

PUBLIC DOCUMENT
CONFIDENTIAL DATA HAS BEEN EXCISED

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, 2023

South Dakota Jurisdiction
Electric Utility



2023

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Electric Utility

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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>2023</u>	<u>2022</u>
1 Operating Income from Electric Operations (E-2):	\$67,293	\$55,619
2 Average Regulated Rate Base (E-3):	\$968,607	\$881,611
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	6.95%	6.31%
4 Weighted Cost of Debt (E-4):	2.03%	1.97%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	53.03%	52.77%
7 Return on Equity (ROE):	9.27%	8.22%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2023</u>	<u>2022</u>
8 Operating Income from Electric Operations:	\$63,718	\$53,794
9 Average Regulated Rate Base (E-3):	969,233	\$876,835
10 Rate of Return on Rate Base (ROR) (line 1 / line 2):	6.57%	6.13%
11 Weighted Cost of Debt (E-4):	2.03%	1.97%
12 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
13 % of Equity in Capital Structure (E-4):	53.03%	52.77%
14 Weather-Normalized Return on Equity (ROE):	8.57%	7.89%

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Electric Utility - South Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u> <u>Item</u>	2023 Total NSP	2023 Act S.D. Juris.	2023 W/N S.D. Juris	2022 W/N S.D. Juris.	Annual Change
<u>Operating Revenues:</u>					
1 Residential	1,552,073	114,413	111,482	101,834	9.5%
2 Small Comm. & Ind.	1,747,717	104,166	102,219	107,504	-4.9%
3 Large Comm. & Ind.	797,945	33,369	33,369	33,655	-0.8%
4 Public Street & Highway Ltg	27,539	1,470	1,470	1,676	-12.3%
5 Other Sales to Publ Auth	11,202	(7)	(7)	3	-326.7%
6 Total Retail	4,136,476	253,411	248,533	244,672	1.6%
7 Interdepartmental	717	0	0	0	*
8 Sales for Resale	140,967	9,642	9,642	18,383	-47.5%
9 Interchange Agreement	484,021	33,185	33,185	34,648	-4.2%
10 Other	402,938	26,166	26,166	27,308	-4.2%
11 Total Revenues:	5,165,120	322,403	317,525	325,010	-2.3%
<u>Operating Expenses:</u>					
12 Production	2,169,009	128,459	128,459	145,212	-11.5%
13 Transmission	410,468	27,930	27,930	29,158	-4.2%
14 Distribution	113,897	7,063	7,063	7,326	-3.6%
15 Customer Billing	70,118	4,378	4,378	3,809	14.9%
16 Customer Service	127,630	1,329	1,329	321	313.5%
17 Sales & Marketing	8,521	239	239	145	64.6%
18 Admin. & General	311,695	21,359	21,359	18,478	15.6%
19 Depreciation & Amortization	924,365	58,080	58,080	62,348	-6.8%
20 Property Taxes	201,272	11,622	11,622	11,869	-2.1%
21 Other General Taxes ¹	32,571	2,234	2,234	1,958	14.1%
22 Income Taxes	1,844	105	54	64	-16.2%
23 Deferred Income Taxes & ITC	(129,855)	(7,689)	(8,940)	(9,473)	-5.6%
24 Total Expenses:	4,241,537	255,110	253,808	271,217	-6.4%
25 Regulated Operating Income	923,584	67,293	63,718	53,794	18.4%

¹ 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>2023</u> <u>Total NSP</u>	<u>2023</u> <u>S.D. Juris.</u>	<u>2023 W/N</u> <u>S.D. Juris</u>	<u>2022 W/N</u> <u>S.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1 Plant in Service	27,119,068	1,928,091	1,928,091	1,819,196	6.0%
2 Accumulated Depreciation	12,588,433	851,612	851,612	830,206	2.6%
3 Net Plant in Service	14,530,635	1,076,479	1,076,479	988,990	8.8%
4 Plant Held for Future Use	0	0	0	0	*
5 Construct Work in Progress	(0)	(0)	0	0	*
6 Materials and Supplies	204,365	13,873	13,873	12,597	10.1%
7 Fuel Stocks	97,979	6,785	6,785	6,133	10.6%
8 Prepayments & Other Rate Base	84,815	5,763	5,763	4,377	31.7%
9 Customer Deposits	(30,206)	(38)	(38)	(34)	13.9%
10 Cash Working Capital	0	0	0	0	*
11 Other Rate Base ¹	62,883	12,645	12,645	17,213	-26.5%
12 Accum. Deferred Taxes	(2,173,342)	(146,899)	(146,273)	(152,440)	-4.0%
13 Total Other Rate Base	(1,753,507)	(107,872)	(107,246)	(112,155)	-4.4%
14 Total Average Rate Base	12,777,128	968,607	969,233	876,835	10.5%

