

**Northern States Power Company
South Dakota Electric Jurisdiction
2021 Actual HTY**

SD Pay As Go Adjustment (Post Retirement Medical Benefits)

In Docket No. EL11-019 the Commission reaffirmed its position to not use accrual accounting and instead to use pay as you go as the appropriate mechanism for recovering the cost of OPEBs. This adjustment is needed to conform to that requirement.

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| Line No. | | NSPM SD Electric Retail |
|----------|---|-------------------------|
| | | 2021 HTY |
| 1 | <u>Composite Income Tax Rate</u> | |
| 2 | State Tax Rate | |
| 3 | Federal Statutory Tax Rate | 21.00% |
| 4 | <u>Federal Effective Tax Rate</u> | <u>21.00%</u> |
| 5 | Composite Tax Rate | 21.00% |
| 6 | Revenue Conversion Factor (1/(1--Composite Tax Rate)) | 1.265823 |
| 7 | | |
| 8 | <u>Weighted Cost of Capital</u> | |
| 9 | Active Rates and Ratios Version | Proposed |
| 10 | Cost of Short Term Debt | |
| 11 | Cost of Long Term Debt | 4.15% |
| 12 | Cost of Common Equity | 9.25% |
| 13 | Ratio of Short Term Debt | |
| 14 | Ratio of Long Term Debt | 46.99% |
| 15 | Ratio of Common Equity | 53.01% |
| 16 | Weighted Cost of STD | |
| 17 | Weighted Cost of LTD | 1.95% |
| 18 | Weighted Cost of Debt | 1.95% |
| 19 | <u>Weighted Cost of Equity</u> | <u>4.90%</u> |
| 20 | Required Rate of Return | 6.85% |
| 21 | | |
| 22 | <u>Rate Base</u> | |
| 23 | Plant Investment | |
| 24 | <u>Depreciation Reserve</u> | - |
| 25 | Net Utility Plant | |
| 26 | CWIP | |
| 27 | | |
| 28 | Accumulated Deferred Taxes | 638,443 |
| 29 | DTA - NOL Average Balance | |
| 30 | DTA - Federal Tax Credit Average Balance | - |
| 31 | Total Accum Deferred Taxes | 638,443 |
| 32 | | |
| 33 | Cash Working Capital | |
| 34 | Materials and Supplies | |
| 35 | Fuel Inventory | |
| 36 | Non-plant Assets and Liabilities | 2,277,552 |
| 37 | Customer Advances | |
| 38 | Customer Deposits | |
| 39 | Prepays and Other | |
| 40 | <u>Regulatory Amortizations</u> | - |
| 41 | Total Other Rate Base Items | 2,277,552 |
| 42 | | |
| 43 | Total Rate Base | 1,639,108 |
| 44 | | |
| 45 | <u>Operating Revenues</u> | |
| 46 | Retail | |
| 47 | Interdepartmental | |
| 48 | <u>Other Operating Rev - Non-Retail</u> | - |
| 49 | Total Operating Revenues | |
| 50 | | |
| 51 | <u>Expenses</u> | |
| 52 | Operating Expenses: | |
| 53 | Fuel & Purchased Energy Total | |
| 54 | Production Total | |
| 55 | Regional Markets | |
| 56 | Transmission IA | |
| 57 | Transmission | |
| 58 | Distribution | |
| 59 | Customer Accounting | |
| 60 | Customer Service & Information | |
| 61 | Sales, Econ Dvlp & Other | |
| 62 | <u>Administrative & General</u> | <u>268,078</u> |
| 63 | Total Operating Expenses | 268,078 |
| 64 | | |

