

2010 NOL & DTA
Template V1.2

Rate Base

Plant Investment BOY
 Plant Investment EOY
 Depreciation Reserve BOY
 Depreciation Reserve EOY
 C.W.I.P. BOY
 C.W.I.P. EOY
 Accumulated Deferred Taxes BOY
 Accumulated Deferred Taxes EOY
 Materials & Supplies BOY
 Materials & Supplies EOY
 Fuel Inventory BOY
 Fuel Inventory EOY
 Non-Plant Assets & Liab BOY
 Non-Plant Assets & Liab EOY
 Prepays & Other BOY
 Prepays & Other EOY

Period	Mn Co Electric																						
	Production				Transmission				Distribution														
	MN	ND	SD	Whis	MN	ND	SD	Whis	MN	ND	SD	Whis											
BOY																							
EOY																							
BOY																							
EOY																							
BOY	0	0	(35,348)	0	0	0	(7,288)	0	0	0	(19,182)	0											
EOY	(70,696)	(70,696)	(35,348)	(70,696)	(14,577)	(14,577)	(7,288)	(14,577)	(36,365)	(36,365)	(19,182)	(36,365)											
BOY																							
EOY																							
BOY																							
EOY																							
BOY																							
EOY																							
BOY																							
EOY																							

Mn Co Gas	
MN	ND

Jur Electric			
MN	ND	SD	Whis
0	0	(4,470)	0
(104,812)	(13,282)	(4,470)	(1,093)

Jur Gas	
MN	ND

Statement of Income

Taxes:

Property Annual
 Gross Earnings Tax Annual
 Deferred Income Tax & ITC Annual
 Payroll & other Annual

Annual																							
Annual	(73,252)	(73,252)	(73,252)	(73,252)	(15,104)	(15,104)	(15,104)	(15,104)	(39,752)	(39,752)	(39,752)	(39,752)											
Annual																							
Annual																							

(104,812)	(13,282)	(8,940)	(1,093)

Total Taxes:	Annual	(73,252)	(73,252)	(73,252)	(73,252)	(15,104)	(15,104)	(15,104)	(15,104)	(39,752)	(39,752)	(39,752)	(39,752)	0	0	(104,812)	(13,282)	(8,940)	(1,093)	0	0
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AFUDC

Annual																							
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Juris Income Tax

Tax Additions:

Nuclear Fuel Burn (ex D&D) Annual
 Nuclear Outage Accounting Annual
 Avoided Tax Interest Annual
 Open Annual
 Open Annual
 Open Annual
 Open Annual
 Other Book Additions Annual

Annual																							
Annual																							
Annual																							
Annual																							
Annual																							
Annual																							
Annual																							

Total Tax Additions	Annual	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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Tax Deductions:

Tax Depreciation & Removal Annual
 Manufacture Production Deduction Annual
 Open Annual
 Open Annual
 Other Tax/Book Timing Differences Annual

Annual	(163,476)	(163,476)	(163,476)	(163,476)	(33,707)	(33,707)	(33,707)	(33,707)	(88,714)	(88,714)	(88,714)	(88,714)											
Annual																							
Annual																							
Annual																							
Annual																							

(232,103)	(30,917)	(20,416)	(2,461)

Total Tax Deductions	Annual	(163,476)	(163,476)	(163,476)	(163,476)	(33,707)	(33,707)	(33,707)	(33,707)	(88,714)	(88,714)	(88,714)	(88,714)	0	0	(232,103)	(30,917)	(20,416)	(2,461)	0	0
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Tax Credits:

State R&E Credits
 Other State Credits
 Federal Production Tax Credit (PTC)
 Other Federal Tax Credits

(9,959)	(627)	(597)	(87)

Total Tax Credits	Annual	(11,270)	(11,270)	(11,270)	(11,270)	0	0	0	0	0	0	0	0	0	0	(9,959)	(627)	(597)	(87)	0	0
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2010 Actual Net Operating Loss Carryforward (NOL)

The purpose of this annual report adjustment is to determine the impact on current and deferred taxes resulting from carrying forward into 2011 any NOL occurring in 2010.

In order to calculate the NOL, the COSS for 2010 for each jurisdiction (prior to NOL) needs to be complete. This adj used the MN and ND COSS as of 4/26/11 and the SD COSS as filed in the SD rate case.

The COSS for each jurisdiction is used to calculate the NOL for that jurisdiction. All the jurisdictions are added together to get the total Company NOL.