¹ 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.

² Average rate base is based on 13 monthly averages.

Northern States Power Company Electric Utility - South Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

2023 Actual

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt ¹	\$7,148,574	46.97%	4.33%	2.03%
2	Short-Term Debt	\$0	0.00%	0.00%	0.00%
3	Total Debt	\$7,148,574	46.97%	4.33%	2.03%
4	Preferred Stock ²	\$0	0.00%	0.00%	0.00%
5	Common Equity ²	\$8,071,468	53.03%	9.27%	4.92%
6	Total Equity	\$8,071,468	53.03%		
7	Total Capital	\$15,220,042	100.00%		6.95%

2023 Normalized

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt ¹	\$7,148,574	46.97%	4.33%	2.03%
9	Short-Term Debt	\$0	0.00%	0.00%	0.00%
10	Total Debt	7,148,574	46.97%	4.33%	2.03%
11	Preferred Stock ²	\$0	0.00%	0.00%	0.00%
12	Common Equity ²	\$8,071,468	53.03%	8.57%	4.54%
13	Total Equity	\$8,071,468	53.03%		
14	Total Capital	\$15,220,042	100.00%		6.57%

¹ Long-term debt is a 13 month average

² Preferred stock and common stock are 13 month averages

Northern States Power Company Electric Utility - South Dakota

(Dollars In Thousands)

V. REQUIRED RATE OF RETURN

2023 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 ¹				
2	Short-Term Debt				
3	Total Debt				
4	Preferred Stock ²				
5	Common Equity ²				
6	Total Equity				
7	Total Capital				
		PROTECTED DATA ENDS]			

¹ Long-term debt is a 13 month average

² Preferred stock and common stock are 13 month averages

³ Confidential per Settlement in Docket EL22-017

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Electric Utility - South Dakota
(Dollars In Thousands)

VI. REVENUE DEFICIENCY

2023 Based on authorized ROE

<u>Line</u>	<u>Item</u>	Actual 2023 <u>S.D. Juris.</u>	Weather Normalized 2023 <u>S.D. Juris.</u>
	<u>Revenue Deficiency</u>	[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	Revenue Deficiency (Income Deficiency * Conversion Factor)		
		[PROTECTED DATA ENDS]	

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Northern States Power Company (SD)
Electric Utility - South Dakota Retail Jurisdiction

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Cost of Service Study
2023 Actuals
(Dollars in Thousands)

NSPM - Driver 00 Report Year 1 ALL IN	Dec - 2023		
	Total	SD Electric	Other

Expenses

Operating Expenses:

Fuel	1,397,736,708	80,856,856	1,316,879,853
Deferred Fuel	55,001,212	72,700	54,928,512
Variable IA Production Fuel	9,209,403	637,742	8,571,661
<u>Purchased Energy - Windsourc</u>	<u>16,857,612</u>	<u>0</u>	<u>16,857,612</u>
Fuel & Purchased Energy Total	1,478,804,935	81,567,298	1,397,237,638
Production - Fixed	470,165,191	31,912,633	438,252,558
Production - Fixed IA Investment			
Production - Fixed IA O&M	47,719,122	3,247,048	44,472,074
Production - Variable	5,095,299	346,847	4,748,452
Production - Variable IA O&M	5,653,906	391,527	5,262,378
<u>Production - Purchased Demand</u>	<u>161,570,512</u>	<u>10,994,066</u>	<u>150,576,447</u>
Production Total	690,204,030	46,892,120	643,311,909
Regional Markets	11,078,104	753,810	10,324,294
Transmission IA	142,066,960	9,666,946	132,400,014
Transmission	257,323,424	17,509,556	239,813,867
Distribution	113,896,844	7,062,974	106,833,871
Customer Accounting	70,118,163	4,377,775	65,740,388
Customer Service & Information	127,630,371	1,328,849	126,301,521
Sales, Econ Dvlp & Other	8,521,481	239,450	8,282,031
<u>Administrative & General</u>	<u>311,694,557</u>	<u>21,359,443</u>	<u>290,335,114</u>
Total Operating Expenses	3,211,338,869	190,758,221	3,020,580,649
Depreciation	843,565,313	60,774,570	782,790,743
Amortization	80,799,345	(2,695,003)	83,494,348

