

Section M

20:10:13:96. Statement M -- Overall cost of service. Statement M shall show for the test period the overall cost of service per books for the filing public utility's utility operations during the test period, including allowances for return and income taxes based upon the rate of return claimed, together with the operating revenues of the filing public utility for the test period. If the filing public utility claims any adjustments to book figures, the cost of service based upon the claimed adjustments shall be shown on a separate schedule. If the amount of the filing public utility's total utility operating revenue differs significantly from its overall cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and return expressed as a percentage of rate base.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

Law Implemented: SDCL 49-34A-10, 49-34A-12, 49-34A-41.

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	11,174,591	821,979
2	Claimed Rate of Return	7.47%	6.39%
Development of Revenue Requirements			
3	Total Available for Return	835,234	52,526
Operating Expenses			
4	Operating and Maintenance	3,093,628	192,720
5	Depreciation & Amortizations	784,820	58,349
Taxes Other than Income			
6	Real Estate and Personal Property Taxes	199,130	11,205
7	Payroll and Other	30,548	2,051
8	Deferred Income Taxes	(60,075)	(435)
9	Federal and State Income Taxes	6,253	(2,487)
10	Total Operating Expenses	<u>4,054,304</u>	<u>261,405</u>
11	COST OF SERVICE (Operating Revenues)	<u><u>4,889,538</u></u>	<u><u>313,931</u></u>

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	12,441,948	947,135
2	Claimed Rate of Return	5.79%	3.97%
Development of Revenue Requirements			
3	Total Available for Return	720,992	37,598
Operating Expenses			
4	Operating and Maintenance	3,076,186	186,583
5	Depreciation & Amortizations	924,606	78,569
Taxes Other than Income			
6	Real Estate and Personal Property Taxes	227,901	12,758
7	Payroll and Other	30,516	2,050
8	Deferred Income Taxes	(7,907)	2,558
9	Federal and State Income Taxes	(58,537)	(9,068)
10	Total Operating Expenses	<u>4,192,765</u>	<u>273,451</u>
11	COST OF SERVICE (Operating Revenues)	<u><u>4,913,757</u></u>	<u><u>311,049</u></u>

Line No.	Work Paper Reference Column Number	Bridge - Unadjusted					Precedential	Adjustments							
		Cash Working Capital	Change in Cost of Capital	Net Operating Loss	Unadjusted Base	Total Base	Precedential Adjustments	Credit Card AutoPay	Decommissioning	Depreciation on Study: Remaining Life	Depreciation Study: TD&G	Dues: Chamber of Commerce	EOL Nuclear Fuel	Foundation and Other Donations	
		(1)	(2)	(3)	(4)	(5)	A1 - A10 (6)	A12 (7)	A20 (8)	A22 (9)	A21 (10)	A11 (11)	A15 (12)	A13 (13)	
1															
2	Operating Revenues														
3	Retail Revenue				3,838,289	3,838,289									
4	Interdepartmental				404	404									
5	Other Operating				1,050,845	1,050,845				96	1,788		(311)		
6	Total Revenue				4,889,538	4,889,538				96	1,788		(311)		
7															
8	Expenses														
9	Operating Expenses														
10	Fuel & Purchased Energy				1,412,218	1,412,218									
11	Power Production				681,076	681,076	(4,300)						(1,814)		
12	Transmission				400,593	400,593									
13	Distribution				115,243	115,243									
14	Customer Accounting				67,460	67,460		400							
15	Customer Service and Information				151,130	151,130	114								
16	Sales, Econ Dev, & Other				2,899	2,899	188								
17	Administrative and General				263,008	263,008	(13,955)					143		1,839	
18	Total Operating Expenses				3,093,628	3,093,628	(17,954)	400				143	(1,814)	1,839	
19															
20	Depreciation				825,159	825,159			6,958	(9,248)	(5,283)				
21	Amortization				(40,339)	(40,339)									
22															
23	Taxes														
24	Property				199,130	199,130									
25	Deferred Income Tax and ITC			(126,081)	66,006	(60,075)	(1,794)			2,798	1,560		509		
26	Federal and State Income Tax	119	6,336	126,922	(127,123)	6,253	5,030	(84)	(1,461)	225	360	(30)	(71)	(386)	
27	Payroll and Other				30,548	30,548	(32)								
28	Total Taxes	119	6,336	841	168,560	175,856	3,204	(84)	(1,461)	3,024	1,920	(30)	438	(386)	
29															
30	Total Expenses	119	6,336	841	4,047,008	4,054,304	(14,749)	316	5,497	(6,224)	(3,363)	113	(1,376)	1,453	
31															
32	Allowance for Funds Used During Construction														
33															
34	Net Income	(119)	(6,336)	(841)	842,530	835,234	14,749	(316)	(5,497)	6,320	5,151	(113)	1,065	(1,453)	
35															
36	Calculation of Revenue Requirements														
37	Rate Base	(25,432)		63,041	11,136,982	11,174,591	22,174			(50,115)	3,723		1,306		
38	Required Operating Income	(1,836)	48,051	4,552	804,090	854,856	1,696			(3,834)	285		100		
39	Operating Income	(119)	(6,336)	(841)	842,530	835,234	14,749	(316)	(5,497)	6,320	5,151	(113)	1,065	(1,453)	
40	Income Deficiency	(1,718)	54,387	5,392	(38,440)	19,622	(13,053)	316	5,497	(10,154)	(4,866)	113	(965)	1,453	
41	Revenue Deficiency	(2,174)	68,844	6,826	(48,658)	24,838	(16,523)	400	6,958	(12,853)	(6,160)	143	(1,222)	1,839	

