

Northern States Power Company
Electric Utility - State of South Dakota

2021 Income Tax Tracker Amortization

Line	Total NSP Minnesota (1)	NSPM Company Electric (2)	Production (3)	Transmission (3)	Distribution (3)	South Dakota Retail Jurisdiction (4)
1 R & E Income Taxes - Costs(Savings)	2,485,953	2,485,953	167,817	-	-	167,817
2 R&E Revenue Requirement Conversion Factor (1/(1-t))	<u>1.2658228</u>	<u>1.2658228</u>	<u>1.2658228</u>	<u>1.2658228</u>	<u>1.2658228</u>	<u>1.2658228</u>
3 R&E Revenue Requirement - Costs(Savings)	3,146,776	3,146,776	212,426	-	-	212,426
4 Interest - Costs(Savings)	4,207,086	3,955,659	2,791,030	388,113	776,516	229,808
5 Total Revenue Requirement	<u>7,353,862</u>	<u>7,102,434</u>	<u>3,003,457</u>	<u>388,113</u>	<u>776,516</u>	<u>442,234</u>
Three - Year Amortization Expense						147,411

(1) Per Income Tax Audit Schedules

(2) Represents total Company information either direct assigned or allocated to the Electric Utility. Allocations based on Labor, Vehicle Utilization, Software Utilization or a general allocation factor.

(3) Functional designation is the result of Direct Assignment or the company's general functional class allocation factor.

(4) Represents amounts allocated to the South Dakota Retail Jurisdiction based on the functional class designation described in Step (3). All amounts in the Production and Transmission function have also been split between the Minnesota and Wisconsin Companies to properly reflect the Minnesota-Wisconsin Interchange Agreement.

