



500 West Russell Street
Sioux Falls, SD 57101

May 28, 2021

—VIA ELECTRONIC FILING—

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501

RE: ANNUAL REPORT OF JURISDICTIONAL EARNINGS
SOUTH DAKOTA JURISDICTION
DOCKET NOS. EL07-007 AND EL07-026

Dear Ms. Van Gerpen:

Pursuant to the orders in the Transmission Cost Recovery Rider and Environmental Cost Recovery Rider, Docket Nos. EL07-007 and EL07-026, Northern States Power Company, doing business as Xcel Energy, provides its report of jurisdictional earnings for the calendar year 2020.

In both dockets, settlement stipulations agreed to by Commission Staff and the Company, and approved by the Commission via orders dated January 13, 2009, specify that Xcel Energy shall provide to the Commission by June 1 of each year a report of our South Dakota jurisdictional earnings (Cost of Service Study) for the preceding calendar year. The report is to show, among other things, the overall rate of return and return on equity (ROE) earned, and the South Dakota revenue excess or deficiency based on the ROE authorized in the last rate case. The determinations are to be presented on an actual and weather-normalized basis and should reflect South Dakota ratemaking practices.

Pursuant to ARSD § 20:10:01:41, the Company respectfully requests confidential treatment of certain information provided in this report. The Company addresses the Commission's five factors for consideration of confidential data as follows:

- (1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested:**

The ROE is considered confidential, trade secret information. Therefore, we present our revenue deficiency based on an overall rate of return, the components of which

are marked as confidential, but are based on the Company's actual capital structure, cost of long-term debt and approved ROE from the last case.

- (2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment:**

The Company requests that the data contained in this report be treated as confidential forever.

- (3) The name, address, and phone number of a person to be contacted regarding the confidentiality request:**

Steven T. Kolbeck
Xcel Energy
500 West Russell Street
Sioux Falls, SD 57104
605-339-8350

- (4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future:**

The ROE approved in the Company's last rate case (Docket No. EL14-058) is protected trade secret information under SDCL §1-27-1.5 and SD Admin. R. 20:10:01:39.

- (5) The factual basis that qualifies the information for confidentiality under the authority cited:**

The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

Please contact me if you have any questions regarding this filing.

SINCERELY,

/s/

STEVE KOLBECK
PRINCIPAL MANAGER, SOUTH DAKOTA

Enclosure

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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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>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 Return on Equity (ROE): | 9.51% | 9.24% |

| <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 Weather-Normalized Return on Equity (ROE): | 8.48% | 8.77% |

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> |
|-----------------------------------|----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| <u>Operating Revenues:</u> | | | | | |
| 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> |
| <u>Operating Expenses:</u> | | | | | |
| 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 ¹ | 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> |

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>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 ¹ | 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 Total Average Rate Base | 9,773,868 | 713,226 | 682,959 | 4.4% |

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

| <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 ¹ | \$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 ² | \$0 | 0.00% | 0.00% | 0.00% |
| 5 | Common Equity ² | \$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 ¹ | \$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 ² | \$0 | 0.00% | | 0.00% |
| 12 | Common Equity ² | \$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% |

¹ Long-term debt is a 13 month average

² 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 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 EL14-058

**PUBLIC DOCUMENT
CONFIDENTIAL DATA EXCISED**

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

(Dollars In Thousands)

VI. REVENUE DEFICIENCY

| 2020 Based on authorized ROE | | Actual | Weather |
|-------------------------------------|---|--------------------------------|---------------------------|
| Line | Item | 2020 | Normalized |
| | | <u>S.D. Juris.</u> | <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] | |

ROE = 9.51%

ADDENDUM

Page 1 of 5

**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 | 11,702,804 | 838,967 | 10,863,837 |
| 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 | 598,593 | 32,621 | 565,972 |
| 18 | Total Rate Base | 9,773,868 | 713,226 | 9,060,642 |

