

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

Kevin Cramer
Tony Clark
Brian P. Kalk

Chairman
Commissioner
Commissioner

IN THE MATTER OF THE APPLICATION OF)
NORTHERN STATES POWER COMPANY, A)
MINNESOTA CORPORATION, FOR)
AUTHORITY TO INCREASE, RATES FOR)
ELECTRIC SERVICE IN NORTH DAKOTA)

Case No. PU-10-____

**ALTERNATIVE PETITION FOR
INTERIM RATES**

A. Introduction

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) operating in North Dakota, hereby submits to the North Dakota Public Service Commission (the “Commission”) this Alternative Petition for Interim Rates (the “Petition”) for its North Dakota retail electric customers, pursuant to N.D. Cent. Code §49-05-06. The Company respectfully requests that the Commission authorize, on an interim basis, rate relief of \$17,355,000 or 10.55 percent to be effective February 18, 2011.

B. Effective Date

The date of the submission of this Petition is December 20, 2010. The Petition is submitted as part of the Company’s Notice of Change in Rates for Electric Service (the “Notice”). Pursuant to N.D. Cent. Code § 49-05-06, Xcel Energy requests that, should the Commission suspend the operation of the general rate schedules that accompany the Notice, the proposed interim rates be made effective on February 18, 2011. N.D. Cent. Code § 49-05-06, subd. 2, provides that if interim rates are requested, the Commission “shall order that the interim rates take effect no later than

sixty (60) days after the initial filing date and without a public hearing.” If the interim rate amounts are in excess of the final rates approved by the Commission, the interim rates will be subject to refund plus reasonable interest at a rate to be determined by the Commission.

C. Description and Need for Interim Rates

Xcel Energy is entitled to interim rate relief based on the Notice and its supporting schedules along with the supporting schedules attached to this Petition. The proposed interim rate increase applies to all of Xcel Energy’s retail electric customers in the State of North Dakota. Interim rates are needed because a significant portion of the increased cost of service reflected in the Company’s general rate Notice will be incurred before July 20, 2011, the anticipated effective date of the general rate increase assuming the Commission suspends the rates filed with the Notice. Without interim rate relief, Xcel Energy would be unable to recover these increased costs of service while the rates were suspended.

Schedules attached to this filing support the interim revenue deficiency of \$17,355,000 for Xcel Energy’s North Dakota electric utility operation. As required by N.D. Cent. Code § 49-05-06 and indicated in Schedules 2 and 3, Xcel Energy has removed from the interim rate request the recovery of costs that are not of the same nature and kind as allowed in the most recent electric rate proceeding (Case No. PU-07-776). The Company has removed from the interim rate revenue requirement the cost of mercury control equipment and chemicals used to control mercury; however, we reserve our right to request recovery of such costs in the final rates approved by the Commission based upon: (1) the costs are of a like kind and nature to other allowed emission control costs; and (2) the costs are necessary to comply with federal law. The removal of these costs from interim rates reflects the removal of mercury monitoring costs from the final revenue requirement as part of the settlement in the last electric rate

case, and the agreement in the settlement that all mutually agreed upon adjustments were precedential for setting interim rates in the Company's next rate case.

In addition, the return on equity ("ROE") requested for interim rates for Xcel Energy is 10.75 percent, which is the last Commission-authorized ROE ordered in Case No. PU-07-776, and less than the requested ROE of 11.25 percent in this case.

The test year for Xcel Energy's general electric Notice and this Alternative Petition for Interim Rates is the calendar year ending December 31, 2011. The revenue requirement study in the general rate Notice shows an annual deficiency in revenue of \$19,773,000 or 12.02 percent under present rates. Xcel Energy is also requesting a step-in increase of \$4,226,000 effective January 1, 2012, for a total increase of 14.59 percent. Present rates, as referred to in this Petition, are the rates authorized by the Commission in its final order in Case No. PU-07-776. Xcel energy is requesting an interim rate adjustment that would increase Xcel Energy's test year revenues (exclusive of separately collected revenues related to franchise fees or gross earnings taxes imposed by local governmental units) by \$17,355,000 or a 10.55 percent increase of present retail electric revenues. The actual percentage increase in base rates is higher, 16.75 percent, primarily because the interim increase does not apply to fuel costs which are not included in base rates

D. Interim Rate Schedules

The following rate schedules are proposed to be effective on an interim basis on February 18, 2011:

<u>Schedule</u>	<u>Sheet No.</u>
• Residential Service	5-1
• Residential Time of Day Service	5-2
• Energy-Controlled Service (Non-Demand Metered)	5-7

