the most effective means of addressing the issue. A series capacitor substation will be installed on the 345 kV line between the Lakefield Junction substation and Wilmarth Substation (near Mankato, MN). Series capacitor equipment is expected to reduce system loop flow by reducing flows to the south and encouraging more power to flow towards the Twin Cities.

The alternative to this series capacitor for addressing the loop flow issues would require at a minimum replacing the existing two series capacitors at Forbes (near Duluth) and the construction of a 25 mile 345 kV transmission line around the northern part of Omaha at a substantially greater cost.

**(22) Parent Project 10709835**  
**Lakefield Jct to Lakefield Generation Capacity Increase**

The installation of the Fieldon Series Capacitor increases power flows on the Lakefield Junction to Lakefield Generation 345 kV line. This increased power flow exceeds the current rating of the line. This project will increase the line rating by using “phase raiser” kits to lengthen the poles, effectively raising the line and increasing the ground clearance.

Exhibit 1 – Attachment 2 contains the most current implementation schedule for this project.

**PROJECT 5. NOBLES COUNTY WIND COLLECTOR STATION**

**Estimated Project Cost:           \$3 million**  
**Construction Start Date:        6/1/06**  
**Estimated In-Service Date:      12/1/07**

**Proposed TCR project facilities descriptions and context**

**(23) Parent Project 10831264**

**Community Wind South**

The new Nobles County collector station is located near the south end of the Buffalo Ridge in Minnesota. It taps into the planned 345kV line running from Split Rock near Sioux Falls, SD and the Lakefield Junction substation in southern Minnesota. Xcel Energy has been requested to interconnect a 30 MW wind farm at the Nobles Co Substation. This project provides a standard wind farm collector station as part of the development of Nobles Co Substation. It will require one transformer and associated 34.5 kV and 115 kV breakers at the Nobles County Substation location. The substation is expandable to accommodate up to 480 MW of wind power.

Exhibit 1 - Attachment 2 contains the most current implementation schedule for this project.

**PROJECT 6. ROCK COUNTY WIND COLLECTOR STATION**

**Estimated Project Cost:           \$3 million**  
**Construction Start Date:       6/1/07**  
**Estimated In-Service Date:     12/1/07**

**Proposed TCR project facilities descriptions and context**

**(24) Parent Project 10516949**

**Rock County 161 kV Substation**

The Rock County interconnection today is a temporary 12 MW wind farm interconnection with a transmission switch in the Xcel Energy portion of the Split Rock – Alliant Energy’s Magnolia 161 kV line. This allowed the customer to operate while a reliable substation design was developed. This project provides the permanent standard small generator interconnection substation to complete this interconnection. This will require 161 kV breakers at the New Rock County substation. This new addition will allow for an initial 12 MW of wind to reliably interconnect with the southwest Minnesota transmission system.

The Rock County small generator interconnection station is needed to provide a reliable permanent interconnection of a 12 MW wind farm to the 161 kV line in southwest Minnesota. NSP has developed a standard design for such small interconnection stations, thereby minimizing design and engineering costs.

Exhibit 1 - Attachment 2 contains the most current implementation schedule for this project.







**TRANSMISSION COST RECOVERY RIDER  
CAPITAL EXPENDITURE SUMMARY**

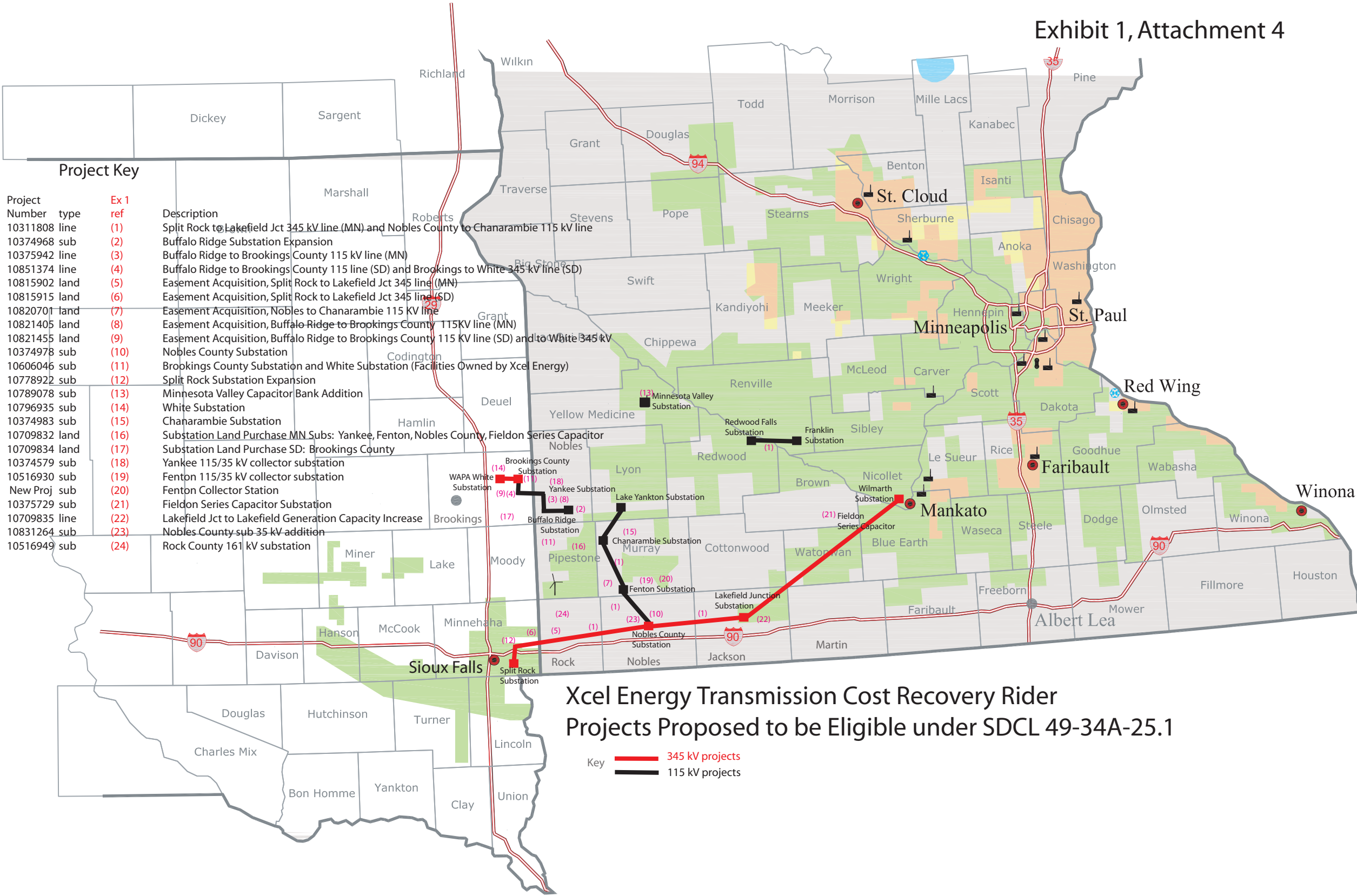
| TCR   | Parent      |   |  |       | AFUDC          | CWIP           | CWIP                | CWIP      | CWIP | CWIP |             |
|---|-------------|---|--|-------|----------------|----------------|---------------------|-----------|------|------|-------------|
| Project   | Project No. | Parent Project Name                                 | Parent Project Description   | State | Pre-March 2007 | Pre-March 2007 | March-December 2007 | 2008      | 2009 | 2010 | Total       |
| <b>TRANSMISSION STATUTE PROJECTS (1)</b>                    |             |   |  |       |                |                |                     |           |      |      |             |
| <b>Project 1 - 825 MW Wind Upgrade - Main Project</b>       |             |   |  |       |                |                |                     |           |      |      |             |
| Lines   | 10311808    | SWMN825 SPK to LFJ 345 Transmission                 | Split Rock to Nobles County to Lakefield Jct 345 kV line (MN) and Nobles County to Chanarambie 115 kV line | MN    | 2,116,009      | 60,343,666     | 85,814,282          | 2,394,848 | 0    | 0    | 150,668,806 |
|   | 10374968    | Buffalo Ridge: 115 Line Term Y                      | Buffalo Ridge Substation Expansion   | MN    | 19,353         | 1,011,662      | 822,000             | 0         | 0    | 0    | 1,853,015   |
|   | 10375942    | Buffalo Ridge to White new 115                      | Buffalo Ridge to Brookings County 115 kV line (MN)   | MN    | 308,579        | 12,691,512     | 6,349,419           | 0         | 0    | 0    | 19,349,510  |
|   | 10851374    | Buffalo Ridge to White SD Line                      | Buffalo Ridge to Brookings County 115 line (SD) and Brookings to White 345 kV line (SD)                    | SD    | 0              | 0              | 0                   | 0         | 0    | 0    | 0           |
| Subtotal Lines  |             |   |  |       | 2,443,941      | 74,046,841     | 92,985,701          | 2,394,848 | 0    | 0    | 171,871,330 |
| Land  | 10815902    | 0953 LJK to SPK MN Land Rights SWMN                 | Easement Acquisition, Split Rock to Lakefield Jct 345 line (MN)  | MN    | 1,082          | 308,375        | 0                   | 0         | 0    | 0    | 309,458     |
|   | 10815915    | 0953 LKJ-SPK SD Land Rights SWMN825                 | Easement Acquisition, Split Rock to Lakefield Jct 345 line (SD)  | SD    | 0              | 0              | 0                   | 0         | 0    | 0    | 0           |
|   | 10820701    | SWMN825 NOB to CHB 115 line ROW                     | Easement Acquisition, Nobles to Chanarambie 115 line   | MN    | 0              | 0              | 0                   | 0         | 0    | 0    | 0           |
|   | 10821405    | SWMN825 BRI to BOK 115 line ROW MN                  | Easement Acquisition, Buffalo Ridge to Brookings County 115 (MN)   | MN    | 140            | 299,759        | 0                   | 0         | 0    | 0    | 299,898     |
|   | 10821455    | SWMN825 BRI to BOK 115 line SD ROW                  | Easement Acquisition, Buffalo Ridge to Brookings County 115 (SD) and Brookings County to White 345 kV      | SD    | 0              | 130,000        | 0                   | 0         | 0    | 0    | 130,000     |
| Subtotal Land   |             |   |  |       | 1,222          | 738,134        | 0                   | 0         | 0    | 0    | 739,356     |
| <b>Total Lines &amp; Land</b>                               |             |   |  |       | 2,445,163      | 74,784,975     | 92,985,701          | 2,394,848 | 0    | 0    | 172,610,686 |
| Subs  | 10374978    | Nobles - 345/35kv Sub SWMN825                       | Nobles County Substation   | MN    | 36,103         | 976,127        | 0                   | 0         | 0    | 0    | 1,012,230   |
|   | 10606046    | Xcel White Sub Interconnect wi                      | Brookings County Substation and White Substation (Facilities Owned by Xcel Energy)                         | SD    | 221,206        | 7,114,676      | 2,074,458           | 0         | 0    | 0    | 9,410,340   |
|   | 10778922    | Split Rock Sub SD Tran Sub                          | Split Rock Substation Expansion  | SD    | 28             | 556            | 0                   | 0         | 0    | 0    | 584         |
|   | 10789078    | MNV cap bank 825 MW wind                            | Minnesota Valley Capacitor Bank Addition   | MN    | 590            | 14,051         | 2,300,000           | 0         | 0    | 0    | 2,314,641   |
|   | 10796935    | WAPA White 115 kV 2                                 | White Substation   | MN    | 13,892         | 1,310,000      | 75,000              | 0         | 0    | 0    | 1,398,892   |
|   | 10374983    | Chanarambie: 115 line term to Fenton/Nobles SWMN825 | Chanarambie Substation   | MN    | 0              | 0              | 0                   | 0         | 0    | 0    | 0           |
| Subtotal Subs   |             |   |  |       | 271,819        | 9,415,410      | 4,449,458           | 0         | 0    | 0    | 14,136,687  |
| Land  | 10709832    | Yankee Substation Land Purchase                     | Substation Land Purchase MN Subs: Yankee, Fenton, Nobles County, Fieldon                                   | MN    | 0              | 1,084,951      | 0                   | 0         | 0    | 0    | 1,084,951   |
|   | 10709834    | Brookings Co. Sub Land Purchase                     | Substation Land Purchase SD: Brookings County  | SD    | 490            | 139,566        | 0                   | 0         | 0    | 0    | 140,056     |
| Subtotal Land   |             |   |  |       | 490            | 1,224,516      | 0                   | 0         | 0    | 0    | 1,225,006   |
| <b>Total Subs &amp; Land</b>                                |             |   |  |       | 272,309        | 10,639,927     | 4,449,458           | 0         | 0    | 0    | 15,361,693  |
| <b>Total Project 1 - 825 MW Wind Upgrade - Main Project</b> |             |   |  |       | 2,717,472      | 85,424,901     | 97,435,159          | 2,394,848 | 0    | 0    | 187,972,380 |
| <b>Project 2 - Yankee Wind Collector Station</b>            |             |   |  |       |                |                |                     |           |      |      |             |
| Subs  | 10374579    | Establish Yankee 115/34.5kv St                      | Yankee 115/35 kV collector substation  | MN    | 6,787          | 2,845,129      | 3,028,000           | 0         | 0    | 0    | 5,879,916   |