Taxes:

Property Taxes	201,272,091	11,622,227	189,649,865
ITC Amortization	(1,251,027)	(67,189)	(1,183,838)
Deferred Taxes	101,187,909	7,126,086	94,061,823
Deferred Taxes - NOL	14,647,372	2,247,103	12,400,269
Less State Tax Credits deferred			
Less Federal Tax Credits deferred	(244,438,931)	(16,994,692)	(227,444,239)
Deferred Income Tax & ITC	(129,854,677)	(7,688,691)	(122,165,986)
Payroll & Other Taxes	32,571,406	2,233,502	30,337,904
Total Taxes Other Than Income	103,988,820	6,167,037	97,821,783

Income Before Taxes

Total Operating Revenues	5,165,120,439	322,403,471	4,842,716,968
less: Total Operating Expenses	3,211,338,869	190,758,221	3,020,580,649
Book Depreciation	843,565,313	60,774,570	782,790,743
Amortization	80,799,345	(2,695,003)	83,494,348
<u>Taxes Other than Income</u>	<u>103,988,820</u>	<u>6,167,037</u>	<u>97,821,783</u>
Total Before Tax Book Income	925,428,092	67,398,646	858,029,446

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Northern States Power Company (SD)
 Electric Utility - South Dakota Retail Jurisdiction

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Cost of Service Study
2023 Actuals
 (Dollars in Thousands)

NSPM - Driver 00 Report Year 1 ALL IN	Dec - 2023		
	Total	SD Electric	Other
Tax Additions			
Book Depreciation	843,565,313	60,774,570	782,790,743
Deferred Income Taxes and ITC	(129,854,677)	(7,688,691)	(122,165,986)
Nuclear Fuel Burn (ex. D&D)	96,379,479	6,558,142	89,821,337
Nuclear Outage Accounting	38,766,642	2,653,872	36,112,770
Avoided Tax Interest	30,573,313	2,509,104	28,064,210
<u>Other Book Additions</u>	<u>2,858,759</u>	<u>692,320</u>	<u>2,166,439</u>
Total Tax Additions	882,288,828	65,499,316	816,789,513
Tax Deductions			
Total Rate Base	12,777,127,713	968,607,215	11,808,520,498
Weighted Cost of Debt	<u>2.03%</u>	<u>2.03%</u>	<u>2.03%</u>
Debt Interest Expense	259,375,693	19,662,726	239,712,966
Nuclear Outage Accounting	58,461,499	3,993,703	54,467,796
Tax Depreciation and Removals	1,462,771,139	103,341,291	1,359,429,848
NOL Utilized / (Generated)	52,252,326	8,016,207	44,236,119
<u>Other Tax / Book Timing Differences</u>	<u>(60,276,056)</u>	<u>(4,120,018)</u>	<u>(56,156,038)</u>
Total Tax Deductions	1,772,584,601	130,893,910	1,641,690,691
State Taxes			
State Taxable Income	35,132,319	2,004,052	33,128,267
State Income Tax Rate	-	-	-
State Taxes before Credits	-	-	-
<u>Less State Tax Credits applied</u>	-	-	-
Total State Income Taxes	-	-	-
Federal Taxes			
Federal Sec 199 Production Deduction	-	-	-
Federal Taxable Income	35,132,319	2,004,052	33,128,267
Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
Federal Tax before Credits	7,377,787	420,851	6,956,936
<u>Less Federal Tax Credits</u>	<u>(5,533,340)</u>	<u>(315,638)</u>	<u>(5,217,702)</u>
Total Federal Income Taxes	1,844,447	105,213	1,739,234
Total Taxes			
Total Taxes Other than Income	103,988,820	6,167,037	97,821,783
Total Federal and State Income Taxes	1,844,447	105,213	1,739,234
Total Taxes	105,833,267	6,272,250	99,561,017
Total Operating Revenues	5,165,120,439	322,403,471	4,842,716,968
Total Expenses	4,241,536,794	255,110,038	3,986,426,757
AFDC Debt			
AFDC Equity			
Net Income	923,583,645	67,293,433	856,290,212
Rate of Return (ROR)			
Total Operating Income	923,583,645	67,293,433	856,290,212
<u>Total Rate Base</u>	<u>12,777,127,713</u>	<u>968,607,215</u>	<u>11,808,520,498</u>
ROR (Operating Income / Rate Base)	7.23%	6.95%	7.25%

