

Southwestern Public Service Company

| Line No. |   | <u>2010 Actual Allocated Amount</u> | <u>2010 Projected Allocated Amount</u> | <u>Change</u>  |
|----------|---|-------------------------------------|--|----------------|
| 1        | CURRENT YEAR REVENUE REQUIREMENT (formula lines 181 and 45)               | \$ 100,266,348                      | \$ 96,557,592                          | \$ 3,708,756   |
| 2        | PRIOR YEAR TRUE UP ADJUSTMENT   | 0                                   | 0                                      | 0              |
| 3        | INTEREST ON PRIOR YEAR TRUE UP ADJUSTMENT                                 | 0                                   | 0                                      | 0              |
| 4        | CURRENT YEAR REVENUE REQUIREMENT WITH TRUE UP                             | \$ 100,266,348                      | \$ 96,557,592                          | \$ 3,708,756   |
| 5        | DIVISOR   |                                     |  |                |
| 6        | Transmission Network Load (Ws C - Divisor)                                | 4,483,000                           | 4,644,000                              | (161,000)      |
| 7        | RATES   |                                     |  |                |
| 8        | Annual Cost (\$/kW/Yr)  | \$22.366                            | \$20.792                               | \$1.574        |
| 9        | Network & P-to-P Rate (\$/kW/Mo)  | \$1.864                             | \$1.733                                | \$0.131        |
| 10       | Weekly Point to Point On and Off Peak                                     | \$0.430                             | \$0.400                                | \$0.030        |
| 11       | Daily Point to Point On Peak  | \$0.072                             | \$0.067                                | \$0.005        |
| 12       | Daily Point to Point Off Peak   | \$0.061                             | \$0.057                                | \$0.004        |
| 13       | Hourly Point to Point On Peak   | \$4.500                             | \$4.188                                | \$0.312        |
| 14       | Hourly Point to Point Off Peak  | \$2.542                             | \$2.375                                | \$0.167        |
| 15       | METER CHARGE  |                                     |  |                |
| 16       | Current Year Revenue Requirement  | \$130,658                           | \$130,658                              | \$0            |
| 17       | Number of Delivery Points   | 168                                 | 168                                    | 0              |
| 18       | Annual Meter Charge (\$ per delivery point)                               | \$778                               | \$778                                  | \$0            |
| 19       | Monthly Meter Charge (\$ per delivery point)                              | \$65                                | \$65                                   | \$0            |
| 20       | REVENUE REQUIREMENT (w/o incentives) from formula lines 164 and 28        | \$ 107,501,665                      | \$ 110,005,080                         | \$ (2,503,415) |
| 21       | REVENUE CREDITS   |                                     |  |                |
| 22       | Account No. 454 (formula lines 166 and 30)                                | 1,509                               | 1,838                                  | (329)          |
| 23       | Account No. 456 (formula lines 167 and 31)                                | 6,089,629                           | 12,301,471                             | (6,211,842)    |
| 24       | Total Revenue Credits   | 6,091,138                           | 12,303,309                             | (6,212,171)    |
| 25       | NET REVENUE REQUIREMENT (w/o incentives)                                  | \$ 101,410,527                      | \$ 97,701,771                          | \$ 3,708,756   |
| 26       | NET PLANT CARRYING CHARGE (w/o incentives)                                |                                     |  |                |
| 27       | Annual Rate   | 16.00%                              | 15.13%                                 | 0.87%          |
| 28       | Monthly Rate  | 1.33%                               | 1.26%                                  | 0.07%          |
| 29       | GROSS PLANT CARRYING CHARGE (w/o incentives)                              |                                     |  |                |
| 30       | Annual Rate   | 11.77%                              | 11.12%                                 | 0.65%          |
| 31       | NET PLANT CARRYING CHARGE, W/O DEPRECIATION (w/o incentives)              |                                     |  |                |
| 32       | Annual Rate   | 13.36%                              | 12.71%                                 | 0.65%          |
| 33       | NET PLANT CARRYING CHARGE, W/O DEPRECIATION, INCOME TAXES AND RETURN      |                                     |  |                |
| 34       | Annual Rate   | 3.49%                               | 2.40%                                  | 1.09%          |