**TRANSMISSION COST RECOVERY RIDER  
CAPITAL EXPENDITURE SUMMARY**

| TCR  | Parent      |                                     |  |       | AFUDC             | CWIP              | CWIP                    | CWIP             | CWIP     | CWIP     |                    |
|--|-------------|-------------------------------------|--|-------|-------------------|-------------------|-------------------------|------------------|----------|----------|--------------------|
| Project  | Project No. | Parent Project Name                 | Parent Project Description                                 | State | Pre-March<br>2007 | Pre-March<br>2007 | March-<br>December 2007 | 2008             | 2009     | 2010     | Total              |
| <b>Project 3 - Fenton Wind Collector Station</b>                           |             |                                     |  |       |                   |                   |                         |                  |          |          |                    |
| Subs   | 10516930    | Establish Fenton 115/34.5 kV s      | Fenton 115/35 kV collector substation                      | MN    | -11,772           | 314,447           | 0                       | 0                | 0        | 0        | 302,675            |
| Subs   | 10516930    | Fenton Collector Station            | Fenton 115/35 kV collector substation                      | MN    | 48,936            | 2,328,828         | 5,085,718               | 105,152          | 0        | 0        | 7,568,634          |
| <b>Total Project 3 - Fenton Collector Station</b>                          |             |                                     |  |       | <b>37,164</b>     | <b>2,643,275</b>  | <b>5,085,718</b>        | <b>105,152</b>   | <b>0</b> | <b>0</b> | <b>7,871,309</b>   |
| <b>Project 4 - Lakefield Jct - Wilmarth Series Capacitor Station</b>       |             |                                     |  |       |                   |                   |                         |                  |          |          |                    |
| Subs   | 10375729    | Series Comp Wilmarth - Lakefie      | Fieldon Series Capacitor Substation                        | MN    | 88,852            | 2,266,802         | 6,423,000               | 0                | 0        | 0        | 8,778,653          |
| Lines  | 10709835    | 0982 - Lakefield Jct to Lakefield G | Lakefield Jct to Lakefield Generation Capacity<br>Increase |       | 1,693             | 54,532            | 1,253,472               | 0                | 0        | 0        | 1,309,697          |
| <b>Total Project 4 - Lakefield Jct - Wilmarth Series Capacitor Station</b> |             |                                     |  |       | <b>90,545</b>     | <b>2,321,334</b>  | <b>7,676,472</b>        | <b>0</b>         | <b>0</b> | <b>0</b> | <b>10,088,350</b>  |
| <b>Project 5 - Nobles County Wind Collector Station</b>                    |             |                                     |  |       |                   |                   |                         |                  |          |          |                    |
| Sub  | 10831264    | Community Wind South                | Nobles County sub 35 kV addition                           | MN    | 12,797            | 600,000           | 2,480,000               | 0                | 0        | 0        | 3,092,797          |
| <b>Project 6 - Rock County Wind Collector Station</b>                      |             |                                     |  |       |                   |                   |                         |                  |          |          |                    |
| Sub  | 10516949    | Establish Rock Co 161 kV inter      | Rock County 161 kV substation                              | MN    | 13,000            | 1,267,352         | 1,821,453               | 0                | 0        | 0        | 3,101,805          |
| <b>TOTAL TCR PROJECT CAPITAL EXPENDITURES</b>                              |             |                                     |  |       | <b>2,877,765</b>  | <b>95,101,991</b> | <b>117,526,802</b>      | <b>2,500,000</b> | <b>0</b> | <b>0</b> | <b>218,006,557</b> |

**Notes:**

- (1) Projects 1 through 5, recoverable under the Transmission Statute (SDCL Chapter 49-34A Sections 25.1 through 25.4), include AFUDC through February 2007 with rate recovery beginning March 1, 2007 or the first month of capital expenditures after that date.
- (2) In order to reflect rate recovery consistent with that in Minnesota, Project 6 includes total project AFUDC with rate recovery beginning with the in-service date.



**Project Key**

| Project Number | Ex 1 ref | Description  |
|----------------|----------|--|
| 10311808       | (1)      | Split Rock to Lakefield Jct 345 kV line (MN) and Nobles County to Chanarambie 115 kV line              |
| 10374968       | (2)      | Buffalo Ridge Substation Expansion   |
| 10375942       | (3)      | Buffalo Ridge to Brookings County 115 kV line (MN)   |
| 10851374       | (4)      | Buffalo Ridge to Brookings County 115 line (SD) and Brookings to White 345 kV line (SD)                |
| 10815902       | (5)      | Easement Acquisition, Split Rock to Lakefield Jct 345 line (MN)  |
| 10815915       | (6)      | Easement Acquisition, Split Rock to Lakefield Jct 345 line (SD)  |
| 10820701       | (7)      | Easement Acquisition, Nobles to Chanarambie 115 kV line  |
| 10821405       | (8)      | Easement Acquisition, Buffalo Ridge to Brookings County 115 kV line (MN)                               |
| 10821455       | (9)      | Easement Acquisition, Buffalo Ridge to Brookings County 115 kV line (SD) and to White 345 kV line (SD) |
| 10374978       | (10)     | Nobles County Substation   |
| 10606046       | (11)     | Brookings County Substation and White Substation (Facilities Owned by Xcel Energy)                     |
| 10778922       | (12)     | Split Rock Substation Expansion  |
| 10789078       | (13)     | Minnesota Valley Capacitor Bank Addition   |
| 10796935       | (14)     | White Substation   |
| 10374983       | (15)     | Chanarambie Substation   |
| 10709832       | (16)     | Substation Land Purchase MN Subs: Yankee, Fenton, Nobles County, Fieldon Series Capacitor              |
| 10709834       | (17)     | Substation Land Purchase SD: Brookings County  |
| 10374579       | (18)     | Yankee 115/35 kV collector substation  |
| 10516930       | (19)     | Fenton 115/35 kV collector substation  |
| New Proj       | (20)     | Fenton Collector Station   |
| 10375729       | (21)     | Fieldon Series Capacitor Substation  |
| 10709835       | (22)     | Lakefield Jct to Lakefield Generation Capacity Increase  |
| 10831264       | (23)     | Nobles County sub 35 kV addition   |
| 10516949       | (24)     | Rock County 161 kV substation  |

**Xcel Energy Transmission Cost Recovery Rider  
Projects Proposed to be Eligible under SDCL 49-34A-25.1**

Key — 345 kV projects  
— 115 kV projects

**Northern States Power Company d/b/a Xcel Energy**  
**Transmission Cost Recovery Rider**  
**State of South Dakota**

| <b>SD TCR Projected Tracker Activity for 2007</b> |                      |        |        |          |          |          |          |          |          |          |          |          |         | Forecast   | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
|---|----------------------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|   | Beginning<br>Balance | Jan-07 | Feb-07 | Mar-07   | Apr-07   | May-07   | Jun-07   | Jul-07   | Aug-07   | Sep-07   | Oct-07   | Nov-07   | Dec-07  | 2007 Total |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <b>Transmission Statute Projects</b>              |                      |        |        |          |          |          |          |          |          |          |          |          |         |            |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 1 - 825 Wind Main Project (1)             | -                    | -      | -      | 43,279   | 50,201   | 57,102   | 64,326   | 69,818   | 74,384   | 78,460   | 81,438   | 84,223   | 90,632  | \$ 693,862 |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 2 - Yankee Collector Stn (2)              | -                    | -      | -      | 1,339    | 1,484    | 1,601    | 1,716    | 1,837    | 2,692    | 3,287    | 3,317    | 3,376    | 3,429   | \$ 24,078  |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 3 - Fenton Collector Stn (3)              | -                    | -      | -      | 1,390    | 1,755    | 2,109    | 2,470    | 2,725    | 2,955    | 3,145    | 4,067    | 4,682    | 4,739   | \$ 30,040  |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 4 - Series Capacitor Stn (4)              | -                    | -      | -      | 1,211    | 1,500    | 2,425    | 3,670    | 5,096    | 5,829    | 5,839    | 5,821    | 5,802    | 5,780   | \$ 42,973  |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 5 - Nobles Co Collector Stn (5)           | -                    | -      | -      | 272      | 339      | 406      | 407      | 823      | 1,239    | 1,242    | 1,245    | 1,347    | 2,165   | \$ 9,486   |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Project 6 - Rock Co Collector Stn (6)             | -                    | -      | -      | -        | -        | -        | -        | -        | -        | -        | -        | -        | 1,579   | \$ 1,579   |          |          |          |          |          |          |          |          |          |          |          |          |          |
| TCR True-up Carryover (7)                         | -                    |        |        |          |          |          |          |          |          |          |          |          |         | \$ -       |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <b>Total Expense (8)</b>                          | -                    | -      | -      | 47,492   | 55,279   | 63,643   | 72,589   | 80,300   | 87,099   | 91,973   | 95,888   | 99,430   | 108,324 | \$ 802,018 |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <b>Revenues (9) <i>CALC BASED ON FCST</i></b>     | 0                    | -      | -      | 70,378   | 68,460   | 69,527   | 79,103   | 94,832   | 96,375   | 87,786   | 73,371   | 72,659   | 83,706  | \$ 796,197 |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <b>Balance (10)</b>                               |                      | -      | -      | (22,886) | (36,066) | (41,950) | (48,464) | (62,996) | (72,272) | (68,085) | (45,568) | (18,797) | 5,821   | \$ 5,821   |          |          |          |          |          |          |          |          |          |          |          |          |          |

**Notes:**

- (1) Revenue Requirements calculated for Project 1 on EXHIBIT 2, Attachment 2, Schedules 1 and 2
- (2) Revenue Requirements calculated for Project 2 on EXHIBIT 2, Attachment 2, Schedule 3
- (3) Revenue Requirements calculated for Project 3 on EXHIBIT 2, Attachment 2, Schedules 4 and 5
- (4) Revenue Requirements calculated for Project 4 on EXHIBIT 2, Attachment 2, Schedule 6 and 7
- (5) Revenue Requirements calculated for Project 5 on EXHIBIT 2, Attachment 2, Schedule 8
- (6) Revenue Requirements calculated for Project 6 on EXHIBIT 2, Attachment 2, Schedule 9
- (7) For TCR Projects, the beginning balance in 2007 is zero (there are no under/over recovered amounts to bring forward to 2007).
- (8) Total Expense represents the total TCR Forecasted revenue requirements for 2007.
- (9) See EXHIBIT 2, Attachment 1, Schedule 2 for the calculation of revenues collected under this rate adjustment rider. The factors are calculated on EXHIBIT 2, Attach. 1, Sched. 3.
- (10) Balance is the amount over (under) collected or the difference between the total revenue requirements and the amount of revenue received from customers under this rider.

**Northern States Power Company d/b/a Xcel Energy**  
**Transmission Cost Recovery Rider**  
**2007 Revenue Calculation**

State of South Dakota

|                               | Forecast Revenue |                  |                       |                  |                 | Sales by Customer Group (2) |                    |                       |                    |                   |
|-------------------------------|------------------|------------------|-----------------------|------------------|-----------------|-----------------------------|--------------------|-----------------------|--------------------|-------------------|
|                               | Total Revenue    | Customer Groups  |                       |                  |                 | Retail Sales                | Customer Groups    |                       |                    |                   |
|                               |                  | Residential      | Commercial Non-Demand | Demand           | Street Lighting |                             | Residential        | Commercial Non-Demand | Demand             | Street Lighting   |
| <b>SD TCR Adj. Factor (1)</b> |                  | \$0.00065        | \$0.00053             | \$0.00042        | \$0.00035       |                             |                    |                       |                    |                   |
| Jan                           | 0                | 0                | 0                     | 0                | 0               | 0                           |                    |                       |                    |                   |
| Feb                           | 0                | 0                | 0                     | 0                | 0               | 0                           |                    |                       |                    |                   |
| Mar                           | 70,378           | 29,065           | 4,387                 | 36,501           | 425             | 141,115,753                 | 44,715,403         | 8,278,164             | 86,906,871         | 1,215,314         |
| Apr                           | 68,460           | 27,609           | 3,972                 | 36,542           | 337             | 137,936,708                 | 42,474,958         | 7,494,306             | 87,004,752         | 962,692           |
| May                           | 69,527           | 26,067           | 3,799                 | 39,333           | 328             | 141,858,032                 | 40,102,769         | 7,167,342             | 93,650,436         | 937,484           |
| Jun                           | 79,103           | 31,529           | 4,321                 | 42,968           | 285             | 159,777,266                 | 48,505,675         | 8,153,691             | 102,304,367        | 813,533           |
| Jul                           | 94,832           | 42,845           | 4,709                 | 46,996           | 282             | 187,500,290                 | 65,914,986         | 8,884,972             | 111,894,243        | 806,088           |
| Aug                           | 96,375           | 44,416           | 4,913                 | 46,741           | 305             | 189,761,285                 | 68,332,595         | 9,269,097             | 111,287,128        | 872,466           |
| Sep                           | 87,786           | 38,057           | 4,372                 | 45,012           | 345             | 174,955,728                 | 58,549,710         | 8,249,311             | 107,170,903        | 985,804           |
| Oct                           | 73,371           | 27,689           | 3,769                 | 41,269           | 644             | 149,811,189                 | 42,598,510         | 7,111,586             | 98,260,261         | 1,840,832         |
| Nov                           | 72,659           | 27,729           | 4,029                 | 40,388           | 513             | 147,887,737                 | 42,659,293         | 7,601,408             | 96,162,304         | 1,464,731         |
| Dec                           | 83,706           | 36,003           | 4,856                 | 42,122           | 725             | 166,913,088                 | 55,389,279         | 9,162,712             | 100,290,863        | 2,070,234         |
| <b>Total</b>                  | <b>\$796,197</b> | <b>\$331,009</b> | <b>\$43,127</b>       | <b>\$417,872</b> | <b>\$4,189</b>  | <b>1,597,517,076</b>        | <b>509,243,178</b> | <b>81,372,589</b>     | <b>994,932,130</b> | <b>11,969,179</b> |

**Notes:**

- (1) TCR Adjustment Factors by customer group are calculated on Attachment 1, Schedule 3.  
(2) Sales by customer group are based on the 2007 State of Minnesota budget sales.

