

Appendix D (Revised)

Xcel Energy Revenue Requirement

Note:

The Commission's rules require an applicant to provide the annual revenue requirements to recover the costs of a proposed project. The Applicants requested an exemption from this rule requirement and, for Xcel Energy, the Commission authorized Xcel Energy to instead provide a summary of its annual revenue requirement for the capital costs of the Project for a 20-year period. This Appendix D thus includes Xcel Energy's annual revenue requirement for the capital costs of the Project for a 20-year period, considering both the base and high costs presented in the Application.

- The tables labeled "Project Summary" depict the total "all-in" and "year-1" revenue requirement for the Project on their respective tabs. These tables include the total NSP revenue requirement, the applicable interchange allocator, the Minnesota demand allocator, and the resulting Minnesota-jurisdictional share.
- The tables labeled "Total – NSP Project Cost" depict the full year-by-year summary of the NSP revenue requirement and Minnesota-jurisdictional revenue requirement.
- The tables labeled "Rev. Req. Line" and "Rev. Req. Sub." depict the detailed annual revenue-requirement calculations for the transmission line and substation components, respectively, of the Project. Both the "Rev. Req. Line" and "Rev. Req. Sub" tabs contain full calculations of rate base, depreciation, accumulated deferred income tax, tax depreciation, property tax, return, income taxes, and total annual revenue requirement for the transmission line and substation portions, respectively.
- The tables labeled "Key Inputs" identify the inputs and/or assumptions used in the analysis.

Total Project Summary

BASE

PowerOn - Total Project Cost

Amounts in dollars

Line No.

		Line (A)	Subs (B)	Total
1	All-in project revenue requirement	2,000,980,659	1,954,125,599	3,955,106,257
2				
3				
4	Calculation to NSP loads:			
5		Line (A)	Subs (B)	Total
6	Total NSP Revenue Requirement	2,000,980,659	1,954,125,599	3,955,106,257
7	Net cost - NSP Companies	2,000,980,659	1,954,125,599	3,955,106,257
8				
9	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%
10	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%
11				
12	Net cost to MN Jurisdiction	1,465,210,334	1,430,900,898	2,896,111,231

NOTE: Tax assumptions include 21% corp Fed tax rate

Project Summary - Year 1

BASE

PowerOn - Total Project Cost

Amounts in dollars

Line No.

		Line (A)	Subs (B)	Total
1	All-in project revenue requirement	68,245,940	66,976,994	135,222,935
2				
3				
4	Calculation to NSP loads:			
5		Line (A)	Subs (B)	Total
6	Total NSP Revenue Requirement	68,245,940	66,976,994	135,222,935
7	Net cost - NSP Companies	68,245,940	66,976,994	135,222,935
8				
9	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%
10	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%
11				
12	Net cost to MN Jurisdiction	49,972,825	49,043,645	99,016,470

NOTE: Tax assumptions include 21% corp Fed tax rate

**L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE**

Total - NSP Project Cost

BASE

Cost Assumptions			Weighted
Capital Structure	Rate	Ratio	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)	28.7420%		

Easement = 71,396,130

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
1	Project Spend Less CIAC												
2	Line - Less CIAC		568,440,000										
3	Sub		560,000,000										
4	Total		1,128,440,000										
5	Revenue Requirement												
7	Line - 44.65% owned by other TOU's	68,245,940	66,448,640	64,425,396	62,516,715	60,711,141	58,999,127	57,352,669	55,727,214	54,101,123	52,475,032	50,848,940	49,222,849
8	Sub	66,976,994	65,216,875	63,213,115	61,332,891	59,563,849	57,895,695	56,298,230	54,723,415	53,147,912	51,572,410	49,996,908	48,421,405
10	Project Revenue Requirements - NSP	135,222,935	131,665,515	127,638,511	123,849,606	120,274,990	116,894,822	113,650,900	110,450,629	107,249,035	104,047,442	100,845,848	97,644,255
12	Total Revenue Requirements - NSP	135,222,935	131,665,515	127,638,511	123,849,606	120,274,990	116,894,822	113,650,900	110,450,629	107,249,035	104,047,442	100,845,848	97,644,255
14	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%
15	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%
17	Total Revenue Requirements - MN Jurisdiction	99,016,470	96,411,563	93,462,805	90,688,394	88,070,895	85,595,780	83,220,431	80,877,045	78,532,690	76,188,336	73,843,981	71,499,627
20	Discount Rate =		0.063492922										
22	Present Value of Revenue Requirements - NSP	1,478,288,680	127,149,821	116,413,363	106,115,278	96,818,024	88,410,187	80,795,589	73,863,631	67,498,071	61,628,551	56,219,291	51,236,255
23		-											
26		11.98%	11.67%	11.31%	10.98%	10.66%	10.36%	10.07%	9.79%	9.50%	9.22%	8.94%	8.65%

