

Northern States Power Company, a Minnesota corporation  
 Electric Utility - Total Company  
 Cost of Service Income Tax Calculation  
 Year End 2010  
 (Dollars in Thousands)

Docket No. EL11-\_\_\_\_  
 Statement K  
 Page 1 of 2

	<u>Unadjusted</u> <u>Test Year</u>	<u>Adjustments</u>	<u>Pro Forma</u>
<b><u>Income Before Taxes</u></b>			
Total Operating Revenues	3,716,396	(28,342)	3,688,054
less: Total Operating Expenses	(2,686,015)	25,635	(2,660,380)
Book Depreciation & Amortization	(317,621)	(20,763)	(338,384)
Taxes (Other Than Current Income)	(487,101)	196,140	(290,961)
<b>Total Before Tax Book Income</b>	<b>225,659</b>	<b>172,670</b>	<b>398,329</b>
<b><u>Tax Additions</u></b>			
Book Depreciation	316,793	20,847	337,640
Deferred Income Taxes & ITC	341,876	(203,431)	138,445
Nuclear Fuel Burn (ex D&D)	118,069	0	118,069
Nuclear Outage Accounting	57,586	0	57,586
Avoided Tax Interest	38,713	(14,065)	24,648
<b>Total Tax Additions</b>	<b>873,037</b>	<b>(196,649)</b>	<b>676,388</b>
<b><u>Tax Deductions</u></b>			
Debt Interest Expense	147,608	19,159	166,767
Tax Depreciation & Removal	1,349,330	(456,494)	892,836
Manufacture Production Deduction	0	0	0
Other Tax/Book Timing Differences	(6,719)	1,990	(4,729)
<b>Total Tax Deductions</b>	<b>1,490,219</b>	<b>(435,345)</b>	<b>1,054,874</b>
<b>State Taxable Income</b>	<b>(391,523)</b>	<b>411,366</b>	<b>19,843</b>
State Income Tax Rate	9.03%	9.03%	9.03%
State Taxes before Credits	(35,339)	37,130	1,791
State Credits	944	0	944
<b>Total State Income Taxes</b>	<b>(36,283)</b>	<b>37,130</b>	<b>847</b>
<b>Federal Taxable Income</b>	<b>(355,240)</b>	<b>374,236</b>	<b>18,996</b>
Federal Income Tax Rate	35.00%	35.00%	35.00%
Federal Tax before Credits	(124,334)	130,983	6,649
Federal Tax Credits	10,655	(11,270)	(615)
<b>Total Federal Income Taxes</b>	<b>(134,989)</b>	<b>142,253</b>	<b>7,264</b>
<b>Total Federal &amp; State Income Taxes</b>	<b>(171,272)</b>	<b>179,383</b>	<b>8,111</b>

	Northern States Power Company (Minnesota)			
Current Income Tax Federal	<u>Total</u>	<u>Electric</u>	<u>Gas</u>	<u>Non-Utility</u>
Final Provision	(71,990,261) 100.00%	(68,549,782) 95.22%	4,277,890 -5.94%	(7,718,369) 10.72%

There are no tax savings from filing a consolidated income tax return. Xcel Energy and its subsidiaries, of which NSP (MN) is a member, file a consolidated federal return, but each company has its own separate return calculation of federal taxable income within the consolidated return. Xcel Energy allocates the consolidated tax liabilities of the group to each subsidiary (including NSP (Mn)) based on the results of the separately determined income tax of that subsidiary. Each subsidiary, including NSP (MN), will pay an amount equal to its separately calculated tax liability.

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Northern States Power Company, a Minnesota corporation  
Electric Utility - Total Company  
Reconciliation Of Net Income Per Books With Federal Taxable Income Per Return As-Filed  
Years 2009, 2008, 2007, 2006

Docket No. EL11-\_\_\_\_  
Schedule K-1  
Page 1 of 1

Northern States Power Company, a Minnesota corporation  
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Differences in Book and Tax Depreciation  
Year Ended December 31, 2010

Description	Total Electric Utility
<b>Tax Depreciation:</b>	
Straight Line	30,699,655.06
Sum of Year's Digits	30,585.71
ADR - Declining Balance	109,019.79
MACRS	1,152,824,308.45
Units of Production	18,200,720.71
Common (allocated to electric)	<u>23,883,032.68</u>
<b>TOTAL TAX DEPRECIATION</b>	<b><u>1,225,747,322.40</u></b>
<b>Book Depreciation:</b>	
Electric	401,213,646.66
Common (allocated to electric)	<u>26,276,693.41</u>
<b>TOTAL BOOK DEPRECIATION</b>	<b><u>427,490,340.07</u></b>
<b>EXCESS TAX OVER BOOK DEPRECIATION</b>	<b><u><u>798,256,982.34</u></u></b>

Northern States Power Company, a Minnesota Corporation  
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Federal Income Tax  
Tax Year Ended: 12/31/09

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Docket No. EL11-\_\_\_\_  
Schedule K-3  
Page 1 of 1

NSPM calculates its current and deferred federal income tax expense on a separate company basis for financial reporting purposes. Under the separate company method, tax expense is calculated based on the company's own income and expense items and does not include income and expense items for other affiliates. Tax expense is based on the income and expenses of all the regulated and non-regulated operations of the legal entity in all the jurisdictions in which it operates.

For rate-making purposes, the stand-alone method is used to calculate current and deferred income tax expense. The stand-alone method bases tax expense on the income, expenses, and tax deductions directly attributable to providing regulated utility service to customers in a particular jurisdiction. The cost of service for this filing isolates all income and expense associated with the South Dakota retail jurisdiction, including income tax expense associated with providing services to South Dakota retail customers, using the stand-alone method.

The stand-alone regulatory approach is calculated consistent with NSPM's separate company financial reporting practices. However, the stand-alone regulatory view is adjusted to exclude nonregulated operations and the effects of the consolidated income tax filing with Xcel Energy.

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Electric Utility – Total Company  
Allowance for Current State Tax

Docket No. EL11-\_\_\_\_  
Schedule K-5  
Page 1 of 1

No allowance for state income taxes is claimed in the Cost of Service.