



**Northern States Power Company
Before the
Minnesota Public Utilities Commission**

Application for Authority to
Increase Electric Rates in Minnesota
Docket No. E002/GR-20-723

November 2, 2020

Volume 5

Budget Summary, Documentation, &
Supplemental Budget Information

BUDGET SUMMARY and NARRATIVES Volume 5

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Introduction

The purpose of the budget summary, process, and documentation contained in Volumes 5 and 6 and of this filing is to provide information supporting the 2021 through 2023 operating and maintenance (O&M) expense and 2021 through 2023 capital expenditure budgets for the utility companies that make up Northern States Power Company – Minnesota (NSPM).

This Executive Summary is designed to provide an overview of the Budget Documentation and explain how the different components fit together.

Summary-level NSPM Electric Utility (NSPM Electric) reports are provided in the “Summary Reports” tab of this Volume 5. These reports show the 2019 actual versus 2021 budget O&M expenses and then forward-looking comparisons for 2021, 2022, and 2023, summarized across all business areas:

Summary Report 1 compares O&M expense by function between the 2019 actual and 2021 budget for NSPM Electric. The report includes an analysis of the major categories of cost changes over the two-year period.

Summary Report 2 compares O&M expense by cost element between the 2019 actual and 2021 budget (2A), 2021 budget and 2022 budget (2B), and the 2022 budget and 2023 budget (2C) periods for NSPM Electric.

Summary Report 3 compares O&M expense by FERC account between the 2019 actual and 2021 budget (3A), 2021 budget and 2022 budget (3B), and the 2022 budget and 2023 budget (3C) periods for NSPM Electric.

These reports reflect NSPM total electric utility costs. These exhibits reflect business area costs in total prior to Minnesota electric jurisdictional allocations and any test year adjustments, so not all of the above costs are reflected in the cost of service, nor are the costs all part of our request for rate recovery in this proceeding.

A description of the budgeting process is provided in the Budget Process tab of this Volume 5.

The O&M Budget Narratives section of Volume 5 includes detailed narrative, variance explanations, and expense schedule information for the 2021 - 2023 Multi-Year Rate Plan (MYRP) with walk forward information for these years starting with the 2020 year-end forecast as of July 2020. These summaries are organized by Business Area.

Volume 5 of the budget documentation concludes with the IHS Markit Guideline Analysis of 2019 actuals to the 2021 budget amounts, the budget translation documents, and the capital substitutions and contingent fund reports. The HIS Markit Guideline Analysis includes both (1) analytical explanations (by FERC account) for significant differences between the 2021 budget and levels expected based on IHS Markit-inflated 2019 actuals and (2) a numeric summary of the inflated 2019 actual amounts compared to the 2020 budget amounts. The budget translation documents include translation reports linking cost element, cost activity, and project budgeting mechanisms on a common and consistent basis to ensure a proper audit trail. And the capital substitutions and contingent fund reports include information on the Company’s capital substitutions and contingent fund processes and reports for the primary capital business areas.

Volume 6 Variance Explanations compares the 2019 actual versus 2021 budget O&M expenses by FERC account. The Variance Explanations then provide, for any variances of at least \pm \$500,000 and at least five percent, an explanation of the reasons for the observed variance.

Supporting Schedules are provided in Volume 6, as well, which provide information on billings, O&M by cost element, O&M by FERC account, and capital budgets. The billing information is provided for the 2021, 2022, and 2023 budgets. O&M information is provided in several formats by cost element and FERC account, providing variance information to allow comparisons between 2019 to 2021, 2021 to 2022, and 2022 to 2023. Finally, capital budget information for 2021, 2022, and 2023 is included by business area and by business area by utility.

Volume 6 concludes with Supplemental Reports for the most recent three historical annual periods of 2017 through 2019. The Supplemental Reports section provides Xcel Energy Financial Performance Team (FPT) Reports summarizing total NSPM Company actual and budget O&M and capital expenditures by business area, including the annual budget variance and explanations. The process for compiling and reporting O&M and capital expenditure variance information changed significantly in 2019, resulting in a different deliverable for that year. Under the current process, Monthly Performance Review meetings are held with each business area and the final deliverable is a summarized presentation with explanations for the capital and O&M variance drivers for NSPM. The total variance for NSPM and each business area is provided along with a description of primary variance drivers. This section also contains summaries of the most recent three years of historical O&M expenses for NSPM Electric. Three annual schedules provide the actual and budget expenditures, including the variance and percent variance. The O&M expenses are organized by functional class and listed by FERC account. Summaries of the most recent three years of historical NSPM capital expenditures, organized by project, are also included in this section.

The remainder of this Executive Summary provides an overview of Xcel Energy's corporate organization, followed by more detailed descriptions of the information contained within Volumes 5 and 6.

Xcel Energy Operating Companies

Budget information for the following companies was developed during the budget effort:

- Northern States Power Company – Minnesota (NSPM), aka Operating Company (OpCo)
- Northern States Power Company – Wisconsin (NSPW)
- Public Service Company of Colorado (PSCo)
- Southwestern Public Service Company (SPS)
- Xcel Energy Services Inc. (XES), aka Service Company (Svc Co), which includes services provided to the subsidiaries of Xcel Energy

NSPM is a direct subsidiary of Xcel Energy Inc. NSPM is an operating utility engaged in the generation, transmission, distribution, and sale of electricity in Minnesota, North Dakota, and South Dakota. NSPM also purchases, distributes, and sells natural gas to retail customers and transports customer-owned gas in Minnesota and North Dakota. NSPM provides electric utility service to approximately 1.5 million customers and gas utility service to approximately 0.5 million customers.

NSPW is a direct subsidiary of Xcel Energy Inc. NSPW is an operating utility engaged in the generation, transmission, distribution, and sale of electricity to approximately 300,000 customers in northwestern Wisconsin and in the western portion of the Upper Peninsula of Michigan. NSPW is also engaged in the purchase, distribution, and sale of natural gas to retail customers and transports customer-owned gas in the same service territory to approximately 100,000 customers.

PSCo is a direct subsidiary of Xcel Energy Inc. PSCo is an operating utility engaged principally in the generation, purchase, transmission, distribution, and sale of electricity and the purchase, transportation, distribution, and sale of natural gas. PSCo serves approximately 1.5 million electric and 1.4 million natural gas customers in Colorado.

SPS is a direct subsidiary of Xcel Energy Inc. SPS is an operating utility engaged primarily in the generation, purchase, transmission, distribution, and sale of electricity. SPS serves approximately 400,000 electric customers in portions of Texas and New Mexico. A major portion of SPS' retail electric operating revenues is derived from operations in Texas.

XES is a direct subsidiary of Xcel Energy Inc. XES provides various administrative, managerial, environmental, and other support services to the other subsidiary companies of Xcel Energy Inc.

Corporate Organization

Budget documentation is provided for each of the internal utility company business areas and the XES business areas that provide support to the utility companies. Each of the business areas has a senior officer responsible for its operation. There have been modifications to the organization of these business areas since the time of our last electric rate case. The business areas are listed below:

- Energy Supply
 - Business area that includes electric generation facilities, as well as various other supporting departments required to maintain their operations (Engineering and Construction, Technical Services, Environmental, Corporate, Minnesota Generation, and VP Operations, VP Energy Supply)
- Nuclear Generation (including Outage Deferral & Amortization)
 - Business area that provides oversight and financial responsibility for Nuclear Generation. Reports the accounting for nuclear outage costs that are incurred in the Nuclear Generation business area
- Transmission
 - Business area that oversees Xcel Energy's transmission and substation business as well as System Performance and Standards
- Distribution Operations and Gas Engineering & Operations
 - The Distribution Operations organization provides oversight for Vegetation Management, Gas and Electric Distribution Design, Construction and Maintenance, Metering Systems, Facility Attachments, Electric Distribution Engineering and Emergency Response, and Outdoor Lighting. The Gas Engineering and Operations group manages the damage prevention function, which is responsible for locating underground electric facilities. It is also responsible for the mapping of underground electric assets.
- Operation Services
 - Business area that manages Xcel Energy's Commercial Operations, electric and gas fuel supply, and Supply Chain functions
- Benefits
 - Support area that contains the summary of labor additive costs, including payroll taxes, non-productive labor costs, insurance and pension costs, incentive costs, and workers' compensation costs
- Customer and Innovation
 - Business areas that provide integrated services to Xcel Energy and its operating companies in the following areas: Business Systems, Customer Care, Bad Debt, and Customer and Innovation.
- Human Resources and Employee Services
 - Business areas that provide integrated services to Xcel Energy and its operating companies in the following areas: Human Resources and Employee Services, Talent Strategy and Transformation, Total Rewards, Workforce Strategy and Consulting and HR Strategy and Performance. Also includes Property Services and Aviation.
- Other Shared Services Organizations
 - Chief Executive Officer (CEO) includes the Chairman's Fund and Chief Executive Officer
 - Risk, Audit and Compliance helps to ensure the integrity of company finances and operations through robust risk analytics, audit services and compliance with corporate ethics and other policies.

Corporate Organization (continued)

- Strategic Planning and External Affairs identifies strategies that promote the company's value in a variety of business, policy and energy-related areas.
- Corporate Other contains the following functions: company use credits, overhead charges to affiliates, A&G charges to capital, non-regulated overheads, and permanent income tax differences. Detailed descriptions of each business function are described under the major business functions and key activities section of the narrative.
- Financial Operations leads financial governance and delivers superior financial services.
- NSPM President, manages Rates and Regulatory Affairs, and Community Relations
- General Counsel provides critical legal and strategy services to Xcel Energy, its operating companies and its subsidiaries with a focus on advancing strategic objectives.

Budget Documentation – Volume 5

Budgeting is the foundation and framework for developing supportable and attainable financial plans by legal entity, utility, and jurisdiction. Budget documentation provides a consistent basis for business planning and budget reviews, facilitates any necessary budget adjustments, provides transparency and a clear audit trail, and supports rate case filings.

The format of each business area's budget documentation is consistent and is generally comprised of the major sections discussed below:

Narrative Documentation

Major Business Functions and Key Activities

Introduction

This section generally describes the organization, primary focus, and overall responsibilities of the sub-areas included in the business area being discussed.

Customer Value

This section discusses the key priorities, strategic initiatives, and elements of the business area and how they optimize direct benefit to the customer. Examples include productivity improvements, overhaul management of the generation plants, environmental initiatives, infrastructure modernization and new technologies, increasing capacity requirements, and compliance with reliability standards to ensure the safe delivery of our energy products.

Walk Forward of Major Cost Drivers

This section consists of two parts: Walk forward schedules of the business drivers and amounts that comprise the majority of the increases and/or decreases in O&M costs in the form of tables and bar graphs comparing the 2020 July year-end forecast to the 2021 budget, the 2021 budget to the 2022 budget, and the 2022 budget to the 2023 budget. The walk forward tables are prepared on an activity-based perspective and include high-level explanations of the cost level changes. Detailed explanations are provided for each major cost driver following the walk forward table. This section also includes the Major Cost Categories, which provide the business area's total 2021, 2022 and 2023 O&M budgets and the major spend components in the form of a pie chart. In some cases, brief explanations of some of the components are also provided.

Expenses of business areas that are specific to NSPM have been provided at that level. Business areas that provide support to all of Xcel Energy's operating companies reflect their total 2021 through 2023 budget O&M expenses.

Budget Documentation (continued)

Functional Organization Chart

This section includes an organizational chart that identifies all areas that fit within the organizational entity being discussed. For some business areas, there is no applicable functional organizational chart (e.g., Benefits). In these cases, “Not applicable” is noted on this page.

Major Business Functions and Key Activities

This section generally describes the overall responsibilities of each of the areas included in the organizational chart.

Cost Allocation Methodologies

This section is applicable to business areas that manage costs in XES that must be assigned to legal entities within Xcel Energy. Primary cost assignment or allocation methods used to distribute the business area’s budget dollars between legal entities and utilities are shown here. This includes explanations of how each area’s costs are assigned directly, or if allocated, the allocation methodology used. Company witness Mr. Ross L. Baumgarten provides a complete list of allocation methodologies in his Direct Testimony at Exhibit___(RLB-1), Schedule 4.

The allocation methods used to distribute costs to legal entity and utility are identified below. Whenever possible, costs are charged directly to the relevant operating company.

Operating Company Direct Charges – Costs incurred by a particular operating company. For example, the relevant operating company pays insurance premiums for operating company-specific policies. These premiums are charged directly to that operating company.

Service Company Direct Charges – Costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative. Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges – Costs for which a unique operating company cannot be determined, or which are incurred on behalf of all operating companies. For example, general budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The descriptions and specific allocation methods used by the various functional areas within business area being discussed are provided in a table.

Budget Documentation – Volume 6

Variance Explanations

This section contains explanations for significant changes between the 2019 actual and 2021 budget O&M expenses, shown by FERC account, for the NSPM Company - electric utility. The explanations are aggregated to include each business area's activities that contributed a variance within the specific FERC account of at least $\pm\$500,000$ and at least $\pm 5\%$ over the two-year period. These explanations cover the variances shown in the 2019 to 2021 documentation of Schedule 4, Volume 6 of the budget documentation.

The first report within the Variance Explanations section of Volume 6 - Budget Documentation included in the filing is titled "Summary Report 1." This high-level report summarizes the NSPM Company - electric utility's O&M expenses by FERC account function. This report subtotals the expenses recorded within the functional FERC accounts (Production and Power Supply, Transmission, and Distribution) and also subtotals the expenses recorded to Customer, Sales, and Administrative and General accounts. The report includes the respective change and the percentage change over the two-year period for each of the account groups.

Two additional summary reports provide the O&M expenses by FERC account. The first of the two summary reports provides the expenses recorded within the functional FERC accounts. The second report provides a summary of the expenses recorded within the Customer, Sales, and Administrative and General FERC accounts. Together, these two reports summarize the total NSPM Company electric utility expenses by account for the 2019 actual and 2021 budget periods. The two reports also include the respective change and the percentage change over the two-year period for the accounts. Variance explanation reference numbers have been included on the two summary reports to be used as a key to the respective accounts' variance explanations.

A variance explanation report follows each of the two additional summary reports. The variance explanation reports include the variance explanation's reference number, the FERC account number, the variance explanation, and the two-year variance amount. In addition, offsetting variance amounts that have been budgeted to other FERC accounts are indicated on this report. Finally, the net remaining variance amount reflected under the FERC account being explained is identified.

Budget Documentation (continued)

Supporting Schedules

The following budget schedules are included for each business area:

Schedule 1 – Analysis of Billings

This schedule summarizes business area total O&M expenses by Operating Company direct billed, Service Company direct billed, and Service Company allocated charges. The purpose of this schedule is to provide a breakdown of the amount of budgeted O&M expenses of each business area that originated in the Operating Company, the amount directly assigned to the Operating Company from the Service Company, and the amount that was assigned to the Operating Company from the Service Company through an allocation. Note: The Service Company total on Schedule 1 equals the NSPM total from Schedule 2, Service Company Billings.

Schedule 2 – Service Company Billings Only

This schedule summarizes the amount of billings from each business area that manages Service Company costs to NSPM and the other Xcel Energy subsidiaries. This schedule is intended to provide the amount of budgeted billings from each business area that manages Service Company costs, how much of those costs are billed to each Xcel Energy utility legal entity, and the amount billed to other non-regulated subsidiaries of Xcel Energy. Note: The NSPM total from Schedule 2, Service Company Billings, equals the Service Company total on Schedule 1.

Schedule 3 – NSPM O&M by Cost Element Account

The purpose of this schedule is to provide comparisons of actual O&M expenses recorded in 2019 by cost element account to the 2021 expense budget, the 2021 expense budget to the 2022 budget, and the 2022 expense budget to the 2023 budget for the total NSPM Company and by business area. This schedule summarizes and compares the O&M expenses by cost element account for the total NSPM Company. The first report set aggregates the expenses over all business areas, for all utilities. The second report set provides this comparison separated and subtotaled for each business area, including the grand total amount for the NSPM Company, for all utilities. The third set provides the total NSPM Company by utility (e.g. electric, gas, and non-utility), with aggregate expenses over all business areas. The fourth set provides the total NSPM Company by utility, with costs separated by business area.

Budget Documentation (continued)

Supporting Schedules

Schedule 4 – NSPM O&M by FERC Account (All Utilities)

The purpose of this schedule is to provide comparisons of actual O&M expenses recorded in 2019 by FERC account to the 2021 expense budget, the 2021 expense budget to the 2022 budget, and the 2022 expense budget to the 2023 budget for the total NSPM Company and by business area. This schedule summarizes and compares the O&M expenses by FERC account for the total NSPM Company. The first report set aggregates the expenses over all business areas, for all utilities. The second report set provides this comparison separated and subtotaled for each business area, including the grand total amount for the NSPM Company, for all utilities. The third set provides the total NSPM Company by utility (e.g. electric, gas, and non-utility), with aggregate expenses over all business areas. The fourth set provides the total NSPM Company by utility, with costs separated by business area.

Schedule 5 – NSPM 2021 - 2023 Capital Budgets (All Utilities)

The purpose of these schedules is to provide a listing of the NSPM capital projects by business area and the amounts that are included in the 2021, 2022, and 2023 capital expenditure budgets. This schedule is not applicable for all business areas. If a business area has no capital expenditures budgeted they are not included on Schedule 5. The first set of reports provides this information for the total NSPM Company, across all utilities. The second set of reports provides the information for the total NSPM Company, by utility (e.g. electric, gas, and common).

Supplemental Reports

2017 - 2019 Financial Performance Team (FPT) O&M Reports

This section contains explanations for significant differences between the NSPM Company's year-end actual and budget business area departmental O&M expenses for the previous three years. The purpose of these schedules is to provide the Company's historical actual versus budget performance and provide explanations for variances. The process for compiling and reporting O&M variance information changed significantly in 2019, resulting in a different deliverable for that year. Under the current process, Monthly Performance Review meetings are held with each business area and the final deliverable is a summarized presentation with explanations for the O&M variance drivers for NSPM. The total variance for NSPM and each business area is provided along with a description of primary variance drivers.

The FPT Reports provided in this section are those referenced by Company witness Melissa L. Ostrom within her direct testimony discussion regarding the accuracy of the Company's budgets to its actual costs. These reports are consistent with the values shown in Table 3 – NSPM Total Company Actual versus Budget O&M within her testimony.

The total O&M amounts summarized on the FPT reports include NSPM Company electric, gas, and non-utility expenditures. Therefore, they do not match the total O&M expenses identified on the NSPM Company's three-year historical electric utility O&M expense schedules described in the following section.

2017 - 2019 NSPM Company Electric Utility O&M Expenses

This section contains summaries of the most recent three years of historical O&M expenses for the NSPM Company electric utility. Annual schedules provide the actual and budget expenditures, including the variance and percent variance for the periods 2017 through 2019. The expenses are summarized by FERC functional class and listed by FERC account. The expenses summarized in these schedules reflect the departmental expenses incurred by the Company's business areas as well as the NSP transmission interchange agreement charges from NSPW to NSPM. These summaries do not include non-utility below the line FERC accounts. The purpose of these schedules is to enable comparison of the NSPM Company's annual actual and budget electric utility O&M expenses by FERC account over the most recent three historical years.

The schedules in this section are consistent with those shown in Table 4 – NSPM Electric Utility Actual versus Budget O&M in Company witness Melissa L. Ostrom's direct testimony discussion regarding the accuracy of the Company's budgets to its actual costs.

2017 - 2019 Financial Performance Team (FPT) Capital Expenditure Reports

This section contains explanations for significant differences between the NSPM Company's year-end actual and budgeted business area departmental capital expenditures for the previous three years. The purpose of these schedules is to provide the Company's historical actual versus budget performance and provide explanations for variances. The process for compiling and reporting capital expenditure variance information changed significantly in 2019, resulting in a different deliverable for that year. Under the current process, Monthly Performance Review meetings are held with each business area and the final deliverable is a summarized presentation with explanations for the capital variance drivers for NSPM. The total variance for NSPM and each business area is provided along with a description of primary variance drivers.

The FPT schedules provided in this section are those referenced by Company witness Melissa L. Ostrom in her direct testimony discussion regarding the accuracy of the Company's budgets to its actual cost. These reports are consistent with the values shown in Table 2 – NSPM Total Company Actual versus Budget Capital within her testimony.

The total capital expenditure amounts summarized on the FPT reports include NSPM Company electric, gas, and common utility expenditures.

Summary Reports

There are three summary reports for NSPM Electric:

Summary Report

- 1 Operating and Maintenance expense comparisons with variance explanations by FERC function between 2019 Actual and 2021 Budget for NSPM Electric
- 2 Operating and Maintenance expense comparison by cost element between: (A) 2019 Actual and 2021 Budget, (B) 2021 Budget and 2022 Budget, and (C) 2022 Budget and 2023 Budget for NSPM Electric
- 3 Operating and Maintenance expense comparison by FERC account between: (A) 2019 Actual and 2021 Budget, (B) 2021 Budget and 2022 Budget, and (C) 2022 Budget and 2023 Budget for NSPM Electric

Summary Report 1

2019 Actual vs. 2021 Budget

O&M by Function

Northern States Power - MN

Electric

(Thousands of Dollars)

Function	2019 Actual	2021 Budget	2019 - 2021 Variance	2019 - 2021 % Change	Avg Annual % Change
Steam Power Generation	93,569	81,754	(11,815)	-12.6%	-6.5% (1)
Nuclear Power Generation	344,255	337,687	(6,568)	-1.9%	-1.0% (2)
Hydraulic Power Generation	1,478	2,684	1,206	81.6%	34.8%
Other Power Generation	44,922	81,653	36,731	81.8%	34.8% (3)
Other Power Supply Expenses	7,727	6,416	(1,311)	-17.0%	-8.9%
Total Power Production	491,951	510,194	18,243	3.7%	1.8%
Transmission	159,353	167,061	7,708	4.8%	2.4% (4)
Distribution	126,228	149,524	23,296	18.5%	8.8% (5)
Customer Accounts	56,953	72,840	15,887	27.9%	13.1% (6)
Customer Service	4,917	3,398	(1,519)	-30.9%	-16.9%
Sales	46	302	256	556.5%	156.2%
Administrative & General	253,786	281,821	28,035	11.0%	5.4% (7)
Non-Operating	13,869	9,868	(4,001)	-28.8%	-15.6%
Sum:	1,107,103	1,195,008	87,905	7.9%	3.9%

The variances are primarily made up of the following costs:

(1) Steam Power Generation

2021 Original Variance	(11,815)	-12.6%	-6.5%
Reduced labor and material expenses related to the managed decline of coal at the King and Sherco coal plants	11,500		
Reductions in steam expenses in 2021 at King Plant due to expected seasonal operations	1,100		
Remaining Variance	785	0.8%	0.4%

(2) Nuclear Power Generation

2021 Original Variance	(6,568)	-1.9%	-1.0%
Reduction in nuclear supervision and engineering for annual incentive benefits (\$2.7M), restricted stock units (\$1.0M) and performance share plan costs (\$0.8M)	4,500		
Lower nuclear outage amortization costs in the 2021 budget as compared to 2019 actual costs	3,800		
Higher costs driven by headcount within the nuclear training group, encompassing training for operations, simulations and general technical training	(1,625)		
Remaining Variance	107	0.0%	0.0%

(3) Other Power Generation

2021 Original Variance	36,731	81.8%	34.8%
Higher costs are driven by investments in new wind farms. Increased costs for maintenance (\$17.65M), generation expenses (\$9.8M), land easement payments (\$5.8M) and operation supervision and engineering (\$1.5M)	(34,750)		
Increased project costs at gas plants in 2021 as compared to 2019	(1,200)		
Remaining Variance	781	1.7%	0.9%

(4) Transmission

2021 Original Variance	7,708	4.8%	2.4%
This increase in interchange expense between 2019 and 2021 is primarily related to the increased billings from NSPW, due to fixed charges for return on rate base and book depreciation due to increased transmission plant in service (i.e., new project additions). One of the many transmission projects related to this increase is for the LaCrosse/Coulee transmission line rebuild.	(4,000)		
Transmission operations has implemented an enhanced transmission line inspection strategy, which will increase the company's annual inspection coverage from a compliance-based approach to a more comprehensive approach. The new strategy entails inspecting 100% of the system aerially per year, and a quarter of the system by foot per year (with the entire system completed on foot every four years). Implementation of the enhanced strategy results in increased operational expenses.	(800)		
Remaining Variance	2,908	1.8%	0.9%

(5) Distribution

2021 Original Variance	23,296	18.5%	8.8%
Higher costs due to increased headcount, merit, pole replacements and fleet charges between 2019 and 2021	(8,800)		
Increase costs related to vegetation management	(4,000)		
Increases in damage prevention expenses due to high volume and new contract pricing	(4,000)		
Increased costs for advanced grid initiative, including project management and ongoing hardware and software maintenance	(4,200)		
A decrease in first set meter credits due to increased inventory	(1,000)		
Remaining Variance	1,296	1.0%	0.5%

(6) Customer Accounts

2021 Original Variance	15,887	27.9%	13.1%
Higher billed commodity revenue and higher bad debt as percentage of revenue as a result of more bankruptcies and write-offs related to pandemic are anticipated to occur in 2021	(7,650)		
Increase in Advanced Grid initiative costs related to the AMI program of \$3.5M, for NSPM's allocation of the shared assets to read meters offset in FERC 922, \$2.8M for ongoing hardware and software maintenance and \$1M for overall project management. These costs were slightly offset by decreases in other Business Systems areas.	(7,550)		
Remaining Variance	687	1.2%	0.6%

Summary Report 1

2019 Actual vs. 2021 Budget

O&M by Function

Northern States Power - MN

Electric

(Thousands of Dollars)

Function	2019 Actual	2021 Budget	2019 - 2021 Variance	2019 - 2021 % Change	Avg Annual % Change
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Total Power Production	491,951	510,194	18,243	3.7%	1.8%
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Sum:	1,107,103	1,195,008	87,905	7.9%	3.9%

The variances are primarily made up of the following costs:

(7) Administrative & General

2021 Original Variance	28,035	11.0%	5.4%
Increase is driven by more business demand for Application Development & Maintenance services, increased Software and Hardware licensing, and maintenance to support the capital assets built as a result of business demand.	(14,400)		
Increase in property insurance in 2021 vs 2019 is driven primarily by a NEIL distribution received in 2019 (\$11M). Remainder of the increase is for year-over-year increases to property insurance premium amounts.	(13,000)		
Employee pension and benefits is due to higher active healthcare \$10.6M and 401k match \$1.7M, partially offset by lower pension (\$2.6M) and retiree medical (\$1.1M).	(9,400)		
Increase in internal administration and general salaries is primarily related to labor for unfilled positions in 2019, increased headcounts planned for 2021 and overall merit increases. This impacts Customer Service, Enterprise Security, Advertising and Brand, HR&ES, Fin Ops, Risk and General Council	(6,900)		
Benefits costs in the Administrative & General salaries account are reduced due to lower performance share plan costs (\$6.6M) and deferred compensation expense (\$4.0M), offset by higher annual incentive costs (\$1.7M).	8,500		
Decrease in outside services employed driven by innovation group and decreased consulting related to efficiency and customer focused initiatives.	3,000		
Decrease in injuries and damages related to forecast assumptions related to the captive insurance program.	2,400		
Decrease in rent expense due to due to workspace optimization efforts.	975		
Remaining Variance	(790)	-0.3%	-0.2%

Summary Report 2A

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5540001 Productive Labor	288,235	399,791	111,556	39%
5540009 Labor Budget Adjustment	-	1,639	1,639	#DIV/0!
5540010 Labor Load Non Productive	-	-	-	#DIV/0!
5540019 Pension Non-Loading	-	(415)	(415)	#DIV/0!
5540020 Labor Load 401K Match	0	-	(0)	-100%
5540030 Labor Load Qualified Pension	0	-	(0)	-100%
5540040 Labor Load Nonqualified Pension	0	-	(0)	-100%
5540050 Labor Load FAS 88 Settlement Exp	1	-	(1)	-100%
5540060 Labor Load Exec Nonqual Def Comp Match	0	-	(0)	-100%
5540080 Labor Load Other Pension - Consult	2	-	(2)	-100%
5540100 Labor Load Active Healthcare	0	-	(0)	-100%
5540110 Labor Load Misc Benefit Programs	0	-	(0)	-100%
5540120 Labor Load Life LTD and Bus Travel Ins	0	-	(0)	-100%
5540130 Labor Load Retiree Medical FAS 106	0	-	(0)	-100%
5540140 Labor Load FAS 112 LTD	0	-	(0)	-100%
5540150 Workers Compensation - FAS 112	(0)	-	0	-100%
5540160 Workers Compensation - Insurance and Oth	0	-	(0)	-100%
5540170 Labor Load Annual Incentive	0	-	(0)	-100%
5540180 Premium Time Labor	5,529	-	(5,529)	-100%
5540185 Other Compensation Accruals	4,051	1,190	(2,861)	-71%
5540190 Pension Non Loading	(945)	-	945	-100%
5540200 Medical Insurance Non Loading	(147)	-	147	-100%
5540205 Workers Comp Non Loading	1	-	(1)	-100%
5540210 Incentive Non Loading	18,047	16,296	(1,752)	-10%
5540220 Labor Overtime	42,738	-	(42,738)	-100%
5540230 Incentive	87	-	(87)	-100%
5540240 Performance Share Plan & Deferred Comp I	19,586	8,167	(11,419)	-58%
5540250 Restricted Stock Units	10,840	9,983	(857)	-8%
5540255 Other Benefits Compensation	231	253	22	9%
5540260 Other Compensation	1,586	19	(1,568)	-99%
5540270 Welfare Fund	6,487	-	(6,487)	-100%
5600001 Contract Labor	90,523	42,801	(47,722)	-53%
5600006 Consulting Professional Services Other	33,871	82,621	48,750	144%
5600016 Consulting Professional Eng and Design	1,353	4	(1,348)	-100%
5600021 Consulting Professional Services Legal	2,863	2,349	(514)	-18%
5600026 Consulting Professional Svcs Accounting	2,363	2,466	102	4%
5600031 Consulting Legal Regulatory	287	100	(187)	-65%
5600036 Consulting Legal Monticello Prudency	0	-	(0)	-100%
5600041 Outside Vendor Contract	57,511	92,774	35,263	61%
5600051 Outside Services Customer Care	21,612	21,901	289	1%
5600061 Partner Invoicing CAPX OM	(0)	-	0	-100%
5600066 Materials	14,945	42,161	27,216	182%
5600068 Material Consumption	16,333	2,586	(13,747)	-84%
5600069 Service Consumption	27,833	20,805	(7,028)	-25%
5600070 Material - Direct Purchase	12,819	39	(12,780)	-100%
5600071 MS Inventory Adjust - Obsolete Materials	(199)	26	225	-113%

Summary Report 2A

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5600073 Material Small Cap Purchases	0	-	(0)	-100%
5600075 Transportation Fuel	-	520	520	#DIV/0!
5600076 Chemicals - Other	1,433	2,536	1,102	77%
5600077 Chemicals - Emission Control	-	62	62	#DIV/0!
5600078 Chemicals - Lime	1,332	1,996	664	50%
5600080 Chemicals - Mercury Sorbent	990	450	(540)	-55%
5600082 Chemicals - Ammonia	1,334	751	(583)	-44%
5600083 Chemicals - Sulfuric Acid	574	478	(96)	-17%
5600085 Fuel Handling Ash Disposal	0	-	(0)	-100%
5600091 Print and Copy Cost - Other	242	217	(25)	-10%
5600096 Print and Copy Cost - SEC Filings	172	70	(102)	-59%
5600101 Legal - Other	3	1	(2)	-73%
5600106 Equipment Maintenance	182	1,614	1,432	786%
5600111 Equipment Maintenance - Customer Care	118	162	44	37%
5600116 IT Hardware Maintenance	4,135	3,757	(378)	-9%
5600121 IT Hardware Purchases	362	436	74	21%
5600126 Software License Purchase - Perpetual	140	2,002	1,862	1330%
5600131 Software License Purchase - Term	4,222	6,000	1,778	42%
5600136 Software Maintenance	21,275	32,724	11,449	54%
5600141 Network Services	(404)	851	1,255	-310%
5600146 Network Voice	2,695	-	(2,695)	-100%
5600151 Network Data	11,144	16,266	5,122	46%
5600156 Network Telecommunication	1,109	-	(1,109)	-100%
5600161 Network Radio	2,090	702	(1,387)	-66%
5600166 Mainframe Services	1,053	1,148	95	9%
5600171 Distributed Systems Services	1,688	901	(786)	-47%
5600176 Application Development and Maintenance	8,398	9,639	1,240	15%
5600186 Software - ASP	1,196	2,265	1,069	89%
5600187 Other IT	-	3,504	3,504	#DIV/0!
5600190 Fuel Procurement Non Labor Online	3	-	(3)	-100%
5600191 Employee Expenses Airfare	2,073	2,183	110	5%
5600196 Employee Expenses Car Rental	250	324	74	30%
5600201 Employee Expenses Taxi and Bus	173	174	2	1%
5600206 Employee Expenses Mileage	2,129	2,063	(65)	-3%
5600211 Employee Expenses Conf Seminar Trng	1,233	1,551	318	26%
5600216 Employee Expenses Hotel	2,709	2,563	(145)	-5%
5600221 Employee Expenses Meals	2,134	1,604	(530)	-25%
5600226 Employee Expenses Meals Non-Employee	365	267	(97)	-27%
5600231 Employee Expenses Parking	407	334	(73)	-18%
5600236 Employee Expenses Per Diem	2,701	2,696	(4)	0%
5600241 Employee Expenses Safety Equipment	2,545	1,007	(1,537)	-60%
5600246 Employee Expenses Other	1,627	1,551	(75)	-5%
5600251 Employee Expense Personal Communication	1,891	1,830	(61)	-3%
5600252 Fuel Handling Non Labor	196	-	(196)	-100%
5600254 Nuclear Fuel Procurement NonLabor	172	-	(172)	-100%
5600256 Office Supplies	746	1,036	290	39%

Summary Report 2A

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5600261 Workforce Administration Expense	534	628	94	18%
5600271 Safety Recognition	95	209	114	120%
5600276 Life Events	64	37	(27)	-42%
5600281 Employee Performance Recognition	1,537	918	(618)	-40%
5600286 Non - Recoverable Recognition	75	-	(75)	-100%
5600291 Transportation Fleet Cost	(487)	12,500	12,987	-2666%
5600296 Janitorial - Routine	1,817	1,752	(65)	-4%
5600301 Janitorial - Special	59	-	(59)	-100%
5600306 Fire Life Safety Maintenance	265	165	(100)	-38%
5600311 General Interior Exterior Maintenance	2,930	2,758	(173)	-6%
5600316 Use Costs	6,378	6,735	358	6%
5600321 Lawn Care Maintenance Costs	145	212	68	47%
5600326 Sewer Maintenance Costs	27	412	385	1453%
5600331 Snow Removal Costs	2,590	1,899	(691)	-27%
5600336 Trash Removal Costs	692	482	(209)	-30%
5600341 Water Use Costs	1,133	362	(772)	-68%
5600351 Moves Adds Changes	751	573	(178)	-24%
5600356 Energy	11,654	20,027	8,373	72%
5600361 AR - Reserve Change	(589)	-	589	-100%
5600366 Non - Energy	690	171	(520)	-75%
5600371 Low Income - Personal Accounts	0	-	(0)	-100%
5600376 Miscellaneous Bad Debt - Concessions	-	-	-	#DIV/0!
5600381 Rent - Space	160	151	(9)	-6%
5600382 Rent - Equipment	829	897	68	8%
5600384 Rent - Nuclear Generation	74	75	1	1%
5600386 Rent - Other Generation	6,430	12,122	5,693	89%
5600387 Rent - Transmission Electric	11	-	(11)	-100%
5600390 Rent - Distribution Electric	493	493	(0)	0%
5600396 Rent - Equipment Customer Case	18	0	(18)	-100%
5600431 Lease Costs	7,917	7,894	(23)	0%
5600436 Postage	4,252	4,638	387	9%
5600441 Injuries and Damages A&G	5	-	(5)	-100%
5600446 Injuries and Damages Other	97	-	(97)	-100%
5600451 Insurance - Property	4,697	6,011	1,314	28%
5600456 Insurance - General Liability	6,071	4,912	(1,160)	-19%
5600461 Insurance - Excess Liability	4,049	6,397	2,347	58%
5600466 Insurance - Auto Liability	800	275	(525)	-66%
5600471 Insurance - Directors and Officers	989	1,102	113	11%
5600476 Insurance - Fiduciary	321	306	(14)	-5%
5600481 Insurance - Other	50	(2,501)	(2,551)	-5143%
5600482 Insurance - Cyber	314	348	34	11%
5600486 Insurance - Nuclear Property	2,970	4,202	1,231	41%
5600491 Insurance - Nuclear Interruption	1,279	1,202	(76)	-6%
5600496 Insurance - Nuclear Liability	3,346	2,947	(399)	-12%
5600501 Insurance - Nuclear Liability ICRP	(1,437)	(1,161)	276	-19%
5600506 Insurance - Surplus	(16,173)	(5,000)	11,173	-69%

Summary Report 2A

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5600511 Advertising - Brand Image	1,083	893	(190)	-18%
5600516 Advertising - General	235	172	(62)	-27%
5600521 Advertising - Brand Sponsorship	2,519	2,676	157	6%
5600526 Advertising - Conservation DSM	1	-	(1)	-100%
5600531 Advertising - Conservation Other	25	-	(25)	-100%
5600536 Communication - Conservation DSM	44	2	(42)	-96%
5600541 Communication - Conservation Other	0	-	(0)	-100%
5600546 Customer Program - Advertising	105	509	404	384%
5600551 Customer Program - Advert HomeSmart Sub	15	-	(15)	-100%
5600561 Customer Program - Promotion	161	246	85	53%
5600566 Customer Program - Non-Recoverable	196	0	(196)	-100%
5600571 Safety Advertising	756	735	(21)	-3%
5600576 Safety Information	143	2	(141)	-99%
5600581 Mandated Regulatory Notices	18	5	(13)	-70%
5600586 Mandated Inserts Communication	98	72	(27)	-27%
5600591 Dues - Professional Association	352	879	528	150%
5600596 Dues - Utility Association Other	158	227	69	44%
5600601 Dues - Utility Association	1,360	1,861	501	37%
5600606 Dues - Lobbying	508	471	(37)	-7%
5600611 Dues - Nuclear Association	7,405	7,598	192	3%
5600616 Dues - Chamber of Commerce	263	298	35	13%
5600621 Dues - Social Service	10	12	3	26%
5600626 Contributions - Charitable	3,455	456	(2,999)	-87%
5600631 Contributions - Community Sponsorships	1,354	1,759	405	30%
5600636 Contributions - Civic and Political	485	248	(237)	-49%
5600641 Contributions - Economical Development	347	443	95	27%
5600646 Fees - Regulatory	27,280	29,225	1,945	7%
5600651 Fees - Regulatory NERC	2,074	2,243	169	8%
5600656 Fees - Directors	1,305	1,518	213	16%
5600661 Fees - Remarketing and Rating	439	518	78	18%
5600666 Fees - Credit Line	141	124	(17)	-12%
5600671 Fees - Regulatory Direct	1,882	2,016	134	7%
5600676 Fees - Regulatory Indirect	4,280	4,345	64	2%
5600681 Fees - Regulatory NARUC	3	4	1	23%
5600691 Shareholder Related Expenses	266	325	59	22%
5600696 Deductions - Corporate Tickets	354	378	24	7%
5600701 Deductions - Other	1,569	202	(1,368)	-87%
5600706 Bank Charges	938	1,200	262	28%
5600721 Environmental Permits and Fees	4,248	3,430	(818)	-19%
5600726 License Fees and Permits	1,422	1,846	424	30%
5600731 Penalties	11	1	(10)	-93%
5600746 IA -Transmission - OM Expense	11,273	-	(11,273)	-100%
5600751 IA - Transmission - Fixed Charges Expens	104,886	120,158	15,272	15%
5600771 Nuclear Outage Cost Amortization	50,627	45,491	(5,136)	-10%
5600776 O and M Credits - Meter Transfer Install	(8,715)	(9,018)	(303)	3%
5600778 Removal Salvage	176	-	(176)	-100%