Total - NSP Project Cost

BASE

L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE

Line No.	Rate Analysis	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Project Spend Less CIAC								
2	Line - Less CIAC								
3	Sub								
4	Total								
5									
	Revenue Requirement								
7	Line - 44.65% owned by other TOU's	47,596,758	45,970,666	44,344,575	44,826,088	43,763,903	42,889,475	42,015,047	41,140,619
8	Sub	46,845,903	45,270,401	43,694,899	42,967,979	42,000,547	41,235,578	40,470,608	39,705,639
9									
10	Project Revenue Requirements - NSP	94,442,661	91,241,067	88,039,474	87,794,067	85,764,451	84,125,053	82,485,655	80,846,258
11									
12	Total Revenue Requirements - NSP	94,442,661	91,241,067	88,039,474	87,794,067	85,764,451	84,125,053	82,485,655	80,846,258
13									
14	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%
15	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%
16									
17	Total Revenue Requirements - MN Jurisdiction	69,155,273	66,810,918	64,466,564	64,286,865	62,800,687	61,600,244	60,399,801	59,199,359
18									
19									
20	Discount Rate =								
21									
22	Present Value of Revenue Requirements - NSP	42,424,659	38,539,485	34,967,001	32,787,742	30,117,509	27,778,097	25,610,671	23,603,035
23									
24									
25									
26		8.37%	8.09%	7.80%	7.78%	7.60%	7.45%	7.31%	7.16%

**L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE**

Rev. Req. Line

BASE

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)	28.7420%		

Easement = 71,396,130

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
1	Plant Investment	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000
2	Depreciation Reserve	(13,772,056)	(27,544,113)	(41,316,169)	(55,088,225)	(68,860,282)	(82,632,338)	(96,404,394)	(110,176,451)	(123,948,507)	(137,720,563)	(151,492,619)
3	Removal Expense	-	-	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(3,184,653)	(12,798,022)	(21,054,217)	(28,096,100)	(34,037,957)	(38,979,793)	(43,450,189)	(47,920,585)	(52,405,267)	(56,875,664)	(61,360,346)
5		551,483,291	528,097,866	506,069,614	485,255,675	465,541,761	446,827,869	428,585,417	410,342,964	392,086,226	373,843,773	355,587,035
6												
7	Average Rate Base	559,961,645	539,790,578	517,083,740	495,662,644	475,398,718	456,184,815	437,706,643	419,464,191	401,214,595	382,965,000	364,715,404
8												
9	Debt Return	11,703,198	11,281,623	10,807,050	10,359,349	9,935,833	9,534,263	9,148,069	8,766,802	8,385,385	8,003,969	7,622,552
10	Equity Return	27,214,136	26,233,822	25,130,270	24,089,204	23,104,378	22,170,582	21,272,543	20,385,960	19,499,029	18,612,099	17,725,169
11	Current Income Tax Requirement	5,872,354	(951,773)	(39,719)	754,679	1,457,473	2,080,848	2,190,062	1,832,458	1,460,427	1,116,969	744,938
12												
13	Book Depreciation	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056
14	Annual Deferred Tax	3,184,653	9,613,369	8,256,195	7,041,882	5,941,858	4,941,835	4,470,396	4,470,396	4,484,682	4,470,396	4,484,682
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	24,852,194	47,219,168	42,497,251	38,272,378	34,445,140	30,965,833	29,325,588	29,325,588	29,375,293	29,325,588	29,375,293
17	Tax Depreciation on Easements	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-	-	-
21	Property Tax	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543
22												
23	Total Revenue Requirements - NSP	68,245,940	66,448,640	64,425,396	62,516,715	60,711,141	58,999,127	57,352,669	55,727,214	54,101,123	52,475,032	50,848,940
24												
25	Discount Rate =		0.063492922									
26												
27	Present Value of Revenue Requirements		746,191,005	64,171,504	58,751,220	53,561,568	48,871,732	44,626,762	40,779,131	37,274,464	34,055,754	31,088,148
28												
29	Level Annual Revenue Requirement			48,443,687								
30												
31	62 Year Life LARR %			8.52%								

