

Northern States Power Company, a Minnesota corporation
 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2010
 (\$000's)

Docket No. EL11-____
 Statement M
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OVERALL COST OF SERVICE AT CLAIMED RATE OF RETURN

	<u>Unadjusted</u>	<u>Total Company</u>	<u>State of South Dakota</u>
1	Average Rate Base	4,903,818	287,541
2	Claimed Rate of Return	8.34%	3.71%
	Development of Revenue Requirements		
3	Total Available for Return	409,182	10,667
	Operating Expenses		
4	Operating and Maintenance	2,686,015	153,503
5	Depreciation & Amortizations	317,621	19,446
	Taxes Other than Income		
6	Real Estate and Personal Property Taxes	116,166	5,560
7	Payroll and Other	29,059	1,671
8	Deferred Income Taxes	341,876	19,226
9	Federal and State Income Taxes	(162,803)	(13,970)
10	Total Operating Expenses	<u>3,327,934</u>	<u>185,436</u>
11	COST OF SERVICE (Operating Revenues)	<u><u>3,737,116</u></u>	<u><u>196,103</u></u>

Northern States Power Company, a Minnesota corporation
 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2010
 Summary of Actual Operating Revenues and Expenses
 (\$000's)

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OVERALL COST OF SERVICE AT CLAIMED ADJUSTMENT AND RATE OF RETURN

	<u>Pro Forma</u>	<u>Total Company</u>	<u>State of South Dakota</u>
1	Average Rate Base	5,540,436	323,392
2	Claimed Rate of Return	7.04%	5.85%
	Development of Revenue Requirements		
3	Total Available for Return	390,218	18,915
	Operating Expenses		
4	Operating and Maintenance	2,660,380	143,483
5	Depreciation & Amortizations	338,384	20,171
	Taxes Other than Income		
6	Real Estate and Personal Property Taxes	123,472	5,969
7	Payroll and Other	29,044	1,670
8	Deferred Income Taxes	138,445	5,942
9	Federal and State Income Taxes	<u>8,111</u>	<u>86</u>
10	Total Operating Expenses	<u>3,297,836</u>	<u>177,321</u>
11	COST OF SERVICE (Operating Revenues)	<u><u>3,688,054</u></u>	<u><u>196,236</u></u>

	Actual Year As 2010 Unadjusted	TA 1 Economic Development (1)	TA 2 Advertising (2)	TA 3 Association Dues (2)	TA 4 Donations (3)	TA 5 Customer Deposits A&G (4)	PF1 Nobles Wind (5)	PF2 Monticello EPU (6)	PF3a-n PI Projects (7)
Income Statement									
Operating Revenues									
1	Retail	2,983,429	-	-	-	-	-	-	-
2	CIP Adjustment to Program Costs	-	-	-	-	-	-	-	-
3	Interdepartmental	417	-	-	-	-	-	-	-
4	Other Operating	753,270	-	-	-	-	-	-	-
5	Gross Earnings Tax	-	-	-	-	-	-	-	-
6	Total Operating Revenues	3,737,116	-	-	-	-	-	-	-
Expenses									
Operating Expenses:									
7	Fuel & Purchased Energy	1,332,731	-	-	-	-	-	-	-
8	Power Production	717,081	-	-	-	-	-	-	-
9	Transmission	174,351	-	-	-	-	-	-	-
10	Distribution	109,899	-	-	-	-	-	-	-
11	Customer Accounting	58,722	-	-	-	-	-	-	-
12	Customer Service & Information	80,376	-	(1,319)	-	-	-	-	-
13	Sales, Econ Dvlp & Other	93	239	-	-	-	-	-	-
14	Administrative & General	212,762	-	(2,386)	(24)	1,711	12	-	-
15	Total Operating Expenses	2,686,015	239	(3,705)	(24)	1,711	12	-	-
16	Depreciation	316,793	-	-	-	-	18,129	6,235	3,852
17	Amortization	828	-	-	-	-	-	-	-
Taxes:									
18	Property	116,166	-	-	-	-	4,889	1,352	1,038
19	Gross Earnings	-	-	-	-	-	-	-	-
20	Deferred Income Tax & ITC	341,876	-	-	-	-	(83,498)	66,066	5,052
21	State & Federal Income	(162,803)	(98)	1,514	10	(699)	67,112	(70,206)	(8,519)
22	Payroll & Other	29,059	-	-	-	-	-	-	-
23	Total Taxes	324,298	(98)	1,514	10	(699)	(11,497)	(2,788)	(2,429)
24	Total Expenses	3,327,934	141	(2,191)	(14)	1,012	6,632	3,447	1,423
25	AFUDC	-	-	-	-	-	-	-	-
26	Total Operating Income	409,182	(141)	2,191	14	(1,012)	(6,632)	(3,447)	(1,423)