Summary Report 2A

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5600781 O and M Credits - Other	(3,556)	(5,119)	(1,564)	44%
5600786 O and M Credits - Company Elec and Gas U	(29)	-	29	-100%
5600791 O and M Credits - AG to Capital	(486)	(527)	(41)	9%
5600796 O and M Credits - Company Elec and Gas	(5,748)	(5,582)	166	-3%
5600801 O and M Credits - Company Use Electric	-	-	-	#DIV/0!
5600826 O and M Credits - Damage Claims	(17)	-	17	-100%
5600851 Non - Grat - Other EG Dist	1	-	(1)	-100%
5600857 Rebates	10	-	(10)	-100%
5600861 Shared Asset Costs	38,448	48,526	10,078	26%
5600866 Shared Assets - Owning Co Credit	(37,667)	(51,844)	(14,177)	38%
5600867 Fuel Handling Expense Reclass	(22,059)	-	22,059	-100%
5600868 Fuel Procurement Expense Reclass	(863)	-	863	-100%
5600869 Nuclear Fuel Procurement Exp Reclass	(634)	-	634	-100%
5600871 Other	(61,026)	(62,176)	(1,150)	2%
5600896 Online Information Services	2,432	2,641	209	9%
5600906 Operating Co Overheads - AG	766	835	68	9%
5600946 Cust Billing Srvcs to Other	31	30	(1)	-2%
5600951 Purchasing Overhead Expense	-	8	8	#DIV/0!
5600956 Warehousing Overhead Expense	7	-	(7)	-100%
5600961 Contribution in Aid of Constr (CIAC)	(750)	-	750	-100%
5600966 Residential CIAC - New	(13)	-	13	-100%
5600971 Residential Reconstruction CIAC	(19)	-	19	-100%
5600972 Non-Tax CIAC-Non-Refundable	(186)	-	186	-100%
5600976 CI CIAC - New	(31)	-	31	-100%
5600981 CI Reconst CIAC	(80)	-	80	-100%
5600992 CWIP Conversion Other Accts	-	-	-	#DIV/0!
5601100 COGS Equipment Sales	5,238	-	(5,238)	-100%
5601101 COGS Service Plan Time & Materials	3,715	-	(3,715)	-100%
5601102 COGS Service Plan Shared Revenue	7,934	-	(7,934)	-100%
5601103 COGS Replacement Plan	3,877	-	(3,877)	-100%
5601104 COGS Service Plan Provider Incentives	496	-	(496)	-100%
5601107 COGS Non-Trad	-	-	-	#DIV/0!
5601108 COGS Non-Regulated	1,713	-	(1,713)	-100%
5601111 Cost of Sales - Other Reclass	(23,172)	-	23,172	-100%
5610000 External Settlement Labor	25,341	-	(25,341)	-100%
5610001 External Settlement Labor Ben-Injuries	193	-	(193)	-100%
5610002 External Settlement Labor Ben-Pension	3,628	-	(3,628)	-100%
5610003 External Settlement Contract Labor	969	-	(969)	-100%
5610004 External Settlement Consulting	22	-	(22)	-100%
5610005 External Settlement Contract Outside Ven	14,434	-	(14,434)	-100%
5610006 External Settlement Materials	8,825	-	(8,825)	-100%
5610007 External Settlement Employee Expense	471	-	(471)	-100%
5610008 External Settlement Transportation	721	-	(721)	-100%
5610009 External Settlement Miscellaneous	(422)	-	422	-100%
5610011 External Settlement Overhead	321	-	(321)	-100%
5610012 External Settlement Salvage	(9)	-	9	-100%

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NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
5610015 External Settlement COGS	450	-	(450)	-100%
5610017 External Settlement Incentive	(1)	-	1	-100%
5610018 External Settlement AG Overhead	3,178	-	(3,178)	-100%
5660006 Special Charges GL Sale Sub	-	-	-	#DIV/0!
5660011 Gain on Disp of PPE Sys Op Unit	(1,298)	-	1,298	-100%
5660012 Loss on Disp of PPE Sys Op Unit	145	-	(145)	-100%
5660024 Loss on Investment	(397)	(436)	(40)	10%
8000000 Prod Labor Bargaining Benefit Group 1	(3,736)	-	3,736	-100%
8000004 Prod Labor Bargaining Benefit Group 5	-	-	-	#DIV/0!
8000005 Prod Labor Bargaining Benefit Group 6	(163)	-	163	-100%
8000010 Prod Labor Bargaining Nuclear Ben Grp 1	(21)	-	21	-100%
8000020 Prod Labor Non-Bargaining Benefit Grp 1	(2,518)	-	2,518	-100%
8000021 Prod Labor Non-Bargaining Benefit Grp 2	(52)	-	52	-100%
8000023 Prod Labor Non-Bargaining Benefit Grp 4	(20)	-	20	-100%
8000025 Prod Labor Non-Bargaining Benefit Grp 6	0	-	(0)	-100%
8000030 Prod Labor Non-Barg Nuclear Ben Grp 1	(255)	-	255	-100%
8000033 Prod Labor Non-Barg Nuclear Ben Grp 4	(0)	-	0	-100%
8000036 Productive Labor Bargaining No Load	0	-	(0)	-100%
8000037 Productive Labor Non-Barg No Load	8	-	(8)	-100%
8000100 Premium	(32)	-	32	-100%
8000105 Overtime	(693)	-	693	-100%
8000110 Other Compensation	1	-	(1)	-100%
8000115 Other Compensation Craft Welfare Fund	(36)	-	36	-100%
8010000 Budget Prod Labor Barg Benefit Group 1	-	16	16	#DIV/0!
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	-	123	123	#DIV/0!
8010105 Budget Overtime	-	1	1	#DIV/0!
8010110 Budget Other Compensation	-	(51)	(51)	#DIV/0!
8010115 Budget Other Compensation CWF	-	(0)	(0)	#DIV/0!
8100000 Non-Prod Labor Bargaining Benefit Grp 1	18,038	-	(18,038)	-100%
8100010 Non-Prod Labor Barg Nuclear Ben Grp 1	3,556	-	(3,556)	-100%
8100020 Non-Prod Labor Non-Bargaining Ben Grp 1	20,873	-	(20,873)	-100%
8100023 Non-Prod Labor Non-Bargaining Ben Grp 4	179	-	(179)	-100%
8100030 Non-Prod Labor Non-Barg Nuc Ben Grp 1	10,892	-	(10,892)	-100%
8100033 Non-Prod Labor Non-Barg Nuc Ben Grp 4	34	-	(34)	-100%
8100105 Pension & Insurance	73,910	-	(73,910)	-100%
8100110 401K Match	0	10,701	10,701	2160221%
8100115 Qualified Pension	2	22,568	22,566	1007422%
8100120 Nonqualified Pension	0	355	355	907826%
8100125 FAS 88 Settlement Expense	-	-	-	#DIV/0!
8100130 Exec Nonqualified Deferred Comp Match	0	45	45	16239443%
8100135 NMC Employer Retirement Contribution	-	951	951	#DIV/0!
8100140 Other Pension - Consult	0	492	492	1700466%
8100150 Active Healthcare	2	41,022	41,019	1645055%
8100155 Miscellaneous Benefit Programs and Costs	0	1,812	1,812	1688774%
8100160 Life LTD and Business Travel Insurance	0	2,337	2,337	1127187%
8100165 Retiree Medical	0	100	100	55773%

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NSP-MN Total Company - O&M Electric Utility and Non-Utility 2019 Actual vs. 2021 Budget O&M by Cost Component (\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
8100170 FAS 112 LTD	0	99	99	186286%
8100190 Workers' Compensation - FAS 112 Costs	0	110	110	94776%
8100195 Workers' Compensation - Ins and Other	1,381	1,126	(255)	-18%
8100200 Annual Incentive	14,122	11,524	(2,598)	-18%
8100205 AG Overhead	2	-	(2)	-100%
8100260 Purchasing - Overhead	2,921	-	(2,921)	-100%
8100315 Warehouse - Overhead	1,529	-	(1,529)	-100%
8100425 Engineering and Super - Overhead	(9)	-	9	-100%
8100426 Eng and Super Non-Service- Overhead	0	-	(0)	-100%
8100500 NonProd Bargaining Labor G1_OH Alloc	1	-	(1)	-100%
8100501 NonProd Bargaining Labor Nu G1_OH Alloc	0	-	(0)	-100%
8100502 NonProd NonBarg Labor G1_OH Alloc	0	-	(0)	-100%
8100507 401K Match_OH Alloc	(0)	71	71	-221059%
8100508 Qualified Pension_Overhead Allocation	(0)	(664)	(664)	516653%
8100509 Nonqualified Pension_Overhead Allocation	0	(1)	(1)	-372250%
8100510 FAS 88 Settlement Expense_OH Allocation	-	-	-	#DIV/0!
8100511 Exec Nonqual Def Comp Match_OH Alloc	0	(1)	(1)	-6991700%
8100512 Other Pension - Consult_OH Allocation	0	(167)	(167)	-562037%
8100513 Active Healthcare_Overhead Allocation	(0)	115	116	-27051%
8100514 Misc Benefit Programs and Costs_OH Alloc	(0)	(161)	(161)	1639249%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(0)	(62)	(62)	619674%
8100516 Retiree Medical_Overhead Allocation	(0)	(6)	(6)	18954%
8100517 FAS 112 LTD_Overhead Allocation	(0)	(5)	(5)	83197%
8100526 Workers' Comp-FAS 112_OH Allocation	(0)	(5)	(5)	44296%
8100527 Workers' Comp-Ins and Other_OH Alloc	0	(91)	(91)	-31149%
8100528 Annual Incentive_Overhead Allocation	(0)	1,748	1,748	-91974438%
8100529 NMC Employer Retirement Contr_OH Alloc	-	1	1	#DIV/0!
8100530 Purchasing_OH Allocation	2,087	-	(2,087)	-100%
8100531 Warehouse_OH Allocation	1,425	-	(1,425)	-100%
8100532 0010-remapped ACC-Fleet_OH Alloc	0	-	(0)	-100%
8100533 Warehouse Energy Supply_OH Allocation	0	-	(0)	-100%
8100550 Fleet-Base Rates	17,869	-	(17,869)	-100%
8100551 Fleet-Idle Time	(5,103)	-	5,103	-100%
8100552 Fleet-Utilization	5	-	(5)	-100%
8100600 Pension & Insurance_OH Alloc	(0)	-	0	-100%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	-	8	8	#DIV/0!
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	-	32	32	#DIV/0!
8110040 Budget Attrition	-	(6)	(6)	#DIV/0!
8200451 Sherco - AG Overhead	(5,791)	-	5,791	-100%
8200500 Facilities - Labor	(167)	-	167	-100%
8200501 Fac - Incentive	(6)	-	6	-100%
8200505 Facilities - Labor Benefits Inj and Dam	(1)	-	1	-100%
8200506 Facilities - Labor Benefits Pens and Ben	(32)	-	32	-100%
8200510 Facilities - Contract Labor	(6)	-	6	-100%
8200515 Facilities - Consulting	(74)	-	74	-100%
8200520 Facilities - Contract Outside Vendors	(56)	-	56	-100%

Summary Report 2A

NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2019 Actual vs. 2021 Budget
O&M by Cost Component
(\$000's)

Account	2019 Actual	2021 Budget	Variance	% Variance
8200525 Facilities - Materials	(36)	-	36	-100%
8200530 Facilities - Employee Expense	(6)	-	6	-100%
8200535 Facilities - Transportation	(5)	-	5	-100%
8200540 Facilities - Miscellaneous	(1,672)	-	1,672	-100%
8200550 Facilities - Overhead	(2)	-	2	-100%
8200557 Fac - Salvage	0	-	(0)	-100%
8200751 Service Co-AG Overhead-Direct	(0)	-	0	-100%
8300000 Labor-Settle_Indirect	(577)	-	577	-100%
8300001 Incentive-Settle_Ind	(0)	-	0	-100%
8300005 Labor Benefits Inj and Dam-Settle_Indir	(5)	-	5	-100%
8300006 Labor Benefits Pens and Ben-Settle_Indir	(106)	-	106	-100%
8300010 Contract Labor-Settle_Indirect	(121)	-	121	-100%
8300015 Consulting-Settle_Indirect	(0)	-	0	-100%
8300020 Contract Outside Vendors-Settle_Indir	(274)	-	274	-100%
8300025 Materials-Settle_Indirect	(3,137)	-	3,137	-100%
8300030 Employee Expense-Settle_Indirect	(17)	-	17	-100%
8300040 Miscellaneous-Settle_Indirect	21	-	(21)	-100%
8300050 Overhead-Settle_Indirect	(153)	-	153	-100%
8300100 Labor-Settle_Direct	(30,836)	-	30,836	-100%
8300101 Incentive-Settle_Direct	(1,012)	-	1,012	-100%
8300105 Labor Benefits Inj and Dam-Settle_Direct	(179)	-	179	-100%
8300106 Labor Benefits Pens and Ben-Settle_Dir	(6,267)	-	6,267	-100%
8300110 Contract Labor-Settle_Direct	(7,888)	-	7,888	-100%
8300115 Consulting-Settle_Direct	(581)	-	581	-100%
8300120 Contract Outside Vendors-Settle_Dir	(823)	-	823	-100%
8300125 Materials-Settle_Direct	(250)	-	250	-100%
8300130 Employee Expense-Settle_Direct	(2,471)	-	2,471	-100%
8300135 0010-IO-Transportation Settle Direct	(2)	-	2	-100%
8300140 Miscellaneous-Settle_Direct	(288)	-	288	-100%
8300150 Overhead-Settle_Direct	(162)	-	162	-100%
RLJE RLJE	219	-	(219)	-100%
Grand Total	1,107,103	1,195,008	87,905	8%

Summary Report 2B

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2021 Budget vs. 2022 Budget O&M by Cost Component (\$000's)

Account	2021 Budget	2022 Budget	Variance	% Variance
5540001 Productive Labor	399,791	399,052	(739)	0%
5540009 Labor Budget Adjustment	1,639	(1,802)	(3,441)	-210%
5540019 Pension Non-Loading	(415)	-	415	-100%
5540185 Other Compensation Accruals	1,190	1,231	41	3%
5540210 Incentive Non Loading	16,296	16,785	489	3%
5540240 Performance Share Plan & Deferred Comp I	8,167	8,692	525	6%
5540250 Restricted Stock Units	9,983	11,151	1,168	12%
5540255 Other Benefits Compensation	253	258	5	2%
5540260 Other Compensation	19	23	5	25%
5600001 Contract Labor	42,801	45,818	3,016	7%
5600006 Consulting Professional Services Other	82,621	63,816	(18,805)	-23%
5600016 Consulting Professional Eng and Design	4	4	-	0%
5600021 Consulting Professional Services Legal	2,349	2,349	0	0%
5600026 Consulting Professional Svcs Accounting	2,466	2,490	25	1%
5600031 Consulting Legal Regulatory	100	100	-	0%
5600041 Outside Vendor Contract	92,774	97,055	4,282	5%
5600051 Outside Services Customer Care	21,901	18,461	(3,439)	-16%
5600066 Materials	42,161	39,654	(2,507)	-6%
5600068 Material Consumption	2,586	2,642	56	2%
5600069 Service Consumption	20,805	22,231	1,427	7%
5600070 Material - Direct Purchase	39	39	0	1%
5600071 MS Inventory Adjust - Obsolete Materials	26	26	-	0%
5600075 Transportation Fuel	520	530	10	2%
5600076 Chemicals - Other	2,536	2,464	(72)	-3%
5600077 Chemicals - Emission Control	62	62	-	0%
5600078 Chemicals - Lime	1,996	2,123	127	6%
5600080 Chemicals - Mercury Sorbent	450	513	63	14%
5600082 Chemicals - Ammonia	751	747	(4)	-1%
5600083 Chemicals - Sulfuric Acid	478	474	(3)	-1%
5600091 Print and Copy Cost - Other	217	214	(3)	-1%
5600096 Print and Copy Cost - SEC Filings	70	70	(0)	0%
5600101 Legal - Other	1	1	-	0%
5600106 Equipment Maintenance	1,614	841	(773)	-48%
5600111 Equipment Maintenance - Customer Care	162	162	-	0%
5600116 IT Hardware Maintenance	3,757	3,827	70	2%
5600121 IT Hardware Purchases	436	577	141	32%
5600126 Software License Purchase - Perpetual	2,002	2,005	3	0%
5600131 Software License Purchase - Term	6,000	6,601	601	10%
5600136 Software Maintenance	32,724	35,832	3,108	9%
5600141 Network Services	851	850	(0)	0%
5600151 Network Data	16,266	17,288	1,023	6%
5600161 Network Radio	702	702	0	0%
5600166 Mainframe Services	1,148	1,182	34	3%
5600171 Distributed Systems Services	901	935	34	4%
5600176 Application Development and Maintenance	9,639	9,394	(245)	-3%
5600186 Software - ASP	2,265	4,369	2,104	93%

Summary Report 2B

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2021 Budget vs. 2022 Budget O&M by Cost Component (\$000's)

Account	2021 Budget	2022 Budget	Variance	% Variance
5600187 Other IT	3,504	8,076	4,572	130%
5600191 Employee Expenses Airfare	2,183	2,126	(57)	-3%
5600196 Employee Expenses Car Rental	324	319	(5)	-2%
5600201 Employee Expenses Taxi and Bus	174	173	(2)	-1%
5600206 Employee Expenses Mileage	2,063	1,904	(160)	-8%
5600211 Employee Expenses Conf Seminar Trng	1,551	1,542	(9)	-1%
5600216 Employee Expenses Hotel	2,563	2,528	(35)	-1%
5600221 Employee Expenses Meals	1,604	1,583	(21)	-1%
5600226 Employee Expenses Meals Non-Employee	267	268	0	0%
5600231 Employee Expenses Parking	334	340	7	2%
5600236 Employee Expenses Per Diem	2,696	2,286	(411)	-15%
5600241 Employee Expenses Safety Equipment	1,007	988	(19)	-2%
5600246 Employee Expenses Other	1,551	1,517	(34)	-2%
5600251 Employee Expense Personal Communication	1,830	1,864	34	2%
5600256 Office Supplies	1,036	1,022	(14)	-1%
5600261 Workforce Administration Expense	628	591	(37)	-6%
5600271 Safety Recognition	209	190	(19)	-9%
5600276 Life Events	37	37	0	0%
5600281 Employee Performance Recognition	918	961	43	5%
5600291 Transportation Fleet Cost	12,500	12,683	183	1%
5600296 Janitorial - Routine	1,752	1,766	14	1%
5600306 Fire Life Safety Maintenance	165	166	1	1%
5600311 General Interior Exterior Maintenance	2,758	2,788	30	1%
5600316 Use Costs	6,735	6,695	(40)	-1%
5600321 Lawn Care Maintenance Costs	212	214	2	1%
5600326 Sewer Maintenance Costs	412	412	0	0%
5600331 Snow Removal Costs	1,899	1,899	(0)	0%
5600336 Trash Removal Costs	482	483	0	0%
5600341 Water Use Costs	362	362	(0)	0%
5600351 Moves Adds Changes	573	1,114	541	94%
5600356 Energy	20,027	15,991	(4,036)	-20%
5600366 Non - Energy	171	156	(14)	-8%
5600381 Rent - Space	151	113	(38)	-25%
5600382 Rent - Equipment	897	739	(158)	-18%
5600384 Rent - Nuclear Generation	75	75	-	0%
5600386 Rent - Other Generation	12,122	14,627	2,504	21%
5600390 Rent - Distribution Electric	493	493	-	0%
5600396 Rent - Equipment Customer Case	0	0	-	0%
5600431 Lease Costs	7,894	8,181	286	4%
5600436 Postage	4,638	4,483	(156)	-3%
5600451 Insurance - Property	6,011	6,192	181	3%
5600456 Insurance - General Liability	4,912	5,010	98	2%
5600461 Insurance - Excess Liability	6,397	6,854	458	7%
5600466 Insurance - Auto Liability	275	278	3	1%
5600471 Insurance - Directors and Officers	1,102	1,124	22	2%
5600476 Insurance - Fiduciary	306	312	6	2%

Summary Report 2B

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2021 Budget vs. 2022 Budget O&M by Cost Component (\$000's)

Account	2021 Budget	2022 Budget	Variance	% Variance
5600481 Insurance - Other	(2,501)	(2,520)	(19)	1%
5600482 Insurance - Cyber	348	352	3	1%
5600486 Insurance - Nuclear Property	4,202	4,305	103	2%
5600491 Insurance - Nuclear Interruption	1,202	1,245	42	4%
5600496 Insurance - Nuclear Liability	2,947	3,389	442	15%
5600501 Insurance - Nuclear Liability ICRP	(1,161)	(1,161)	-	0%
5600506 Insurance - Surplus	(5,000)	(3,500)	1,500	-30%
5600511 Advertising - Brand Image	893	902	9	1%
5600516 Advertising - General	172	173	1	0%
5600521 Advertising - Brand Sponsorship	2,676	2,703	27	1%
5600536 Communication - Conservation DSM	2	2	-	0%
5600546 Customer Program - Advertising	509	509	-	0%
5600561 Customer Program - Promotion	246	246	-	0%
5600566 Customer Program - Non-Recoverable	0	0	-	0%
5600571 Safety Advertising	735	743	7	1%
5600576 Safety Information	2	2	-	0%
5600581 Mandated Regulatory Notices	5	5	-	0%
5600586 Mandated Inserts Communication	72	72	-	0%
5600591 Dues - Professional Association	879	869	(10)	-1%
5600596 Dues - Utility Association Other	227	227	0	0%
5600601 Dues - Utility Association	1,861	1,845	(16)	-1%
5600606 Dues - Lobbying	471	471	0	0%
5600611 Dues - Nuclear Association	7,598	7,718	121	2%
5600616 Dues - Chamber of Commerce	298	298	-	0%
5600621 Dues - Social Service	12	12	-	0%
5600626 Contributions - Charitable	456	459	3	1%
5600631 Contributions - Community Sponsorships	1,759	1,760	0	0%
5600636 Contributions - Civic and Political	248	248	(0)	0%
5600641 Contributions - Economical Development	443	443	-	0%
5600646 Fees - Regulatory	29,225	29,492	266	1%
5600651 Fees - Regulatory NERC	2,243	2,243	-	0%
5600656 Fees - Directors	1,518	1,555	37	2%
5600661 Fees - Remarketing and Rating	518	510	(8)	-1%
5600666 Fees - Credit Line	124	124	-	0%
5600671 Fees - Regulatory Direct	2,016	2,056	40	2%
5600676 Fees - Regulatory Indirect	4,345	4,428	84	2%
5600681 Fees - Regulatory NARUC	4	4	-	0%
5600691 Shareholder Related Expenses	325	328	3	1%
5600696 Deductions - Corporate Tickets	378	378	0	0%
5600701 Deductions - Other	202	198	(4)	-2%
5600706 Bank Charges	1,200	1,234	34	3%
5600721 Environmental Permits and Fees	3,430	3,049	(381)	-11%
5600726 License Fees and Permits	1,846	1,834	(12)	-1%
5600731 Penalties	1	4	3	349%
5600751 IA - Transmission interchange	120,158	128,085	7,927	7%
5600771 Nuclear Outage Cost Amortization	45,491	46,664	1,173	3%

Summary Report 2B

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2021 Budget vs. 2022 Budget O&M by Cost Component (\$000's)

Account	2021 Budget	2022 Budget	Variance	% Variance
5600776 O and M Credits - Meter Transfer Install	(9,018)	(9,283)	(265)	3%
5600781 O and M Credits - Other	(5,119)	(3,701)	1,418	-28%
5600791 O and M Credits - AG to Capital	(527)	(527)	-	0%
5600796 O and M Credits - Company Elec and Gas	(5,582)	(5,582)	-	0%
5600861 Shared Asset Costs	48,526	49,281	755	2%
5600866 Shared Assets - Owning Co Credit	(51,844)	(52,708)	(864)	2%
5600871 Other	(62,176)	(33,811)	28,365	-46%
5600896 Online Information Services	2,641	2,713	72	3%
5600906 Operating Co Overheads - AG	835	935	100	12%
5600946 Cust Billing Srvcs to Other	30	31	1	4%
5600951 Purchasing Overhead Expense	8	8	0	1%
5660024 Loss on Investment	(436)	(350)	86	-20%
8010000 Budget Prod Labor Barg Benefit Group 1	16	17	0	3%
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	123	127	4	3%
8010105 Budget Overtime	1	1	0	0%
8010110 Budget Other Compensation	(51)	(39)	12	-23%
8010115 Budget Other Compensation CWF	-	(0)	(0)	#DIV/0!
8100110 401K Match	10,701	10,976	274	3%
8100115 Qualified Pension	22,568	22,238	(330)	-1%
8100120 Nonqualified Pension	355	366	11	3%
8100130 Exec Nonqualified Deferred Comp Match	45	48	3	6%
8100135 NMC Employer Retirement Contribution	951	980	29	3%
8100140 Other Pension - Consult	492	502	10	2%
8100150 Active Healthcare	41,022	42,689	1,667	4%
8100155 Miscellaneous Benefit Programs and Costs	1,812	1,845	33	2%
8100160 Life LTD and Business Travel Insurance	2,337	2,326	(11)	0%
8100165 Retiree Medical	100	94	(6)	-6%
8100170 FAS 112 LTD	99	93	(6)	-6%
8100190 Workers' Compensation - FAS 112 Costs	110	103	(7)	-6%
8100195 Workers' Compensation - Ins and Other	1,126	1,148	23	2%
8100200 Annual Incentive	11,524	11,882	357	3%
8100507 401K Match_OH Alloc	71	90	19	27%
8100508 Qualified Pension_Overhead Allocation	(664)	(877)	(213)	32%
8100509 Nonqualified Pension_Overhead Allocation	(1)	2	3	-216%
8100511 Exec Nonqual Def Comp Match_OH Alloc	(1)	1	1	-205%
8100512 Other Pension - Consult_OH Allocation	(167)	(177)	(10)	6%
8100513 Active Healthcare_Overhead Allocation	115	411	295	256%
8100514 Misc Benefit Programs and Costs_OH Alloc	(161)	(176)	(16)	10%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(62)	(59)	3	-5%
8100516 Retiree Medical_Overhead Allocation	(6)	(7)	(1)	22%
8100517 FAS 112 LTD_Overhead Allocation	(5)	(5)	(0)	0%
8100526 Workers' Comp-FAS 112_OH Allocation	(5)	(5)	(1)	18%
8100527 Workers' Comp-Ins and Other_OH Alloc	(91)	(130)	(39)	43%
8100528 Annual Incentive_Overhead Allocation	1,748	1,858	111	6%
8100529 NMC Employer Retirement Contr_OH Alloc	1	1	0	32%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	8	8	0	3%

Summary Report 2B

NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2021 Budget vs. 2022 Budget
O&M by Cost Component
(\$000's)

Account	2021 Budget	2022 Budget	Variance	% Variance
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	32	33	1	3%
8110040 Budget Attrition	(6)	(6)	(0)	3%
Grand Total	1,195,008	1,230,727	35,719	3%

Summary Report 2C

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2022 Budget vs. 2023 Budget O&M by Cost Component (\$000's)

Account	2022 Budget	2023 Budget	Variance	% Variance
5540001 Productive Labor	399,052	410,046	10,994	3%
5540009 Labor Budget Adjustment	(1,802)	(9,475)	(7,673)	426%
5540185 Other Compensation Accruals	1,231	1,605	374	30%
5540210 Incentive Non Loading	16,785	17,288	504	3%
5540240 Performance Share Plan & Deferred Comp I	8,692	9,201	509	6%
5540250 Restricted Stock Units	11,151	11,734	583	5%
5540255 Other Benefits Compensation	258	264	5	2%
5540260 Other Compensation	23	-	(23)	-100%
5600001 Contract Labor	45,818	52,615	6,797	15%
5600006 Consulting Professional Services Other	63,816	79,558	15,742	25%
5600016 Consulting Professional Eng and Design	4	4	-	0%
5600021 Consulting Professional Services Legal	2,349	2,349	(0)	0%
5600026 Consulting Professional Svcs Accounting	2,490	2,515	25	1%
5600031 Consulting Legal Regulatory	100	100	-	0%
5600041 Outside Vendor Contract	97,055	89,945	(7,110)	-7%
5600051 Outside Services Customer Care	18,461	18,711	250	1%
5600066 Materials	39,654	43,233	3,580	9%
5600068 Material Consumption	2,642	2,640	(2)	0%
5600069 Service Consumption	22,231	18,940	(3,291)	-15%
5600070 Material - Direct Purchase	39	39	-	0%
5600071 MS Inventory Adjust - Obsolete Materials	26	26	-	0%
5600075 Transportation Fuel	530	540	10	2%
5600076 Chemicals - Other	2,464	2,669	205	8%
5600077 Chemicals - Emission Control	62	62	-	0%
5600078 Chemicals - Lime	2,123	2,118	(5)	0%
5600080 Chemicals - Mercury Sorbent	513	760	248	48%
5600082 Chemicals - Ammonia	747	711	(36)	-5%
5600083 Chemicals - Sulfuric Acid	474	654	180	38%
5600091 Print and Copy Cost - Other	214	215	1	1%
5600096 Print and Copy Cost - SEC Filings	70	70	-	0%
5600101 Legal - Other	1	1	-	0%
5600106 Equipment Maintenance	841	1,294	453	54%
5600111 Equipment Maintenance - Customer Care	162	162	-	0%
5600116 IT Hardware Maintenance	3,827	3,857	30	1%
5600121 IT Hardware Purchases	577	549	(28)	-5%
5600126 Software License Purchase - Perpetual	2,005	555	(1,450)	-72%
5600131 Software License Purchase - Term	6,601	6,979	377	6%
5600136 Software Maintenance	35,832	37,939	2,107	6%
5600141 Network Services	850	850	(0)	0%
5600151 Network Data	17,288	17,940	652	4%
5600161 Network Radio	702	619	(83)	-12%
5600166 Mainframe Services	1,182	1,218	35	3%
5600171 Distributed Systems Services	935	963	28	3%
5600176 Application Development and Maintenance	9,394	9,398	4	0%
5600186 Software - ASP	4,369	4,505	136	3%
5600187 Other IT	8,076	9,218	1,142	14%

Summary Report 2C

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2022 Budget vs. 2023 Budget O&M by Cost Component (\$000's)

Account	2022 Budget	2023 Budget	Variance	% Variance
5600191 Employee Expenses Airfare	2,126	2,128	2	0%
5600196 Employee Expenses Car Rental	319	322	3	1%
5600201 Employee Expenses Taxi and Bus	173	173	0	0%
5600206 Employee Expenses Mileage	1,904	1,880	(24)	-1%
5600211 Employee Expenses Conf Seminar Trng	1,542	1,549	6	0%
5600216 Employee Expenses Hotel	2,528	2,539	11	0%
5600221 Employee Expenses Meals	1,583	1,595	12	1%
5600226 Employee Expenses Meals Non-Employee	268	268	0	0%
5600231 Employee Expenses Parking	340	321	(19)	-6%
5600236 Employee Expenses Per Diem	2,286	2,826	541	24%
5600241 Employee Expenses Safety Equipment	988	990	2	0%
5600246 Employee Expenses Other	1,517	1,536	19	1%
5600251 Employee Expense Personal Communication	1,864	1,934	70	4%
5600256 Office Supplies	1,022	1,024	2	0%
5600261 Workforce Administration Expense	591	594	3	1%
5600271 Safety Recognition	190	190	0	0%
5600276 Life Events	37	37	0	0%
5600281 Employee Performance Recognition	961	1,006	45	5%
5600291 Transportation Fleet Cost	12,683	12,689	6	0%
5600296 Janitorial - Routine	1,766	1,777	12	1%
5600306 Fire Life Safety Maintenance	166	167	1	1%
5600311 General Interior Exterior Maintenance	2,788	2,797	9	0%
5600316 Use Costs	6,695	6,699	4	0%
5600321 Lawn Care Maintenance Costs	214	214	(0)	0%
5600326 Sewer Maintenance Costs	412	412	(0)	0%
5600331 Snow Removal Costs	1,899	1,899	0	0%
5600336 Trash Removal Costs	483	490	7	1%
5600341 Water Use Costs	362	362	(0)	0%
5600351 Moves Adds Changes	1,114	655	(459)	-41%
5600356 Energy	15,991	13,711	(2,280)	-14%
5600366 Non - Energy	156	189	32	21%
5600381 Rent - Space	113	113	0	0%
5600382 Rent - Equipment	739	918	178	24%
5600384 Rent - Nuclear Generation	75	75	-	0%
5600386 Rent - Other Generation	14,627	14,972	346	2%
5600390 Rent - Distribution Electric	493	493	-	0%
5600396 Rent - Equipment Customer Case	0	0	-	0%
5600431 Lease Costs	8,181	8,165	(15)	0%
5600436 Postage	4,483	4,484	1	0%
5600451 Insurance - Property	6,192	6,369	177	3%
5600456 Insurance - General Liability	5,010	5,108	98	2%
5600461 Insurance - Excess Liability	6,854	6,985	131	2%
5600466 Insurance - Auto Liability	278	281	3	1%
5600471 Insurance - Directors and Officers	1,124	1,146	21	2%
5600476 Insurance - Fiduciary	312	318	6	2%
5600481 Insurance - Other	(2,520)	(2,553)	(33)	1%

Summary Report 2C

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2022 Budget vs. 2023 Budget O&M by Cost Component (\$000's)

Account	2022 Budget	2023 Budget	Variance	% Variance
5600482 Insurance - Cyber	352	355	3	1%
5600486 Insurance - Nuclear Property	4,305	4,407	102	2%
5600491 Insurance - Nuclear Interruption	1,245	1,269	24	2%
5600496 Insurance - Nuclear Liability	3,389	3,457	68	2%
5600501 Insurance - Nuclear Liability ICRP	(1,161)	(1,161)	-	0%
5600506 Insurance - Surplus	(3,500)	(3,500)	-	0%
5600511 Advertising - Brand Image	902	911	9	1%
5600516 Advertising - General	173	174	1	0%
5600521 Advertising - Brand Sponsorship	2,703	2,730	27	1%
5600536 Communication - Conservation DSM	2	2	-	0%
5600546 Customer Program - Advertising	509	509	-	0%
5600561 Customer Program - Promotion	246	246	-	0%
5600566 Customer Program - Non-Recoverable	0	0	-	0%
5600571 Safety Advertising	743	750	7	1%
5600576 Safety Information	2	2	-	0%
5600581 Mandated Regulatory Notices	5	5	-	0%
5600586 Mandated Inserts Communication	72	72	-	0%
5600591 Dues - Professional Association	869	870	1	0%
5600596 Dues - Utility Association Other	227	228	0	0%
5600601 Dues - Utility Association	1,845	1,841	(4)	0%
5600606 Dues - Lobbying	471	471	0	0%
5600611 Dues - Nuclear Association	7,718	7,841	123	2%
5600616 Dues - Chamber of Commerce	298	298	-	0%
5600621 Dues - Social Service	12	12	-	0%
5600626 Contributions - Charitable	459	3,063	2,603	567%
5600631 Contributions - Community Sponsorships	1,760	1,760	0	0%
5600636 Contributions - Civic and Political	248	248	0	0%
5600641 Contributions - Economical Development	443	443	-	0%
5600646 Fees - Regulatory	29,492	29,760	269	1%
5600651 Fees - Regulatory NERC	2,243	2,243	-	0%
5600656 Fees - Directors	1,555	1,555	(0)	0%
5600661 Fees - Remarketing and Rating	510	540	30	6%
5600666 Fees - Credit Line	124	124	-	0%
5600671 Fees - Regulatory Direct	2,056	2,096	40	2%
5600676 Fees - Regulatory Indirect	4,428	4,514	85	2%
5600681 Fees - Regulatory NARUC	4	4	-	0%
5600691 Shareholder Related Expenses	328	331	3	1%
5600696 Deductions - Corporate Tickets	378	378	0	0%
5600701 Deductions - Other	198	197	(1)	0%
5600706 Bank Charges	1,234	1,250	16	1%
5600721 Environmental Permits and Fees	3,049	2,704	(345)	-11%
5600726 License Fees and Permits	1,834	1,837	3	0%
5600731 Penalties	4	4	0	0%
5600751 IA - Transmission interchange	128,085	133,102	5,017	4%
5600771 Nuclear Outage Cost Amortization	46,664	48,002	1,338	3%
5600776 O and M Credits - Meter Transfer Install	(9,283)	(9,283)	-	0%

Summary Report 2C

NSP-MN Total Company - O&M Electric Utility and Non-Utility 2022 Budget vs. 2023 Budget O&M by Cost Component (\$000's)

Account	2022 Budget	2023 Budget	Variance	% Variance
5600781 O and M Credits - Other	(3,701)	(3,469)	232	-6%
5600791 O and M Credits - AG to Capital	(527)	(527)	-	0%
5600796 O and M Credits - Company Elec and Gas	(5,582)	(5,582)	-	0%
5600861 Shared Asset Costs	49,281	54,554	5,273	11%
5600866 Shared Assets - Owning Co Credit	(52,708)	(57,248)	(4,539)	9%
5600871 Other	(33,811)	(53,893)	(20,082)	59%
5600896 Online Information Services	2,713	2,767	54	2%
5600906 Operating Co Overheads - AG	935	1,028	93	10%
5600946 Cust Billing Srvcs to Other	31	34	3	8%
5600951 Purchasing Overhead Expense	8	8	0	1%
5660024 Loss on Investment	(350)	(322)	28	-8%
8010000 Budget Prod Labor Barg Benefit Group 1	17	18	1	8%
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	127	132	5	4%
8010105 Budget Overtime	1	1	(0)	0%
8010110 Budget Other Compensation	(39)	(38)	1	-2%
8010115 Budget Other Compensation CWF	(0)	0	0	-633%
8100110 401K Match	10,976	11,259	284	3%
8100115 Qualified Pension	22,238	21,698	(541)	-2%
8100120 Nonqualified Pension	366	377	11	3%
8100130 Exec Nonqualified Deferred Comp Match	48	51	2	5%
8100135 NMC Employer Retirement Contribution	980	1,008	28	3%
8100140 Other Pension - Consult	502	513	11	2%
8100150 Active Healthcare	42,689	44,468	1,779	4%
8100155 Miscellaneous Benefit Programs and Costs	1,845	1,872	26	1%
8100160 Life LTD and Business Travel Insurance	2,326	2,381	55	2%
8100165 Retiree Medical	94	90	(4)	-4%
8100170 FAS 112 LTD	93	87	(6)	-6%
8100190 Workers' Compensation - FAS 112 Costs	103	94	(10)	-9%
8100195 Workers' Compensation - Ins and Other	1,148	1,188	40	3%
8100200 Annual Incentive	11,882	12,259	378	3%
8100507 401K Match_OH Alloc	90	103	13	15%
8100508 Qualified Pension_Overhead Allocation	(877)	(1,091)	(214)	24%
8100509 Nonqualified Pension_Overhead Allocation	2	5	3	192%
8100511 Exec Nonqual Def Comp Match_OH Alloc	1	3	2	284%
8100512 Other Pension - Consult_OH Allocation	(177)	(187)	(10)	6%
8100513 Active Healthcare_Overhead Allocation	411	748	338	82%
8100514 Misc Benefit Programs and Costs_OH Alloc	(176)	(198)	(21)	12%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(59)	(58)	1	-1%
8100516 Retiree Medical_Overhead Allocation	(7)	(8)	(1)	17%
8100517 FAS 112 LTD_Overhead Allocation	(5)	(6)	(0)	9%
8100526 Workers' Comp-FAS 112_OH Allocation	(5)	(4)	2	-29%
8100527 Workers' Comp-Ins and Other_OH Alloc	(130)	(156)	(26)	20%
8100528 Annual Incentive_Overhead Allocation	1,858	1,955	96	5%
8100529 NMC Employer Retirement Contr_OH Alloc	1	0	(1)	-88%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	8	9	1	8%
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	33	34	1	4%

Summary Report 2C

NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2022 Budget vs. 2023 Budget
O&M by Cost Component
(\$000's)

Account	2022 Budget	2023 Budget	Variance	% Variance
8110040 Budget Attrition	(6)	(6)	(0)	5%
Grand Total	1,230,727	1,247,642	16,914	1%

