

ROE = 4.16%

ADDENDUM

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**Northern States Power Company (SD)  
Electric Utility - South Dakota Retail Jurisdiction  
Cost of Service Study  
2011 Actuals**

**Summary Reports**

**June 1, 2012**

**Northern States Power Company (SD)**  
**Electric Utility - South Dakota Retail Jurisdiction**  
**Cost of Service Study**  
**2011 Actuals**

(Dollars in Thousands)

**Rate Base Summary**

	<b>Total Company Electric</b>			<b>SD Retail Electric</b>			<b>All Other</b>		
	<b><u>Beginning Balance</u></b>	<b><u>Ending Balance</u></b>	<b><u>Average Balance</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Ending Balance</u></b>	<b><u>Average Balance</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Ending Balance</u></b>	<b><u>Average Balance</u></b>
1 Plant Investment	13,638,357	13,638,357	13,638,357	797,885	797,885	797,885	12,840,472	12,840,472	12,840,472
2 Depreciation Reserve	<u>(6,704,495)</u>	<u>(6,704,495)</u>	<u>(6,704,495)</u>	<u>(390,459)</u>	<u>(390,459)</u>	<u>(390,459)</u>	<u>(6,314,036)</u>	<u>(6,314,036)</u>	<u>(6,314,036)</u>
3 Net Utility Plant	6,933,862	6,933,862	6,933,862	407,426	407,426	407,426	6,526,436	6,526,436	6,526,436
4 C.W.I.P.	0	0	0	0	0	0	0	0	0
5 Accumulated Deferred Taxes	(1,365,094)	(1,365,094)	(1,365,094)	(73,420)	(73,420)	(73,420)	(1,291,674)	(1,291,674)	(1,291,674)
Other Rate Base:									
6 Cash Working Capital	0	0	0	0	0	0	0	0	0
7 Materials & Supplies	124,370	124,370	124,370	7,206	7,206	7,206	117,164	117,164	117,164
8 Fuel Inventory	87,684	87,684	87,684	4,958	4,958	4,958	82,726	82,726	82,726
9 Non-Plant Assets & Liab	(10,225)	(10,225)	(10,225)	(713)	(713)	(713)	(9,512)	(9,512)	(9,512)
10 Prepays & Other	85,056	85,056	85,056	9,673	9,673	9,673	75,383	75,383	75,383
<b>11 Total Rate Base</b>	<b>5,855,653</b>	<b>5,855,653</b>	<b>5,855,653</b>	<b>355,130</b>	<b>355,130</b>	<b>355,130</b>	<b>5,500,523</b>	<b>5,500,523</b>	<b>5,500,523</b>

Northern States Power Company (SD)  
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(Dollars in Thousands)

**Income Statement Summary**

	<b><u>Total Company Electric</u></b>	<b><u>SD Retail Electric</u></b>	<b><u>All Other</u></b>	
<b><u>Operating Revenues</u></b>				
1	Retail	3,111,896	161,860	2,950,036
2	CIP Adjustment to Program Costs	0	-	0
3	Interdepartmental	548	-	548
4	Other Operating	633,598	35,979	597,619
5	Gross Earnings Tax	0	-	0
6	<b>Total Operating Revenues</b>	<b>3,746,042</b>	<b>197,839</b>	<b>3,548,203</b>
<b><u>Expenses</u></b>				
Operating Expenses:				
7	Fuel & Purchased Energy	1,224,210	69,068	1,155,142
8	Power Production	740,713	42,692	698,021
9	Transmission	195,079	11,258	183,821
10	Distribution	112,987	6,927	106,060
11	Customer Accounting	59,289	3,918	55,371
12	Customer Service & Information	115,749	436	115,313
13	Sales, Econ Dvlp & Other	254	52	202
14	Administrative & General	189,964	11,128	178,836
15	<b>Total Operating Expenses</b>	<b>2,638,245</b>	<b>145,479</b>	<b>2,492,766</b>
16	Depreciation	344,836	21,917	322,919
17	Amortization	24,179	343	23,836
Taxes:				
18	Property	123,651	5,701	117,950
19	Gross Earnings	0	-	0
20	Deferred Income Tax & ITC	148,165	4,510	143,655
21	State & Federal Income (see Page 3)	2,939	0	2,939
22	Payroll & Other	30,956	1,846	29,110
23	<b>Total Taxes</b>	<b>305,711</b>	<b>12,057</b>	<b>293,654</b>
24	<b>Total Expenses</b>	<b>3,312,971</b>	<b>179,796</b>	<b>3,133,175</b>
25	AFUDC	0	-	0
26	<b>Total Operating Income</b>	<b>433,071</b>	<b>18,043</b>	<b>415,028</b>

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(Dollars in Thousands)