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Northern States Power Company (SD)
 Electric Utility - South Dakota Retail Jurisdiction
 Cost of Service Study
 2023 Weather Normalized
 (Dollars in Thousands)

NSPM - Driver 00 Report Year 1 ALL IN	Dec - 2023		
	Total	SD Electric	Other

Expenses

Operating Expenses:

Fuel	1,397,736,708	80,856,856	1,316,879,853
Deferred Fuel	55,001,212	72,700	54,928,512
Variable IA Production Fuel	9,209,403	637,742	8,571,661
<u>Purchased Energy - Windsources</u>	<u>16,857,612</u>	<u>0</u>	<u>16,857,612</u>
Fuel & Purchased Energy Total	1,478,804,935	81,567,298	1,397,237,638
Production - Fixed	470,165,191	31,912,633	438,252,558
Production - Fixed IA Investment			
Production - Fixed IA O&M	47,719,122	3,247,048	44,472,074
Production - Variable	5,095,299	346,847	4,748,452
Production - Variable IA O&M	5,653,906	391,527	5,262,378
<u>Production - Purchased Demand</u>	<u>161,570,512</u>	<u>10,994,066</u>	<u>150,576,447</u>
Production Total	690,204,030	46,892,120	643,311,909
Regional Markets	11,078,104	753,810	10,324,294
Transmission IA	142,066,960	9,666,946	132,400,014
Transmission	257,323,424	17,509,556	239,813,867
Distribution	113,896,844	7,062,974	106,833,871
Customer Accounting	70,118,163	4,377,775	65,740,388
Customer Service & Information	127,630,371	1,328,849	126,301,521
Sales, Econ Dvlp & Other	8,521,481	239,450	8,282,031
<u>Administrative & General</u>	<u>311,694,557</u>	<u>21,359,443</u>	<u>290,335,114</u>
Total Operating Expenses	3,211,338,869	190,758,221	3,020,580,649

Depreciation	843,565,313	60,774,570	782,790,743
Amortization	80,799,345	(2,695,003)	83,494,348

Taxes:

Property Taxes	201,272,091	11,622,227	189,649,865
ITC Amortization	(1,251,027)	(67,189)	(1,183,838)
Deferred Taxes	101,187,909	7,126,086	94,061,823
Deferred Taxes - NOL	13,550,590	1,150,321	12,400,269
Less State Tax Credits deferred			
Less Federal Tax Credits deferred	(244,791,812)	(17,148,751)	(227,643,062)
Deferred Income Tax & ITC	(131,304,341)	(8,939,532)	(122,364,808)
Payroll & Other Taxes	32,571,406	2,233,502	30,337,904
Total Taxes Other Than Income	102,539,157	4,916,196	97,622,961

Income Before Taxes

Total Operating Revenues	5,158,982,030	317,525,409	4,841,456,621
less: Total Operating Expenses	3,211,338,869	190,758,221	3,020,580,649
Book Depreciation	843,565,313	60,774,570	782,790,743
Amortization	80,799,345	(2,695,003)	83,494,348
<u>Taxes Other than Income</u>	<u>102,539,157</u>	<u>4,916,196</u>	<u>97,622,961</u>
Total Before Tax Book Income	920,739,345	63,771,424	856,967,921