NSP-Minnesota
Interest Receivable/(Payable) Allocation

	Adjustment Description	Interest Total	Utility	FC	JUR	Electric	Prod	Tran	Dist	Composite Factor	SD
10-11	Tax Depreciation (All Q4 2011 CAA Adjustments)	(164,212)	PTDG	Ele FC	Customers	(151,140)	(90,593)	(20,177)	(40,370)	0.058675872	(8,868)
10-11	Pension and Benefits Capitalized	14,112	PTDG	Ele FC	Customers	12,989	7,785	1,734	3,469	0.058675872	762
10-11	Partnership Passthrough	41	NA	NA	NA	-	-	-	-	0	-
10-11	Dry Cask Costs	(48,380)	Dir E	Dir P	Demand	(48,380)	(48,380)	-	-	0.056488076	(2,733)
10-11	Cap Pension - Aggregate Cost Method	284,738	PTDG	Ele FC	Customers	262,072	157,086	34,987	70,000	0.058675872	15,377
10-11	Lobbying Expense	1,714	NA	NA	NA	-	-	-	-	0	-
10-11	T&D Sec481(a) Adjustment	(35,844)	PTDG	Ele FC	Customers	(32,991)	(19,775)	(4,404)	(8,812)	0.058675872	(1,936)
10-11	Section 174 Expense	736,407	Dir E	Dir P	Customers	736,407	736,407	-	-	0.056488076	41,598
10-11	Tax Depreciation (Sec. 174)	(360,487)	Dir E	Dir P	Customers	(360,487)	(360,487)	-	-	0.056488076	(20,363)
10-11	Section 174 Expense	731,375	Dir E	Dir P	Customers	731,375	731,375	-	-	0.056488076	41,314
10-11	Tax Depreciation (Sec. 174)	(383,238)	Dir E	Dir P	Customers	(383,238)	(383,238)	-	-	0.056488076	(21,648)
10-11		<u>776,226</u>									
Minnesot Audit Interest 2010-2014	R & E Income Taxes	193,508	Dir E	Dir P	Demand	193,508	193,508	-	-	0.056488076	10,931
2012	T&D Sec481(a) Adjustment	185,872	PTDG	Ele FC	Customers	171,077	102,543	22,839	45,695	0.058675872	10,038
2012	Tax Depreciation (Sec. 174)	(123,275)	Dir E	Dir P	Customers	(123,275)	(123,275)	-	-	0.056488076	(6,964)
2012	Bonus Depreciation	481,683	PTDG	Ele FC	Customers	443,341	265,738	59,186	118,416	0.058675872	26,013
2012	Tax Depreciation (Sec. 174)	203,878	Dir E	Dir P	Customers	203,878	203,878	-	-	0.056488076	11,517
2012	Tax Depreciation (Sec. 174)	28,213	Dir E	Dir P	Customers	28,213	28,213	-	-	0.056488076	1,594
2012	Regulatory A/L - TCR Rider	(18,860)	NA	NA	NA	-	-	-	-	-	-
2012		<u>757,510</u>									
2013	Bonus Depreciation	2,164,617	PTDG	Ele FC	Customers	1,992,314	1,194,193	265,974	532,147	0.058675872	116,901
2013	Tax Depreciation (Sec. 174)	(65,963)	Dir E	Dir P	Customers	(65,963)	(65,963)	-	-	0.056488076	(3,726)
2013	T&D Sec481(a) Adjustment	4,339	PTDG	Ele FC	Customers	3,994	2,394	533	1,067	0.058675872	234
2013	Regulatory A/L - TCR Rider	149,760	NA	NA	NA	-	-	-	-	-	-
2013		<u>2,252,753</u>									
2013 Post RAR	Bonus Depreciation	(14,047)	PTDG	Ele FC	Customers	(12,929)	(7,750)	(1,726)	(3,453)	0.058675872	(759)
2013 Post RAR	Depreciation	28,097	PTDG	Ele FC	Customers	25,860	15,501	3,452	6,907	0.058675872	1,517
2013 Post RAR	Gain/Loss	(702)	PTDG	Ele FC	Customers	(647)	(388)	(86)	(173)	0.058675872	(38)
2013 Post RAR		<u>13,347</u>									
2014	Bonus Depreciation	103,650	PTDG	Ele FC	Customers	95,399	57,182	12,736	25,481	0.058675872	5,598
2014	Tax Depreciation (Sec. 174)	88,320	Dir E	Dir P	Customers	88,320	88,320	-	-	0.056488076	4,989
2014	Regulatory A/L - TCR Rider	(1,124,920)	NA	NA	NA	-	-	-	-	-	-
2014		<u>(932,950)</u>									
2015	Regulatory A/L - TCR Rider	547,745	NA	NA	NA	-	-	-	-	0	-
2015	Lobbying Expenses	1,616	NA	NA	NA	-	-	-	-	-	-
2015	Economic Development tax Basis write-off	(18,547)	NA	NA	NA	-	-	-	-	-	-
2015	Depreciation	(11,657)	PTDG	Ele FC	Customers	(10,729)	(6,431)	(1,432)	(2,866)	0.058675872	(630)
2015	Bonus Depreciation	(175,961)	PTDG	Ele FC	Customers	(161,954)	(97,075)	(21,621)	(43,258)	0.058675872	(9,503)
2015	Gain/Loss	407,030	PTDG	Ele FC	Customers	374,631	224,554	50,013	100,064	0.058675872	21,982
2015		<u>750,226</u>									
2016	Addnl Contribution Cnvrnsn per TI Chng	8,633	NA	NA	NA	-	-	-	-	-	-
2016	Depreciation	(14,172)	PTDG	Ele FC	Customers	(13,044)	(7,818)	(1,741)	(3,484)	0.058675872	(765)
2016	Bonus Depreciation	95,907	PTDG	Ele FC	Customers	88,273	52,911	11,784	23,578	0.058675872	5,179
2016	Clearing Account Book Expense	(238,045)	PTDG	Ele FC	Customers	(219,096)	(131,326)	(29,249)	(58,521)	0.058675872	(12,856)
2016	PI-EPU	48,091	Dir E	Dir P	Customers	48,091	48,091	-	-	0.056488076	2,717
2016	Gain/Loss Adjustment	43,232	PTDG	Ele FC	Customers	39,791	23,851	5,312	10,628	0.058675872	2,335
2016		<u>(56,352)</u>									
						3,955,659	2,791,030	388,113	776,516	0.058095996	229,808