2010 Revenue Requirement Impact of Bonus & Loss Carry-Forward

Input Assumptions

Weighted Cost of Debt	3.01%
Weighted Cost of Equity	5.77%
Composite Cost of Capital	8.78%
Composite Tax Rate	40.87%
Current Tax Rate	35.00%
Federal Tax Rate	35.00%
State Rate	0.00%
Income Tax GrossUp Factor	0.538461538

Current COSS MN Jur Revenue Requirement

Rate Base	2010
Plus CWIP Balance	0
Plus Plant In-Service	748,267
Less Book Depreciation Reserve	363,059
Less Accum Deferred Taxes	81,028
Plus Other Rate Base	<u>15,436</u>
Average Rate Base (BOY/EOY)	319,616

Plus Debt Return	9,620
Plus Equity Return	<u>18,442</u>
Total Return	28,062

Income Statement

Plus Operating Expense	143,483
Plus Amortization Expense	1,022
Plus Payroll & Other Taxes	1,670
Plus Property Taxes	5,971
Plus Book Depreciation	19,785
Plus Deferred Taxes	15,005
Plus RR Gross Up for Income Tax	(1,184)
Less AFUDC	0
Less AFUDC RR Gross Up for Income Tax	0
Less Other Revenues	39,017
Less Wind Production Tax Credit	597
Less Wind PTC Gross up for Income Tax	321
Less Investment Tax Credit (INPUT)	0
Less ITC RR Gross up for Income Tax	<u>0</u>
Total Income Statement Expense	145,816

Total Current Tax Expense	(2,103)
Tax Depr, Removal, CPI & Other	55,431

SD Jurisdictional Revenue Requirement	173,879
SD Jurisdictional Revenue Requirement	173,879

2010 Revenue Requirement Impact of Bonus & Loss Carry-Forward	
Additional Bonus	
Production	0
Transmission	0
Distribution	0
Common & General	0
Total Net Change	0
Impact on Deferred Tax	0
Impact on Rate Base	0
Impact On Debt Return	0
Impact on Equity Return	0
Impact on Current Tax	0
New Bonus Impact on Revenue Requirements	0
Current Taxes After Bonus	(2,103)
NOL & Credit Carry(Back/Forward)	
Unused PTC Credits	(597) *
Unused PTC Credit RR Gross Up for Income Tax	(321)
Current Tax After Unused Credits	(1,184)
NOL Carry Back/Forward (Unused Deductions)	(20,416) *
Impact on Deferred Tax	(8,940) *
Impact on Rate Base	4,470 *
Impact On Debt Return	135
Impact on Equity Return	258
Impact on Current Tax	6,318
Total Current Tax Expense	5,134
Total Current Tax Expense (Excl ITC)	5,134
Rev Req Impact of Loss & Credit Carryforward	(1,311)
Net Revenue Requirement Impact	(1,311)
EOY Unused Deduction Balance	20,416
Tax Effect of Deduction Balance	8,343
EOY Unused Credit Balance	597
Total (EOY Rate Base)	8,940
Total Revenue Requirements	172,567

2010 Revenue Requirement Impact of Bonus & Loss Carry-Forward

Revenue Requirement Validation

<u>Rate Base</u>	<u>2010</u>
CWIP	0
Plant In-Service	748,267
Book Depreciation Reserve	(363,059)
Accum Deferred Liability	(81,028)
Accum Deferred Liability (Bonus)	0
Accum Deferred Asset (NOL)	4,172
Accum Deferred Asset (PTCs)	299
Other Rate Base	<u>15,436</u>
Total Rate Base	324,086
Debt Return	9,755
Equity Return	18,700

	<u>2010A</u>
Total Revenues	157,899

Expenses

Plus Operating Expense	143,483
Plus Amortization Expense	1,022
Plus Payroll & Other Taxes	1,670
Plus Property Taxes	5,971
Plus Book Depreciation	19,785
Plus Deferred Taxes	6,065
Less Other Revenues	39,017

Calculate Taxable Income and Federal & State Taxes

Total Revenues (Model Revenue Requirements)	157,899
Tax Depreciation, Removal & CPI	55,431
Bonus Tax Depr	-
NOL Carry Back/Forward (Unused Deductions)	(20,416)
CPI Tax Income	-
Removal Expense	-
Debt Return	9,755
Amortization Expense	1,022
Operating Expenses	143,483
Payroll & Other Taxes	1,670
Property Taxes	5,971
Plus Other Revenues	39,017
Total Taxable Income	(0)
State Taxes	-
Federal Taxable Income	(0)
Federal Taxes	(0)
Total State & Federal Taxes	(0)
Tax Credits	597
Credit Carryforward	(597)
Net State & Federal Taxes (Equals ITC)	(0)

2010 Revenue Requirement Impact of Bonus & Loss Carry-Forward	
Total Expenses	138,979
Operating Income	18,920
AFUDC	-
Net Operating Income	18,920
Required Operating Income <i>(Rate Base × Required Return)</i>	28,455
Operating Income Deficiency <i>(Required Operating Income less Operating Income)</i>	9,534
Revenue Conversion Factor $(1/(1-t))$	1.538461538
Revenue Deficiency	14,668
COSS Revenue Deficiency	\$15,980
Net Change	(\$1,312)