Line No.	Work Paper Reference Column Number	Plant					Amortization					Rider Removals	Known & Measurable Capital	
		Incentive Compensation	Late Payment	PI EPU Recovery	Plant Annualization	Revenue Yr End	Transmission ROE	Amortization	COVID Deferral	Income Tax Tracker	NOL ADIT ARAM	Rate Case Expenses		Rider Removal - TCR
		A16-A18 (14)	A19 (15)	A23 (16)	A24 (17)	A14 (18)	A25 (19)	(20)	A26 (21)	A27 (22)	A28 (23)	A29 (24)	A31 (25)	K&M1 (26)
1														
2	Operating Revenues													
3	Retail Revenue					2,700							193	
4	Interdepartmental													
5	Other Operating		(54)				(4,729)						(7,682)	32,218
6	Total Revenue		(54)			2,700	(4,729)						(7,489)	32,218
7														
8	Expenses													
9	Operating Expenses													
10	Fuel & Purchased Energy													
11	Power Production													
12	Transmission						(12)						(7,489)	
13	Distribution													
14	Customer Accounting													
15	Customer Service and Information													
16	Sales, Econ Dev, & Other													
17	Administrative and General	6,204												
18	Total Operating Expenses	6,204					(12)						(7,489)	
19														
20	Depreciation				3,164									97,862
21	Amortization			365				42,130	578	147	2,668	444		
22														
23	Taxes													
24	Property													
25	Deferred Income Tax and ITC			(133)	(807)									80,098
26	Federal and State Income Tax	(1,303)	(11)	(10)	(21)	567	(991)	(8,847)	(121)	(32)	(208)	(93)		(79,985)
27	Payroll and Other													
28	Total Taxes	(1,303)	(11)	(143)	(828)	567	(991)	(8,847)	(121)	(32)	(208)	(93)		113
29														
30	Total Expenses	4,901	(11)	222	2,336	567	(1,003)	33,283	457	115	2,461	351	(7,489)	97,974
31														
32	Allowance for Funds Used During Construction													
33														
34	Net Income	(4,901)	(42)	(222)	(2,336)	2,133	(3,727)	(33,283)	(457)	(115)	(2,461)	(351)		(65,756)
35														
36	Calculation of Revenue Requirements													
37	Rate Base			2,398						295	50,700			1,225,414
38	Required Operating Income			183						23	3,879			93,744
39	Operating Income	(4,901)	(42)	(222)	(2,336)	2,133	(3,727)	(33,283)	(457)	(115)	(2,461)	(351)		(65,756)
40	Income Deficiency	4,901	42	406	2,336	(2,133)	3,727	33,283	457	138	6,339	351		159,500
41	Revenue Deficiency	6,204	54	514	2,958	(2,700)	4,717	42,130	578	174	8,025	444		201,899