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per column heading for each adjustment

	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
	King Mercury Sorbent	Remove Merricourt	Steam Prod Depr Lives & Net Salvage	Other Prod Depr Lives & Net Salvage	Bonus Tax Depreciation	Net Operating Loss (NOL)	Weather	Margin Sharing	Service Quality
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(13)	(14)
Income Statement									
Operating Revenues									
1	Retail	-	(1,407)	-	-	-	-	-	-
2	CIP Adjustment to Program Costs						(20,720)		
3	Interdepartmental	-	-	-	-	-	-	-	-
4	Other Operating	-	-	-	-	-	-	(1,630)	102
5	Gross Earnings Tax								
6	Total Operating Revenues	-	(1,407)	-	-	-	(20,720)	(1,630)	102
Expenses									
Operating Expenses:									
7	Fuel & Purchased Energy	-	-	-	-	-	-	-	-
8	Power Production	-	-	-	-	-	-	-	-
9	Transmission	-	-	-	-	-	-	-	-
10	Distribution	-	-	-	-	-	-	-	-
11	Customer Accounting	-	-	-	-	-	-	-	-
12	Customer Service & Information	-	-	-	-	-	-	-	-
13	Sales, Econ Dvlp & Other	-	-	-	-	-	-	-	-
14	Administrative & General	-	-	-	-	-	-	-	-
15	Total Operating Expenses	-	-	-	-	-	-	-	-
16	Depreciation	101	-	(9,383)	1,929	-	-	-	-
17	Amortization	-	-	-	-	-	-	-	-
Taxes:									
18	Property	29	-	-	-	-	-	-	-
19	Gross Earnings								
20	Deferred Income Tax & ITC	(656)	182	3,568	(755)	(65,971)	(128,108)	-	-
21	State & Federal Income	562	(754)	(36)	7	65,565	127,347	(8,468)	(666)
22	Payroll & Other	-	-	-	-	-	-	-	-
23	Total Taxes	(65)	(572)	3,532	(748)	(406)	(761)	(8,468)	(666)
24	Total Expenses	36	(572)	(5,851)	1,181	(406)	(761)	(8,468)	(666)
25	AFUDC								
26	Total Operating Income	(36)	(835)	5,851	(1,181)	406	(12,252)	(964)	60

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per co

	PF13	PF14	PF15	PF16	PF17	PF18	PF19	PF20	PF21
	CIP Incentive	Champion	Wholesale Billing	FAS 106 PayGo	Incentive Pay	Foundation	Employee Expenses	Deferred Fuel	Fuel Write Off
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Income Statement									
Operating Revenues									
1	Retail	-	-	-	-	-	-	2,635	-
2	CIP Adjustment to Program Costs	-	-	-	-	-	-	-	-
3	Interdepartmental	-	-	-	-	-	-	-	-
4	Other Operating	(27,153)	198	-	-	-	-	-	-
5	Gross Earnings Tax	-	-	-	-	-	-	-	-
6	Total Operating Revenues	(27,153)	198	-	-	-	-	2,635	-
Expenses									
Operating Expenses:									
7	Fuel & Purchased Energy	-	-	-	-	-	-	(4,497)	(9,607)
8	Power Production	-	-	-	-	-	-	-	-
9	Transmission	-	-	-	-	-	-	-	-
10	Distribution	-	-	-	-	-	-	-	-
11	Customer Accounting	-	-	40	-	-	-	-	-
12	Customer Service & Information	-	-	83	-	-	-	-	-
13	Sales, Econ Dvlp & Other	-	-	-	-	-	-	-	-
14	Administrative & General	-	-	(123)	215	(12,828)	(366)	(435)	-
15	Total Operating Expenses	-	-	-	215	(12,828)	(366)	(4,497)	(9,607)
16	Depreciation	-	-	-	-	-	-	-	-
17	Amortization	-	-	-	-	-	-	-	-
Taxes:									
18	Property	-	-	-	-	-	-	-	-
19	Gross Earnings	-	-	-	812	-	-	-	-
20	Deferred Income Tax & ITC	-	-	-	-	-	-	-	-
21	State & Federal Income	(11,097)	81	-	(1,403)	5,242	156	2,915	3,926
22	Payroll & Other	-	-	-	-	(15)	-	-	-
23	Total Taxes	(11,097)	81	-	(591)	5,242	141	2,915	3,926
24	Total Expenses	(11,097)	81	-	(376)	(7,586)	(225)	(1,582)	(5,681)
25	AFUDC	-	-	-	-	-	-	-	-
26	Total Operating Income	(16,056)	117	-	376	7,586	225	4,217	5,681

