

## Appendix J

### Ratepayer Impacts

## Total Project Summary

<b>L RTP4 - Years 1 thru 20</b>
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Amounts in dollars

<u>Line No.</u>	Line (A)	Subs (B)	ROW (C)	Total	
1	<b>L RTP4 - Revenue Requirement</b>	<b>874,669,809</b>	<b>55,853,683</b>	<b>68,720,251</b>	<b>999,243,743</b>
2					
3					
4	FERC Interchange Agreement allocator to NSPM	83.9%	83.9%	83.9%	83.9%
5	Demand Allocator - MN Jurisdiction	86.6%	86.6%	86.6%	86.6%
6					
7	<b>Net cost to MN Jurisdiction</b>	<b>635,496,215</b>	<b>40,580,804</b>	<b>49,929,080</b>	<b>726,006,099</b>

NOTE: Tax assumptions include 21% corp Fed tax rate

## Project Summary - Year 1

<b>L RTP4 - Year 1 Revenue Requirement</b>
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Amounts in dollars

<u>Line No.</u>		Line (A)	Subs (B)	ROW (C)	Total
1	<b>L RTP4 - Revenue Requirement</b>	<b>57,406,637</b>	<b>3,626,601</b>	<b>3,880,152</b>	<b>64,913,390</b>
2					
3					
4	FERC Interchange Agreement allocator to NSPM	83.9%	83.9%	83.9%	83.9%
5	Demand Allocator - MN Jurisdiction	86.6%	86.6%	86.6%	86.6%
6					
7	<b>Net cost to MN Jurisdiction</b>	<b>41,709,111</b>	<b>2,634,927</b>	<b>2,819,146</b>	<b>47,163,185</b>

NOTE: Tax assumptions include 21% corp Fed tax rate

## Total - Xcel Energy

### L RTP4 - Total

Cost Assumptions			
Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.4000%	47.0800%	2.0700%
Short Term Debt	4.1700%	0.4200%	0.0200%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.2500%	52.5000%	4.8600%
Required Rate of Return			6.9500%
Tax Rate (MN)	28.7400%		

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1	<b>Project Spend - Xcel Energy Only</b>							
2	Line	452,840,000						
3	Sub	29,220,000						
4	ROW	37,450,000						
5	<b>Total</b>	519,510,000						
6								
7	<b>Revenue Requirement</b>							
8	Line	57,406,637	55,868,632	54,124,796	52,485,325	50,939,783	49,479,473	48,078,883
9	Sub	3,626,601	3,532,450	3,425,017	3,324,319	3,229,682	3,140,544	3,055,259
10	ROW	3,880,152	3,844,189	3,796,239	3,748,289	3,700,338	3,652,388	3,604,438
11								
12	<b>Total Revenue Requirements - NSP</b>	64,913,390	63,245,272	61,346,052	59,557,933	57,869,803	56,272,405	54,738,580
13								
14	FERC Interchange Agreement allocator to NSPM	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%
15	Demand Allocator - MN Jurisdiction	86.6%	86.6%	86.6%	86.6%	86.6%	86.6%	86.6%
16								
17	<b>Total Revenue Requirements - MN Jurisdiction</b>	47,163,185	45,951,204	44,571,316	43,272,147	42,045,627	40,885,029	39,770,620
18								
19								
20	<b>Discount Rate =</b>	0.06349334						
21								
22	<b>Present Value of Revenue Requirements - NSP</b>	589,999,014	61,037,891	55,918,886	51,001,424	46,558,665	42,538,104	38,894,378
23								
24								
25								
26		12.50%	12.17%	11.81%	11.46%	11.14%	10.83%	10.54%

