

Line No.	NSPM - 10 Bridge Schedule by Adjustment	(1)	(2)	(3)
			2013 Normalizing Rider Removal - TCR	Revenue Credits TCR Rider Revenue Credit
1	Composite Income Tax Rate			
2	Federal Effective Tax Rate		35.00%	35.00%
3	Revenue Conversion Factor (1/(1--Composite Tax Rate))		1.538462	1.538462
4				
5	Required Rate of Return		7.30%	7.30%
6				
7	Rate Base			
8	Plant Investment		(4,469,274)	
9	Depreciation Reserve		(67,413)	-
10	Net Utility Plant		(4,401,861)	
11				
12	Accumulated Deferred Taxes		(231,537)	
13	Total Accum Deferred Taxes		(231,537)	
14				
15				
16	Total Rate Base		(4,170,325)	
17				
18	Operating Revenues			
19	Retail		(2,935,105)	540,353
20	Interdepartmental			
21	Other Operating Rev - Non-Retail		(1,230,731)	-
22	Total Operating Revenues		(4,165,836)	540,353
23				
24	Expenses			
25	Operating Expenses:			
26	Transmission		(2,681,937)	
27	Customer Accounting			
28	Customer Service & Information			
29	Sales, Econ Dvlp & Other			
30	Administrative & General		-	-
31	Total Operating Expenses		(2,681,937)	
32				
33	Depreciation		(60,568)	
34	Amortization		(391,868)	
35				
36	Taxes:			
37	Property Taxes		(44,060)	
38	ITC Amortization			
39	Deferred Taxes		(146,663)	
40	Less Deferred State Tax Credits			
41	Less Deferred Federal Tax Credits		-	-
42	Deferred Income Tax & ITC		(146,663)	
43	Payroll & Other Taxes			

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			2013 Normalizing Rider Removal - TCR	Revenue Credits TCR Rider Revenue Credit
44	Total Taxes Other Than Income		(190,723)	
45				
46	<u>Income Before Taxes</u>			
47	Total Operating Revenues		(4,165,836)	540,353
48	less: Total Operating Expenses		(2,681,937)	
49	Book Depreciation		(60,568)	
50	Amortization		(391,868)	
51	<u>Taxes Other than Income</u>		<u>(190,723)</u>	-
52	Total Before Tax Book Income		(840,740)	540,353
53				
54	<u>Tax Additions</u>			
55	Book Depreciation		(60,568)	
56	Deferred Income Taxes and ITC		(146,663)	
57	Nuclear Fuel Burn (ex. D&D)			
58	Nuclear Outage Accounting			
59	Avoided Tax Interest		(576,891)	
60	<u>Other Book Additions</u>		-	-
61	Total Tax Additions		(784,122)	
62				
63	<u>Tax Deductions</u>			
64	Total Rate Base		(4,170,325)	
65	Weighted Cost of Debt		<u>2.32%</u>	<u>2.32%</u>
66	Debt Interest Expense		(96,752)	
67	Nuclear Outage Accounting			
68	Tax Depreciation and Removals		(992,121)	
69	Federal Sec 199 Production Deduction			
70	<u>Other Tax / Book Timing Differences</u>		-	-
71	Total Tax Deductions		(1,088,872)	
72				
73	<u>State Taxes</u>			
74	State Taxable Income		(535,989)	540,353
75	State Income Tax Rate		-	-
76	State Taxes before Credits		-	-
77	<u>Less State Tax Credits</u>		-	-
78	Total State Income Taxes			
79				
80	<u>Federal Taxes</u>			
81	Federal Taxable Income		(535,989)	540,353
82	Federal Income Tax Rate		<u>35.00%</u>	<u>35.00%</u>
83	Federal Tax before Credits		(187,596)	189,123
84	Less Federal Tax Credits			
85	Total Federal Income Taxes		(187,596)	189,123
86				

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		2013 Normalizing Rider Removal - TCR	Revenue Credits TCR Rider Revenue Credit	
87	Total Taxes			
88	Total Taxes Other than Income	(190,723)		
89	<u>Total Federal and State Income Taxes</u>	<u>(187,596)</u>		<u>189,123</u>
90	Total Taxes	(378,319)		189,123
91				
92	Total Operating Revenues	(4,165,836)		540,353
93	Total Expenses	(3,512,692)		189,123
94				
95	Net Income	(653,144)		351,229
96				
97	Rate of Return (ROR)			
98	Total Operating Income	(653,144)		351,229
99	<u>Total Rate Base</u>	<u>(4,170,325)</u>		-
100	ROR (Operating Income / Rate Base)	15.66%		
101				
102	Return on Equity (ROE)			
103	Net Operating Income	(653,144)		351,229
104	Debt Interest (Rate Base * Weighted Cost of Debt)	96,752		
105	Earnings Available for Common	(556,392)		351,229
106	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>(2,246,137)</u>		-
107	ROE (earnings for Common / Equity)	24.77%		
108				
109	Revenue Deficiency			
110	Required Operating Income (Rate Base * Required Return)	(304,434)		
111	<u>Net Operating Income</u>	<u>(653,144)</u>		<u>351,229</u>
112	Operating Income Deficiency	348,710		(351,229)
113				
114	<u>Revenue Conversion Factor (1/(1-Composite Tax Rate))</u>	<u>1.538462</u>		<u>1.538462</u>
115	Revenue Deficiency (Income Deficiency * Conversion Factor)	536,477		(540,353)
116				
117	Total Revenue Requirements			
118	Total Retail Revenues	(2,935,105)		540,353
119	<u>Revenue Deficiency</u>	<u>536,477</u>		<u>(540,353)</u>
120	Total Revenue Requirements	(2,398,628)		
121				

SOURCE: Email from Andrew Sudbury on 11/26/14