Summary Report 3A

NSP-MN Total Company - Electric and Non-Utility 2019 Actual vs. 2021 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2019 Actual	2021 Budget	Variance	% Variance
408100	Tax Other Than Income Tax - Property	12	-	(12)	-100%
408101	Tax Other Than Income Tax - Payroll	(0)	-	0	-100%
408201	Tax Other Than Income Tax-Non-Utility Payroll	(0)	-	0	-100%
417100	Expenses of nonutility operations	5,289	5,445	156	3%
421100	Gain on disposition of property	(1,298)	-	1,298	-100%
421200	Loss on disposition of property	145	-	(145)	-100%
426100	Donations	5,168	2,658	(2,510)	-49%
426200	Life insurance	261	-	(261)	-100%
426300	Penalties	11	1	(10)	-93%
426400	Expendit for cert civic, politic and related activ	2,077	1,617	(460)	-22%
426500	Other deductions	2,205	147	(2,058)	-93%
500000	Operation supervision and engineering	3,412	2,352	(1,061)	-31%
501000	Fuel	(1,611)	-	1,611	-100%
502000	Steam expenses	20,246	19,693	(553)	-3%
505000	Electric expenses	3,676	1,531	(2,145)	-58%
506000	Miscellaneous steam power expenses	12,954	15,276	2,322	18%
507000	Rents	3,335	2,182	(1,153)	-35%
510000	Maintenance supervision and engineering	3,765	1,162	(2,603)	-69%
511000	Maintenance of structures	6,420	2,102	(4,318)	-67%
512000	Maintenance of boiler plant	22,851	20,915	(1,935)	-8%
513000	Maintenance of electric plant	6,808	6,590	(217)	-3%
514000	Maintenance of miscellaneous steam plant	11,713	9,951	(1,762)	-15%
517000	Operation supervision and engineering	55,329	48,535	(6,794)	-12%
519000	Coolants and water	8,177	7,898	(280)	-3%
520000	Steam expenses	49,396	49,373	(23)	0%
523000	Electric expenses	3,014	2,461	(553)	-18%
524000	Miscellaneous nuclear power expenses	126,468	134,491	8,023	6%
525000	Rents	12,227	9,323	(2,904)	-24%
528000	Maintenance supervision and engineering	7,262	7,190	(72)	-1%
529000	Maintenance of structures	25	-	(25)	-100%
530000	Maintenance of reactor plant equipment	38,923	42,868	3,945	10%
531000	Maintenance of electric plant	12,389	11,947	(442)	-4%
532000	Maintenance of miscellaneous nuclear plant	31,045	23,600	(7,445)	-24%
535000	Operation supervision and engineering	31	77	46	149%
538000	Electric expenses	416	-	(416)	-100%
539000	Miscellaneous hydraulic power generation expen	735	469	(266)	-36%
540000	Rents	65	78	13	20%
541000	Maintenance supervision and engineering	3	196	194	7305%
542000	Maintenance of structures	39	23	(16)	-42%
543000	Maintenance of reservoirs, dams and waterways	62	-	(62)	-100%
544000	Maintenance of electric plant	121	1,640	1,520	1261%
545000	Maintenance of miscellaneous hydraulic plant	5	200	195	4111%
546000	Operation supervision and engineering	2,018	3,540	1,522	75%
547000	Fuel	27	-	(27)	-100%
548000	Generation expenses	7,138	7,273	135	2%
549000	Miscellaneous other power generation expenses	7,519	20,175	12,656	168%

Summary Report 3A

NSP-MN Total Company - Electric and Non-Utility 2019 Actual vs. 2021 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2019 Actual	2021 Budget	Variance	% Variance
550000	Rents	8,538	13,384	4,846	57%
551000	Maintenance supervision and engineering	1,698	2,129	430	25%
552000	Maintenance of structures	6,651	3,255	(3,396)	-51%
553000	Maintenance of generating and electric plant	6,307	13,647	7,341	116%
554000	Maint of miscellaneou other power generation p	5,026	18,250	13,224	263%
555000	Purchased Power	-	-	-	#DIV/0!
556000	System control and load dispatching	1,555	1,587	32	2%
557000	Other expenses	6,172	4,829	(1,343)	-22%
560000	Operation supervision and engineering	11,374	13,256	1,882	17%
561200	Load dispatch-Monitor and operate transmiss sys	4,385	3,619	(766)	-17%
561500	Reliability planning and standards development	45	173	128	283%
561700	Generation interconnection studies	174	564	389	223%
561800	Reliability planning and standards develop servic	2,113	2,243	130	6%
562000	Station expenses	2,534	2,992	458	18%
563000	Overhead line expenses	803	2,180	1,377	172%
564000	Underground line expenses	50	-	(50)	-100%
565000	Transmission of electricity by others	116,160	120,158	3,997	3%
566000	Miscellaneous transmission expenses	5,591	8,574	2,982	53%
567000	Rents	2,740	1,275	(1,465)	-53%
568000	Maintenance supervision and engineering	66	-	(66)	-100%
570000	Maintenance of station equipment	5,710	5,883	173	3%
571000	Maintenance of overhead lines	7,204	5,764	(1,439)	-20%
572000	Maintenance of underground lines	105	-	(105)	-100%
573000	Maintenance of miscellaneous transmission plant	11	-	(11)	-100%
575100	Operation Supervision	160	244	84	52%
575200	Day-ahead and real-time market administration	109	94	(15)	-14%
575500	Ancillary services market administration	-	27	27	#DIV/0!
575800	Rents	18	16	(1)	-8%
580000	Operation supervision and engineering	14,368	14,516	148	1%
581000	Load dispatching	664	1,462	798	120%
582000	Station expenses	3,110	4,417	1,306	42%
583000	Overhead line expenses	2,047	2,886	839	41%
584000	Underground line expenses	5,665	9,811	4,146	73%
585000	Street lighting and signal system expenses	723	1,839	1,116	154%
586000	Meter expenses	188	2,487	2,299	1223%
587000	Customer installations expenses	2,780	4,414	1,635	59%
588000	Miscellaneous distribution expenses	25,478	34,883	9,406	37%
589000	Rents	4,480	4,409	(71)	-2%
590000	Maintenance supervision and engineering	120	218	98	82%
591000	Maintenance of structures	(0)	-	0	-100%
592000	Maintenance of station equipment	4,724	4,313	(411)	-9%
593000	Maintenance of overhead lines	51,730	47,011	(4,719)	-9%
594000	Maintenance of underground lines	8,040	13,555	5,515	69%
595000	Maintenance of line transformers	125	1,417	1,293	1038%
596000	Maintenance of street lighting and signal system	1,589	1,065	(524)	-33%
597000	Maintenance of meters	164	392	228	139%

Summary Report 3A

NSP-MN Total Company - Electric and Non-Utility 2019 Actual vs. 2021 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2019 Actual	2021 Budget	Variance	% Variance
598000	Maintenance of miscellaneous distribution plant	232	427	196	84%
901000	Supervision	121	130	9	7%
902000	Meter reading expenses	21,835	28,617	6,782	31%
903000	Customer records and collection expenses	23,318	23,706	389	2%
904000	Uncollectable Accounts - Commodity	11,065	20,177	9,112	82%
904001	Uncollectable Accounts - Non Commodity	614	90	(524)	-85%
905000	Miscellaneous customer accounts expenses	-	119	119	#DIV/0!
908000	Customer assistance expenses	2,126	2,258	132	6%
909000	Informational and instruction advertising expenses	1,084	809	(276)	-25%
910000	Miscell customer service and informational exper	1,707	331	(1,375)	-81%
912000	Demonstrating and selling expenses	46	255	209	455%
916000	Miscellaneous Sales Expense	-	47	47	#DIV/0!
920000	Administrative and general salaries	95,839	102,027	6,188	6%
921000	Office supplies and expenses	52,236	68,549	16,313	31%
922000	Administrative expenses transferred-Credit	(42,157)	(54,977)	(12,820)	30%
923000	Outside services employed	22,640	17,705	(4,934)	-22%
924000	Property insurance	(6,427)	6,690	13,117	-204%
925000	Injuries and damages	15,090	13,477	(1,613)	-11%
926000	Employee pensions and benefits	69,730	78,752	9,023	13%
928000	Regulatory commission expenses	6,875	6,421	(454)	-7%
929000	Duplicate charges-Credit	(5,562)	(5,582)	(20)	0%
930100	General advertising expenses	4,012	3,740	(272)	-7%
930200	Miscellaneous general expenses	3,287	4,234	946	29%
931000	Rents	37,913	39,190	1,278	3%
935000	Maintenance of general plant	311	1,594	1,284	413%
Grand Total		1,107,103	1,195,008	87,905	8%

Summary Report 3B

NSP-MN Total Company - O&M Electric and Non-Utility 2021 Budget vs. 2022 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2021 Budget	2022 Budget	Variance	% Variance
417100	Expenses of nonutility operations	5,445	5,145	(299)	-5%
426100	Donations	2,658	2,662	4	0%
426300	Penalties	1	4	3	349%
426400	Expendit for cert civic, politic and related activ	1,617	1,634	17	1%
426500	Other deductions	147	230	82	56%
500000	Operation supervision and engineering	2,352	2,724	373	16%
502000	Steam expenses	19,693	19,531	(162)	-1%
505000	Electric expenses	1,531	1,515	(16)	-1%
506000	Miscellaneous steam power expenses	15,276	15,383	108	1%
507000	Rents	2,182	2,192	10	0%
510000	Maintenance supervision and engineering	1,162	2,169	1,007	87%
511000	Maintenance of structures	2,102	2,203	101	5%
512000	Maintenance of boiler plant	20,915	16,910	(4,006)	-19%
513000	Maintenance of electric plant	6,590	5,699	(892)	-14%
514000	Maintenance of miscellaneous steam plant	9,951	9,340	(611)	-6%
517000	Operation supervision and engineering	48,535	49,064	529	1%
519000	Coolants and water	7,898	7,949	51	1%
520000	Steam expenses	49,373	50,573	1,200	2%
523000	Electric expenses	2,461	2,440	(21)	-1%
524000	Miscellaneous nuclear power expenses	134,491	134,573	82	0%
525000	Rents	9,323	9,307	(16)	0%
528000	Maintenance supervision and engineering	7,190	6,801	(390)	-5%
530000	Maintenance of reactor plant equipment	42,868	43,672	804	2%
531000	Maintenance of electric plant	11,947	12,364	417	3%
532000	Maintenance of miscellaneous nuclear plant	23,600	21,910	(1,690)	-7%
535000	Operation supervision and engineering	77	82	5	6%
539000	Miscellaneous hydraulic power generation expen	469	382	(87)	-19%
540000	Rents	78	79	1	1%
541000	Maintenance supervision and engineering	196	210	14	7%
542000	Maintenance of structures	23	23	0	1%
544000	Maintenance of electric plant	1,640	1,675	34	2%
545000	Maintenance of miscellaneous hydraulic plant	200	214	14	7%
546000	Operation supervision and engineering	3,540	3,644	104	3%
548000	Generation expenses	7,273	7,298	25	0%
549000	Miscellaneous other power generation expenses	20,175	21,478	1,303	6%
550000	Rents	13,384	15,904	2,520	19%
551000	Maintenance supervision and engineering	2,129	2,210	82	4%
552000	Maintenance of structures	3,255	3,284	29	1%
553000	Maintenance of generating and electric plant	13,647	14,561	913	7%
554000	Maint of miscellaneou other power generation p	18,250	19,669	1,420	8%
556000	System control and load dispatching	1,587	1,632	46	3%
557000	Other expenses	4,829	4,962	132	3%
560000	Operation supervision and engineering	13,256	13,394	138	1%
561200	Load dispatch-Monitor and operate transmiss sys	3,619	3,657	38	1%
561500	Reliability planning and standards development	173	178	5	3%
561700	Generation interconnection studies	564	581	17	3%

Summary Report 3B

NSP-MN Total Company - O&M Electric and Non-Utility 2021 Budget vs. 2022 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2021 Budget	2022 Budget	Variance	% Variance
561800	Reliability planning and standards develop service	2,243	2,243	-	0%
562000	Station expenses	2,992	3,049	57	2%
563000	Overhead line expenses	2,180	2,204	24	1%
565000	Transmission of electricity by others	120,158	128,085	7,927	7%
566000	Miscellaneous transmission expenses	8,574	8,727	154	2%
567000	Rents	1,275	1,291	16	1%
570000	Maintenance of station equipment	5,883	5,962	79	1%
571000	Maintenance of overhead lines	5,764	5,775	11	0%
575100	Operation Supervision	244	250	7	3%
575200	Day-ahead and real-time market administration	94	96	3	3%
575500	Ancillary services market administration	27	27	1	3%
575800	Rents	16	16	0	1%
580000	Operation supervision and engineering	14,516	14,632	116	1%
581000	Load dispatching	1,462	1,599	137	9%
582000	Station expenses	4,417	4,480	64	1%
583000	Overhead line expenses	2,886	2,989	103	4%
584000	Underground line expenses	9,811	10,142	331	3%
585000	Street lighting and signal system expenses	1,839	1,865	26	1%
586000	Meter expenses	2,487	2,508	21	1%
587000	Customer installations expenses	4,414	4,482	67	2%
588000	Miscellaneous distribution expenses	34,883	37,567	2,684	8%
589000	Rents	4,409	4,461	52	1%
590000	Maintenance supervision and engineering	218	215	(3)	-1%
592000	Maintenance of station equipment	4,313	4,390	77	2%
593000	Maintenance of overhead lines	47,011	51,982	4,971	11%
594000	Maintenance of underground lines	13,555	13,642	87	1%
595000	Maintenance of line transformers	1,417	1,446	29	2%
596000	Maintenance of street lighting and signal systems	1,065	1,074	9	1%
597000	Maintenance of meters	392	897	505	129%
598000	Maintenance of miscellaneous distribution plant	427	349	(78)	-18%
901000	Supervision	130	133	3	2%
902000	Meter reading expenses	28,617	31,781	3,164	11%
903000	Customer records and collection expenses	23,706	25,038	1,331	6%
904000	Uncollectable Accounts - Commodity	20,177	16,140	(4,036)	-20%
904001	Uncollectable Accounts - Non Commodity	90	66	(24)	-26%
905000	Miscellaneous customer accounts expenses	119	124	5	4%
908000	Customer assistance expenses	2,258	2,304	46	2%
909000	Informational and instruction advertising expenses	809	816	7	1%
910000	Miscell customer service and informational expenses	331	336	4	1%
912000	Demonstrating and selling expenses	255	255	-	0%
916000	Miscellaneous Sales Expense	47	49	2	4%
920000	Administrative and general salaries	102,027	106,943	4,916	5%
921000	Office supplies and expenses	68,549	72,143	3,593	5%
922000	Administrative expenses transferred-Credit	(54,977)	(55,633)	(656)	1%
923000	Outside services employed	17,705	19,104	1,399	8%
924000	Property insurance	6,690	8,519	1,829	27%

Summary Report 3B

NSP-MN
Total Company - O&M Electric and Non-Utility
2021 Budget vs. 2022 Budget
O&M by FERC Account
(\$000's)

FERC	FERC Description	2021 Budget	2022 Budget	Variance	% Variance
925000	Injuries and damages	13,477	14,464	987	7%
926000	Employee pensions and benefits	78,752	80,908	2,156	3%
928000	Regulatory commission expenses	6,421	6,544	123	2%
929000	Duplicate charges-Credit	(5,582)	(5,582)	-	0%
930100	General advertising expenses	3,740	3,776	36	1%
930200	Miscellaneous general expenses	4,234	4,168	(66)	-2%
931000	Rents	39,190	39,952	762	2%
935000	Maintenance of general plant	1,594	821	(773)	-49%
Grand Total		1,195,008	1,230,727	35,719	3%

Summary Report 3C

NSP-MN Total Company - O&M Electric and Non-Utility 2022 Budget vs. 2023 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2022 Budget	2023 Budget	Variance	% Variance
417100	Expenses of nonutility operations	5,145	5,340	194	4%
426100	Donations	2,662	5,266	2,604	98%
426300	Penalties	4	4	0	0%
426400	Expendit for cert civic, politic and related activ	1,634	1,652	17	1%
426500	Other deductions	230	257	28	12%
500000	Operation supervision and engineering	2,724	2,899	175	6%
502000	Steam expenses	19,531	19,646	115	1%
505000	Electric expenses	1,515	1,698	183	12%
506000	Miscellaneous steam power expenses	15,383	16,367	984	6%
507000	Rents	2,192	2,672	480	22%
510000	Maintenance supervision and engineering	2,169	1,072	(1,097)	-51%
511000	Maintenance of structures	2,203	2,052	(151)	-7%
512000	Maintenance of boiler plant	16,910	22,385	5,476	32%
513000	Maintenance of electric plant	5,699	6,299	600	11%
514000	Maintenance of miscellaneous steam plant	9,340	9,311	(29)	0%
517000	Operation supervision and engineering	49,064	51,419	2,354	5%
519000	Coolants and water	7,949	8,224	275	3%
520000	Steam expenses	50,573	50,068	(505)	-1%
523000	Electric expenses	2,440	2,414	(26)	-1%
524000	Miscellaneous nuclear power expenses	134,573	132,205	(2,368)	-2%
525000	Rents	9,307	11,459	2,152	23%
528000	Maintenance supervision and engineering	6,801	7,088	287	4%
530000	Maintenance of reactor plant equipment	43,672	43,000	(672)	-2%
531000	Maintenance of electric plant	12,364	12,568	205	2%
532000	Maintenance of miscellaneous nuclear plant	21,910	23,232	1,321	6%
535000	Operation supervision and engineering	82	86	4	5%
539000	Miscellaneous hydraulic power generation expen	382	351	(31)	-8%
540000	Rents	79	95	16	20%
541000	Maintenance supervision and engineering	210	211	1	0%
542000	Maintenance of structures	23	23	-	0%
544000	Maintenance of electric plant	1,675	1,213	(462)	-28%
545000	Maintenance of miscellaneous hydraulic plant	214	217	3	1%
546000	Operation supervision and engineering	3,644	3,997	354	10%
548000	Generation expenses	7,298	7,400	102	1%
549000	Miscellaneous other power generation expenses	21,478	19,960	(1,518)	-7%
550000	Rents	15,904	16,500	595	4%
551000	Maintenance supervision and engineering	2,210	2,216	6	0%
552000	Maintenance of structures	3,284	3,316	32	1%
553000	Maintenance of generating and electric plant	14,561	11,409	(3,151)	-22%
554000	Maint of miscellaneou other power generation p	19,669	22,818	3,149	16%
556000	System control and load dispatching	1,632	1,679	47	3%
557000	Other expenses	4,962	5,428	466	9%
560000	Operation supervision and engineering	13,394	14,663	1,269	9%
561200	Load dispatch-Monitor and operate transmiss sys	3,657	3,766	109	3%
561500	Reliability planning and standards development	178	183	5	3%
561700	Generation interconnection studies	581	599	18	3%

Summary Report 3C

NSP-MN Total Company - O&M Electric and Non-Utility 2022 Budget vs. 2023 Budget O&M by FERC Account (\$000's)

FERC	FERC Description	2022 Budget	2023 Budget	Variance	% Variance
561800	Reliability planning and standards develop service	2,243	2,243	-	0%
562000	Station expenses	3,049	3,114	65	2%
563000	Overhead line expenses	2,204	2,230	26	1%
565000	Transmission of electricity by others	128,085	133,102	5,017	4%
566000	Miscellaneous transmission expenses	8,727	8,873	145	2%
567000	Rents	1,291	1,545	254	20%
570000	Maintenance of station equipment	5,962	6,019	57	1%
571000	Maintenance of overhead lines	5,775	5,788	13	0%
575100	Operation Supervision	250	257	6	2%
575200	Day-ahead and real-time market administration	96	99	3	3%
575500	Ancillary services market administration	27	28	1	3%
575800	Rents	16	20	4	22%
580000	Operation supervision and engineering	14,632	14,896	264	2%
581000	Load dispatching	1,599	1,811	212	13%
582000	Station expenses	4,480	4,548	68	2%
583000	Overhead line expenses	2,989	3,023	34	1%
584000	Underground line expenses	10,142	10,619	477	5%
585000	Street lighting and signal system expenses	1,865	1,896	31	2%
586000	Meter expenses	2,508	2,628	120	5%
587000	Customer installations expenses	4,482	4,593	111	2%
588000	Miscellaneous distribution expenses	37,567	39,660	2,093	6%
589000	Rents	4,461	5,304	843	19%
590000	Maintenance supervision and engineering	215	233	18	8%
592000	Maintenance of station equipment	4,390	4,445	56	1%
593000	Maintenance of overhead lines	51,982	49,792	(2,189)	-4%
594000	Maintenance of underground lines	13,642	12,876	(766)	-6%
595000	Maintenance of line transformers	1,446	1,491	45	3%
596000	Maintenance of street lighting and signal systems	1,074	1,092	18	2%
597000	Maintenance of meters	897	1,655	758	84%
598000	Maintenance of miscellaneous distribution plant	349	349	-	0%
901000	Supervision	133	136	3	2%
902000	Meter reading expenses	31,781	29,627	(2,154)	-7%
903000	Customer records and collection expenses	25,038	20,562	(4,476)	-18%
904000	Uncollectable Accounts - Commodity	16,140	13,861	(2,280)	-14%
904001	Uncollectable Accounts - Non Commodity	66	90	24	36%
905000	Miscellaneous customer accounts expenses	124	122	(3)	-2%
908000	Customer assistance expenses	2,304	2,347	44	2%
909000	Informational and instruction advertising expenses	816	823	7	1%
910000	Miscell customer service and informational expenses	336	335	(0)	0%
912000	Demonstrating and selling expenses	255	255	-	0%
916000	Miscellaneous Sales Expense	49	48	(1)	-2%
920000	Administrative and general salaries	106,943	110,759	3,817	4%
921000	Office supplies and expenses	72,143	73,894	1,751	2%
922000	Administrative expenses transferred-Credit	(55,633)	(59,371)	(3,737)	7%
923000	Outside services employed	19,104	17,254	(1,851)	-10%
924000	Property insurance	8,519	8,825	306	4%

Summary Report 3C

NSP-MN
Total Company - O&M Electric and Non-Utility
2022 Budget vs. 2023 Budget
O&M by FERC Account
(\$000's)

FERC	FERC Description	2022 Budget	2023 Budget	Variance	% Variance
925000	Injuries and damages	14,464	14,764	300	2%
926000	Employee pensions and benefits	80,908	82,652	1,745	2%
928000	Regulatory commission expenses	6,544	6,669	125	2%
929000	Duplicate charges-Credit	(5,582)	(5,582)	-	0%
930100	General advertising expenses	3,776	3,812	37	1%
930200	Miscellaneous general expenses	4,168	4,169	1	0%
931000	Rents	39,952	41,358	1,406	4%
935000	Maintenance of general plant	821	1,274	453	55%
Grand Total		1,230,727	1,247,642	16,914	1%

Budget Process

The annual budget process is comprised of several activities to project earnings and rate base for each Xcel Energy subsidiary as well as Xcel Energy in total. The portions of the annual process covered in this documentation are mainly business area operating and maintenance (O&M) expense and business area capital expenditures.

The business area O&M expense and the capital budget are developed within each business area in Xcel Energy. The budgeting effort associated with these items is coordinated by Corporate and each business area finance group.

The O&M and capital budgets are developed at the Xcel Energy subsidiary company level. O&M expense budgeted at Xcel Energy Services (XES) are assigned to each of the other Xcel Energy subsidiaries as part of the budget process, resulting in complete O&M budgets for each subsidiary company. Capital investments are not budgeted at XES and therefore, no assignment process is necessary.

The business areas are not responsible for budgeting expenses to the jurisdictional level. Once the budgets are developed and XES expenses are assigned, the Revenue Requirements business area assigns each utility's total expense to the proper jurisdictions. In addition, in the development of the cost of service projections, Revenue Requirements may make specific regulatory adjustments to the budget levels consistent with the requirements of that jurisdiction.

Business Area Operating and Maintenance Expenses

Each business area is responsible for developing an operating and maintenance expense budget for each legal entity and XES. There are two primary types of expenses included as part of these budgets: labor expenses and non-labor expenses.

Labor

Labor expense budgets are created by identifying projected employee levels and appropriate wage rates. The wage rate of each active employee is loaded into the system at the beginning of the budget process. Estimated overall wage percentage increases for each Xcel Energy subsidiary and labor category (union vs. non-union, etc.) are also loaded into the budget system and applied to each employee's wage rate to estimate the budget year total labor dollars.

Employee benefit and other employee wage-related costs including payroll taxes, medical costs, pension costs, etc. are budgeted at a Corporate level.

Non-labor

Non-labor expenses are budgeted into several categories. These categories are identified for each business area in Schedule 3 of Volume 6. These categories are designed to assist in providing an overall summary of major cost component areas.

Overall

Each labor and non-labor budget record is assigned to an internal order (IO) which is attached to a work breakdown structure (WBS). The IO has an independent attribute called an SAP requesting cost center, which identifies which business area owns that budget. In addition, the budgeted information is linked to attributes on the IO, which includes cost element (GAAP account), regulatory indicator (FERC account), and profit center, which identifies which state/utility the charge is related to, in order to assign the expense to the appropriate legal entity. The assignment to the profit center is used as the basis to develop electric or gas cost of service, as there are separate profit centers for

common, electric, gas, thermal, or other. Common costs are allocated by FERC account to electric, gas, and thermal utilities.

Business Area Capital Expenditures

Each Business Area identifies its capital requirements for the budget year and at least four additional years (resulting in a required five-year capital projection) and assigns them to individual budget projects. A listing of the 2020 - 2022 Capital budgets for projects is provided for each business area in Schedules 5 and 5A in Volume 6.

Jurisdictional Assignment

Revenue Requirements is responsible for assigning each utility operating and maintenance expense and the capital expenditure amounts to the jurisdictions served. The assignments are based on various factors consistent with the requirements of that jurisdiction.

Budget Review

Budgets are reviewed at several levels in the Xcel Energy organization. Business area management reviews the developed budget several times during the budget cycle. Prior to the budget cycle closing, budgets are reviewed and accepted at the executive management level of Xcel Energy. The earnings budgets and capital budgets are then presented to the Board of Directors to complete the review process.

2021 – 2023 Budget Documentation

Energy Supply

Introduction

The Energy Supply business area generates power for the company's electric system. Xcel Energy has added and is adding significant renewable resources to its generation mix and modifying facilities to reduce emissions while increasing power to build a clean energy future.

Customer Value

Energy Supply seeks to continuously add customer value by investing in clean energy to make our clean energy future a reality. Part of the path toward this future includes making investments that upgrade and extend the useful lives of key facilities to benefit customers through improved performance and availability. Maximizing the availability of our generation fleet allows us to rely less on market-based purchases through MISO, the costs of which can sometimes be unpredictable or inconsistent, to supply our customers' needs. Thus, maximizing the availability of our generation fleet helps keep overall rates as consistent and low as practicable.

Budget Overview

The Energy Supply operations and maintenance (O&M) budget is largely devoted to costs associated with operating and maintaining our generation fleet. For example, significant labor is required to operate and maintain generating plants on a day-to-day basis, including operating power plant equipment from control rooms, performing checks on equipment operating parameters, cleaning and inspecting equipment, and performing routine maintenance such as repairing pumps and valves. Further, chemicals such as lime, activated carbon, and ammonia are used to reduce emissions at the plants. In addition to existing assets, O&M costs have been included in the budget for new assets that are being added to the portfolio.

The Company's Energy Supply function will be at the forefront of the Company's implementation of its carbon reduction efforts and long-term carbon free goals. Over the next three years, we will begin to see the Company's shift to more Company-owned renewable energy generating facilities.

As we move to a carbon-free future, the Company expects to continue making significant investments over the next several years. Specifically, the Commission has already approved our development and construction of the Blazing Star I, Foxtail, and Lake Benton wind farms, which were placed in-service in 2019 and 2020. In the remaining months of 2020 and then into 2021, we anticipate placing in-service Blazing Star II, Freeborn, Crowned Ridge, Mower, Dakota Range, Jeffers, and Community Wind North. These renewable and other major capital investments contribute to our ability to achieve the Company's and the State's policy goals over the long term.

Generation Types

Below is a listing of generation facilities in NSPM, by type:

Coal-fired facilities

- Allen S. King
- Sherco

RDF-fired facilities

- Red Wing
- Wilmarth

Gas-fired facilities

- Black Dog
- High Bridge
- Riverside

Peaking facilities

- Angus Anson

- Blue Lake
- Inver Hills

Hydro facility

- St Anthony Falls

Wind facilities¹

- Blazing Star I
- Blazing Star II
- Borders
- Community Wind North
- Courtenay
- Crowned Ridge
- Dakota Range
- Foxtail
- Freeborn
- Grand Meadows
- Jeffers
- Lake Benton
- Mower
- Nobles
- Pleasant Valley

Major Business Functions and Key Activities

The Energy Supply business area generates power for the company's electric system. Energy Supply organizational structure partners Operations with centralized primary support from Projects and Performance Optimization. Some of the individuals who provide primary support are located at generating facilities with key responsibility to specific designated facilities. Others are located centrally with responsibility across a region or the fleet.

Energy Supply consists of Operations, Performance Optimization, Business Operations, Engineering & Construction, Environmental, and ES Corporate.

Operations

Operations is comprised of two primary functions: operations and maintenance. Operations is responsible for the startup, operation, and shutdown of plant equipment. Maintenance is responsible for maintenance plans, schedules and facilitates maintenance work and maintenance processes. In addition, both operations and maintenance share the responsibility for ensuring safe, environmentally compliant, and reliable plant operation using a partnership approach to efficiently complete work.

The Operations department consists of the Vice President of Operations, General Managers of Regional Operations (one for each region), and the Director of Hydro.

The main accountabilities of the Operations department are to:

- Operate plant equipment within requirements
- Maintain plant equipment
- Manage plant personnel in accordance with labor contracts
- Suggest/implement plant improvements
- Maintain community relationships
- Establish operations and maintenance policies and procedures

¹ This list of wind facilities includes those in-service as of November 2, 2020, and those intended to be placed in-service during the 2021 test year.

Performance Optimization

The Performance Optimization department was designed to provide a broad fleet focus with centralized functions and common processes to implement a fleet wide asset management strategy and effectively drive systematic improvement in fleet asset and equipment health. Performance Optimization will increase the use of data, advanced analytics, and financial analysis to improve business decision making. The Performance Optimization department can be broken down into Reliability Engineering, Fleet Engineering, and Analytics and Practices.

Reliability Engineering

The Reliability Engineering department is responsible for the daily engineering activities at the plants. This department is organized by plant technologies to optimize the sharing of best practices for each technology. The Reliability Engineers provide onsite support for operations and maintenance departments, ensure the plant design basis is maintained, and ensure a consistent asset strategy is implemented across the fleet.

Fleet Engineering

The Fleet Engineering department is responsible for developing and implementing asset and equipment strategies consistently across the fleet. This department is broken into fleet engineering teams for common systems and components including Electrical and Controls, Boilers and Balance of Plant, Steam Turbines and Gas Turbines, Materials Engineering, and Non-Destructive Examination and Testing. The department is organized by common systems and components to more efficiently and effectively share and implement system best practices and lessons learned. This department also includes an Asset Strategy and Budget Integration team to ensure that fleet asset strategies are effectively integrated and prioritized within budgets.

Analytics and Practices

The Analytics and Practices department includes both a Monitoring and Diagnostics team and a System and Equipment Analytics team. The Monitoring and Diagnostics team utilizes the Company's remote monitoring capability and predictive analytics to identify abnormal operational issues and alert plant personnel for corrective actions prior to failure to minimize costs. The System and Equipment Analytics team integrates equipment monitoring, asset performance management analytical tools, and financial analysis to improve existing equipment maintenance practices and transition equipment maintenance towards performance based and condition based maintenance practices.

Business Operations

The Business Operations team is comprised of Strategic Asset Management, Technical Compliance, and Process and Performance teams.

Strategic Asset Management

The Strategic Asset Management group is responsible for providing financial analysis tools and expertise to evaluate funding and spending decisions within the Energy Supply business area. They also provide the operating reports to meet both internal and external-reporting requirements of generation related information.

Technical Compliance

The Technical Resources and Compliance group is responsible for providing specialized engineering and technical services through subject matter experts and technical experts who provide comprehensive technical direction as well as drive fleet wide initiatives and standardization. They are responsible for FERC/NERC Reliability Standard compliance management and oversight and also have responsibility of overall fleet equipment ownership and the System Owners for primary equipment. The group leads the establishment of equipment inspection procedures, maintenance guidelines/standards, and specifications.

Process and Performance

The Process and Performance group is responsible for:

- Researching and developing the Energy Supply business area business plan

- Coordinating and developing required business area reporting to support quarterly reviews, year-end reports and board presentations
- Supporting and guiding document and policy management for Energy Supply
- Supporting problem solving and daily management improvement activities
- Supporting and providing benchmarking and analysis

Projects (formerly called Engineering and Construction)

Energy Supply's Projects is a service organization supporting all operating companies. The primary purpose and responsibilities of the Projects department include:

- Develop and manage the Energy Supply capital budget process and coordinate development of the Energy Supply Strategic Capital Investment Plan (2-, 5- and 10-year capital projects/budgets).
- Develop and maintain a uniform project management process, including supporting tools, and the design and engineering process.
- Project management and execution of capital projects, and large, complex O&M projects.
- Project management and execution of major capital projects for new generation (including renewables and innovative technologies).
- Execution and construction management services for major plant overhauls.
- Management of a dedicated craft labor pool (Special Construction) which performs O&M and capital work at NSP plants and facilities.

Projects also coordinates development, implementation, and maintenance of an Energy Supply Quality Assurance and Quality Control (QA/QC) Program.

Environmental Services

Environmental Services is a centralized organization responsible for supporting the Xcel Energy enterprise compliance with the rules and regulations governing air quality, water quality, hazardous waste, solid waste, storage tanks, remediation of acquired or divested property and emergency spill response. Our customers within the enterprise include Energy Supply, electric transmission and distribution, high pressure gas, and gas distribution. The organization provides environmental permitting and compliance support in the four operating companies and obtains regulatory permits that provide the flexible and cost-effective authorization for company operations while protecting the environment. Environmental Services also provides training and compliance assistance services to our customers to help them comply with the various regulatory requirements. The audit function of the organization contributes to the environmentally responsible, long-term and cost-effective operations of Xcel Energy facilities by providing risk-based, objective and accurate assessments of compliance with environmental regulations, company environmental policies and environmental management systems.

Environmental Services is also responsible for helping to develop and implement the Company's environmental leadership strategy and associated policy initiatives. We support the development of Xcel Energy's environmental strategy by providing technical and emission information, participating in industry associations and meetings, and developing comments on proposed regulations. We work with Operations to implement the compliance strategy by obtaining permits, development of reporting processes, and provide necessary compliance training.

Energy Supply Corporate

The ES Corporate area consists of the ES Senior Vice President, the Executive Assistant, and the planning and process enhancement team.

The Senior Vice President is responsible for guiding Energy Supply according to the established business plan, setting the general direction of Energy Supply's business plan, and providing guidance and support to all of Energy Supply.

Energy Supply – NSPM 2021 O&M Budget Major Cost Drivers

Costs are categorized in Energy Supply as Internal Labor, Contract Labor, Materials, Commodities and Other. Main drivers of differences in these cost categories during the budget period are mainly new generation facilities, wage increases, headcount reductions, as well as some specific projects during each year.

Internal Labor Costs: This cost category consists of labor for Energy Supply employees in a department or station, and overtime for recurring activities, required to operate stations or departments on a daily basis.

Outside Services Costs: This cost category consists of outside vendor services and contracted labor performing work for Energy Supply. Primarily this is specialty work that cannot be performed by internal labor either due to skill set limitations or other constraints of existing employees.

Materials Costs: This cost category consists of materials required to operate stations or departments on an ongoing basis for operations and maintenance activities.

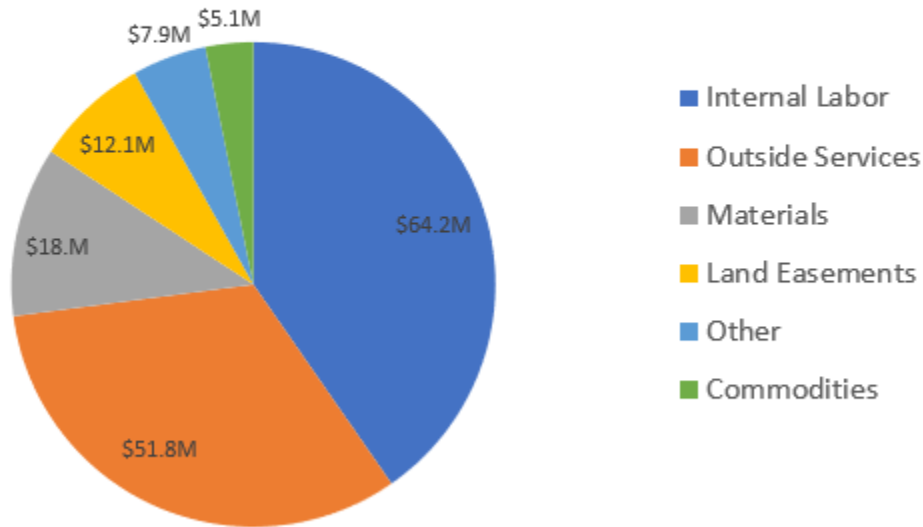
Commodity Costs: This cost category consists of chemical and water costs used in the generation process, and for the control of emissions. Chemicals include lime, ammonia, activated carbon, sulfuric acid and others.

Land Easement Costs: This cost category consists of payments made to land owners for use of their land, primarily at our wind farm locations.

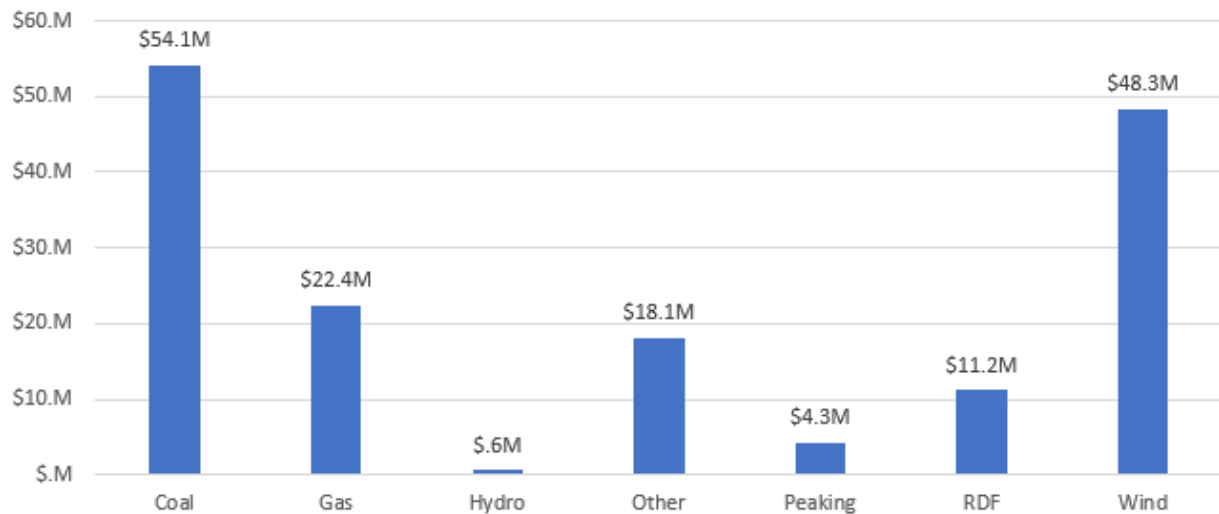
Other Costs: This cost category consists of land easements, environmental fees, fleet costs, and other miscellaneous costs required to operate plants on a daily basis.

Energy Supply – NSPM 2021 O&M Budget Major Cost Drivers

**Energy Supply NSPM 2021 O&M Budget
By Cost Type**
(\$ in Millions)



**Energy Supply NSPM 2021 O&M Budget
By Generation Type**
(\$ in Millions)



2020 July Year End Forecast	\$ 130.3
Incremental wind spend for new wind farms	
Incremental outside services spend	12.0
Incremental land easements spend	5.1
Incremental materials spend	1.5
Incremental internal labor	1.0
Overhauls and Projects	
Riverside overhaul	2.4
Red Wing overhaul	0.9
Other	
One-time reductions in 2020 that are not expected to continue in 2021	6.7
Other	(0.8)
2021 Budget	\$ 159.1

Overall, the budget increased by \$28.8M between 2020 and 2021. The main drivers of this increase are noted below:

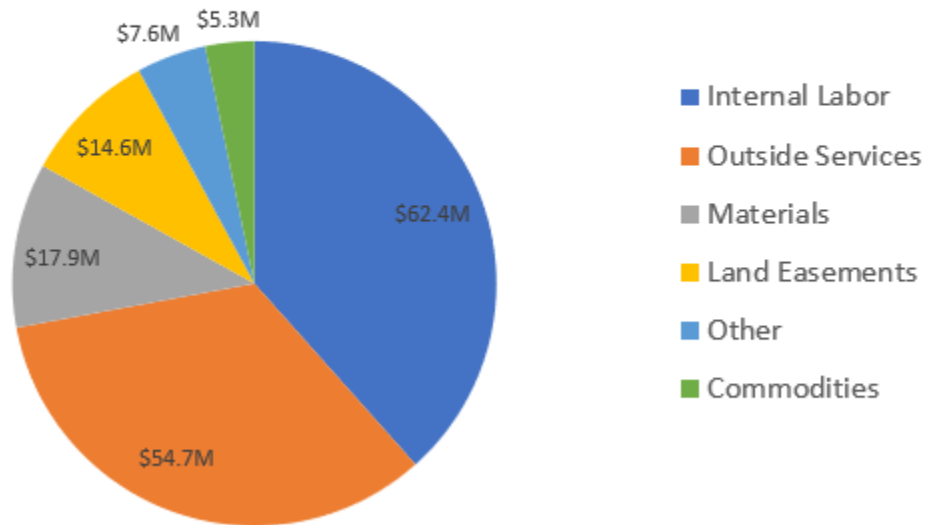
Incremental wind spend: In 2020 and 2021 eight new wind farms are set to be in-service that will require an additional \$19.6M O&M dollars to operate. The wind farms that have been, or are planned to be, placed in-service in 2020 are Blazing Star I, Blazing Star II, Crowned Ridge, Community Wind North, Jeffers, and Mower. The wind farms planned to be placed in-service in 2021 are Freeborn and Dakota Range.