• Limited Off-Peak Service	5-9
• Automatic Protective Lighting Service	5-13
• Small General Service	5-19
• Small General Time of Day Service	5-21
• General Service	5-25
• General Time of Day Service	5-28
• Peak-Controlled Service	5-32
• Peak-Controlled Time of Day Service	5-36
• Real Time Pricing Service	5-54
• Street Lighting Service (Leased Equipment)	5-59
• Street Lighting Service (Purchased Equipment)	5-60
• Street Lighting Service (Purchased Equipment) (Closed)	5-62
• Street Lighting Service – Metered (Purchased Equipment)	5-63
• Small Municipal Pumping Service	5-67
• Municipal Pumping Service	5-68
• Fire and Civil Defense Siren Service	5-70
• Residential Controlled Air Conditioning and Water Heating Rider	5-78
• Commercial and Industrial Air Conditioning Rider	5-80
• Standby Service Rider	5-82
• Interim Rate Surcharge Rider	5-91

The rate schedules containing proposed interim rates are included along with this Petition as Interim Rate Schedules 7 and 8 (legislative and regular formats, respectively). No change has been made in the existing rate design for purposes of establishing interim rates. A uniform percentage increase that would provide an additional \$17,355,000 on an annualized basis, in base rate revenues currently being recovered from each customer class would be applied.

E. Supporting Schedules and Workpapers

The following interim rate schedules are included in support of this Interim Rate petition:

Schedule 1: Revenue deficiency summary;

Schedule 2: Operating income;

Schedule 3: Rate base;

Schedule 4: Summary of capitalization and cost of capital;

Schedule 5: Jurisdictional cost of service study;

Schedule 6: Interim rate increase percent;

Schedule 7: Interim Rate tariffs – legislative (red-line) format (Volume 2)

Schedule 8: Interim Rate tariffs – regular format (Volume 2)

Pursuant to N.D. Cent. Code § 49-05-06, subd. 2, the adjustments reflected in the above schedules exclude any items that are not of the same nature and kind as those allowed in the Commission order in Case No. PU-07-776. The rate of return on equity filed in the general Notice is 11.25 percent which is higher than the 10.75 percent approved in the Settlement in the most recent traditional rate case (Case No. PU-07-776), and consequently an adjustment to the cost of equity was made in determining the interim rate revenue requirement.

F. Interim Bills

Xcel Energy proposes to include informative rate folders in customer bills beginning on February 18, 2011 and add an informational memo directly on customer bills to communicate to customers that their bill reflects an increase associated with the interim rate request.

G. Surety for Refund

Pursuant to N.D. Cent. Code § 49-05-06, subd. 3, the Company respectfully requests that the Commission not require a bond to secure any projected refund. The statute makes such a requirement discretionary. Xcel Energy submits as part of this Petition an Agreement and Undertaking regarding the Company's commitment to refund any

interim rates determined by the Commission to be unreasonable. These commitments are sufficient to secure any required refund.

H. Conclusion

Xcel Energy hereby submits this Alternative Petition for Interim Rates. If the Commission suspends the operation of the general rate schedules listed in the Notice under N.D. Cent. Code § 49-05-06, the Company respectfully requests that the Alternative Petition for Interim Rates be promptly considered and accepted by the Commission, so that interim rate schedules can be effective on February 18, 2011. Interim revenues would be subject to refund pending final Commission action on the general rate increase Notice.

Dated: December 20, 2010

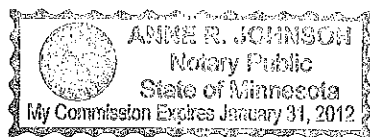
Respectfully submitted,

By: Laura McCarten

Laura McCarten
Regional Vice President, North
Northern States Power Company, a Minnesota corporation

Subscribed and sworn to before me this
16 day of December, 2010

Anne Johnson
Notary Public



STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

Kevin Cramer
Tony Clark
Brian P. Kalk

Chairman
Commissioner
Commissioner

IN THE MATTER OF THE APPLICATION OF)
NORTHERN STATES POWER COMPANY, A)
MINNESOTA CORPORATION, FOR)
AUTHORITY TO INCREASE RATES FOR)
ELECTRIC SERVICE IN NORTH DAKOTA)

Case No. PU-10-___

**AGREEMENT AND
UNDERTAKING**

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) operating in North Dakota, in conjunction with the Notice of Change in Rates for Electric Service filed with the North Dakota Public Service Commission (the “Commission”) makes the following unqualified agreement concerning refunding any portion of the increase in rates determined by the Commission to be unreasonable.

Pursuant to North Dakota Century Code § 49-05-06, subd. 4, Xcel Energy hereby agrees and undertakes to refund to its customers in North Dakota the amount, if any, collected during the interim rate period in excess of final rates, plus interest at the current rate as determined by the Commission, computed from the effective date of the interim rates through the date of refund.

In addition, Xcel Energy agrees to keep such records of sales and billings under the proposed interim rates as will be necessary to compute any potential refund.

This Agreement and Undertaking is made pursuant to authority granted by the Board of Directors of the Company.