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>
Composite Tax Rate	21.00%	21.00%
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>
Required Rate of Return	7.65%	7.65%

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		
Prepays and Other		
<u>Regulatory Amortizations</u>	<u>294,823</u>	<u>294,823</u>
Total Other Rate Base Items	294,823	294,823
Total Rate Base	294,823	294,823

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

Operating Revenues

Retail

Interdepartmental

Other Operating Rev - Non-Retail

- -

Total Operating Revenues

Expenses

Operating Expenses:

Fuel

Deferred Fuel

Variable IA Production Fuel

Purchased Energy - Windsource

0 0

Fuel & Purchased Energy Total

Production - Fixed

Production - Fixed IA Investment

Production - Fixed IA O&M

Production - Variable

Production - Variable IA O&M

Production - Purchased Demand

0 0

Production Total

Regional Markets

Transmission IA

Transmission

Distribution

Customer Accounting

Customer Service & Information

Sales, Econ Dvlp & Other

Administrative & General

0 0

Total Operating Expenses

Depreciation

Amortization

147,411 147,411

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

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

Total Taxes Other Than Income

Income Before Taxes

Total Operating Revenues

less: Total Operating Expenses

Book Depreciation

Amortization

147,411 147,411

Taxes Other than Income

- -

Total Before Tax Book Income

(147,411) (147,411)

Tax Additions

Book Depreciation

Deferred Income Taxes and ITC

Nuclear Fuel Burn (ex. D&D)

Nuclear Outage Accounting

Avoided Tax Interest

Other Book Additions

- -

Total Tax Additions

Tax Deductions

Total Rate Base

294,823 294,823

Weighted Cost of Debt

1.95% 1.95%

Debt Interest Expense

5,749 5,749

Nuclear Outage Accounting

Tax Depreciation and Removals

NOL Utilized / (Generated)

Other Tax / Book Timing Differences

0 0

Total Tax Deductions

5,749 5,749

State Taxes

State Taxable Income

(153,160) (153,160)

State Income Tax Rate

- -

State Taxes before Credits

Less State Tax Credits applied

- -

Total State Income Taxes

Federal Taxes

Federal Sec 199 Production Deduction

Federal Taxable Income

(153,160) (153,160)

Federal Income Tax Rate

21.00% 21.00%

Federal Tax before Credits

(32,164) (32,164)

Less Federal Tax Credits

- -

Total Federal Income Taxes

(32,164) (32,164)

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

Total Taxes

Total Taxes Other than Income		
Total Federal and State Income Taxes	(32,164)	(32,164)
Total Taxes	(32,164)	(32,164)

Total Operating Revenues

Total Expenses	115,248	115,248
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AFDC Debt
 AFDC Equity

Net Income	(115,248)	(115,248)
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Rate of Return (ROR)

Total Operating Income	(115,248)	(115,248)
<u>Total Rate Base</u>	<u>294,823</u>	<u>294,823</u>
ROR (Operating Income / Rate Base)	(39.09%)	(39.09%)

Return on Equity (ROE)

Net Operating Income	(115,248)	(115,248)
Debt Interest (Rate Base * Weighted Cost of Debt)	(5,749)	(5,749)
Earnings Available for Common	(120,997)	(120,997)
<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>156,286</u>	<u>156,286</u>
ROE (earnings for Common / Equity)	(77.42%)	(77.42%)

Revenue Deficiency

Required Operating Income (Rate Base * Required Return)	22,554	22,554
<u>Net Operating Income</u>	<u>(115,248)</u>	<u>(115,248)</u>
Operating Income Deficiency	137,802	137,802

Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823	1.265823
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Revenue Deficiency (Income Deficiency * Conversion Factor)	174,432	174,432
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Total Revenue Requirements

Total Retail Revenues		
<u>Revenue Deficiency</u>	<u>174,432</u>	<u>174,432</u>
Total Revenue Requirements	174,432	174,432