**Northern States Power Company d/b/a Xcel Energy**  
**Transmission Cost Recovery Rider**  
**2007 SD TCR Adjustment Factor Calculation**

|  |           | Customer Groups      |                       |                   |                  |                  |               |
|--|-----------|----------------------|-----------------------|-------------------|------------------|------------------|---------------|
| Retail                                   |           | Residential          | Commercial Non-Demand | Comm & Ind Demand | Street Lighting  | Total            |               |
| (1) Demand Allocator (D10C)              |           | 100.00%              | 44.37%                | 4.60%             | 50.56%           | 0.47%            | 100.00%       |
| (2) Sales Allocator (E99)                |           | 100.00%              | 34.38%                | 4.38%             | 60.55%           | 0.68%            | 100.00%       |
| (3) Group Weighting Factor               | (1) / (2) | <b>1.0000</b>        | <b>1.2905</b>         | <b>1.0497</b>     | <b>0.8350</b>    | <b>0.6872</b>    | <b>1.0000</b> |
| (4) SD Retail Sales                      |           | <b>1,597,517,076</b> | 509,243,178           | 81,372,589        | 994,932,130      | 11,969,179       | 1,597,517,076 |
| (5) Sales x Group Wtg Factc              | (3) x (4) | <b>1,581,574,683</b> | 657,177,450           | 85,413,867        | 830,758,291      | 8,225,074        | 1,581,574,683 |
| (6) Sales Adj. Factor                    | (4) / (5) | <b>1.0101</b>        | <b>1.0101</b>         | <b>1.0101</b>     | <b>1.0101</b>    | <b>1.0101</b>    |               |
| (7) Adj. Group Wtg Factor <sup>(b)</sup> | (3) / (6) | <b>1.0101</b>        | <b>1.3035</b>         | <b>1.0602</b>     | <b>0.8434</b>    | <b>0.6941</b>    |               |
| (8) TCR Adj. Factor / kWh <sup>(c)</sup> |           | <b>\$0.00050</b>     | <b>\$0.00065</b>      | <b>\$0.00053</b>  | <b>\$0.00042</b> | <b>\$0.00035</b> |               |
| (9) SD Retail Cost                       |           | <b>\$802,018</b>     | \$331,008             | \$43,127          | \$417,871        | \$4,189          | \$796,196     |
|  |           |                      | 663,801,849           | 86,274,845        | 839,132,398      | 8,307,983        | 1,597,517,076 |

**Notes:**

- a) Group Weighting Factors are a fixed ratio calculated for each customer group by dividing the demand allocation percentage by the corresponding sales allocation percentage.
- b) Adjusted Group Weighting Factors are the Group Weighting Factors multiplied by the Sales Factor Adjustment, to account for the change in the class sales distribution from the last test year.
- c) TCR Adjustment Factors by customer group are determined by multiplying each Adjusted Group Weighting Factor by the average retail cost per kWh. The average retail cost per kWh is calculated by dividing the South Dakota electric retail cost by annual retail sales.

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 1 - 825 MW Wind Upgrade - Main Project**  
**Transmission Lines**

| State of South Dakota                           | Beginning Balance  | Ending Balance     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | Total              |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |                    | Jan-07             | Feb-07             | Mar-07             | Apr-07             | May-07             | Jun-07             | Jul-07             | Aug-07             | Sep-07             | Oct-07             | Nov-07             | Dec-07             |                    |
| <b>Calculation of End of Year Balances</b>      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Capital Expenditures                            | \$44,491,592       | \$13,372,383       | \$16,182,866       | \$16,925,380       | \$12,907,544       | \$16,818,756       | \$13,503,018       | \$9,040,234        | \$9,895,659        | \$2,848,752        | \$6,157,940        | \$3,810,994        | \$1,077,425        | \$167,032,541      |
| Capital Expenditures - Land                     | \$738,134          | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$738,134          |
| Capital Expenditures - AFUDC                    | \$1,590,340        | \$376,726          | \$478,097          | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$2,445,163        |
| Total Capital Expenditures                      | \$46,820,066       | \$13,749,109       | \$16,660,963       | \$16,925,380       | \$12,907,544       | \$16,818,756       | \$13,503,018       | \$9,040,234        | \$9,895,659        | \$2,848,752        | \$6,157,940        | \$3,810,994        | \$1,077,425        | \$170,215,838      |
| Classification                                  | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$-1,853,015       | -\$20,088,866      | \$-21,941,880      |
| CWIP Balance                                    | \$46,820,066       | \$60,569,175       | \$77,230,138       | \$94,155,518       | \$107,063,061      | \$123,881,817      | \$137,384,835      | \$146,425,069      | \$156,320,728      | \$159,169,480      | \$165,327,419      | \$167,285,398      | \$148,273,958      | \$148,273,958      |
| EOY Plant In Service                            | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$1,853,015        | \$21,941,880       | \$21,941,880       |
| <b>Calculation of State of SD Retail</b>        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 36 Month Coincident Peak Demand Allocator (1)   | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           | 84.2864%           |
| CWIP Balance - NSP-MN Company                   | \$39,462,948       | \$51,051,577       | \$65,094,503       | \$79,360,296       | \$90,239,600       | \$104,415,524      | \$115,796,732      | \$123,416,419      | \$131,757,114      | \$134,158,224      | \$139,348,530      | \$140,998,840      | \$124,974,781      | \$124,974,781      |
| Plant In Service - NSP-MN Company               | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$1,561,840        | \$18,494,021       | \$18,494,021       |
| State of SD Retail Demand Allocator (2)         | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            | 5.1232%            |
| CWIP Balance - St of SD Retail                  | \$2,021,766        | \$2,615,474        | \$3,334,922        | \$4,065,787        | \$4,623,155        | \$5,349,416        | \$5,932,498        | \$6,322,870        | \$6,750,180        | \$6,873,194        | \$7,139,104        | \$7,223,653        | \$6,402,708        | \$6,402,708        |
| Plant In Service - St of SD Retail              | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$80,016           | \$947,486          | \$947,486          |
| <b>Average CWIP Balance - St of SD Retail</b>   | <b>\$2,021,766</b> | <b>\$2,318,620</b> | <b>\$2,975,198</b> | <b>\$3,700,354</b> | <b>\$4,344,471</b> | <b>\$4,986,286</b> | <b>\$5,640,957</b> | <b>\$6,127,684</b> | <b>\$6,536,525</b> | <b>\$6,811,687</b> | <b>\$7,006,149</b> | <b>\$7,181,378</b> | <b>\$6,813,180</b> | <b>\$4,212,237</b> |
| <b>Calculation of Average Rate Base</b>         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Plant In Service - St of SD Retail              | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$80,016           | \$947,486          | \$947,486          |
| Tax Depr - Monthly                              |                    | -\$13,291          | -\$16,863          | -\$21,037          | -\$24,924          | -\$28,745          | -\$32,736          | -\$35,767          | -\$38,331          | -\$40,185          | -\$41,537          | -\$40,701          | \$5,087            | (\$329,031)        |
| Book Depr - Monthly                             |                    | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | 97                 | 1,204              | \$1,301            |
| Less Accumulated Book Reserve                   |                    | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | 97                 | 1,301              | \$1,301            |
| Timing Difference                               |                    | (13,291)           | (16,863)           | (21,037)           | (24,924)           | (28,745)           | (32,736)           | (35,767)           | (38,331)           | (40,185)           | (41,537)           | (40,798)           | 3,882              | (\$330,332)        |
| Deferred Tax Expense                            |                    | (5,403)            | (6,855)            | (8,552)            | (10,133)           | (11,686)           | (13,308)           | (14,541)           | (15,583)           | (16,337)           | (16,886)           | (16,586)           | 1,578              | (\$134,293)        |
| Less Accumulated Deferred Taxes                 | (23,151)           | (28,555)           | (35,410)           | (43,962)           | (54,095)           | (65,781)           | (79,089)           | (93,630)           | (109,213)          | (125,550)          | (142,436)          | (159,022)          | (157,444)          | (\$157,444)        |
| End of Month Rate Base                          | \$23,151           | 28,555             | 35,410             | 43,962             | 54,095             | 65,781             | 79,089             | 93,630             | 109,213            | 125,550            | 142,436            | 238,942            | 1,103,628          | \$1,103,628        |
| <b>Average Rate Base (BOY/EOY)</b>              |                    | <b>\$25,853</b>    | <b>\$31,982</b>    | <b>\$39,686</b>    | <b>\$49,029</b>    | <b>\$59,938</b>    | <b>\$72,435</b>    | <b>\$86,360</b>    | <b>\$101,422</b>   | <b>\$117,382</b>   | <b>\$133,993</b>   | <b>\$190,689</b>   | <b>\$671,285</b>   | <b>\$563,390</b>   |
| <b>Calculation of Return</b>                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Debt Return - CWIP                              |                    |                    |                    | \$10,454           | \$12,273           | \$14,086           | \$15,936           | \$17,311           | \$18,466           | \$19,243           | \$19,792           | \$20,287           | \$19,247           | \$167,095          |
| Debt Return - Rate Base                         |                    |                    |                    | \$112              | \$139              | \$169              | \$205              | \$244              | \$287              | \$332              | \$379              | \$539              | \$1,896            | \$4,300            |
| Equity Return - CWIP                            |                    |                    |                    | \$18,964           | \$22,265           | \$25,555           | \$28,910           | \$31,404           | \$33,500           | \$34,910           | \$35,907           | \$36,805           | \$34,918           | \$303,137          |
| Equity Return - Rate Base                       |                    |                    |                    | \$203              | \$251              | \$307              | \$371              | \$443              | \$520              | \$602              | \$687              | \$777              | \$3,440            | \$7,801            |
| <b>Total Return</b>                             |                    | \$0                | \$0                | \$29,733           | \$34,928           | \$40,117           | \$45,421           | \$49,402           | \$52,772           | \$55,086           | \$56,764           | \$58,608           | \$59,501           | \$482,334          |
| <b>Income Statement Items</b>                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Expense Items (3)                               |                    |                    |                    | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Property Taxes                                  |                    |                    |                    | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Book Depreciation                               |                    |                    |                    | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$97               | \$1,204            | \$1,301            |
| Deferred Taxes                                  |                    |                    |                    | -\$8,552           | -\$10,133          | -\$11,686          | -\$13,308          | -\$14,541          | -\$15,583          | -\$16,337          | -\$16,886          | -\$16,586          | \$1,578            | -\$122,034         |
| Current Taxes - CWIP                            |                    |                    |                    | \$10,212           | \$11,989           | \$13,760           | \$15,567           | \$16,910           | \$18,038           | \$18,798           | \$19,334           | \$19,818           | \$18,802           | \$163,228          |
| Current Taxes - Rate Base                       |                    |                    |                    | \$6,832            | \$8,100            | \$9,351            | \$10,661           | \$11,668           | \$12,529           | \$13,165           | \$13,643           | \$13,563           | \$612              | \$100,124          |
| <b>Total Income Statement Expense</b>           |                    | \$0                | \$0                | \$8,491            | \$9,956            | \$11,425           | \$12,919           | \$14,037           | \$14,984           | \$15,626           | \$16,091           | \$16,892           | \$22,196           | \$142,619          |
| <b>Total Revenue Requirements</b>               |                    | \$0                | \$0                | \$38,225           | \$44,885           | \$51,543           | \$58,341           | \$63,439           | \$67,756           | \$70,712           | \$72,855           | \$75,500           | \$81,698           | \$624,953          |
| Less OATT Revenue Credit for Non-Retail         |                    | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Transmission Recovery (4)                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Net State of SD Rev. Requirements-Retail</b> |                    | \$0                | \$0                | \$38,225           | \$44,885           | \$51,543           | \$58,341           | \$63,439           | \$67,756           | \$70,712           | \$72,855           | \$75,500           | \$81,698           | \$624,953          |
| Should be Equal to Equity Return                |                    |                    |                    | \$19,168           | \$22,517           | \$25,862           | \$29,281           | \$31,847           | \$34,019           | \$35,511           | \$36,593           | \$37,782           | \$38,358           | \$310,938          |
| <b>Check</b>                                    |                    |                    |                    | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Expense items related to Project 1.
- (4) An OATT Revenue Credit will be applied to transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources



**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 1 - 825 MW Wind Upgrade - Main Project**  
**Transmission Subs**

|   | Beginning        | Ending Balance   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Total            |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Balance          | Jan-07           | Feb-07           | Mar-07           | Apr-07           | May-07           | Jun-07           | Jul-07           | Aug-07           | Sep-07           | Oct-07           | Nov-07           | Dec-07           |                  |
| <b>State of South Dakota</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Calculation of End of Year Balances</b>      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Expenditures                            | \$5,397,790      | \$3,393,620      | \$624,000        | \$773,778        | \$366,070        | \$691,070        | \$1,190,010      | \$538,950        | \$531,120        | \$180,460        | \$172,000        | \$6,000          | \$0              | \$13,864,868     |
| Capital Expenditures - Land                     | \$1,224,516      | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$1,224,516      |
| Capital Expenditures - AFUDC                    | \$155,676        | \$51,077         | \$65,556         | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$272,309        |
| Total Capital Expenditures                      | \$6,777,982      | \$3,444,697      | \$689,556        | \$773,778        | \$366,070        | \$691,070        | \$1,190,010      | \$538,950        | \$531,120        | \$180,460        | \$172,000        | \$6,000          | \$0              | \$15,361,693     |
| Classification                                  | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | -\$1,225,007     | -\$9,232,924     | -\$2,486,641     | -\$6,000         | -\$1,012,230     | -\$13,962,802    |
| CWIP Balance                                    | \$6,777,982      | \$10,222,679     | \$10,912,235     | \$11,686,013     | \$12,052,083     | \$12,743,153     | \$13,933,163     | \$14,472,113     | \$13,778,227     | \$4,725,763      | \$2,411,122      | \$2,411,122      | \$1,398,892      | \$1,398,892      |
| EOY Plant In Service                            | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$1,225,007      | \$10,457,930     | \$12,944,572     | \$12,950,572     | \$13,962,802     | \$13,962,802     |
| <b>Calculation of State of SD Retail</b>        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 36 Month Coincident Peak Demand Allocator (1)   | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         |
| CWIP Balance - NSP-MN Company                   | \$5,712,917      | \$8,616,328      | \$9,197,530      | \$9,849,720      | \$10,158,267     | \$10,740,745     | \$11,743,762     | \$12,198,023     | \$11,613,171     | \$3,983,176      | \$2,032,248      | \$2,032,248      | \$1,179,075      | \$1,179,075      |
| Plant In Service - NSP-MN Company               | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$1,032,514      | \$8,814,613      | \$10,910,513     | \$10,915,571     | \$11,768,743     | \$11,768,743     |
| State of SD Retail Demand Allocator (2)         | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          |
| CWIP Balance - St of SD Retail                  | \$292,684        | \$441,432        | \$471,208        | \$504,621        | \$520,428        | \$550,270        | \$601,656        | \$624,929        | \$594,966        | \$204,066        | \$104,116        | \$104,116        | \$60,406         | \$60,406         |
| Plant In Service - St of SD Retail              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$52,898         | \$451,590        | \$558,967        | \$559,227        | \$602,936        | \$602,936        |
| <b>Average CWIP Balance - St of SD Retail</b>   | <b>\$292,684</b> | <b>\$367,058</b> | <b>\$456,320</b> | <b>\$487,914</b> | <b>\$512,525</b> | <b>\$535,349</b> | <b>\$575,963</b> | <b>\$613,293</b> | <b>\$609,948</b> | <b>\$399,516</b> | <b>\$154,091</b> | <b>\$104,116</b> | <b>\$82,261</b>  | <b>\$176,545</b> |
| <b>Calculation of Average Rate Base</b>         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Plant In Service - St of SD Retail              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$52,898         | \$451,590        | \$558,967        | \$559,227        | \$602,936        | \$602,936        |
| Tax Depr - Monthly                              | -\$1,807         | -\$2,317         | -\$2,503         | -\$2,503         | -\$2,659         | -\$2,805         | -\$3,054         | -\$3,286         | -\$3,437         | \$2,991          | \$6,143          | \$6,438          | \$8,811          | \$2,516          |
| Book Depr - Monthly                             | -                | -                | -                | -                | -                | -                | -                | -                | -                | 435              | 986              | 1,104            | 1,152            | \$3,676          |
| Less <i>Accumulated Book Reserve</i>            | -                | -                | -                | -                | -                | -                | -                | -                | -                | 435              | 1,421            | 2,524            | 3,676            | \$3,676          |
| Timing Difference                               | (1,807)          | (2,317)          | (2,503)          | (2,503)          | (2,659)          | (2,805)          | (3,054)          | (3,286)          | (3,437)          | 2,557            | 5,157            | 5,334            | 7,659            | (\$1,160)        |
| Deferred Tax Expense                            | (734)            | (942)            | (1,018)          | (1,018)          | (1,081)          | (1,140)          | (1,242)          | (1,336)          | (1,397)          | 1,039            | 2,096            | 2,169            | 3,114            | (\$471)          |
| Less <i>Accumulated Deferred Taxes</i>          | -\$2,196         | (2,931)          | (3,873)          | (4,891)          | (5,971)          | (7,112)          | (8,353)          | (9,689)          | (11,086)         | (10,047)         | (7,950)          | (5,782)          | (2,668)          | (\$2,668)        |
| End of Month Rate Base                          | \$2,196          | 2,931            | 3,873            | 4,891            | 5,971            | 7,112            | 8,353            | 9,689            | 63,984           | 461,202          | 565,497          | 562,484          | 601,928          | \$601,928        |
| <b>Average Rate Base (BOY/EOY)</b>              | <b>\$2,564</b>   | <b>\$3,402</b>   | <b>\$4,382</b>   | <b>\$5,431</b>   | <b>\$6,541</b>   | <b>\$7,732</b>   | <b>\$9,021</b>   | <b>\$36,836</b>  | <b>\$262,593</b> | <b>\$513,350</b> | <b>\$563,990</b> | <b>\$582,206</b> | <b>\$302,062</b> |                  |
| <b>Calculation of Return</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt Return - CWIP                              |                  |                  |                  | \$1,378          | \$1,448          | \$1,512          | \$1,627          | \$1,733          | \$1,723          | \$1,129          | \$435            | \$294            | \$232            | \$11,512         |
| Debt Return - Rate Base                         |                  |                  |                  | \$12             | \$15             | \$18             | \$22             | \$25             | \$104            | \$742            | \$1,450          | \$1,593          | \$1,645          | \$5,628          |
| Equity Return - CWIP                            |                  |                  |                  | \$2,501          | \$2,627          | \$2,744          | \$2,952          | \$3,143          | \$3,126          | \$2,048          | \$790            | \$534            | \$422            | \$20,884         |
| Equity Return - Rate Base                       |                  |                  |                  | \$22             | \$28             | \$34             | \$40             | \$46             | \$189            | \$1,346          | \$2,631          | \$2,890          | \$2,984          | \$10,209         |
| <b>Total Return</b>                             |                  | \$0              | \$0              | \$3,914          | \$4,118          | \$4,308          | \$4,640          | \$4,947          | \$5,142          | \$5,264          | \$5,306          | \$5,311          | \$5,283          | \$48,233         |
| <b>Income Statement Items</b>                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Expense Items (3)                               |                  |                  |                  | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Property Taxes                                  |                  |                  |                  | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Book Depreciation                               |                  |                  |                  | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$435            | \$986            | \$1,104          | \$1,152          | \$3,676          |
| Deferred Taxes                                  |                  |                  |                  | -\$1,018         | -\$1,081         | -\$1,140         | -\$1,242         | -\$1,336         | -\$1,397         | \$1,039          | \$2,096          | \$2,169          | \$3,114          | \$1,205          |
| Current Taxes - CWIP                            |                  |                  |                  | \$1,346          | \$1,414          | \$1,477          | \$1,589          | \$1,692          | \$1,683          | \$1,103          | \$425            | \$287            | \$227            | \$11,245         |
| Current Taxes - Rate Base                       |                  |                  |                  | \$812            | \$865            | \$914            | \$997            | \$1,075          | \$1,200          | -\$92            | -\$231           | -\$148           | -\$841           | \$4,550          |
| <b>Total Income Statement Expense</b>           |                  | \$0              | \$0              | \$1,141          | \$1,198          | \$1,251          | \$1,345          | \$1,432          | \$1,486          | \$2,484          | \$3,277          | \$3,411          | \$3,651          | \$20,676         |
| <b>Total Revenue Requirements</b>               | <b>\$0</b>       | <b>\$0</b>       | <b>\$5,055</b>   | <b>\$5,316</b>   | <b>\$5,559</b>   | <b>\$5,986</b>   | <b>\$6,379</b>   | <b>\$6,628</b>   | <b>\$7,748</b>   | <b>\$8,583</b>   | <b>\$8,723</b>   | <b>\$8,934</b>   | <b>\$8,934</b>   | <b>\$68,910</b>  |
| Less OATT Revenue Credit for Non-Retail         | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Transmission Recovery (4)                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Net State of SD Rev. Requirements-Retail</b> | <b>\$0</b>       | <b>\$0</b>       | <b>\$5,055</b>   | <b>\$5,316</b>   | <b>\$5,559</b>   | <b>\$5,986</b>   | <b>\$6,379</b>   | <b>\$6,628</b>   | <b>\$7,748</b>   | <b>\$8,583</b>   | <b>\$8,723</b>   | <b>\$8,934</b>   | <b>\$8,934</b>   | <b>\$68,910</b>  |
| Should be Equal to Equity Return                |                  |                  |                  | \$2,523          | \$2,655          | \$2,777          | \$2,991          | \$3,189          | \$3,315          | \$3,393          | \$3,421          | \$3,424          | \$3,405          | \$31,094         |
| <b>Check</b>                                    |                  |                  |                  | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |

**Notes:**  
(1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.  
(2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.  
(3) Recoverable expense items related to Project 1.  
(4) An OATT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 2 - Yankee Wind Collector Station**  
**Transmission Subs**

|   | Beginning       | Ending Balance  |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Total            |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Balance         | Jan-07          | Feb-07          | Mar-07           | Apr-07           | May-07           | Jun-07           | Jul-07           | Aug-07           | Sep-07           | Oct-07           | Nov-07           | Dec-07           |                  |
| <b>State of South Dakota</b>                                      |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Calculation of End of Year Balances</b>                        |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Expenditures  | \$304,129       | \$1,122,000     | \$1,419,000     | \$359,000        | \$288,000        | \$227,000        | \$277,000        | \$256,000        | \$1,473,000      | \$123,000        | \$25,000         | \$0              | \$0              | \$5,873,129      |
| Capital Expenditures - Land                                       | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Capital Expenditures - AFUDC                                      | -\$14,219       | \$6,002         | \$15,004        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$6,787          |
| Total Capital Expenditures  | \$289,910       | \$1,128,002     | \$1,434,004     | \$359,000        | \$288,000        | \$227,000        | \$277,000        | \$256,000        | \$1,473,000      | \$123,000        | \$25,000         | \$0              | \$0              | \$5,879,916      |
| Classification  | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | -\$5,731,916     | -\$123,000       | -\$25,000        | \$0              | \$0              | -\$5,879,916     |
| CWIP Balance  | \$289,910       | \$1,417,912     | \$2,851,916     | \$3,210,916      | \$3,498,916      | \$3,725,916      | \$4,002,916      | \$4,258,916      | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| EOY Plant In Service (In Service May 2006)                        | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$5,731,916      | \$5,854,916      | \$5,879,916      | \$5,879,916      | \$5,879,916      | \$5,879,916      |
| <b>Calculation of State of SD Retail</b>                          |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 36 Month Coincident Peak Demand Allocator (1)                     | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         |
| CWIP Balance - NSP-MN Company                                     | \$244,355       | \$1,195,107     | \$2,403,778     | \$2,706,366      | \$2,949,111      | \$3,140,441      | \$3,373,914      | \$3,589,687      | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Plant In Service - NSP-MN Company                                 | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$4,831,226      | \$4,934,898      | \$4,955,970      | \$4,955,970      | \$4,955,970      | \$4,955,970      |
| State of SD Retail Demand Allocator (2)                           | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          |
| CWIP Balance - St of SD Retail                                    | \$12,519        | \$61,228        | \$123,150       | \$138,653        | \$151,089        | \$160,891        | \$172,852        | \$183,907        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Plant In Service - St of SD Retail                                | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$247,513        | \$252,825        | \$253,904        | \$253,904        | \$253,904        | \$253,904        |
| <b>Average CWIP Balance - St of SD Retail</b>                     | <b>\$12,519</b> | <b>\$36,873</b> | <b>\$92,189</b> | <b>\$130,901</b> | <b>\$144,871</b> | <b>\$155,990</b> | <b>\$166,872</b> | <b>\$178,380</b> | <b>\$91,953</b>  | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$6,259</b>   |
| <b>Calculation of Average Rate Base</b>                           |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Plant In Service - St of SD Retail                                | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$247,513        | \$252,825        | \$253,904        | \$253,904        | \$253,904        | \$253,904        |
| Tax Depr - Monthly  |                 | -\$213          | -\$531          | -\$756           | -\$841           | -\$911           | -\$979           | -\$1,051         | \$1,364          | \$1,158          | \$1,131          | \$1,878          | \$2,635          | \$2,883          |
| Book Depr - Monthly   |                 | -               | -               | -                | -                | -                | -                | -                | 270              | 545              | 552              | 551              | 551              | \$2,470          |
| Less Accumulated Book Reserve                                     |                 | -               | -               | -                | -                | -                | -                | -                | 270              | 815              | 1,368            | 1,919            | 2,470            | \$2,470          |
| Timing Difference   |                 | (213)           | (531)           | (756)            | (841)            | (911)            | (979)            | (1,051)          | 1,094            | 612              | 578              | 1,327            | 2,084            | \$413            |
| Deferred Tax Expense  |                 | (87)            | (216)           | (307)            | (342)            | (370)            | (398)            | (427)            | 445              | 249              | 235              | 539              | 847              | \$168            |
| Less Accumulated Deferred Taxes                                   | \$206           | 119             | (97)            | (404)            | (746)            | (1,117)          | (1,515)          | (1,942)          | (1,497)          | (1,248)          | (1,013)          | (473)            | 374              | \$374            |
| End of Month Rate Base  | -\$206          | (119)           | 97              | 404              | 746              | 1,117            | 1,515            | 1,942            | 248,740          | 253,257          | 253,549          | 252,459          | 251,061          | \$251,061        |
| <b>Average Rate Base (BOY/EOY)</b>                                |                 | <b>-\$162</b>   | <b>-\$11</b>    | <b>\$251</b>     | <b>\$575</b>     | <b>\$932</b>     | <b>\$1,316</b>   | <b>\$1,728</b>   | <b>\$125,341</b> | <b>\$250,999</b> | <b>\$253,403</b> | <b>\$253,004</b> | <b>\$251,760</b> | <b>\$125,427</b> |
| <b>Calculation of Return</b>                                      |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt Return - CWIP  |                 |                 |                 | \$370            | \$409            | \$441            | \$471            | \$504            | \$260            | \$0              | \$0              | \$0              | \$0              | \$2,455          |
| Debt Return - Rate Base   |                 |                 |                 | \$1              | \$2              | \$3              | \$4              | \$5              | \$354            | \$709            | \$716            | \$715            | \$711            | \$3,219          |
| Equity Return - CWIP  |                 |                 |                 | \$671            | \$742            | \$799            | \$855            | \$914            | \$471            | \$0              | \$0              | \$0              | \$0              | \$4,453          |
| Equity Return - Rate Base   |                 |                 |                 | \$1              | \$3              | \$5              | \$7              | \$9              | \$642            | \$1,286          | \$1,299          | \$1,297          | \$1,290          | \$5,839          |
| <b>Total Return</b>   |                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$1,043</b>   | <b>\$1,156</b>   | <b>\$1,248</b>   | <b>\$1,337</b>   | <b>\$1,432</b>   | <b>\$1,727</b>   | <b>\$1,995</b>   | <b>\$2,015</b>   | <b>\$2,011</b>   | <b>\$2,001</b>   | <b>\$15,966</b>  |
| <b>Income Statement Items</b>                                     |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Expense Items (3)   |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Property Taxes  |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Book Depreciation   |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$270            | \$545            | \$552            | \$551            | \$551            | \$2,470          |
| Deferred Taxes  |                 |                 |                 | -\$307           | -\$342           | -\$370           | -\$398           | -\$427           | \$445            | \$249            | \$235            | \$539            | \$847            | \$471            |
| Current Taxes - CWIP  |                 |                 |                 | \$361            | \$400            | \$461            | \$492            | \$542            | \$254            | \$0              | \$0              | \$0              | \$0              | \$2,398          |
| Current Taxes - Rate Base   |                 |                 |                 | \$242            | \$270            | \$294            | \$316            | \$341            | -\$4             | \$497            | \$514            | \$274            | \$29             | \$2,774          |
| <b>Total Income Statement Expense</b>                             |                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$296</b>     | <b>\$328</b>     | <b>\$354</b>     | <b>\$379</b>     | <b>\$406</b>     | <b>\$965</b>     | <b>\$1,291</b>   | <b>\$1,302</b>   | <b>\$1,365</b>   | <b>\$1,427</b>   | <b>\$8,113</b>   |
| <b>Total Revenue Requirements</b>                                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$1,339</b>  | <b>\$1,484</b>   | <b>\$1,601</b>   | <b>\$1,716</b>   | <b>\$1,837</b>   | <b>\$1,937</b>   | <b>\$2,692</b>   | <b>\$3,287</b>   | <b>\$3,317</b>   | <b>\$3,376</b>   | <b>\$3,429</b>   | <b>\$24,078</b>  |
| Less OAIT Revenue Credit for Non-Retail Transmission Recovery (4) | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| <b>Net State of SD Rev. Requirements-Retail</b>                   | <b>\$0</b>      | <b>\$0</b>      | <b>\$1,339</b>  | <b>\$1,484</b>   | <b>\$1,601</b>   | <b>\$1,716</b>   | <b>\$1,837</b>   | <b>\$1,937</b>   | <b>\$2,692</b>   | <b>\$3,287</b>   | <b>\$3,317</b>   | <b>\$3,376</b>   | <b>\$3,429</b>   | <b>\$24,078</b>  |
| Should be Equal to Equity Return Check                            |                 |                 |                 | \$672            | \$745            | \$804            | \$862            | \$923            | \$1,114          | \$1,286          | \$1,299          | \$1,297          | \$1,290          | \$10,292         |
|   |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Recoverable expense items related to Project 2.
- (4) An OAIT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 3 - Fenton Wind Collector Station**  
**Transmission Subs**