Rev. Req. Line

BASE

L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE

Line No.	Rate Analysis	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Plant Investment	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000	568,440,000
2	Depreciation Reserve	(165,264,676)	(179,036,732)	(192,808,788)	(206,580,845)	(220,352,901)	(234,124,957)	(247,897,014)	(261,669,070)	(275,441,126)
3	Removal Expense	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(65,830,742)	(70,315,424)	(74,785,820)	(79,270,503)	(79,526,518)	(75,568,154)	(71,609,790)	(67,651,425)	(63,693,061)
5		337,344,582	319,087,844	300,845,391	282,588,653	268,560,581	258,746,889	248,933,197	239,119,505	229,305,813
6										
7	Average Rate Base	346,465,809	328,216,213	309,966,618	291,717,022	275,574,617	263,653,735	253,840,043	244,026,351	234,212,659
8										
9	Debt Return	7,241,135	6,859,719	6,478,302	6,096,886	5,759,509	5,510,363	5,305,257	5,100,151	4,895,045
10	Equity Return	16,838,238	15,951,308	15,064,378	14,177,447	13,392,926	12,813,572	12,336,626	11,859,681	11,382,735
11	Current Income Tax Requirement	401,480	29,449	(314,009)	(686,039)	5,146,037	9,126,734	8,934,357	8,741,981	8,549,604
12										
13	Book Depreciation	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056	13,772,056
14	Annual Deferred Tax	4,470,396	4,484,682	4,470,396	4,484,682	256,016	(3,958,364)	(3,958,364)	(3,958,364)	(3,958,364)
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	29,325,588	29,375,293	29,325,588	29,375,293	14,662,794	-	-	-	-
17	Tax Depreciation on Easements	4,759,742	4,759,742	4,759,742	4,759,742	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-
21	Property Tax	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543	6,499,543
22										
23	Total Revenue Requirements - NSP	49,222,849	47,596,758	45,970,666	44,344,575	44,826,088	43,763,903	42,889,475	42,015,047	41,140,619
24										
25	Discount Rate =									
26										
27	Present Value of Revenue Requirements	23,515,353	21,380,976	19,417,636	17,612,518	16,740,837	15,368,369	14,162,107	13,045,099	12,010,988
28										
29	Level Annual Revenue Requirement									
30										
31	62 Year Life LARR %									

**L RTP Tranche 2.1 PowerOn CON
56 YEAR LIFE**

Cost Assumptions			Weighted
Capital Structure	Rate	Ratio	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)	28.7420%		