## Total - Xcel Energy

### L RTP4 - Total

Line No.	Rate Analysis	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1	<b>Project Spend - Xcel Energy Only</b>								
2	Line								
3	Sub								
4	ROW								
5	<b>Total</b>								
6									
7	<b>Revenue Requirement</b>								
8	Line	46,697,426	45,315,390	43,933,354	42,551,317	41,169,281	39,787,245	38,405,208	37,023,172
9	Sub	2,971,210	2,887,122	2,803,035	2,718,948	2,634,861	2,550,774	2,466,687	2,382,600
10	ROW	3,556,488	3,508,537	3,460,587	3,412,637	3,364,687	3,316,736	3,268,786	3,220,836
11									
12	<b>Total Revenue Requirements - NSP</b>	<b>53,225,123</b>	<b>51,711,050</b>	<b>50,196,976</b>	<b>48,682,902</b>	<b>47,168,829</b>	<b>45,654,755</b>	<b>44,140,681</b>	<b>42,626,607</b>
13									
14	FERC Interchange Agreement allocator to NSPM	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%	83.9%
15	Demand Allocator - MN Jurisdiction	86.6%	86.6%	86.6%	86.6%	86.6%	86.6%	86.6%	86.6%
16									
17	<b>Total Revenue Requirements - MN Jurisdiction</b>	<b>38,671,010</b>	<b>37,570,951</b>	<b>36,470,892</b>	<b>35,370,833</b>	<b>34,270,775</b>	<b>33,170,716</b>	<b>32,070,657</b>	<b>30,970,599</b>
18									
19									
20	<b>Discount Rate =</b>								
21									
22	<b>Present Value of Revenue Requirements - NSP</b>	<b>32,526,586</b>	<b>29,714,634</b>	<b>27,122,506</b>	<b>24,733,976</b>	<b>22,533,974</b>	<b>20,508,502</b>	<b>18,644,562</b>	<b>16,930,086</b>
23									
24									
25									
26		10.25%	9.95%	9.66%	9.37%	9.08%	8.79%	8.50%	8.21%

## Total - Xcel Energy

### L RTP4 - Total

Line No.	Rate Analysis	Year 16	Year 17	Year 18	Year 19	Year 20
1	<b>Project Spend - Xcel Energy Only</b>					
2	Line					
3	Sub					
4	ROW					
5	<b>Total</b>					
6						
7	<b>Revenue Requirement</b>					
8	Line	35,812,179	34,943,852	34,246,569	33,549,285	32,852,002
9	Sub	2,309,549	2,258,610	2,218,707	2,178,804	2,138,902
10	ROW	3,172,886	3,124,935	3,076,985	3,029,035	2,981,084
11						
12	<b>Total Revenue Requirements - NSP</b>	<b>41,294,614</b>	<b>40,327,397</b>	<b>39,542,261</b>	<b>38,757,124</b>	<b>37,971,988</b>
13						
14	FERC Interchange Agreement allocator to NSPM	83.9%	83.9%	83.9%	83.9%	83.9%
15	Demand Allocator - MN Jurisdiction	86.6%	86.6%	86.6%	86.6%	86.6%
16						
17	<b>Total Revenue Requirements - MN Jurisdiction</b>	<b>30,002,831</b>	<b>29,300,095</b>	<b>28,729,650</b>	<b>28,159,204</b>	<b>27,588,759</b>
18						
19						
20	<b>Discount Rate =</b>					
21						
22	<b>Present Value of Revenue Requirements - NSP</b>	15,421,869	14,161,492	13,056,764	12,033,469	11,085,820
23						
24						
25						
26		7.95%	7.76%	7.61%	7.46%	7.31%

## Rev Req - Lines

### L RTP4 - Line Based on 62 YEAR LIFE

Cost Assumptions			
Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.4000%	47.0800%	2.0700%
Short Term Debt	4.1700%	0.4200%	0.0200%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.2500%	52.5000%	4.8600%
Required Rate of Return			6.9500%
Tax Rate (MN)	28.7400%		