Dated: December 16, 2010

By: Laura McCarten

Laura McCarten
Vice President
Northern States Power Company, a Minnesota corporation

Northern States Power Company, a Minnesota corporation
Electric Utility - State of North Dakota
2011 Test Year
Revenue Deficiency Summary - Interim Rate Petition
(\$000's)

Case No. PU-10-_____
Exhibit_____(Interim Rate Petition)
Schedule 1, Page 1 of 1

Line No.	Description	General Rate Application	Change	Interim Rate Petition
1	Average Rate Base	\$327,573	(\$76)	\$327,497
2	Total Available for Return	\$16,613	\$611	\$17,224
3	Overall Rate of Return (Line 2 / Line 1)	5.07%	0.19%	5.26%
4	Required Rate of Return	8.74%	-0.26%	8.48%
5	Operating Income Requirement (Line 1 x Line 4)	\$28,630	(\$858)	\$27,772
6	Income Deficiency (Line 5 - Line 2)	\$12,017	(\$1,469)	\$10,548
7	Gross Revenue Conversion Factor	1.645413	0	1.645413
8	Revenue Deficiency (Line 6 x Line 7)	\$19,773	(\$2,417)	\$17,355
9	Proposed Increase to Other Service Charges	-	-	-
10	Deficiency Recovered by Retail Rate Increase	\$19,773	(\$2,417)	\$17,355
11	Retail Related Revenue Under Present Rates	\$164,504	\$0	\$164,504
12	Percentage Increase to Retail (Line 10 / Line 11)	12.02%	-1.47%	10.55%

Northern States Power Company, a Minnesota corporation
 Electric Utility - State of North Dakota
 2011 Test Year
 Operating Income - Interim Rate Petition
 (\$000's)

Case No. PU-10-____
 Exhibit____(Interim Rate Petition)
 Schedule 2, Page 1 of 3

Line No.	Description	General Rate Application Present Rates	Removal of Steam Production Salvage	Removal of Other Production Salvage	Removal of Mercury Monitoring Equip	Removal of Charitable Contributions
Operating Revenues						
1	Retail	\$164,504				
2	Weather Impact Net Margin Adjustment	0				
3	Other Operating	42,445				
4	Total Operating Revenues	\$206,949	\$0	\$0	\$0	\$0
Expenses						
Operating Expenses:						
5	Fuel and Purchased Power	\$81,392				
6	Power Production	42,844			(261)	
7	Transmission	11,419				
8	Distribution	6,292				
9	Customer Accounting	4,339				
10	Customer Service & Information	548				
11	Sales, Econ Dvlp & Other	66				
12	Administrative & General	13,322				(132)
13	Total Operating Expenses	\$160,222	\$0	\$0	(\$261)	(\$132)
14	Depreciation	\$17,697	(\$526)	(\$66)	(\$14)	
15	Amortization	\$574				
Taxes:						
16	Property	\$5,653				
17	Deferred Income Tax & ITC	12,712	201	26	\$1	
18	Federal & State Income Tax	(8,337)	(2)	(0)	111	52
19	Payroll & Other	1,815				
20	Total Taxes	\$11,843	\$199	\$26	\$112	\$52
21	Total Expenses	\$190,336	(\$327)	(\$40)	(\$163)	(\$80)
22	AFUDC	\$0				
23	Total Operating Income	\$16,613	\$327	\$40	\$163	\$80

Note: Revenues reflect calendar month sales

**Northern States Power Company, a Minnes
Electric Utility - State of North Dakota
2011 Test Year
Operating Income - Interim Rate Petition
(\$000's)**

Case No. PU-10-_____
Exhibit_____(Interim Rate Petition)
Schedule 2, Page 2 of 3

<u>Line No.</u>	<u>Description</u>	<u>Tax Effect of Rate Base CWC Adjstmnt</u>	<u>Change in Capital Structure</u>	<u>Interim Rate Petition Present Rates</u>
<u>Operating Revenues</u>				
1	Retail			\$164,504
2	Weather Impact Net Margin Adjustment			0
3	Other Operating			42,445
4	Total Operating Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$206,949</u>
<u>Expenses</u>				
Operating Expenses:				
5	Fuel and Purchased Power			\$81,392
6	Power Production			42,583
7	Transmission			11,419
8	Distribution			6,292
9	Customer Accounting			4,339
10	Customer Service & Information			548
11	Sales, Econ Dvlp & Other			66
12	Administrative & General			13,190
13	Total Operating Expenses	<u>\$0</u>	<u>\$0</u>	<u>\$159,829</u>
14	Depreciation			\$17,091
15	Amortization			\$574
Taxes:				
16	Property			\$5,653
17	Deferred Income Tax & ITC			12,940
18	Federal & State Income Tax	0	0	(8,177)
19	Payroll & Other			1,815
20	Total Taxes	<u>\$0</u>	<u>\$0</u>	<u>\$12,231</u>
21	Total Expenses	<u>\$0</u>	<u>\$0</u>	<u>\$189,725</u>
22	AFUDC			\$0
23	Total Operating Income	<u>(\$0)</u>	<u>\$0</u>	<u>\$17,224</u>

