

Northern States Power Company
South Dakota Electric Jurisdiction
2021 Historic Test Year

Long Term Incentive Removal Adjustment

This adjustment removes Long-Term Incentive from recovery.
Adjustments A17 and A18 add back Environmental and Time Based
components of LTI.

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Long Term Incentive Removal Adjustment

Natural Account	Recovery Method	Record Type	NSPM SD Electric Retail
			2021 HTY
Performance Share Plan	Base Rates	Base OM	160,047
Restricted Stock Units	Base Rates	Base OM	<u>643,952</u>
		Total Long Term Incentive	804,000
Performance Share Plan	Base Rates	NSPM-Incentive Pay_Remove Long Term	(160,047)
Restricted Stock Units	Base Rates	NSPM-Incentive Pay_Remove Long Term	<u>(643,952)</u>
		Total Long Term Incentive Removal Adjustment	(804,000)

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	NSPM SD Electric Retail
	2021 HTY

Expenses

Operating Expenses:

Fuel & Purchased Energy Total	
Production Total	(290,261)
Regional Markets	
Transmission IA	
Transmission	
Distribution	
Customer Accounting	
Customer Service & Information	
Sales, Econ Dvlp & Other	
<u>Administrative & General</u>	<u>(513,739)</u>
Total Operating Expenses	(804,000)

Total Taxes

Total Taxes Other than Income	
Total Federal and State Income Taxes	231,086
Total Taxes	231,086

Total Operating Revenues

Total Expenses	(572,914)
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Net Income	572,914
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Rate of Return (ROR)

Total Operating Income	572,914
<u>Total Rate Base</u>	-
ROR (Operating Income / Rate Base)	

Return on Equity (ROE)

Net Operating Income	572,914
Debt Interest (Rate Base * Weighted Cost of Debt)	
Earnings Available for Common	572,914
<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	-
ROE (earnings for Common / Equity)	

Revenue Deficiency

Required Operating Income (Rate Base * Required Return)	
<u>Net Operating Income</u>	572,914
Operating Income Deficiency	(572,914)
Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.403351
Revenue Deficiency (Income Deficiency * Conversion Factor)	(804,000)

Total Revenue Requirements

Total Retail Revenues	
<u>Revenue Deficiency</u>	<u>(804,000)</u>
Total Revenue Requirements	(804,000)