

Northern States Power Company
 Electric Utility - Total Company and State of South Dakota
 Actual Year Ended December 31, 2021
 (\$000's)
 OVERALL COST OF SERVICE AT CLAIMED ADJUSTMENT AND RATE OF RETURN

Line No.		2021 HTY		
		Total	SD Electric	Other
1	<u>Composite Income Tax Rate</u>			
2	State Tax Rate			
3	Federal Statutory Tax Rate	42.00%	21.00%	21.00%
4	<u>Federal Effective Tax Rate</u>	<u>42.00%</u>	<u>21.00%</u>	<u>21.00%</u>
5	Composite Tax Rate	42.00%	21.00%	21.00%
6	Revenue Conversion Factor (1/(1--Composite Tax Rate))	2.531646	1.265823	1.265823
7				
8	<u>Weighted Cost of Capital</u>			
9	Active Rates and Ratios Version	Proposed	Proposed	Proposed
10	Cost of Short Term Debt			
11	Cost of Long Term Debt	4.15%	4.15%	4.15%
12	Cost of Common Equity	10.75%	10.75%	10.75%
13	Ratio of Short Term Debt			
14	Ratio of Long Term Debt	46.99%	46.99%	46.99%
15	Ratio of Common Equity	53.01%	53.01%	53.01%
16	Weighted Cost of STD			
17	Weighted Cost of LTD	1.95%	1.95%	1.95%
18	Weighted Cost of Debt	1.95%	1.95%	1.95%
19	<u>Weighted Cost of Equity</u>	<u>5.70%</u>	<u>5.70%</u>	<u>5.70%</u>
20	Required Rate of Return	7.65%	7.65%	7.65%
21				
22	<u>Rate Base</u>			
23	Plant Investment	26,637,613	1,885,659	24,751,954
24	<u>Depreciation Reserve</u>	<u>12,100,821</u>	<u>811,307</u>	<u>11,289,514</u>
25	Net Utility Plant	14,536,791	1,074,352	13,462,440
26	CWIP	0		0
27				
28	Accumulated Deferred Taxes	3,049,106	220,959	2,828,146
29	DTA - NOL Average Balance	(15,430)	(14,105)	(1,325)
30	DTA - Federal Tax Credit Average Balance	(503,461)	(36,019)	(467,442)
31	Total Accum Deferred Taxes	2,530,215	170,835	2,359,380
32				
33	Cash Working Capital	(29,001)	1,419	(30,420)
34	Materials and Supplies	178,303	12,006	166,296
35	Fuel Inventory	73,077	4,865	68,212
36	Non-plant Assets and Liabilities	119,865	8,309	111,556
37	Customer Advances	(10,055)	(1,556)	(8,499)
38	Customer Deposits	(27,311)	(47)	(27,264)
39	Prepays and Other	72,646	4,837	67,810
40	<u>Regulatory Amortizations</u>	<u>57,847</u>	<u>13,786</u>	<u>44,061</u>
41	Total Other Rate Base Items	435,371	43,619	391,752
42				
43	Total Rate Base	12,441,948	947,135	11,494,812
44				
45	<u>Operating Revenues</u>			
46	Retail	3,841,182	247,154	3,594,028
47	Interdepartmental	404		404
48	<u>Other Operating Rev - Non-Retail</u>	<u>1,072,172</u>	<u>63,895</u>	<u>1,008,276</u>
49	Total Operating Revenues	4,913,757	311,049	4,602,708
50				