Note: Revenues reflect calendar month sales

Northern States Power Company, a Minnesota corporation
Electric Utility - State of North Dakota
2011 Test Year
Operating Income with Proposed Increase - Interim Rate Petition
(000's)

Case No. PU-10-____
 Exhibit____(Interim Rate Petition)
 Schedule 2, Page 3 of 3

<u>Line No.</u>	<u>Description</u>	<u>Interim Rate Petition Present Rates</u>	<u>Interim Rate Increase</u>	<u>Interim Rate Petition Proposed Rates</u>
<u>Operating Revenues</u>				
1	Retail	\$164,504	\$17,355	\$181,859
2	Weather Impact Net Margin Adjustment	0		0
3	Other Operating	42,445		42,445
4	Total Operating Revenues	\$206,949	\$17,355	\$224,304
<u>Expenses</u>				
Operating Expenses:				
5	Fuel and Purchased Power	\$81,392		\$81,392
6	Power Production	42,583		42,583
7	Transmission	11,419		11,419
8	Distribution	6,292		6,292
9	Customer Accounting	4,339		4,339
10	Customer Service & Information	548		548
11	Sales, Econ Dvlp & Other	66		66
12	Administrative & General	13,190		13,190
13	Total Operating Expenses	\$159,829	\$0	\$159,829
14	Depreciation	\$17,091	\$0	\$17,091
15	Amortization	\$574		\$574
Taxes:				
16	Property	\$5,653		\$5,653
17	Deferred Income Tax & ITC	12,940		12,940
18	Federal & State Income Tax	(8,177)	6,808	(1,369)
19	Payroll & Other	1,815		1,815
20	Total Taxes	\$12,231	\$6,808	\$19,039
21	Total Expenses	\$189,725	\$6,808	\$196,533
22	AFUDC	\$0	\$0	\$0
23	Total Operating Income	\$17,224	\$10,548	\$27,772

Note: Revenues reflect calendar month sales.

Northern States Power Company, a Minnesota corporation
Electric Utility - State of North Dakota
2011 Test Year
Rate Base - Interim Rate Petition
(\$000's)

Case No. PU-10-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 3, Page 1 of 1

Line No.	Description	General Rate Application Present Rates	Removal of Steam Production Salvage	Removal of Other Production Salvage	Removal of Mercury Monitoring Equip	Cash Working Capital	Interim Rate Petition Present Rates
1	Utility Plant in Service	\$763,216			(\$331)		\$762,885
2	Less: Reserve for Depreciation	\$370,159	(263)	(33)	(23)		\$369,840
3	Net Utility Plant in Service	\$393,057	263	33	(308)		\$393,045
4	Utility Plant Held for Future Use	\$0					\$0
5	Construction Work in Progress	\$2,100					\$2,100
6	Less: Accumulated Deferred Income Taxes	\$79,352	100	13	(55)		\$79,410
7	Cash Working Capital	\$2,057				(\$6)	\$2,051
Other Rate Base Items							
8	Materials and Supplies	\$6,186					\$6,186
9	Fuel Inventory	5,674					5,674
10	Non-Plant Assets & Liabilities	(6,173)					(6,173)
11	Prepayments and Other Working Capital	4,024					4,024
12	Total Other Rate Base Items	\$9,711					\$9,711
13	Total Average Rate Base	\$327,573	163	\$20	(\$253)	(\$6)	\$327,497

Northern States Power Company, a Minnesota corporation
Electric Utility - State of North Dakota
2011 Test Year
Summary of Capitalization and Cost of Capital - Interim Rate Petition
(\$000's)

Case No. PU-10-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 4, Page 1 of 1

<u>Capitalization:</u>	<u>Amount /1</u> (A)	<u>Percent of Total</u> <u>Capitalization</u>	<u>Cost of</u> <u>Capital</u>	<u>Weighted Cost</u> <u>of Capital</u>
		(B)	(C)	(D)
<u>PROPOSED TEST YEAR YEAR 2011</u>				
Long-Term Debt	\$3,399,494	46.3000%	6.07%	2.8100%
Short-Term Debt	<u>\$83,926</u>	<u>1.1400%</u>	2.06%	<u>0.0200%</u>
Long-Term and Short-Term Debt	\$3,483,420	47.4400%	5.97%	2.8300%
Net Common Equity	<u>\$3,859,990</u>	<u>52.5600%</u>	11.25%	<u>5.9100%</u>
Total Capitalization	<u>\$7,343,410</u>	<u>100.00%</u>		<u>8.7400%</u>

/1 All are average balances; long term and short term debt based on 12 month averages, common equity based on thirteen month balances.