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Cost of Service Study
2023 Weather Normalized
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NSPM - Driver 00 Report Year 1 ALL IN	Dec - 2023		
	Total	SD Electric	Other
Tax Additions			
Book Depreciation	843,565,313	60,774,570	782,790,743
Deferred Income Taxes and ITC	(131,304,341)	(8,939,532)	(122,364,808)
Nuclear Fuel Burn (ex. D&D)	96,379,479	6,558,142	89,821,337
Nuclear Outage Accounting	38,766,642	2,653,872	36,112,770
Avoided Tax Interest	30,573,313	2,509,104	28,064,210
Other Book Additions	<u>2,858,759</u>	<u>692,320</u>	<u>2,166,439</u>
Total Tax Additions	880,839,165	64,248,475	816,590,690
Tax Deductions			
Total Rate Base	12,777,852,545	969,232,635	11,808,619,910
Weighted Cost of Debt	<u>2.03%</u>	<u>2.03%</u>	<u>2.03%</u>
Debt Interest Expense	259,390,407	19,675,422	239,714,984
Nuclear Outage Accounting	58,461,499	3,993,703	54,467,796
Tax Depreciation and Removals	1,462,771,139	103,341,291	1,359,429,848
NOL Utilized / (Generated)	48,339,719	4,103,600	44,236,119
Other Tax / Book Timing Differences	<u>(60,276,056)</u>	<u>(4,120,018)</u>	<u>(56,156,038)</u>
Total Tax Deductions	1,768,686,708	126,993,999	1,641,692,709
State Taxes			
State Taxable Income	32,891,802	1,025,900	31,865,902
State Income Tax Rate	-	-	-
State Taxes before Credits	-	-	-
Less State Tax Credits applied	-	-	-
Total State Income Taxes	-	-	-
Federal Taxes			
Federal Sec 199 Production Deduction	-	-	-
Federal Taxable Income	32,891,802	1,025,900	31,865,902
Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
Federal Tax before Credits	6,907,278	215,439	6,691,839
Less Federal Tax Credits	<u>(5,180,459)</u>	<u>(161,579)</u>	<u>(5,018,880)</u>
Total Federal Income Taxes	1,726,820	53,860	1,672,960
Total Taxes			
Total Taxes Other than Income	102,539,157	4,916,196	97,622,961
Total Federal and State Income Taxes	1,726,820	53,860	1,672,960
Total Taxes	104,265,976	4,970,056	99,295,920
Total Operating Revenues	5,158,982,030	317,525,409	4,841,456,621
Total Expenses	4,239,969,504	253,807,844	3,986,161,660
AFDC Debt			
AFDC Equity			
Net Income	919,012,526	63,717,565	855,294,961
Rate of Return (ROR)			
Total Operating Income	919,012,526	63,717,565	855,294,961
Total Rate Base	<u>12,777,852,545</u>	<u>969,232,635</u>	<u>11,808,619,910</u>
ROR (Operating Income / Rate Base)	7.19%	6.57%	7.24%

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Northern States Power Company (SD)
 Electric Utility - South Dakota Retail Jurisdiction
 Cost of Service Study
 2023 Weather Normalized
 (Dollars in Thousands)

NSPM - Driver 00 Report Year 1 ALL IN	Dec - 2023		
	Total	SD Electric	Other
Return on Equity (ROE)	[PROTECTED DATA BEGINS]		
Net Operating Income			
Debt Interest (Rate Base * Weighted Cost of Debt)			
Earnings Available for Common			
Equity Rate Base (Rate Base * Equity Ratio)			
ROE (earnings for Common / Equity)			
Revenue Deficiency	[PROTECTED DATA BEGINS]		
Required Operating Income (Rate Base * Required Return)			
Net Operating Income			
Operating Income Deficiency			
Revenue Conversion Factor (1/(1-Composite Tax Rate))			
Revenue Deficiency (Income Deficiency * Conversion Factor)			
Total Revenue Requirements	[PROTECTED DATA BEGINS]		
Total Retail Revenues			
Revenue Deficiency			
Total Revenue Requirements			
	[PROTECTED DATA ENDS]		