

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	\$170,215,938
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 - Sr 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 - Sr of SD Retail	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,016	\$947,486	\$947,486
<b>Average CWIP Balance - Sr 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 - Sr 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	\$-40,701	\$5,087	\$3,329,031
Book Depr - Monthly	-	-	-	-	-	-	-	-	-	-	-	97	1,204	\$1,301
Less Accumulated Book Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	97
Timing Difference	(13,291)	(16,863)	(21,037)	(24,924)	(28,745)	(32,736)	(35,767)	(38,331)	(40,185)	(41,537)	(40,798)	(40,798)	3,882	(\$330,332)
Deferred Tax Expense	(5,403)	(6,855)	(8,552)	(10,133)	(11,680)	(13,308)	(14,541)	(15,583)	(16,337)	(16,886)	(16,586)	(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	\$159,022	\$157,444	\$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>	<b>\$0</b>	<b>\$0</b>	<b>\$29,733</b>	<b>\$34,928</b>	<b>\$40,117</b>	<b>\$45,421</b>	<b>\$49,402</b>	<b>\$52,772</b>	<b>\$55,086</b>	<b>\$56,764</b>	<b>\$58,608</b>	<b>\$59,501</b>	<b>\$482,334</b>	
<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	\$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	\$-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	\$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>	<b>\$0</b>	<b>\$0</b>	<b>\$8,491</b>	<b>\$9,956</b>	<b>\$11,425</b>	<b>\$12,919</b>	<b>\$14,037</b>	<b>\$14,984</b>	<b>\$15,626</b>	<b>\$16,091</b>	<b>\$16,892</b>	<b>\$22,196</b>	<b>\$142,619</b>	
<b>Total Revenue Requirements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$38,225</b>	<b>\$44,885</b>	<b>\$51,543</b>	<b>\$58,341</b>	<b>\$63,439</b>	<b>\$67,756</b>	<b>\$70,712</b>	<b>\$72,855</b>	<b>\$75,500</b>	<b>\$81,698</b>	<b>\$624,953</b>	
Less OATT Revenue Credit for Non-Retail	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transmission Recovery (4)	\$0	\$0	\$38,225	\$44,885	\$51,543	\$58,341	\$63,439	\$67,756	\$70,712	\$72,855	\$75,500	\$81,698	\$624,953	
<b>Net State of SD Revenue Requirements - Retail</b>	<b>\$0</b>													
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	
Check			\$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