

**Northern States Power Company  
South Dakota Electric Jurisdiction  
2021 Historic Test Year (HTY)**

Advertising Expense Adjustment  
Purpose Statement

The purpose of the advertising expense adjustment is to remove from the test year operating expense advertising dollars that are not recoverable from rate payers. Advertising for safety, customer care, and as required by regulation are recoverable. Advertising considered as image or branding is not recoverable.

Non-recoverable advertising in NSPM is determined by GL Account. RIS system creates an automatic adjustment to remove any costs in those non-recoverable accounts.

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Advertising Expense Adjustment

Reporting Line	Account	Natural Account	Advertising Expense in Base Rates	Total Advertising Expense	Advertising Disallowances
			2021 HTY	2021 HTY	2021 HTY
Administrative & General	928000: 92800-A&G Regulatory Comm Exp	Mandated Regulatory Notices	850	850	
Administrative & General	930100: 93010-A&G General Advertising	Advertising - Brand Image		26,439	(26,439)
Administrative & General	930100: 93010-A&G General Advertising	Advertising - Brand Sponsorship		173,039	(173,039)
Administrative & General	930100: 93010-A&G General Advertising	Advertising - General	27,969	27,969	
Administrative & General	930100: 93010-A&G General Advertising	Customer Program - Non-Recoverable		233	(233)
Customer Service & Information	908000: 90800-Customer Asst Expense	Advertising - Conservation DSM		(7,342)	7,342
Customer Service & Information	908000: 90800-Customer Asst Expense	Communication - Conservation DSM	325	325	
Customer Service & Information	909000: 909000-Informational and instruction advertising	Advertising - Conservation Other	(29)	(29)	
Customer Service & Information	909000: 909000-Informational and instruction advertising	Communication - Conservation Other	(0)	(0)	
Customer Service & Information	909000: 909000-Informational and instruction advertising	Mandated Inserts Communication	4,061	4,061	
Customer Service & Information	909000: 909000-Informational and instruction advertising	Safety Advertising	48,844	48,844	
Customer Service & Information	909000: 909000-Informational and instruction advertising	Safety Information	8,195	8,195	
Sales, Econ Dvlp & Other	912000: 91200-Economic Development	Customer Program - Advertising	5,116	5,116	
Sales, Econ Dvlp & Other	912000: 91200-Economic Development	Customer Program - Promotion	<u>4,304</u>	<u>4,304</u>	
		Subtotal NSPM SD Electric Retail	99,635	292,003	(192,368)
		908000: 90800-Customer Asst Expense	325	(7,017)	7,342
		909000: 909000-Informational and instruction advertising	61,071	61,071	
		912000: 91200-Economic Development	9,420	9,420	
		928000: 92800-A&G Regulatory Comm Exp	850	850	
		930100: 93010-A&G General Advertising	<u>27,969</u>	<u>227,679</u>	(199,711)
		Total	99,635	292,003	(192,368)

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Line No.	NSPM SD Electric Retail	
	2021 HTY	
1	<b>Expenses</b>	
2	Operating Expenses:	
3	Fuel	
4	Deferred Fuel	
5	Variable IA Production Fuel	
6	<u>Purchased Energy - Windsource</u>	0
7	Fuel & Purchased Energy Total	
8	Production Total	
9	Regional Markets	
10	Transmission IA	
11	Transmission	
12	Distribution	
13	Customer Accounting	
14	Customer Service & Information	7,342
15	Sales, Econ Dvlp & Other	
16	<u>Administrative &amp; General</u>	(199,711)
17	<b>Total Operating Expenses</b>	<b>(192,368)</b>
18		
19		
20	<b>Total Taxes</b>	
21	Total Taxes Other than Income	
22	Total Federal and State Income Taxes	55,291
23	<b>Total Taxes</b>	<b>55,291</b>
24		
25	<b>Total Operating Revenues</b>	
26	<b>Total Expenses</b>	<b>(137,078)</b>
27		
28	AFDC Debt	
29	AFDC Equity	
30		
31	<b>Net Income</b>	<b>137,078</b>
32		
33	<b>Rate of Return (ROR)</b>	
34	Total Operating Income	137,078
35	<u>Total Rate Base</u>	-
36	<b>ROR (Operating Income / Rate Base)</b>	
37		
38	<b>Return on Equity (ROE)</b>	
39	Net Operating Income	137,078
40	Debt Interest (Rate Base * Weighted Cost of Debt)	
41	Earnings Available for Common	137,078
42	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	-
43	<b>ROE (earnings for Common / Equity)</b>	
44		
45	<b>Revenue Deficiency</b>	
46	Required Operating Income (Rate Base * Required Return)	
47	<u>Net Operating Income</u>	137,078
48	<b>Operating Income Deficiency</b>	<b>(137,078)</b>
49		
50	Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.403351
51	<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>	<b>(192,368)</b>
52		
53	<b>Total Revenue Requirements</b>	
54	Total Retail Revenues	
55	<u>Revenue Deficiency</u>	(192,368)
56	<b>Total Revenue Requirements</b>	<b>(192,368)</b>