

**ANNUAL REPORT**  
**OF**  
**JURISDICTIONAL EARNINGS**  
**BY**  
**NORTHERN STATES POWER COMPANY,**  
**doing business as Xcel Energy**  
**TO THE**  
**SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**FOR THE YEAR ENDING**

**DECEMBER 31, 2020**

**South Dakota Jurisdiction**  
**Electric Utility**



**2020**

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# Northern States Power Company

## Electric Utility - South Dakota

(Dollars In Thousands)

### I. RETURN ON EQUITY (ROE)

<u>Actual Return on Equity (ROE)</u>	<u>2020</u>	<u>2019</u>
1 Operating Income from Electric Operations (E-2):	\$50,439	\$48,070
2 Average Regulated Rate Base (E-3):	\$713,226	\$682,959
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.07%	7.04%
4 Weighted Cost of Debt (E-4):	2.05%	2.09%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	52.79%	53.56%
7 <b>Return on Equity (ROE):</b>	<b>9.51%</b>	<b>9.24%</b>

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2020</u>	<u>2019</u>
8 Operating Income from Electric Operations:	\$50,439	\$48,070
9 Impact of weather on Mwh Sales:	63,265	30,027
10 Impact of weather on Electric Operating Income :	\$3,847	\$1,699
11 Weather-Normalized Operating Income:	\$46,592	\$46,371
12 Average Regulated Rate Base:	\$713,898	\$683,257
13 Weather-Normal Rate of Return on Rate Base (ROR):	6.53%	6.79%
14 <b>Weather-Normalized Return on Equity (ROE):</b>	<b>8.48%</b>	<b>8.77%</b>

# Northern States Power Company

## Electric Utility - South Dakota

(Dollars In Thousands)

### II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	<u>2020</u> <u>Total NSP</u>	<u>2020</u> <u>S.D. Juris.</u>	<u>2019</u> <u>S.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<b><u>Operating Revenues:</u></b>					
1	Residential	1,416,592	95,715	92,851	3.1%
2	Small Comm. & Ind.	1,421,425	91,265	94,529	-3.5%
3	Large Comm. & Ind.	612,761	28,978	30,604	-5.3%
4	Public Street & Highway Ltg	24,939	1,691	1,752	-3.5%
5	Other Sales to Publ Auth	<u>9,357</u>	<u>1</u>	<u>3</u>	-70.1%
	Total Retail	3,485,073	217,649	219,738	-1.0%
6	Interdepartmental	689	0	0	*
7	Sales for Resale	104,927	7,169	10,025	-28.5%
8	Interchange Agreement	434,345	28,776	30,010	-4.1%
9	Other	<u>315,197</u>	<u>19,870</u>	<u>16,804</u>	<u>18.2%</u>
10	Total Revenues:	<u>4,340,231</u>	<u>273,463</u>	<u>276,576</u>	<u>-1.1%</u>
<b><u>Operating Expenses:</u></b>					
11	Production	1,753,116	108,031	109,630	-1.5%
12	Transmission	371,397	24,393	25,826	-5.6%
13	Distribution	101,577	6,146	7,296	-15.8%
14	Customer Billing	87,205	3,026	3,321	-8.9%
15	Customer Service	132,600	1,162	1,287	-9.7%
16	Sales & Marketing	2,594	205	53	287.0%
17	Admin. & General	241,783	15,894	15,798	0.6%
18	Depreciation & Amortization	632,450	51,065	48,974	4.3%
19	Property Taxes	206,758	11,310	11,451	-1.2%
20	Other General Taxes <sup>1</sup>	29,631	1,955	2,093	-6.6%
21	Income Taxes	18,082	258	309	-16.5%
22	Deferred Income Taxes & ITC	<u>(31,866)</u>	<u>(421)</u>	<u>2,467</u>	<u>-117.1%</u>
23	Total Expenses:	<u>3,545,327</u>	<u>223,025</u>	<u>228,506</u>	<u>-2.4%</u>
24	Regulated Operating Income	<u>794,904</u>	<u>50,439</u>	<u>48,070</u>	<u>4.9%</u>

<sup>1</sup> Includes payroll taxes.