ROE = 4.62%
Deficiency = \$17,355
% Increase = 10.55%
Required ROE = 10.75%

Case No. PU-10-_____
Exhibit____(Interim Rate Petition)
Schedule 5, Page 1 of 6

Northern States Power Company (ND)
Electric Utility - North Dakota Retail Jurisdiction
Cost of Service Study
2011 Budget Interim Rates

Summary Reports

December 16, 2010

Northern States Power Company (ND)
Electric Utility - North Dakota Retail Jurisdiction
Cost of Service Study
2011 Budget Interim Rates

(Dollars in Thousands)

Case No. PU-10-_____
 Exhibit____(Interim Rate Petition)
 Schedule 5, Page 2 of 6

Rate Base Summary

	Total Company Electric			ND Retail Electric			All Other		
	Beginning Balance	Ending Balance	Average Balance	Beginning Balance	Ending Balance	Average Balance	Beginning Balance	Ending Balance	Average Balance
1 Plant Investment	13,131,248	14,503,956	13,817,602	723,541	802,229	762,885	12,407,707	13,701,727	13,054,717
2 Depreciation Reserve	<u>(6,423,427)</u>	<u>(6,767,568)</u>	<u>(6,595,498)</u>	<u>(360,654)</u>	<u>(379,026)</u>	<u>(369,840)</u>	<u>(6,062,773)</u>	<u>(6,388,542)</u>	<u>(6,225,658)</u>
3 Net Utility Plant	6,707,821	7,736,388	7,222,104	362,887	423,203	393,045	6,344,934	7,313,185	6,829,059
4 C.W.I.P.	38,545	26,653	32,599	2,501	1,698	2,100	36,044	24,955	30,499
5 Accumulated Deferred Taxes	(1,320,146)	(1,533,995)	(1,427,071)	(72,883)	(85,937)	(79,410)	(1,247,263)	(1,448,058)	(1,347,661)
Other Rate Base:									
6 Cash Working Capital	20,379	20,379	20,379	2,051	2,051	2,051	18,329	18,329	18,329
7 Materials & Supplies	105,544	105,544	105,544	6,186	6,186	6,186	99,358	99,358	99,358
8 Fuel Inventory	90,609	90,609	90,609	5,674	5,674	5,674	84,935	84,935	84,935
9 Non-Plant Assets & Liab	(113,973)	(91,197)	(102,585)	(6,866)	(5,480)	(6,173)	(107,107)	(85,717)	(96,412)
10 Prepays & Other	62,822	69,020	65,921	3,849	4,198	4,024	58,973	64,822	61,897
11 Total Rate Base	5,591,601	6,423,401	6,007,500	303,399	351,593	327,497	5,288,203	6,071,809	5,680,004

Northern States Power Company (ND)
Electric Utility - North Dakota Retail Jurisdiction
Cost of Service Study
2011 Budget Interim Rates
(Dollars in Thousands)

Case No. PU-10-_____
Exhibit_____(Interim Rate Petition)
Schedule 5, Page 3 of 6

Income Statement Summary

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>
<u>Operating Revenues</u>			
1	Retail 3,034,853	164,504	2,870,349
2	CIP Adjustment to Program Costs 0	-	0
3	Interdepartmental 607	-	607
4	Other Operating 717,960	42,445	675,515
5	Gross Earnings Tax 0	-	0
6	Total Operating Revenues 3,753,420	206,949	3,546,471
<u>Expenses</u>			
Operating Expenses:			
7	Fuel & Purchased Energy 1,309,223	81,392	1,227,831
8	Power Production 724,374	42,583	681,791
9	Transmission 196,516	11,419	185,097
10	Distribution 105,263	6,292	98,971
11	Customer Accounting 61,413	4,339	57,074
12	Customer Service & Information 87,010	548	86,462
13	Sales, Econ Dvlp & Other 268	66	202
14	Administrative & General 203,260	13,190	190,070
15	Total Operating Expenses 2,687,327	159,829	2,527,498
16	Depreciation 332,988	17,091	315,897
17	Amortization 15,949	574	15,375
Taxes:			
18	Property 115,650	5,653	109,997
19	Gross Earnings 0	-	0
20	Deferred Income Tax & ITC 210,958	12,940	198,018
21	State & Federal Income (see Page 3) (61,922)	(8,177)	(53,745)
22	Payroll & Other 30,033	1,815	28,218
23	Total Taxes 294,719	12,231	282,488
24	Total Expenses 3,330,983	189,725	3,141,258
25	AFUDC 0	-	0
26	Total Operating Income 422,437	17,224	405,213

Northern States Power Company (ND)
 Electric Utility - North Dakota Retail Jurisdiction
 Cost of Service Study
 2011 Budget Interim Rates
 (Dollars in Thousands)