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Line No.		2021 HTY		
		Total	SD Electric	Other
51	<u>Expenses</u>			
52	Operating Expenses:			
53	Fuel	1,459,833	89,041	1,370,792
54	Deferred Fuel	(74,827)	76	(74,903)
55	Variable IA Production Fuel	15,067	1,003	14,064
56	<u>Purchased Energy - Windsource</u>	<u>12,169</u>	<u>0</u>	<u>12,169</u>
57	Fuel & Purchased Energy Total	1,412,243	90,120	1,322,122
58	Production - Fixed	456,276	31,025	425,251
59	Production - Fixed IA Investment			
60	Production - Fixed IA O&M	47,082	3,178	43,904
61	Production - Variable	5,572	384	5,188
62	Production - Variable IA O&M	5,350	356	4,994
63	<u>Production - Purchased Demand</u>	<u>150,527</u>	<u>10,161</u>	<u>140,365</u>
64	Production Total	664,807	45,105	619,702
65	Regional Markets	10,668	721	9,947
66	Transmission IA	121,303	8,189	113,114
67	Transmission	271,831	11,406	260,425
68	Distribution	115,367	7,013	108,354
69	Customer Accounting	67,898	3,712	64,186
70	Customer Service & Information	151,246	1,320	149,927
71	Sales, Econ Dvlp & Other	3,090	238	2,851
72	<u>Administrative & General</u>	<u>257,734</u>	<u>18,759</u>	<u>238,975</u>
73	Total Operating Expenses	3,076,186	186,583	2,889,603
74				
75	Depreciation	918,612	75,079	843,533
76	Amortization	5,994	3,490	2,504
77				
78	<u>Taxes:</u>			
79	Property Taxes	227,901	12,758	215,143
80	ITC Amortization	(1,366)	(74)	(1,292)
81	Deferred Taxes	149,602	8,806	140,796
82	Deferred Taxes - NOL	411	4,219	(3,808)
83	Less State Tax Credits deferred			
84	Less Federal Tax Credits deferred	(156,555)	(10,393)	(146,162)
85	Deferred Income Tax & ITC	(7,907)	2,558	(10,465)
86	Payroll & Other Taxes	30,516	2,050	28,466
87	Total Taxes Other Than Income	250,510	17,367	233,144
88				
89	<u>Income Before Taxes</u>			
90	Total Operating Revenues	4,913,757	311,049	4,602,708
91	less: Total Operating Expenses	3,076,186	186,583	2,889,603
92	Book Depreciation	918,612	75,079	843,533
93	Amortization	5,994	3,490	2,504
94	<u>Taxes Other than Income</u>	<u>250,510</u>	<u>17,367</u>	<u>233,144</u>
95	Total Before Tax Book Income	662,455	28,530	633,925
96				

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Line No.		2021 HTY		
		Total	SD Electric	Other
97	<u>Tax Additions</u>			
98	Book Depreciation	918,612	75,079	843,533
99	Deferred Income Taxes and ITC	(7,907)	2,558	(10,465)
100	Nuclear Fuel Burn (ex. D&D)	112,296	7,581	104,715
101	Nuclear Outage Accounting	39,708	2,663	37,045
102	Avoided Tax Interest	16,733	1,194	15,539
103	<u>Other Book Additions</u>	<u>3,033</u>	<u>696</u>	<u>2,337</u>
104	Total Tax Additions	1,082,476	89,771	992,704
105				
106	<u>Tax Deductions</u>			
107	Total Rate Base	12,441,948	947,135	11,494,812
108	Weighted Cost of Debt	<u>1.95%</u>	<u>1.95%</u>	<u>1.95%</u>
109	Debt Interest Expense	242,618	18,469	224,149
110	Nuclear Outage Accounting	55,353	3,711	51,642
111	Tax Depreciation and Removals	1,688,427	122,829	1,565,597
112	NOL Utilized / (Generated)	1,466	15,049	(13,583)
113	<u>Other Tax / Book Timing Differences</u>	<u>(4,457)</u>	<u>(1,396)</u>	<u>(3,060)</u>
114	Total Tax Deductions	1,983,407	158,662	1,824,745
115				
116	<u>State Taxes</u>			
117	State Taxable Income	(238,477)	(40,361)	(198,115)
118	State Income Tax Rate	-	-	-
119	State Taxes before Credits			
120	<u>Less State Tax Credits applied</u>	-	-	-
121	Total State Income Taxes			
122				
123	<u>Federal Taxes</u>			
124	Federal Sec 199 Production Deduction			
125	Federal Taxable Income	(238,477)	(40,361)	(198,115)
126	Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
127	Federal Tax before Credits	(50,080)	(8,476)	(41,604)
128	<u>Less Federal Tax Credits</u>	<u>(8,457)</u>	<u>(593)</u>	<u>(7,865)</u>
129	Total Federal Income Taxes	(58,537)	(9,068)	(49,469)
130				
131	Total Taxes			
132	Total Taxes Other than Income	250,510	17,367	233,144
133	Total Federal and State Income Taxes	(58,537)	(9,068)	(49,469)
134	Total Taxes	191,973	8,298	183,675
135				
136	Total Operating Revenues	4,913,757	311,049	4,602,708
137	Total Expenses	4,192,765	273,451	3,919,314
138				
139	AFDC Debt			
140	AFDC Equity			
141				
142	Net Income	720,992	37,598	683,394
143				