| State of South Dakota                           | Beginning Balance | Ending Balance  |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Total            |                 |
|---|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
|   |                   | Jan-07          | Feb-07          | Mar-07           | Apr-07           | May-07           | Jun-07           | Jul-07           | Aug-07           | Sep-07           | Oct-07           | Nov-07           | Dec-07           |                  |                 |
| <b>Calculation of End of Year Balances</b>      |                   |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Capital Expenditures                            | \$959,495         | \$518,971       | \$850,362       | \$967,398        | \$652,234        | \$945,022        | \$653,760        | \$464,544        | \$551,119        | \$261,026        | \$343,838        | \$190,784        | \$55,993         | \$7,414,546      |                 |
| Capital Expenditures - Land                     | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |
| Capital Expenditures - AFUDC                    | \$21,905          | \$10,503        | \$16,529        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$48,936         |                 |
| Total Capital Expenditures                      | \$981,400         | \$529,474       | \$866,891       | \$967,398        | \$652,234        | \$945,022        | \$653,760        | \$464,544        | \$551,119        | \$261,026        | \$343,838        | \$190,784        | \$55,993         | \$7,463,482      |                 |
| Classification                                  | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | -\$7,216,705     | -\$190,784       | -\$55,993        | -\$7,463,482     |                 |
| CWIP Balance                                    | \$981,400         | \$1,510,874     | \$2,377,764     | \$3,345,162      | \$3,997,396      | \$4,942,418      | \$5,596,178      | \$6,060,722      | \$6,611,841      | \$6,872,867      | \$0              | \$0              | \$0              | \$0              |                 |
| EOY Plant In Service                            | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$7,216,705      | \$7,407,489      | \$7,463,482      | \$7,463,482      |                 |
| <b>Calculation of State of SD Retail</b>        |                   |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| 36 Month Coincident Peak Demand Allocator (1)   | 84.2864%          | 84.2864%        | 84.2864%        | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         |                 |
| CWIP Balance - NSP-MN Company                   | \$827,187         | \$1,273,461     | \$2,004,132     | \$2,819,517      | \$3,369,261      | \$4,165,786      | \$4,716,817      | \$5,108,365      | \$5,572,883      | \$5,792,892      | \$0              | \$0              | \$0              | \$0              |                 |
| Plant In Service - NSP-MN Company               | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$6,082,701      | \$6,243,506      | \$6,290,700      | \$6,290,700      |                 |
| State of SD Retail Demand Allocator (2)         | 5.1232%           | 5.1232%         | 5.1232%         | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          |                 |
| CWIP Balance - St of SD Retail                  | \$42,378          | \$65,242        | \$102,676       | \$144,449        | \$172,614        | \$213,422        | \$241,652        | \$261,712        | \$285,510        | \$296,781        | \$0              | \$0              | \$0              | \$0              |                 |
| Plant In Service - St of SD Retail              | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$311,629        | \$319,867        | \$322,285        | \$322,285        |                 |
| <b>Average CWIP Balance - St of SD Retail</b>   | <b>\$42,378</b>   | <b>\$53,810</b> | <b>\$83,959</b> | <b>\$123,563</b> | <b>\$158,532</b> | <b>\$193,018</b> | <b>\$227,537</b> | <b>\$251,682</b> | <b>\$273,611</b> | <b>\$291,146</b> | <b>\$148,391</b> | <b>\$0</b>       | <b>\$0</b>       | <b>\$21,189</b>  |                 |
| <b>Calculation of Average Rate Base</b>         |                   |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Plant In Service - St of SD Retail              | \$0               | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$311,629        | \$319,867        | \$322,285        | \$322,285        |                 |
| Tax Depr - Monthly                              | -\$369            | -\$581          | -\$823          | -\$985           | -\$1,221         | -\$1,384         | -\$1,500         | -\$1,638         | -\$1,703         | -\$3,787         | \$5,529          | \$5,529          | \$5,562          | \$4,673          |                 |
| Book Depr - Monthly                             | -                 | -               | -               | -                | -                | -                | -                | -                | -                | -                | 340              | 688              | 700              | \$1,728          |                 |
| Less Accumulated Book Reserve                   | -                 | -               | -               | -                | -                | -                | -                | -                | -                | -                | 340              | 1,028            | 1,728            | \$1,728          |                 |
| Timing Difference                               | (369)             | (581)           | (823)           | (985)            | (1,221)          | (1,384)          | (1,500)          | (1,638)          | (1,703)          | 3,448            | 4,840            | 4,840            | 4,862            | \$2,945          |                 |
| Deferred Tax Expense                            | (150)             | (236)           | (334)           | (401)            | (497)            | (563)            | (610)            | (666)            | (692)            | 1,402            | 1,968            | 1,977            | 1,977            | \$1,197          |                 |
| Less Accumulated Deferred Taxes                 | (97)              | (247)           | (484)           | (818)            | (1,219)          | (1,715)          | (2,278)          | (2,888)          | (3,554)          | (4,246)          | (2,845)          | (877)            | 1,100            | \$1,100          |                 |
| End of Month Rate Base                          | \$97              | 247             | 484             | 818              | 1,219            | 1,715            | 2,278            | 2,888            | 3,554            | 4,246            | 314,134          | 319,716          | 319,457          | \$319,457        |                 |
| <b>Average Rate Base (BOY/EOY)</b>              | <b>\$172</b>      | <b>\$366</b>    | <b>\$651</b>    | <b>\$1,018</b>   | <b>\$1,467</b>   | <b>\$1,997</b>   | <b>\$2,583</b>   | <b>\$3,221</b>   | <b>\$3,900</b>   | <b>\$159,190</b> | <b>\$316,925</b> | <b>\$319,587</b> | <b>\$319,587</b> | <b>\$159,777</b> |                 |
| <b>Calculation of Return</b>                    |                   |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Debt Return - CWIP                              |                   |                 | \$349           | \$448            | \$545            | \$643            | \$711            | \$773            | \$822            | \$419            | \$0              | \$0              | \$0              | \$4,711          |                 |
| Debt Return - Rate Base                         |                   |                 | \$2             | \$3              | \$4              | \$6              | \$7              | \$9              | \$11             | \$450            | \$895            | \$903            | \$903            | \$2,290          |                 |
| Equity Return - CWIP                            |                   |                 | \$633           | \$812            | \$989            | \$1,166          | \$1,290          | \$1,402          | \$1,492          | \$761            | \$0              | \$0              | \$0              | \$8,546          |                 |
| Equity Return - Rate Base                       |                   |                 | \$3             | \$5              | \$8              | \$10             | \$13             | \$17             | \$20             | \$816            | \$1,624          | \$1,638          | \$1,638          | \$4,154          |                 |
| <b>Total Return</b>                             |                   |                 | \$0             | \$0              | \$987            | \$1,268          | \$1,546          | \$1,825          | \$2,021          | \$2,201          | \$2,346          | \$2,445          | \$2,520          | \$2,541          | \$19,700        |
| <b>Income Statement Items</b>                   |                   |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Expense Items (3)                               |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |
| Property Taxes                                  |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |
| Book Depreciation                               |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$340            | \$688            | \$700            | \$700            | \$1,728          |                 |
| Deferred Taxes                                  |                   |                 | -\$334          | -\$401           | -\$497           | -\$563           | -\$610           | -\$666           | -\$692           | \$1,402          | \$1,968          | \$1,977          | \$1,977          | \$1,584          |                 |
| Current Taxes - CWIP                            |                   |                 | \$341           | \$437            | \$533            | \$628            | \$695            | \$755            | \$803            | \$410            | \$0              | \$0              | \$0              | \$4,602          |                 |
| Current Taxes - Rate Base                       |                   |                 | \$265           | \$318            | \$394            | \$448            | \$487            | \$532            | \$555            | -\$662           | -\$672           | -\$672           | -\$672           | \$992            |                 |
| <b>Total Income Statement Expense</b>           |                   |                 | \$0             | \$0              | \$271            | \$355            | \$430            | \$513            | \$571            | \$666            | \$1,488          | \$1,984          | \$2,005          | \$8,905          |                 |
| <b>Total Revenue Requirements</b>               |                   |                 | <b>\$0</b>      | <b>\$0</b>       | <b>\$1,259</b>   | <b>\$1,623</b>   | <b>\$1,977</b>   | <b>\$2,338</b>   | <b>\$2,593</b>   | <b>\$2,822</b>   | <b>\$3,012</b>   | <b>\$3,934</b>   | <b>\$4,504</b>   | <b>\$4,546</b>   | <b>\$28,605</b> |
| Less OATT Revenue Credit for Non-Retail         |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |
| Transmission Recovery (4)                       |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |
| <b>Net State of SD Rev. Requirements-Retail</b> |                   |                 | <b>\$0</b>      | <b>\$0</b>       | <b>\$1,259</b>   | <b>\$1,623</b>   | <b>\$1,977</b>   | <b>\$2,338</b>   | <b>\$2,593</b>   | <b>\$2,822</b>   | <b>\$3,012</b>   | <b>\$3,934</b>   | <b>\$4,504</b>   | <b>\$4,546</b>   | <b>\$28,605</b> |
| Should be Equal to Equity Return                |                   |                 | \$637           | \$818            | \$997            | \$1,176          | \$1,303          | \$1,419          | \$1,512          | \$1,576          | \$1,624          | \$1,638          | \$1,638          | \$12,700         |                 |
| <b>Check</b>                                    |                   |                 | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |                 |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Recoverable expense items related to Project 3.
- (4) An OATT Revenue Credit will be applied to transmission revenue requirements to recognize revenue recovery from non-Keel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 3 - Fenton Wind Collector Station**  
**Transmission Subs**