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| | | 2021 HTY |
| 65 | Depreciation | |
| 66 | Amortization | |
| 67 | | |
| 68 | <u>Taxes:</u> | |
| 69 | Property Taxes | |
| 70 | ITC Amortization | |
| 71 | Deferred Taxes | (120,113) |
| 72 | Deferred Taxes - NOL | |
| 73 | Less State Tax Credits deferred | |
| 74 | Less Federal Tax Credits deferred | |
| 75 | Deferred Income Tax & ITC | (120,113) |
| 76 | Payroll & Other Taxes | |
| 77 | Total Taxes Other Than Income | (120,113) |
| 78 | | |
| 79 | <u>Income Before Taxes</u> | |
| 80 | Total Operating Revenues | |
| 81 | less: Total Operating Expenses | 268,078 |
| 82 | Book Depreciation | |
| 83 | Amortization | |
| 84 | <u>Taxes Other than Income</u> | (120,113) |
| 85 | Total Before Tax Book Income | (147,965) |
| 86 | | |
| 87 | <u>Tax Additions</u> | |
| 88 | Book Depreciation | |
| 89 | Deferred Income Taxes and ITC | (120,113) |
| 90 | Nuclear Fuel Burn (ex. D&D) | |
| 91 | Nuclear Outage Accounting | |
| 92 | Avoided Tax Interest | |
| 93 | <u>Other Book Additions</u> | - |
| 94 | Total Tax Additions | (120,113) |
| 95 | | |
| 96 | <u>Tax Deductions</u> | |
| 97 | Total Rate Base | 1,639,108 |
| 98 | Weighted Cost of Debt | 1.95% |
| 99 | Debt Interest Expense | 31,963 |
| 100 | Nuclear Outage Accounting | |
| 101 | Tax Depreciation and Removals | |
| 102 | NOL Utilized / (Generated) | |
| 103 | <u>Other Tax / Book Timing Differences</u> | (428,486) |
| 104 | Total Tax Deductions | (396,524) |
| 105 | | |
| 106 | <u>State Taxes</u> | |
| 107 | State Taxable Income | 128,445 |
| 108 | State Income Tax Rate | - |
| 109 | State Taxes before Credits | - |
| 110 | <u>Less State Tax Credits applied</u> | - |
| 111 | Total State Income Taxes | |
| 112 | | |
| 113 | <u>Federal Taxes</u> | |
| 114 | Federal Sec 199 Production Deduction | |
| 115 | Federal Taxable Income | 128,445 |
| 116 | Federal Income Tax Rate | 21.00% |
| 117 | Federal Tax before Credits | 26,974 |
| 118 | <u>Less Federal Tax Credits</u> | - |
| 119 | Total Federal Income Taxes | 26,974 |
| 120 | | |
| 121 | Total Taxes | |
| 122 | Total Taxes Other than Income | (120,113) |
| 123 | Total Federal and State Income Taxes | 26,974 |
| 124 | Total Taxes | (93,140) |
| 125 | | |
| 126 | Total Operating Revenues | |
| 127 | Total Expenses | 174,939 |
| 128 | | |

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| | 2021 HTY | |
| 129 | Net Income | (174,939) |
| 130 | | |
| 131 | Rate of Return (ROR) | |
| 132 | Total Operating Income | (174,939) |
| 133 | Total Rate Base | <u>1,639,108</u> |
| 134 | ROR (Operating Income / Rate Base) | (10.67%) |
| 135 | | |
| 136 | Return on Equity (ROE) | |
| 137 | Net Operating Income | (174,939) |
| 138 | Debt Interest (Rate Base * Weighted Cost of Debt) | (31,963) |
| 139 | Earnings Available for Common | (206,901) |
| 140 | <u>Equity Rate Base (Rate Base * Equity Ratio)</u> | <u>868,891</u> |
| 141 | ROE (earnings for Common / Equity) | (23.81%) |
| 142 | | |
| 143 | Revenue Deficiency | |
| 144 | Required Operating Income (Rate Base * Required Return) | 112,279 |
| 145 | <u>Net Operating Income</u> | <u>(174,939)</u> |
| 146 | Operating Income Deficiency | 287,217 |
| 147 | | |
| 148 | Revenue Conversion Factor (1/(1-Composite Tax Rate)) | 1.265823 |
| 149 | Revenue Deficiency (Income Deficiency * Conversion Factor) | 363,566 |