Overhauls and Projects: In 2021, Riverside has a major overhaul that is \$2.4M over the project and overhaul work forecasted for 2020. Red Wing has \$0.9M more of overhaul expenses in 2021 compared to 2020.

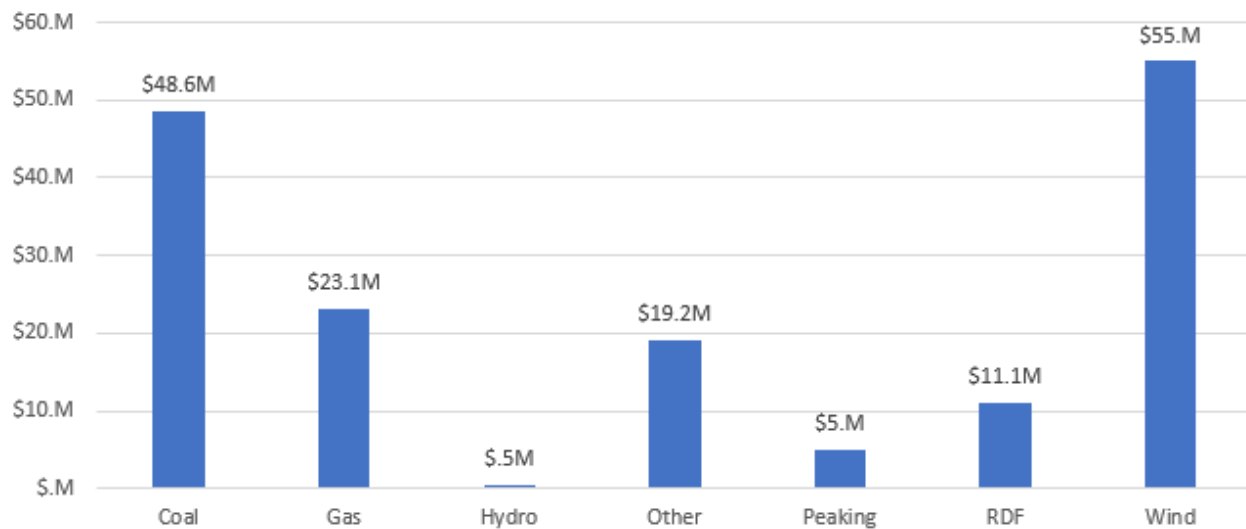
Other: In 2020, one-time reductions were implemented that are not expected to continue in 2021. In the 2021 budget, these one-time costs are being added back to ongoing spend.

Energy Supply – NSPM 2022 O&M Budget Major Cost Drivers

**Energy Supply NSPM 2022 O&M Budget
By Cost Type**
(\$ in Millions)



**Energy Supply NSPM 2022 O&M Budget
By Generation Type**
(\$ in Millions)



2021 Budget	\$ 159.1
Incremental wind spend for new wind farms	
Incremental outside services spend	4.3
Incremental land easements spend	2.3
Incremental materials & labor spend	0.1
Labor	
Decreased headcount for coal plants and lower overtime, partially offset by annual wage increases	(1.8)
Projects/overhauls	
Sherco Unit 2 overhaul less than 2021 Unit 1 overhaul	(2.7)
Riverside overhaul not repeated in 2021	(2.4)
Black Dog overhaul and projects in 2022	4.0
Other	(0.4)
2022 Budget	\$ 162.5

Overall, the budget increased by \$3.4M between 2021 and 2022. The main drivers of this increase are noted below:

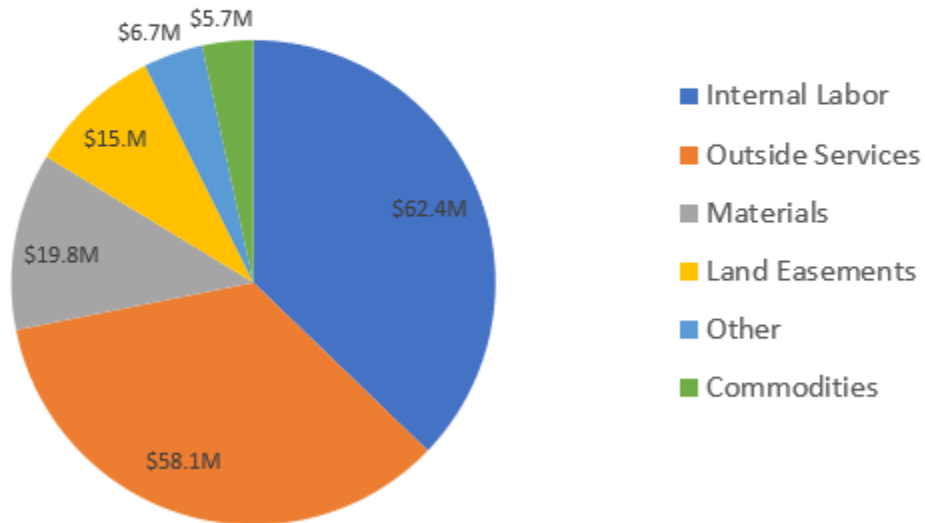
Incremental wind spend: In 2021 there are two new wind farms set to be placed in-service that will require an additional \$6.7M O&M dollars to operate in 2022. These wind farms are Freeborn and Dakota Range.

Labor: Labor decreased (\$1.8M) compared to 2021 budget. This is driven by a projected decrease in labor at Sherco due to the managed decline of Units 1 and 2, which is partially offset by a 3 percent increase assumed in budgets for wage increases.

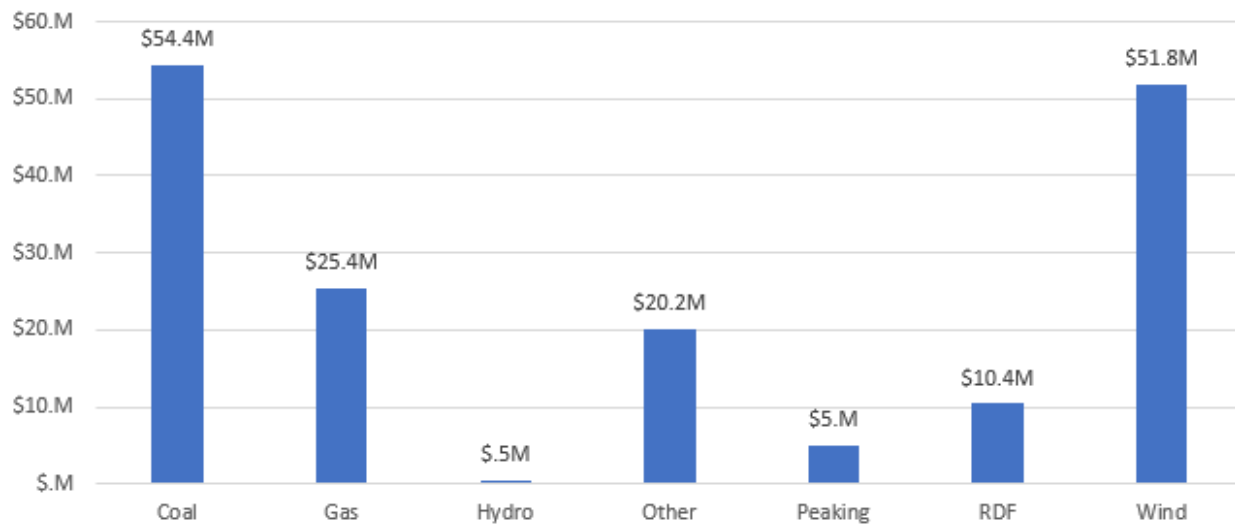
Projects and Overhauls: Sherco Unit 2 has an overhaul in 2022, which has a decreased scope compared to the 2021 Unit 1 overhaul for a decrease of \$2.7M. Riverside's increased overhaul spend in 2021 is not expected to continue into 2022. Black Dog has significant overhaul and project work planned for 2022 requiring an additional \$3.8M.

Energy Supply – NSPM 2023 O&M Budget Major Cost Drivers

**Energy Supply NSPM 2023 O&M Budget
By Cost Type**
(\$ in Millions)



**Energy Supply NSPM 2023 O&M Budget
By Generation Type**
(\$ in Millions)



2022 Budget	\$ 162.5
Overhauls and Projects	
Sherco Unit 3 overhaul more than Unit 2 overhaul	4.9
Black Dog	(3.8)
High Bridge	1.6
Other	2.5
2023 Budget	\$ 167.7

Overhauls and Projects: The Sherco Unit 3 overhaul is \$4.9M more costly than the limited-scope Unit 2 outage in 2022. The Black Dog outage and projects will not continue from 2022, decreasing O&M in 2023 by \$4M. In addition, High Bridge has additional overhaul and projects work in 2023 compared to 2022 for an additional \$1.6M.

Cost Allocation Methodologies

The allocation methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges

Costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges

Costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges

Costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Functional Area	SAP Cost Center	JDE Subledger Code	Description
ES Operations Management of OpCo's	200138	458	Energy Supply Operation Supervision & Engineering (S&E) FERC 500, 535, & 546 services include labor and expenses incurred in the general supervision and direction of the operation of steam powered generation stations, hydraulic power generating stations, and other power generating stations.
ES Operations Management North	200144	459	Energy Supply Operation Supervision & Engineering (S&E) NSPM & NSPW FERC 500, 535, & 546 services include labor and expenses incurred in the general supervision and direction of the operation of steam powered generation stations, hydraulic power generating stations, and other power generating stations. This allocation is used when NSPM & NSPW jurisdictions are benefiting from the services.
ES Engineering & Construction OpCo's	200139	461	Energy Supply Maintenance Supervision & Engineering (S&E) FERC 510, 541, & 551 services which include management and performance labor and non-labor costs for the following accountabilities: Researching, reviewing, recommending and facilitating the selection of technological alternatives for improved plant and environmental performance. Manage uniform project management process (policies). Planning for physical plant modifications, which includes consolidation and management of short-term and long-term plans for physical plant modifications. Develop and execute innovative technology projects such as: biomass, solar, wind. Implement enterprise project management (EPM) and planning tools. Establish uniform technology, design & equipment standards.

Functional Area	SAP Cost Center	JDE Subledger Code	Description
ES Engineering & Construction North	200145	462	Energy Supply Maintenance Supervision & Engineering (S&E) NSPM & NSPW FERC 510, 541, & 551 services which include management and performance labor and non-labor costs for the following accountabilities: Researching, reviewing, recommending and facilitating the selection of technological alternatives for improved plant and environmental performance. Manage uniform project management process (policies). Planning for physical plant modifications, which includes consolidation and management of short-term and long-term plans for physical plant modifications. Develop and execute innovative technology projects such as: biomass, solar, wind. Implement enterprise project management (EPM) and planning tools. Establish uniform technology, design & equipment standards. This allocation is used when NSPM & NSPW jurisdictions are benefiting from the services.
ES Environmental Policy & Services OpCo's	200181	464	Energy Supply Environmental Policy & Services include the labor and non-labor costs dedicated to air quality, renewable energy, innovative technology and climate change, develop corporate compliance strategy, regulatory agency interaction (both at the federal and/or state level), permitting and compliance reporting, waste management, combustion byproducts management, environmental compliance auditing, provide support to the Environmental Council and assist with environmental communications strategies.
ES Environmental Policy & Services North	200182	465	ES Environmental Policy & Services NSPM & NSPW functions which include the labor and non-labor costs dedicated to air quality, renewable energy, innovative technology and climate change, develop corporate compliance strategy, regulatory agency interaction (both at the federal and/or state level), permitting and compliance reporting, waste management, combustion byproducts management, environmental compliance auditing, provide support to the Environmental Council and assist with environmental communications strategies. This allocation is used when NSPM and NSPW jurisdictions are benefiting from the services.
ES Misc Power Expense North	200143	456	Energy Supply Miscellaneous Power Expense NSPM & NSPW FERC 506, 539, & 549 services include Energy Supply operations performance services labor and non-labor costs for non-management employees with the following accountabilities: Develop / suggest / implement improvements for multiple power plants, standardize best practices and process improvements across multiple power plants, establish operations and maintenance policies and procedures for multiple power plants. This allocation is used when NSPM & NSPW jurisdictions are benefiting from the services.
Energy Supply Business Resources	200135	414	Energy Supply Business Resources services includes the labor and non-labor costs of performance analysis, specialists and analytical services provided to the operating companies' generation facilities.

Approvals

This document has been checked for errors in calculations and content.

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2021 – 2023 Budget Documentation

Nuclear Generation (including Outage Deferral & Amortization)



Major Business Functions and Key Activities

Introduction

The Nuclear Generation business area generates power for the Northern States Power (NSP) system, supplying both NSP-Minnesota and NSP-Wisconsin. Nuclear Generation operates two generating plant sites, the two-unit Prairie Island plant and the single unit Monticello plant. Together Prairie Island and Monticello comprise more than half of our carbon-free generation and approximately 30 percent of our total generation for the NSP system, and they serve more than one million customer homes.

Prairie Island Nuclear Generating Plant

NSP-Minnesota owns the Prairie Island Nuclear Generating Plant (PI) located in Welch (28 miles southeast of the Twin Cities) near Red Wing, Minnesota. The plant houses two pressurized water reactors, totaling 1,100 megawatts of capacity. Prairie Island began commercial operation under initial 40-year licenses on December 4, 1973 for Unit 1 and on December 21, 1974 for Unit 2. In June 2011, the Prairie Island Nuclear Generating Plant was granted a 20-year license extension by the Nuclear Regulatory Commission (NRC) to August 9, 2033 and October 29, 2034 for Units 1 & 2, respectively.

Monticello Nuclear Generating Plant

NSP-Minnesota owns the Monticello Nuclear Generating Plant (MT) located in Monticello, Minnesota (40 miles northwest of the Twin Cities). It is a one-unit, boiling water reactor, providing 671 megawatts of generating capacity after completion of a power uprate in 2013. The Monticello plant began commercial operation under an initial 40-year license on June 30, 1971. In November 2006, the Monticello Nuclear Generating Plant was granted a 20-year license extension by the NRC to September 8, 2030.

Organization

Nuclear Generation is led by the Senior VP & Chief Nuclear Officer (CNO), who reports directly to the Executive VP & Chief Generation Officer of Xcel Energy. The following organizations report to the CNO within Nuclear generation:

- Site Operations – Prairie Island
- Site Operations – Monticello
- Engineering & Technical Services
- Fleet Operations—Governance, Performance Improvement, Regulatory Affairs, Site Focus, and Security
- Strategy
- Fleet Centralized Maintain



Major Business Functions and Key Activities

Customer Value

Xcel Energy's stated mission is to provide our customers the safe, clean, reliable energy services they want and value at a competitive price. Nuclear Generation seeks to add customer value supporting that mission by providing:

- Individual, Operational, & Competitive Excellence, and
- Carbon-free Generation

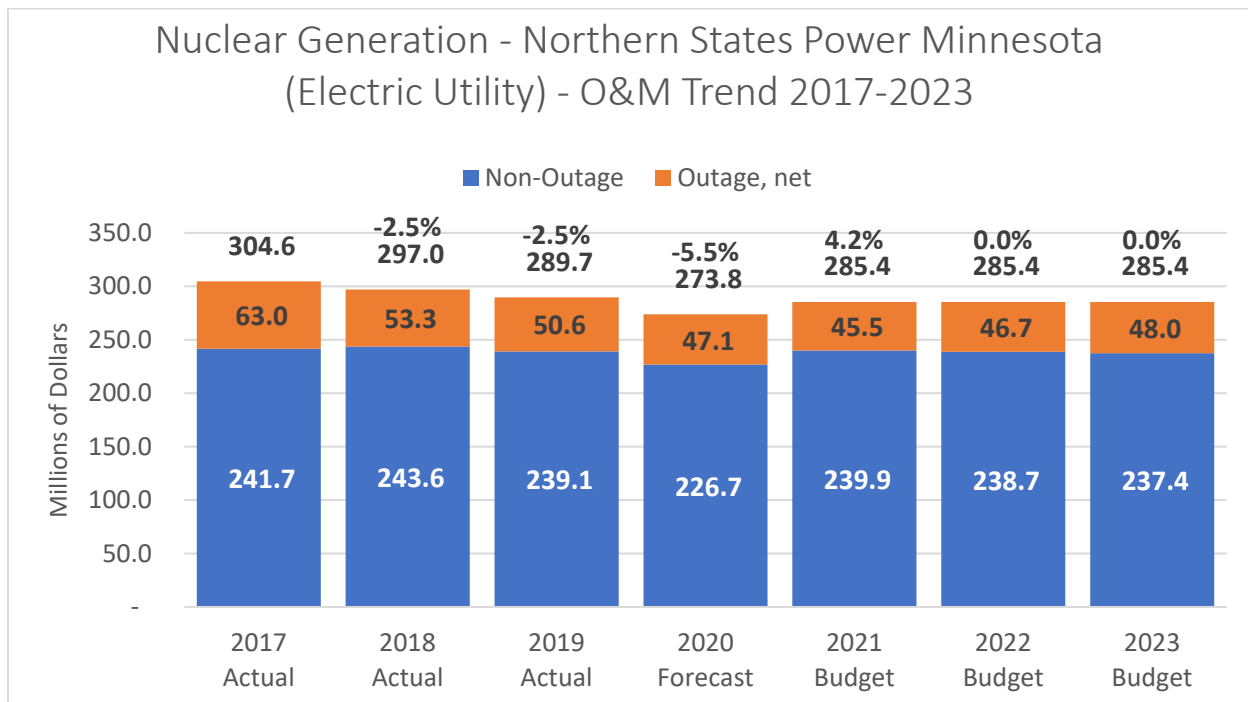
Nuclear generating stations are among the most reliable to the Xcel Energy fleet, in terms of providing base load energy to the NSP system on a consistent, reliable basis.

Nuclear generation also is a carbon-free energy source, in that it generates virtually none of the greenhouse gas emissions associated with fossil fuels: carbon dioxide, sulfur dioxide, and nitrous oxide.

Finally, nuclear generation helps deliver value to NSP's customers by providing a reliable source of energy at a competitive price.

The Company recognizes that operating nuclear facilities creates additional responsibility to ensure public safety. Nuclear Generation works closely with the NRC to monitor safety and intends to fully and continually comply with all regulatory requirements.

Nuclear Generation O&M Trend 2017-2023



Major Business Functions and Key Activities

The chart above summarizes the major components of Nuclear Generation O&M expense:

- Non-Outage costs
- Outage costs, net of deferral and amortization

Non-Outage O&M Costs

To remain competitive with other generation resources and to keep customer rates low the Nuclear Generation business not only absorbed merit and inflationary increases, but also reduced O&M costs by \$14.9M from 2017 – 2019. From 2017 through the 2023 budget, our non-outage O&M expenses are decreasing by an average of 0.2 percent annually. From 2019 forward, these expenses are forecast to remain relatively flat at a total level, and with respect to both workforce and non-workforce spend, with the exception of the forecast for 2020, which reflects reduced spend due to one-time reductions. Specifically, our desire to keep our employees as safe as possible by minimizing travel and the number of personnel at our facilities which resulted in natural reductions to workforce costs and employee expenses. In addition, our customers' decrease in energy usage and their inability to pay for their lower usage, required the entire Company to conserve cash flow in this uncertain environment to ensure we could continue to provide uninterrupted service. The unusually low spend in 2020 is expected to cause some unusual increases to 2021 as deferred work and "catch-up" hiring is planned that year.

The decrease in total non-outage costs since 2017 has been primarily driven by a drop in overall workforce expenses and material costs. In 2017, Nuclear saw improvements from its work with external consultants and INPO using a systematic review of the organization and utilization of products jointly developed by the nuclear industry, NEI, and INPO. In 2016, industry executives, INPO, and NEI aligned on an initiatives to both improve performance and reduce operating costs across the industry. The 2020 Forecast includes decreasing non-outage labor costs due to one-time reductions, not anticipated to continue. Non-outage labor costs rise again in 2021 as a result of hiring that was deferred in 2020 and projects that were deferred in 2020 moving forward in 2021. Our work has focused on process development and refinement and the integration of technology to achieve efficiencies. Focused improvement of process as well as behaviors has the benefit of driving down costs while at the same time improving plant performance. In 2020, the pandemic response further reduced our internal workforce costs as mentioned previously. In 2021, as we replace key positions lost through attrition, our internal labor headcount will increase, but will still be slightly lower than 2019. In addition to the strides we've made in managing employee labor costs, we've significantly reduced security contractor costs as well. In 2017-2018 we made innovative staffing changes, in 2018-2019 we saw staffing reductions from capital strategy improvements at Monticello, and we expect to see similar savings from our Prairie Island capital project implemented in the final quarter of 2020, with full annual savings in 2021.

Outage O&M Costs

Outage costs have decreased as higher costs from prior outages are smoothed over time under regulatory-approved methods of deferring and amortizing costs. In addition, the best practice strategies and certain targeted capital improvements extended beyond just the Non-Outage O&M techniques deployed and helped Nuclear achieve some of the lowest cost outages and durations we've experienced over the past ten years.

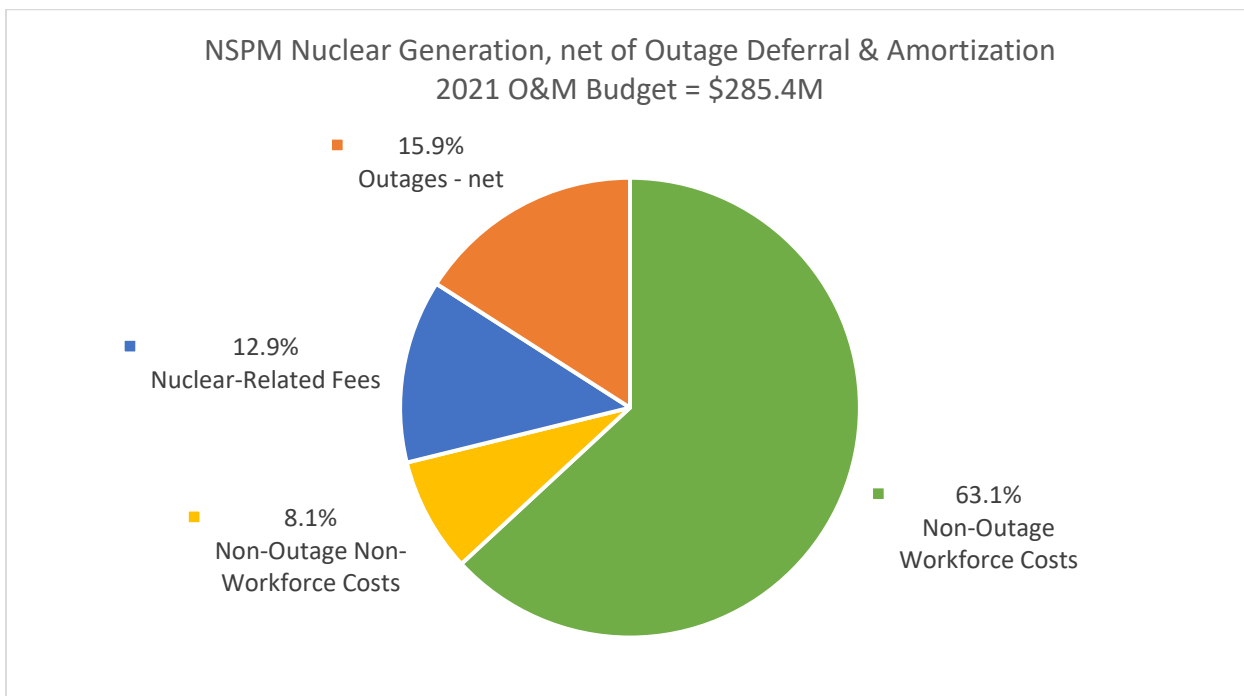
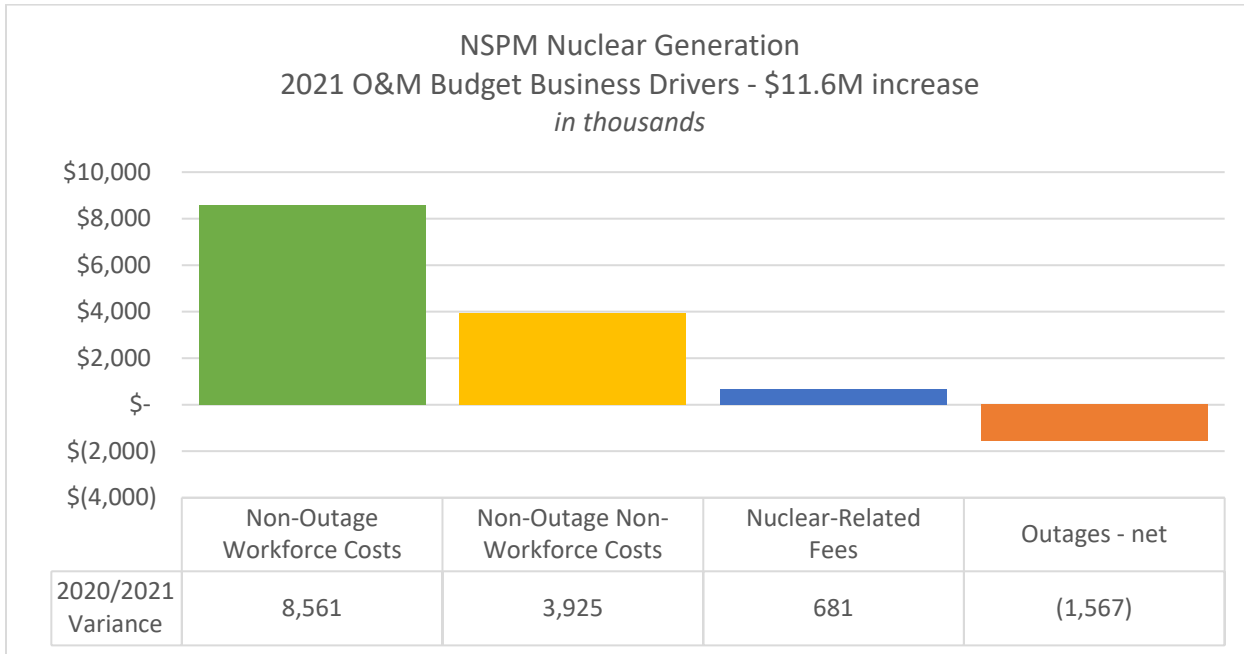


2021 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)			
Walk Forward (Dollars in Thousands)			
	<u>Non-Outage</u>	<u>Outages</u>	<u>Total</u>
2020 July Year-end Forecast	226,742	47,058	273,800
Non-outage: Workforce Costs	8,561		
Internal Labor:			
Annual wage increase	3,557		
Headcount increases: 15 FTEs @ \$116,000 annual average for open positions	1,707		
Budgeted Attrition	(1,842)		
Other - primarily one-time reductions not expected to recur in 2021	2,373		
External Labor:			
One-time reductions not expected to recur in 2021	2,067		
Other contractor increases for significant maintenance projects planned for 2021 and required engineering program updates at both sites	4,047		
Security:			
Reductions due to decreases in personnel to meet site security plans offset by merit increases	(3,347)		
Non-outage: Nuclear-Related Fees	681		
Increased regulatory fees at 1.9%	681		
Non-outage: Non-Workforce Costs	3,925		
Materials & Chemicals:			
One-time reductions not expected to recur in 2021	869		
Other material increases primarily at Prairie Island due to increased maintenance work planned	1,001		
Employee Expenses:			
Primarily one-time reductions not expected to recur in 2021	1,817		
Other:			
Primarily one-time reductions not expected to recur in 2021	238		
Outages		(1,567)	
PI Unit 2 2021 outage: Budgeted outage costs of \$32M, more than the forecasted PI Unit 1 final outage costs in 2020 (\$29.9M)	2,111		
Monticello: Increase due to outage in 2021 and only \$1.4M in planning costs in 2020	28,844		
Deferral & Amortization - net change	(32,521)		
2021 Budget	239,909	45,491	285,400

2021 Walk Forward of Major Cost Drivers (continued)

Nuclear Generation 2021 O&M Budget Major Business Drivers



2021 Walk Forward of Major Cost Drivers *(continued)*

The costs are categorized in Nuclear Generation as Non-outage or Outage related. Non-outage costs are further subdivided into Workforce Costs, Non-Workforce Costs, and Nuclear-Related Fees. The Outage costs include primarily contractor costs for refueling and for inspections and maintenance that cannot be done safely or efficiently online. Explanations of the variances in these major cost categories are described below.

Non-outage Workforce Costs: This category consists of labor costs for all native employees in a department or station, overtime for recurring activities or projects that are not outage dependent, and all other premiums, operations bonuses, or other compensation expenses required to operate plants or departments on a regular basis. This category also includes external contractor costs including security.

The Internal Labor increase from the 2020 July forecast to 2021 budget is primarily related to the 2021 wage and headcount increases. Wage increases of 3 percent for union and 3 percent for non-union are increasing labor by \$3.6M. An increase of 15 FTEs for open positions results in a labor increase of \$1.7M offset by budgeted attrition of 3.3 percent, which lowers labor by \$1.8M. In addition, we had other increases of \$2.4M due primarily to one-time reductions in 2020 not expected to continue in 2021. Additionally, the External Labor increase from the 2020 July forecast to 2021 budget is primarily related deferrals of \$2.1M not expected to continue in 2021 and contractor increases for significant maintenance projects planned for 2021 and required engineering program updates at both sites. Security Contractor costs decrease by (\$3.3M) due to decreases in personnel to meet site security plans offset by merit increases.

Non-outage Non-Workforce Costs: This category consists of materials, employee expenses and other utility costs required to operate stations or departments on a regular basis. The increase is primarily related to reductions in 2020 for items deferred from 2020 to 2021, increased maintenance work planned at Prairie Island in 2021 and one-time employee expense reductions in 2020.

Nuclear-Related Fees: Regulatory fees are a significant cost category for the Nuclear Generation business area and are considered non-discretionary based on NRC regulation, monitoring, and evaluation. Fees include dues and fees required by the Nuclear Regulatory Commission (NRC), Institute of Nuclear Power Operations (INPO), Electric Power Research Institute (EPRI), Nuclear Energy Institute (NEI), Pressurized Water Reactor Owners Group (PWROG), Boiling Water Reactor Owners Group (BWROG), and other nuclear specific dues and fees. This category in 2021 is approximately \$37M of the \$240M of non-outage costs, or 15 percent. Regulatory fees are increasing \$0.7M, or 1.9 percent, primarily due to slightly higher fees expected to be charged by NRC and FEMA/State EP.

Outage Costs: This cost category includes only scheduled refueling and maintenance outages that are planned in advance. Costs in this category are incurred during the outage and are considered outage dependent. The costs are incremental to non-outage costs and include primarily contract work, but also include overtime, materials, traveling maintenance labor, regular labor for non-native plant employees, craft labor and other expenses for outages. Fixed or “base” costs incurred during outages are budgeted as non-outage and actual costs are recorded as non-outage labor or non-labor.

The total budgeted 2021 amortized outage costs are expected to be (\$1.6M) lower than 2020 amortized outage costs due to slightly higher outage costs in prior periods and a longer amortization period for Prairie Island’s Unit 1 outage in 2020, which is budgeted to be amortized over 25 months as opposed to 24 months based on the current refueling outage schedule.

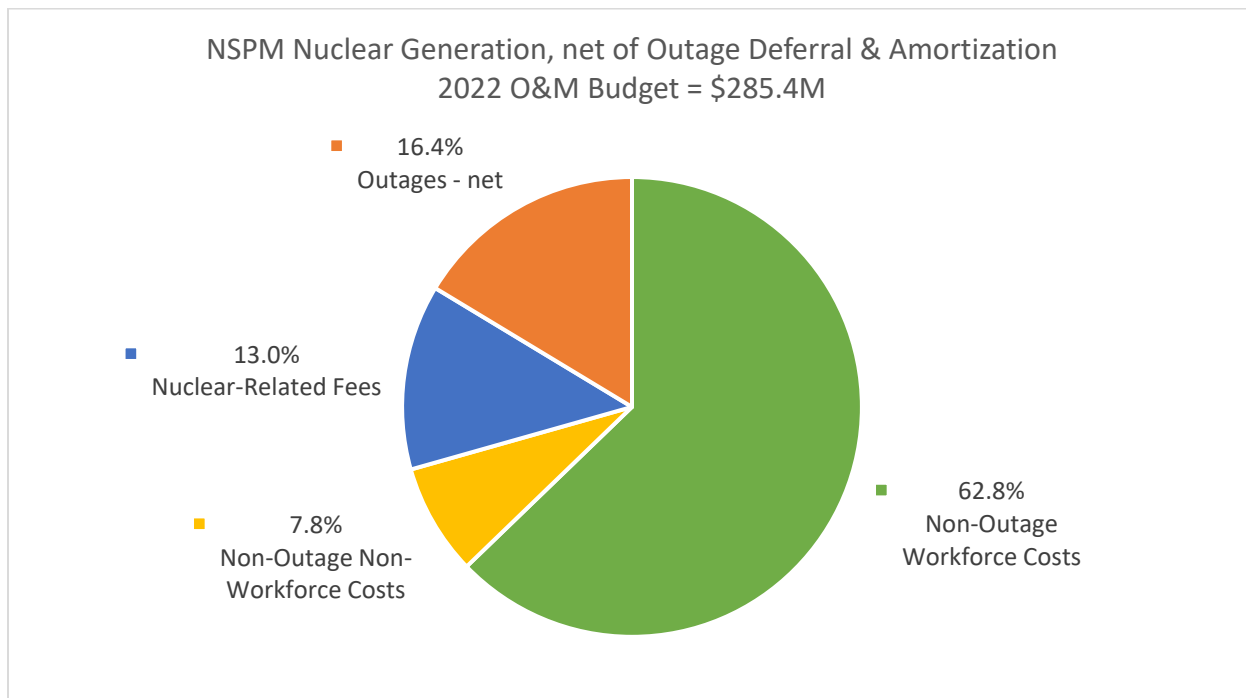
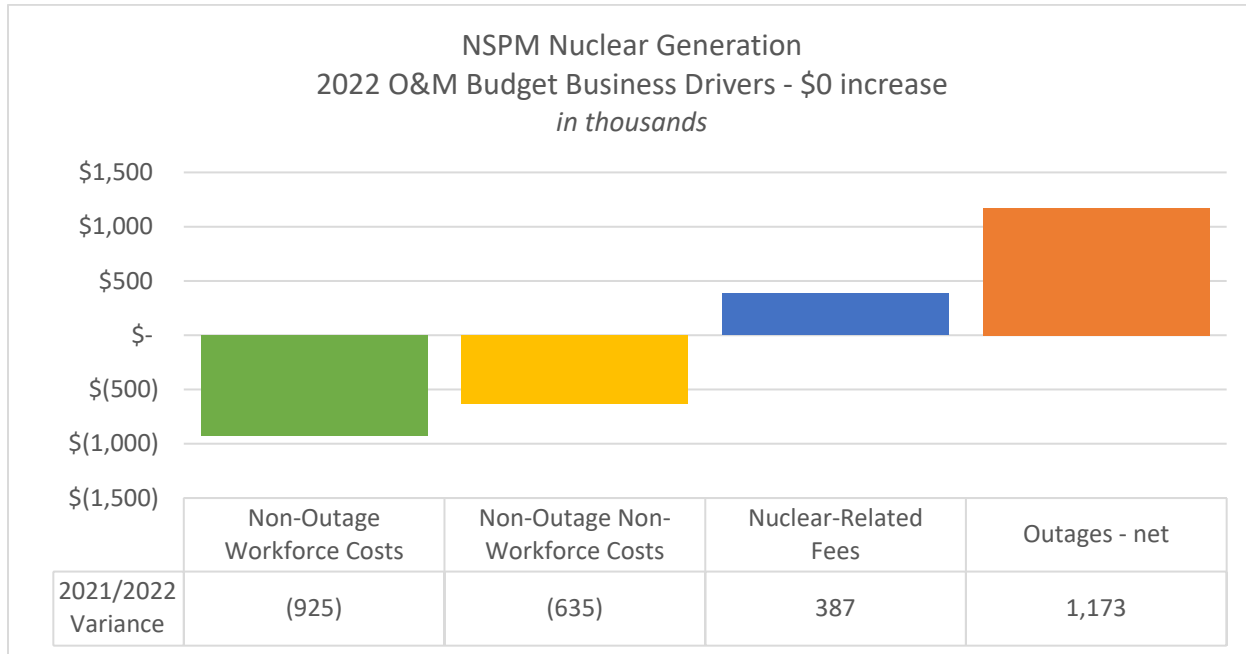


2022 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)			
Walk Forward (Dollars in Thousands)			
	Non-Outage	Outages	Total
2021 Budget	239,909	45,491	285,400
Non-outage: Workforce Costs	(925)		
Internal Labor:			
Annual wage increase	3,705		
Headcount decreases: 10 FTEs @ \$119,000 annual average	(1,155)		
Other	(282)		
External Labor:			
Contractor reductions in 2022 due to additional work scope in 2021 for 2020 deferrals	(703)		
Other contractor decreases due to a reduction in maintenance projects planned for 2022 and a reduction in engineering program updates at both sites	(3,191)		
Security:			
Primarily merit increases offset by no force on force drill in 2022	700		
Non-outage: Nuclear-Related Fees	387		
Increased regulatory fees at 1.1%	387		
Non-outage: Non-Workforce Costs	(635)		
Materials & Chemicals:			
Other material decreases primarily at Prairie Island due to less maintenance work planned	(540)		
Employee Expenses:			
Decreased employee expenses	(83)		
Other:			
Decreased other expenses	(11)		
Outages:		1,173	
PI Unit 1 2022 outage: Outage costs budgeted for \$32M, consistent with the PI Unit 2 outage in 2021	-		
Monticello: Decrease due to outage in 2021 and only \$1.7M in planning costs in 2022	(28,550)		
Deferral & Amortization - net change	29,723		
2022 Budget	238,736	46,664	285,400

2022 Walk Forward of Major Cost Drivers (continued)

Nuclear Generation 2022 O&M Budget Major Business Drivers





2022 Walk Forward of Major Cost Drivers *(continued)*

The costs are categorized in Nuclear Generation as Non-outage or Outage related. Non-outage costs are further subdivided into Workforce Costs, Non-Workforce Costs, and Nuclear-Related Fees. The Outage costs include primarily contractor costs for refueling and for inspections and maintenance that cannot be done safely or efficiently online. Explanations of the variances in these major cost categories are described below.

Non-outage Workforce Costs: This category consists of labor costs for all native employees in a department or station, overtime for recurring activities or projects that are not outage dependent, and all other premiums, operations bonuses, or other compensation expenses required to operate plants or departments on a regular basis. This category also includes external contractor costs including security.

The Internal Labor increase from the 2021 to 2022 budget is primarily related to the 2022 wage increase, slightly offset by a decrease in headcount. Wage increases of 3 percent for union and 3 percent for non-union are increasing labor by \$3.7M. This is offset by a decrease of 10 FTEs which results in a labor decrease of (\$1.2M). Additionally, External Labor decreased from the 2021 to 2022 budget primarily related to reductions in 2022 due to higher 2021 costs of (\$0.7M) and other External Labor decreases for reductions in planned maintenance work and reductions in engineering program updates at both sites. Security increased by \$0.7M due to merit increases offset by reductions primarily driven by no force on force drill in 2022.

Non-outage Non-Workforce Costs: This category consists of materials, employee expenses and other utility costs required to operate stations or departments on a regular basis. The (\$0.6M) decrease is primarily related to reductions in 2022 due to higher 2021 costs and lower materials spend planned at Prairie Island.

Nuclear-Related Fees: Regulatory fees are a significant cost category for the Nuclear Generation business area and are considered non-discretionary based on NRC regulation, monitoring, and evaluation. Fees include dues and fees required by the NRC, INPO, EPRI, NEI, PWROG, BWROG, and other nuclear specific dues and fees. This category in 2022 is approximately \$37M of the \$239M of non-outage costs, or 16 percent. Regulatory fees were assumed to increase \$0.4M, or only 1.1 percent.