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1	Plant Investment	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000
2	Depreciation Reserve	(10,981,995)	(21,963,990)	(32,945,985)	(43,927,980)	(54,909,975)	(65,891,970)	(76,873,964)
3	Removal Expense	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(3,351,085)	(12,558,751)	(20,530,027)	(27,395,060)	(33,257,967)	(38,209,851)	(42,732,253)
5		438,506,920	418,317,260	399,363,988	381,516,960	364,672,058	348,738,179	333,233,783
6								
7	Average Rate Base	445,673,460	428,412,090	408,840,624	390,440,474	373,094,509	356,705,118	340,985,981
8								
9	Debt Return	9,314,575	8,953,813	8,544,769	8,160,206	7,797,675	7,455,137	7,126,607
10	Equity Return	21,659,730	20,820,828	19,869,654	18,975,407	18,132,393	17,335,869	16,571,919
11	Current Income Tax Requirement	5,384,540	(810,379)	42,390	787,973	1,450,101	2,039,877	2,161,249
12								
13	Book Depreciation	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995
14	Annual Deferred Tax	3,351,085	9,207,665	7,971,276	6,865,033	5,862,907	4,951,884	4,522,401
15	ITC Flow Thru	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	22,642,000	43,019,800	38,717,820	34,868,680	31,381,812	28,211,932	26,717,560
17	Tax Depreciation on Easements	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712
22								
23	<b>Total Revenue Requirements - NSP</b>	<b>57,406,637</b>	<b>55,868,632</b>	<b>54,124,796</b>	<b>52,485,325</b>	<b>50,939,783</b>	<b>49,479,473</b>	<b>48,078,883</b>
24								
25	Discount Rate =		0.06349334					
26								
27	Present Value of Revenue Requirements	517,656,202	53,979,310	49,396,763	44,997,869	41,029,743	37,444,085	34,199,237
28								31,247,188
29	<b>Level Annual Revenue Requirement</b>	<b>33,562,038</b>						
30								
31	<b>63 Year Life LARR %</b>	<b>7.41%</b>						

## Rev Req - Lines

**L RTP4 - Line  
Based on 62 YEAR LIFE**

<u>Line No.</u>	<u>Rate Analysis</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>
1	Plant Investment	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000	452,840,000
2	Depreciation Reserve	(87,855,959)	(98,837,954)	(109,819,949)	(120,801,944)	(131,783,939)	(142,765,934)	(153,747,929)	(164,729,924)	(175,711,919)
3	Removal Expense	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(47,254,654)	(51,790,070)	(56,312,472)	(60,847,888)	(65,370,289)	(69,905,705)	(74,428,107)	(78,963,523)	(79,646,611)
5		317,729,386	302,211,975	286,707,579	271,190,168	255,685,772	240,168,361	224,663,965	209,146,554	197,481,471
6										
7	Average Rate Base	325,481,585	309,970,681	294,459,777	278,948,874	263,437,970	247,927,066	232,416,163	216,905,259	203,314,012
8										
9	Debt Return	6,802,565	6,478,387	6,154,209	5,830,031	5,505,854	5,181,676	4,857,498	4,533,320	4,249,263
10	Equity Return	15,818,405	15,064,575	14,310,745	13,556,915	12,803,085	12,049,255	11,295,426	10,541,596	9,881,061
11	Current Income Tax Requirement	1,857,348	1,540,305	1,249,291	932,248	641,234	324,191	33,177	(283,866)	3,302,061
12										
13	Book Depreciation	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995	10,981,995
14	Annual Deferred Tax	4,522,401	4,535,416	4,522,401	4,535,416	4,522,401	4,535,416	4,522,401	4,535,416	683,088
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	26,717,560	26,762,844	26,717,560	26,762,844	26,717,560	26,762,844	26,717,560	26,762,844	13,358,780
17	Tax Depreciation on Easements	-	-	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712	6,714,712
22										
23	<b>Total Revenue Requirements - NSP</b>	<b>46,697,426</b>	<b>45,315,390</b>	<b>43,933,354</b>	<b>42,551,317</b>	<b>41,169,281</b>	<b>39,787,245</b>	<b>38,405,208</b>	<b>37,023,172</b>	<b>35,812,179</b>
24										
25	Discount Rate =									
26										
27	Present Value of Revenue Requirements	28,537,423	26,039,507	23,738,136	21,618,746	19,667,809	17,872,767	16,221,958	14,704,559	13,374,401
28										
29										
30										
31										