# Northern States Power Company

## Electric Utility - South Dakota

(Dollars In Thousands)

### III. AVERAGE RATE BASE

<u>Line</u> <u>Item</u>	<u>2020</u> <u>Total NSP</u>	<u>2020</u> <u>S.D. Juris.</u>	<u>2019</u> <u>S.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1 Plant in Service	22,547,553	1,548,231	1,484,482	4.3%
2 Accumulated Depreciation	<u>10,844,749</u>	<u>709,264</u>	<u>675,887</u>	<u>4.9%</u>
3 Net Plant in Service	11,702,804	838,967	808,594	3.8%
4 Plant Held for Future Use	0	0	0	*
5 Construct Work in Progress	0	0	0	*
6 Materials and Supplies	175,911	11,541	11,632	-0.8%
7 Fuel Stocks	93,160	6,263	5,565	12.5%
8 Prepayments & Other Rate Base	75,130	4,926	10,726	-54.1%
9 Customer Deposits	(34,782)	(68)	(79)	-13.2%
10 Cash Working Capital	0	0	0	*
11 Other Rate Base <sup>1</sup>	289,174	9,960	7,637	30.4%
12 Accum. Deferred Taxes	<u>(2,527,529)</u>	<u>(158,362)</u>	<u>(161,117)</u>	<u>-1.7%</u>
13 Total Other Rate Base	(1,928,936)	(125,740)	(125,635)	0.1%
14 <b>Total Average Rate Base</b>	<b>9,773,868</b>	<b>713,226</b>	<b>682,959</b>	<b>4.4%</b>

<sup>1</sup> Includes deferred assets and liabilities such as accrued vacations, post-retirement medical benefits (FASB 106), post employment benefits (FASB 112), unfunded pension liability, severance accrual, etc.

<sup>2</sup> Average rate base is based on 13 monthly averages.

# Northern States Power Company

## Electric Utility - South Dakota

(Dollars In Thousands)

### IV. COST OF CAPITAL

<u>2020 Actual</u>					
<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt <sup>1</sup>	\$5,709,089	47.21%	4.33%	2.05%
2	Short-Term Debt	\$0	0.00%	0.00%	0.00%
3	Total Debt	\$5,709,089	47.21%	4.33%	2.05%
4	Preferred Stock <sup>2</sup>	\$0	0.00%	0.00%	0.00%
5	Common Equity <sup>2</sup>	\$6,383,561	52.79%	9.51%	5.02%
6	Total Equity	\$6,383,561	52.79%		
7	Total Capital	\$12,092,650	100.00%		7.07%

<u>2020 Normalized</u>					
<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt <sup>1</sup>	\$5,709,089	47.21%	4.33%	2.05%
9	Short-Term Debt	\$0	0.00%	0.00%	0.00%
10	Total Debt	5,709,089	47.21%	4.33%	2.05%
11	Preferred Stock <sup>2</sup>	\$0	0.00%		0.00%
12	Common Equity <sup>2</sup>	\$6,383,561	52.79%	8.48%	4.48%
13	Total Equity	\$6,383,561	52.79%		
14	Total Capital	\$12,092,650	100.00%		6.53%

<sup>1</sup> Long-term debt is a 13 month average

<sup>2</sup> Preferred stock and common stock are 13 month averages

**PUBLIC DOCUMENT  
CONFIDENTIAL DATA EXCISED**

**Northern States Power Company  
Electric Utility - South Dakota**

(Dollars In Thousands)

**V. REQUIRED RATE OF RETURN**

2020 Based on authorized ROE

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
		[PROTECTED DATA BEGINS			
1	Long-Term Debt <sup>1</sup>				
2	Short-Term Debt				
3	Total Debt				
4	Preferred Stock <sup>2</sup>				
5	Common Equity <sup>2</sup>				
6	Total Equity				
7	Total Capital				
		PROTECTED DATA ENDS]			

<sup>1</sup> Long-term debt is a 13 month average

<sup>2</sup> Preferred stock and common stock are 13 month averages

<sup>3</sup> Confidential per Settlement in Docket EL14-058

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**Northern States Power Company  
Electric Utility - South Dakota**

(Dollars In Thousands)

**VI. REVENUE DEFICIENCY**

<u>2020 Based on authorized ROE</u>		<b>Actual 2020 S.D. Juris.</b>	<b>Weather Normalized 2020 S.D. Juris.</b>
<u>Line</u>	<u>Item</u>		
	<b><u>Revenue Deficiency</u></b>	[PROTECTED DATA BEGINS]	
1	Total Operating Income		
2	Total Average Rate Base		
3	Require Operating Income (Rate Base * Required Return)		
4	Operating Income		
5	Operating Income Deficiency		
6	Revenue Conversion Factor ( 1/(1-Composite Tax Rate) )		
7	<b>Revenue Deficiency</b> (Income Deficiency * Conversion Factor)		
		[PROTECTED DATA ENDS]	