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**Income Tax Summary**

	<u>Total Company Electric</u>	<u>SD Retail Electric</u>	<u>All Other</u>
<b>Income Before Taxes</b>			
1 Total Operating Revenues	3,746,042	197,839	3,548,203
2 less: Total Operating Expenses	(2,638,245)	(145,479)	(2,492,766)
3 Book Depreciation & Amortization	(369,015)	(22,260)	(346,755)
4 Taxes (Other Than Current Income)	<u>(302,772)</u>	<u>(12,057)</u>	<u>(290,715)</u>
5 <b>Total Before Tax Book Income</b>	<b>436,010</b>	<b>18,043</b>	<b>417,967</b>
<b>Tax Additions</b>			
6 Book Depreciation	344,836	21,917	322,919
7 Deferred Income Taxes & ITC	148,165	4,510	143,655
8 Nuclear Fuel Burn (ex D&D)	112,373	6,485	105,888
9 Nuclear Outage Accounting	59,808	3,415	56,393
10 Avoided Tax Interest	32,264	1,922	30,342
11 Open Line	0	0	0
12 Open Line	0	0	0
13 Open Line	0	0	0
14 Open Line	0	0	0
15 Open Line	0	0	0
16 Other Book Additions	0	0	0
17 <b>Total Tax Additions</b>	<b>697,446</b>	<b>38,249</b>	<b>659,197</b>
<b>Tax Deductions</b>			
18 Debt Interest Expense	168,643	10,228	158,415
19 Tax Depreciation & Removal	858,413	41,482	816,931
20 Manufacture Production Deduction	0	0	0
21 Open	0	0	0
22 Open	0	0	0
23 Open	0	0	0
24 Other Tax/Book Timing Differences	77,093	4,582	72,511
25 Net Preferred Stock Deduction	0	0	0
26 <b>Total Tax Deductions</b>	<b>1,104,149</b>	<b>56,292</b>	<b>1,047,857</b>
27 <b>State Taxable Income</b>	<b>29,307</b>	<b>0</b>	<b>29,307</b>
28 State Income Tax Rate	8.89%	0.00%	N/A
29 State Taxes before Credits	2,605	0	2,605
30 State Credits	0	0	0
31 <b>Total State Income Taxes</b>	<b>2,605</b>	<b>0</b>	<b>2,605</b>
32 <b>Federal Taxable Income</b>	<b>26,702</b>	<b>0</b>	<b>26,702</b>
33 Federal Income Tax Rate	35.00%	35.00%	35.00%
34 Federal Tax before Credits	9,346	0	9,346
35 Federal Tax Credits	9,012	0	9,012
36 <b>Total Federal Income Taxes</b>	<b>334</b>	<b>0</b>	<b>334</b>
37 <b>Total Federal &amp; State Income Taxes</b>	<b>2,939</b>	<b>0</b>	<b>2,939</b>

**PUBLIC DOCUMENT: TRADE SECRET DATA EXCISED**

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**Revenue Requirement & Return Summary**

(Dollars in Thousands)

	<u>Capital Structure</u>	<u>Rate</u>	<u>Ratio</u>	<u>Weighted Cost</u>	<u>Composite Income Tax Rates</u>		
1	Long Term Debt				State of South Dakota Tax rate		
2	Short Term Debt				Federal Statutory Tax rate		
3	Preferred Stock				Federal Effective Tax Rate (1-State Rate*Fed Rate)		
4	Common Equity				<b>Total South Dakota Composite Tax Rate</b>		
5	<b>Required Rate of Return</b>				<b>Total Corporate Composite Tax Rate</b>		
<hr/>							
						<u>Total Company Electric</u>	<u>SD Retail Electric</u>
						[TRADE SECRET BEGINS	<u>All Other</u>
	<u>Rate of Return (ROR)</u>						
6	Total Operating Income						
7	Total Average Rate Base						
8	<b>ROR (Operating Income / Rate Base)</b>						
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	<u>Return on Equity (ROE)</u>						
9	Total Operating Income						
10	Debt Interest (Rate Base * Weighted Debt Cost)						
11	Preferred Stock (Rate Base * Weighted Preferred Cost)						
12	Earnings Available for Common						
13	Equity Rate Base ( Rate Base * Equity Ratio)						
14	<b>ROE (Earnings for Common / Equity Rate Base)</b>						
<hr/>							
	<u>Revenue Deficiency</u>						
15	Require Operating Income (Rate Base * Required Return)						
16	Operating Income						
17	Operating Income Deficiency						
18	Revenue Conversion Factor ( 1/(1-Composite Tax Rate) )						
19	<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>						
<hr/>							
	<u>Total Retail Revenue Requirements</u>						
20	Retail Related Revenues						
21	Revenue Deficiency						
22	<b>Total Retail Revenue Requirements</b>						
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23	<u>Percentage Increase (Decrease)</u>						

TRADE SECRET ENDS]