Income Tax Summary

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>
<u>Income Before Taxes</u>			
1	Total Operating Revenues	3,753,420	206,949
2	less: Total Operating Expenses	(2,687,327)	(159,829)
3	Book Depreciation & Amortization	(348,937)	(17,665)
4	Taxes (Other Than Current Income)	(356,641)	(20,408)
5	Total Before Tax Book Income	360,515	9,047
<u>Tax Additions</u>			
6	Book Depreciation	332,988	17,091
7	Deferred Income Taxes & ITC	210,958	12,940
8	Nuclear Fuel Burn (ex D&D)	111,477	6,478
9	Nuclear Outage Accounting	59,245	3,580
10	Avoided Tax Interest	43,512	2,520
11	Open Line	0	0
12	Open Line	0	0
13	Open Line	0	0
14	Open Line	0	0
15	Open Line	0	0
16	Other Book Additions	0	0
17	Total Tax Additions	758,180	42,609
<u>Tax Deductions</u>			
18	Debt Interest Expense	170,012	9,268
19	Tax Depreciation & Removal	1,019,044	58,100
20	Manufacture Production Deduction	0	0
21	Open	0	0
22	Open	0	0
23	Open	0	0
24	Other Tax/Book Timing Differences	23,807	1,446
25	Net Preferred Stock Deduction	0	0
26	Total Tax Deductions	1,212,863	68,814
27	State Taxable Income	(94,168)	(17,158)
28	State Income Tax Rate	9.03%	6.50%
29	State Taxes before Credits	(8,500)	(1,115)
30	State Credits	1,180	41
31	Total State Income Taxes	(9,680)	(1,156)
32	Federal Taxable Income	(84,489)	(16,002)
33	Federal Income Tax Rate	35.00%	35.00%
34	Federal Tax before Credits	(29,571)	(5,601)
35	Federal Tax Credits	22,671	1,420
36	Total Federal Income Taxes	(52,242)	(7,021)
37	Total Federal & State Income Taxes	(61,922)	(8,177)
			(77,010)
			N/A
			(7,384)
			1,139
			(8,523)
			(68,487)
			35.00%
			(23,970)
			21,251
			(45,221)
			(53,745)

Northern States Power Company (ND)
 Electric Utility - North Dakota Retail Jurisdiction
 Cost of Service Study
 2011 Budget Interim Rates

Case No. PU-10-_____
 Exhibit_____(Interim Rate Petition)
 Schedule 5, Page 5 of 6

Revenue Requirement & Return Summary

(Dollars in Thousands)

	<u>Capital Structure</u>	<u>Rate</u>	<u>Ratio</u>	<u>Weighted Cost</u>	<u>Composite Income Tax Rates</u>	
1	Long Term Debt	6.0700%	46.3000%	2.8100%	State of North Dakota Tax rate	6.50%
2	Short Term Debt	2.0600%	1.1400%	0.0200%	Federal Statutory Tax rate	35.00%
3	Preferred Stock	0.0000%	0.0000%	0.0000%	Federal Effective Tax Rate (1-State Rate*Fed Rate)	<u>32.73%</u>
4	Common Equity	10.7500%	52.5600%	5.6500%	Total North Dakota Composite Tax Rate	39.23%
5	Required Rate of Return			8.4800%	Total Corporate Composite Tax Rate	40.87%

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>	
<u>Rate of Return (ROR)</u>				
6	Total Operating Income	422,437	17,224	405,213
7	Total Average Rate Base	<u>6,007,500</u>	<u>327,497</u>	<u>5,680,004</u>
8	ROR (Operating Income / Rate Base)	7.03%	5.26%	7.13%

<u>Return on Equity (ROE)</u>				
9	Total Operating Income	422,437	17,224	405,213
10	Debt Interest (Rate Base * Weighted Debt Cost)	(170,012)	(9,268)	(160,744)
11	Preferred Stock (Rate Base * Weighted Preferred Cost)	<u>0</u>	<u>0</u>	<u>0</u>
12	Earnings Available for Common	252,424	7,956	244,469
13	Equity Rate Base (Rate Base * Equity Ratio)	<u>3,157,542</u>	<u>172,132</u>	<u>2,985,410</u>
14	ROE (Earnings for Common / Equity Rate Base)	7.99%	4.62%	8.19%

<u>Revenue Deficiency</u>				
15	Require Operating Income (Rate Base * Required Return)	509,436	27,772	481,664
16	Operating Income	<u>422,437</u>	<u>17,224</u>	<u>405,213</u>
17	Operating Income Deficiency	86,999	10,548	76,452
18	Revenue Conversion Factor (1/(1-Composite Tax Rate))	<u>1.69110</u>	<u>1.64541</u>	<u>N/A</u>
19	Revenue Deficiency (Income Deficiency * Conversion Factor)	147,125	17,355	129,770