ROE = 9.51%

ADDENDUM

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**Northern States Power Company (SD)  
Electric Utility - South Dakota Retail Jurisdiction  
Cost of Service Study  
2020**

**Summary Reports**

**June 1, 2021**

**Rate Base Summary**

Line No.	NSPM - 01 Rate Base Schedule	<u>Total</u>	<u>SD Electric</u>	<u>Other</u>
1	Plant Investment	22,547,553	1,548,231	20,999,322
2	Depreciation Reserve	10,844,749	709,264	10,135,486
3	Net Utility Plant	<b>11,702,804</b>	<b>838,967</b>	<b>10,863,837</b>
4	CWIP	0	0	0
5	Accumulated Deferred Taxes	2,930,387	204,685	2,725,702
6	DTA - NOL Average Balance	(20,149)	(18,713)	(1,435)
7	DTA - State Tax Credit Average Balance	(855)	(347)	(507)
8	<u>DTA - Federal Tax Credit Average Balance</u>	<u>(381,855)</u>	<u>(27,262)</u>	<u>(354,593)</u>
9	Total Accumulated Deferred Income Taxes	2,527,529	158,362	2,369,167
10	Materials and Supplies	175,911	11,541	164,371
11	Fuel Inventory	93,160	6,263	86,897
12	Non-plant Assets and Liabilities	239,275	4,939	234,336
13	Customer Advances	(8,800)	(1,560)	(7,239)
14	Customer Deposits	(34,782)	(68)	(34,714)
15	Prepays and Other	75,130	4,926	70,203
16	<u>Regulatory Amortizations</u>	<u>58,699</u>	<u>6,582</u>	<u>52,118</u>
17	Total Other RB Items	<b>598,593</b>	<b>32,621</b>	<b>565,972</b>
18	<b>Total Rate Base</b>	<b>9,773,868</b>	<b>713,226</b>	<b>9,060,642</b>

**Income Statement Summary**

Line No.	NSPM - 02 Income Statement Schedule	Total	SD Electric	Other
1	<b><u>Operating Revenues</u></b>			
2	Retail	3,496,933	220,559	3,276,375
3	Interdepartmental	689		689
4	Transportation			
5	Other Operating Rev - Non-Retail	<u>842,609</u>	<u>52,905</u>	<u>789,704</u>
6	<b>Total Operating Revenues</b>	<b>4,340,231</b>	<b>273,463</b>	<b>4,066,767</b>
7				
8	<b><u>Expenses</u></b>			
9	Operating Expenses:			
10	Fuel	1,075,468	63,828	1,011,640
11	Deferred Fuel	(11,344)	(2,551)	(8,793)
12	Variable IA Production Fuel	8,925	600	8,325
13	<u>Purchased Energy - Windsourc</u>	<u>9,474</u>	-	<u>9,474</u>
14	Fuel & Purchased Energy Total	1,082,522	61,877	1,020,645
15	Production - Fixed	456,983	29,983	426,999
16	Production - Fixed IA Investment	43,628	2,865	40,763
17	Production - Fixed IA O&M	9,614	632	8,982
18	Production - Variable	6,543,701	439,907	6,103,794
19	Production - Variable IA O&M	141,965	9,324	132,641
20	Production - Purchased Demand	<u>11,860</u>	<u>2,909</u>	<u>8,950</u>
21	Production Total	670,594	46,154	624,440
22	Regional Markets	11,149	732	10,416
23	Transmission IA	109,147	7,169	101,979
24	Transmission	251,100	16,492	234,609
25	Distribution	101,577	6,146	95,432
26	Customer Accounting	87,205	3,026	84,178
27	Customer Service & Information	132,600	1,162	131,438
28	Sales, Econ Dvlp & Other	2,594	205	2,389
29	Administrative & General	<u>241,783</u>	<u>15,894</u>	<u>225,889</u>
30	<b>Total Operating Expenses</b>	<b>2,690,272</b>	<b>158,857</b>	<b>2,531,415</b>
31				
32	Depreciation	731,403	49,850	681,553
33	Amortization	(98,953)	1,215	(100,169)
34				
35	<b><u>Taxes:</u></b>			
36	Property Taxes	206,758	11,310	195,447
37	ITC Amortization	(1,366)	(72)	(1,294)
38	<b>Deferred Taxes</b>	34,559	1,345	33,215
39	Deferred Taxes - NOL	(789)	5,499	(6,288)
40	<b>Less Deferred State Tax Credits</b>	(1,086)	(71)	(1,015)
41	<b>Less Deferred Federal Tax Credits</b>	(63,185)	(7,121)	(56,064)
42	Deferred Income Tax & ITC	(31,866)	(421)	(31,445)
43	<b>Payroll &amp; Other Taxes</b>	29,631	1,955	27,676
44	Total Taxes Other Than Income	<b>204,523</b>	<b>12,845</b>	<b>191,678</b>
45	Total State & Federal Income Taxes	<b>18,082</b>	<b>258</b>	<b>17,824</b>
46				
47	Total Taxes	<b>222,605</b>	<b>13,102</b>	<b>209,503</b>
48	Total Expenses	<b>3,545,327</b>	<b>223,025</b>	<b>3,322,302</b>
49	Total Operating Income	<b>794,904</b>	<b>50,439</b>	<b>744,465</b>
50		0	0	0
51	AFDC Debt	0	0	0
52	AFDC Equity	0	0	0
53		0	0	0
54	<b>Net Income</b>	<b>794,904</b>	<b>50,439</b>	<b>744,465</b>