Line No.	Work Paper Reference Column Number	Known & Measurable		Secondary Calculations		Total
		Property Tax	Wage Adjustment	Cash Working Capital	Net Operating Loss	
		K&M2 (27)	K&M3 (28)	A32 (29)	A33 (30)	(31)
1						
2	Operating Revenues					
3	Retail Revenue					3,841,182
4	Interdepartmental					404
5	Other Operating					1,072,172
6	Total Revenue					4,913,757
7						
8	Expenses					
9	Operating Expenses					
10	Fuel & Purchased Energy		24			1,412,243
11	Power Production		512			675,475
12	Transmission		43			393,134
13	Distribution		124			115,367
14	Customer Accounting		38			67,898
15	Customer Service and Information		3			151,246
16	Sales, Econ Dev, & Other		3			3,090
17	Administrative and General		495			257,734
18	Total Operating Expenses		1,241			3,076,186
19						
20	Depreciation					918,612
21	Amortization					5,994
22						
23	Taxes					
24	Property	28,771				227,901
25	Deferred Income Tax and ITC				(30,063)	(7,907)
26	Federal and State Income Tax	(6,042)	(261)	(21)	29,005	(58,538)
27	Payroll and Other					30,516
28	Total Taxes	22,729	(261)	(21)	(1,058)	191,973
29						
30	Total Expenses	22,729	981	(21)	(1,058)	4,192,765
31						
32	Allowance for Funds Used During Construction					
33						
34	Net Income	(22,729)	(981)	21	1,058	720,992
35						
36	Calculation of Revenue Requirements					
37	Rate Base			(3,569)	15,031	12,441,948
38	Required Operating Income			(273)	1,150	951,809
39	Operating Income	(22,729)	(981)	21	1,058	720,992
40	Income Deficiency	22,729	981	(294)	92	230,817
41	Revenue Deficiency	28,771	1,241	(373)	117	292,173

Line No.	Work Paper Reference Column Number	Bridge - Unadjusted					Precedential	Adjustments					Amortization			Known & Measurable	Secondary Calculations		Total
		Cash Working Capital	Change in Cost of Capital	Net Operating Loss	Unadjusted	Total Unadjusted	Precedential Adjustments	Depreciation Study: Remaining Life	Depreciation Study: TD&G	EOL Nuclear Fuel	PI EPU Recovery	Income Tax Tracker	NOL ADIT ARAM	Known & Measurable	Cash Working Capital	Net Operating Loss			
		(1)	(2)	(3)	(4)	(5)	A1 - A10 (6)	A22 (7)	A21 (8)	A15 (9)	A23 (10)	A27 (11)	A28 (12)	K&M1 - K&M33 (13)	A32 (14)	A33 (15)	(16)		
1																			
2	Plant as booked																		
3	Production				14,294,759	14,294,759								1,034,982				15,329,741	
4	Transmission				4,096,888	4,096,888								68,181				4,165,069	
5	Distribution				4,766,108	4,766,108								37,580				4,803,687	
6	General				1,175,182	1,175,182								165,038				1,340,220	
7	Common				904,653	904,653								94,242				998,895	
8	Total Utility Plant in Service				25,237,590	25,237,590								1,400,023				26,637,613	
9																			
10	Reserve for Depreciation																		
11	Production				8,117,856	8,117,856		47,317		(1,814)				42,286				8,205,645	
12	Transmission				1,021,507	1,021,507			10,446					1,806				1,033,759	
13	Distribution				1,832,103	1,832,103			1,252					(365)				1,832,989	
14	General				592,471	592,471			(6,461)					23,676				609,686	
15	Common				416,857	416,857			(10,519)					12,404				418,742	
16	Total Reserve for Depreciation				11,980,795	11,980,795		47,317	(5,283)	(1,814)				79,807				12,100,821	
17																			
18	Net Utility Plant																		
19	Production				6,176,903	6,176,903		(47,317)		1,814				992,696				7,124,096	
20	Transmission				3,075,381	3,075,381			(10,446)					66,376				3,131,311	
21	Distribution				2,934,005	2,934,005			(1,252)					37,945				2,970,698	
22	General				582,711	582,711			6,461					141,362				730,534	
23	Common				487,795	487,795			10,519					81,838				580,153	
24	Net Utility Plant in Service				13,256,795	13,256,795		(47,317)	5,283	1,814				1,320,216				14,536,791	
25																			
26	Utility Plant Held for Future Use																		
27																			
28	Construction Work in Progress				0	0												0	
29																			
30	Less: Accumulated Deferred Income Tax			(63,041)	2,498,608	2,435,567	8,637	2,798	1,560	509	1,373			94,803		(15,031)		2,530,215	
31																			
32	Other Rate Base Items																		
33	Cash Working Capital	(25,432)				(25,432)											(3,569)	(29,001)	
34	Materials and Supplies				178,303	178,303												178,303	
35	Fuel Inventory				73,077	73,077												73,077	
36	Non Plant Assets and Liabilities				89,054	89,054	30,811											119,865	
37	Customer Advances				(10,055)	(10,055)												(10,055)	
38	Customer Deposits				(27,311)	(27,311)												(27,311)	
39	Prepayments				72,646	72,646												72,646	
40	Regulatory Amortizations				3,081	3,081					3,771	295	50,700					57,847	
41	Total Other Rate Base	(25,432)			378,795	353,364	30,811				3,771	295	50,700			(3,569)		435,371	
42																			
43	Total Average Rate Base	(25,432)		63,041	11,136,982	11,174,591	22,174	(50,115)	3,723	1,306	2,398	295	50,700	1,225,414	(3,569)	15,031		12,441,948	