Easement = 24,028,216

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
1	Plant Investment	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000
2	Depreciation Reserve	(12,048,109)	(24,096,218)	(36,144,326)	(48,192,435)	(60,240,544)	(72,288,653)	(84,336,762)	(96,384,870)	(108,432,979)	(120,481,088)	(132,529,197)	(144,577,306)	(156,625,414)
3	Removal Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(4,239,583)	(15,411,372)	(25,119,695)	(33,518,601)	(40,731,330)	(46,865,716)	(52,491,740)	(58,117,764)	(63,759,193)	(69,385,217)	(75,026,647)	(80,652,671)	(86,294,100)
5		543,712,308	520,492,411	498,735,979	478,288,964	459,028,126	440,845,631	423,171,498	405,497,365	387,807,828	370,133,695	352,444,157	334,770,024	317,080,486
6														
7	Average Rate Base	551,856,154	532,102,359	509,614,195	488,512,471	468,658,545	449,936,879	432,008,565	414,334,432	396,652,596	378,970,761	361,288,926	343,607,090	325,925,255
8														
9	Debt Return	11,533,794	11,120,939	10,650,937	10,209,911	9,794,964	9,403,681	9,028,979	8,659,590	8,290,039	7,920,489	7,550,939	7,181,388	6,811,838
10	Equity Return	26,820,209	25,860,175	24,767,250	23,741,706	22,776,805	21,866,932	20,995,616	20,136,653	19,277,316	18,417,979	17,558,642	16,699,305	15,839,967
11	Current Income Tax Requirement	5,932,260	(1,387,177)	(364,544)	531,219	1,328,202	2,039,547	2,196,462	1,849,999	1,487,979	1,156,769	794,750	463,540	101,520
12														
13	Book Depreciation	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109
14	Annual Deferred Tax	4,239,583	11,171,789	9,708,323	8,398,906	7,212,729	6,134,386	5,626,024	5,626,024	5,641,429	5,626,024	5,641,429	5,626,024	5,641,429
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	26,798,589	50,917,320	45,825,588	41,269,827	37,142,845	33,391,042	31,622,335	31,622,335	31,675,932	31,622,335	31,675,932	31,622,335	31,675,932
17	Tax Depreciation on Easements	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Property Tax	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040
22														
23	Total Revenue Requirements - NSP	66,976,994	65,216,875	63,213,115	61,332,891	59,563,849	57,895,695	56,298,230	54,723,415	53,147,912	51,572,410	49,996,908	48,421,405	46,845,903
24														
25	Discount Rate =		0.063492922											
26														
27	Present Value of Revenue Requirements	732,097,674	62,978,317	57,662,142	52,553,710	47,946,291	43,783,425	40,016,458	36,589,167	33,442,317	30,540,404	27,865,792	25,401,684	23,132,477
28														
29	Level Annual Revenue Requirement	48,011,310												
30														
31	56 Year Life LARR %	8.57%												

**L RTP Tranche 2.1 PowerOn CON
56 YEAR LIFE**

Line No.	Rate Analysis	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Plant Investment	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000	560,000,000
2	Depreciation Reserve	(168,673,523)	(180,721,632)	(192,769,741)	(204,817,850)	(216,865,958)	(228,914,067)	(240,962,176)
3	Removal Expense	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(91,920,124)	(97,561,553)	(98,643,131)	(95,180,264)	(91,717,397)	(88,254,529)	(84,791,662)
5		299,406,353	281,716,815	268,587,128	260,001,886	251,416,645	242,831,404	234,246,162
6								
7	Average Rate Base	308,243,419	290,561,584	275,151,971	264,294,507	255,709,266	247,124,024	238,538,783
8								
9	Debt Return	6,442,287	6,072,737	5,750,676	5,523,755	5,344,324	5,164,892	4,985,461
10	Equity Return	14,980,630	14,121,293	13,372,386	12,844,713	12,427,470	12,010,228	11,592,985
11	Current Income Tax Requirement	(229,690)	(591,709)	4,312,190	8,643,798	8,475,503	8,307,207	8,138,912
12								
13	Book Depreciation	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109	12,048,109
14	Annual Deferred Tax	5,626,024	5,641,429	1,081,578	(3,462,867)	(3,462,867)	(3,462,867)	(3,462,867)
15	ITC Flow Thru	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	31,622,335	31,675,932	15,811,168	-	-	-	-
17	Tax Depreciation on Easements	1,601,881	1,601,881	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-
21	Property Tax	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040	6,403,040
22								
23	Total Revenue Requirements - NSP	45,270,401	43,694,899	42,967,979	42,000,547	41,235,578	40,470,608	39,705,639
24								
25	Discount Rate =							
26								
27	Present Value of Revenue Requirements	19,121,849	17,354,483	16,046,904	14,749,140	13,615,990	12,565,572	11,592,046
28								
29	Level Annual Revenue Requirement							
30								
31	56 Year Life LARR %							

Key Inputs

BASE

Line No	Capital Structure	2025		
		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	Required Rate of Return			6.95%
8	(Rates and Ratios in Docket E002/GR-21-630)			
9				
10	Property Tax Rates			
11	Property Tax Rate			1.143%
12	(percentage based on last TCR filing in Docket No. E002M-25-386)			
13				
14	Income Tax Rates			
15	Federal Tax Rate			21.00%
16	State Tax Rate			9.80%
17	State Composite Income Tax Rate			28.7420%
18				
19	Allocators (2025 Budget - Year 2025)			
20	MN 12-month CP demand (Electric Demand)			87.1003%
21	NSPM 36-month CP demand (Interchange Electric)			84.0693%
22	Jurisdictional Allocator			73.2246%
23				
24	Book Depreciation Lives			
25	Land			0.00
26	Line			61.51
27	Sub			55.57
28				
29	Net Salvage %			
30	Land			0.00%
31	Line			-49.02%
32	Sub			-19.55%
33				
34	Book Depreciation Rates			
35	Land			0.00%
36	Line			2.42%
37	Sub			2.15%

Total Project Summary

HIGH

PowerOn - Total Project Cost

Amounts in dollars

Line No.

