

**Northern States Power Company  
State of South Dakota Electric Jurisdiction  
2024 Actual HTY**

**SD Pay As Go Adjustment (Post Retirement Medical Benefits)**

In Docket No. EL11-019 the Commission reaffirmed its position to not use accrual accounting and instead to use pay as you go as the appropriate mechanism for recovering the cost of OPEBs. This adjustment is needed to conform to that requirement.

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Line No.		NSPM SD Electric Retail
		2024 HTY
1	<b><u>Composite Income Tax Rate</u></b>	
2	State Tax Rate	
3	Federal Statutory Tax Rate	21.00%
4	<u>Federal Effective Tax Rate</u>	<u>21.00%</u>
5	<b>Composite Tax Rate</b>	<b>21.00%</b>
6	Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.265823
7		
8	<b><u>Weighted Cost of Capital</u></b>	
9	Active Rates and Ratios Version	Proposed
10	Cost of Short Term Debt	
11	Cost of Long Term Debt	4.48%
12	Cost of Common Equity	10.30%
13	Ratio of Short Term Debt	
14	Ratio of Long Term Debt	47.13%
15	Ratio of Common Equity	52.87%
16	Weighted Cost of STD	
17	Weighted Cost of LTD	2.11%
18	Weighted Cost of Debt	2.11%
19	<u>Weighted Cost of Equity</u>	<u>5.45%</u>
20	Required Rate of Return	7.56%
21		
22	<b><u>Rate Base</u></b>	
23	Plant Investment	
24	<u>Depreciation Reserve</u>	-
25	Net Utility Plant	
26	CWIP	
27		
28	Accumulated Deferred Taxes	435,070
29	DTA - NOL Average Balance	
30	DTA - Federal Tax Credit Average Balance	-
31	Total Accum Deferred Taxes	435,070
32		
33	Cash Working Capital	
34	Materials and Supplies	
35	Fuel Inventory	
36	Non-plant Assets and Liabilities	1,551,899
37	Customer Advances	
38	Customer Deposits	
39	Prepays and Other	
40	<u>Regulatory Amortizations</u>	-
41	Total Other Rate Base Items	1,551,899

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42		
43	<b>Total Rate Base</b>	<b>1,116,829</b>
44		
45	<b><u>Operating Revenues</u></b>	
46	Retail	
47	Interdepartmental	
48	<u>Other Operating Rev - Non-Retail</u>	-
49	<b>Total Operating Revenues</b>	
50		
51	<b><u>Expenses</u></b>	
52	Operating Expenses:	
53	Fuel	
54	Deferred Fuel	
55	Variable IA Production Fuel	
56	<u>Purchased Energy - Windsource</u>	<u>0</u>
57	Fuel & Purchased Energy Total	
58	Production - Fixed	
59	Production - Fixed IA Investment	
60	Production - Fixed IA O&M	
61	Production - Variable	
62	Production - Variable IA O&M	
63	<u>Production - Purchased Demand</u>	<u>0</u>
64	Production Total	
65	Regional Markets	
66	Transmission IA	
67	Transmission	
68	Distribution	
69	Customer Accounting	
70	Customer Service & Information	
71	Sales, Econ Dvlp & Other	
72	<u>Administrative &amp; General</u>	<u>84,379</u>
73	<b>Total Operating Expenses</b>	<b>84,379</b>
74		
75	Depreciation	
76	Amortization	
77		
78	<b><u>Taxes:</u></b>	
79	Property Taxes	
80	ITC Amortization	
81	Deferred Taxes	(22,100)
82	Deferred Taxes - NOL	
83	Less State Tax Credits deferred	
84	Less Federal Tax Credits deferred	
85	Deferred Income Tax & ITC	(22,100)
86	Payroll & Other Taxes	
87	<b>Total Taxes Other Than Income</b>	<b>(22,100)</b>
88		
89	<b><u>Income Before Taxes</u></b>	
90	Total Operating Revenues	
91	less: Total Operating Expenses	84,379
92	Book Depreciation	
93	Amortization	
94	<u>Taxes Other than Income</u>	<u>(22,100)</u>
95	<b>Total Before Tax Book Income</b>	<b>(62,279)</b>
96		

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97	<b><u>Tax Additions</u></b>	
98	Book Depreciation	
99	Deferred Income Taxes and ITC	(22,100)
100	Nuclear Fuel Burn (ex. D&D)	
101	Nuclear Outage Accounting	
102	Avoided Tax Interest	
103	<u>Other Book Additions</u>	-
104	<b>Total Tax Additions</b>	(22,100)
105		
106	<b><u>Tax Deductions</u></b>	
107	Total Rate Base	1,116,829
108	Weighted Cost of Debt	2.11%
109	Debt Interest Expense	23,565
110	Nuclear Outage Accounting	
111	Tax Depreciation and Removals	
112	NOL Utilized / (Generated)	
113	<u>Other Tax / Book Timing Differences</u>	(79,136)
114	<b>Total Tax Deductions</b>	(55,571)
115		
116	<b><u>State Taxes</u></b>	
117	State Taxable Income	(28,808)
118	State Income Tax Rate	-
119	State Taxes before Credits	-
120	<u>Less State Tax Credits applied</u>	-
121	<b>Total State Income Taxes</b>	
122		
123	<b><u>Federal Taxes</u></b>	
124	Federal Sec 199 Production Deduction	
125	Federal Taxable Income	(28,808)
126	Federal Income Tax Rate	21.00%
127	Federal Tax before Credits	(6,050)
128	<u>Less Federal Tax Credits</u>	-
129	<b>Total Federal Income Taxes</b>	(6,050)
130		
131	<b>Total Taxes</b>	
132	Total Taxes Other than Income	(22,100)
133	Total Federal and State Income Taxes	(6,050)
134	<b>Total Taxes</b>	(28,150)
135		
136	<b>Total Operating Revenues</b>	
137	Total Expenses	56,229
138		
139	AFDC Debt	
140	AFDC Equity	-
141		
142	<b>Net Income</b>	(56,229)
143		

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144	<b><u>Rate of Return (ROR)</u></b>	
145	Total Operating Income	(56,229)
146	<u>Total Rate Base</u>	1,116,829
147	<b>ROR (Operating Income / Rate Base)</b>	(5.03%)
148		
149	<b><u>Return on Equity (ROE)</u></b>	
150	Net Operating Income	(56,229)
151	Debt Interest (Rate Base * Weighted Cost of Debt)	(23,565)
152	Earnings Available for Common	(79,794)
153	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	590,468
154	<b>ROE (earnings for Common / Equity)</b>	(13.51%)
155		
156	<b><u>Revenue Deficiency</u></b>	
157	Required Operating Income (Rate Base * Required Return)	84,432
158	<u>Net Operating Income</u>	(56,229)
159	<b>Operating Income Deficiency</b>	140,661
160		
161	<u>Revenue Conversion Factor (1/(1--Composite Tax Rate))</u>	1.265823
162	<b><u>Revenue Deficiency (Income Deficiency * Conversion Factor)</u></b>	178,052
163		
164	<b><u>Total Revenue Requirements</u></b>	
165	Total Retail Revenues	
166	<u>Revenue Deficiency</u>	178,052
167	Total Revenue Requirements	178,052
168		