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per co

	PF22	PF23	PF24	PF25	PF26	PF27	PF28	PF29	PF30
	Pension & Insurance	NonUnion Wages	Union Wages	Storm	Claims	Vegetation Management	Fuel Lag	Weather Normalized Allocators	Remove TCR
	(23)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Income Statement									
Operating Revenues									
1	Retail	-	-	-	-	-	(407)	-	(268)
2	CIP Adjustment to Program Costs								
3	Interdepartmental	-	-	-	-	-	-	-	-
4	Other Operating	-	-	-	-	-	-	-	-
5	Gross Earnings Tax								
6	Total Operating Revenues	-	-	-	-	-	(407)	-	(268)
Expenses									
Operating Expenses:									
7	Fuel & Purchased Energy	-	-	-	-	-	(407)	-	-
8	Power Production	-	-	-	-	-	-	299	-
9	Transmission	-	-	-	-	(2)	-	(1)	-
10	Distribution	-	-	-	(129)	(7)	-	-	-
11	Customer Accounting	-	-	-	-	-	-	-	-
12	Customer Service & Information	-	-	-	-	-	-	-	-
13	Sales, Econ Dvlp & Other	-	-	-	-	-	-	-	-
14	Administrative & General	3,528	278	161	-	(70)	-	-	-
15	Total Operating Expenses	3,528	278	161	(129)	(70)	(407)	298	-
16	Depreciation	-	-	-	-	-	-	-	(16)
17	Amortization	-	-	-	-	-	-	-	(278)
Taxes:									
18	Property	-	-	-	-	-	-	-	(2)
19	Gross Earnings								
20	Deferred Income Tax & ITC	-	-	-	-	-	-	-	(123)
21	State & Federal Income	(1,442)	(114)	(66)	53	29	4	(122)	128
22	Payroll & Other	-	-	-	-	-	-	-	-
23	Total Taxes	(1,442)	(114)	(66)	53	29	4	(122)	3
24	Total Expenses	2,086	164	95	(76)	(41)	(5)	(407)	(291)
25	AFUDC								
26	Total Operating Income	(2,086)	(164)	(95)	76	41	5	(176)	23

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per co

	PF30	PF31	PF 35		South Dakota Proforma
	Remove TCR	Remove ECR	CY Rate Case	CWC	
	(30)	(31)	(32)	(33)	
Income Statement					
Operating Revenues					
1	Retail	(268)	(412)	-	2,983,570
2	CIP Adjustment to Program Costs				(20,720)
3	Interdepartmental	-	-	-	417
4	Other Operating	-	-	-	724,787
5	Gross Earnings Tax				-
6	Total Operating Revenues	(268)	(412)	-	3,688,054
Expenses					
Operating Expenses:					
7	Fuel & Purchased Energy	-	-	-	1,318,220
8	Power Production	-	-	-	717,380
9	Transmission	-	-	-	174,348
10	Distribution	-	-	-	109,763
11	Customer Accounting	-	-	-	58,762
12	Customer Service & Information	-	-	-	79,140
13	Sales, Econ Dvlp & Other	-	-	-	332
14	Administrative & General	-	-	-	202,435
15	Total Operating Expenses	-	-	-	2,660,380
16	Depreciation	(16)	-	-	337,640
17	Amortization	(278)	-	194	744
					-
Taxes:					
18	Property	(2)	-	-	123,472
19	Gross Earnings				-
20	Deferred Income Tax & ITC	(123)	-	-	138,445
21	State & Federal Income	128	(168)	(79)	8,111
22	Payroll & Other	-	-	-	29,044
23	Total Taxes	3	(168)	(79)	299,072
24	Total Expenses	(291)	(168)	115	3,297,836
25	AFUDC				-
26	Total Operating Income	23	(244)	(115)	390,218

