

**Xcel Energy**  
**South Dakota Capital Structure**  
**Carrying Charge Calculation**

**State of South Dakota Jurisdiction**  
**2009 Rate Case-Docket EL-09-009**

**Base Assumptions**

<b>Weighted Cost of Capital</b>	
Weighted Cost of Capital	8.32%

Book Depreciation Rate	30 years	3.33%
Tax Depreciation Life - MACRS	20 years	
Composite SD Tax Rate =	35.0000%	
Composite Company Tax Rate =	40.8481%	
Property Tax Exempt =	0.000%	

**Use these values beginning January 1, 2011:**

(b) Composite SD Tax Rate 35.0000%

(c) Carrying Charge Rate =

Annual Revenue Requirements Factor (Rate Base Factor)

$$= \{ \text{Overall Rate of Return} - (\text{Weighted Debt Cost} \times \text{Tax Rate}) \} / (1 - \text{Tax Rate})$$

$$= \{ 0.0902 - (0.0321 \times 0.35) \} / (1 - 0.35)$$

$$= 0.1215$$

Monthly Revenue Requirements Factor

$$= \{ (1 + \text{Annual Revenue Requirements Factor})^{(1/12)} \} - 1$$

$$= \{ (1 + 0.1215)^{(1/12)} \} - 1$$

$$= 0.0096$$

Carrying Charge Rate = 0.008862

**Xcel Energy**  
**2011 DSM Adjustment Factor Calculation**

<b>2011</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
1. Beg. Balance	\$0	\$32,814	\$76,627	\$160,405	\$318,697	\$398,607	\$516,916	\$599,175	\$685,878	\$748,388	\$818,371	\$904,882	
2. DSM Program Expenditures	\$13,438	\$24,438	\$64,402	\$138,916	\$60,535	\$98,933	\$62,883	\$67,327	\$43,135	\$50,607	\$67,135	\$83,296	\$775,041
3. Total Incentive	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$19,376	\$232,512
4. Total Expenditures + Incentive (Sum Lines 1 - 3)	\$32,814	\$76,627	\$160,405	\$318,697	\$398,607	\$516,916	\$599,175	\$685,878	\$748,388	\$818,371	\$904,882	\$1,007,553	\$1,007,553
5. Forecasted Sales Volume (MWh)	170,834	152,520	164,466	141,821	149,501	182,754	211,253	194,261	175,370	156,435	163,572	168,490	2,031,277
6. DSM Adjustment Factor (\$/MWh)													
7. Cost Recovery													
8. Sub-Balance (Over/Under Recovery) (Line 4 - Line 7)	\$32,814	\$76,627	\$160,405	\$318,697	\$398,607	\$516,916	\$599,175	\$685,878	\$748,388	\$818,371	\$904,882	\$1,007,553	
9. Accumulated Deferred Tax (Line 8 x 35%)													
10. Net Investment (Line 8 - 9)													
11. Carrying Charge Rate													
12. Carrying Charge (Line 10 x Line 11)													
13. End of Month Balance (Line 8 + 12)	\$32,814	\$76,627	\$160,405	\$318,697	\$398,607	\$516,916	\$599,175	\$685,878	\$748,388	\$818,371	\$904,882	\$1,007,553	

**DSM Adjustment Factor (=Forecasted Total Jan 2011-Dec 2011 DSM Expenditures/ Forecasted Sales Jan 2011-Dec 2011)**

= \$1,007,553/ 2,031,277  
= \$ 0.4960 per MWh  
= \$ 0.000496 per kWh