Income Statement Summary

| Line No. | NSPM - 02 Income Statement Schedule | Total | SD Electric | Other |
|----------|--|------------------|----------------|------------------|
| 1 | <u>Operating Revenues</u> | | | |
| 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 | Total Operating Revenues | 4,340,231 | 273,463 | 4,066,767 |
| 7 | | | | |
| 8 | <u>Expenses</u> | | | |
| 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 | Total Operating Expenses | 2,690,272 | 158,857 | 2,531,415 |
| 31 | | | | |
| 32 | Depreciation | 731,403 | 49,850 | 681,553 |
| 33 | Amortization | (98,953) | 1,215 | (100,169) |
| 34 | | | | |
| 35 | <u>Taxes:</u> | | | |
| 36 | Property Taxes | 206,758 | 11,310 | 195,447 |
| 37 | ITC Amortization | (1,366) | (72) | (1,294) |
| 38 | Deferred Taxes | 34,559 | 1,345 | 33,215 |
| 39 | Deferred Taxes - NOL | (789) | 5,499 | (6,288) |
| 40 | Less Deferred State Tax Credits | (1,086) | (71) | (1,015) |
| 41 | Less Deferred Federal Tax Credits | <u>(63,185)</u> | <u>(7,121)</u> | <u>(56,064)</u> |
| 42 | Deferred Income Tax & ITC | (31,866) | (421) | (31,445) |
| 43 | Payroll & Other Taxes | 29,631 | 1,955 | 27,676 |
| 44 | Total Taxes Other Than Income | 204,523 | 12,845 | 191,678 |
| 45 | Total State & Federal Income Taxes | 18,082 | 258 | 17,824 |
| 46 | | | | |
| 47 | Total Taxes | 222,605 | 13,102 | 209,503 |
| 48 | Total Expenses | 3,545,327 | 223,025 | 3,322,302 |
| 49 | Total Operating Income | 794,904 | 50,439 | 744,465 |
| 50 | | 0 | 0 | 0 |
| 51 | AFDC Debt | 0 | 0 | 0 |
| 52 | AFDC Equity | 0 | 0 | 0 |
| 53 | | 0 | 0 | 0 |
| 54 | Net Income | 794,904 | 50,439 | 744,465 |

(Dollars in Thousands)

Income Tax Summary

| Line No. | NSPM - 03 Income Tax Schedule | Total | SD Electric | Other |
|----------|--|------------------|----------------|------------------|
| 1 | <u>Income Before Taxes</u> | | | |
| 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 | Total Before Tax Book Income | 812,986 | 50,697 | 762,289 |
| 8 | | | | |
| 9 | <u>Tax Additions</u> | | | |
| 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 | 902,837 | 62,723 | 840,114 |
| 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 | 1,371,399 | 108,510 | 1,262,890 |
| <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 | Total Federal and State Income Taxes | 18,082 | 258 | 17,824 |

**PUBLIC DOCUMENT
CONFIDENTIAL DATA EXCISED**

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

ADDENDUM
Page 5 of 5

Revenue Requirement & Return Summary

| Line No. | NSPM - 04 Revenue Deficiency Schedule | Total | SD Electric | Other |
|----------|---|-------------------------|-----------------|------------------|
| 1 | Weighted Cost of Capital | | | |
| 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 | Required Rate Of Return | [PROTECTED DATA BEGINS] | | |
| 17 | | PROTECTED DATA ENDS] | | |
| 18 | Composite Income Tax Rate | | | |
| 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 | Composite Tax Rate | 21.00% | 21.00% | 21.00% |
| 23 | | | | |
| 24 | Rate of Return (ROR) | | | |
| 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 | ROR (Operating Income / Rate Base) | 8.13% | 7.07% | 8.22% |
| 28 | | | | |
| 29 | Return on Equity (ROE) | | | |
| 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 | ROE (earnings for Common/Equity Rate Base) | 11.52% | 9.51% | 11.68% |
| 35 | | | | |
| 36 | Revenue Deficiency | | | |
| 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 | Revenue Deficiency (Income Deficiency * Conversion Factor) | (148,829) | (1,281) | (147,547) |
| 43 | | | | |
| 44 | Total Revenue Requirements | | | |
| 45 | Total Retail Revenues | 3,497,622 | 220,559 | 3,277,063 |
| 46 | Revenue Deficiency | (148,829) | (1,281) | (147,547) |
| 47 | Total Revenue Requirements | 3,348,793 | 219,277 | 3,129,516 |

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/

— Martha Hoschmiller
Regulatory Case Specialist II