|  | Beginning<br>Balance | Ending Balance  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                | Total           |                |                |
|--|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------|----------------|
|  |                      | Jan-07          | Feb-07          | Mar-07          | Apr-07          | May-07          | Jun-07          | Jul-07          | Aug-07          | Sep-07          | Oct-07          | Nov-07          | Dec-07         |                 |                |                |
| <b>State of South Dakota</b>   |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| <b>Calculation of End of Year Balances</b>                           |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| Capital Expenditures   | \$314,447            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$314,447      |                |
| Capital Expenditures - Land  | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$0            |                |
| Capital Expenditures - AFUDC   | -\$15,997            | \$2,105         | \$2,120         | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | -\$11,772      |                |
| Total Capital Expenditures   | \$298,450            | \$2,105         | \$2,120         | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$302,675      |                |
| Classification (May 2006)  | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | -\$302,675     | \$0             | -\$302,675     |                |
| CWIP Balance   | \$298,450            | \$300,555       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$302,675       | \$0            | \$0             | \$0            |                |
| EOY Plant In Service (In Service May 2006)                           | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$302,675      | \$302,675       | \$302,675      |                |
| <b>Calculation of State of SD Retail</b>                             |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| 36 Month Coincident Peak Demand Allocator (1)                        | 84.2864%             | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%       | 84.2864%        | 84.2864%       |                |
| CWIP Balance - MN Company  | \$251,553            | \$253,327       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$255,114       | \$0            | \$0             | \$0            |                |
| Plant In Service - MN Company  | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$255,114      | \$255,114       | \$255,114      |                |
| State of SD Retail Demand Allocator (2)                              | 5.1232%              | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%        | 5.1232%         | 5.1232%        |                |
| CWIP Balance - St of SD Retail                                       | \$12,888             | \$12,978        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$13,070        | \$0            | \$0             | \$0            |                |
| Plant In Service - St of SD Retail                                   | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$13,070       | \$13,070        | \$13,070       |                |
| <b>Average CWIP Balance - St of SD Retail</b>                        | <b>\$12,888</b>      | <b>\$12,933</b> | <b>\$13,024</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$13,070</b> | <b>\$6,535</b> | <b>\$0</b>      | <b>\$6,444</b> |                |
| <b>Calculation of Average Rate Base</b>                              |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| Plant In Service - St of SD Retail                                   | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$13,070       | \$13,070        | \$13,070       |                |
| Tax Depr - Monthly   |                      | -\$75           | -\$76           | -\$76           | -\$77           | -\$77           | -\$77           | -\$78           | -\$78           | -\$79           | -\$79           | -\$79           | \$293          | \$333           | (\$146)        |                |
| Book Depr - Monthly  |                      | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | 14             | 28              | \$43           |                |
| Less <i>Accumulated Book Reserve</i>                                 |                      | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | 14             | 43              | \$43           |                |
| Timing Difference  |                      | (75)            | (76)            | (76)            | (77)            | (77)            | (77)            | (78)            | (78)            | (79)            | (79)            | (79)            | 279            | 304             | (\$189)        |                |
| Deferred Tax Expense   |                      | (31)            | (31)            | (31)            | (31)            | (31)            | (31)            | (32)            | (32)            | (32)            | (32)            | (32)            | 113            | 124             | (\$77)         |                |
| Less <i>Accumulated Deferred Taxes</i>                               | \$231                | 201             | 170             | 139             | 108             | 77              | 45              | 13              | (18)            | (50)            | (83)            | (83)            | 31             | 154             | \$154          |                |
| End of Month Rate Base   | -\$231               | (201)           | (170)           | (139)           | (108)           | (77)            | (45)            | (13)            | 18              | 50              | 83              | 83              | 13,025         | 12,873          | \$12,873       |                |
| <b>Average Rate Base (BOY/EOY)</b>                                   |                      | <b>-\$216</b>   | <b>-\$185</b>   | <b>-\$154</b>   | <b>-\$123</b>   | <b>-\$92</b>    | <b>-\$61</b>    | <b>-\$29</b>    | <b>\$3</b>      | <b>\$34</b>     | <b>\$67</b>     | <b>\$67</b>     | <b>\$6,554</b> | <b>\$12,949</b> | <b>\$6,321</b> |                |
| <b>Calculation of Return</b>   |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| Debt Return - CWIP   |                      |                 |                 | \$37            | \$37            | \$37            | \$37            | \$37            | \$37            | \$37            | \$37            | \$37            | \$37           | \$18            | \$0            | \$314          |
| Debt Return - Rate Base  |                      |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$19            | \$37           | \$54           |
| Equity Return - CWIP   |                      |                 |                 | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67           | \$33            | \$0            | \$569          |
| Equity Return - Rate Base  |                      |                 |                 | -\$1            | -\$1            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$34            | \$66           | \$98           |
| <b>Total Return</b>  |                      | <b>\$0</b>      | <b>\$0</b>      | <b>\$103</b>    | <b>\$103</b>    | <b>\$103</b>    | <b>\$103</b>    | <b>\$104</b>    | <b>\$104</b>    | <b>\$104</b>    | <b>\$104</b>    | <b>\$104</b>    | <b>\$104</b>   | <b>\$104</b>    | <b>\$103</b>   | <b>\$1,035</b> |
| <b>Income Statement Items</b>  |                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                |                 |                |                |
| Expense Items (3)  |                      |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$0            | \$0            |
| Property Taxes   |                      |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$0            | \$0            |
| Book Depreciation  |                      |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$14            | \$28           | \$43           |
| Deferred Taxes   |                      |                 |                 | -\$31           | -\$31           | -\$31           | -\$31           | -\$31           | -\$32           | -\$32           | -\$32           | -\$32           | -\$32          | \$113           | \$124          | -\$15          |
| Current Taxes - CWIP   |                      |                 |                 | \$36            | \$36            | \$36            | \$36            | \$36            | \$36            | \$36            | \$36            | \$36            | \$36           | \$18            | \$0            | \$307          |
| Current Taxes - Rate Base  |                      |                 |                 | \$24            | \$24            | \$24            | \$24            | \$25            | \$25            | \$25            | \$25            | \$25            | \$25           | -\$71           | -\$61          | \$65           |
| <b>Total Income Statement Expense</b>                                |                      | <b>\$0</b>      | <b>\$0</b>      | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>     | <b>\$29</b>    | <b>\$75</b>     | <b>\$91</b>    | <b>\$399</b>   |
| <b>Total Revenue Requirements</b>                                    | <b>\$0</b>           | <b>\$0</b>      | <b>\$132</b>    | <b>\$132</b>    | <b>\$132</b>    | <b>\$132</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$134</b>    | <b>\$179</b>   | <b>\$194</b>    | <b>\$1,434</b> |                |
| Less OATT Revenue Credit for Non-Retail<br>Transmission Recovery (4) | \$0                  | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0             | \$0            |                |
| <b>Net State of SD Rev. Requirements-Retail</b>                      | <b>\$0</b>           | <b>\$0</b>      | <b>\$132</b>    | <b>\$132</b>    | <b>\$132</b>    | <b>\$132</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$133</b>    | <b>\$134</b>    | <b>\$179</b>   | <b>\$194</b>    | <b>\$1,434</b> |                |
| Should be Equal to Equity Return                                     |                      |                 |                 | \$66            | \$66            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67            | \$67           | \$67            | \$66           | \$667          |
| <b>Check</b>   |                      |                 |                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>     |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Recoverable expense items related to Project 3.
- (4) An OATT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 4 - Series Capacitor Station - Lakefield Jct - Wilmarth 345KV**  
**Transmission Lines**

| State of South Dakota                           | Beginning Balance | Ending Balance |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 | Total           |
|---|-------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   |                   | Jan-07         | Feb-07         | Mar-07         | Apr-07         | May-07          | Jun-07          | Jul-07          | Aug-07          | Sep-07          | Oct-07          | Nov-07          | Dec-07          |                 |
| <b>Calculation of End of Year Balances</b>      |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Capital Expenditures                            | \$44,532          | \$5,000        | \$5,000        | \$5,000        | \$200,000      | \$300,000       | \$350,000       | \$350,000       | \$48,472        | \$0             | \$0             | \$0             | \$0             | \$1,308,004     |
| Capital Expenditures - Land                     | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Capital Expenditures - AFUDC                    | \$977             | \$339          | \$377          | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$1,693         |
| Total Capital Expenditures                      | \$45,509          | \$5,339        | \$5,377        | \$5,000        | \$200,000      | \$300,000       | \$350,000       | \$350,000       | \$48,472        | \$0             | \$0             | \$0             | \$0             | \$1,309,697     |
| Classification                                  | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | -\$911,225      | -\$350,000      | -\$48,472       | \$0             | \$0             | \$0             | \$0             | -\$1,309,697    |
| CWIP Balance                                    | \$45,509          | \$50,848       | \$56,225       | \$61,225       | \$261,225      | \$561,225       | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| EOY Plant In Service                            | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | \$911,225       | \$1,261,225     | \$1,309,697     | \$1,309,697     | \$1,309,697     | \$1,309,697     | \$1,309,697     | \$1,309,697     |
| <b>Calculation of State of SD Retail</b>        |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| 36 Month Coincident Peak Demand Allocator (1)   | 84.2864%          | 84.2864%       | 84.2864%       | 84.2864%       | 84.2864%       | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        |
| CWIP Balance - NSP-MN Company                   | \$38,358          | \$42,858       | \$47,390       | \$51,604       | \$220,177      | \$473,036       | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Plant In Service - NSP-MN Company               | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | \$768,039       | \$1,063,041     | \$1,103,896     | \$1,103,896     | \$1,103,896     | \$1,103,896     | \$1,103,896     | \$1,103,896     |
| State of SD Retail Demand Allocator (2)         | 5.1232%           | 5.1232%        | 5.1232%        | 5.1232%        | 5.1232%        | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         |
| CWIP Balance - St of SD Retail                  | \$1,965           | \$2,196        | \$2,428        | \$2,644        | \$11,280       | \$24,235        | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Plant In Service - St of SD Retail              | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | \$39,348        | \$54,462        | \$56,555        | \$56,555        | \$56,555        | \$56,555        | \$56,555        | \$56,555        |
| <b>Average CWIP Balance - St of SD Retail</b>   | <b>\$1,965</b>    | <b>\$2,080</b> | <b>\$2,312</b> | <b>\$2,536</b> | <b>\$6,962</b> | <b>\$17,757</b> | <b>\$12,117</b> | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$983</b>    |
| <b>Calculation of Average Rate Base</b>         |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Plant In Service - St of SD Retail              | \$0               | \$0            | \$0            | \$0            | \$0            | \$0             | \$39,348        | \$54,462        | \$56,555        | \$56,555        | \$56,555        | \$56,555        | \$56,555        | \$56,555        |
| Tax Depr - Monthly                              |                   | -\$12          | -\$13          | -\$15          | -\$40          | -\$103          | \$336           | \$406           | \$406           | \$406           | \$406           | \$406           | \$406           | \$406           |
| Book Depr - Monthly                             |                   | -              | -              | -              | -              | -               | 48              | 113             | 134             | 137             | 137             | 137             | 137             | \$843           |
| Less Accumulated Book Reserve                   |                   | -              | -              | -              | -              | -               | 48              | 161             | 295             | 432             | 569             | 706             | 843             | \$843           |
| Timing Difference                               |                   | (12)           | (13)           | (15)           | (40)           | (103)           | 288             | 292             | 272             | 269             | 269             | 269             | 269             | \$1,746         |
| Deferred Tax Expense                            |                   | (5)            | (5)            | (6)            | (16)           | (42)            | 117             | 119             | 110             | 109             | 109             | 109             | 109             | \$710           |
| Less Accumulated Deferred Taxes                 | (14)              | (19)           | (24)           | (30)           | (47)           | (89)            | 29              | 147             | 258             | 367             | 477             | 586             | 696             | \$696           |
| End of Month Rate Base                          | \$14              | 19             | 24             | 30             | 47             | 89              | 39,272          | 54,153          | 56,002          | 55,755          | 55,509          | 55,263          | 55,016          | \$55,016        |
| <b>Average Rate Base (BOY/EOY)</b>              |                   | <b>\$17</b>    | <b>\$22</b>    | <b>\$27</b>    | <b>\$39</b>    | <b>\$68</b>     | <b>\$19,680</b> | <b>\$46,713</b> | <b>\$55,077</b> | <b>\$55,878</b> | <b>\$55,632</b> | <b>\$55,386</b> | <b>\$55,140</b> | <b>\$27,515</b> |
| <b>Calculation of Return</b>                    |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Debt Return - CWIP                              |                   |                |                | \$7            | \$20           | \$50            | \$34            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$111           |
| Debt Return - Rate Base                         |                   |                |                | \$0            | \$0            | \$0             | \$56            | \$132           | \$156           | \$158           | \$157           | \$156           | \$156           | \$971           |
| Equity Return - CWIP                            |                   |                |                | \$13           | \$36           | \$91            | \$62            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$202           |
| Equity Return - Rate Base                       |                   |                |                | \$0            | \$0            | \$0             | \$101           | \$239           | \$282           | \$286           | \$285           | \$284           | \$283           | \$1,761         |
| <b>Total Return</b>                             |                   |                |                | \$0            | \$0            | \$20            | \$56            | \$142           | \$253           | \$371           | \$438           | \$444           | \$442           | \$3,045         |
| <b>Income Statement Items</b>                   |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Expense Items (3)                               |                   |                |                | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Property Taxes                                  |                   |                |                | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Book Depreciation                               |                   |                |                | \$0            | \$0            | \$0             | \$48            | \$113           | \$134           | \$137           | \$137           | \$137           | \$137           | \$843           |
| Deferred Taxes                                  |                   |                |                | -\$6           | -\$16          | -\$42           | \$117           | \$119           | \$110           | \$109           | \$109           | \$109           | \$109           | \$720           |
| Current Taxes - CWIP                            |                   |                |                | \$7            | \$19           | \$49            | \$33            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$109           |
| Current Taxes - Rate Base                       |                   |                |                | \$5            | \$13           | \$33            | -\$38           | \$35            | \$65            | \$68            | \$68            | \$67            | \$66            | \$382           |
| <b>Total Income Statement Expense</b>           |                   |                |                | \$0            | \$0            | \$6             | \$16            | \$40            | \$160           | \$268           | \$310           | \$314           | \$313           | \$2,054         |
| <b>Total Revenue Requirements</b>               |                   | <b>\$0</b>     | <b>\$0</b>     | <b>\$26</b>    | <b>\$71</b>    | <b>\$182</b>    | <b>\$413</b>    | <b>\$639</b>    | <b>\$748</b>    | <b>\$759</b>    | <b>\$756</b>    | <b>\$753</b>    | <b>\$751</b>    | <b>\$5,099</b>  |
| Less OATT Revenue Credit for Non-Retail         |                   | \$0            | \$0            | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |
| Transmission Recovery (4)                       |                   |                |                |                |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Net State of SD Rev. Requirements-Retail</b> |                   | <b>\$0</b>     | <b>\$0</b>     | <b>\$26</b>    | <b>\$71</b>    | <b>\$182</b>    | <b>\$413</b>    | <b>\$639</b>    | <b>\$748</b>    | <b>\$759</b>    | <b>\$756</b>    | <b>\$753</b>    | <b>\$751</b>    | <b>\$5,099</b>  |
| Should be Equal to Equity Return                |                   |                |                | \$13           | \$36           | \$91            | \$163           | \$239           | \$282           | \$286           | \$285           | \$284           | \$283           | \$1,963         |
| <b>Check</b>                                    |                   |                |                | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Recoverable expense items related to Project 4.
- (4) An OATT Revenue Credit will be applied to transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 4 - Series Capacitor Station - Lakefield Jct - Wilmarth 345KV**  
**Transmission Subs**