Northern States Power Company
 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2021
 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	3,838,289	244,261
3	Interdepartmental	404	-
4	Other Operating	1,050,845	69,669
6	Total Operating Revenues	<u>4,889,538</u>	<u>313,931</u>
	Expenses		
	Operating Expenses:		
7	Fuel & Purchased Energy	1,412,218	90,096
8	Power Production	681,076	45,726
9	Transmission	400,593	27,042
10	Distribution	115,243	6,890
11	Customer Accounting	67,460	3,275
12	Customer Service & Information	151,130	1,310
13	Sales, Econ Dvlp & Other	2,899	186
14	Administrative & General	263,008	18,196
15	Total Operating Expenses	<u>3,093,628</u>	<u>192,720</u>
16	Depreciation	825,159	56,725
17	Amortization	(40,339)	1,624
	Taxes:		
18	Property	199,130	11,205
19	Gross Earnings	-	-
20	Deferred Income Tax & ITC	(60,075)	(435)
21	State & Federal Income	6,253	(2,487)
22	Payroll & Other	30,548	2,051
23	Total Taxes	<u>175,856</u>	<u>10,335</u>
24	Total Expenses	4,054,304	261,405
25	AFUDC	-	-
26	Total Operating Income	<u>835,234</u>	<u>52,526</u>

Northern States Power Company
Electric Utility - Total Company and State of South Dakota
Actual Year Ended December 31, 2021
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	\$14,294,759	\$973,140
2	Transmission	\$4,096,888	\$277,333
3	Distribution	\$4,766,108	\$368,004
4	General	\$1,175,182	\$78,345
5	Common	\$904,653	\$60,252
6	TOTAL Utility Plant in Service	<u>\$25,237,590</u>	<u>\$1,757,073</u>
	<u>Reserve for Depreciation</u>		
7	Production	\$8,117,856	\$550,759
8	Transmission	\$1,021,507	\$69,110
9	Distribution	\$1,832,103	\$115,331
10	General	\$592,471	\$39,470
11	Common	\$416,857	\$27,749
12	TOTAL Reserve for Depreciation	<u>\$11,980,795</u>	<u>\$802,419</u>
	Net Utility Plant in Service		
13	Production	\$6,176,903	\$422,380
14	Transmission	\$3,075,381	\$208,223
15	Distribution	\$2,934,005	\$252,673
16	General	\$582,711	\$38,875
17	Common	\$487,795	\$32,503
18	Net Utility Plant in Service	<u>\$13,256,795</u>	<u>\$954,655</u>
19	Utility Plant Held for Future Use	\$0	\$0
20	Construction Work in Progress	\$0	\$0
21	Less: Accumulated Deferred Income Taxes	\$2,435,567	\$162,565
22	Cash Working Capital	(\$25,432)	\$117
	Other Rate Base Items:		
23	Non-Plant Assets & Liabilities	\$178,303	\$12,006
24	Materials and Supplies	\$73,077	\$4,865
25	Fuel Inventory	\$89,054	\$6,246
26	Prepayments	(\$10,055)	(\$1,556)
27	Interest on Customer Deposits	(\$27,311)	(\$47)
28	Customer Advances	\$72,646	\$4,837
29	Regulatory Amortizations	\$3,081	\$3,422
30	Total Other Rate Base Items	<u>\$378,795</u>	<u>\$29,772</u>
31	Total Average Rate Base	<u><u>\$11,174,591</u></u>	<u><u>\$821,979</u></u>