		Line (A)	Subs (B)	Total
1	All-in project revenue requirement	2,552,540,991	2,534,288,257	5,086,829,248
2				
3				
4	Calculation to NSP loads:			
5		Line (A)	Subs (B)	Total
6	Total NSP Revenue Requirement	2,552,540,991	2,534,288,257	5,086,829,248
7	Net cost - NSP Companies	2,552,540,991	2,534,288,257	5,086,829,248
8				
9	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%
10	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%
11				
12	Net cost to MN Jurisdiction	1,869,088,250	1,855,722,756	3,724,811,006

NOTE: Tax assumptions include 21% corp Fed tax rate

Project Summary - Year 1

HIGH

PowerOn - Total Project Cost

Amounts in dollars

Line No.

		Line (A)	Subs (B)	Total
1	All-in project revenue requirement	88,286,697	87,259,314	175,546,010
2				
3				
4	Calculation to NSP loads:			
5		Line (A)	Subs (B)	Total
6	Total NSP Revenue Requirement	88,286,697	87,259,314	175,546,010
7	Net cost - NSP Companies	88,286,697	87,259,314	175,546,010
8				
9	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%
10	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%
11				
12	Net cost to MN Jurisdiction	64,647,592	63,895,294	128,542,886

NOTE: Tax assumptions include 21% corp Fed tax rate

Total - NSP Project Cost

L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE

Cost Assumptions			Weighted
Capital Structure	Rate	Ratio	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)	28.7420%		

Easement = 71,396,130

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
1	Project Spend Less CIAC												
2	Line - Less CIAC			730,903,705									
3	Sub			728,000,000									
4	Total			1,458,903,705									
5	Revenue Requirement												
7	Line - 44.49% owned by other TOU's	88,286,697	85,937,830	83,289,167	80,792,513	78,432,667	76,196,963	74,048,243	71,927,390	69,805,693	67,683,996	65,562,300	63,440,603
8	Sub	87,259,314	84,957,774	82,336,225	79,876,934	77,563,676	75,382,928	73,295,028	71,236,876	69,177,822	67,118,768	65,059,714	63,000,659
10	Project Revenue Requirements - NSP	175,546,010	170,895,604	165,625,392	160,669,447	155,996,343	151,579,892	147,343,271	143,164,266	138,983,515	134,802,764	130,622,013	126,441,262
12	Total Revenue Requirements - NSP	175,546,010	170,895,604	165,625,392	160,669,447	155,996,343	151,579,892	147,343,271	143,164,266	138,983,515	134,802,764	130,622,013	126,441,262
14	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%
15	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%
17	Total Revenue Requirements - MN Jurisdiction	128,542,886	125,137,644	121,278,551	117,649,580	114,227,718	110,993,788	107,891,539	104,831,479	101,770,140	98,708,802	95,647,463	92,586,124
20	Discount Rate =			0.063492922									
22	Present Value of Revenue Requirements - NSP	1,911,144,898	165,065,518	151,099,032	137,696,565	125,601,517	114,667,779	104,769,282	95,760,869	87,489,876	79,864,147	72,837,119	66,364,485
23		-											
26		12.03%	11.71%	11.35%	11.01%	10.69%	10.39%	10.10%	9.81%	9.53%	9.24%	8.95%	8.67%

Total - NSP Project Cost

L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE

Line No.	Rate Analysis	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Project Spend Less CIAC								
2	Line - Less CIAC								
3	Sub								
4	Total								
5	Revenue Requirement								
7	Line - 44.49% owned by other TOU's	61,318,906	59,197,209	57,075,512	57,122,790	55,749,318	54,624,973	53,500,627	52,376,282
8	Sub	60,941,605	58,882,551	56,823,497	55,676,487	54,416,103	53,421,643	52,427,182	51,432,722
10	Project Revenue Requirements - NSP	122,260,511	118,079,760	113,899,009	112,799,277	110,165,421	108,046,615	105,927,810	103,809,004
12	Total Revenue Requirements - NSP	122,260,511	118,079,760	113,899,009	112,799,277	110,165,421	108,046,615	105,927,810	103,809,004
14	FERC Interchange Agreement allocator to NSPM	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%
15	Demand Allocator - MN Jurisdiction	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%	87.1%
17	Total Revenue Requirements - MN Jurisdiction	89,524,786	86,463,447	83,402,108	82,596,833	80,668,203	79,116,715	77,565,228	76,013,741
20	Discount Rate =								
22	Present Value of Revenue Requirements - NSP	54,920,737	49,875,930	45,237,739	42,126,236	38,686,286	35,676,998	32,889,140	30,307,000
26		8.38%	8.09%	7.81%	7.73%	7.55%	7.41%	7.26%	7.12%

Rev. Req. Line

L RTP Tranche 2.1 PowerOn CON
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)	28.7420%		

Easement = 71,396,130

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11		
1	Plant Investment	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705		
2	Depreciation Reserve	(17,708,196)	(35,416,392)	(53,124,588)	(70,832,784)	(88,540,980)	(106,249,177)	(123,957,373)	(141,665,569)	(159,373,765)	(177,081,961)	(194,790,157)		
3	Removal Expense	-	-	-	-	-	-	-	-	-	-	-		
4	Accumulated Deferred Taxes	(4,388,094)	(17,306,192)	(28,423,512)	(37,929,609)	(45,976,127)	(52,695,755)	(58,789,850)	(64,883,945)	(70,996,995)	(77,091,089)	(83,204,140)		
5		708,807,415	678,181,121	649,355,605	622,141,312	596,386,598	571,958,773	548,156,483	524,354,192	500,532,946	476,730,655	452,909,408		
6														
7	Average Rate Base	719,855,560	693,494,268	663,768,363	635,748,458	609,263,955	584,172,686	560,057,628	536,255,337	512,443,569	488,631,800	464,820,032		
8														
9	Debt Return	15,044,981	14,494,030	13,872,759	13,287,143	12,733,617	12,209,209	11,705,204	11,207,737	10,710,071	10,212,405	9,714,739		
10	Equity Return	34,984,980	33,703,821	32,259,142	30,897,375	29,610,228	28,390,793	27,218,801	26,062,009	24,904,757	23,747,505	22,590,254		
11	Current Income Tax Requirement	7,803,293	(1,243,469)	(25,404)	1,036,549	1,976,955	2,811,984	2,964,794	2,498,201	2,012,466	1,564,643	1,078,908		
12														
13	Book Depreciation	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196		
14	Annual Deferred Tax	4,388,094	12,918,099	11,117,320	9,506,097	8,046,518	6,719,628	6,094,095	6,094,095	6,113,050	6,094,095	6,113,050		
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-	-	-		
16	Tax Depreciation & Removal Expense	32,975,379	62,653,220	56,387,898	50,782,083	45,703,875	41,087,322	38,910,947	38,910,947	38,976,898	38,910,947	38,976,898		
17	Tax Depreciation on Easements	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742	4,759,742		
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-	-	-		
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-	-	-		
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-	-	-		
21	Property Tax	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153		
22														
23	Total Revenue Requirements - NSP	88,286,697	85,937,830	83,289,167	80,792,513	78,432,667	76,196,963	74,048,243	71,927,390	69,805,693	67,683,996	65,562,300		
24														
25	Discount Rate =		0.063492922											
26														
27	Present Value of Revenue Requirements		959,407,017	83,015,782	75,982,779	69,244,408	63,158,630	57,653,273	52,665,964	48,125,198	43,955,930	40,112,470	36,571,263	33,309,916
28														
29	Level Annual Revenue Requirement		62,285,946											
30														
31	62 Year Life LARR %		8.52%											