Outage Costs: This cost category includes only scheduled refueling and maintenance outages that are planned in advance. Costs in this category are incurred during the outage and are considered outage dependent. The costs are incremental to non-outage costs and include overtime, contract work, materials, traveling maintenance labor, regular labor for non-native plant employees, craft labor and other expenses for outages. Fixed or "base" costs incurred during outages are budgeted as non-outage labor or non-labor.

Total budgeted 2022 amortized outage costs are expected to be \$1.2M higher than budgeted 2021 amortized outage costs due to slightly higher costs assumed for the 2021 Unit 2 outage (\$32M) vs the 2019 Unit 2 outage (\$29M).

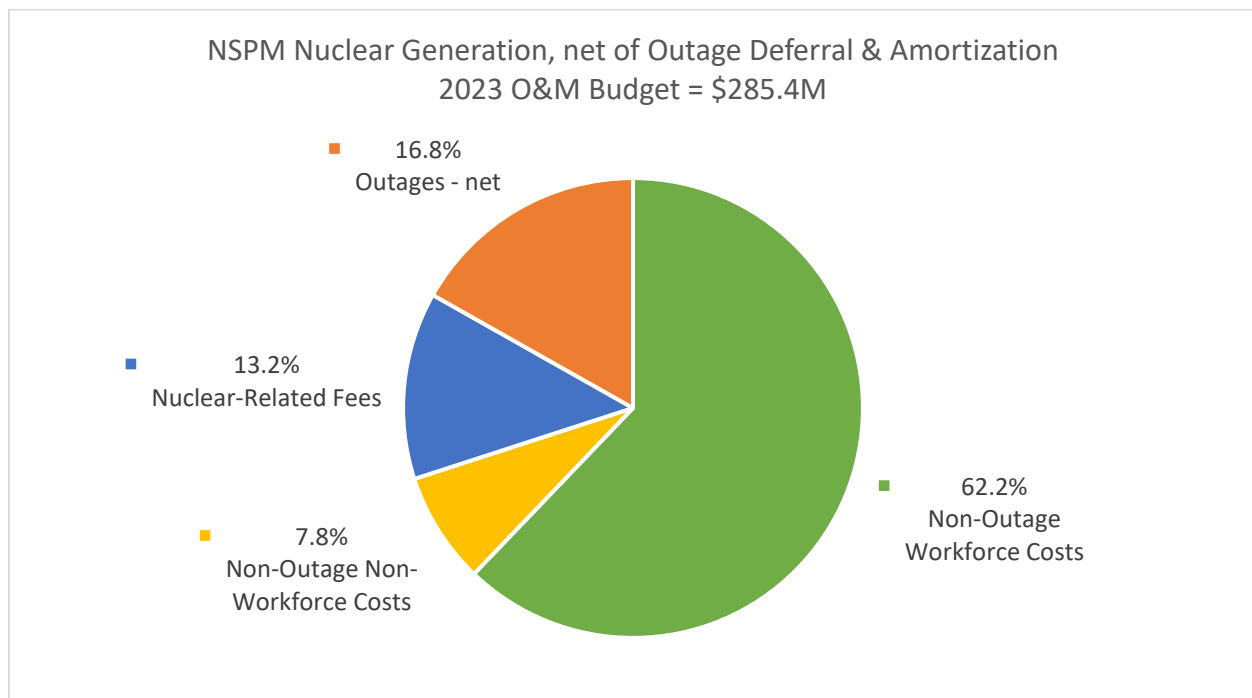
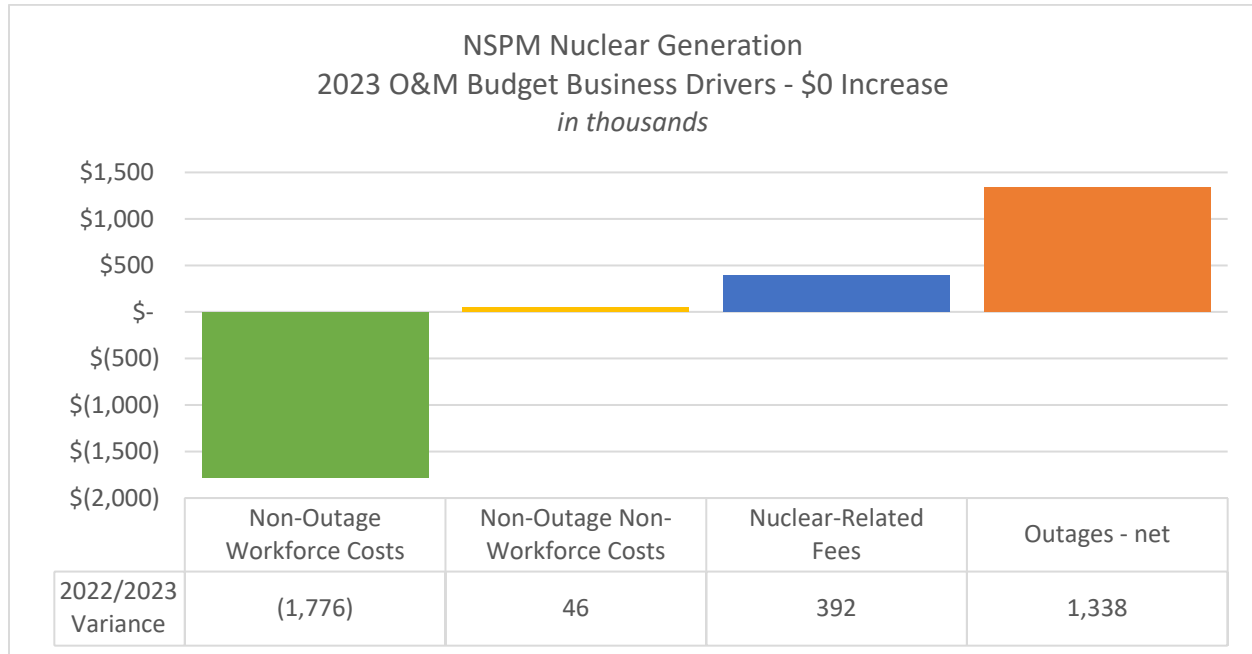


2023 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)			
Walk Forward (Dollars in Thousands)			
	Non-Outage	Outages	Total
2022 Budget	238,736	46,664	285,400
Non-outage: Workforce Costs	(1,776)		
Internal Labor:			
Annual wage increase	3,783		
Headcount decreases: 51 FTEs @ \$123,000 annual average	(6,188)		
Other	(330)		
External Labor:			
Contractor reductions partially due to additional work scope in 2022 for 2020 deferrals	(600)		
Security:			
Primarily related to merit increases and force on force drill planned for 2023	1,558		
Non-outage: Nuclear-Related Fees	392		
Increased regulatory fees at 1.1%	392		
Non-outage: Non-Workforce Costs	46		
Materials & Chemicals:			
Materials increase - other	145		
Employee Expenses:			
Decreased employee expenses	(6)		
Other:			
Decreased other expenses	(93)		
Outages		1,338	
PI Unit 2 2023 outage: Outage costs budgeted for \$32M, consistent with the PI Unit 1 outage in 2022	(0)		
Monticello: Increase due to outage in 2023 and only \$1.7M in planning costs in 2022	28,550		
Deferral & Amortization - net change	(27,212)		
2023 Budget	237,398	48,002	285,400

2023 Walk Forward of Major Cost Drivers *(continued)*

Nuclear Generation 2023 O&M Budget Major Business Drivers



2023 Walk Forward of Major Cost Drivers *(continued)*

The costs are categorized in Nuclear Generation as Non-outage or Outage related. Non-outage costs are further subdivided into Workforce Costs, Non-Workforce Costs, and Nuclear-Related Fees. The Outage costs include primarily contractor costs for refueling and for inspections and maintenance that cannot be done safely or efficiently online. Explanations of the variances in these major cost categories are described below.

Non-outage Workforce Costs: This category consists of labor costs for all native employees in a department or station, overtime for recurring activities or projects that are not outage dependent, and all other premiums, operations bonuses, or other compensation expenses required to operate plants or departments on a regular basis. This category also includes external contractor costs including security.

The Internal Labor decrease from the 2022 to 2023 budget is primarily related to a decrease of 51 FTEs due to the implementation of technological infrastructure capital projects, which results in a labor decrease of (\$6.2M). This is offset by wage increases of 3 percent for union and 3 percent for non-union which increases labor by \$3.8M. Additionally, External Labor decreases slightly by (\$0.6M). Security increases from the 2022 to 2023 budget is primarily related to security contractor merit increases and the force on force drill planned for 2023 (no force on force drill in 2022).

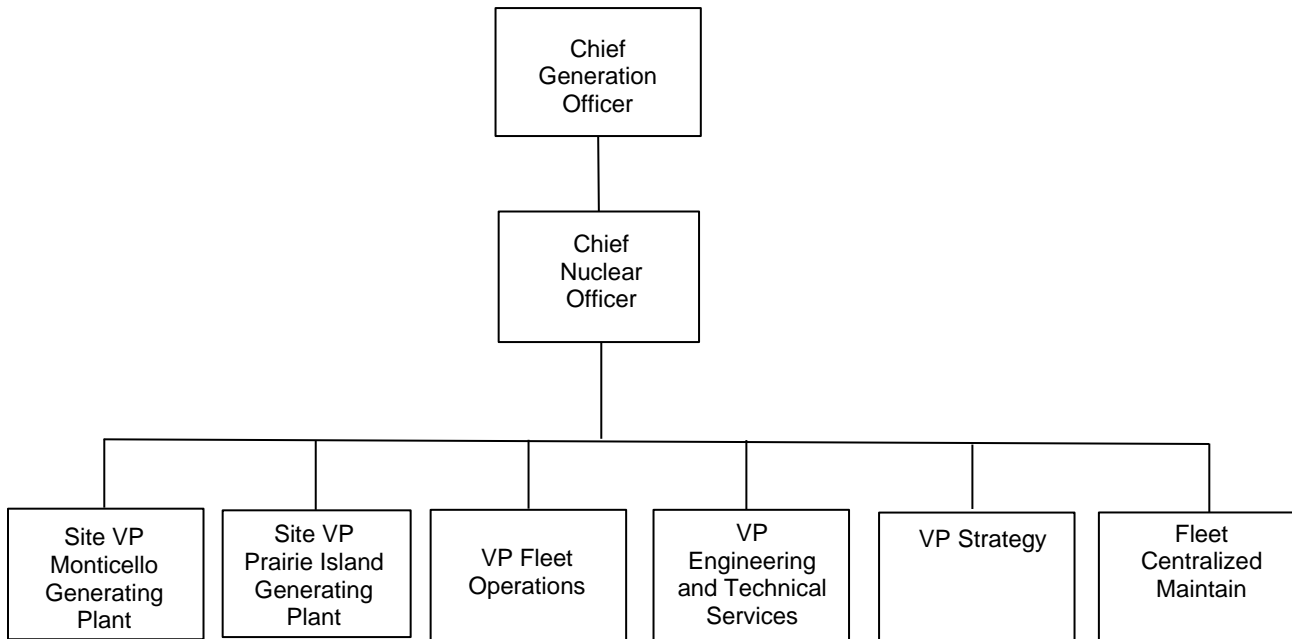
Non-outage Non-Labor Costs: This category consists of materials, employee expenses and other utility costs required to operate stations or departments on a regular basis.

Nuclear-Related Fees: Regulatory fees are a significant cost category for the Nuclear Generation business area and are considered non-discretionary based on NRC regulation, monitoring, and evaluation. Fees include dues and fees required by the NRC, INPO, EPRI, NEI, PWROG, BWROG, and other nuclear specific dues and fees. This category in 2023 is approximately \$38M of the \$237M of non-outage costs, or 16 percent. Regulatory fees were assumed to increase \$0.4M, or only 1.1 percent.

Outage Costs: This cost category includes only scheduled refueling and maintenance outages planned in advance. Costs in this category are only incurred during the outage and are considered outage dependent. The costs are incremental to non-outage costs and include overtime, contract work, materials, traveling maintenance labor, regular labor for non-native plant employees, craft labor and other expenses for outages. Fixed or “base” costs are budgeted as non-outage labor or non-labor.

Total budgeted 2023 amortized outage costs are expected to be \$1.3M higher than budgeted 2022 amortized outage costs due to slightly higher costs assumed for the 2022 Unit 1 outage vs the 2020 Unit 1 outage and the longer amortization period for Prairie Island’s Unit 1 outage in 2020, which is budgeted to be amortized over 25 months compared to 24 months for the 2022 outage based on the current refueling outage schedule.

Functional Organization Chart



In addition to direct responsibilities noted below, the leaders of these areas collaborate as a Nuclear Generation executive team for the oversight of business planning, project prioritization and funding, regulatory compliance, and other matters.

The **Site Operations** at each plant are led by a Site VP, who oversees the day-to-day operation and maintenance of the generating plant and the strategic communication with the centralized support functions performing for the site, as well as with external stakeholders. These functions, which include a Plant Manager, a General Manager for the Maintain the Plant organization, and a Director of Site Performance and Operations Support have the common objective of assuring the collective operations of the nuclear sites meet all nuclear industry and Company expectations.

VP Projects, Engineering, and Technical Services include teams that support each of those areas. Capital Projects oversees the planning and execution of capital projects for Nuclear Generation. Nuclear's capital projects include initiatives mandated by regulators, upgrades to equipment to maintain reliability, efforts to improve operating performance, storage of spent nuclear fuel, and facilities. Engineering is a core competency of Nuclear in its operation, maintenance and construction activities. Fuel management and procurement are also significant responsibilities for supporting safe, reliable, and cost-effective nuclear operations. Also includes overseeing the Emergency Preparedness and Nuclear Oversight departments.

VP Fleet Operations includes the Performance Improvement team responsible for ensuring improvement of operating performance through governance, oversight, and support of the plants, and oversight of the Nuclear departments of Security, Regulatory Services, Functional Area Management and Site Focus teams.

VP Strategy leads our strategic Nuclear strategies. It includes the Innovation team which is charged with transforming the way Nuclear executes day-to-day business ensuring we are continuously improving in order to be cost competitive.

Fleet Centralized Maintain is responsible for the strategic leadership and transformation to the centralized maintenance operations of the future.



Cost Allocation Methodologies

The methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges

All costs initiated in the Nuclear Generation business area are recorded at the plant level via Xcel Energy financial systems and the nuclear workorder management system.

Nuclear maintains a work order management system for accumulating all costs on an activity, project, program, workorder or other appropriate basis. To the extent practicable, time records of hours worked by Xcel Energy and nuclear employees are kept by activity, project, program or workorder.



Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 19, 2020

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Manager, Nuclear Finance

Approved By: _____ /s/ _____

Date: October 19, 2020

Linda Erickson

Director, Nuclear Finance

_____/s/ _____

Date: October 19, 2020

Peter Gardner

SVP and Chief Nuclear Officer

2021 – 2023 Budget Documentation

Transmission

Major Business Functions and Key Activities

Introduction

The Transmission business area oversees all aspects of Xcel Energy's transmission system, including transmission lines and associated substation assets. The focus of the Transmission business area is to efficiently and effectively plan, construct, operate, and maintain this system in compliance with all regulations and requirements, in a safe and responsible manner, to best meet the reliability and energy needs of our customers and regions.

Customer Value

The Transmission organization provides customer value through three main operational drivers:

1. **New Assets:** Includes planning, engineering, permitting and construction of large capital investment commitments and infrastructure modernization. The Transmission business unit manages risks and costs associated with transmission expansion and normal operations through a blended workforce resource. The blended workforce consists of internal and external resources acting as a homogeneous workforce. The external resources allow Xcel Energy to manage the flexibility of resources with transmission and substation construction schedules. For example, a study by SPP showed that some SPS projects were built at lower cost compared to the other SPP transmission owners. This is due to the blend of experienced internal labor with contractors at SPS compared to the other transmission owners.
2. **Existing Assets:** Includes operating, maintaining, restoring, and analyzing performance of the many existing transmission and substation assets. Transmission has many robust programs to address ever increasing reliability standards and compliance requirements that are focused on ensuring ongoing system reliability. In addition, there are efforts that focus on productivity initiatives such as:
 - a. Prioritized work schedules with more structure and transparency to maintenance
 - b. More effective and efficient crew composition and scheduling
 - c. Appropriately trained and equipped replacements for retirements (including focused training with simulations, standardized processes, compliance knowledge, etc.)
 - d. Continue to strengthen focus on real-time operations, system protection, and commissioning.
3. **Strategic Business Operations:** Planning, Policy, Competitive and Operational Strategy, Communication, and Process which includes comprehensive asset, business and project execution planning for asset development, standards compliance management, business relations and contract management, and operations in the evolving business environment.
 - a. Strategic operations also includes assessing and integrating multiple drivers and requirements for new or upgraded transmission assets, influencing rules and standards development, regional planning, policy evolution, and facilitating execution and opportunity.
 - b. Participate in regional planning, project selection methodology, rule-making and cost allocation development (FERC Order 1000)

Additional Productivity Detail & Plans:

- Safety training that improves workforce safety and equipment operations through human performance training, on-site job briefings and driver safety
- Increase planned and scheduled preventive maintenance to reduce frequency of more expensive and disruptive corrective maintenance (risk-based approach)
- Outage coordination for improved planning and scheduling of work portfolio
- Maintenance and compliance data management efficiency improvements
- Materials
 - Critical Inventory stock (on time in full)
 - Strategic supplier alliances through the Supply Chain organization, to reduce costs and ensure adequate and quality supply of critical materials and services

Major Business Functions and Key Activities

- Leveraging technology improve the operator's and engineer's field visualization through Energy Management System (EMS) improvements and increase analytics capabilities through a Substation Asset Management system (SAMS)
- Develop and implement procedures to submit bid proposals for competitive projects within all the regions Xcel Energy operates.

Additional Driver Detail:

Headcount/Labor

- Total Xcel Energy: Exempt, Benefit, Union – 1,329 FTE's (656 Exempt and 673 Union):
- 161, or 12 percent, total transmission employees eligible to retire in 2021:
 - NSPM: 44 eligible and 8 employees expected to retire in 2021.
 - PSCo: 36 eligible and 7 employees expected to retire in 2021.
 - SPS: 8 eligible and 2 employees expected to retire in 2021.
 - NSPW: 9 eligible and 1 employee expected to retire in 2021.
 - XS: 64 eligible and 11 employees expected to retire in 2021.
- Wage increases/union contractual increases

Functional Area Activity Drivers (2021 budget amounts)

Transmission Strategy and Planning – \$8.5M

- Regional and reliability planning and project support
- Analytics, cost allocation, & policy
- Competitive transmission strategy
- Building partnerships to expand transmission investment

Business Operations - \$3.6M

- Compliance process improvements and documentation
- Process improvements

Transmission Portfolio Delivery and Engineering Design – \$9.8M

- System protection and communications engineering
- Management of capital projects and transmission portfolio

Transmission Construction and Line Operations - \$16.0M

- NERC compliance maintenance and inspection of growing system
- Support for significant capital construction

Substation Operations and Maintenance - \$43.3M

- Compliance and reliability maintenance execution
- Non-bulk electric system maintenance
- O&M component of capital construction and cumulative asset addition

System Operations - \$12.2M

- Facilities control and regional reliability
- Outage management
- Monitor and operate the transmission system

Transmission Asset Management – \$1.9M

- Substation commissioning and field engineering
- Field implementation of NERC and Critical Infrastructure Protection (CIP) compliance activities
- Strategic planning for existing assets for system sustainability

Transmission General - \$8.2M

- Regulatory fees

Transmission and Operating Services

Major Business Functions and Key Activities

- Facility study costs

Electric Transmission and Substations Infrastructure

	Transmission Line Miles *	# of Substations, Transmission and Distribution **	Control Centers
NSPM	5,741	346	1
NSPW	2,680	204	1
PSCo	4,798	233	1
SPS	7,750	452	1
	20,969	1,235	4

* FERC FORM NO. 1, 2019 - Line Miles Length measured by pole miles, in the case of underground lines reporting circuit miles.

** FERC FORM NO. 1, 2019 & 10K - Substations which serve only one industrial or street railway customer are not listed.

Major Business Functions and Key Activities

Major Business Functions and Key Activities

Key Organizations and Activities

- **Transmission Strategy and Planning** – Is responsible for (1) life cycle planning, transmission system planning, and associated capital budgeting; (2) negotiating transmission service-related contracts with generators, transmission owners, and distribution utilities; and (3) resolving wholesale customer transmissions service concerns. In addition, this organization manages Xcel Energy's participation in key regional projects throughout its service territory, as well as other regional projects on and adjacent to Xcel Energy's transmission systems, including the NSP System. This group is also responsible for Xcel Energy's policies and procedures in the competitive transmission acquisition processes pursuant to various requirements of FERC Order 1000. All Transmission Strategy and Planning employees are in the Service Company.
- **Business Operations** – Provides guidance, consulting, project leadership and performance monitoring for transmission departments on regulatory compliance, strategic planning, and Transmission Resource Optimization business performance improvements. Business Operations emphasizes structured approaches to process improvements, achievement of performance goals, and administration and oversight of compliance processes to ensure adherence to rules mandated by the Electric Reliability Organization, North American Electric Reliability Corporation and Federal Energy Regulatory Commission. All Business Operations employees are in the Service Company.
- **Field Operations** – Provides transmission line and substation construction, maintenance, and civil construction services. This area also oversees the Trucking/Hauling functions and includes mainly operating company employees and expenditures, with few Service Company employees.
- **Portfolio Delivery and Engineering** – Is responsible for capital project management, third-party contractor management, and securing and managing transmission land rights. This area includes both Service Company and operating company employees and expenditures. Additionally, this group is responsible for transmission line and substation design and engineering, as well as protection system engineering and substation communications. All Portfolio Delivery and Engineering employees are in the Service Company.
- **Substation Operations and Maintenance** – Is responsible for substation maintenance engineering, routine and emergency maintenance and operational activities for transmission and distribution substations for all operating companies of Xcel Energy. The organization also provides construction support for capital projects and is responsible for commissioning these new facilities when they are placed in service. This area includes both Service Company and operating company employees and expenditures.
- **System Operations** – Operates and controls the transmission line facilities and ensures regional reliability. The organization provides real-time planning, system commissioning and energy accounting. This area includes both Service Company and operating company employees and expenditures.
- **Asset Management** – Responsible for substation field engineering which includes routine and emergency maintenance and operational activities for all Xcel Energy substations. The organization also provides field implementation of certain NERC and Critical Infrastructure Protection (CIP) compliance activities, and "commissioning" new substation facilities. Commissioning of Xcel Energy substation facilities involves ensuring that our substation facilities meet the operational and reliability requirements of FERC and NERC as well as Xcel Energy. The Quality Assurance/Quality Control (QA/QC) process performed by Xcel Energy commissioning engineers and technicians thoroughly tests the equipment and control

Major Business Functions and Key Activities

systems of our electric substations prior to energizing. This organization is also responsible for system sustainability. System sustainability provides, among other things, electric material and design standards for the design, construction, and maintenance of our transmission assets by interpreting industry standards such as the American National Standards Institute (ANSI). System sustainability is also responsible for developing Xcel Energy's reliability-centered maintenance programs that ensure the health and reliability of existing assets. These processes establish the baseline performance expected by our operations and maintenance organizations and confirm the performance for compliance standards.

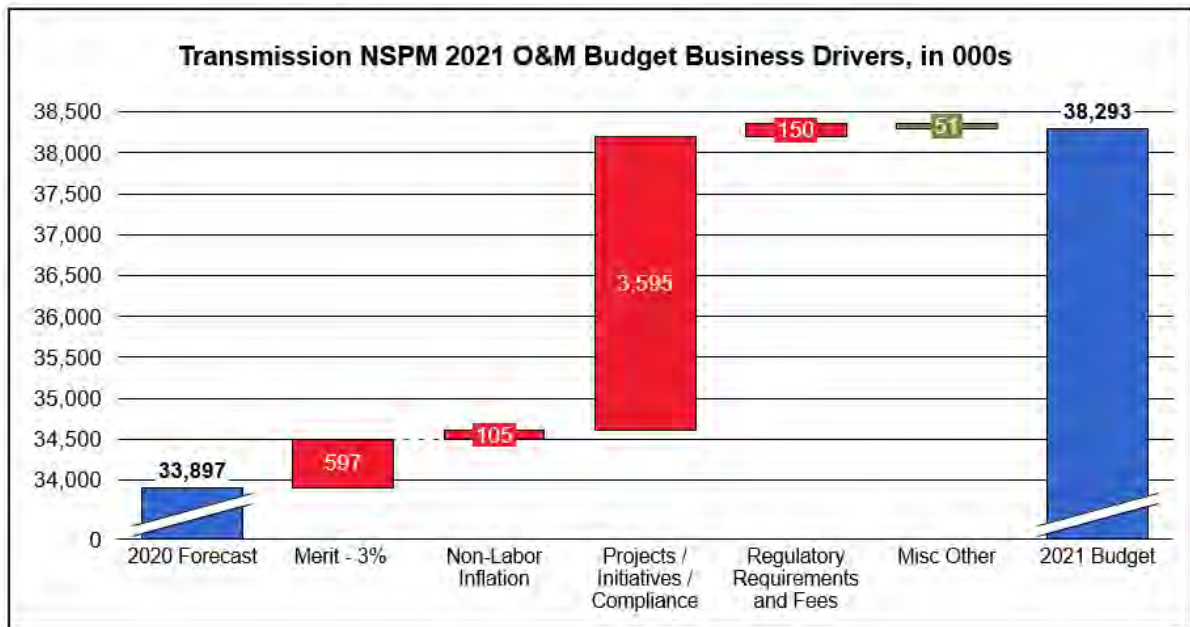
Walk Forward of Major Cost Drivers

Transmission - NSPM 2020 – 2023 O&M Budget Major Cost Drivers

Dollars in Thousands		
2020 Forecast		33,897
Base Pay - 3%		597
Non-Labor Inflation		105
Projects / Initiatives / Compliance		3,595
Asset Growth/Compliance & Security	323	
One-time reductions in 2020 that are not expected to continue in 2021	4,400	
Productivity Improvement Initiatives	(1,128)	
Regulatory Requirements & Fees		150
NERC, FERC, etc.	150	
Other		(51)
2021 Budget		38,293
Base Pay - 3%		646
Non-Labor Inflation		130
Projects / Initiatives / Compliance		(737)
Asset Growth/Compliance & Security	300	
Productivity Improvement Initiatives	(1,037)	
Regulatory Requirements & Fees		150
NERC, FERC, etc.	150	
Other		239
2022 Budget		38,721
Base Pay - 3%		662
Non-Labor Inflation		128
Projects / Initiatives / Compliance		323
Asset Growth/Compliance & Security	323	
Regulatory Requirements & Fees		300
NERC, FERC, etc.	300	
Other		226
2023 Budget		40,360

Walk Forward of Major Cost Drivers

Transmission – NSPM 2021 Budget Major Cost Drivers



Base Pay: The base pay increase of \$597K is based on a 3 percent increase for union and non-union employees.

Non-Labor: The non-labor increase of \$105k is based on a 1 percent increase driven by inflation on all non-labor costs.

Projects and Initiatives:

Asset Growth and Compliance: The Company's asset base is growing by 5 percent annually as a result of the changing generation mix and new load, resulting in increased O&M. Additionally, risk mitigation strategies and compliance activity continue to be a top priority. These two drivers resulted in a \$323K increase.

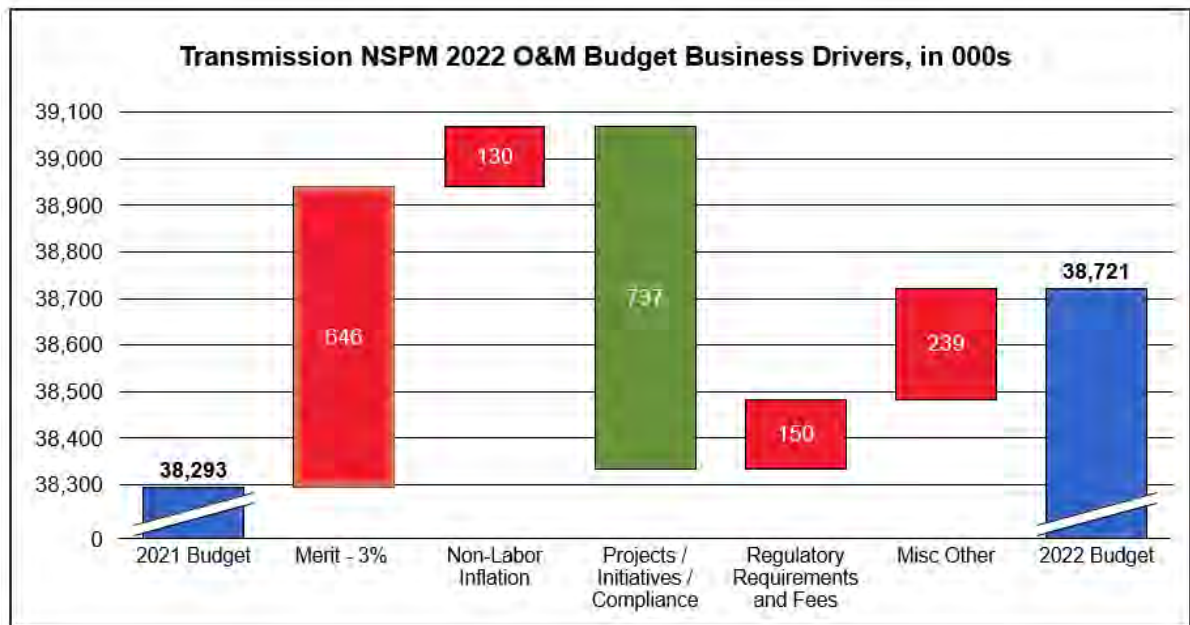
One-time Reductions in 2020: Certain management initiatives were put in place in 2020 that are not expected to continue in 2021. These initiatives include deferring low-priority maintenance work, reducing employee expenses, restricting allowed overtime, negotiating with contractors for reduced rates, and implementing hiring delays. These initiatives reflect one-time budget reductions in the amount of \$4.4M and are added back to the 2021 budget.

Productivity Improvement Initiatives: Continuous improvement efforts driving enhanced productivity and efficiency, in order to achieve aspirational expense targets and offset inflationary pressures, resulted in a \$1.1M decrease. These efforts have driven improved scheduling and field productivity, resulting in more efficient and effective ways for transmission crews to schedule and complete their work, thus reducing O&M expenditures. Some examples of the efforts that led to the increased efficiency include locking in the schedules a week prior, more detailed scheduling, formalized job readiness checklists, minimization of schedule changes, and daily huddles with leadership and crews to discuss daily work plans.

Regulatory Requirements and Fees: The NERC fee assessment is based on NSP's proportion of the MRO's megawatt hours used. The guidance from the MRO organization was to account for a 5 percent year-over-year increase. In order to maintain an estimate consistent with MRO's guidance, the 2021 budget was increased by \$150K.

Walk Forward of Major Cost Drivers

Transmission – NSPM 2022 Budget Major Cost Drivers



Base Pay: The base pay increase of \$646K is based on a 3 percent increase for union and for non-union employees.

Non-Labor: The non-labor increase of \$130k is based a 1 percent increase driven by inflation on all non-labor costs.

Projects and Initiatives:

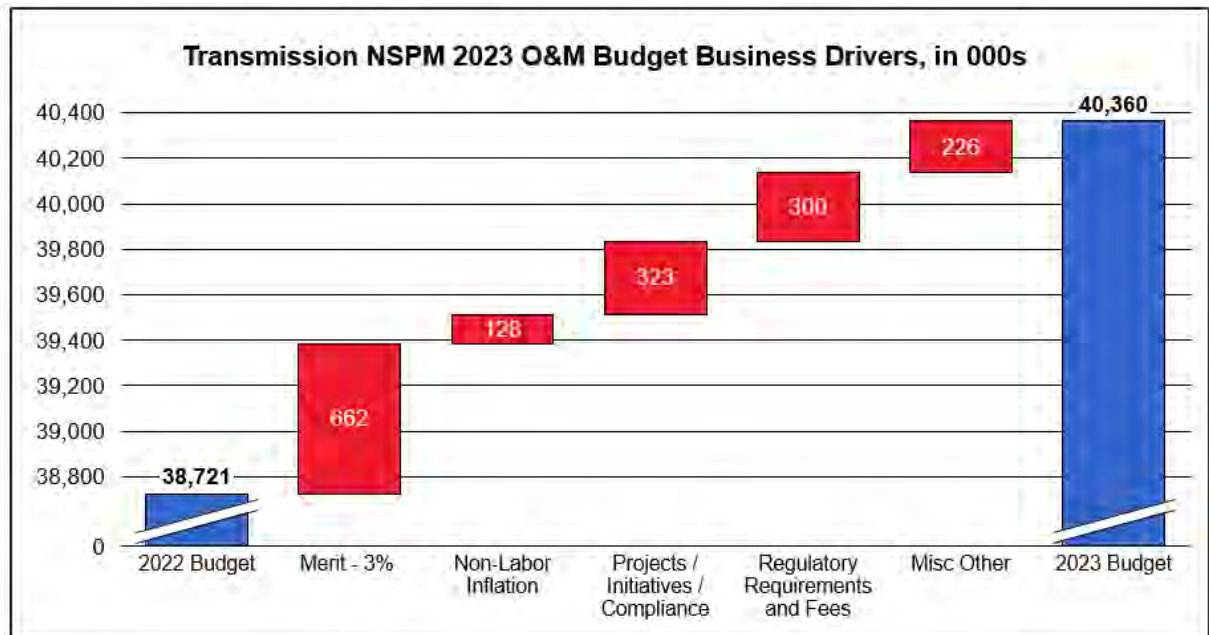
Productivity Improvement Initiatives: Continuous improvement efforts driving productivity improvements, in order to achieve aspirational expense targets and offset inflationary pressures, resulted in a \$1.0M decrease.

Asset Growth and Compliance: The Company's asset base is growing by 5 percent annually as a result of the changing generation mix and new load, resulting in increased O&M. Additionally, risk mitigation strategies and compliance activity continue to be a top priority. These two drivers resulted in a \$300K increase.

Regulatory Requirements and Fees: The NERC fee assessment is based on NSP's proportion of the MRO's megawatt hours used. The guidance from the MRO organization was to account for a 5 percent year-over-year increase. In order to maintain an estimate consistent with MRO's guidance, the 2022 budget was increased by \$150K.

Walk Forward of Major Cost Drivers

Transmission – NSPM 2023 Budget Major Cost Drivers



Base Pay: The base pay increase of \$662K is based on a 3 percent increase for union and non-union employees.

Non-Labor: The non-labor increase of \$128k is based a 1 percent increase driven by inflation on all non-labor costs.

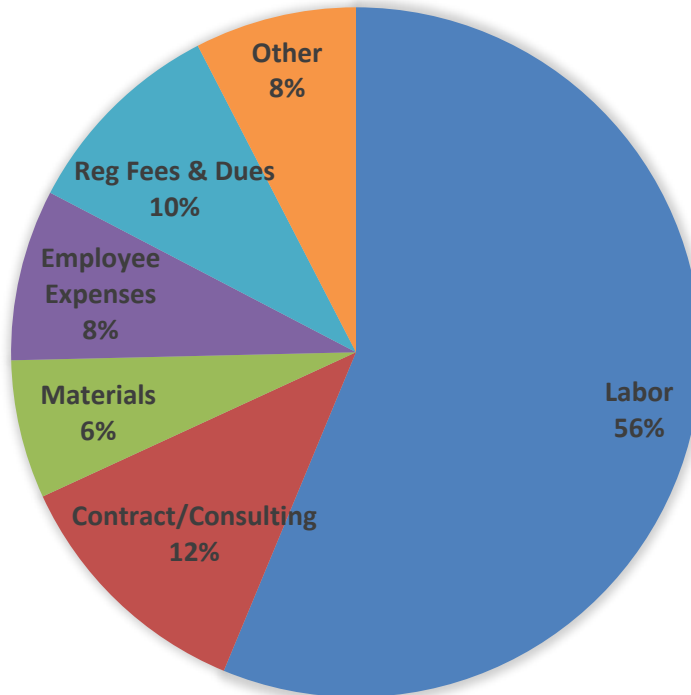
Project and Initiatives:

Asset Growth and Compliance: The Company's asset base is growing by 5 percent annually as a result of the changing generation mix and new load, resulting in increased O&M. Additionally, risk mitigation strategies and compliance activity continue to be a top priority. These two drivers resulted in a \$323K increase.

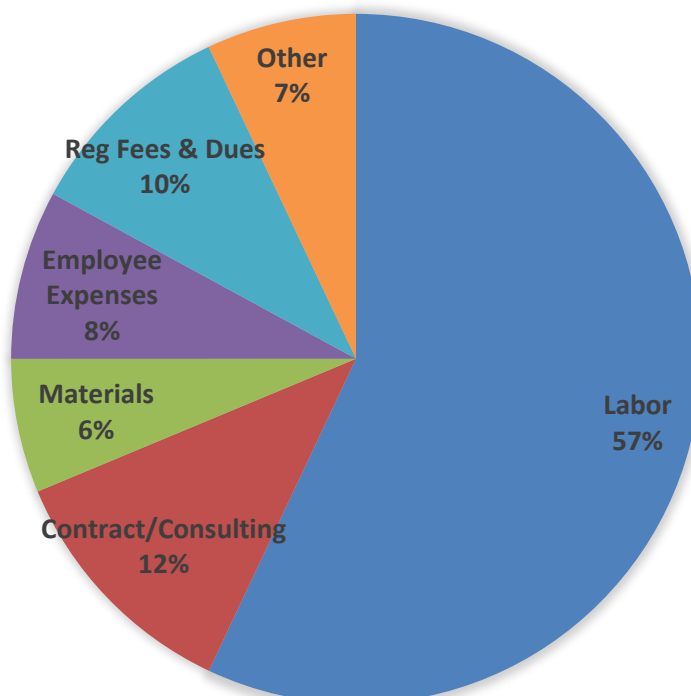
Regulatory Requirements and Fees: The NERC fee assessment is based on NSP's proportion of the MRO's megawatt hours used. The guidance from the MRO organization was to account for a 5 percent year-over-year increase. In order to maintain a conservative estimate consistent with MRO's guidance, the 2023 budget was increased by \$300K.