## Rev Req - Lines

**L RTP4 - Line  
Based on 62 YEAR LIFE**

<u>Line No.</u>	<u>Rate Analysis</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
1	Plant Investment	452,840,000	452,840,000	452,840,000	452,840,000
2	Depreciation Reserve	(186,693,914)	(197,675,909)	(208,657,903)	(219,639,898)
3	Removal Expense	-	-	-	-
4	Accumulated Deferred Taxes	(76,490,385)	(73,334,160)	(70,177,935)	(67,021,709)
5		189,655,701	181,829,932	174,004,162	166,178,392
6					
7	Average Rate Base	193,568,586	185,742,816	177,917,047	170,091,277
8					
9	Debt Return	4,045,583	3,882,025	3,718,466	3,554,908
10	Equity Return	9,407,433	9,027,101	8,646,768	8,266,436
11	Current Income Tax Requirement	6,950,354	6,796,962	6,643,569	6,490,177
12					
13	Book Depreciation	10,981,995	10,981,995	10,981,995	10,981,995
14	Annual Deferred Tax	(3,156,225)	(3,156,225)	(3,156,225)	(3,156,225)
15	ITC Flow Thru	-	-	-	-
16	Tax Depreciation & Removal Expense	-	-	-	-
17	Tax Depreciation on Easements	-	-	-	-
18	AFUDC Expenditure	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-
20	Avoided Tax Interest	-	-	-	-
21	Property Tax @ 1.4828%	6,714,712	6,714,712	6,714,712	6,714,712
22					
23	<b>Total Revenue Requirements - NSP</b>	<b>34,943,852</b>	<b>34,246,569</b>	<b>33,549,285</b>	<b>32,852,002</b>
24					
25	Discount Rate =				
26					
27	Present Value of Revenue Requirements	12,270,990	11,308,139	10,416,518	9,591,054
28					
29					
30					
31					

## Rev Req - Subs

### L RTP4 - Subs Based on 56 YEAR LIFE

Cost Assumptions			
Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.4000%	47.0800%	2.0700%
Short Term Debt	4.1700%	0.4200%	0.0200%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.2500%	52.5000%	4.8600%
Required Rate of Return			6.9500%
Tax Rate (MN)	28.7400%		

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1	Plant Investment	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000
2	Depreciation Reserve	(628,455)	(1,256,910)	(1,885,365)	(2,513,820)	(3,142,275)	(3,770,730)	(4,399,185)
3	Removal Expense	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(239,273)	(856,449)	(1,393,845)	(1,859,860)	(2,261,212)	(2,603,778)	(2,918,632)
5		28,352,272	27,106,641	25,940,790	24,846,320	23,816,513	22,845,492	21,902,183
6								
7	Average Rate Base	28,786,136	27,729,456	26,523,715	25,393,555	24,331,417	23,331,002	22,373,837
8								
9	Debt Return	601,630	579,546	554,346	530,725	508,527	487,618	467,613
10	Equity Return	1,399,006	1,347,652	1,289,053	1,234,127	1,182,507	1,133,887	1,087,368
11	Current Income Tax Requirement	324,962	(73,652)	(17,506)	31,723	75,567	114,743	123,695
12								
13	Book Depreciation	628,455	628,455	628,455	628,455	628,455	628,455	628,455
14	Annual Deferred Tax	239,273	617,176	537,396	466,015	401,352	342,567	314,854
15	ITC Flow Thru	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	1,461,000	2,775,900	2,498,310	2,249,940	2,024,946	1,820,406	1,723,980
17	Tax Depreciation on Easements	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	433,274	433,274	433,274	433,274	433,274	433,274	433,274
22								
23	<b>Total Revenue Requirements - NSP</b>	<b>3,626,601</b>	<b>3,532,450</b>	<b>3,425,017</b>	<b>3,324,319</b>	<b>3,229,682</b>	<b>3,140,544</b>	<b>3,055,259</b>
24								
25	Discount Rate =		0.06349334					
26								
27	Present Value of Revenue Requirements	32,962,609	3,410,084	3,123,248	2,847,465	2,598,745	2,374,028	1,985,659
28								
29	<b>Level Annual Revenue Requirement</b>		<b>2,161,716</b>					
30								
31	<b>57 Year Life LARR %</b>							<b>7.40%</b>