Rev. Req. Line

L RTP Tranche 2.1 PowerOn CON
62 YEAR LIFE

Line No.	Rate Analysis	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Plant Investment	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705	730,903,705
2	Depreciation Reserve	(212,498,353)	(230,206,549)	(247,914,745)	(265,622,941)	(283,331,138)	(301,039,334)	(318,747,530)	(336,455,726)	(354,163,922)
3	Removal Expense	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(89,298,234)	(95,411,284)	(101,505,379)	(107,618,429)	(108,120,632)	(103,030,942)	(97,941,252)	(92,851,563)	(87,761,873)
5		429,107,118	405,285,871	381,483,581	357,662,334	339,451,936	326,833,429	314,214,923	301,596,417	288,977,910
6										
7	Average Rate Base	441,008,263	417,196,495	393,384,726	369,572,958	348,557,135	333,142,683	320,524,176	307,905,670	295,287,163
8										
9	Debt Return	9,217,073	8,719,407	8,221,741	7,724,075	7,284,844	6,962,682	6,698,955	6,435,229	6,171,502
10	Equity Return	21,433,002	20,275,750	19,118,498	17,961,246	16,939,877	16,190,734	15,577,475	14,964,216	14,350,956
11	Current Income Tax Requirement	631,085	145,350	(302,473)	(788,208)	6,330,517	11,620,242	11,372,883	11,125,524	10,878,165
12										
13	Book Depreciation	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196	17,708,196
14	Annual Deferred Tax	6,094,095	6,113,050	6,094,095	6,113,050	502,202	(5,089,690)	(5,089,690)	(5,089,690)	(5,089,690)
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	38,910,947	38,976,898	38,910,947	38,976,898	19,455,473	-	-	-	-
17	Tax Depreciation on Easements	4,759,742	4,759,742	4,759,742	4,759,742	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-
21	Property Tax	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153	8,357,153
22										
23	Total Revenue Requirements - NSP	63,440,603	61,318,906	59,197,209	57,075,512	57,122,790	55,749,318	54,624,973	53,500,627	52,376,282
24										
25	Discount Rate =									
26										
27	Present Value of Revenue Requirements	30,307,635	27,545,112	25,004,420	22,668,916	21,333,187	19,577,232	18,037,169	16,611,215	15,291,236
28										
29	Level Annual Revenue Requirement									
30										
31	62 Year Life LARR %									

Rev. Req. Sub

L RTP Tranche 2.1 PowerOn CON
56 YEAR LIFE

Cost Assumptions			Weighted
Capital Structure	Rate	Ratio	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)	28.7420%		

Easement = 24,028,216

Line No.	Rate Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
1	Plant Investment	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000
2	Depreciation Reserve	(15,662,541)	(31,325,083)	(46,987,624)	(62,650,166)	(78,312,707)	(93,975,249)	(109,637,790)	(125,300,332)	(140,962,873)	(156,625,414)	(172,287,956)	(187,950,497)	(203,613,039)
3	Removal Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(5,615,051)	(20,335,202)	(33,133,166)	(44,211,277)	(53,731,405)	(61,835,183)	(69,271,254)	(76,707,325)	(84,163,629)	(91,599,700)	(99,056,005)	(106,492,076)	(113,948,381)
5		706,722,408	676,339,715	647,879,210	621,138,557	595,955,888	572,189,568	549,090,956	525,992,344	502,873,498	479,774,885	456,656,039	433,557,427	410,438,581
6														
7	Average Rate Base	717,361,204	691,531,061	662,109,462	634,508,883	608,547,223	584,072,728	560,640,262	537,541,650	514,432,921	491,324,191	468,215,462	445,106,733	421,998,004
8														
9	Debt Return	14,992,849	14,452,999	13,838,088	13,261,236	12,718,637	12,207,120	11,717,381	11,234,620	10,751,648	10,268,676	9,785,703	9,302,731	8,819,758
10	Equity Return	34,863,755	33,608,410	32,178,520	30,837,132	29,575,395	28,385,935	27,247,117	26,124,524	25,001,440	23,878,356	22,755,271	21,632,187	20,509,103
11	Current Income Tax Requirement	7,801,166	(1,810,280)	(464,840)	713,962	1,763,023	2,699,602	2,907,966	2,455,167	1,981,936	1,549,172	1,075,941	643,177	169,946
12														
13	Book Depreciation	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541
14	Annual Deferred Tax	5,615,051	14,720,152	12,797,964	11,078,111	9,520,127	8,103,778	7,436,071	7,436,071	7,456,305	7,436,071	7,456,305	7,436,071	7,456,305
15	ITC Flow Thru	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	35,198,589	66,877,320	60,189,588	54,205,827	48,785,245	43,857,442	41,534,335	41,534,335	41,604,732	41,534,335	41,604,732	41,534,335	41,604,732
17	Tax Depreciation on Easements	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881	1,601,881
18	AFUDC Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Property Tax	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952
22														
23	Total Revenue Requirements - NSP	87,259,314	84,957,774	82,336,225	79,876,934	77,563,676	75,382,928	73,295,028	71,236,876	69,177,822	67,118,768	65,059,714	63,000,659	60,941,605
24														
25	Discount Rate =		0.063492922											
26														
27	Present Value of Revenue Requirements	951,737,881	82,049,736	75,116,253	68,452,157	62,442,887	57,014,506	52,103,318	47,635,671	43,533,946	39,751,676	36,265,856	33,054,569	30,097,460
28														
29	Level Annual Revenue Requirement	62,415,419												
30														
31	56 Year Life LARR %	8.57%												