(Dollars in Thousands)

**Income Tax Summary**

Line No.	NSPM - 03 Income Tax Schedule	Total	SD Electric	Other
1	<b><u>Income Before Taxes</u></b>			
2	Total Operating Revenues	4,340,231	273,463	4,066,767
3	less: Total Operating Expenses	2,690,272	158,857	2,531,415
4	Book Depreciation	731,403	49,850	681,553
5	Amortization	(98,953)	1,215	(100,169)
6	<u>Taxes Other than Income</u>	<u>204,523</u>	<u>12,845</u>	<u>191,678</u>
7	<b>Total Before Tax Book Income</b>	<b>812,986</b>	<b>50,697</b>	<b>762,289</b>
8				
9	<b><u>Tax Additions</u></b>			
10	Book Depreciation	731,403	49,850	681,553
11	Deferred Income Taxes and ITC	(31,866)	(421)	(31,445)
12	Nuclear Fuel Burn (ex D&D)	123,484	8,110	115,374
13	Nuclear Outage Accounting	46,160	3,065	43,094
14	Avoided Tax Interest	30,961	1,965	28,996
15	Other Book Additions	<u>2,696</u>	<u>153</u>	<u>2,542</u>
16	Total Tax Additions	<b>902,837</b>	<b>62,723</b>	<b>840,114</b>
17				
18	Tax Deductions			
19	Total Rate Base	9,773,868	713,226	9,060,642
20	Weighted Cost of Debt	2.05%	2.05%	2.05%
21	Debt Interest Expense (Line 19 x Line 20)	200,364	14,621	185,743
22	Nuclear Outage Accounting	23,968	1,590	22,378
23	Tax Depreciation and Removals	1,054,100	72,523	981,577
24	NOL Utilized / (Generated)	(2,818)	19,639	(22,456)
25	Other Tax / Book Timing Differences	<u>95,785</u>	<u>137</u>	<u>95,648</u>
26	Total Tax Deductions	<b>1,371,399</b>	<b>108,510</b>	<b>1,262,890</b>
<hr/>				
1				
2	State Taxes			
3	State Taxable Income	344,424	4,910	339,514
4	State Income Tax Rate		0.00%	
5	State Taxes before Credits (Line 31 x Line 32)		0	
6	Less State Tax Credits		0	
7	Deferred State Tax Credits due to NOL	-	<u>0</u>	-
8	Total State Income Taxes	-	-	-
9				
10	Federal Taxes			
11	Federal Taxable Income	344,424	4,910	339,514
12	Federal Income Tax Rate	21.00%	21.00%	21.00%
13	Federal Tax before Credits (Line 39 x Line 40)	72,329	1,031	71,298
14	Less Federal Tax Credits	(54,247)	(773)	(53,473)
15	Deferred Federal Tax Credits due to NOL			
16	Total Federal Income Taxes	18,082	258	17,825
17				
18	Total Taxes			
19	<b>Total Federal and State Income Taxes</b>	<b>18,082</b>	<b>258</b>	<b>17,824</b>