<u>Total Retail Revenue Requirements</u>				
20	Retail Related Revenues	3,035,460	164,504	2,870,956
21	Revenue Deficiency	<u>147,125</u>	<u>17,355</u>	<u>129,770</u>
22	Total Retail Revenue Requirements	3,182,585	181,859	3,000,726
23	<u>Percentage Increase (Decrease)</u>	4.85%	10.55%	4.52%

Rate Base Detail - Cash Working Capital

		<u>Total Company Electric</u>		<u>ND Retail Electric</u>		<u>All Other</u>			
<u>Expenses</u>									
<u>Includable Expenses</u>	<u>Lead Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>		
<u>Fuel Expenses</u>									
1	Coal & Rail Transport	21.08	353,157	7,444,550	22,115	466,184	331,042	6,978,365	
2	Gas for Generation	38.45	180,884	6,954,990	11,327	435,523	169,557	6,519,467	
3	Oil	22.51	683	15,374	43	968	640	14,406	
4	Nuclear & EOL	0.00	111,499	0	6,982	0	104,517	0	
5	Nuclear Disposal	76.00	<u>11,164</u>	<u>848,464</u>	<u>649</u>	<u>49,324</u>	<u>10,515</u>	<u>799,140</u>	
6			657,387	15,263,378	41,116	951,999	616,271	14,311,378	
<u>Purchased Power</u>									
7	Purchases	28.12	894,154	25,143,610	54,286	1,526,522	839,868	23,617,088	
8	Interchange	38.21	<u>119,793</u>	<u>4,577,291</u>	<u>7,047</u>	<u>269,266</u>	<u>112,746</u>	<u>4,308,025</u>	
			1,013,947	29,720,901	61,333	1,795,788	952,614	27,925,113	
<u>Labor & Related Costs</u>									
9	Regular Payroll	12.31	367,828	4,527,963	22,236	273,725	345,592	4,254,238	
10	Incentive Compensation	255.05	21,732	5,542,747	1,329	338,961	20,403	5,203,785	
11	Pension & Benefits	19.20	<u>79,160</u>	<u>1,519,872</u>	<u>4,828</u>	<u>92,699</u>	<u>74,332</u>	<u>1,427,174</u>	
12	Subtotal Labor & Related		468,720	11,590,581	28,393	705,384	440,327	10,885,197	
13									
14	All Other Operating Expenses	35.01	547,273	19,160,024	28,987	1,014,835	518,286	18,145,190	
15	Property Tax	356.72	115,650	41,254,668	5,653	2,016,538	109,997	39,238,130	
16	Employer's Payroll Taxes	26.56	30,033	797,676	1,815	48,206	28,218	749,470	
17	Gross Earnings Tax	41.48	0	0	0	0	0	0	
18	Federal Income Tax	37.75	(52,242)	(1,972,135)	(7,021)	(265,030)	(45,221)	(1,707,105)	
19	State Income Tax	37.75	(9,680)	(365,406)	(1,156)	(43,650)	(8,523)	(321,756)	
20	State Sales Tax Customer Billings	35.73	138,595	4,951,999	0	0	138,595	4,951,999	
21	Total Expenses	<u>41.38</u>	2,909,683	120,401,688	159,120	6,224,072	41.51	2,750,563	114,177,616
22	Net Annual Expense Amount			<u>329,868</u>		<u>17,052</u>		<u>312,815</u>	
<u>Revenues</u>									
23	Computer Billing	100.00%	45.45	3,034,853	137,942,263	164,504	7,477,151	2,870,349	130,465,112
24	Hand Billed	0.00%	43.07	0	0	0	0	0	0
25	Retail Revenue Adjustments	0.00	0	0	0	0	0	0	0
26	Interdepartmental	0.00	607	0	0	0	607	0	0
27	Late Payment	0.00	5,490	0	355	0	5,135	0	0
28	Connect and Trouble Charges	42.85	2,261	96,888	243	10,413	2,018	86,475	0
29	CIP Incentive	0.00	0	0	0	0	0	0	0
30	Rentals	114.17	4,032	460,333	255	29,113	3,777	431,220	0
31	Interchange Revenues	38.21	446,657	17,066,764	26,889	1,027,429	419,768	16,039,335	0
32	Sales for Resale	37.10	148,783	5,519,849	9,166	340,059	139,817	5,179,791	0
33	Production Associated Revenues	37.10	6,436	238,776	403	14,951	6,033	223,824	0
34	MISO	14.00	13,342	186,788	775	10,850	12,567	175,938	0
35	Point to Point Firm	37.10	59,651	2,213,052	3,466	128,589	56,185	2,084,464	0
36	Services & Facilities	37.10	8,828	327,519	507	18,810	8,321	308,709	0
37	Ancillary	37.10	23,148	858,791	1,345	49,900	21,803	808,891	0
38	Distribution Associated Revenues	42.85	1,872	80,219	0	0	1,872	80,219	0
39	Other	42.85	2,356	100,959	(652)	(27,940)	3,008	128,899	0
40	JOA - Rev fr/to PSC	37.10	(4,896)	(181,642)	(307)	(11,390)	(4,589)	(170,252)	0
41	(blank)	0.00	0	0	0	0	0	0	0
42	(blank)	0.00	0	0	0	0	0	0	0
43	(blank)	0.00	0	0	0	0	0	0	0
44	Total Revenues	<u>43.94</u>	3,753,420	164,910,580	206,949	9,067,935	43.94	3,546,471	155,842,625
45	Net Annual Amount			<u>451,810</u>		<u>24,844</u>		<u>426,966</u>	
46	Expense / Revenue Factor			<u>0.7752</u>		<u>0.7689</u>			
47	Allocated Revenue Amount			<u>350,247</u>		<u>19,102</u>			
48	Net Cash Working Capital			<u>20,379</u>		<u>2,050</u>		<u>18,329</u>	