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Line No.		2021 HTY		
		Total	SD Electric	Other
144	<u>Rate of Return (ROR)</u>			
145	Total Operating Income	720,992	37,598	683,394
146	<u>Total Rate Base</u>	<u>12,441,948</u>	<u>947,135</u>	<u>11,494,812</u>
147	ROR (Operating Income / Rate Base)	5.79%	3.97%	5.95%
148				
149	<u>Return on Equity (ROE)</u>			
150	Net Operating Income	720,992	37,598	683,394
151	Debt Interest (Rate Base * Weighted Cost of Debt)	(242,618)	(18,469)	(224,149)
152	Earnings Available for Common	478,374	19,129	459,245
153	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>6,595,477</u>	<u>502,077</u>	<u>6,093,400</u>
154	ROE (earnings for Common / Equity)	7.25%	3.81%	7.54%
155				
156	<u>Revenue Deficiency</u>			
157	Required Operating Income (Rate Base * Required Return)	951,809	72,456	879,353
158	<u>Net Operating Income</u>	720,992	37,598	683,394
159	Operating Income Deficiency	230,817	34,858	195,960
160				
161	Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823	1.265823	1.265823
162	<u>Revenue Deficiency (Income Deficiency * Conversion Factor)</u>	<u>292,173</u>	<u>44,123</u>	<u>248,050</u>
163				
164	<u>Total Revenue Requirements</u>			
165	Total Retail Revenues	3,841,585	247,154	3,594,432
166	<u>Revenue Deficiency</u>	<u>292,173</u>	<u>44,123</u>	<u>248,050</u>
167	Total Revenue Requirements	4,133,759	291,277	3,842,482

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		Total	SD Electric	Other
1	<u>Composite Income Tax Rate</u>			
2	State Tax Rate			
3	Federal Statutory Tax Rate	21.00%	21.00%	21.00%
4	<u>Federal Effective Tax Rate</u>	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
5	Composite Tax Rate	21.00%	21.00%	21.00%
6	Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823	1.265823	1.265823
7				
8	<u>Weighted Cost of Capital</u>			
9	Active Rates and Ratios Version	Proposed	Proposed	Proposed
10	Cost of Short Term Debt			
11	Cost of Long Term Debt	4.15%	4.15%	4.15%
12	Cost of Common Equity	10.75%	10.75%	10.75%
13	Ratio of Short Term Debt			
14	Ratio of Long Term Debt	46.99%	46.99%	46.99%
15	Ratio of Common Equity	53.01%	53.01%	53.01%
16	Weighted Cost of STD			
17	Weighted Cost of LTD	1.95%	1.95%	1.95%
18	Weighted Cost of Debt	1.95%	1.95%	1.95%
19	<u>Weighted Cost of Equity</u>	<u>5.70%</u>	<u>5.70%</u>	<u>5.70%</u>
20	Required Rate of Return	7.65%	7.65%	7.65%
21				
22	<u>Rate Base</u>			
23	Plant Investment	25,237,590	1,757,073	23,480,516
24	<u>Depreciation Reserve</u>	<u>11,980,795</u>	<u>802,419</u>	<u>11,178,376</u>
25	Net Utility Plant	13,256,795	954,655	12,302,140
26	CWIP	(0)		(0)
27				
28	Accumulated Deferred Taxes	2,939,426	211,855	2,727,572
29	DTA - NOL Average Balance	(13,373)	(13,373)	
30	DTA - Federal Tax Credit Average Balance	(490,486)	(35,917)	(454,569)
31	Total Accum Deferred Taxes	2,435,567	162,565	2,273,002
32				
33	Cash Working Capital	(25,432)	117	(25,548)
34	Materials and Supplies	178,303	12,006	166,296
35	Fuel Inventory	73,077	4,865	68,212
36	Non-plant Assets and Liabilities	89,054	6,246	82,809
37	Customer Advances	(10,055)	(1,556)	(8,499)
38	Customer Deposits	(27,311)	(47)	(27,264)
39	Prepays and Other	72,646	4,837	67,810
40	<u>Regulatory Amortizations</u>	<u>3,081</u>	<u>3,422</u>	<u>(341)</u>
41	Total Other Rate Base Items	353,364	29,889	323,475
42				
43	Total Rate Base	11,174,591	821,979	10,352,613
44				
45	<u>Operating Revenues</u>			
46	Retail	3,838,289	244,261	3,594,028
47	Interdepartmental	404		404
48	<u>Other Operating Rev - Non-Retail</u>	<u>1,050,845</u>	<u>69,669</u>	<u>981,176</u>
49	Total Operating Revenues	4,889,538	313,931	4,575,607
50				