## Rev Req - Subs

**L RTP4 - Subs**  
**Based on 56 YEAR LIFE**

<u>Line No.</u>	<u>Rate Analysis</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>	<u>Year 16</u>
1	Plant Investment	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000	29,220,000
2	Depreciation Reserve	(5,027,640)	(5,656,095)	(6,284,550)	(6,913,005)	(7,541,460)	(8,169,915)	(8,798,370)	(9,426,825)	(10,055,280)
3	Removal Expense	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(3,233,486)	(3,549,180)	(3,864,034)	(4,179,727)	(4,494,581)	(4,810,275)	(5,125,129)	(5,440,823)	(5,507,941)
5		20,958,874	20,014,725	19,071,416	18,127,268	17,183,959	16,239,810	15,296,501	14,352,352	13,656,780
6										
7	Average Rate Base	21,430,528	20,486,799	19,543,071	18,599,342	17,655,613	16,711,884	15,768,156	14,824,427	14,004,566
8										
9	Debt Return	447,898	428,174	408,450	388,726	369,002	349,278	329,554	309,831	292,695
10	Equity Return	1,041,524	995,658	949,793	903,928	858,063	812,198	766,332	720,467	680,622
11	Current Income Tax Requirement	105,205	85,867	68,209	48,871	31,213	11,875	(5,783)	(25,121)	207,385
12										
13	Book Depreciation	628,455	628,455	628,455	628,455	628,455	628,455	628,455	628,455	628,455
14	Annual Deferred Tax	314,854	315,694	314,854	315,694	314,854	315,694	314,854	315,694	67,118
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	1,723,980	1,726,902	1,723,980	1,726,902	1,723,980	1,726,902	1,723,980	1,726,902	861,990
17	Tax Depreciation on Easements	-	-	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	433,274	433,274	433,274	433,274	433,274	433,274	433,274	433,274	433,274
22										
23	<b>Total Revenue Requirements - NSP</b>	<b>2,971,210</b>	<b>2,887,122</b>	<b>2,803,035</b>	<b>2,718,948</b>	<b>2,634,861</b>	<b>2,550,774</b>	<b>2,466,687</b>	<b>2,382,600</b>	<b>2,309,549</b>
24										
25	Discount Rate =									
26										
27	Present Value of Revenue Requirements	1,815,746	1,659,022	1,514,540	1,381,397	1,258,753	1,145,829	1,041,903	946,301	862,523
28										
29										
30										
31										

## Rev Req - Subs

**L RTP4 - Subs**  
**Based on 56 YEAR LIFE**

<u>Line No.</u>	<u>Rate Analysis</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
1	Plant Investment	29,220,000	29,220,000	29,220,000	29,220,000
2	Depreciation Reserve	(10,683,735)	(11,312,190)	(11,940,645)	(12,569,100)
3	Removal Expense	-	-	-	-
4	Accumulated Deferred Taxes	(5,327,323)	(5,146,705)	(4,966,087)	(4,785,469)
5		13,208,943	12,761,105	12,313,268	11,865,431
6					
7	Average Rate Base	13,432,861	12,985,024	12,537,187	12,089,350
8					
9	Debt Return	280,747	271,387	262,027	252,667
10	Equity Return	652,837	631,072	609,307	587,542
11	Current Income Tax Requirement	443,915	435,137	426,359	417,581
12					
13	Book Depreciation	628,455	628,455	628,455	628,455
14	Annual Deferred Tax	(180,618)	(180,618)	(180,618)	(180,618)
15	ITC Flow Thru	-	-	-	-
16	Tax Depreciation & Removal Expense	-	-	-	-
17	Tax Depreciation on Easements	-	-	-	-
18	AFUDC Expenditure	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-
20	Avoided Tax Interest	-	-	-	-
21	Property Tax @ 1.4828%	433,274	433,274	433,274	433,274
22					
23	<b>Total Revenue Requirements - NSP</b>	<b>2,258,610</b>	<b>2,218,707</b>	<b>2,178,804</b>	<b>2,138,902</b>
24					
25	Discount Rate =				
26					
27	Present Value of Revenue Requirements	793,140	732,612	676,484	624,447
28					
29					
30					
31					