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per col

Line No.	Description	Unadjusted	Adjustments										Income Statement	Pro Forma	
			PF1 11154524 Nobles Wind (1)	PF2 10245258 Monticello EPU (2)	PF3a-n PI Projects (3)	PF4 King Mercury Sorbent (4)	PF5 Remove Merricourt (5)	PF6 Steam Prod Depr Lives & Net Salvage (6)	PF7 Other Prod Depr Lives & Net Salvage (7)	PF8 Bonus Tax Depreciation (8)	PF9 Net Operating Loss (NOL) (9)	PF16 FAS 106 PayGo (10)			PF30 Remove TCR (11)
1	Electric Plant as Booked														
1	Production	\$7,049,696	\$397,493	\$118,576	\$87,006	\$2,538									\$7,655,309
2	Transmission	\$1,755,389													\$1,754,731
3	Distribution	\$2,953,003													\$2,953,003
4	General	\$304,346													\$304,346
5	Common	\$414,215													\$414,215
6	TOTAL Utility Plant in Service	\$12,476,649	\$397,493	\$118,576	\$87,006	\$2,538	\$0	\$0	\$0	\$0	\$0	\$0	(\$658)	\$13,081,604	
7	Reserve for Depreciation														
7	Production	\$4,229,405	\$10,164	(\$6,739)	\$1,856	\$57		(\$4,691)	\$964					\$4,231,016	
8	Transmission	\$583,802											(\$13)	\$583,789	
9	Distribution	\$1,190,951												\$1,190,951	
10	General	\$119,722												\$119,722	
11	Common	\$257,359												\$257,359	
12	TOTAL Reserve for Depreciation	\$6,381,238	\$10,164	(\$6,739)	\$1,856	\$57	\$0	(\$4,691)	\$964	\$0	\$0	\$0	(\$13)	\$6,382,836	
13	Net Utility Plant in Service														
13	Production	\$2,820,291	\$387,329	\$125,315	\$85,150	\$2,481	\$0	\$4,691	(\$964)	\$0	\$0			\$3,424,293	
14	Transmission	\$1,171,587											(\$645)	\$1,170,942	
15	Distribution	\$1,762,052												\$1,762,052	
16	General	\$184,624												\$184,624	
17	Common	\$156,856												\$156,856	
18	Net Utility Plant in Service	\$6,095,411	\$387,329	\$125,315	\$85,150	\$2,481	\$0	\$4,691	(\$964)	\$0	\$0	\$0	(\$645)	\$6,698,768	
19	Utility Plant Held for Future Use	\$0												\$0	
20	Construction Work in Progress	\$0												\$0	
21	Less: Accumulated Deferred Income Taxes	\$1,287,871	\$60,001	\$32,021	\$9,617	\$345	\$244	\$1,784	(\$378)	(\$32,985)	(\$61,818)	\$27,808	(\$35)	\$1,324,475	
22	Cash Working Capital	(\$68,088)												\$1,248	(\$66,840)
23	Other Rate Base Items:														
23	Materials and Supplies	\$111,130												\$111,130	
24	Fuel Inventory	\$86,048												\$86,048	
25	Non-Plant Assets & Liabilities	(\$113,676)									\$68,617			(\$45,059)	
26	Prepayments	\$19,815												\$19,815	
27	Customer Advances	(\$1,217)												(\$1,217)	
28	Interest on Customer Deposits	(\$2,617)												(\$2,617)	
29	Nuclear Outage Amortization	\$55,216												\$55,216	
30	SD Private Fuel Amortization	\$933												\$933	
31	SD Rate Case Expense Amortization	\$244												\$244	
32	SD SO2 Emission Allowance Sales Amort	(\$202)												(\$202)	
33	SD AFUDC Amortization	\$4,715												\$4,715	
34	Other Working Capital	\$3,977												\$3,977	
35	Total Other Rate Base Items	\$164,366	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68,617	\$0	\$0	\$232,983	
36	Total Average Rate Base	\$4,903,818	\$327,328	\$93,294	\$75,533	\$2,136	(\$244)	\$2,907	(\$586)	\$32,985	\$61,818	\$40,809	(\$610)	\$1,248	\$5,540,436