| State of South Dakota   | Beginning       | Ending Balance  |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  | Total            |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Balance         | Jan-07          | Feb-07          | Mar-07           | Apr-07           | May-07           | Jun-07           | Jul-07           | Aug-07           | Sep-07           | Oct-07           | Nov-07           | Dec-07           |                  |
| <b>Calculation of End of Year Balances</b>                        |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital Expenditures  | \$1,310,802     | \$602,000       | \$354,000       | \$599,000        | \$493,000        | \$3,182,000      | \$1,390,000      | \$682,000        | \$60,000         | \$7,000          | \$8,000          | \$2,000          | \$0              | \$8,689,802      |
| Capital Expenditures - Land                                       | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Capital Expenditures - AFUDC                                      | \$61,790        | \$11,803        | \$15,259        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$88,852         |
| Total Capital Expenditures  | \$1,372,591     | \$613,803       | \$369,259       | \$599,000        | \$493,000        | \$3,182,000      | \$1,390,000      | \$682,000        | \$60,000         | \$7,000          | \$8,000          | \$2,000          | \$0              | \$8,778,653      |
| Classification  | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | -\$8,701,653     | -\$60,000        | -\$7,000         | -\$8,000         | -\$2,000         | \$0              | -\$8,778,653     |
| CWIP Balance  | \$1,372,591     | \$1,986,394     | \$2,355,653     | \$2,954,653      | \$3,447,653      | \$6,629,653      | \$8,019,653      | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| EOY Plant In Service  | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$8,701,653      | \$8,761,653      | \$8,768,653      | \$8,776,653      | \$8,778,653      | \$8,778,653      | \$8,778,653      |
| <b>Calculation of State of SD Retail</b>                          |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 36 Month Coincident Peak Demand Allocator (1)                     | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         |
| CWIP Balance - NSP-MN Company                                     | \$1,156,908     | \$1,674,260     | \$1,985,495     | \$2,490,371      | \$2,905,903      | \$5,587,896      | \$6,759,477      | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Plant In Service - NSP-MN Company                                 | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$7,334,310      | \$7,384,882      | \$7,390,782      | \$7,397,525      | \$7,399,211      | \$7,399,211      | \$7,399,211      |
| State of SD Retail Demand Allocator (2)                           | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          |
| CWIP Balance - St of SD Retail                                    | \$59,271        | \$85,776        | \$101,721       | \$127,587        | \$148,875        | \$286,279        | \$346,302        | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Plant In Service - St of SD Retail                                | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$375,751        | \$378,342        | \$378,645        | \$378,990        | \$379,076        | \$379,076        | \$379,076        |
| <b>Average CWIP Balance - St of SD Retail</b>                     | <b>\$59,271</b> | <b>\$72,523</b> | <b>\$93,748</b> | <b>\$114,654</b> | <b>\$138,231</b> | <b>\$217,577</b> | <b>\$316,290</b> | <b>\$173,151</b> | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$29,635</b>  |
| <b>Calculation of Average Rate Base</b>                           |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Plant In Service - St of SD Retail                                | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$375,751        | \$378,342        | \$378,645        | \$378,990        | \$379,076        | \$379,076        | \$379,076        |
| Tax Depr - Monthly  |                 | -\$416          | -\$538          | -\$660           | -\$800           | -\$1,264         | -\$1,841         | \$2,176          | \$3,231          | \$3,231          | \$3,231          | \$3,231          | \$3,231          | \$12,813         |
| Book Depr - Monthly   |                 | -               | -               | -                | -                | -                | -                | 410              | 822              | 825              | 826              | 826              | 826              | \$4,535          |
| Less <i>Accumulated Book Reserve</i>                              |                 | -               | -               | -                | -                | -                | -                | 410              | 1,232            | 2,057            | 2,883            | 3,709            | 4,535            | \$4,535          |
| Timing Difference   |                 | (416)           | (538)           | (660)            | (800)            | (1,264)          | (1,841)          | 1,766            | 2,409            | 2,406            | 2,406            | 2,405            | 2,405            | \$8,278          |
| Deferred Tax Expense  |                 | (169)           | (219)           | (268)            | (325)            | (514)            | (749)            | 718              | 980              | 978              | 978              | 978              | 978              | \$3,365          |
| Less <i>Accumulated Deferred Taxes</i>                            | -\$858          | (1,027)         | (1,246)         | (1,514)          | (1,839)          | (2,353)          | (3,102)          | (2,384)          | (1,404)          | (426)            | 552              | 1,530            | 2,508            | \$2,508          |
| End of Month Rate Base  | \$858           | 1,027           | 1,246           | 1,514            | 1,839            | 2,353            | 3,102            | 377,725          | 378,515          | 377,014          | 375,555          | 373,838          | 372,033          | \$372,033        |
| <b>Average Rate Base (BOY/EOY)</b>                                |                 | <b>\$942</b>    | <b>\$1,136</b>  | <b>\$1,380</b>   | <b>\$1,677</b>   | <b>\$2,096</b>   | <b>\$2,727</b>   | <b>\$190,414</b> | <b>\$378,120</b> | <b>\$377,764</b> | <b>\$376,284</b> | <b>\$374,696</b> | <b>\$372,936</b> | <b>\$186,446</b> |
| <b>Calculation of Return</b>                                      |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt Return - CWIP  |                 |                 |                 | \$324            | \$391            | \$615            | \$894            | \$489            | \$0              | \$0              | \$0              | \$0              | \$0              | \$2,712          |
| Debt Return - Rate Base   |                 |                 |                 | \$4              | \$5              | \$6              | \$8              | \$538            | \$1,068          | \$1,067          | \$1,063          | \$1,059          | \$1,054          | \$5,871          |
| Equity Return - CWIP  |                 |                 |                 | \$588            | \$708            | \$1,115          | \$1,621          | \$887            | \$0              | \$0              | \$0              | \$0              | \$0              | \$4,920          |
| Equity Return - Rate Base   |                 |                 |                 | \$7              | \$9              | \$11             | \$14             | \$976            | \$1,938          | \$1,936          | \$1,928          | \$1,920          | \$1,911          | \$10,650         |
| <b>Total Return</b>   |                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$922</b>     | <b>\$1,112</b>   | <b>\$1,746</b>   | <b>\$2,536</b>   | <b>\$2,890</b>   | <b>\$3,006</b>   | <b>\$3,003</b>   | <b>\$2,991</b>   | <b>\$2,979</b>   | <b>\$2,965</b>   | <b>\$24,152</b>  |
| <b>Income Statement Items</b>                                     |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Expense Items (3)   |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Property Taxes  |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| Book Depreciation   |                 |                 |                 | \$0              | \$0              | \$0              | \$0              | \$410            | \$822            | \$825            | \$826            | \$826            | \$826            | \$4,535          |
| Deferred Taxes  |                 |                 |                 | -\$268           | -\$325           | -\$514           | -\$749           | \$718            | \$980            | \$978            | \$978            | \$978            | \$978            | \$3,753          |
| Current Taxes - CWIP  |                 |                 |                 | \$316            | \$381            | \$600            | \$873            | \$478            | \$0              | \$0              | \$0              | \$0              | \$0              | \$2,649          |
| Current Taxes - Rate Base   |                 |                 |                 | \$215            | \$260            | \$410            | \$596            | -\$39            | \$274            | \$274            | \$270            | \$265            | \$261            | \$2,785          |
| <b>Total Income Statement Expense</b>                             |                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$263</b>     | <b>\$316</b>     | <b>\$496</b>     | <b>\$720</b>     | <b>\$1,567</b>   | <b>\$2,075</b>   | <b>\$2,077</b>   | <b>\$2,074</b>   | <b>\$2,070</b>   | <b>\$2,065</b>   | <b>\$13,722</b>  |
| <b>Total Revenue Requirements</b>                                 | <b>\$0</b>      | <b>\$0</b>      | <b>\$1,185</b>  | <b>\$1,429</b>   | <b>\$2,243</b>   | <b>\$3,256</b>   | <b>\$4,457</b>   | <b>\$5,081</b>   | <b>\$5,080</b>   | <b>\$5,065</b>   | <b>\$5,048</b>   | <b>\$5,030</b>   | <b>\$5,030</b>   | <b>\$37,874</b>  |
| Less OATT Revenue Credit for Non-Retail Transmission Recovery (4) | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              |
| <b>Net State of SD Rev. Requirements-Retail</b>                   | <b>\$0</b>      | <b>\$0</b>      | <b>\$1,185</b>  | <b>\$1,429</b>   | <b>\$2,243</b>   | <b>\$3,256</b>   | <b>\$4,457</b>   | <b>\$5,081</b>   | <b>\$5,080</b>   | <b>\$5,065</b>   | <b>\$5,048</b>   | <b>\$5,030</b>   | <b>\$5,030</b>   | <b>\$37,874</b>  |
| Should be Equal to Equity Return                                  |                 |                 |                 | \$595            | \$717            | \$1,126          | \$1,635          | \$1,863          | \$1,938          | \$1,936          | \$1,928          | \$1,920          | \$1,911          | \$15,570         |
| <b>Check</b>  |                 |                 |                 | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) Recoverable expense items related to Project 4.
- (4) An OATT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 5 - Nobles Co. Wind Collector Station**  
**Transmission Subs**

|  | Beginning Balance | Ending Balance  |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 | Total           |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
|  |                   | Jan-07          | Feb-07          | Mar-07          | Apr-07          | May-07          | Jun-07          | Jul-07          | Aug-07           | Sep-07           | Oct-07           | Nov-07           | Dec-07          |                 |
| <b>State of South Dakota</b>   |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| <b>Calculation of End of Year Balances</b>                           |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| Capital Expenditures   | \$300,000         | \$300,000       | \$0             | \$0             | \$300,000       | \$0             | \$0             | \$1,880,000     | \$0              | \$0              | \$0              | \$300,000        | \$0             | \$3,080,000     |
| Capital Expenditures - Land  | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$0             |
| Capital Expenditures - AFUDC   | \$5,294           | \$3,211         | \$4,292         | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$12,797        |
| Total Capital Expenditures   | \$305,294         | \$303,211       | \$4,292         | \$0             | \$300,000       | \$0             | \$0             | \$1,880,000     | \$0              | \$0              | \$0              | \$300,000        | \$0             | \$3,092,797     |
| Classification   | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | -\$3,092,797    |
| CWIP Balance   | \$305,294         | \$608,505       | \$612,797       | \$612,797       | \$912,797       | \$912,797       | \$912,797       | \$2,792,797     | \$2,792,797      | \$2,792,797      | \$2,792,797      | \$3,092,797      | \$0             | \$0             |
| EOY Plant In Service   | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$3,092,797     | \$3,092,797     |
| <b>Calculation of State of SD Retail</b>                             |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| 36 Month Coincident Peak Demand Allocator (1)                        | 84.2864%          | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%        | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%         | 84.2864%        | 84.2864%        |
| CWIP Balance - NSP-MN Company  | \$257,321         | \$512,887       | \$516,505       | \$516,505       | \$769,364       | \$769,364       | \$769,364       | \$2,353,948     | \$2,353,948      | \$2,353,948      | \$2,353,948      | \$2,606,807      | \$0             | \$0             |
| Plant In Service - NSP-MN Company                                    | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$2,606,807     | \$2,606,807     |
| State of SD Retail Demand Allocator (2)                              | 5.1232%           | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%         | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%          | 5.1232%         | 5.1232%         |
| CWIP Balance - St of SD Retail                                       | \$13,183          | \$26,276        | \$26,462        | \$26,462        | \$39,416        | \$39,416        | \$39,416        | \$120,597       | \$120,597        | \$120,597        | \$120,597        | \$133,552        | \$0             | \$0             |
| Plant In Service - St of SD Retail                                   | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$133,552       | \$133,552       |
| <b>Average CWIP Balance - St of SD Retail</b>                        | <b>\$13,183</b>   | <b>\$19,730</b> | <b>\$26,369</b> | <b>\$26,462</b> | <b>\$32,939</b> | <b>\$39,416</b> | <b>\$39,416</b> | <b>\$80,007</b> | <b>\$120,597</b> | <b>\$120,597</b> | <b>\$120,597</b> | <b>\$127,075</b> | <b>\$66,776</b> | <b>\$6,592</b>  |
| <b>Calculation of Average Rate Base</b>                              |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| Plant In Service - St of SD Retail                                   | \$0               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$133,552       | \$133,552       |
| Tax Depr - Monthly   |                   | -\$113          | -\$151          | -\$152          | -\$191          | -\$229          | -\$231          | -\$466          | -\$704           | -\$708           | -\$712           | -\$358           | \$6,887         | \$2,871         |
| Book Depr - Monthly  |                   | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                | 146             | 146             |
| Less Accumulated Book Reserve  |                   | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                | 146             | 146             |
| Timing Difference  |                   | (113)           | (151)           | (152)           | (191)           | (229)           | (231)           | (466)           | (704)            | (708)            | (712)            | (358)            | 6,741           | \$2,725         |
| Deferred Tax Expense   |                   | (46)            | (62)            | (62)            | (78)            | (93)            | (94)            | (190)           | (286)            | (288)            | (289)            | (146)            | 2,741           | \$1,108         |
| Less Accumulated Deferred Taxes                                      | -\$77             | (123)           | (184)           | (246)           | (324)           | (417)           | (511)           | (700)           | (987)            | (1,274)          | (1,564)          | (1,709)          | 1,031           | \$1,031         |
| End of Month Rate Base   | \$77              | 123             | 184             | 246             | 324             | 417             | 511             | 700             | 987              | 1,274            | 1,564            | 1,709            | 132,375         | \$132,375       |
| <b>Average Rate Base (BOY/EOY)</b>                                   |                   | <b>\$100</b>    | <b>\$154</b>    | <b>\$215</b>    | <b>\$285</b>    | <b>\$370</b>    | <b>\$464</b>    | <b>\$606</b>    | <b>\$844</b>     | <b>\$1,130</b>   | <b>\$1,419</b>   | <b>\$1,637</b>   | <b>\$67,042</b> | <b>\$66,226</b> |
| <b>Calculation of Return</b>   |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| Debt Return - CWIP   |                   |                 |                 | \$75            | \$93            | \$111           | \$111           | \$226           | \$341            | \$341            | \$341            | \$359            | \$189           | \$2,186         |
| Debt Return - Rate Base  |                   |                 |                 | \$1             | \$1             | \$1             | \$1             | \$2             | \$2              | \$3              | \$4              | \$5              | \$189           | \$209           |
| Equity Return - CWIP   |                   |                 |                 | \$136           | \$169           | \$202           | \$202           | \$410           | \$618            | \$618            | \$618            | \$651            | \$342           | \$3,966         |
| Equity Return - Rate Base  |                   |                 |                 | \$1             | \$1             | \$2             | \$2             | \$3             | \$4              | \$6              | \$7              | \$8              | \$344           | \$379           |
| <b>Total Return</b>  |                   | \$0             | \$0             | \$212           | \$264           | \$316           | \$317           | \$641           | \$965            | \$968            | \$970            | \$1,023          | \$1,064         | \$6,741         |
| <b>Income Statement Items</b>  |                   |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                 |                 |
| Expense Items (3)  |                   |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$0             |
| Property Taxes   |                   |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$0             |
| Book Depreciation  |                   |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$146           | \$146           |
| Deferred Taxes   |                   |                 |                 | -\$62           | -\$78           | -\$93           | -\$94           | -\$190          | -\$286           | -\$288           | -\$289           | -\$146           | \$2,741         | \$1,216         |
| Current Taxes - CWIP   |                   |                 |                 | \$73            | \$91            | \$109           | \$109           | \$221           | \$333            | \$333            | \$333            | \$351            | \$184           | \$2,136         |
| Current Taxes - Rate Base  |                   |                 |                 | \$49            | \$62            | \$74            | \$75            | \$151           | \$227            | \$229            | \$231            | \$119            | -\$1,969        | -\$751          |
| <b>Total Income Statement Expense</b>                                |                   | \$0             | \$0             | \$60            | \$75            | \$90            | \$90            | \$182           | \$274            | \$274            | \$275            | \$324            | \$1,101         | \$2,746         |
| <b>Total Revenue Requirements</b>                                    |                   | \$0             | \$0             | \$272           | \$339           | \$406           | \$407           | \$823           | \$1,239          | \$1,242          | \$1,245          | \$1,347          | \$2,165         | \$9,486         |
| Less OATT Revenue Credit for Non-Retail<br>Transmission Recovery (4) |                   | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$0             |
| <b>Net State of SD Rev. Requirements-Retail</b>                      |                   | \$0             | \$0             | \$272           | \$339           | \$406           | \$407           | \$823           | \$1,239          | \$1,242          | \$1,245          | \$1,347          | \$2,165         | \$9,486         |
| Should be Equal to Equity Return                                     |                   |                 |                 | \$137           | \$170           | \$204           | \$204           | \$413           | \$622            | \$624            | \$625            | \$660            | \$686           | \$4,345         |
| <b>Check</b>   |                   |                 |                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              | \$0              | \$0              | \$0              | \$0             | \$0             |