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Northern States Power Company (SD)  
Electric Utility - South Dakota Retail Jurisdiction  
Cost of Service Study  
2020 Actuals  
(Dollars in Thousands)

ADDENDUM  
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**Revenue Requirement & Return Summary**

Line No.	NSPM - 04 Revenue Deficiency Schedule	Total	SD Electric	Other
1	<b>Weighted Cost of Capital</b>			
2	Active Rates and Ratios Version	Proposed	Proposed	Proposed
3	Cost of Short Term Debt	[PROTECTED DATA BEGINS]		
4	Cost of Long Term Debt	[PROTECTED DATA BEGINS]		
5	Cost of Preferred Stock	[PROTECTED DATA BEGINS]		
6	Cost of Common Equity	[PROTECTED DATA BEGINS]		
7	Ratio of Short Term Debt	[PROTECTED DATA BEGINS]		
8	Ratio of Long Term Debt	[PROTECTED DATA BEGINS]		
9	Ratio of Preferred Stock	[PROTECTED DATA BEGINS]		
10	Ratio of Common Equity	[PROTECTED DATA BEGINS]		
11	Weighted Cost of STD	[PROTECTED DATA BEGINS]		
12	Weighted Cost of LTD	[PROTECTED DATA BEGINS]		
13	Weighted Cost of Debt	[PROTECTED DATA BEGINS]		
14	Weighted Cost of Preferred Stock	[PROTECTED DATA BEGINS]		
15	<u>Weighted Cost of Equity</u>	[PROTECTED DATA BEGINS]		
16	<b>Required Rate Of Return</b>	[PROTECTED DATA BEGINS]		
17		PROTECTED DATA ENDS]		
18	<b>Composite Income Tax Rate</b>			
19	State Tax Rate			
20	Federal Statutory Tax Rate	21.00%	21.00%	21.00%
21	Federal Effective Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
22	<b>Composite Tax Rate</b>	<b>21.00%</b>	<b>21.00%</b>	<b>21.00%</b>
23				
24	<b>Rate of Return (ROR)</b>			
25	Total Operating Income	794,904	50,439	744,465
26	Total Rate Base	<u>9,773,868</u>	<u>713,226</u>	<u>9,060,642</u>
27	<b>ROR (Operating Income / Rate Base)</b>	<b>8.13%</b>	<b>7.07%</b>	<b>8.22%</b>
28				
29	<b>Return on Equity (ROE)</b>			
30	Total Operating Income	794,904	50,439	744,465
31	Debt Interest (Rate Base * Weighted Cost of Debt)	(200,364)	(14,621)	(185,743)
32	Earnings Available for Common	594,539	35,818	558,722
33	Equity Rate Base (Rate Base * Equity Ratio)	<u>5,159,625</u>	<u>376,512</u>	<u>4,783,113</u>
34	<b>ROE (earnings for Common/Equity Rate Base)</b>	<b>11.52%</b>	<b>9.51%</b>	<b>11.68%</b>
35				
36	<b>Revenue Deficiency</b>			
37	Required Operating Income (Rate Base * Required Return)	677,329	49,427	627,902
38	<u>Total Operating Income</u>	<u>794,904</u>	<u>50,439</u>	<u>744,465</u>
39	Operating Income Deficiency	(117,575)	(1,012)	(116,562)
40				
41	Revenue Conversion Factor ( 1/(1-Composite Tax Rate) )	<u>1.265823</u>	<u>1.265823</u>	<u>1.265823</u>
42	<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>	(148,829)	(1,281)	(147,547)
43				
44	<b>Total Revenue Requirements</b>			
45	Total Retail Revenues	3,497,622	220,559	3,277,063
46	Revenue Deficiency	(148,829)	(1,281)	(147,547)
47	<b>Total Revenue Requirements</b>	<b>3,348,793</b>	<b>219,277</b>	<b>3,129,516</b>

## Certificate of Service

I, Martha Hoschmiller, hereby certify that I have this day electronically served copies of the foregoing document on the attached list of persons.

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**Docket Nos. EL07-007 Transmission Cost Recovery Rider  
EL07-026 Environmental Measures Cost Recovery Rider**

Dated this 28th Day of May 2021

/s/

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— Martha Hoschmiller  
Regulatory Case Specialist II