Note: See Volume 3, Pro Forma Adjustments for details. There is a tab per column heading for each adjustment

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 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2010
 Summary of Unadjusted Operating Revenues and Expenses
 (\$000's)

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	<u>Description</u>	<u>Total Company</u>	<u>State of South Dakota</u>
Operating Revenues			
1	Retail	2,983,429	156,951
2	CIP Adjustment to Program Costs	-	-
3	Interdepartmental	417	-
4	Other Operating	753,270	39,152
5	Gross Earnings Tax	-	-
6	Total Operating Revenues	<u>3,737,116</u>	<u>196,103</u>
Expenses			
Operating Expenses:			
7	Fuel & Purchased Energy	1,332,731	80,110
8	Power Production	717,081	40,130
9	Transmission	174,351	9,757
10	Distribution	109,899	6,533
11	Customer Accounting	58,722	3,996
12	Customer Service & Information	80,376	492
13	Sales, Econ Dvlp & Other	93	3
14	Administrative & General	212,762	12,482
15	Total Operating Expenses	<u>2,686,015</u>	<u>153,503</u>
16	Depreciation	316,793	18,618
17	Amortization	828	828
Taxes:			
18	Property	116,166	5,560
19	Gross Earnings	-	-
20	Deferred Income Tax & ITC	341,876	19,226
21	State & Federal Income	(162,803)	(13,970)
22	Payroll & Other	29,059	1,671
23	Total Taxes	<u>324,298</u>	<u>12,487</u>
24	Total Expenses	3,327,934	185,436
25	AFUDC	-	-
26	Total Operating Income	<u>409,182</u>	<u>10,667</u>

Northern States Power Company, a Minnesota corporation
 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2010
 Summary of Unadjusted Rate Base
 (\$000's)

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	<u>Description</u>	<u>Total Company</u>	<u>State of South Dakota</u>
	Electric Plant as Booked		
1	Production	\$7,049,696	\$394,510
2	Transmission	\$1,755,389	\$97,916
3	Distribution	\$2,953,003	\$180,529
4	General	\$304,346	\$17,445
5	Common	\$414,215	\$23,970
6	TOTAL Utility Plant in Service	<u>\$12,476,649</u>	<u>\$714,371</u>
	<u>Reserve for Depreciation</u>		
7	Production	\$4,229,405	\$236,566
8	Transmission	\$583,802	\$32,575
9	Distribution	\$1,190,951	\$72,024
10	General	\$119,722	\$6,865
11	Common	\$257,359	\$14,938
12	TOTAL Reserve for Depreciation	<u>\$6,381,238</u>	<u>\$362,969</u>
	Net Utility Plant in Service		
13	Production	\$2,820,291	\$157,944
14	Transmission	\$1,171,587	\$65,341
15	Distribution	\$1,762,052	\$108,505
16	General	\$184,624	\$10,580
17	Common	\$156,856	\$9,032
18	Net Utility Plant in Service	<u>\$6,095,411</u>	<u>\$351,402</u>
19	Utility Plant Held for Future Use	\$0	\$0
20	Construction Work in Progress	\$0	\$0
21	Less: Accumulated Deferred Income Taxes	\$1,287,871	\$75,503
22	Cash Working Capital	(\$68,088)	(\$2,794)
	Other Rate Base Items:		
23	Materials and Supplies	\$111,130	\$6,260
24	Fuel Inventory	\$86,048	\$4,816
25	Non-Plant Assets & Liabilities	(\$113,676)	(\$6,495)
26	Prepayments	\$19,815	\$1,122
27	Customer Advances	(\$1,217)	(\$157)
28	Interest on Customer Deposits	(\$2,617)	(\$156)
29	Nuclear Outage Amortization	\$55,216	\$3,090
30	SD Private Fuel Amortization	\$933	\$933
31	SD Rate Case Expense Amortization	\$244	\$244
32	SD SO2 Emission Allowance Sales Amortization	(\$202)	(\$202)
33	SD AFUDC Amortization	\$4,715	\$4,715
34	Other Working Capital	\$3,977	\$266
35	Total Other Rate Base Items	<u>\$164,366</u>	<u>\$14,436</u>
36	Total Average Rate Base	<u><u>\$4,903,818</u></u>	<u><u>\$287,541</u></u>