| 35       | ADDITIONAL REVENUE REQUIREMENT (w/incentives)                             | \$ -                                | \$ -                                   | \$ -           |
| 36       | LESS SPP Base Plan Upgrade Revenue Requirement (formula lines 180 and 44) | \$ 1,144,179                        | \$ 1,144,179                           | \$ -           |
| 37       | CURRENT YEAR REVENUE REQUIREMENT (ln 25 + ln 35 - ln 36)                  | \$ 100,266,348                      | \$ 96,557,592                          | \$ 3,708,756   |
| 38       | CURRENT YEAR RADIAL LINE REVENUE REQUIREMENT DIRECTLY BILLED              | \$ 598,874                          | \$ 598,874                             | \$ -           |
| 39       | CURRENT YEAR METER CHARGE REVENUE REQUIREMENT DIRECTLY BILLED             | \$ 130,658                          | \$ 130,658                             | \$ -           |

| Line No. | RATE BASE:  | 2010<br>Actual<br>Allocated<br>Amount | 2010<br>Projected<br>Allocated<br>Amount | Change       |
|----------|---|---------------------------------------|--|--------------|
| 40       | GROSS PLANT IN SERVICE  |                                       |  |              |
| 41       | Production  | 0                                     | 0  | 0            |
| 42       | Transmission (formula lines 184 and 48)                       | 861,476,249                           | 878,850,893                              | (17,374,644) |
| 43       | Distribution  | 0                                     | 0  | 0            |
| 44       | General (formula lines 186 and 50)                            | 23,511,347                            | 25,374,555                               | (1,863,208)  |
| 45       | Intangible (formula lines 187 and 51)                         | 6,765,679                             | 7,460,647                                | (694,968)    |
| 46       | Common  | 0                                     | 0  | 0            |
| 47       | TOTAL GROSS PLANT (sum Ins 41 to 46)                          | 891,753,275                           | 911,686,095                              | (19,932,820) |
| 48       | GROSS PLANT ALLOCATOR   | 0.23350                               | 0.23545                                  | (0.00195)    |
| 49       | ACCUMULATED DEPRECIATION & AMORTIZATION                       |                                       |  |              |
| 50       | Production - Depreciation                                     | 0                                     | 0  | 0            |
| 51       | Transmission - Depreciation (formula lines 191 and 55)        | 227,561,653                           | 233,222,072                              | (5,660,419)  |
| 52       | Distribution - Depreciation                                   | 0                                     | 0  | 0            |
| 53       | General - Depreciation (formula lines 193 and 57)             | 11,515,974                            | 12,000,640                               | (484,666)    |
| 54       | Electric Intangible - Amortization (formula lines 194 and 58) | 4,304,700                             | 4,707,131                                | (402,431)    |
| 55       | Common  | 0                                     | 0  | 0            |
| 56       | Total Electric Accumulated Depr & Amort (sum Ins 50 to 55)    | 243,382,327                           | 249,929,843                              | (6,547,516)  |
| 57       | NET PLANT IN SERVICE  |                                       |  |              |
| 58       | Production  | 0                                     | 0  | 0            |
| 59       | Transmission  | 633,914,596                           | 645,628,821                              | (11,714,225) |
| 60       | Distribution  | 0                                     | 0  | 0            |
| 61       | General   | 11,995,373                            | 13,373,915                               | (1,378,542)  |
| 62       | Intangible  | 2,460,979                             | 2,753,516                                | (292,537)    |
| 63       | Common  | 0                                     | 0  | 0            |
| 64       | TOTAL NET PLANT (sum Ins 58 to 63)                            | 648,370,948                           | 661,756,252                              | (13,385,304) |
| 65       | NET PLANT ALLOCATOR   | 0.33161                               | 0.32986                                  | 0.00175      |
| 66       | ADJUSTMENTS TO RATE BASE                                      |                                       |  |              |
| 67       | Account No. 281 (enter negative)                              | 0                                     | 0  | 0            |
| 68       | Account No. 282 (enter negative) (formula lines 205 and 69)   | (157,991,567)                         | (145,799,956)                            | (12,191,611) |
| 69       | Account No. 283 (enter negative) (formula lines 206 and 70)   | (1,549,088)                           | (1,239,475)                              | (309,613)    |