**Notes:**  
(1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.  
(2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.  
(3) Recoverable expense items related to Project 5.  
(4) An OATT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources

**Transmission Cost Recovery**  
**TCR Tracker Account Calculation - 2007**  
**Project 6 - Rock Co. Wind Collector Station**  
**Transmission Subs**

| State of South Dakota                           | Beginning  | Ending Balance |            |            |            |            |            |            |            |            |            |            |                 | Total           |
|---|------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-----------------|
|   | Balance    | Jan-07         | Feb-07     | Mar-07     | Apr-07     | May-07     | Jun-07     | Jul-07     | Aug-07     | Sep-07     | Oct-07     | Nov-07     | Dec-07          |                 |
| <b>Calculation of End of Year Balances</b>      |            |                |            |            |            |            |            |            |            |            |            |            |                 |                 |
| Capital Expenditures                            | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$2,907,352     | \$2,907,352     |
| Capital Expenditures - Land                     | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Capital Expenditures - AFUDC                    | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$194,453       | \$194,453       |
| Total Capital Expenditures                      | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$3,101,805     | \$3,101,805     |
| Classification                                  | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | -\$3,101,805    | -\$3,101,805    |
| CWIP Balance                                    | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| EOY Plant In Service                            | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$3,101,805     | \$3,101,805     |
| <b>Calculation of State of SD Retail</b>        |            |                |            |            |            |            |            |            |            |            |            |            |                 |                 |
| 36 Month Coincident Peak Demand Allocator (1)   | 84.2864%   | 84.2864%       | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%   | 84.2864%        | 84.2864%        |
| CWIP Balance - NSP-MN Company                   | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Plant In Service - NSP-MN Company               | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$2,614,400     | \$2,614,400     |
| State of SD Retail Demand Allocator (2)         | 5.1232%    | 5.1232%        | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%    | 5.1232%         | 5.1232%         |
| CWIP Balance - St of SD Retail                  | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Plant In Service - St of SD Retail              | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$133,941       | \$133,941       |
| <b>Average CWIP Balance - St of SD Retail</b>   | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>      | <b>\$0</b>      |
| <b>Calculation of Average Rate Base</b>         |            |                |            |            |            |            |            |            |            |            |            |            |                 |                 |
| Plant In Service - St of SD Retail              | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$133,941       | \$133,941       |
| Tax Depr - Monthly                              |            |                |            |            |            |            |            |            |            |            |            |            | \$6,697         | \$6,697         |
| Book Depr - Monthly                             |            |                |            |            |            |            |            |            |            |            |            |            | 292             | \$292           |
| Less <i>Accumulated Book Reserve</i>            |            |                |            |            |            |            |            |            |            |            |            |            | 292             | \$292           |
| Timing Difference                               |            |                |            |            |            |            |            |            |            |            |            |            | 6,405           | \$6,405         |
| Deferred Tax Expense                            |            |                |            |            |            |            |            |            |            |            |            |            | 2,604           | \$2,604         |
| Less <i>Accumulated Deferred Taxes</i>          |            |                |            |            |            |            |            |            |            |            |            |            | (2,604)         | (\$2,604)       |
| End of Month Rate Base                          | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | 136,253         | \$136,253       |
| <b>Average Rate Base (BOY/EOY)</b>              | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$68,126</b> | <b>\$68,126</b> |
| <b>Calculation of Return</b>                    |            |                |            |            |            |            |            |            |            |            |            |            |                 |                 |
| Debt Return - CWIP                              | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Debt Return - Rate Base                         | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$192           | \$192           |
| Equity Return - CWIP                            | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Equity Return - Rate Base                       | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$349           | \$349           |
| <b>Total Return</b>                             | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$542</b>    | <b>\$542</b>    |
| <b>Income Statement Items</b>                   |            |                |            |            |            |            |            |            |            |            |            |            |                 |                 |
| Expense Items                                   | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Property Taxes                                  | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Book Depreciation                               | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$292           | \$292           |
| Deferred Taxes                                  | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$2,604         | \$2,604         |
| Current Taxes - CWIP                            | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Current Taxes - Rate Base                       | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | -\$1,859        | -\$1,859        |
| <b>Total Income Statement Expense</b>           | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$1,037</b>  | <b>\$1,037</b>  |
| <b>Total Revenue Requirements</b>               | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$1,579</b>  | <b>\$1,579</b>  |
| Less OATT Revenue Credit for Non-Retail         | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0             | \$0             |
| Transmission Recovery (3)                       |            |                |            |            |            |            |            |            |            |            |            |            | \$0             | \$0             |
| <b>Net State of SD Rev. Requirements-Retail</b> | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$1,579</b>  | <b>\$1,579</b>  |
| Should be Equal to Equity Return                | \$0        | \$0            | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$349           | \$349           |
| <b>Check</b>                                    | <b>\$0</b> | <b>\$0</b>     | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>      | <b>\$0</b>      |

**Notes:**

- (1) The 2007 budget 36 Month Coincident Peak Demand allocator is used in the Interchange Agreement to allocate demand-related costs between NSP-Minnesota Company and NSP-Wisconsin Company.
- (2) The 2007 budget 12 Month Coincident Peak Demand allocator is used to isolate the State of South Dakota jurisdictional portion from total NSP-Minnesota Company.
- (3) An OATT Revenue Credit will be applied to prior year transmission revenue requirements to recognize revenue recovery from non-Xcel Energy sources



**Transmission Cost Recovery**  
**Base Assumptions**  
 State of South Dakota

**Base Assumptions**

**Capital Structure:**

Long-term Debt  
 Short-term Debt  
 Preferred Stock  
 Common Equity

| <b>Docket No. EL92-016</b> |               |                      |
|----------------------------|---------------|----------------------|
| <u>Percent</u>             | <u>Cost</u>   | <u>Weighted Cost</u> |
| 40.92%                     | <b>8.28%</b>  | 3.39%                |
| 0.00%                      | 0.00%         | 0.00%                |
| 9.19%                      | 5.85%         | 0.54%                |
| 49.89%                     | <b>11.25%</b> | 5.61%                |
| 100.00%                    |               | 9.54%                |

Tax Depreciation Schedule (20 yr Life)

SD State Tax Rate =

Property Tax Rate = State of MN Electric

Depreciation Factor - Lines

Depreciation Factor - Subs

State of South Dakota Retail MWH Sales

2007 Forecast

Average Monthly Retail Customer Usage

OATT Revenue Credit for Non-Retail Transmission

Recovery (2006 Budget Rate)

2006 Pay Rate

35.0000%

1.653%

2.9035%

2.6161%

1,597,517 MWHs

750 kWhs

21.46%

Composite Tax Rate= 40.6539%

**Transmission Cost Recovery**  
**Base Assumptions**  
 State of South Dakota

**State of South Dakota - Demand Allocators**

**Transmission Demand**

| <u>Demand Allocators</u>  | <b>Total</b>    | <b>Minnesota Company</b> | <b>Minnesota</b> | <b>N Dakota</b> | <b>S Dakota</b> | <b>Wholesale</b> | <b>WI Co</b> |
|---|-----------------|--------------------------|------------------|-----------------|-----------------|------------------|--------------|
| 36 Month Coin Peak Demand - 2007 Budget                                       | 100.00000%      | <b>84.2864%</b>          |                  |                 |                 |                  | 15.7136%     |
| 12 Month Jurisdictional Demand - 2007 Budget<br>(Includes Flint Hills Demand) | 100.00000%      |                          | <b>87.5346%</b>  | 5.6505%         | <b>5.1232%</b>  | 1.6917%          |              |
| <b>Calculation</b>  | <b>Column A</b> |                          | <b>Column B</b>  |                 |                 |                  |              |
| Example   | \$ 10,000,000   | \$ 8,428,640             | \$ 7,377,976     | \$ 476,260      | \$ 431,816      | \$ 142,587       | \$ 1,571,360 |
| Demand - Calculation of SD Portion of Example: Column B / Column A            |                 |                          |                  |                 | <b>4.3182%</b>  |                  |              |

Northern States Power Company d/b/a Xcel Energy  
 Minneapolis, Minnesota 55401  
**SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2**

PROPOSED

N

**TRANSMISSION COST RECOVERY RIDER**

Section No. 5  
 Original Sheet No. 71

**APPLICATION**

Applicable to bills for electric service provided under the Company's retail rate schedules.

**RIDER**

There shall be included on each customer's monthly bill a Transmission Cost Recovery (TCR) adjustment, which shall be the TCR Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This TCR Adjustment shall be calculated before city surcharge and sales tax.

**DETERMINATION OF TCR ADJUSTMENT FACTORS**

A separate TCR Adjustment Factor shall be calculated for the following four customer groups: (1) Residential, (2) Commercial Non-Demand, (3) Demand Billed, and (4) Street Lighting. The TCR Adjustment Factor for each group shall be the value obtained by multiplying each group's weighting factor by the average retail cost per kWh. The average retail cost per kWh shall be determined by the forecasted balance of the TCR Tracker Account, divided by the forecasted retail sales for the calendar year. TCR Adjustment Factors shall be rounded to the nearest \$0.00001 per kWh.

The TCR Adjustment Factor for each customer group may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). Each TCR Adjustment Factor shall apply to bills rendered on and after January 1st of the year. The TCR factor for each rate schedule is:

|                         |                   |
|-------------------------|-------------------|
| Residential             | \$0.00065 per kWh |
| Commercial (Non-Demand) | \$0.00053 per kWh |
| Demand Billed           | \$0.00042 per kWh |
| Street Lighting         | \$0.00035 per kWh |

Recoverable Transmission Costs shall be the annual revenue requirements associated with transmission projects eligible for recovery under SDCL 49-34A-25.1 that are determined by the Commission to be eligible for recovery under this Transmission Cost Recovery Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible projects for the designated period. All costs appropriately charged to the Transmission Tracker Account shall be eligible for recovery through this Rider, and all revenues recovered from the TCR Adjustment shall be credited to the Transmission Tracker Account.

Forecasted retail sales shall be the estimated total retail electric sales for the designated recovery period.

N

(Continued on Sheet No. 5-71.1)

|                   |  |                 |
|-------------------|--|-----------------|
| Date Filed:       | By: Kent T. Larson                         | Effective Date: |
|                   | Vice President of Jurisdictional Relations |                 |
| Docket No. EL06 - |  | Order Date:     |

Northern States Power Company d/b/a Xcel Energy  
Minneapolis, Minnesota 55401

PROPOSED

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**SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2**

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**TRANSMISSION COST RECOVERY RIDER**

Section No. 5  
Original Sheet No. 71.1

**(Continued)**

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**TRUE-UP**

For each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between the TCR Adjustment recoveries and the actual revenue requirements for such period. The true-up adjustment shall be calculated and recorded by no later than May 1 of the following calendar year and will be included in calculating the TCR Adjustment Factor for each customer group effective with the start of the next designated recovery period.

For example, the Year 1 revenue requirements versus TCR Adjustment recoveries would be determined by May 1 of Year 2, at which time the Company would record an adjustment to the Tracker Account. The difference between the Year 1 revenue requirements and Year 1 TCR Adjustment recoveries would be included in the calculation of the TCR Adjustment factors filed on September 1 of Year 2 to be effective January 1 of Year 3.

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Date Filed:

By: Kent T. Larson  
Vice President of Jurisdictional Relations

Effective Date:

Docket No. EL06 -

Order Date: