

Northern States Power Company  
 Nuclear Decommissioning Accrual  
 South Dakota Retail Jurisdiction  
 2021 Test Year

Present Accrual		
(as presented in		
JUR 133)	Proposed	Difference
\$ 817,396	\$ 4,620,271	\$ 3,802,875
143,872	2,051,067	1,907,195
272,983	1,521,292	1,248,309
<u>\$ 1,234,251</u>	<u>\$ 8,192,630</u>	<u>\$ 6,958,378</u>

<--amounts are already interchanged

Prairie Island Unit 1  
 Prairie Island Unit 2

Northern States Power Company  
South Dakota Electric Jurisdiction

SD Decommissioning

NSPM - 00 Complete Revenue Requirements by Jurisdiction, Yr 1 - DRAFT	Dec - 2021	
	Total	SD Electric

**Composite Income Tax Rate**

State Tax Rate		
Federal Statutory Tax Rate	21.00%	21.00%
<u>Federal Effective Tax Rate</u>	<u>21.00%</u>	<u>21.00%</u>
<b>Composite Tax Rate</b>	<b>21.00%</b>	<b>21.00%</b>
Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823	1.265823

**Weighted Cost of Capital**

Active Rates and Ratios Version		Proposed
Cost of Short Term Debt		
Cost of Long Term Debt	4.15%	4.15%
Cost of Common Equity	10.75%	10.75%
Ratio of Short Term Debt		
Ratio of Long Term Debt	46.99%	46.99%
Ratio of Common Equity	53.01%	53.01%
Weighted Cost of STD		
Weighted Cost of LTD	1.95%	1.95%
Weighted Cost of Debt	1.95%	1.95%
<u>Weighted Cost of Equity</u>	<u>5.70%</u>	<u>5.70%</u>
<b>Required Rate of Return</b>	<b>7.65%</b>	<b>7.65%</b>

**Rate Base**

Plant Investment		
<u>Depreciation Reserve</u>	-	-
Net Utility Plant		
CWIP		
Accumulated Deferred Taxes		
DTA - NOL Average Balance		
DTA - Federal Tax Credit Average Balance	-	-
Total Accum Deferred Taxes		
Cash Working Capital		
Materials and Supplies		
Fuel Inventory		
Non-plant Assets and Liabilities		
Customer Advances		
Customer Deposits		

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Prepays and Other		
<u>Regulatory Amortizations</u>	-	-
Total Other Rate Base Items		
<b>Total Rate Base</b>		
<b><u>Operating Revenues</u></b>		
Retail		
Interdepartmental		
<u>Other Operating Rev - Non-Retail</u>	-	-
<b>Total Operating Revenues</b>		
<b><u>Expenses</u></b>		
Operating Expenses:		
Fuel		
Deferred Fuel		
Variable IA Production Fuel		
<u>Purchased Energy - Windsource</u>	<u>0</u>	<u>0</u>
Fuel & Purchased Energy Total		
Production - Fixed		
Production - Fixed IA Investment		
Production - Fixed IA O&M		
Production - Variable		
Production - Variable IA O&M		
<u>Production - Purchased Demand</u>	<u>0</u>	<u>0</u>
Production Total		
Regional Markets		
Transmission IA		
Transmission		
Distribution		
Customer Accounting		
Customer Service & Information		
Sales, Econ Dvlp & Other		
<u>Administrative &amp; General</u>	<u>0</u>	<u>0</u>
<b>Total Operating Expenses</b>		
Depreciation	6,958,378	6,958,378
Amortization		

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**Taxes:**

Property Taxes  
 ITC Amortization  
 Deferred Taxes  
 Deferred Taxes - NOL  
 Less State Tax Credits deferred  
 Less Federal Tax Credits deferred  
 Deferred Income Tax & ITC  
 Payroll & Other Taxes  
**Total Taxes Other Than Income**

**Income Before Taxes**

Total Operating Revenues		
less: Total Operating Expenses		
Book Depreciation	6,958,378	6,958,378
Amortization		
<u>Taxes Other than Income</u>	-	-
<b>Total Before Tax Book Income</b>	<b>(6,958,378)</b>	<b>(6,958,378)</b>

**Tax Additions**

Book Depreciation	6,958,378	6,958,378
Deferred Income Taxes and ITC		
Nuclear Fuel Burn (ex. D&D)		
Nuclear Outage Accounting		
Avoided Tax Interest		
<u>Other Book Additions</u>	-	-
<b>Total Tax Additions</b>	<b>6,958,378</b>	<b>6,958,378</b>

**Tax Deductions**

Total Rate Base		
Weighted Cost of Debt	<u>1.95%</u>	<u>1.95%</u>
Debt Interest Expense		
Nuclear Outage Accounting		
Tax Depreciation and Removals	6,958,378	6,958,378
NOL Utilized / (Generated)		
<u>Other Tax / Book Timing Differences</u>	<u>0</u>	<u>0</u>
<b>Total Tax Deductions</b>	<b>6,958,378</b>	<b>6,958,378</b>

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<b>State Taxes</b>		
State Taxable Income	(6,958,378)	(6,958,378)
State Income Tax Rate	-	-
State Taxes before Credits	-	-
<u>Less State Tax Credits applied</u>	-	-
<b>Total State Income Taxes</b>		
<b>Federal Taxes</b>		
Federal Sec 199 Production Deduction		
Federal Taxable Income	(6,958,378)	(6,958,378)
Federal Income Tax Rate	21.00%	21.00%
Federal Tax before Credits	(1,461,259)	(1,461,259)
<u>Less Federal Tax Credits</u>	-	-
<b>Total Federal Income Taxes</b>	(1,461,259)	(1,461,259)
<b>Total Taxes</b>		
Total Taxes Other than Income		
Total Federal and State Income Taxes	(1,461,259)	(1,461,259)
<b>Total Taxes</b>	(1,461,259)	(1,461,259)
<b>Total Operating Revenues</b>		
<b>Total Expenses</b>	5,497,119	5,497,119
AFDC Debt		
AFDC Equity		
<b>Net Income</b>	<b>(5,497,119)</b>	<b>(5,497,119)</b>
<b>Rate of Return (ROR)</b>		
Total Operating Income	(5,497,119)	(5,497,119)
<u>Total Rate Base</u>	-	-
<b>ROR (Operating Income / Rate Base)</b>		
<b>Return on Equity (ROE)</b>		
Net Operating Income	(5,497,119)	(5,497,119)
Debt Interest (Rate Base * Weighted Cost of Debt)		
Earnings Available for Common	(5,497,119)	(5,497,119)

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<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	-	-
<b>ROE (earnings for Common / Equity)</b>		
<b><u>Revenue Deficiency</u></b>		
Required Operating Income (Rate Base * Required Return)		
<u>Net Operating Income</u>	(5,497,119)	(5,497,119)
<b>Operating Income Deficiency</b>	5,497,119	5,497,119
Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823	1.265823
<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>	<b>6,958,378</b>	<b>6,958,378</b>
<b><u>Total Revenue Requirements</u></b>		
Total Retail Revenues		
<u>Revenue Deficiency</u>	<u>6,958,378</u>	<u>6,958,378</u>
Total Revenue Requirements	6,958,378	6,958,378