| 70       | Account No. 190 (formula lines 207 and 71)                    | 15,316,187                            | 16,561,950                               | (1,245,763)  |
| 71       | Account No. 255 (enter negative)                              | 0                                     | 0  | 0            |
| 72       | Account No. 107   | 0                                     | 0  | 0            |
| 73       | Net Pre-Funded AFUDC on CWIP included in Rate Base            | 0                                     | 0  | 0            |
| 74       | Unamortized Balance of Abandoned Incentive Plant              | 0                                     | 0  | 0            |
| 75       | Unamortized Balance of Extraordinary Property Loss            | 0                                     | 0  | 0            |
| 76       | TOTAL ADJUSTMENTS (sum Ins 67 to 75)                          | (144,224,468)                         | (130,477,481)                            | (13,746,987) |
| 77       | LAND HELD FOR FUTURE USE (formula lines 214 and 78)           | 16,890                                | 17,057                                   | (167)        |
| 78       | WORKING CAPITAL   |                                       |  |              |
| 79       | CWC   | 0                                     | 0  | 0            |
| 80       | Materials & Supplies (formula lines 217 and 81)               | 345,456                               | 428,365                                  | (82,909)     |
| 81       | Materials & Supplies (formula lines 218 and 82)               | (186,662)                             | (148,873)                                | (37,789)     |
| 82       | Prepayments (formula lines 219+220 and 83+84)                 | 918,812                               | 1,213,097                                | (294,285)    |
| 83       | TOTAL WORKING CAPITAL (sum Ins 79 to 82)                      | 1,077,606                             | 1,492,589                                | (414,983)    |
| 84       | BALANCE OF NETWORK CREDITS                                    | 0                                     | 0  | 0            |
| 85       | RATE BASE (sum Ins 64, 76, 77, 83, 84)                        | 505,240,976                           | 532,788,417                              | (27,547,441) |

| Line No. |   | 2010<br>Actual<br>Allocated<br>Amount | 2010<br>Projected<br>Allocated<br>Amount | Change      |
|----------|---|---------------------------------------|--|-------------|
| 86       | OPERATIONS & MAINTENANCE EXPENSE  |                                       |  |             |
| 87       | Transmission (formula lines 233 and 97)                                     | 11,446,158                            | 10,422,498                               | 1,023,660   |
| 88       | A&G (formula lines 239 and 103)   | 8,164,971                             | 8,252,828                                | (87,857)    |
| 89       | Plus Acct 924 Property Insurance (formula lines 240 and 104)                | 579,943                               | 624,448                                  | (44,505)    |
| 90       | Plus Acct 928 Transmission Specific (formula lines 241 and 105)             | 923,531                               | 472,802                                  | 450,729     |
| 91       | Plus Acct 928 Transmission Allocated (formula lines 242 and 106)            | 0                                     | 0  | 0           |
| 92       | Plus Acct 930.2 Transmission Allocated (formula lines 244 and 108)          | 48,504                                | 85,691                                   | (37,187)    |
| 93       | Plus Transmission Safety and Siting Advertising (formula lines 245 and 109) | 0                                     | 0  | 0           |
| 94       | Less PBOP Expense in Account 926 Adjustment                                 | (125,228)                             | 179,204                                  | (304,432)   |
| 94       | A & G Subtotal  | 9,842,177                             | 9,256,565                                | 585,612     |
| 95       | Common  | 0                                     | 0  | 0           |
| 96       | Transmission Lease Payments   | 0                                     | 0  | 0           |
| 97       | TOTAL O&M EXPENSE (sum Ins 87, 94, 95, 96)                                  | 21,288,335                            | 19,679,063                               | 1,609,272   |
| 98       | DEPRECIATION & AMORTIZATION EXPENSE   |                                       |  |             |
| 99       | Transmission (formula lines 250 and 114)                                    | 16,707,929                            | 15,666,905                               | 1,041,024   |
| 100      | Plus Pre-Funded AFUDC Amortization  | 0                                     | 0  | 0           |
| 101      | Plus Recovery of Abandoned Incentive Plant                                  | 0                                     | 0  | 0           |
| 102      | Plus Recovery of Extraordinary Property Loss                                | 0                                     | 0  | 0           |