Walk Forward of Major Cost Drivers

NSPM Transmission 2021 O&M Budget = \$38.3M

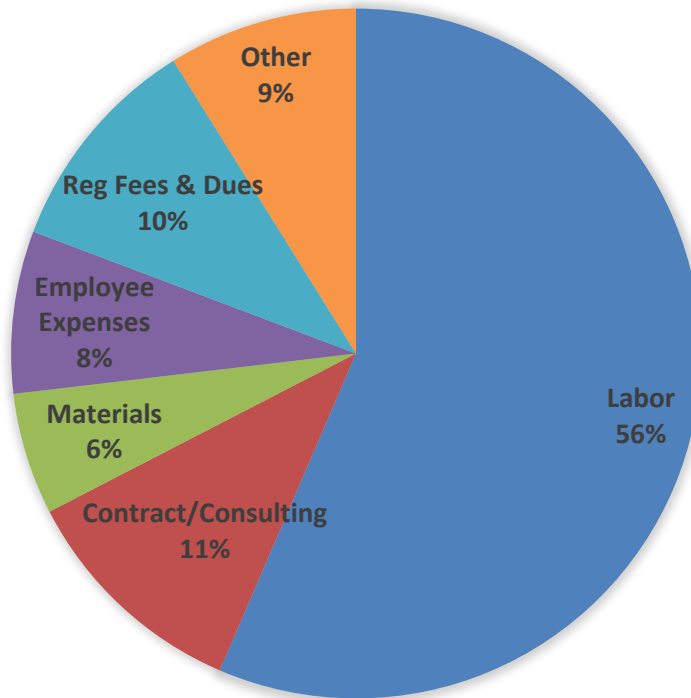


NSPM Transmission 2022 O&M Budget = \$38.7M

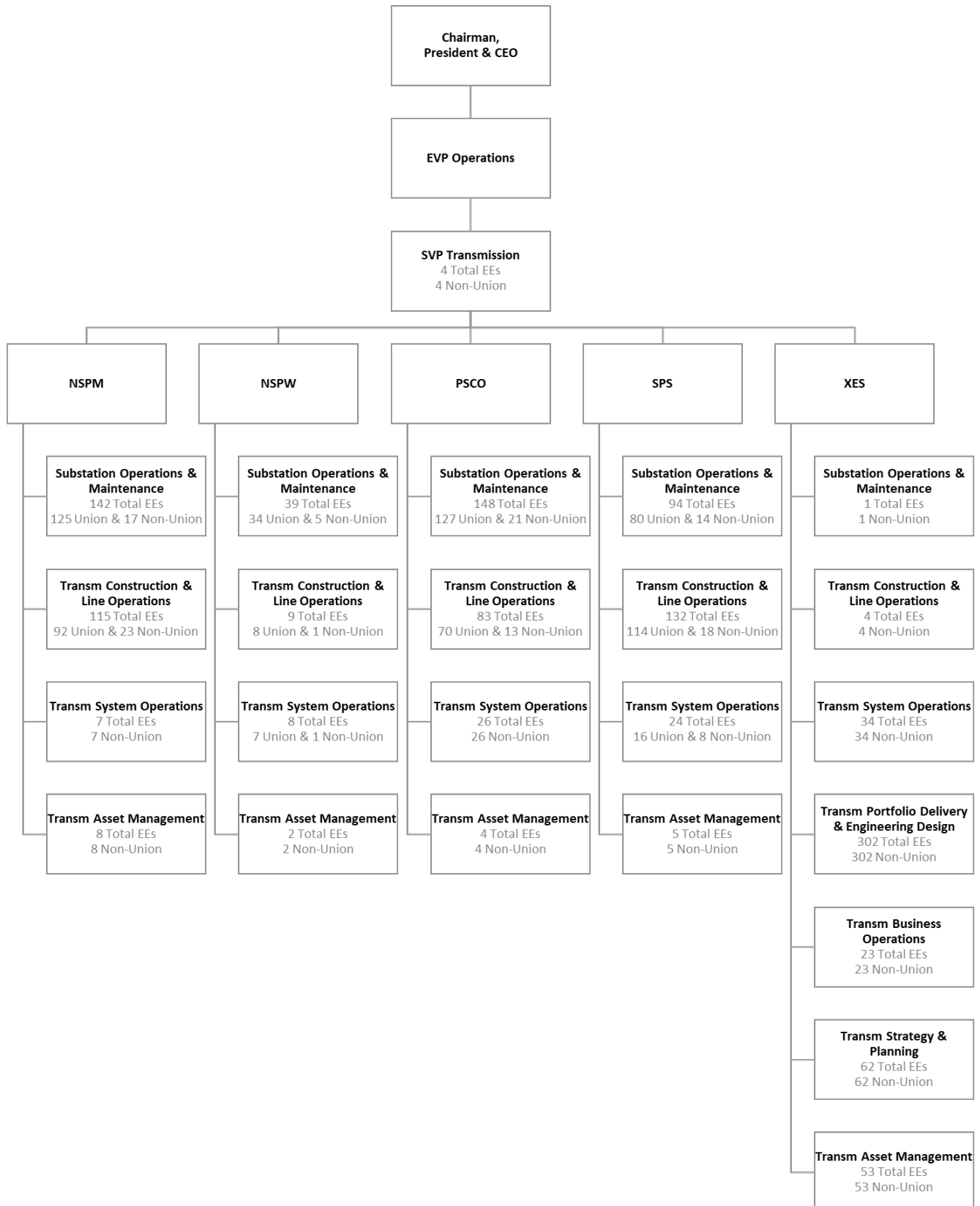


Walk Forward of Major Cost Drivers

NSPM Transmission 2023 O&M Budget = \$40.4M



Functional Organization Chart



Cost Allocation Methodologies

Operating Company Direct Charges:

Employees of the operating companies direct charge their labor and expenses to the legal entity that is receiving the benefit of their service.

Service Company Direct Charges:

Employees of the Service Company direct charge their labor costs to the specific legal entities and FERC accounts served whenever possible. Non-labor costs are direct charged when a specific legal entity is served.

Transmission expenditures directly charged to NSPM and NSPW are included in the Interchange Agreement and shared between the two operating companies.

Service Company Allocated Charges:

The primary methods utilized for each service area are described below. Please see Exhibit ____ (RLB-1), Schedule 4 for a complete list of the Company's allocators.

Functional Area	SAP Cost Center	JDE Subledger Code	Description
Transmission	200116	441	Distribution Electric Supervision & Engineering (S&E) FERC 580 services includes the labor and expenses incurred in the general supervision and direction of the operation of the electric distribution system. Distribution Electric FERC 580 services includes the labor and non-labor costs for the engineering and supervision of the electric distribution organization.
Transmission	200122	442	Transmission Electric Supervision & Engineering (S&E) FERC 560 services include labor and expenses incurred in the general supervision and direction of the operation of the electric transmission system as a whole.
Transmission	200125	449	Transmission Electric Supervision & Engineering (S&E) NSPM & NSPW FERC 560 services include labor and expenses incurred in the general supervision and direction of the operation of the electric transmission system as a whole. This allocation is used when NSPM and NSPW are the only jurisdictions benefiting from the services.

Direct billed or charged costs are incurred directly by a particular operating company. For example, insurance premiums for operating-company-specific policies are paid by the relevant operating company. These premiums are shown as direct billed to that operating company.

Service Company Direct costs include those costs incurred by the Service Company on behalf of one operating company. For example, some Budgeting and Management Reporting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor hours and costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated costs would include those costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting and Management Reporting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor hours and costs associated with these services are allocated to the legal entities using SEC-approved allocation methodologies. The primary methods utilized for each service area are described above. Please see Exhibit ____ (RLB-1), Schedule 4 for a complete list of the Company's allocators.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 19, 2020

Megan Robinson

Financial Consultant, Transmission Finance

Approved By: _____ /s/ _____

Date: October 19, 2020

Erica Meyer Olson

Director, Transmission Finance

_____/s/ _____

Date: October 19, 2020

Michael Lamb

Senior Vice President, Transmission

2021 - 2023 Budget Documentation

**Distribution Operations and Gas Engineering & Operations
Business Areas**

Major Business Functions and Key Activities

Narrative Overview

This narrative covers the Distribution Operations and Gas Engineering & Operations business areas that are supported by the testimony of Ms. Kelly A. Bloch. These business areas work together to support both electric and gas customers. This narrative is focused on the work done by these organizations for the NSPM electric utility. It is organized as follows:

Distribution Operations

- Introduction
- Customer Value
- Spend by functional area (Electric utility)
- Headcount information

Gas Engineering & Operations

- Introduction
- Customer Value
- Spend by functional area (electric utility)
- Headcount information

Financial information (for the combined organizations)

- 2020 to 2021 walkforward
- 2021 budget by cost category
- 2021 to 2022 walkforward
- 2022 budget by cost category
- 2022 to 2023 walkforward
- 2023 budget by cost category

Distribution Operations

The NSPM Distribution Operations organization provides for the safe and reliable delivery of natural gas and electric service to customers in Minnesota, North Dakota, and South Dakota. It contains the following key areas: Distribution Operations, Control Center, Metering, Distribution Engineering, Distribution Business Operations, and Continuous Improvement & Performance Planning. Each is summarized below.

- **Distribution Operations** – Jurisdictional operators consisting of Design, Construction, and Maintenance.
- **Distribution Control Center** – Electric Distribution Control Center Operations including Electric Trouble Operations/Emergency Response.
- **Distribution Metering/AGIS** – Gas/Electric Metering Systems and Support plus organization responsible for the deployment/implementation of AGIS
- **Distribution Engineering** – Technical Support and System Planning
- **Distribution Business Operations** – Vegetation Management, Outdoor Lighting, Facility Attachments, Builders Call-Line, Service Policy and Center of Excellence
- **Centralized Scheduling** – mid and long-range work scheduling
- **Continuous Improvement & Performance Planning** – Performance Management and Business Planning, Design Strategy, Business Integration, and Distribution Change Management

Major Business Functions and Key Activities

Customer Value

Distribution Operations seeks to continuously add customer value by maintaining a safe and reliable electric distribution system as well as supporting the Gas Organization in the areas of Gas Design, Business Operations, and Metering Support for the effective delivery of natural gas and electric service to our customers. We accomplish this by making prudent investments in the delivery system for the purposes of adding capacity, improving reliability, and replacing assets as necessary to maintain reliable and safe system performance. We also provide for safe and reliable performance through routine and prudent maintenance activities on the distribution system. Distribution Operations budgets for various electric and gas maintenance and asset replacement programs specifically for this purpose.

Functional Area Activity Drivers (2021 Budget Amounts)

Electric Utility

- *Distribution Operations* - \$46.9M
 - Construction, Operations & Maintenance
 - Contracting & Utility Services
- *Distribution Business Operations* - \$43.3
 - Vegetation Management
 - Distribution Line Clearance
 - Transmission Line Clearance
 - Pole Assessment Program
 - Builder's Call Line
 - Service Policy
 - Outdoor Lighting
 - Facility Attachments
- *Distribution Control Center* - \$21.7M
- *Distribution Electric Engineering* - \$1.7M
 - Area Engineering
 - System Planning & Strategy
 - Electric Distribution Standards
 - Electric System Performance
- *Distribution Metering/AGIS* – \$13.0
 - Metering Systems
 - AGIS Project
- *Continuous Improvement & Performance Planning* - \$234k
 - Distribution Planning & Performance
 - Change Management
 - Business Services
 - Design Strategy
- *Field and Work Scheduling* - \$0.3M

Headcount Information – 2021 - 2023 Budget Level

The 2021 Average Headcount for NSPM Distribution Operations is made up of the following:

- NSPM OpCo Specific Employees
 - 164 Benefit FTE
 - 82 Exempt FTE
 - 2 Other-Benefit FTE
 - 527 Union FTE
 - 154 Non-Benefit FTE
- Service Company Employees
 - 15 Benefit FTE

Major Business Functions and Key Activities

- 154 Exempt FTE
- 6 Non-Benefit FTE

The 2022 Average Headcount for NSPM Distribution Operations is made up of the following:

- NSPM OpCo Specific Employees
 - 164 Benefit FTE
 - 82 Exempt FTE
 - 2 Other-Benefit FTE
 - 527 Union FTE
 - 154 Non-Benefit FTE
- Service Company Employees
 - 15 Benefit FTE
 - 154 Exempt FTE
 - 6 Non-Benefit FTE

The 2023 Average Headcount for NSPM Distribution Operations is made up of the following:

- NSPM OpCo Specific Employees
 - 164 Benefit FTE
 - 82 Exempt FTE
 - 2 Other-Benefit FTE
 - 527 Union FTE
 - 154 Non-Benefit FTE
- Service Company Employees
 - 15 Benefit FTE
 - 154 Exempt FTE
 - 6 Non-Benefit FTE

Note: Service Company Employees provide supports to all of Xcel Energy Operating Companies. OpCo budget assumptions for Service Company Employees are based on overall line miles and miles of gas main in all the service territories.

Gas Engineering and Operations

Introduction

The Gas Engineering and Operations organizational focus is driving a proactive safety culture for both the public and our employees, developing and driving a gas strategy for the gas utility (which includes the gas organization as well as gas employees in the distribution organization), ensuring compliance, managing the risk of gas assets, managing costs for projects and programs, and engaging employees. The Gas Engineering and Operations business area is comprised of the following major areas: Gas Engineering, Gas Construction & Operations, Gas Governance, Project Delivery & Tech Services, Gas Systems Strategy & Business Operations, and Gas Utility Infrastructure Costs (GUIC).

Customer Value

The Gas Engineering and Operations business area is responsible for ensuring compliance with all federal, state, and Xcel Energy codes, regulations, and standards. By having public and employee safety as one of our main objectives, we evaluate the risk on our gas systems and recommend appropriate actions to mitigate these risks. We promote a pro-active approach to risk mitigation and problem resolution. We actively help shape new regulations, provide oversight and drive for consistent standardization across all gas areas.

Major Business Functions and Key Activities

While most of the work done by this organization is in support of the gas utility, it is also responsible for managing the damage prevention function, which involves locating underground electric and gas facilities. This function accounts for almost all of the electric utility spend for this business area. There is also a small amount of spend for geospatial mapping of underground electric and gas assets.

The Gas Engineering and Operations work area is responsible for delivering data integrity to ensure the data warehouse has accurate information for report generation and ensuring the overall integrity of the GIS system is maintained. This work includes both gas and electric distribution. This department is also responsible for the maintenance of the GIS landbase, AutoCAD mapping, and all other gas and electric mapping systems. The organization also ensures consistent standards are maintained in all mapping products for gas and electric delivery systems as well as ensuring the successful coordination of all GIS data acquisition and land data sharing activities.

The Organization is also responsible for the safe and efficient construction and operation of the gas transmission system, gas distribution system, peak shaving plants (Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG) plants) and the quality of service to NSPM customers. The organization coordinates the responses and communications regarding the resolution of emergency, outage and other quality of service situations for the gas distribution system. This organization provides 24-hours-a-day, seven-days-a-week emergency response dispatching coverage for gas trouble orders, and provides the first responders to gas emergency orders for the St. Paul metropolitan area.

Functional Area Activity Drivers (2021 Budget Amounts)

Electric Utility

- *Area VP of Gas Operations* - \$12.5M
 - Damage Prevention – Locating underground electric facilities
- *Geospatial and asset data* - \$71K

Headcount Information – 2021 - 2023 Budget Level

The following headcount information reflects the headcount of the Gas Engineering and Operations business area that supports the electric utility.

The 2021 – 2023 average headcount is made up of the following:

- NSPM OpCo Specific Employees
 - 2 Benefit FTE
 - 19 Exempt FTE
 - 120 Union FTE
 - 1 Non-Benefit FTE
- Service Company Employees
 - 31 Benefit FTE
 - 120 Exempt FTE
 - 2 Non-Benefit FTE

Financial Information

The NSPM Distribution Operations and Gas Engineering and Operations business areas overall O&M budgets will increase over the next three years from \$99.7 million in 2020 to 134.3 million in

Major Business Functions and Key Activities

2023. This overall increase is primarily driven by incremental programs such as Advanced Grid and Information Security (AGIS). Aside from these incremental programs, the Distribution Operations organization expects modest increases in O&M over the next few years, base pay increases and inflation partially offset by savings from continuous improvement initiatives.

2021 Electric Walk Forward of Major Cost Drivers

Distribution Operations - Northern States Power Minnesota (Electric Utility)	
Walk Forward (Dollars in Millions)	
2020 July Year-End Forecast	\$ 99.7
Major Drivers	
Pole Programs	\$ 1.7
AGIS	\$ 7.5
Vegetation Management	\$ 20.1
Grid Modernization Effort	\$ 4.3
Damage Prevention	\$ 1.3
Electric Vehicles	\$ 0.2
One-time reductions not expected to recur in 2021	\$ 6.8
Continuous Improvement	\$ (2.2)
Mixed Work Allocation	\$ (4.3)
Inflation	\$ 2.3
Other	\$ (4.3)
2021 Budget	\$ 133.1

Mixed Work Allocation

- Increased capitalization splits impacting our capital work occurred in certain categories during 2020 leading to a decrease of (\$4.3M) in 2021. An updated survey for our “back-office” engineering and supervision (E&S) support led to increased capitalization for those employees vs. previous E&S splits. Additionally, we conducted a review of our pole replacement activities in the field and the time spent on capital vs. O&M substation activities. This review led to an adjustment of all work associated with pole replacements that resulted in a higher percentage of capital compared to O&M work.

Continuous Improvement

- Distribution operations continuous improvement efforts over the five-year budget period, specifically focus on improvements associated with our centralized scheduling process, are expected to drive efficiency gains when it comes to executing on our work in the field. This is expected to result in a (\$2.2M) O&M reduction.

Inflation

- Labor escalation is based on an average 3.0% base pay increase for non-union employees and 3.0% for union employees.
- Non-Labor escalation is based on an average of 1.0% increase annually

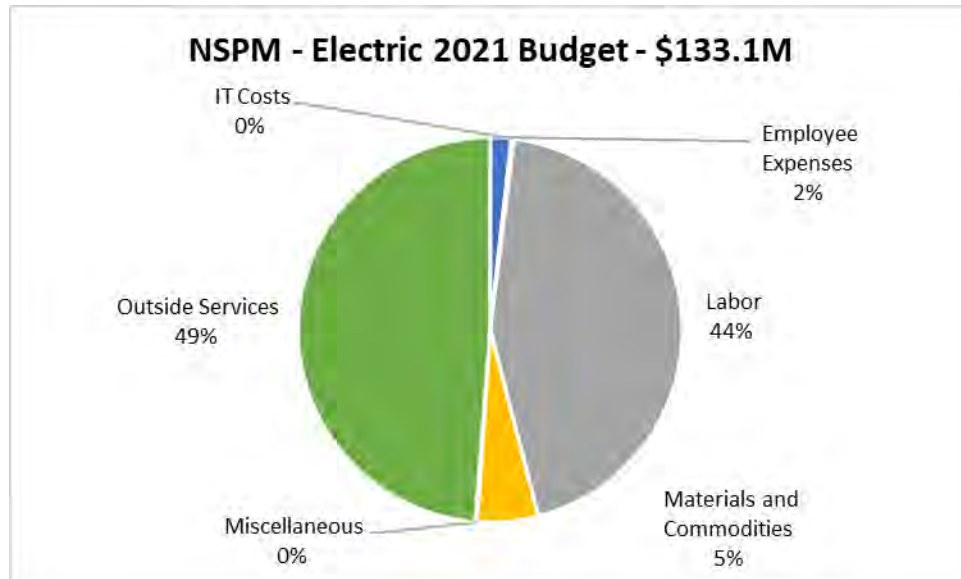
Advanced Grid and Information Security (AGIS)

- We are planning to start field deployment of our various AGIS programs, driving an increase of \$7.5 million. As discussed by Company Witness Mr. Benj Halama, these costs are substantially recovered through the Transmission Cost Recovery rider rather than base rates.

Other

- Incremental scope of work activities associated with vegetation management

**2021 Distribution Operations and Gas Engineering & Operations NSP Minnesota
Electric Utility O&M Budget Major Cost Drivers**



2022 Electric Walk Forward of Major Cost Drivers

Distribution Operations - Northern States Power Minnesota (Electric Utility)	
Walk Forward (Dollars in Millions)	
2021 Budget	\$ 133.1
Major Drivers	
Pole Programs	\$ (1.6)
AGIS	\$ 1.4
Vegetation Management	\$ 3.8
Grid Modernization Effort	\$ 0.1
Damage Prevention	\$ 0.4
Continuous Improvement	\$ (2.2)
Mixed Work Allocation	\$ 1.1
Inflation	\$ 2.3
Other	\$ 1.3
2022 Budget	\$ 139.7

Pole Programs

- The volume of pro-active pole replacements in 2022 is projected to be less than a high-level year in 2021 resulting in estimated decrease of \$1.6 million.

Advanced Grid and Information Security (AGIS)

- Continued ramp-up of field deployment of our various AGIS programs in 2022 at an estimated increase of \$1.4 million.

Inflation

- Labor escalation is based on an average 3 percent base pay increase for non-union employees and 3 percent for union employees.
- Non-Labor escalation is based on an average of 1 percent increase annually

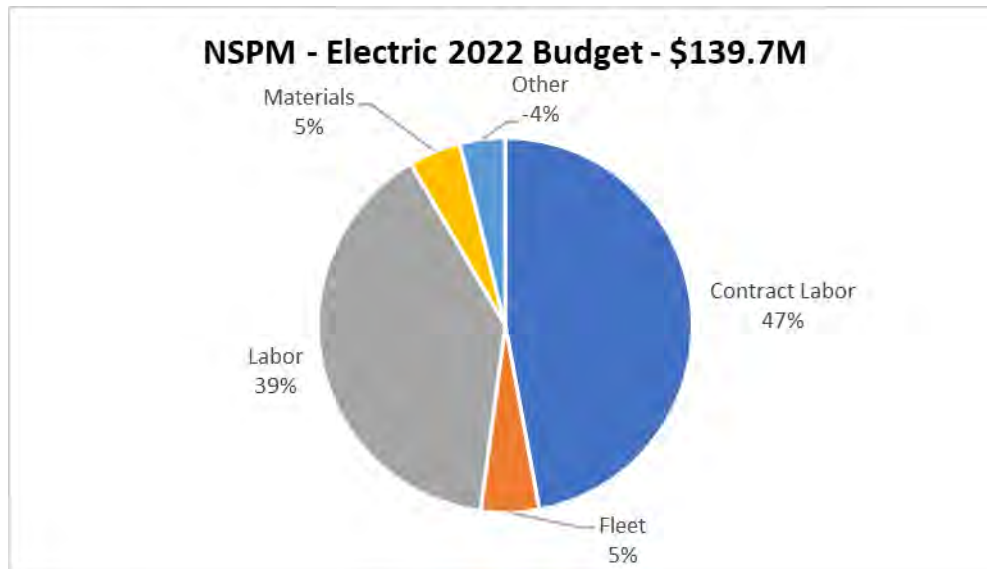
Continuous Improvement

- Distribution operations continuous improvement efforts over the five year budget period, specifically focused on improvements associated with our centralized scheduling process are expected to drive efficiency gains when it comes to executing on our work in the field. The value to O&M for this effort in 2022 is expected to be (\$2.2M) incremental to 2021.

Mixed Work Allocation

- In prior years, proactive pole replacement volumes resulted in a credit against other Mixed Work Allocation benefits. In 2022, these proactive pole replacements are expected to be reduced, leading to a reduced credit in this category, resulting in a \$1.1M increase from 2021 to 2022 for overall Mixed Work Allocation.

2022 Major Cost Drivers



2023 Electric Walk Forward of Major Cost Drivers

Distribution Operations - Northern States Power Minnesota (Electric Utility)	
Walk Forward (Dollars in Millions)	
2022 Budget	\$ 139.7
Major Drivers	
Vegetation Management	\$ (9.1)
Electric Vehicles	\$ 0.2
AGIS	\$ (3.5)
Inflation	\$ 2.4
Continuous Improvement	\$ (2.5)
Other	\$ 7.1
2023 Budget	\$ 134.3

Advanced Grid and Information Security (AGIS)

- Reduction in field deployments for our various AGIS programs in 2023 at an estimated decrease of \$3.5M.

Inflation

- Labor escalation is based on an average 3 percent base pay increase for non-union employees and 3.0% for union employees.
- Non-Labor escalation is based on an average of 1 percent increase annually

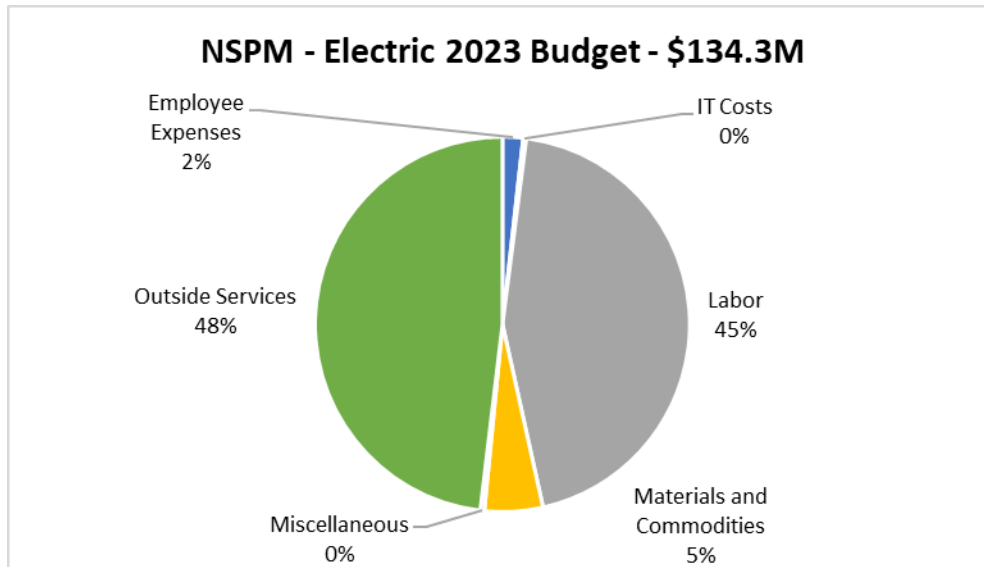
Continuous Improvement

- Distribution operations continuous improvement efforts over the five year budget period, specifically focused on improvements associated with our centralized scheduling process are expected to drive efficiency gains when it comes to executing on our work in the field. The value to O&M for this effort in 2023 is expected to be (\$2.5M) incremental to 2022.

Vegetation Management

- Reduced scope of work activities due to completion of two-year on-cycle catch-up strategy (conducted in 2021 and 2022) worth a reduction of \$9.1M in Vegetation Management funding from 2022 to 2023.

**2023 Distribution Operations and Gas Engineering & Operations NSP Minnesota
Electric Utility O&M Budget Major Cost Drivers**



2023 Cost Allocation Methodologies

The methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges:

The Distribution Operations and Gas Engineering & Operations organizations operating company employees direct charge their labor and expenses to the legal entity that is receiving the benefit of their service.

Service Company Direct Charges:

The Distribution Operations and Gas Engineering & Operations organizations Service Company employees direct charge their labor and expenses to the legal entity that is receiving the benefit of their service whenever possible.

Service Company Allocated Charges:

The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP Cost Center	JDE Work Order No.	Work Order Title	Description of Services Provided
200126	440	Utilities Group Administrative & General (A&G) FERC 921	Utilities Group Administrative & General (A&G) FERC 921 services includes the labor and non-labor costs for utilities group leadership, management and support services for the Distribution, Transmission, transportation and supply chain areas.
200116	441	Distribution Electric Supervision & Engineering (S&E) FERC 580	Distribution Electric Supervision & Engineering (S&E) FERC 580 services includes the labor and expenses incurred in the general supervision and direction of the operation of the electric distribution system.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____/s/_____

Date: October 19, 2020

Krista McKusker

Senior Financial Analyst

Approved By: _____/s/_____

Date: October 19, 2020

Brian Broadwell

Director, Distribution Business Area Finance

/s/

Date: October 19, 2020

Kelly Bloch

VP, NSP Distribution Operations

2021 - 2023 Budget Documentation

Operation Services

Major Business Functions and Key Activities

Introduction

Operation Services includes Executive VP (EVP) Operations, Chief of Staff, Supply Chain and Commercial Operations. Alignment seeks to standardize processes, share best practices, and efficiencies of scale to improve productivity and control operating costs.

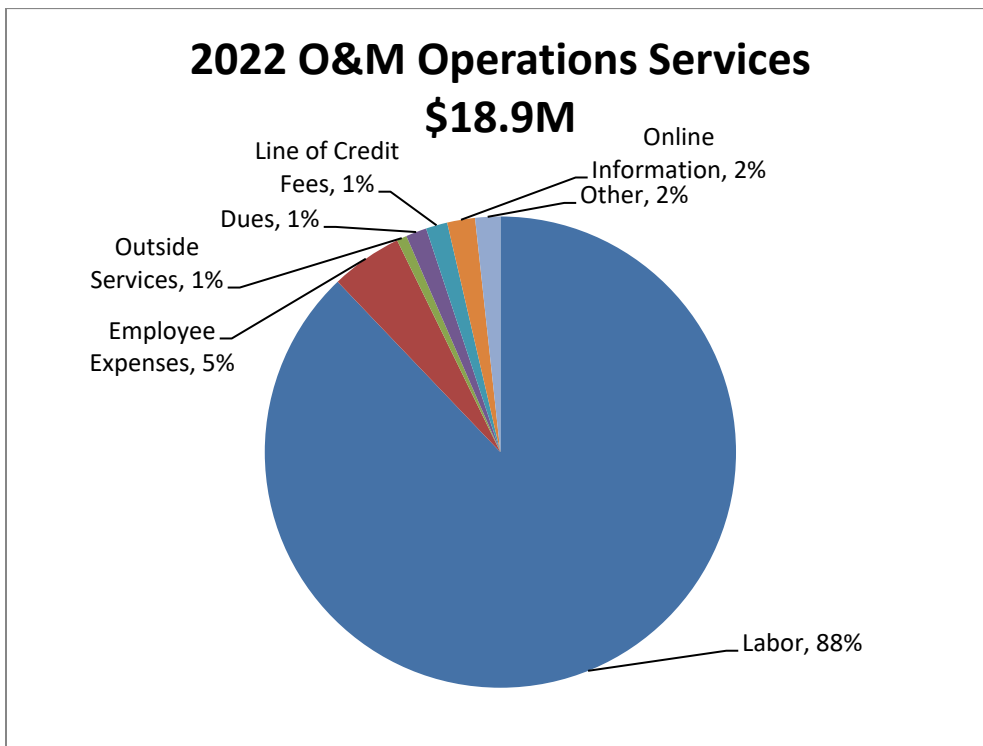
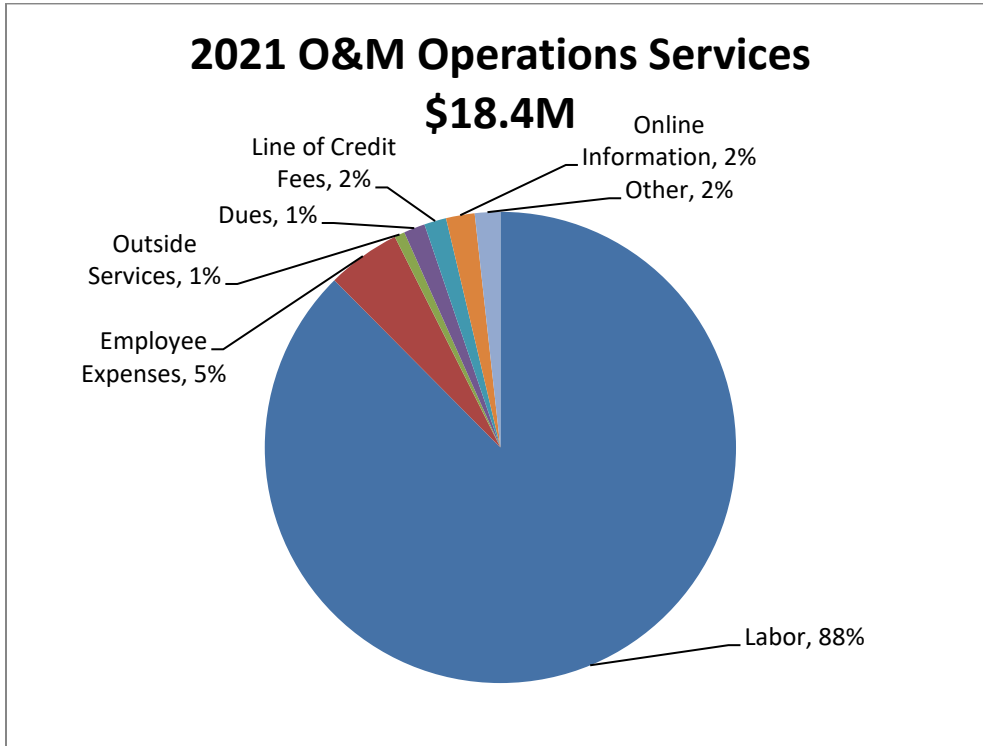
The organization's primary responsibility is to provide for the safe and reliable generation, transmission and distribution of electricity and natural gas to customers.

Customer Value

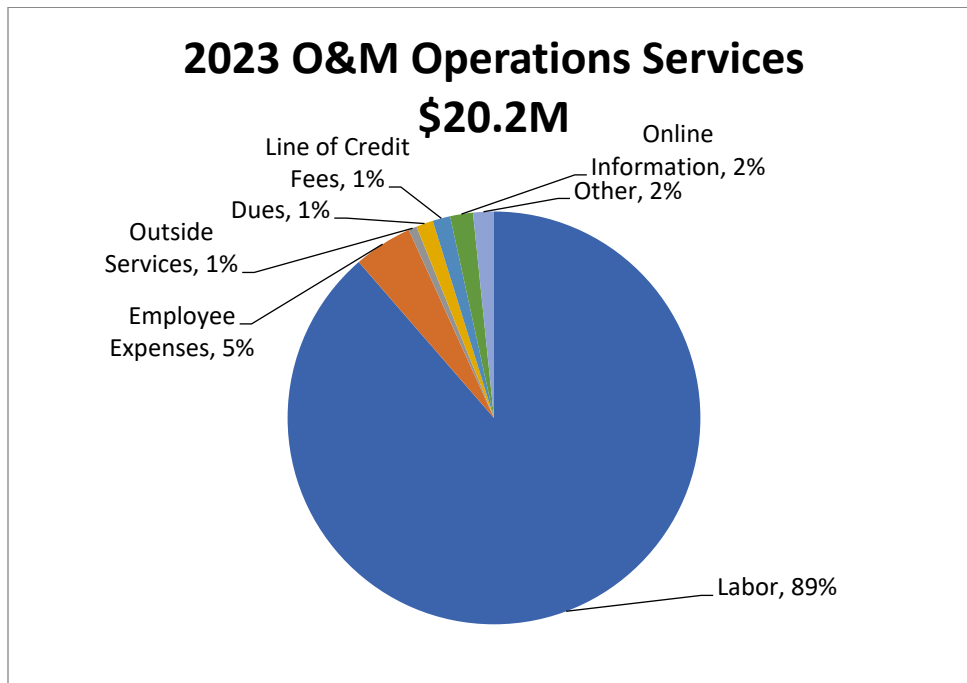
A centralized Operations organization facilitates economies of scale and knowledge transfer. Efficiency and productivity efforts across the Operations organization have helped offset rising costs and limited the growth in operating and maintenance expenses, as well as improved the cost efficiency of our capital projects.

O&M Budget Major Cost Drivers

Operation Services – O&M Budget Major Cost Drivers for Xcel Energy



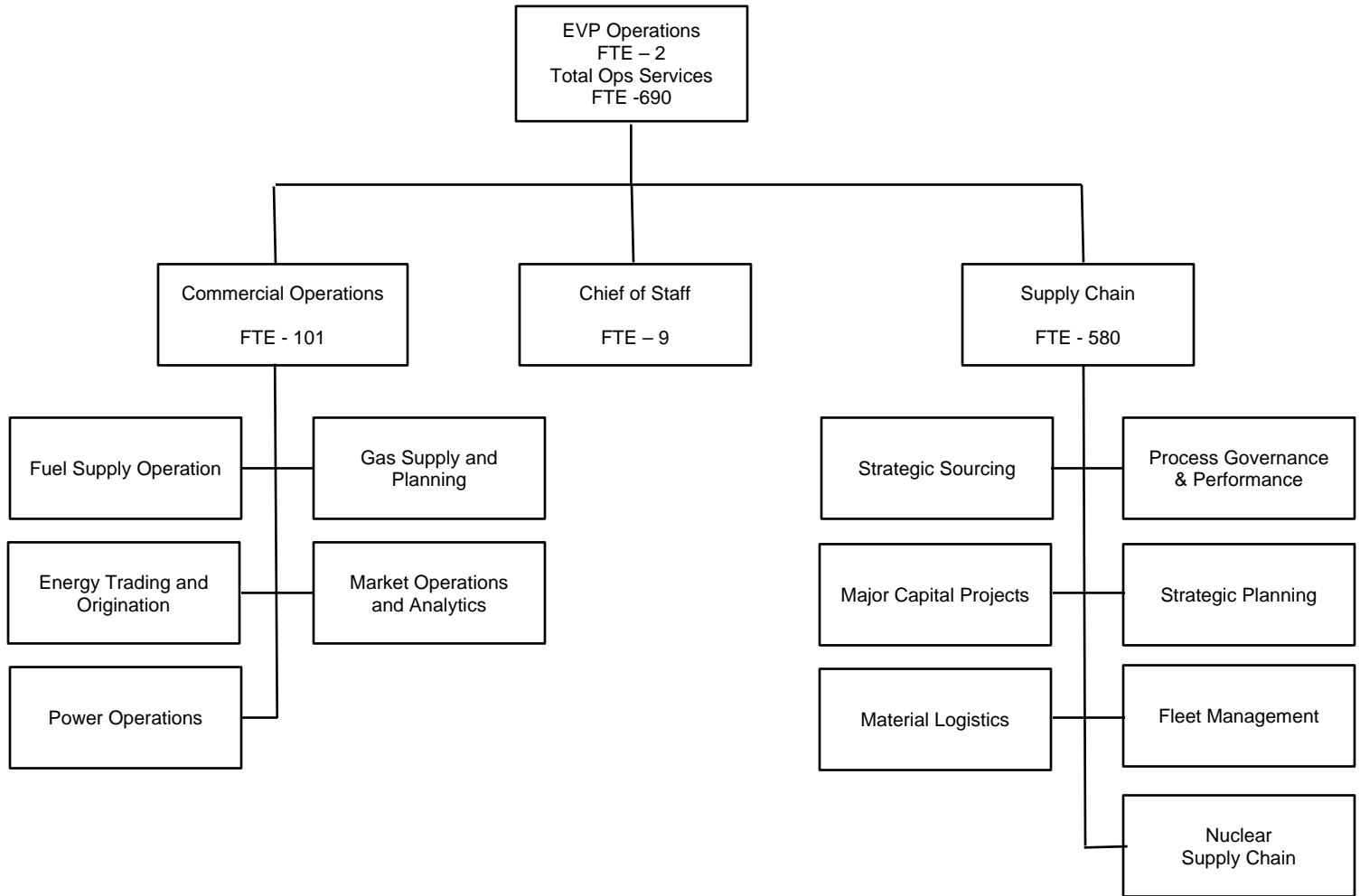
O&M Budget Major Cost Drivers



Walk Forward of Major Cost Drivers

Dollars in Thousands (Xcel Energy)		
2020 July Year-End Forecast		17,857
Base Pay - 3%		399
Other Increases		503
Bank Credit Line Fees	207	
Supplemental Incentive Plan for the Trading Organization	108	
Non-labor increases from one-time 2020 reductions	188	
Other Decreases		(356)
Headcount Reductions	(356)	
2021 Budget		18,403
Base Pay - 3%		398
Other Increases		98
Supplemental Incentive Plan for the Trading Organization	94	
Work Force Administration	4	
2022 Budget		18,899
Base Pay - 3%		411
Other Increases		890
Supplemental Incentive Plan for the Trading Organization	886	
Work Force Administration	4	
2023 Budget		20,200

Functional Organization Chart



Functional Organization Chart

Operations Services, under the EVP Operations, consist of Chief of Staff, Supply Chain, and Commercial Operations.

Executive Vice President of Generation

The Executive Vice President of Generation department consists of the Executive Vice President of Generation and an administrative assistant.

The main accountabilities of the Executive Vice President of Generation department are to set the direction of the operations business plan, guide operations according to the established business plan, and provide guidance and support for the operations of Energy Supply and Nuclear, while also supporting the other areas of Operations, which include Distribution Operations, Gas Engineering & Operations and Transmission through the following business areas:

- Chief of Staff
- Commercial Operations
- Supply Chain

Chief of Staff

The Chief of Staff is responsible for:

- Boosting productivity and performance through key improvements, particularly in our operations and generations areas, which allows us to further contribute to the company's bottom line in these uncertain economic times;
- Adding customer value by continuing to provide customers with reliable service and affordable power, today and well into the future;
- Working smarter by automating and streamlining essential work processes and procedures; and
- Mitigating risk by ensuring employee knowledge transfer – capturing and retaining the hard-earned expertise of our veteran employees for the ongoing benefit of future generations of employees.

Commercial Operations

The Commercial Operations area provides power operations, fuel procurement, and energy trading services for Xcel Energy Operating Companies' electric customers.

Core functions include the following:

Fuel Supply, Gas Supply & Planning

- Fuel Supply is responsible for the purchase of fuels required to operate the power plants for the four operating companies. Xcel Energy uses a strategy to diversify fuel sources to reduce fuel availability risks and secure more competitive bid prices, which potentially reduces customers' fuel costs. The following departments fall under this organization: Fuel Supply Operations (solid fuels), Gas Resource Planning (gas commodity), and Gas Supply & Planning (pipeline transmission).
- Procures and manages annual coal for Xcel Energy's various jurisdictions;
- Develops long-term test burn strategies for the company's coal plants;
- Coordinates rail transportation of coal;
- Purchases and schedules the transportation of natural gas; and
- Plans for long-term gas commodity and transportation needs

Power Operations

- Manages the portfolio of Company-owned generation and resources under long-term contracts to ensure safe, reliable, and economic supply of electricity to customers
- Dispatches electric generation resources and interfaces with regional electricity markets
- Coordinates maintenance of system resources, including both season maintenance scheduling and urgent needs

Functional Organization Chart

Energy Trading and Origination

- Buys and sells wholesale electric capacity and energy for long-term transactions for proprietary and regulated asset books;
- Maintains market knowledge in regions surrounding operating companies;
- Acquires transmission service to support the above requirements.

Market Operations and Analytics

- Guides the company's participation in existing and new regional transmission organizations
- Participates in the development of regional electric reliability standards and in establishing business practices and related commercial standards
- Interacts with state and federal regulatory agencies, as well as independent market monitors, regarding market operations and related activity

Supply Chain

The Supply Chain organization is designed to reduce overall costs of asset ownership through sourcing savings; improving operational performance in support of the operating companies and business units; managing risk inherent in contracting goods and services; and supporting Xcel Energy's social and environmental leadership.

