

Northern States Power Company, a Minnesota Corporation
Basis of Selection of the Group of Non-Price Regulated Companies
Comparable in Total Risk to the Utility Proxy Group

The criteria for selection of the Non-Price Regulated Proxy Group was that the non-price regulated companies be domestic and reported in Value Line Investment Survey (Standard Edition).

The Non-Price Regulated Proxy Group companies were then selected based on the unadjusted beta range of 0.64 – 0.92 and residual standard error of the regression range of 2.5141 – 2.9985 of the Utility Proxy Group.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus two standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the Gas Utility Proxy Group's residual standard error of the regression is 0.1211. The standard deviation of the standard error of the regression is calculated as follows:

$$\text{Standard Deviation of the Std. Err. of the Regr.} = \frac{\text{Standard Error of the Regression}}{\sqrt{2N}}$$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

$$\text{Thus, } 0.1211 = \frac{2.7563}{\sqrt{518}} = \frac{2.7563}{22.7596}$$

Source of Information: Value Line, Inc., March 2022
Value Line Investment Survey (Standard Edition)

Northern States Power Company, a Minnesota Corporation
Basis of Selection of Comparable Risk
Domestic Non-Price Regulated Companies

	[1]	[2]	[3]	[4]
<u>Proxy Group of Twelve Electric Companies</u>	<u>Value Line Adjusted Beta</u>	<u>Unadjusted Beta</u>	<u>Residual Standard Error of the Regression</u>	<u>Standard Deviation of Beta</u>
Alliant Energy Corporation	0.85	0.71	2.6953	0.0667
Ameren Corporation	0.80	0.69	2.5235	0.0624
American Electric Power Company, Inc.	0.75	0.58	2.6108	0.0646
Duke Energy Corporation	0.85	0.75	2.6859	0.0664
Edison International	0.95	0.91	3.2986	0.0816
Entergy Corporation	0.95	0.86	2.7525	0.0681
Evergy, Inc.	0.95	0.85	3.0574	0.0778
IDACORP, Inc.	0.80	0.67	2.5897	0.0641
NorthWestern Corporation	0.95	0.89	2.7299	0.0675
OGE Energy Corporation	1.05	1.03	2.6847	0.0664
Portland General Electric Company	0.85	0.77	2.7744	0.0686
Xcel Energy Inc.	0.80	0.65	2.6727	0.0661
Average	<u>0.88</u>	<u>0.78</u>	<u>2.7563</u>	<u>0.0684</u>
Beta Range (+/- 2 std. Devs. of Beta) 2 std. Devs. of Beta	0.64 0.14	0.92		
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.5141	2.9985		
Std. dev. of the Res. Std. Err.	0.1211			
2 std. devs. of the Res. Std. Err.	0.2422			

Source of Information: Valueline Proprietary Database, March 2022

Northern States Power Company, a Minnesota Corporation
Proxy Group of Non-Price Regulated Companies
Comparable in Total Risk to the
Proxy Group of Twelve Electric Companies

	[1]	[2]	[3]	[4]
<u>Proxy Group of Forty-Eight Non-Price Regulated Companies</u>	<u>Value Line Adjusted Beta</u>	<u>Unadjusted Beta</u>	<u>Residual Standard Error of the Regression</u>	<u>Standard Deviation of Beta</u>
Agilent Technologies	0.90	0.78	2.7005	0.0668
Abbott Labs.	0.90	0.82	2.8039	0.0694
Analog Devices	0.95	0.88	2.8212	0.0698
Assurant Inc.	0.90	0.84	2.7387	0.0677
Smith (A.O.)	0.85	0.77	2.8592	0.0707
Air Products & Chem.	0.90	0.79	2.6168	0.0647
Brown-Forman 'B'	0.90	0.80	2.7317	0.0676
Ball Corp.	0.95	0.91	2.8617	0.0708
Bristol-Myers Squibb	0.85	0.75	2.9154	0.0721
Broadridge Fin'l	0.85	0.73	2.7513	0.0681
Brady Corp.	1.00	0.92	2.7776	0.0687
CACI Int'l	0.90	0.84	2.8642	0.0709
Cerner Corp.	0.90	0.80	2.6984	0.0667
Chemed Corp.	0.85	0.70	2.8432	0.0703
Cisco Systems	0.90	0.83	2.5192	0.0623
CSW Industrials	0.90	0.80	2.8686	0.0710
Danaher Corp.	0.80	0.68	2.5298	0.0626
Dolby Labs.	0.95	0.88	2.6074	0.0645
FactSet Research	0.95	0.92	2.7561	0.0682
GATX Corp.	0.95	0.88	2.9561	0.0731
Gentex Corp.	0.95	0.89	2.7619	0.0683
Alphabet Inc.	0.90	0.79	2.5405	0.0628
Ingredion Inc.	0.95	0.85	2.7688	0.0685
Hunt (J.B.)	0.95	0.91	2.8935	0.0716
Henry (Jack) & Assoc	0.85	0.70	2.9159	0.0721
McCormick & Co.	0.80	0.65	2.8247	0.0699
Monster Beverage	0.85	0.75	2.9659	0.0734
Motorola Solutions	0.90	0.79	2.6488	0.0655
Mettler-Toledo Int'l	0.95	0.91	2.8032	0.0693
Northrop Grumman	0.85	0.75	2.9830	0.0738
Old Dominion Freight	0.95	0.86	2.9874	0.0739
Pfizer, Inc.	0.80	0.65	2.6589	0.0658
Packaging Corp.	0.95	0.89	2.8411	0.0703
Post Holdings	0.95	0.87	2.8860	0.0714
RLI Corp.	0.80	0.65	2.8568	0.0707
Service Corp. Int'l	0.95	0.88	2.7221	0.0673
Sherwin-Williams	0.90	0.84	2.5345	0.0627
Selective Ins. Group	0.90	0.81	2.9172	0.0722
Sirius XM Holdings	0.95	0.85	2.9761	0.0736
Sensient Techn.	0.90	0.82	2.6687	0.0660
Thermo Fisher Sci.	0.85	0.70	2.6150	0.0647
Texas Instruments	0.85	0.76	2.6869	0.0665
AMERCO	0.95	0.90	2.7432	0.0679
UniFirst Corp.	0.95	0.90	2.7175	0.0672
VeriSign Inc.	0.90	0.79	2.6081	0.0645
Waters Corp.	0.95	0.88	2.8517	0.0705
Watsco, Inc.	0.85	0.74	2.6836	0.0664
Western Union	0.80	0.64	2.8493	0.0705
Average	<u>0.90</u>	<u>0.81</u>	<u>2.7736</u>	<u>0.0686</u>
Proxy Group of Twelve Electric Companies	<u>0.88</u>	<u>0.78</u>	<u>2.7563</u>	<u>0.0684</u>

Source of Information:

Valueline Proprietary Database, March 2022