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Line No.		2021 HTY		
		Total	SD Electric	Other
51	<u>Expenses</u>			
52	Operating Expenses:			
53	Fuel	1,459,809	89,017	1,370,792
54	Deferred Fuel	(74,827)	76	(74,903)
55	Variable IA Production Fuel	15,067	1,003	14,064
56	<u>Purchased Energy - Windsource</u>	<u>12,169</u>	<u>0</u>	<u>12,169</u>
57	Fuel & Purchased Energy Total	1,412,218	90,096	1,322,122
58	Production - Fixed	460,072	30,812	429,261
59	Production - Fixed IA Investment			
60	Production - Fixed IA O&M	47,082	3,178	43,904
61	Production - Variable	7,378	498	6,880
62	Production - Variable IA O&M	5,350	356	4,994
63	<u>Production - Purchased Demand</u>	<u>150,527</u>	<u>10,161</u>	<u>140,365</u>
64	Production Total	670,409	45,006	625,403
65	Regional Markets	10,667	720	9,947
66	Transmission IA	121,303	8,189	113,114
67	Transmission	279,290	18,854	260,436
68	Distribution	115,243	6,890	108,354
69	Customer Accounting	67,460	3,275	64,186
70	Customer Service & Information	151,130	1,310	149,820
71	Sales, Econ Dvlp & Other	2,899	186	2,713
72	<u>Administrative & General</u>	<u>263,008</u>	<u>18,196</u>	<u>244,812</u>
73	Total Operating Expenses	3,093,628	192,720	2,900,908
74				
75	Depreciation	825,159	56,725	768,434
76	Amortization	(40,339)	1,624	(41,963)
77				
78	<u>Taxes:</u>			
79	Property Taxes	199,130	11,205	187,924
80	ITC Amortization	(1,366)	(74)	(1,292)
81	Deferred Taxes	67,371	4,145	63,227
82	Deferred Taxes - NOL	4,524	5,682	(1,158)
83	Less State Tax Credits deferred			
84	Less Federal Tax Credits deferred	(130,605)	(10,187)	(120,418)
85	Deferred Income Tax & ITC	(60,075)	(435)	(59,641)
86	Payroll & Other Taxes	30,548	2,051	28,497
87	Total Taxes Other Than Income	169,603	12,822	156,781
88				
89	<u>Income Before Taxes</u>			
90	Total Operating Revenues	4,889,538	313,931	4,575,607
91	less: Total Operating Expenses	3,093,628	192,720	2,900,908
92	Book Depreciation	825,159	56,725	768,434
93	Amortization	(40,339)	1,624	(41,963)
94	<u>Taxes Other than Income</u>	<u>169,603</u>	<u>12,822</u>	<u>156,781</u>
95	Total Before Tax Book Income	841,487	50,039	791,448
96				