Rev Req - ROW

L RTP4 - ROW

Cost Assumptions			
Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.4000%	47.0800%	2.0700%
Short Term Debt	4.1700%	0.4200%	0.0200%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.2500%	52.5000%	4.8600%
Required Rate of Return			6.9500%
Tax Rate (MN)	28.7400%		

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1	Plant Investment	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000
2	Depreciation Reserve	-	-	-	-	-	-	-
3	Removal Expense	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(269,078)	(807,235)	(1,345,391)	(1,883,548)	(2,421,704)	(2,959,861)	(3,498,017)
5		37,180,922	36,642,765	36,104,609	35,566,452	35,028,296	34,490,139	33,951,983
6								
7	Average Rate Base	37,315,461	36,911,844	36,373,687	35,835,531	35,297,374	34,759,218	34,221,061
8								
9	Debt Return	779,893	771,458	760,210	748,963	737,715	726,468	715,220
10	Equity Return	1,813,531	1,793,916	1,767,761	1,741,607	1,715,452	1,689,298	1,663,144
11	Current Income Tax Requirement	462,340	185,351	174,802	164,254	153,706	143,157	132,609
12								
13	Book Depreciation	-	-	-	-	-	-	-
14	Annual Deferred Tax	269,078	538,157	538,157	538,157	538,157	538,157	538,157
15	ITC Flow Thru	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	936,250	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500
17	Tax Depreciation on Easements	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	555,309	555,309	555,309	555,309	555,309	555,309	555,309
22								
23	<b>Total Revenue Requirements - NSP</b>	<b>3,880,152</b>	<b>3,844,189</b>	<b>3,796,239</b>	<b>3,748,289</b>	<b>3,700,338</b>	<b>3,652,388</b>	<b>3,604,438</b>
24								
25	Discount Rate =		0.06349334					
26								
27	Present Value of Revenue Requirements	39,380,203	3,648,497	3,398,875	3,156,089	2,930,177	2,719,992	2,524,459
28								2,342,578
29	<b>Level Annual Revenue Requirement</b>							<b>2,553,200</b>
30								
31	<b>63 Year Life LARR %</b>							<b>6.82%</b>

## Rev Req - ROW

### L RTP4 - ROW

Line No.	Rate Analysis	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
1	Plant Investment	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000	37,450,000
2	Depreciation Reserve	-	-	-	-	-	-	-	-	-
3	Removal Expense	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(4,036,174)	(4,574,330)	(5,112,487)	(5,650,643)	(6,188,800)	(6,726,956)	(7,265,113)	(7,803,269)	(8,341,426)
5		<u>33,413,826</u>	<u>32,875,670</u>	<u>32,337,513</u>	<u>31,799,357</u>	<u>31,261,200</u>	<u>30,723,044</u>	<u>30,184,887</u>	<u>29,646,731</u>	<u>29,108,574</u>
6										
7	Average Rate Base	33,682,905	33,144,748	32,606,592	32,068,435	31,530,279	30,992,122	30,453,966	29,915,809	29,377,653
8										
9	Debt Return	703,973	692,725	681,478	670,230	658,983	647,735	636,488	625,240	613,993
10	Equity Return	1,636,989	1,610,835	1,584,680	1,558,526	1,532,372	1,506,217	1,480,063	1,453,908	1,427,754
11	Current Income Tax Requirement	122,061	111,512	100,964	90,415	79,867	69,319	58,770	48,222	37,674
12										
13	Book Depreciation	-	-	-	-	-	-	-	-	-
14	Annual Deferred Tax	538,157	538,157	538,157	538,157	538,157	538,157	538,157	538,157	538,157
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500	1,872,500
17	Tax Depreciation on Easements	-	-	-	-	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-
21	Property Tax @ 1.4828%	555,309	555,309	555,309	555,309	555,309	555,309	555,309	555,309	555,309
22										
23	<b>Total Revenue Requirements - NSP</b>	<b><u>3,556,488</u></b>	<b><u>3,508,537</u></b>	<b><u>3,460,587</u></b>	<b><u>3,412,637</u></b>	<b><u>3,364,687</u></b>	<b><u>3,316,736</u></b>	<b><u>3,268,786</u></b>	<b><u>3,220,836</u></b>	<b><u>3,172,886</u></b>
24										
25	Discount Rate =									
26										
27	Present Value of Revenue Requirements	2,173,417	2,016,105	1,869,830	1,733,834	1,607,412	1,489,906	1,380,701	1,279,225	1,184,945
28										
29										
30										
31										