Rev. Req. Sub

L RTP Tranche 2.1 PowerOn CON
56 YEAR LIFE

Line No.	Rate Analysis	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
1	Plant Investment	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000	728,000,000
2	Depreciation Reserve	(219,275,580)	(234,938,122)	(250,600,663)	(266,263,204)	(281,925,746)	(297,588,287)	(313,250,829)
3	Removal Expense	-	-	-	-	-	-	-
4	Accumulated Deferred Taxes	(121,384,452)	(128,840,756)	(130,307,928)	(125,806,200)	(121,304,472)	(116,802,745)	(112,301,017)
5		387,339,968	364,221,122	347,091,409	335,930,595	324,769,782	313,608,968	302,448,154
6								
7	Average Rate Base	398,889,275	375,780,545	355,656,266	341,511,002	330,350,189	319,189,375	308,028,561
8								
9	Debt Return	8,336,786	7,853,813	7,433,216	7,137,580	6,904,319	6,671,058	6,437,797
10	Equity Return	19,386,019	18,262,934	17,284,895	16,597,435	16,055,019	15,512,604	14,970,188
11	Current Income Tax Requirement	(262,818)	(736,049)	5,504,711	11,196,323	10,977,539	10,758,755	10,539,971
12								
13	Book Depreciation	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541	15,662,541
14	Annual Deferred Tax	7,436,071	7,456,305	1,467,172	(4,501,728)	(4,501,728)	(4,501,728)	(4,501,728)
15	ITC Flow Thru	-	-	-	-	-	-	-
16	Tax Depreciation & Removal Expense	41,534,335	41,604,732	20,767,168	-	-	-	-
17	Tax Depreciation on Easements	1,601,881	1,601,881	-	-	-	-	-
18	AFUDC Expenditure	-	-	-	-	-	-	-
19	Book Depreciation Cleared to Operating	-	-	-	-	-	-	-
20	Avoided Tax Interest	-	-	-	-	-	-	-
21	Property Tax	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952	8,323,952
22								
23	Total Revenue Requirements - NSP	58,882,551	56,823,497	55,676,487	54,416,103	53,421,643	52,427,182	51,432,722
24								
25	Discount Rate =							
26								
27	Present Value of Revenue Requirements	24,871,511	22,568,823	20,793,048	19,109,053	17,639,829	16,277,925	15,015,764
28								
29	Level Annual Revenue Requirement							
30								
31	56 Year Life LARR %							

Key Inputs

Line No	Capital Structure	2025		
		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	Required Rate of Return			6.95%
8	(Rates and Ratios in Docket E002/GR-21-630)			
9				
10	Property Tax Rates			
11	Property Tax Rate			1.143%
12	(percentage based on last TCR filing in Docket No. E002M-25-386)			
13				
14	Income Tax Rates			
15	Federal Tax Rate			21.00%
16	State Tax Rate			9.80%
17	State Composite Income Tax Rate			28.7420%
18				
19	Allocators (2025 Budget - Year 2025)			
20	MN 12-month CP demand (Electric Demand)			87.1003%
21	NSPM 36-month CP demand (Interchange Electric)			84.0693%
22	Jurisdictional Allocator			73.2246%
23				
24	Book Depreciation Lives			
25	Land			0.00
26	Line			61.51
27	Sub			55.57
28				
29	Net Salvage %			
30	Land			0.00%
31	Line			-49.02%
32	Sub			-19.55%
33				
34	Book Depreciation Rates			
35	Land			0.00%
36	Line			2.42%
37	Sub			2.15%