The following departments fall under this organization and are responsible for the sourcing and procurement of goods and services for Xcel Energy; materials management supporting the of Energy Supply, Nuclear, Distribution Operations, Gas Engineering & Operations and Transmission business areas; investment recovery; and Xcel Energy's fleet management functions:

- Strategic Sourcing
- Major Capital Projects
- Material Logistics
- Process Governance & Performance
- Strategic Planning
- Fleet Management
- Nuclear Supply Chain

Strategic Sourcing

Strategic Sourcing provides services which include selecting and negotiating with suppliers, preparing bid packages and analyzing bids, managing contracts, and procuring goods and services needed by Xcel Energy. Goods and services are procured through a competitive bidding process that includes not only evaluation of price and other criteria such as the reliability of the supplier and its ability to meet the bid specifications. This process is applied to most goods and services contracts.

Major Capital Projects

Major Capital Projects provides services which include selecting and negotiating with suppliers, preparing bid packages and analyzing bids, managing contracts, and procuring of goods and services needed for major capital projects and Energy Supply sourcing, including, but not limited to, the construction of renewable power generation and construction of transmission power lines or substations.

Material Logistics

Material Logistics provides services which include materials and supplies inventory management for the four operating companies for Energy Supply, Nuclear, Gas, Transmission and Distribution. This includes responsibility for storeroom operations to receive and issue materials, perform inventory cycle counts, material strategy/planning/forecasting, provide equipment and material control and accounting in coordination with the Finance department. In addition, these services include establishing policies and procedures to provide appropriate and consistent inventory management practices throughout the business areas. Also included in this area is the salvaging and selling of materials that are no longer in use or used materials such as copper wire removed from retired facilities then recycled and resold.

Operation Services

Functional Organization Chart

Process Governance and Performance

They assist the Supply Chain organization with the implementation of sustainable improvements for critical processes, and they ensure we have the right IT systems and that they are utilized appropriately.

Strategic Planning

Strategic Planning works to develop and manage a high-level Sourcing plan and SRM Program, and to provide commodity and spend analysis and reporting in order to support Supply Chain objectives.

Fleet Management

Fleet Management provides services which include working with the four operating companies to determine its vehicle requirements, performing life cycle analysis of the fleet, setting maintenance schedules, managing the garage functions and developing standards for the types of vehicles needed. The size of the vehicle fleet and the types of vehicles needed are analyzed to ensure that Xcel Energy is efficiently utilizing its fleet. For example, renting may be recommended for a specialty truck that would sit in the yard and be used only a few times in a year resulting in a reduction in the number of vehicles. By setting appropriate maintenance schedules, the life cycle of the equipment is maximized.

Nuclear Supply Chain

Nuclear Sourcing and Materials Management supports the functions of engineering, nuclear fuel supply, regulatory assurance and supply chain activities to provide strategic direction and uphold the standards of excellence in these organizations.

Cost Allocation Methodologies

The allocation methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges

Costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges

Costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges

Costs for which a unique operating company cannot be determined, or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Functional Area	SAP Cost Center	Subledger Code	Description
EVP, Chief of Staff	200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
EVP, Commercial Operations	200134	144	Proprietary Trading - Front/Mid Office FERC 557 includes the labor and non-labor costs associated with proprietary trading activities which are short term transactions undertaken in the wholesale electric markets where electricity is purchased for the purpose of selling it. Also included are supporting activities: evaluating the credit worthiness of counterparties, reviewing contracts to ensure that regulations are being complied with, evaluating profitability and appropriateness of trades to ensure they are in the best interest of shareholders and rate payers, and ensuring that trades identified as proprietary appropriately fall into that category.
Supply Chain	200153	185	Customer Safety Advertising & Information costs services includes the labor and non-labor costs associated with public safety advertising, information and education.
Chief of Staff	200166	190	Human Resources (Diversity/Safety/Employee Relations) includes the labor and non-labor costs for work performed for operating and affiliate company employees, such as diversity programs, providing workforce relations resources for labor agreements, arbitration, and training. Manage, design, and implement Corporate Safety initiatives. Staffing administration for non-bargaining positions and provides Affirmative Action plans (development) and government audit management (compliance).

Cost Allocation Methodologies

Functional Area	SAP Cost Center	Subledger Code	Description
Commercial Operations, Fuels	200136	415	Energy Markets - Fuel includes the labor and non-labor costs for planning and implementing power supply portfolios to provide reliable service to native load and to capitalize on market opportunities including purchasing fuel for the operating companies' electric generation system (excluding nuclear) and resource planning and acquisition including purchase power and account management.
Supply Chain	200094	416	Supply Chain includes the labor and non-labor costs for operating companies diversity program expenses as well as various dues for specific sponsored agencies (Chamber of Commerce, social service dues, etc.)
Commercial Operations	200146	429	Energy Markets - Regulated Trading services include the labor and non-labor costs of providing electric trading services to the operating companies' electric generation systems, including load management, system optimization and origination.
Commercial Operations	200096	431	Energy Markets Business Services includes the labor and non-labor costs for financial analysis, budgeting and administrative support, managerial reporting and business planning and process initiatives, independent daily forward valuation and risk measurement of commodity transactions and system fuel and purchase power requirements to meet system loads, as well as proprietary or trading transactions; creates retail system load and energy forecasts providing regular updates to senior management and analyses of key drivers, reviews and provides comments to dealmakers on non-standard agreements and associated confirmation agreements in the areas of coal supply, gas supply, wood fuel, rail, trucking, structured power purchases and nuclear/uranium concentrates and services; provides analyses for electric/gas hedge studies and sensitivities; creates load management forecast, jurisdictional peak demand forecasts, and cost of service studies for energy trading and marketing.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: /s/ Date: October 20, 2020

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Approved By: /s/ Date: October 20, 2020

John T Welch

VP - Commercial Operations

2021 - 2023 Budget Documentation

Benefits

Major Business Functions and Key Activities

BENEFIT COSTS PROCESSED THROUGH THE LABOR LOADING PROCESS ARE ALLOCATED FOLLOWING LABOR. THEREFORE, ALL LABOR LOADING COSTS ARE REFLECTED IN THE LABOR LOADING ACCOUNTS ASSOCIATED WITH EACH BUSINESS AREA. ALL BUSINESS AREAS PROVIDE EXPLANATIONS EXCLUDING THESE LABOR LOADING COSTS, AS THE BENEFITS AREA IS RESPONSIBLE FOR EXPLAINING THEM. THESE COSTS ARE BEST UNDERSTOOD AND EXPLAINED AT THE CORPORATE LEVEL, NOT AT THE INDIVIDUAL BUSINESS AREA LEVEL, AND THEREFORE ARE EXPLAINED AS A WHOLE IN THE BENEFITS AREA. THIS SECTION IS A SUMMARY OF THOSE COSTS.

Health & Welfare

Active Health Care

The active health care budget consists of active employee healthcare costs. Active employee healthcare includes costs associated with medical, dental, prescription drug and vision plan options. Cigna, Delta Dental, Express Scripts and Vision Service Plan (VSP) provide these plan options. The budget calculations for Xcel Energy's active healthcare programs are based on trended claims and administration fee experience related to each plan. An outside actuarial consulting company, Willis Towers Watson, provides these budget cost estimates.

Life Insurance

Group life and accidental death and dismemberment insurance costs are developed based on premium negotiations between Xcel Energy and insurance vendors. Life insurance plans are provided by MetLife. The budget calculations are provided by Benefits Accounting.

Post Retirement Medical

Xcel Energy accrues for post-retirement medical costs under accounting rule FAS 106. The net periodic post-retirement cost consists of service cost, interest cost, return on plan assets and the amortization of prior service costs and plan gains and losses caused by deviations from plan assumptions. Willis Towers Watson provides the budget cost estimates.

Long-term Disability

Xcel Energy accrues for long-term disability under accounting rule FAS 112 for all NSP bargaining employees disabled before 1/1/2014 and all other employees disabled before 1/1/2008. All employees disabled after these dates are covered under a fully insured plan.

Accounting rule FAS 112 requires an accrual for all future expected disability benefit payments for employees who Xcel Energy believes will not return to work. Willis Towers Watson provides these budget cost estimates. The fully insured plan for long-term disability insurance is provided by The Hartford and the budget calculations are provided by Benefits Accounting.

Miscellaneous Benefits Programs and Costs

Xcel Energy provides numerous other health and welfare benefits to employees. They consist of programs such as the Employee Assistance Program, adoption assistance, leave administration, business travel accident insurance, health improvement programs, tuition reimbursement program, the HR Service Center to answer benefits and payroll questions, monthly maintenance fees for health saving accounts and the administration of flex spending accounts that include health, dependent care and transportation. Budget calculations are based on prior year trends, anticipated costs and administration fee experience related to each program.

Major Business Functions and Key Activities

Pension & Retirement Related

Pension

There are four different pension plans that include a variety of pension formulas. The pension formulas include Pension Equity, NSP Traditional, NCE Account Balance, PSCo Traditional, SPS Traditional and 5 Percent Cash Balance.

Xcel Energy Services, NSPW, Public Service Company of Colorado (PSCo) and Southwestern Public Service Company (SPS) recognize pension costs under ASC 715 (formerly FAS 87). NSPM continues to recognize pension costs based on the aggregate cost method (ACM). However, ASC 715 was adopted as required for GAAP accounting. The difference between ASC 715 and the ACM is recorded as a deferred credit as allowed by FAS 71.

Willis Towers Watson provides the budget cost estimates.

401(k) Match

There are three 401(k) Savings Plans (SPS, PSCo and Xcel Energy 401(k) Savings Plan). The 401(k) plan is a retirement savings plan for employees. Effective 5/6/2002, the Xcel Energy Employee Stock Ownership Plan was merged into the Xcel Energy 401(k) Savings Plan. There is also a retirement plan (NMC Savings and Retirement Plan) which contains a 401(k) component, with an employer matching contribution as well as an additional company non-contributory component. The Vanguard Group is our current record keeper and trustee for the 401(k) and NMC plans. The Plans are funded through voluntary pre-tax and after-tax contributions from participants and additional matching contributions from Xcel Energy. The 401(k) match and the NMC non-contributory match are included in the benefits budget and are calculated by Benefits Accounting. The budget calculations are based on prior year trends, adjusted for salary increases and anticipated changes, if any.

Miscellaneous Items

Other items also included are nonqualified pension which includes supplemental employee retirement plans (SERP), retirement related consulting costs, compensation consulting costs and deferred compensation. These budget estimates are provided by Willis Towers Watson, Benefits Accounting and the Total Compensation department.

Incentive and Recognition

Annual Incentive

The individual annual incentive budget is based on current eligible employees, their base salary and any applicable assumed base salary increases, and the percent of targeted incentive.

Xcel Energy's Total Compensation department provides the incentive accruals and budget calculations. For NSPM and NSPW, annual incentive is not part of the benefit labor loadings; it is recorded directly in operations & maintenance (O&M).

Performance-based Restricted Stock Units

Performance-based Restricted Stock Units (PBRSU) seek to link the interest of executives and select employees with customers and shareholders. Key determinants for the grants are: (a) meeting certain time-based criteria, (b) Total Shareholder Return (TSR) ranking, and (c) attainment of certain environmental emissions reduction targets. If the performance measure in the grant is not achieved at the three year measurement, all associated PBRSU's are forfeited. The actual number of PBRSU's and the grant price of the units are based on the closing market price of Xcel Energy common stock on the date of grant,

Major Business Functions and Key Activities

competitive practices and position. Units vest at the end of the three year service period after the date of grant with graded payouts dependent on meeting different levels of performance. The budget reflects 100 percent of target performance. The values for the future grants are provided by the Total Compensation department. These costs are recorded directly in O&M and do not go through the labor loading process.

Performance Share Plan

The Performance Share Plan provides executives with the potential to earn awards based on company performance relative to peer companies on two performance measurements: Total Shareholder Return (TSR) and stock price. TSR is measured cumulatively over a three-year period using overlapping cycles. Company TSR is measured against the executive compensation peer group. At the end of each three-year performance period, executives receive an award that correlates the extent to which the Company's TSR out-performs or under-performs the peer group. Potential payouts of the awards range from zero to 200%. They are paid based on the closing stock price on the day before the Board of Director's approval. The Total Compensation department and Benefits Accounting provides the budget estimates, and the budget reflects 100% or target performance. These costs are recorded directly in O&M and do not go through the labor loading process.

Other

Also included are the following:

- Years of Contribution program (service anniversary awards). The Total Compensation department provides the budget estimates.
- Employee performance recognition, which consists of Above & Beyond awards, company store items and recognition meals presented to acknowledge employees for a specific business-related action or result that aligns with the Company's overall strategic priorities. The Total Compensation department provides the budget estimates.
- Spot On Awards, a performance based cash award program for non-exempt employees. The Total Compensation department provides the budget estimates.

These costs are recorded directly in O&M and do not go through the labor loading process.

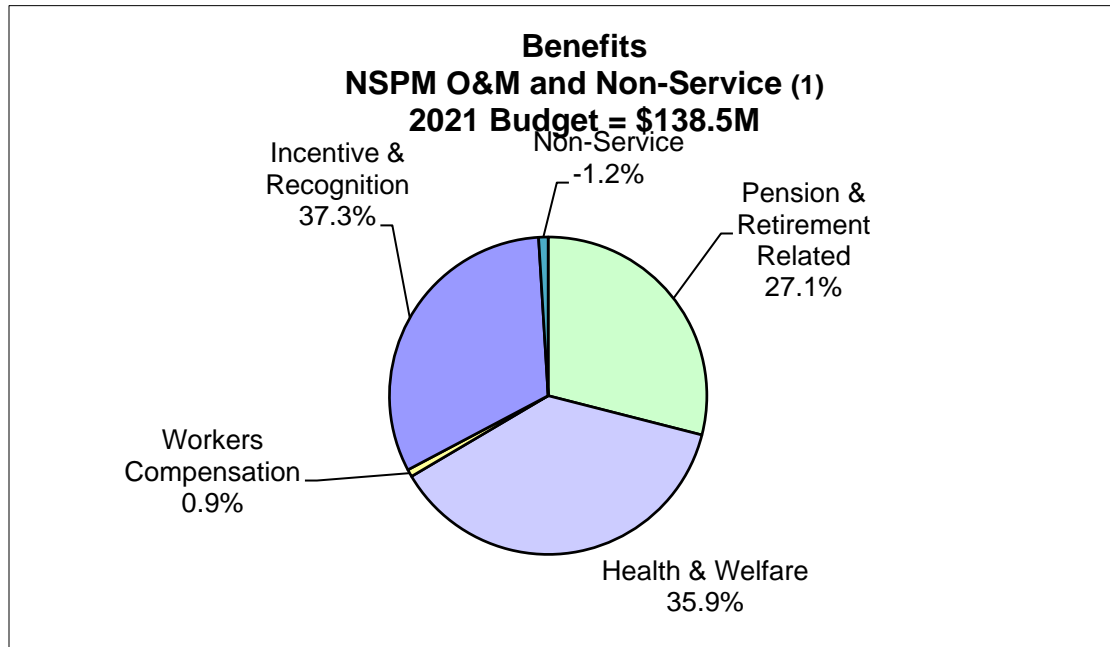
Workers Compensation

Xcel Energy provides workers compensation benefits under the FAS 112 accounting standard to employees who are former or inactive employees after employment, but before retirement. Post-employment benefits are all types of benefits provided to former or inactive employees, beneficiaries and covered dependents. Those benefits include, but are not limited to, salary continuation, supplemental unemployment benefits, severance benefits and disability related benefits (including workers compensation). Willis Towers Watson provides this budget cost estimate. Xcel Energy also pays claims for employees who were injured prior to 8/1/2001 when the Company was self-insured.

For employees who experience injuries after 8/1/2001, all workers compensation benefits are covered under an insured program. The only cost to Xcel Energy for this benefit cost is the insurance premium. The Hazard Insurance department within Xcel Energy provides the budget estimate for the insurance premium, which is obtained from outside vendors.

Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service (1) 2021 Budget
Pension & Retirement Related	\$37,475
Health & Welfare	49,684
Workers Compensation	1,302
Incentive & Recognition	51,669
Non-Service (non-O&M)	(1,644)
Total	\$138,486



(1) O&M and Non-Service is now used instead of O&M. New FASB guidance (ASU No. 2017-07) establishes that only the service cost component of pension cost may be presented as a component of operating income. As a result, all non-service costs are recorded to other income/expense (non-O&M). In order to capture all of the expense, and be comparable to prior cases, both O&M and non-service costs were included. This guidance did not impact FERC.

Health & Welfare – The major cost categories are healthcare (medical, pharmacy and dental costs) for both active employees and retirees, long-term disability costs, life insurance and various other programs and health and welfare related costs.

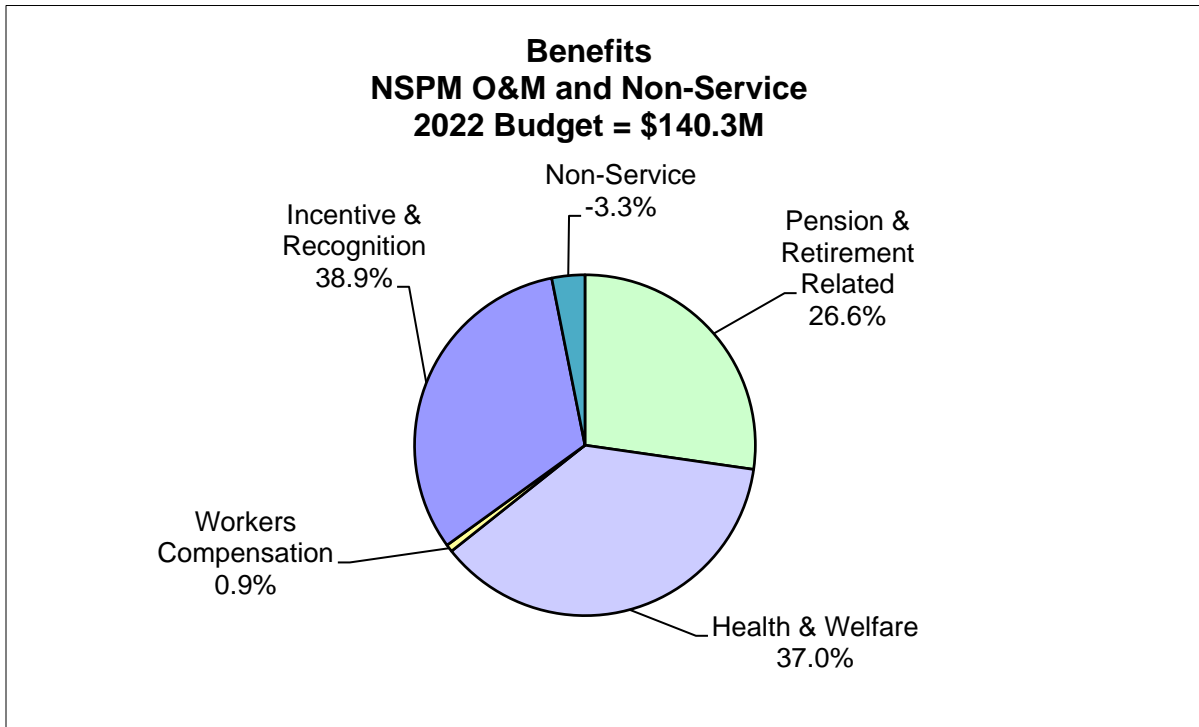
Pension & Retirement Related – The major cost categories are qualified and nonqualified pension costs, 401(k) match costs, employer retirement contribution for nuclear bargaining employees and retirement related consulting costs.

Incentive & Recognition – The major cost categories are annual incentive, performance based restricted stock units, performance share plan, deferred compensation interest, Spot On Awards, corporate recognition and the Years of Contribution (Service Anniversary Program).

Workers Compensation – The major cost categories are workers compensation insurance premiums and FAS 112 workers compensation expense.

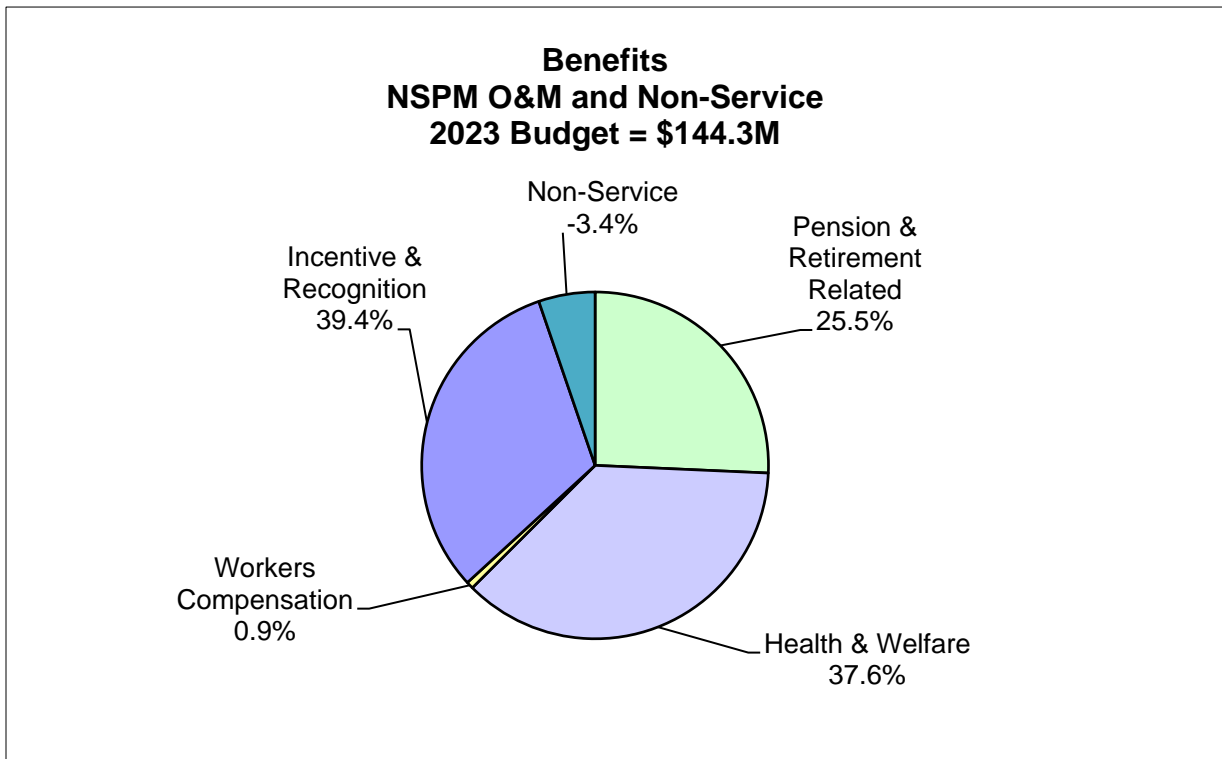
Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service 2022 Budget
Pension & Retirement Related	\$37,283
Health & Welfare	51,892
Workers Compensation	1,279
Incentive & Recognition	54,539
Non-Service (non-O&M)	(4,684)
Total	\$140,309



Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service 2023 Budget
Pension & Retirement Related	\$36,841
Health & Welfare	54,311
Workers Compensation	1,281
Incentive & Recognition	56,795
Non-Service (non-O&M)	(4,898)
Total	\$144,330

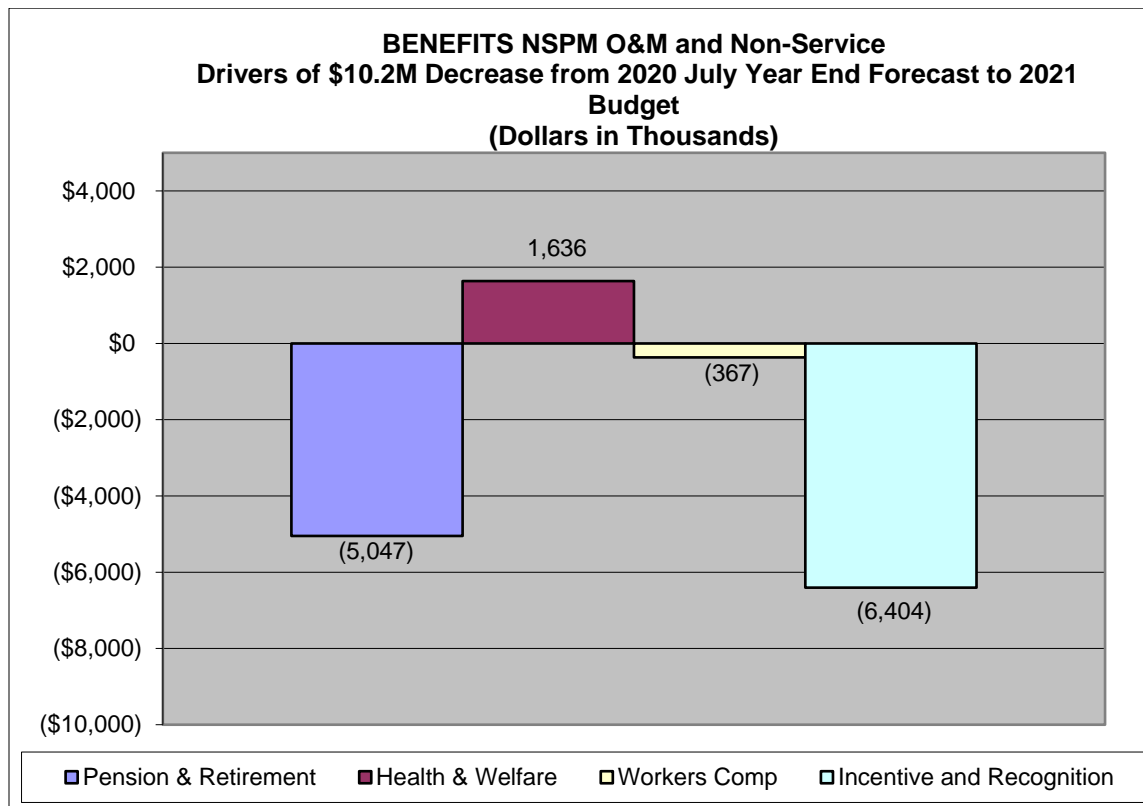


Budget Walk Forward

This section includes a high level walk forward schedule of the business drivers and amounts that comprise the majority of increases and/or decreases in costs beginning with the 2020 forecast, to the 2021 budget, 2022 budget and ending with the 2023 budget.

NSPM

Summary - 2020 July Year End Forecast to 2021 Budget



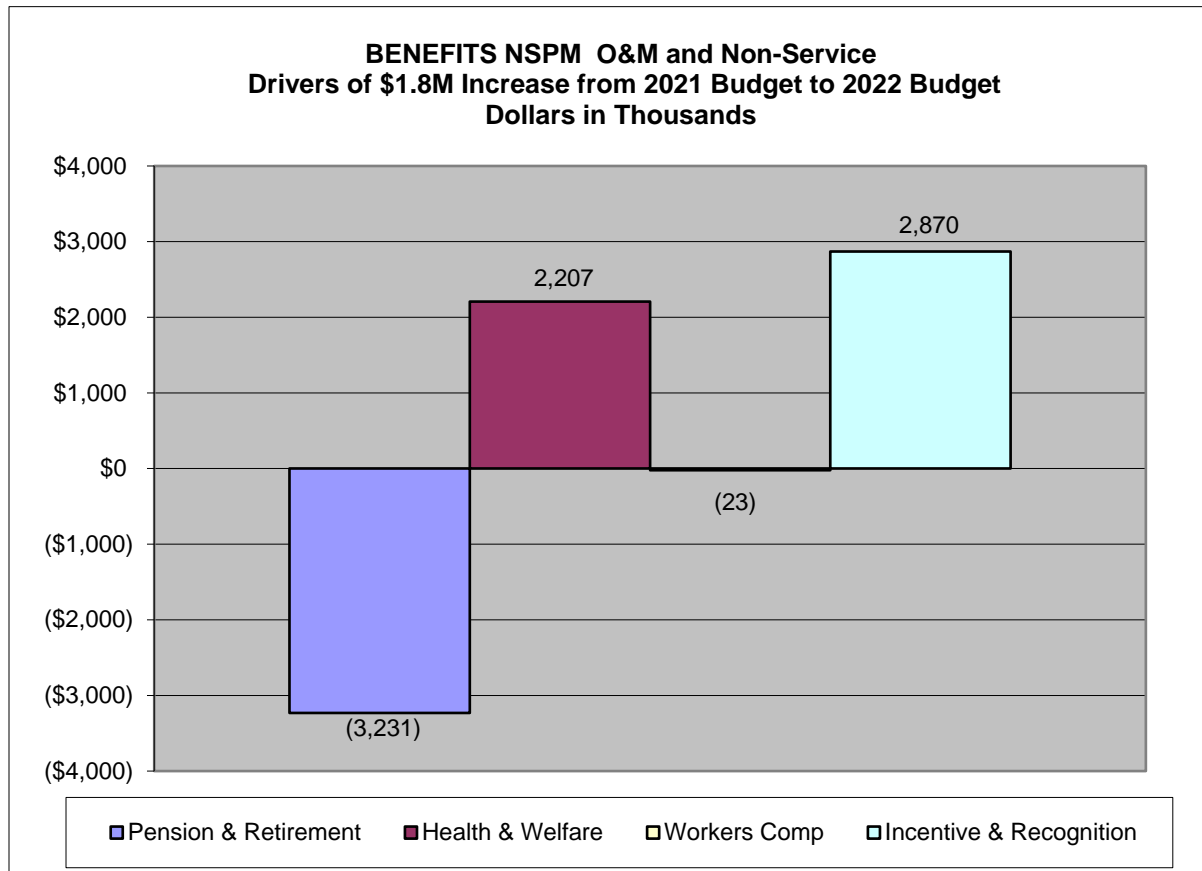
Budget Walk Forward

Main Business Drivers

Benefits NSPM O&M and Non-Service Walk Forward from 2020 Forecast to 2021 Budget (Dollars in Thousands)		
2020 O&M and Non-Service Forecast		\$148,669
<u>Pension & Retirement Related</u>		(5,047)
Lower non-service actuarial (non-O&M) costs	(4,630)	
Lower qualified pension costs	(633)	
Higher 401k match costs mainly due to projected annual merit increases	450	
Higher non-qualified pension costs	33	
Miscellaneous other mainly due to lower retirement related consulting costs	(267)	
<u>Health & Welfare</u>		1,636
Higher health & welfare costs mainly due to active healthcare inflation	1,876	
Lower FAS 112 long-term disability costs	(229)	
Lower retiree medical costs	(10)	
<u>Workers Compensation</u>		(367)
Lower workers compensation costs mainly due to lower FAS 112 actuarial costs	(367)	
<u>Incentive & Recognition</u>		(6,404)
Lower performance share plan costs	(10,175)	
Lower restricted stock unit costs	(1,418)	
Prior year annual incentive true-up recorded in 2020 vs. no true-up in the 2021 budget	(270)	
Higher deferred comp expense	4,522	
Higher annual incentive costs	919	
Net Other	17	
2021 O&M and Non-Service Budget		\$138,486

Budget Walk Forward

Summary – 2021 Budget to 2022 Budget



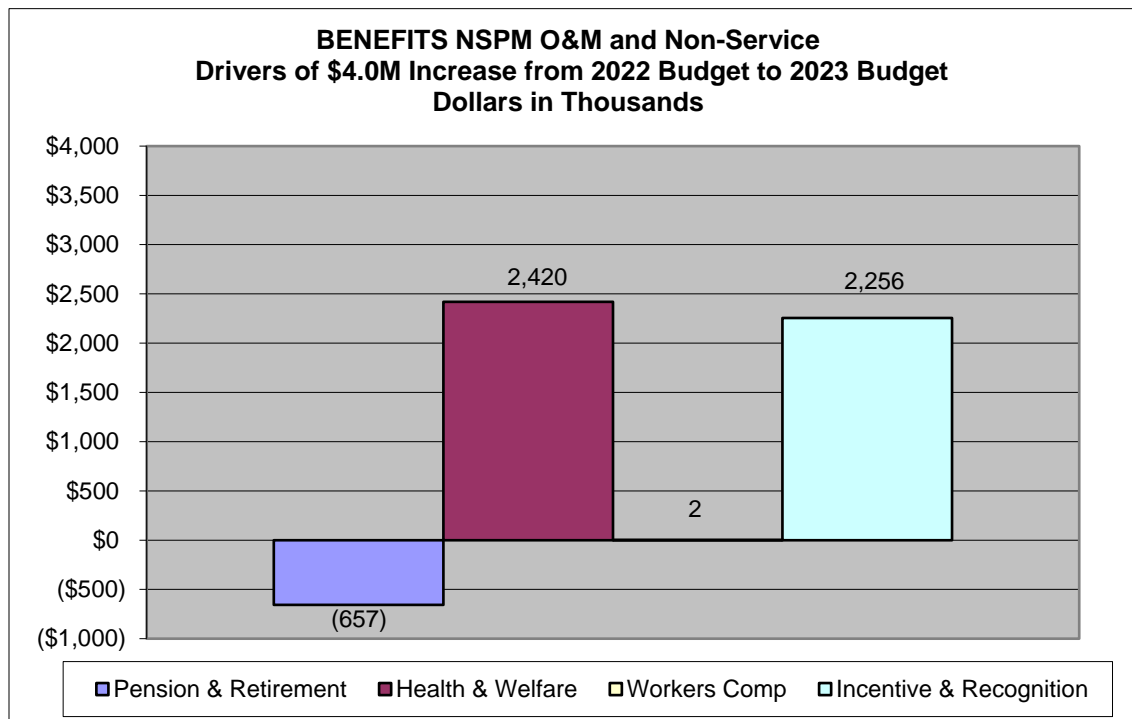
Budget Walk Forward

Main Business Drivers

Benefits NSPM O&M and Non-Service Walk Forward from 2021 Budget to 2022 Budget (Dollars in Thousands)		
2021 O&M and Non-Service Budget		\$138,486
<u>Pension & Retirement Related</u>		(3,231)
Lower non-service actuarial (non-O&M) costs	(3,039)	
Lower qualified pension costs	(568)	
Higher 401k match costs mainly due to projected annual merit increases	327	
Higher non-qualified pension costs	16	
Net Other	34	
<u>Health & Welfare</u>		2,207
Higher health & welfare costs mainly due to active healthcare inflation	2,222	
Lower retiree medical costs	(8)	
Lower FAS 112 long-term disability costs	(7)	
<u>Workers Compensation</u>		(23)
Lower workers compensation costs	(23)	
<u>Incentive & Recognition</u>		2,870
Higher annual incentive costs due to projected annual salary increases	1,025	
Higher restricted stock unit costs	1,238	
Higher performance share plan costs	396	
Higher deferred comp expense	161	
Net Other	51	
2022 O&M and Non-Service Budget		\$140,309

Budget Walk Forward

Summary – 2022 Budget to 2023 Budget



Budget Walk Forward

Main Business Drivers

Benefits NSPM O&M and Non-Service Walk Forward from 2022 Budget to 2023 Budget (Dollars in Thousands)		
2022 O&M and Non-Service Budget		\$140,309
<u>Pension & Retirement Related</u>		(657)
Lower qualified pension costs	(820)	
Lower non-service actuarial (non-O&M) costs	(215)	
Higher 401k match costs mainly due to projected annual merit increases	329	
Higher non-qualified pension costs	16	
Net Other	33	
<u>Health & Welfare</u>		2,420
Higher health & welfare costs mainly due to active healthcare inflation	2,432	
Lower FAS 112 long-term disability costs	(7)	
Lower retiree medical costs	(5)	
<u>Workers Compensation</u>		2
Higher workers compensation costs	2	
<u>Incentive & Recognition</u>		2,256
Higher annual incentive costs due to projected annual salary increases	1,045	
Higher restricted stock unit costs	618	
Higher performance share plan costs	370	
Higher deferred comp expense	170	
Net Other	53	
2023 O&M and Non-Service Budget		\$144,330

Functional Organization Chart

Functional Organization Chart

Benefits does not have an organization chart.

Cost Allocation Methodologies

Operating Company Direct Charges:

The following costs are direct charged:

- Annual incentive costs for NSPM and NSPW
- Performance based restricted stock units
- Performance share plan
- Deferred compensation
- Spot On Awards
- Corporate recognition and Years of Contribution

Service Company Direct Charges:

Service Company direct charges result from the labor loading process (as explained below) and are direct charged to the cost centers where labor was charged.

Service Company Allocated Charges:

Service Company allocated charges either result from the labor loading process (as explained below) and are allocated to the cost centers where labor was charged, or are allocated via an indirect allocation. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Functional Area	Indirect Allocation	Settlement Receiver	Description
Benefits	110	200063	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.

Cost Allocation Methodologies

Labor Loadings:

The following costs are budgeted and processed through the labor loading process and distributed or direct charged to the business units where labor was charged:

- Qualified and nonqualified pension
- 401(k) match
- Nuclear employer retirement contribution
- Retirement related consulting costs
- FAS 106 retiree medical
- Active healthcare
- Health and welfare related costs
- Life and LTD insurance premiums
- Business travel insurance costs
- FAS 112 long-term disability
- Workers compensation
- Annual incentive costs for Xcel Energy Services Inc.

Labor Loading Process:

The accounting process for labor loadings contains two separate processes:

1. The first process is the accrual of benefit costs in the clearing accounts. Accruals include the actual costs of retirement, insurance, incentive and workers compensation.
2. The second process is the allocation of benefit costs for retirement, insurance, incentive and workers compensation using the labor loading rates. A separate rate is calculated for each type of benefit cost, for each legal entity and for each budget period. Benefit cost loadings for workers compensation are calculated by multiplying all productive labor by the associated workers compensation labor loading rates. Benefit cost loadings for retirement, insurance and incentive are calculated by multiplying benefit productive labor by the associated labor loading rates. All benefit cost labor loadings are charged to the cost center where labor was charged.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 19, 2020

Kristin M Lindemann

Financial Consultant, Benefits Acctg & Finance

Approved By: _____ /s/ _____

Date: October 19, 2020

Todd M Degrugillier

Manager, Benefits Accounting & Finance

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Date: October 19, 2020

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2021 – 2023 Budget Documentation

Customer and Innovation

Business Systems

Major Business Functions and Key Activities

Introduction

Business Systems provides the technologies and supporting services necessary for system reliability and security, operational decision-making, and improving customer support and business capabilities for Xcel Energy, Inc.

The Business Systems organization consists of four sub portfolios further described below:

- Governance, Strategy, and Performance (GS&P)
- Enterprise Architecture
- Infrastructure and Network
- Application Delivery

Customer Value

- Governance, Strategy, and Performance
 - Responsible for the overall management and coordination of the Business Systems organization. This includes all information technology development, operations, governance, oversights, and communications
 - Promotes innovation and transformation in the Company by leveraging technology to create business value
 - Provides oversight and reporting regarding compliance activities, working to timely minimize risk
 - Provides talent management tools, including skills inventory and workforce management
 - Is accountable for developing and executing the strategic plan to optimize the IT footprint including:
 - Establishing and maintaining a financial review cadence by partnering with Business Area Finance
 - Improving the transparency of IT spending
 - Establishing and maintaining a portfolio prioritization framework based on strategic objectives, risks, and potential constraints
 - Project Management Office, a component of Governance, Strategy & Performance:
 - Provides standards, processes, services, and information essential for sound and efficient capital portfolio management and project execution
 - Ensures that IT projects deliver desired business value, and the risks associated with IT projects and programs are mitigated
- Enterprise Architecture
 - Translates business vision and strategy into effective enterprise change by aligning technology direction and facilitating evolution
 - Leads transformation of emerging and standardized technologies that promote speed, agility, and efficiency in Xcel Energy's IT footprint, while ensuring solution direction and consistency with Enterprise Architecture standards
- Infrastructure and Network
 - Infrastructure focuses on event, change, incident, problem, and service-level management to assure the reliability of IT services for Xcel Energy:
 - Defining, facilitating and maintaining IT services for the enterprise, including processes, measurements, catalogs and systems to facilitate change and problem management for those services and infrastructure technologies.
 - Definition, construction and maintenance of proactive event and alert management and tools, using automated monitoring of Xcel Energy's enterprise technology

Major Business Functions and Key Activities

- services. These events are correlated and categorized into subsequent change, incident and problem management actions.
 - Serves as the central command center for IT service oversight and coordination during enterprise-level technology service interruptions, including disaster recovery and heightened alert response.
 - Analyzes IT service performance for events, changes, incidents and problems in Business Systems to support the measurement management of technology supplier agreements.
 - Provides information technology and operations technology services to support the internal business operations or developing customer IT or business solutions.
 - Provides enterprise-wide desktop services including:
 - The Service Desk provides a single point of contact for assistance in troubleshooting, answering questions, and solving known problems.
 - Deskside Support manages the lifecycle of all desktop, laptops, and printers in use at Xcel Energy, including creating standards, procurement, installation, support, image, patch/antivirus, and disposal of desktop, laptop and printers.
- Network delivers, monitors, and manages holistic voice and data services through leased and private channels to Xcel Energy's business partners across all jurisdictions
 - Performs the operation and maintenance services on all private network assets:
 - Routing
 - Switching
 - Transport
 - Radio
 - Element Managers
 - Services are delivered via a hybrid model of internal/external resources
 - The cost of services is directly correlated to Xcel Energy's desired quality of service, reliability, and security level standards, in addition to the number of assets in use. Primary external providers are CenturyLink and Motorola.
- Application Delivery
 - Partners with business areas enterprise-wide to develop and align strategic technology solutions utilizing a Plan, Build, and Run model.
 - Plan Phase - the Application Delivery organization ensures proper alignment to support the required business objectives and company priorities.
 - Build Phase – the Application Delivery organization creates solutions that provide value and/or mitigate risk throughout a formal Build phase
 - Run Phase – the Application Delivery organization ensures proper support and technology resources are in place to meet the needs of its internal business partners, helping them achieve their goals.
 - Evaluates and partners with a large-range of technology vendors in order to increase productivity for the Company's large internal customer base.
 - Enhances business applications across the enterprise in order to achieve value metrics and/or mitigate risks. This is accomplished by using Demand and Release Management practices, by making use of new and existing applications/tools, and by partnering with colleagues across Business Systems teams.
 - The organization is made up of Functional Analysts, Consultants, Solution Architects, Business Managers, Project Managers, and Program Managers, who report to Service Delivery Directors that focus on supporting the Plan, Build, Run Model for Operations, Corporate, and Customer areas of Xcel Energy.