## Rev Req - ROW

### L RTP4 - ROW

<u>Line No.</u>	<u>Rate Analysis</u>	<u>Year 17</u>	<u>Year 18</u>	<u>Year 19</u>	<u>Year 20</u>
1	Plant Investment	37,450,000	37,450,000	37,450,000	37,450,000
2	Depreciation Reserve	-	-	-	-
3	Removal Expense	-	-	-	-
4	Accumulated Deferred Taxes	(8,879,582)	(9,417,739)	(9,955,895)	(10,494,052)
5		<u>28,570,418</u>	<u>28,032,261</u>	<u>27,494,105</u>	<u>26,955,948</u>
6					
7	Average Rate Base	28,839,496	28,301,340	27,763,183	27,225,027
8					
9	Debt Return	602,745	591,498	580,251	569,003
10	Equity Return	1,401,600	1,375,445	1,349,291	1,323,136
11	Current Income Tax Requirement	27,125	16,577	6,028	(4,520)
12					
13	Book Depreciation	-	-	-	-
14	Annual Deferred Tax	538,157	538,157	538,157	538,157
15	ITC Flow Thru	-	-	-	-
16	Tax Depreciation & Removal Expense	1,872,500	1,872,500	1,872,500	1,872,500
17	Tax Depreciation on Easements	-	-	-	-
18	AFUDC Expenditure	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-
20	Avoided Tax Interest	-	-	-	-
21	Property Tax @ 1.4828%	555,309	555,309	555,309	555,309
22					
23	<b>Total Revenue Requirements - NSP</b>	<u><u>3,124,935</u></u>	<u><u>3,076,985</u></u>	<u><u>3,029,035</u></u>	<u><u>2,981,084</u></u>
24					
25	Discount Rate =				
26					
27	Present Value of Revenue Requirements	1,097,362	1,016,013	940,467	870,320
28					
29					
30					
31					

## Key Inputs

Line No	Capital Structure	2024		
		Cost	Ratio	WACC
1				
2	<u>Capital Structure</u>			
3	Long Term Debt	4.4000%	47.0800%	2.07%
4	Short Term Debt	4.1700%	0.4200%	0.02%
5	Preferred Stock	0.0000%	0.0000%	0.00%
6	Common Equity	9.2500%	52.5000%	4.86%
7	<b>Required Rate of Return</b>			6.95%
8	(Rates and Ratios from Settlement in Docket E002/GR-21-630)			
9				
10	<b>Property Tax Rates</b>			
11	Property Tax Rate			1.4828%
12	(percentage based on last TCR filing in Docket No. E002M-21-814)			
13				
14	<b>Income Tax Rates</b>			
15	Federal Tax Rate			21.00%
16	State Tax Rate			9.80%
17	State Composite Income Tax Rate			28.7420%
18				
19	<b>Allocators (2024 Estimate)</b>			
20	MN 12-month CP demand (Electric Demand)			86.63%
21	NSPM 36-month CP demand (Interchange Electric)			83.87%
22	Jurisdictional Allocator			72.66%
23				
24	<b>Book Depreciation Lives</b>			
25	Land			0.00
26	Line			61.58
27	Sub			55.61
28				
29	<b>Net Salvage %</b>			
30	Land			0.00%
31	Line			-49.33%
32	Sub			-19.60%
33				
34	<b>Book Depreciation Rates</b>			
35	Land			0.00%
36	Line			2.4251%
37	Sub			2.1508%