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Line No.		2021 HTY		
		Total	SD Electric	Other
97	<u>Tax Additions</u>			
98	Book Depreciation	825,159	56,725	768,434
99	Deferred Income Taxes and ITC	(60,075)	(435)	(59,641)
100	Nuclear Fuel Burn (ex. D&D)	114,110	7,703	106,407
101	Nuclear Outage Accounting	39,708	2,663	37,045
102	Avoided Tax Interest	27,825	1,796	26,029
103	<u>Other Book Additions</u>	-	-	-
104	Total Tax Additions	946,726	68,452	878,274
105				
106	<u>Tax Deductions</u>			
107	Total Rate Base	11,174,591	821,979	10,352,613
108	Weighted Cost of Debt	<u>1.95%</u>	<u>1.95%</u>	<u>1.95%</u>
109	Debt Interest Expense	217,905	16,029	201,876
110	Nuclear Outage Accounting	55,353	3,711	51,642
111	Tax Depreciation and Removals	1,303,255	87,492	1,215,763
112	NOL Utilized / (Generated)	16,138	20,268	(4,130)
113	<u>Other Tax / Book Timing Differences</u>	<u>1,942</u>	<u>(968)</u>	<u>2,910</u>
114	Total Tax Deductions	1,594,592	126,532	1,468,060
115				
116	<u>State Taxes</u>			
117	State Taxable Income	193,621	(8,041)	201,662
118	State Income Tax Rate	-	-	-
119	State Taxes before Credits			
120	<u>Less State Tax Credits applied</u>	-	-	-
121	Total State Income Taxes			
122				
123	<u>Federal Taxes</u>			
124	Federal Sec 199 Production Deduction			
125	Federal Taxable Income	193,621	(8,041)	201,662
126	Federal Income Tax Rate	<u>21.00%</u>	<u>21.00%</u>	<u>21.00%</u>
127	Federal Tax before Credits	40,660	(1,689)	42,349
128	<u>Less Federal Tax Credits</u>	<u>(34,407)</u>	<u>(798)</u>	<u>(33,609)</u>
129	Total Federal Income Taxes	6,253	(2,487)	8,740
130				
131	Total Taxes			
132	Total Taxes Other than Income	169,603	12,822	156,781
133	Total Federal and State Income Taxes	6,253	(2,487)	8,740
134	Total Taxes	175,856	10,335	165,521
135				
136	Total Operating Revenues	4,889,538	313,931	4,575,607
137	Total Expenses	4,054,304	261,405	3,792,899
138				
139	AFDC Debt			
140	AFDC Equity			
141				
142	Net Income	835,234	52,526	782,708
143				

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144	<u>Rate of Return (ROR)</u>			
145	Total Operating Income	835,234	52,526	782,708
146	<u>Total Rate Base</u>	<u>11,174,591</u>	<u>821,979</u>	<u>10,352,613</u>
147	ROR (Operating Income / Rate Base)	7.47%	6.39%	7.56%
148				
149	<u>Return on Equity (ROE)</u>			
150	Net Operating Income	835,234	52,526	782,708
151	Debt Interest (Rate Base * Weighted Cost of Debt)	(217,905)	(16,029)	(201,876)
152	Earnings Available for Common	617,330	36,497	580,832
153	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>5,923,651</u>	<u>435,731</u>	<u>5,487,920</u>
154	ROE (earnings for Common / Equity)	10.42%	8.38%	10.58%
155				
156	<u>Revenue Deficiency</u>			
157	Required Operating Income (Rate Base * Required Return)	854,856	62,881	791,975
158	<u>Net Operating Income</u>	835,234	52,526	782,708
159	Operating Income Deficiency	19,622	10,355	9,267
160				
161	Revenue Conversion Factor (1/(1--Composite Tax Rate))	0.001266	0.001266	0.001266
162	<u>Revenue Deficiency (Income Deficiency * Conversion Factor)</u>	<u>24,838</u>	<u>13,108</u>	<u>11,730</u>
163				
164	<u>Total Revenue Requirements</u>			
165	Total Retail Revenues	3,838,693	244,261	3,594,432
166	<u>Revenue Deficiency</u>	<u>24,838</u>	<u>13,108</u>	<u>11,730</u>
167	Total Revenue Requirements	3,863,531	257,369	3,606,162