Interim Rate Adj. 16.75%

Service Schedule	Average Customers	Revenues (\$1,000's)										
		MWH Sales			Summer		Winter		Annual		Increase	
		Summer	Winter	Annual	Present	Interim	Present	Interim	Present	Interim	Amount	Percent
Residential												
Residential	76,165	232,702	566,994	799,696	15,436	18,021	28,769	33,588	44,205	51,609	7,404	16.75%
Residential TOD	24	179	548	726	11	13	21	24	32	37	5	16.75%
Load Management	374	407	5,110	5,517	19	22	140	163	158	185	26	16.75%
Res Total	76,564	233,287	572,652	805,939	15,465	18,055	28,930	33,775	44,395	51,831	7,436	16.75%
C&I - Non-Demand												
Small General	8,270	35,362	86,588	121,950	2,377	2,776	4,572	5,338	6,950	8,114	1,164	16.75%
Small General TOD	474	1,087	2,632	3,719	91	106	167	195	257	300	43	16.75%
Load Management	85	245	1,913	2,158	12	14	61	71	73	85	12	16.75%
C&I N-D Total	8,829	36,695	91,133	127,828	2,480	2,896	4,800	5,604	7,280	8,500	1,219	16.75%
C&I - Demand												
General	3,007	206,888	414,856	621,744	11,326	13,223	17,953	20,960	29,279	34,183	4,904	16.75%
General TOD	168	71,236	135,210	206,446	2,913	3,401	4,585	5,353	7,498	8,754	1,256	16.75%
Peak-Controlled	73	12,352	31,626	43,978	582	679	1,302	1,520	1,884	2,199	315	16.75%
Peak-Controlled TOD	15	40,013	82,004	122,016	1,385	1,617	2,379	2,778	3,764	4,395	631	16.75%
Energy-Controlled	93	100,207	192,313	292,520	2,646	3,089	4,868	5,684	7,515	8,773	1,259	16.75%
Real Time Pricing	0	0	0	0	0	0	0	0	0	0	0	0.00%
C&I Dmd Total	3,357	430,696	856,008	1,286,704	18,852	22,009	31,087	36,294	49,939	58,304	8,365	16.75%
C&I Total	12,186	467,391	947,141	1,414,532	21,332	24,905	35,887	41,898	57,219	66,803	9,584	16.75%
Public Authorities												
Small Mun Pumping	92	256	588	843	18	20	31	37	49	57	8	16.75%
Municipal Pumping	98	3,929	7,137	11,067	290	339	358	417	648	756	108	16.75%
Siren Service	0	0	0	0	0	0	1	1	1	1	0	16.75%
PA Total	190	4,185	7,725	11,910	308	359	390	455	697	814	117	16.75%
Lighting												
System Service	0	640	1,733	2,374	144	169	289	337	433	506	73	16.75%
Energy	0	3,456	9,354	12,810	244	284	487	569	731	853	122	16.75%
Metered Energy	17	181	491	672	7	8	18	22	26	30	4	16.75%
Protective Lighting	0	796	2,247	3,043	105	123	211	246	316	369	53	16.75%
Lighting Total	17	5,074	13,824	18,899	501	584	1,006	1,174	1,506	1,759	252	16.75%
Total Retail	88,957	709,938	1,541,342	2,251,280	37,605	43,904	66,212	77,303	103,818	121,207	17,389	16.75%
Other Rev Increase					0	0	0	0	0	0	0	
Interdept. Increase					0	0	0	0	0	0	0	
Total Revenue	88,957	709,938	1,541,342	2,251,280	37,605	43,904	66,212	77,303	103,818	121,207	17,389	16.75%
Interdepartmental	0	0	0	0	0	0	0	0	0	0	0	
Retail Related Rev	88,957	709,938	1,541,342	2,251,280	37,605	43,904	66,212	77,303	103,818	121,207	17,389	16.75%

Total Revenue Target
 Rounding Difference

17,393 -4