

**Northern States Power Company  
South Dakota Electric Jurisdiction  
2024 Historic Test Year (HTY)  
Advertising Expense Adjustment**

Purpose Statement

The purpose of the advertising expense adjustment is to remove from the test year operating expense advertising dollars that are not recoverable from rate payers. Advertising for safety, customer care, and as required by regulation are recoverable. Advertising considered as image or branding is not recoverable.

Non-recoverable advertising in NSPM is determined by GL Account. RIS system creates an automatic adjustment to remove any costs in those non-recoverable accounts.

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Reporting Line	Account	Natural Account	Advertising Expense in Base Rates	Total Advertising Expense	Advertising Disallowances
			2024 HTY	2024 HTY	2024 HTY
Operating Expenses - Administrative & General	928000: 92800-A&G Regulatory Comm Exp	Mandated Regulatory Notices	96	96	
Operating Expenses - Administrative & General	930100: 93010-A&G General Advertising	Advertising - Brand Image	62,987		(62,987)
Operating Expenses - Administrative & General	930100: 93010-A&G General Advertising	Advertising - Brand Sponsorship	148,731		(148,731)
Operating Expenses - Administrative & General	930100: 93010-A&G General Advertising	Advertising - General	40,273	40,273	
Operating Expenses - Administrative & General	930100: 93010-A&G General Advertising	Customer Program - Non-Recoverable	84		(84)
Operating Expenses - Customer Service & Information	908000: 90800-Customer Asst Expense	Advertising - Conservation DSM	6,483		(6,483)
Operating Expenses - Customer Service & Information	908000: 90800-Customer Asst Expense	Communication - Conservation DSM	168	168	
Operating Expenses - Customer Service & Information	909000: 909000-Informational and instruction advertising expense	Advertising - Conservation Other	(1,690)	(1,690)	
Operating Expenses - Customer Service & Information	909000: 909000-Informational and instruction advertising expense	Communication - Conservation Other	3	3	
Operating Expenses - Customer Service & Information	909000: 909000-Informational and instruction advertising expense	Mandated Inserts Communication	16,197	16,197	
Operating Expenses - Customer Service & Information	909000: 909000-Informational and instruction advertising expense	Safety Advertising	68,996	68,996	
Operating Expenses - Customer Service & Information	909000: 909000-Informational and instruction advertising expense	Safety Information	13,436	13,436	
Operating Expenses - Sales, Econ Dvlp & Other	912000: 91200-Demonstrating and Selling Expenses	Customer Program - Advertising	5,148	5,148	
Operating Expenses - Sales, Econ Dvlp & Other	912000: 91200-Demonstrating and Selling Expenses	Customer Program - Promotion	<u>2,784</u>	<u>2,784</u>	-
		Subtotal NSPM SD Electric Retail	363,696	145,411	(218,285)
		908000: 90800-Customer Asst Expense	6,651	168	(6,483)
	909000: 909000-Informational and instruction advertising expense		96,942	96,942	
	912000: 91200-Demonstrating and Selling Expenses		7,932	7,932	
	928000: 92800-A&G Regulatory Comm Exp		96	96	
	930100: 93010-A&G General Advertising		<u>252,075</u>	<u>40,273</u>	<u>(211,802)</u>
		Total	363,696	145,411	(218,285)

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Line No.		NSPM SD Electric Retail
		Dec - 2024
1	<b><u>Expenses</u></b>	
2	Operating Expenses:	
3	Fuel	
4	Deferred Fuel	
5	Variable IA Production Fuel	
6	<u>Purchased Energy - Windsource</u>	0
7	Fuel & Purchased Energy Total	
8	Production - Fixed	
9	Production - Fixed IA Investment	
10	Production - Fixed IA O&M	
11	Production - Variable	
12	Production - Variable IA O&M	
13	<u>Production - Purchased Demand</u>	0
14	Production Total	
15	Regional Markets	
16	Transmission IA	
17	Transmission	
18	Distribution	
19	Customer Accounting	
20	Customer Service & Information	(6,483)
21	Sales, Econ Dvlp & Other	
22	<u>Administrative &amp; General</u>	(211,803)
23	<b>Total Operating Expenses</b>	<b>(218,285)</b>
24		
25	<b>Total Taxes</b>	
26	Total Taxes Other than Income	
27	Total Federal and State Income Taxes	45,840
28	<b>Total Taxes</b>	<b>45,840</b>
29		
30	<b>Total Operating Revenues</b>	
31	Total Expenses	(172,446)
32		
33	<b>Net Income</b>	<b>172,446</b>
34		
35	<b><u>Rate of Return (ROR)</u></b>	
36	Total Operating Income	172,446
37	<u>Total Rate Base</u>	-
38	<b>ROR (Operating Income / Rate Base)</b>	
39		
40	<b><u>Return on Equity (ROE)</u></b>	
41	Net Operating Income	172,446
42	Debt Interest (Rate Base * Weighted Cost of Debt)	
43	Earnings Available for Common	172,446
44	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	-
45	<b>ROE (earnings for Common / Equity)</b>	
46		
47	<b><u>Revenue Deficiency</u></b>	
48	Required Operating Income (Rate Base * Required Return)	
49	<u>Net Operating Income</u>	172,446
50	<b>Operating Income Deficiency</b>	<b>(172,446)</b>
51		
52	Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823
53	<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>	<b>(218,285)</b>
54		
55	<b><u>Total Revenue Requirements</u></b>	
56	Total Retail Revenues	
57	<u>Revenue Deficiency</u>	(218,285)
58	Total Revenue Requirements	(218,285)
59		