

Northern States Power Company, a Minnesota corporation  
 Electric Utility - Total Company  
 Cost of Service Income Tax Calculation  
 Year End 2008  
 (Dollars in Thousands)

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	<u>Unadjusted</u> <u>Test Year</u>	<u>Adjustments</u>	<u>Pro Forma</u>
<b><u>Income Before Taxes</u></b>			
Total Operating Revenues	3,650,601	689	3,651,290
less: Total Operating Expenses	(2,623,354)	(62,790)	(2,686,144)
Book Depreciation & Amortization	(375,852)	(18,208)	(394,060)
Taxes (Other Than Current Income)	(236,700)	(11,536)	(248,236)
<b>Total Before Tax Book Income</b>	<b>414,695</b>	<b>(91,845)</b>	<b>322,850</b>
<b><u>Tax Additions</u></b>			
Book Depreciation	364,094	17,860	381,954
Deferred Income Taxes & ITC	113,218	1,144	114,362
Nuclear Fuel Burn (ex D&D)	76,752	3,023	79,775
Nuclear Outage Accounting	13,174	30,565	43,739
Avoided Tax Interest	43,578	8,717	52,295
Configuration Mgmt	0	57	57
TBT Production	(9)	0	(9)
TBT Transmission	(3)	0	(3)
TBT Distribution	(6)	0	(6)
<b>Total Tax Additions</b>	<b>610,798</b>	<b>61,366</b>	<b>672,164</b>
<b><u>Tax Deductions</u></b>			
Debt Interest Expense	141,308	22,338	163,646
Tax Depreciation & Removal	783,849	56,786	840,635
Manufacture Production Deduction	1,154	(1,154)	0
Meal & Fas 106	2,093	0	2,093
Other Tax/Book Timing Differences	(25,370)	1,295	(24,075)
<b>Total Tax Deductions</b>	<b>903,034</b>	<b>79,265</b>	<b>982,299</b>
<b>State Taxable Income</b>	<b>122,459</b>	<b>(109,744)</b>	<b>12,715</b>
State Income Tax Rate	9.00%	9.00%	9.00%
State Taxes before Credits	11,018	(9,874)	1,144
State Credits	593	0	593
<b>Total State Income Taxes</b>	<b>10,425</b>	<b>(9,874)</b>	<b>551</b>
<b>Federal Taxable Income</b>	<b>112,034</b>	<b>(99,871)</b>	<b>12,164</b>
Federal Income Tax Rate	35.00%	35.00%	35.00%
Federal Tax before Credits	39,212	(34,955)	4,257
Federal Tax Credits	3,697	6,011	9,708
<b>Total Federal Income Taxes</b>	<b>35,515</b>	<b>(40,966)</b>	<b>(5,451)</b>
<b>Total Federal &amp; State Income Taxes</b>	<b>45,940</b>	<b>(50,840)</b>	<b>(4,900)</b>

	Northern States Power Company (Minnesota)			
Current Income Tax Federal	<u>Total</u>	<u>Electric</u>	<u>Gas</u>	<u>Non-Utility</u>
Final Provision	26,681,757 100.00%	15,718,194 58.91%	7,016,850 26.30%	3,946,713 14.79%

There are no tax savings from filing a consolidated income tax return. Xcel Energy and its subsidiaries, of which NSP (MN) is a member, file a consolidated federal return, but each company has its own separate return calculation of federal taxable income within the consolidated return. Xcel Energy allocates the consolidated tax liabilities of the group to each subsidiary (including NSP (Mn)) based on the results of the separately determined income tax of that subsidiary. Each subsidiary, including NSP (MN), will pay an amount equal to its separately calculated tax liability.

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Northern States Power Company, a Minnesota corporation  
Electric Utility - Total Company  
Reconciliation Of Net Income Per Books With Federal Taxable Income Per Return As-Filed  
Years 2007, 2006, 2005, 2004

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Northern States Power Company, a Minnesota corporation  
Electric Utility - Total Company  
Differences In Book And Tax Depreciation  
Year Ended December 31, 2008

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<b>Description</b>	<b>Total Electric Utility</b>
<b>Tax Depreciation:</b>	
Straight Line	27,998,233.43
Sum of Year's Digits	164,110.85
ADR - Declining Balance	112,190.71
MACRS	502,525,097.44
Units of Production	11,874,809.15
Common	23,107,734.77
Decommissioning	<u>1,915,620.00</u>
<b>TOTAL TAX DEPRECIATION</b>	<b>567,697,796.35</b>
<b>Book Depreciation:</b>	
Electric	366,959,597.62
Common	<u>37,349,328.25</u>
<b>TOTAL BOOK DEPRECIATION</b>	<b>404,308,925.87</b>
<b>EXCESS TAX OVER BOOK DEPRECIATION</b>	<b><u>163,388,870.48</u></b>

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Electric Utility - Total Company  
Federal Income Tax  
Tax Year Ended: 12/31/07

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NSPM calculates its current and deferred federal income tax expense on a separate company basis for financial reporting purposes. Under the separate company method, tax expense is calculated based on the company's own income and expense items and does not include income and expense items for other affiliates. Tax expense is based on the income and expenses of all the regulated and non-regulated operations of the legal entity in all the jurisdictions in which it operates.

For rate-making purposes, the stand-alone method is used to calculate current and deferred income tax expense. The stand-alone method bases tax expense on the income, expenses, and tax deductions directly attributable to providing regulated utility service to customers in a particular jurisdiction. The cost of service for this filing isolates all income and expense associated with the South Dakota retail jurisdiction, including income tax expense associated with providing services to South Dakota retail customers, using the stand-alone method.

The stand-alone regulatory approach is consistent with NSPM's separate company financial reporting practices. The separate company income tax expense reflected by NSPM on its 10-K as filed with the Securities and Exchange Commission will not change as a result of a consolidated income tax filing with Xcel Energy.

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Electric Utility – Total Company  
Allowance for Current State Tax

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No allowance for state income taxes is claimed in the Cost of Service.