| 103      | General (formula lines 254 and 118)   | 1,689,331                             | 1,658,069                                | 31,262      |
| 104      | Electric Intangible Amortization (formula lines 255 and 119)                | 0                                     | 871,947                                  | (871,947)   |
| 105      | Common  | 0                                     | 0  | 0           |
| 106      | TOTAL DEPRECIATION AND AMORTIZATION (sum Ins 99 to 105)                     | 18,397,260                            | 18,196,921                               | 200,339     |
| 107      | TAXES OTHER THAN INCOME TAXES   |                                       |  |             |
| 108      | LABOR RELATED   |                                       |  |             |
| 109      | Payroll (formula lines 259 and 123)   | 812,486                               | 810,213                                  | 2,273       |
| 110      | PLANT RELATED   |                                       |  |             |
| 111      | Property (formula lines 261 and 125)  | 4,419,016                             | 4,794,939                                | (375,923)   |
| 112      | Franchise   | 0                                     | 0  | 0           |
| 113      | Other - Texas Use (formula lines 263 and 127)                               | 0                                     | 0  | 0           |
| 114      | TOTAL OTHER TAXES (sum Ins 109 to 113)                                      | 5,231,502                             | 5,605,152                                | (373,650)   |
| 115      | INCOME TAXES  |                                       |  |             |
| 116      | $T = 1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$ =             | 36.03%                                | 36.01%                                   | 0.02%       |
| 117      | $CIT = (T/1-T) * (1 - (WCLTD/R))$ =   | 35.76%                                | 35.03%                                   | 0.73%       |
| 118      | where WCLTD=(page 4, line 167) and R=(page 4, line 170)                     |                                       |  |             |
| 119      | and FIT, SIT & p are as given in Note M.                                    |                                       |  |             |
| 120      | $1 / (1 - T)$ = (from line 123)   | 1.5632                                | 1.5627                                   | 0.0005      |
| 121      | Amortized Investment Tax Credit (266.8f) (enter negative)                   | (340,812)                             | (323,351)                                | (17,461)    |
| 122      | Income Tax Calculation (formula lines 272 and 136)                          | 16,531,687                            | 17,301,137                               | (769,450)   |
| 123      | ITC adjustment (formula lines 273 and 137)                                  | (176,668)                             | (166,679)                                | (9,989)     |
| 124      | TOTAL INCOME TAXES (sum Ins 122 to 123)                                     | 16,355,019                            | 17,134,458                               | (779,439)   |
| 125      | RETURN (Rate Base * Rate of Return) formula lines 275 and 139               | 46,229,549                            | 49,389,486                               | (3,159,937) |
| 126      | INTEREST ON NETWORK CREDITS   |                                       |  |             |
| 127      | REVENUE REQUIREMENT (sum Ins 97, 106, 114, 124, 125)                        | 107,501,665                           | 110,005,080                              | (2,503,415) |

| Line No. |  | <u>2010 Actual Allocated Amount</u> | <u>2010 Projected Allocated Amount</u> | <u>Change</u>            |
|----------|--|-------------------------------------|--|--------------------------|
| 128      | TRANSMISSION PLANT INCLUDED IN OATT TRANSMISSION RATE                                      |                                     |  |                          |
| 129      | Total transmission plant (formula lines 279 and 143)                                       | 950,175,094                         | 959,821,429                            | (9,646,335)              |
| 130      | Less Generator Step-up facilities (formula lines 280 and 144)                              | 24,550,999                          | 24,433,545                             | 117,454                  |
| 131      | Less Radial Line facilities (formula lines 281 and 145)                                    | 64,225,003                          | 56,541,072                             | 7,683,931                |
| 132      | Plus Radial Line facilities true-up (formula line 281.a)                                   | (80,402)                            | 0                                      | (80,402)                 |
| 133      | Transmission Plant Included in OATT Trans Rate (In 129 - 130 - 131)                        | 861,479,494                         | 878,846,812                            | (17,367,318)             |
| 134      | Percentage of transmission plant included in ISO Rates (line 133 / 129)                    | TP= 0.90665                         | 0.91564                                | (0.00899)                |
| 135      | WAGES & SALARY ALLOCATOR (W&S)   |                                     |  | <u>FF1 Amount Change</u> |
| 136      | Production (formula lines 285 and 149)   | 42,679,259                          | 39,419,024                             | 3,260,235                |
| 137      | Transmission (formula lines 286 and 150)   | 9,786,525                           | 10,330,325                             | (543,800)                |
| 138      | Regional Market (formula lines 287 and 151)  | 660,108                             | 133,430                                | 526,678                  |
| 139      | Distribution (formula lines 288 and 152)   | 15,958,598                          | 17,083,761                             | (1,125,163)              |
| 140      | Other (formula lines 289 and 153)  | 10,686,941                          | 10,553,100                             | 133,841                  |
| 141      | Total (sum lines 136 to 140)   | 79,771,431                          | 77,519,640                             | 2,251,791                |
| 142      | Transmission Wages & Salary Allocated Amount Based on TP Allocator (formula lns 290 & 154) | 8,872,953                           | 9,458,859                              | (585,906)                |
| 143      | Transmission Wages & Salary Allocator  | 0.11123                             | 0.12202                                | = W/S<br>(0.01079)       |
| 144      | COMMON PLANT ALLOCATOR (CE)  |                                     |  |                          |
| 145      | Electric Related Amount  | 1.00000                             | 1.00000                                |                          |
| 146      | W/S Allocator  | 0.11123                             | 0.12202                                |                          |
| 147      | Transmission Related Amount  | 0.11123                             | 0.12202                                | = C/E<br>(0.01079)       |
| 148      | RETURN (R)   |                                     |  |                          |
| 149      | Long Term Interest (formula lines 293 and 157)   | 62,357,001                          | 66,497,403                             | (4,140,402)              |
| 150      | Preferred Dividends  | 0                                   | 0                                      | 0                        |
| 151      | Long Term Debt (formula lines 296 and 160)   | 905,646,154                         | 926,800,000                            | (21,153,846)             |
| 152      | Long Term Debt Capitalization Percentage   | 48.44%                              | 48.81%                                 | -0.37%                   |
| 153      | Preferred Stock (formula lines 297 and 161)  | 0                                   | 0                                      | 0                        |
| 154      | Preferred Stock Capitalization Percentage  | 0.00%                               | 0.00%                                  | 0.00%                    |
| 155      | Common Stock (formula lines 298 and 162)   | 964,072,553                         | 971,811,846                            | (7,739,293)              |
| 156      | Common Stock Capitalization Percentage   | 51.56%                              | 51.19%                                 | 0.37%                    |
| 157      | Total  | 1,869,718,707                       | 1,898,611,846                          | (28,893,139)             |
| 158      | Proprietary Capital (WsK Capital Structure)  | 962,318,987                         | 966,657,846                            | (4,338,859)              |
| 159      | Less Preferred Stock   | 0                                   | 0                                      | 0                        |
| 160      | Less Account 216.1   | 0                                   | 0                                      | 0                        |
| 161      | Less Account 219 (WsK Capital Structure)   | (1,753,566)                         | (5,154,000)                            | 3,400,434                |
| 162      | Common Stock:  | 964,072,553                         | 971,811,846                            | (7,739,293)              |
|          |  | <u>%</u>                            | <u>%</u>                               |                          |
|          |  | Weighted                            | Weighted                               |                          |
| 163      | Long Term Debt (formula lines 296 and 160)   | 0.0334                              | 0.0350                                 | -0.0016                  |
| 164      | Preferred Stock  | 0.0000                              | 0.0000                                 | 0.0000                   |
| 165      | Common Stock (formula lines 298 and 162)   | 0.0581                              | 0.0577                                 | 0.0004                   |
| 166      | Total (sum lines 163 to 165)   | 0.0915                              | 0.0927                                 | -0.0012                  |