Advanced Grid Initiative

The Advanced Grid Intelligence & Security (AGIS) initiative is a comprehensive plan that will advance the Company's electric and gas distribution systems, provide customers with more choices, and enhance the way the Company serves its customers. AGIS provides the foundation for an interactive, intelligent, and efficient grid system that will be even more reliable and better prepared to meet the energy demands of the future. The core components of AGIS are the Advanced Distribution Management System; Advanced Metering Infrastructure; the Field Area Network; Integrated Volt-VAr Optimization; and Fault Location Isolation and Service Restoration. More specifically:

- Advanced Distribution Management System (ADMS) is a foundational system for operational hardware and software applications. It acts as a centralized decision support system that assists control room personnel, field operating personnel, and engineers with the monitoring, control and optimization of the electric distribution grid. ADMS also includes the data enhancements for the Geospatial Information System (GIS), which is a foundational data repository that provides location and specification information for all of the physical assets that make up the distribution system. ADMS uses this information to maintain the as-operated electrical model and advanced applications.
- Advanced Meter Infrastructure (AMI) is an integrated system of advanced meters, communication networks, and data processing and management systems that enables secure two-way communication between Xcel Energy's business and operational data systems and customer meters. AMI provides a central source of information that is shared through the communications network with many components of an intelligent grid design.
- Field Area Network (FAN) is the communications network that will enable communications between the existing communications infrastructure at the Company's substations, ADMS, AMI, and the new intelligent field devices associated with advanced grid applications.
- Integrated Volt-VAr Optimization (IVVO) is a significant additional component supported by ADMS, as it automates and optimizes the operation of the distribution voltage regulating and VAr control devices to reduce electrical losses, electrical demand, and energy consumption; and is intended to provide increased distribution system ability to host distributed energy resources.
- Fault Location Isolation and Service Restoration (FLISR) involves software and automated switching devices, as an additional component of the ADMS, that reduce the frequency and duration of customer outages. These automated switching devices detect feeder mainline faults, isolate the fault by opening section switches, and restore power to un-faulted sections by closing tie switches to adjacent feeders as necessary.

Overall, Business Systems is responsible for integrating AGIS systems and data with other back office applications existing at the Company. For example, Business Systems will implement the FAN that allows intelligent field devices, ADMS, AMI, and other systems to connect. Business Systems has already implemented many foundational components of the AMI software for use in Colorado and in Minnesota for the Residential Time of Use (TOU) pilot. This same software will provide features and data processing to support a full Minnesota rollout, and will be enhanced to support Minnesota requirements for capacity, performance, security, and functionality. From the AMI head-end, a combination of new or enhanced interfaces will be built to transfer the data to other applications, such as ADMS, the meter data management system, the billing and customer service system, and the asset inventory management system.

While the details of the interfaces will be determined in the design phase of the project, there will be requirements for the interfaces to transfer large volumes of data in a small amount of time. The Company will be obtaining significantly more data from the field devices than it has in the past. This additional data will require additional space for storage and a data management plan to ensure that

Advanced Grid Initiative

Xcel Energy is keeping the necessary data only for as long as it is needed. The new software, additional server hardware, and increase in quantity of data stored will all need to be supported, which will require an increase in the Business Systems support personnel.

Customer Experience Transformation Initiative

The Customer Experience Transformation Initiative (CXT) is a comprehensive plan to build upon and focus on enhancing customer relationships through new and improved services/products. CXT looks to reimagine customer experiences by transforming processes and associated technologies thereby expanding the Company's role in customers' lives. There is a focus of building upon Xcel Energy's strong foundation of offering reliable, safe energy by delivering smarter, simple, and seamless experiences for customers.

In building out a next-generation, integrated, scalable, and secure platform to deliver an industry leading experience for customers, the Business Systems organization will be relied upon to provide expertise in developing and maintaining the customer experience platform, which will be used to support new capabilities and experiences. This platform will be a foundational enterprise asset and will help position the Company for future success by focusing on key areas:

- Enhancing the Digital Experience
- Improving Personalization and Preference
- Streamline Data Aggregation and Distribution
- Update Core Systems
- Provide Tools for Future Enablement

Overall, Business Systems is responsible for building the technological vision, blueprint, and architecture necessary to make the desired customer experience a reality. This includes mobile application development, API development, Cloud development, system and software integration, data governance, data aggregation, and data science. The CXT program focuses on continuous improvement to empower the Company to adapt an agile and sustainable approach into the future.

Major Cost Drivers

Software Licenses & Maintenance - payments to vendors for license agreements associated with various applications and desktop tools used by the Company to perform services. These payments cover updates, support patches, fixes and technical support.

Labor – all benefit and non-benefit Xcel Energy employees.

Network Services - costs related to the maintenance of existing circuits, phones, microwave and radio systems, and other IT network infrastructure assets. Network activities provide operation and management of the Company's internal and external data transmission requirements. Network services are budgeted based on a price times a quantity in addition to Fixed Management Fees (FMF) with various vendors, which is dependent upon Xcel Energy's service usage levels and the number of assets in use.

Application Development & Maintenance (ADM) - services to develop, enhance, maintain, and consult on new or existing IT software and hardware applications

Contract Labor & Consulting – fees and expenses for professional consultants or knowledge-based experts that are not employees of the Company. This category also includes staff augmentation through staffing agencies

Hardware Purchases and Maintenance – vendor contracts to support hardware systems. This cost category also includes miscellaneous hardware equipment purchases, such as for batteries, memory cards, keyboards, headsets, and related technical tools

Distributed Systems Services (DSS) – support and maintenance of servers, data storage, personal computers, printers, and similar components of the overall computing environment

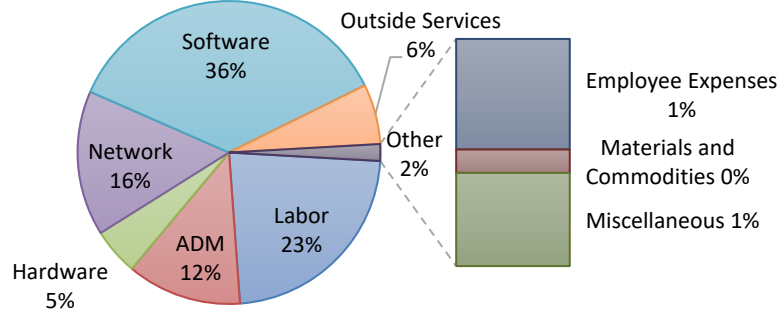
Employee Expenses – primarily related to employee travel, occurring on an as-needed basis

Mainframe - costs for maintaining the centralized applications running on the mainframe computer, which serve multiple business needs such as batch processing for customer billing and meter reading

Other – consists of administrative materials, fleet expenses, internal building moves, and other credits

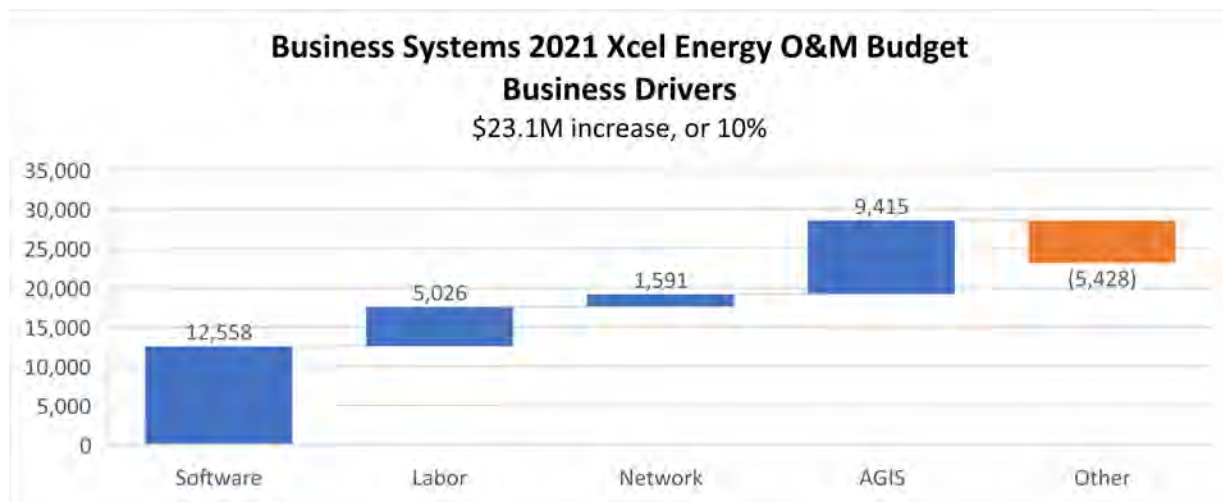
2021 Xcel Energy Walk Forward of Major Cost Drivers

Business Systems 2021 O&M Budget = \$250.9M



Business Systems 2021 Xcel Energy O&M Budget Walk Forward (Dollars in thousands)		
2020 July Year-End O&M Forecast		\$227,770
Software		12,558
Software Maintenance	8,408	
Software Licenses	2,996	
Software – ASP	1,115	
Online Information Services	39	
Labor		(3,145)
Internal Labor	5,026	
Contract Labor & Consulting	(8,171)	
Network Services		1,591
Voice & Radio	47	
Telecommunication	(69)	
Data & Services	1,613	
Hardware		2,037
Hardware Maintenance & Purchases	897	
Distributed Systems Services	330	
Mainframe Services	810	
Application Development & Maintenance		519
AGIS		9,415
Internal Labor	5,018	
Contract Labor & Consulting	1,018	
Hardware Maintenance & Purchases	(383)	
Software Maintenance & Purchases	3,902	
Miscellaneous	(139)	
Net Other		187
2021 O&M Budget		\$250,932

2021 Xcel Energy Walk Forward of Major Cost Drivers



Base Labor: Base pay increase estimate for 2021 is 3 percent. Additional labor increases are due to in-sourcing initiatives of converting contractors to full-time employees as part of the organization's strategy.

Software: Software Maintenance, Software License Purchases (term and perpetual), Software Application Service Provider (ASP), and Online Information Services costs. Software includes expenses for payments to vendors for license agreements associated with various applications and desktop tools used by the Company to perform services. These payments cover updates, support patches, fixes, licenses, subscription fees, and technical support. There are four major drivers of increase to the 2021 budget, stemming overall from increasing costs in the industry. First, software costs are driven by net new projects resulting in trailing maintenance needs. Second, there are increased licensing costs driven by users and upgrades. Third, maintenance and support must be updated to limit vulnerabilities. Fourth, as the AGIS initiative continues to evolve, additional Software is required to support the program. Overall, this translates to increased software license and maintenance costs.

Network Services: Network system growth in 2021 reflects the increased usage of the organization's network to support new applications and demand for greater speed and capacity to support existing systems. These usage and demand needs increase each year, as technology advances, new requirements or capabilities are identified, and sites are added. Decreasing costs are due to various actions taken by the Company including the in-sourcing of work previously performed by IBM, terminating that contract, and changing the vendors who manage the network circuits. Additional network demands include upgrading and replacing aging components of the network. For example, the SCADA circuits that have been in place for many years for transmission and distribution purposes are based on analog technology. New digital circuits now require maintenance to remain current. Another example is the Company's investment in expanding the wireless network to aid productivity including Cloud Based Services. This expansion places new assets in service that must be maintained.

Application Development and Maintenance (ADM): ADM costs have remained relatively flat for the past several years, due largely to contract renegotiations with IBM and Accenture. This has been partially offset by adding Cognizant for SAP support. In addition, the Company continues to thoroughly evaluate its application portfolio on a regular basis in effort to limit new development for those applications that are considered end-of-life. Contracts with IBM, Accenture, and Cognizant include a Cost of Living Adjustment, which is estimated at 3 percent annually for IBM contracts, 4 percent for Accenture per the current agreement, and 3 percent for Cognizant. Higher spending is primarily driven by these COLAs.

2021 Xcel Energy Walk Forward of Major Cost Drivers

Contract Labor & Consulting: Consists of fees and expenses for professional consultants or knowledge-based experts who are not employees of the Company, including staff augmentation. Overall, the budget is expected to significantly decrease in 2021 due to in-sourcing initiatives and a shift in work away from external resources to internal full-time employees.

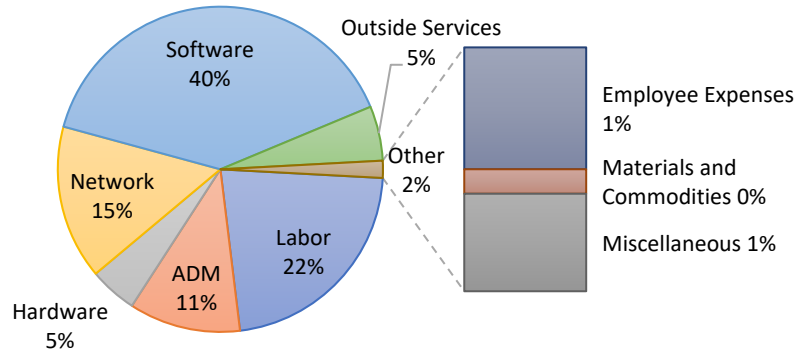
Hardware Maintenance: These costs relate largely to vendor contracts maintained to support hardware systems. Costs for this category are expected to fluctuate based on the work being performed. The major driver of the increase is related to the maintenance costs required to support the new software.

Distributed Systems Services: Growth in the number of servers is largely driven by previous capital projects, such as the General Ledger, and others. As the number of servers grows, so does the amount of storage because each new server requires storage to function. To further reduce costs this area implemented data retention rules to curb storage growth.

Other Expenses: Several smaller spend categories are included in this category with the primary being Employee Expenses.

2022 Xcel Energy Walk Forward of Major Cost Drivers

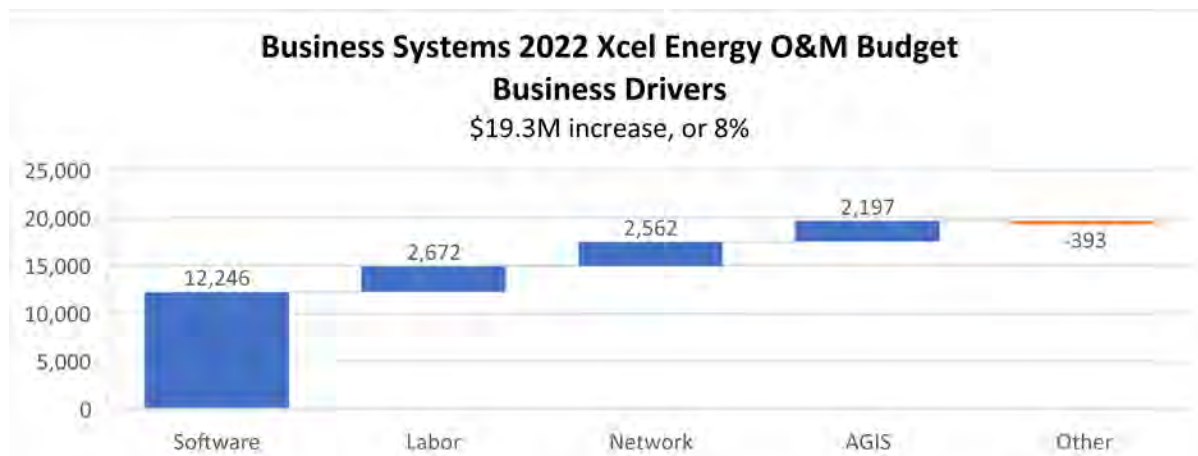
Business Systems 2022 Xcel Energy O&M Budget = \$270.2M



Business Systems 2022 Xcel Energy O&M Budget Chart (Dollars in thousands)

2021 O&M Budget		\$250,932
Software		12,245
Software Maintenance	3,555	
Software Licenses	1,303	
Software - ASP	7,291	
Online Information Services	96	
Labor		2,661
Internal Labor	2,686	
Contract Labor & Consulting	(25)	
Network Services		2,563
Voice & Radio	0	
Telecommunication	0	
Data & Services	2,563	
Hardware		296
Hardware Maintenance & Purchases	151	
Distributed Systems Services	72	
Mainframe Services	73	
Application Development & Maintenance		(783)
AGIS		2,197
Internal Labor	(223)	
Contract Labor & Consulting	(1,380)	
Hardware Maintenance & Purchases	3	
Software Maintenance & Purchases	3,797	
Net Other		118
2022 O&M Budget		\$270,215

2022 Xcel Energy Walk Forward of Major Cost Drivers



Base Labor: Base pay increase estimate for 2022 is 3 percent. Additional labor increases are due to in-sourcing initiatives of converting contractors to full-time employees as part of the organization's strategy.

Network Services: Network system growth reflects the increased usage of the organization's network to support new applications and demand for greater speed and capacity to support existing systems. These usage and demand needs increase each year, as technology advances, new requirements or capabilities are identified and sites are added. Costs are decreasing due to various actions taken by the Company including the insourcing of work previously performed by IBM, terminating that contract, and changing the vendors who manage the network circuits. Additional network demands include upgrading and replacing aging components of the network. For example, the SCADA circuits that have been in place for many years for transmission and distribution purposes are based on analog technology. New circuits are now digital and require maintenance to keep current. Another example is the Company's investment in expanding the wireless network to aid productivity. This expansion places new assets in service that must be maintained.

Software: Includes Software Maintenance, Software License Purchases (term and perpetual), Software ASP, and Online Information Services. Software includes expenses for payments to vendors for license agreements associated with various applications and desktop tools used by the Company to perform services. These payments cover updates, support patches, fixes, licenses, subscription fees, and technical support. There are five major drivers of increase to the 2022 budget, stemming overall from increasing costs in the industry. First, software costs are driven by net new projects resulting in trailing maintenance needs. Second, there are increased licensing costs driven by users and upgrades. Third, maintenance and support must be updated to limit vulnerabilities. Fourth, starting in 2022, O&M costs start for maintaining additional software needs incurred by the CXT initiative. Fifth, as the AGIS initiative continues to evolve, additional Software is required to support the program. Overall, this translates to increased software license and maintenance costs.

Hardware Maintenance: These costs relate largely to vendor contracts maintained to support hardware systems. Costs for this category are expected to fluctuate based on the work being performed. The major driver of the increase is related to the maintenance costs required to support the new software.

Distributed Systems Services (DSS): Server maintenance comes in various cost and support levels. Management evaluates the mix of the levels that best fits Xcel Energy's requirements. This not only allows for cost containment but improves productivity and limits down time. Increase in server costs are directly related to new projects. Also, corporate policy requirements dictate the need to maintain more data for longer periods of time. ADM costs have remained relatively flat for the past several years, due

2022 Xcel Energy Walk Forward of Major Cost Drivers

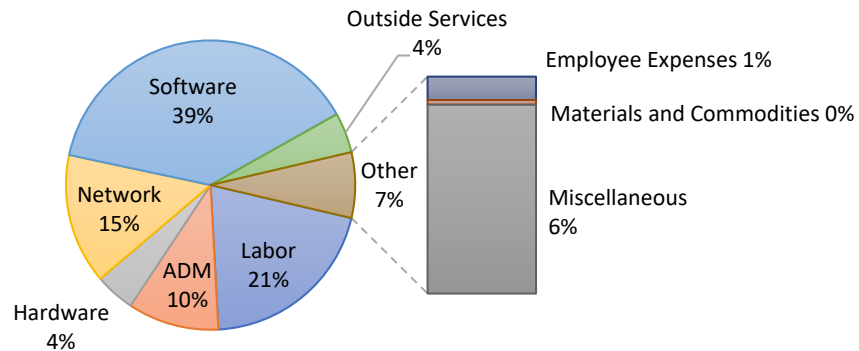
largely to contract renegotiations with IBM and Accenture. This has been partially offset, by adding Cognizant for SAP support. In addition, the Company continues to thoroughly evaluate its application portfolio on a regular basis to limit new development for those applications that will be replaced in the near future. Contracts with IBM, Accenture, and Cognizant include a Cost of Living Adjustment, which is estimated at 3 percent annually for IBM contracts, 4 percent for Accenture per the current agreement, and 3 percent for Cognizant. Increased spending in ADM is primarily driven by these COLAs and offset by service credits received or decreased engagement for services.

Contract Labor & Consulting – Consists of fees and expenses for professional consultants or knowledge based experts that are not employees of the company, including staff augmentation. Overall, the budget is expected to continue to decrease in 2022 due to in-sourcing initiatives and a shift in work away from external resources to internal full-time employees

Other Expenses: Several smaller spend categories are included in this category with the main driver being Employee Expenses.

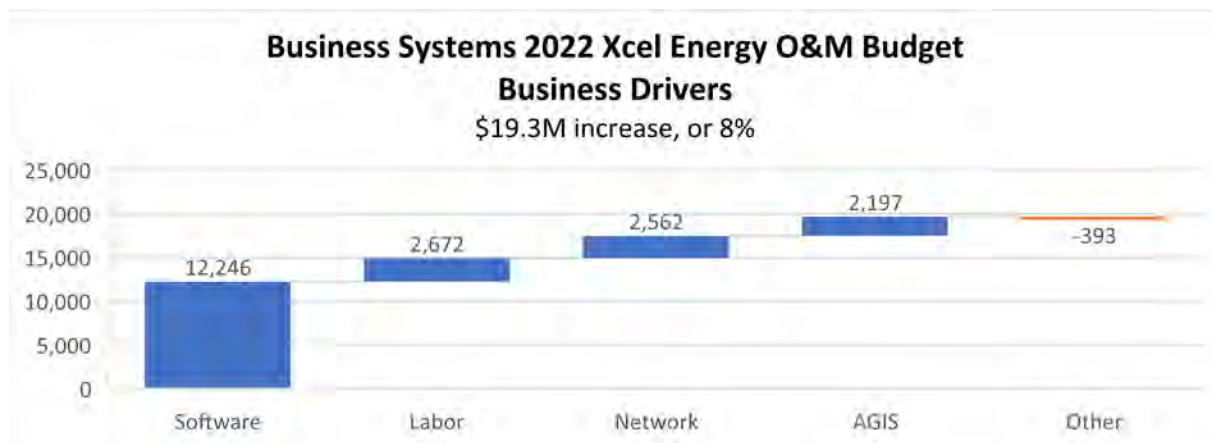
2023 Xcel Energy Walk Forward of Major Cost Drivers

Business Systems 2023 Xcel Energy O&M Budget = \$294.2M



Business Systems 2023 Xcel Energy O&M Budget Chart (Dollars in thousands)		
2022 O&M Budget		\$270,215
Software		2,893
Software Maintenance	1,591	
Software Licenses	817	
Software - ASP	377	
Online Information Services	108	
Labor		3,173
Internal Labor	3,194	
Contract Labor & Consulting	(20)	
Network Services		1,381
Voice & Radio	0	
Telecommunication	0	
Data & Services	1,381	
Hardware		290
Hardware Maintenance & Purchases	156	
Distributed Systems Services	59	
Mainframe Services	75	
Application Development and Maintenance		14
AGIS		16,281
Internal Labor	(2,911)	
Contract Labor & Consulting	(1,459)	
Hardware Maintenance & Purchases	1	
Software Maintenance & Purchases	3,750	
Other	16,900	
Net Other		29
2023 O&M Budget		\$294,247

2023 Xcel Energy Walk Forward of Major Cost Drivers



Base Labor: Base pay increase estimate for 2023 is 3 percent.

Network Services: Network system growth reflects the increased usage of the organization's network to support new applications and demand for greater speed and capacity to support existing systems. These usage and demand needs increase each year, as technology advances, new requirements or capabilities are identified and sites are added. Costs are decreasing due to various actions taken by the Company including the insourcing of work previously performed by IBM, terminating that contract, and changing the vendors who manage the network circuits. Additional network demands include upgrading and replacing aging components of the network. For example, the SCADA circuits that have been in place for many years for transmission and distribution purposes are based on analog technology. New circuits are now digital and require maintenance to keep current. Another example is the Company's investment in expanding the wireless network to aid productivity. This expansion places new assets in service that must be maintained.

Software: Includes Software Maintenance, Software License Purchases (term and perpetual), ASP, and Online Information Services. Software includes expenses for payments to vendors for license agreements associated with various applications and desktop tools used by the Company to perform services. These payments cover updates, support patches, fixes, licenses, subscription fees, and technical support. There are five major drivers of increase to the 2023 budget, stemming overall from increasing costs in the industry. First, software costs are driven by net new projects resulting in trailing maintenance needs. Second, there are increased licensing costs driven by users and upgrades. Third, maintenance and support must be updated to limit vulnerabilities. Fourth, starting in 2022, O&M costs start for maintaining additional software needs incurred by the CXT initiative. Fifth, as the AGIS initiative continues to evolve, additional Software is required to support the program. Overall, this translates to increased software license and maintenance costs.

Hardware Maintenance: These costs relate largely to vendor contracts maintained to support hardware systems. Costs for this category are expected to fluctuate based on the work being performed. The major driver of the increase is related to the maintenance costs required to support the new software.

Distributed Systems Services (DSS): Growth in the number of servers is largely driven by capital projects that went in service the past few years, such as the General Ledger, and others. As the number of servers grows, so does the amount of storage because each new server requires storage to function. These costs are less than 2018 and 2019 due to insourcing of steady state work to Company employees. To further reduce costs this area has implemented data retention rules to curb storage growth. For example, all email is purged after 90 days in a user's inbox.

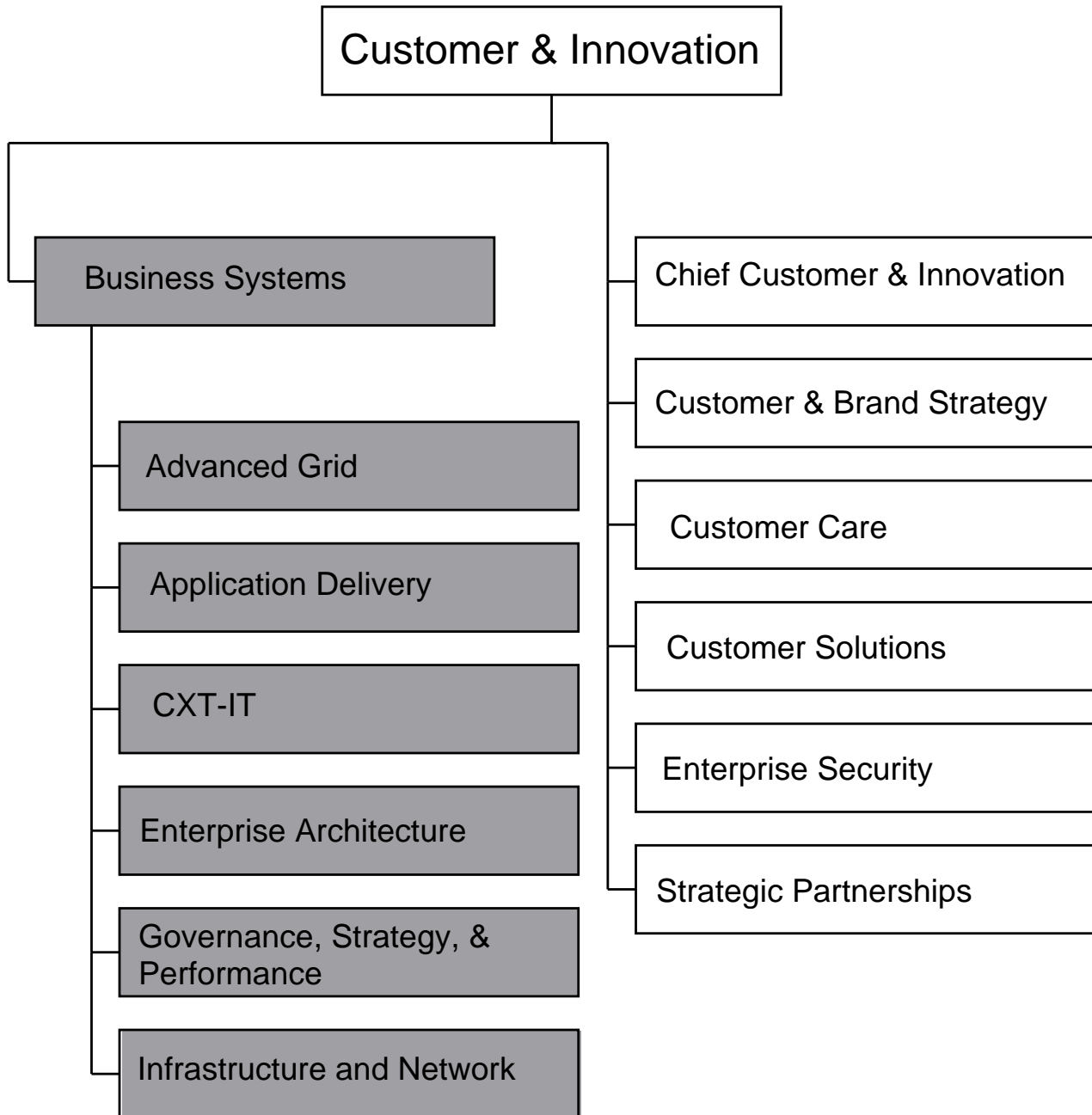
2023 Xcel Energy Walk Forward of Major Cost Drivers

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Contract Labor & Consulting: Consists of fees and expenses for professional consultants or knowledge based experts that are not employees of the company, including staff augmentation. Overall, the budget is expected to continue to decrease in 2023 due to in-sourcing initiatives and a shift in work away from external resources to internal full-time employees

Other Expenses: Several smaller spend categories are included in this category with the main driver being Employee Expenses.

Functional Organizational Chart



Cost Allocation Methodologies

Method of Assigning IT and Telecommunications Costs

Business Systems charges costs directly (on the invoice, timesheet, expense report or other source document) to the company(ies) benefiting from the service or to an indirect allocation internal order set up for a specific system application or type of service. Small amounts of operating company direct costs are charged for union technicians in Northern States Power-Minnesota (NSPM), Northern States Power-Wisconsin (NSPW) and Southwestern Public Service Company (SPS).

The allocation methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges:

Costs associated with NSPM, NSPW and SPS union network technology support are directly charged in Business Systems. Union technician labor, employee expenses, wireless communication devices, fleet costs and other expenses (including safety glasses, gloves, and boots) are charged to cost centers that are owned by the corresponding legal entity.

Service Company Direct Charges:

IT services, performed for a specific operating company or affiliate, are directly charged to that specific company.

Business Systems is primarily a Service Company organization, with the exception of union technicians noted above. Most costs are more efficient and effective when processed through the Service Company and charged directly when possible.

Service Company Allocated Charges:

The indirect allocation internal orders charge using a cost causative method to the companies benefiting from the system application or service. Different types of costs for providing the same application are charged to the same indirect allocating cost center, thus ensuring billing consistency. For example, costs for distributed systems support, application development and maintenance, and server fees are charged to internal orders that settle to allocating cost centers that allocate to the companies benefiting from this application based on a three-factor formula of assets, revenue and number of employees.

Costs that can be identified as benefiting a particular service function are charged to an indirect allocation internal order using the approved allocation method for that service function. For instance, personal computer support for the Internal Audit business area is allocated using the approved three-factor formula of assets, revenue and number of employees assigned to the Internal Audit function.

The indirect allocations are set up and monitored by the Service Company Accounting department, similar to the other Service Company indirect allocations. Charging the cost directly to the proper account as the cost is incurred eliminates or significantly reduces the number of transactions recorded to the clearing account. This process provides an audit trail for tracking charges back to the original source document and better regulatory reporting on how the costs are allocated.

The primary methods utilized for each service area are described below. Please see Exhibit ____ (RLB-1), Schedule 4 for a complete list of the Company's allocators.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200066	121	Accounting, Reporting & Tax - Corporate Governance includes the labor and non-labor costs associated with preparing and filing consolidated reporting and financial statements, preparing consolidated budgets, completing the consolidation process, maintaining the books and records of Xcel Energy Inc. and Service Company, composing the corporate-wide regulatory accounting policy and compliance, Sarbanes-Oxley (SOX) documentation and compliance, and Chief Financial Officer activities related to the Audit Committee. Provides financial leadership to Xcel Energy and provides policies, controls, and leadership to the Financial Operations business area. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200072	180	Communications - Corporate Governance includes the labor and non-labor costs to assist and ensure Executive Management, Investor Relations and others communicate appropriately with shareholders, the public, and other key stakeholder audiences. Key projects include: development and production of the annual report and other communications to investors; speeches, videos, and major presentations delivered by top executives; and speeches, displays, video and presentations for the company's annual meeting of shareholders. Media Relations contributes to building Xcel Energy's reputation by developing media and public relations strategies for major company initiatives and issues; responding to news media inquiries; working pro-actively with the media to forward story ideas and information about company events, policies and actions, and providing media training for company spokespersons. Media Relations also plays a key role in crisis communications and emergency preparedness efforts. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200074	529; 549; 551; 561	Corporate Systems – Corporate Governance includes the labor and non-labor costs for enterprise-wide corporate systems.
200079	409	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC). Federal Lobbying services include the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200081	120	Accounting, Reporting & Taxes services includes the labor and non-labor costs for preparation of operating and non-operating financial statements, tax returns and reporting, performing accounting for the employee benefit plans, ensuring compliance with applicable laws and regulations of the operating and non-operating companies; composing the corporate-wide regulatory accounting policy, and coordinating the budgeting process with the operating and non-operating companies.
200086	170	Legal & Claims Services includes the labor and non-labor costs for operating and non-operating legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate, contracts, and claims services related to casualty, public, and company claims.
200087	123	Accounting, Reporting & Tax - Regulated includes the labor and non-labor costs associated with operating company revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting.
200096	431	Energy Markets Business Services includes the labor and non-labor costs for financial analysis, budgeting and administrative support, managerial reporting and business planning and process initiatives, independent daily forward valuation and risk measurement of commodity transactions and system fuel and purchase power requirements to meet system loads, as well as proprietary or trading transactions; creates retail system load and energy forecasts providing regular updates to senior management and analyses of key drivers, reviews and provides comments to dealmakers on non-standard agreements and associated confirmation agreements in the areas of coal supply, gas supply, wood fuel, rail, trucking, structured power purchases and nuclear/uranium concentrates and services; provides analyses for electric/gas hedge studies and sensitivities; creates load management forecast, jurisdictional peak demand forecasts, and cost of service studies for energy trading and marketing.
200097	533; 535; 539; 542	Accounting and Finance Software Applications Maintenance services include the labor and non-labor operating costs for the application development and maintenance of the software applications used for accounting and finance business functions.
200111	544	Enterprise Application Integration (EAI) includes the labor and non-labor costs associated with the management of information systems infrastructure and working with IT Project Managers to ensure that new systems are positioned to function as successfully as possible in terms of overall performance and communication with other systems.
200112	562	Mainframe Charges include labor and non-labor costs related to mainframe expenses for development, maintenance, and licensing. The Mainframe is comprised of three applications: Time, Gas Management System, and Monitoring Device Management System applications. This is used primarily by the Business Systems Organization.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200115	514	Miscellaneous Applications includes the labor and non-labor costs associated with the management of information systems infrastructure and working with IT project managers to ensure that new systems are positioned to function as successfully as possible in terms of overall performance and communication with other systems.
200116	441	Distribution Electric Supervision & Engineering (S&E) FERC 580 services includes the labor and expenses incurred in the general supervision and direction of the operation of the electric distribution system.
200119	506; 507; 559	Distribution Electric & Gas Miscellaneous FERC 588 & 880 services include labor, materials used, and expenses incurred in distribution system operation not provided for elsewhere. This includes software system labor and non-labor costs for the maintenance that support the electric and gas distribution to our customers as well as non-capital engineering & supervision costs.
200122	442	Transmission Electric Supervision & Engineering (S&E) FERC 560 services include labor and expenses incurred in the general supervision and direction of the operation of the electric transmission system as a whole.
200123	451	Transmission Electric FERC 561.5 services include labor, materials used, and expenses incurred for the system planning of the interconnected bulk electric transmission systems within a planning authority area. Activities include transmission reliability, planning and standards development related to transmission assets and reliability needs and transmission customers' requirements and requests (e.g. developing and maintaining transmission system models, applying methodologies and tools for analysis and simulation of systems, notification of any planned transmission changes and impacts, etc.).
200124	526	Transmission Electric Load Dispatch-Monitor and Operate Transmission System FERC 561.2 services include labor, materials used, and expenses incurred to monitor, assess and operate the power system and individual transmission facilities in real-time to maintain safe and reliable operation of the transmission system. This also includes the expense incurred to manage transmission facilities to maintain system reliability and to monitor the real-time flows and direct actions according to regional plans and tariffs as necessary.
200126	423; 440; 525	Utilities Group Administrative & General (A&G) FERC 921 services includes the labor and non-labor costs for utilities group leadership, management and support services for the Distribution, Transmission, transportation and supply chain areas.
200128	445	Distribution Gas Miscellaneous FERC 880 services include the cost of distribution maps and records, distribution office expenses, and the cost of miscellaneous labor and materials used, and expenses incurred in gas distribution systems. Additionally, the labor and non-labor costs for non-capital engineering and supervision.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200130	444	Transmission Gas Supervision & Engineering (S&E) FERC 850 services include the cost of labor and expenses incurred in the general supervision and direction of the operation of transmission facilities.
200131	531	Distribution & Transmission Gas System Control and Load Dispatching FERC 851 & 871 include the cost of labor, materials used, and expenses incurred in dispatching and controlling the supply and flow of gas through the gas distribution and transmission systems. Additionally, costs include the labor and non-labor costs for the application development and maintenance of the Gas SCADA system.
200135	414	Energy Supply Business Resources services includes the labor and non-labor costs of performance analysis, specialists and analytical services provided to the operating companies' generation facilities.
200136	415	Energy Markets - Fuel includes the labor and non-labor costs for planning and implementing power supply portfolios to provide reliable service to native load and to capitalize on market opportunities including purchasing fuel for the operating companies' electric generation system (excluding nuclear) and resource planning and acquisition including purchase power and account management.
200146	429	Energy Markets - Regulated Trading services include the labor and non-labor costs of providing electric trading services to the operating companies' electric generation systems, including load management, system optimization and origination.
200147	554	Business Objects includes the labor and non-labor costs for the application that provides critical reporting from data universes and tables.
200148	500; 524	Business Systems services includes the costs of providing assistance to computer users across the company. Specifically computer technology risk, software maintenance on applications Distributed to all users (e.g. Microsoft PC tools), governance and project management over all IT projects, fixed management fees with outside vendors, business analytics costs, corrective and preventative maintenance, security, data backup and recovery, help desk, and amortization of outside vendor fees and costs that are not specific to an application that has a specific allocator.
200149	534	Customer & Enterprise Solutions (CES) includes the labor and non-labor costs for the leadership of the Customer & Enterprise Solutions organization and their administrative support staff.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200150	520	Interactive Voice Response (IVR) includes the labor and non-labor costs for the application development and maintenance of the Interactive Voice Response system which interacts with a customer calling Xcel Energy call centers. It is intended to help service customers without invoking a call center agent. If the call needs to be handled by an agent, account information and the reason for the call is determined which helps route the call to the appropriate agent.
200151	447	Customer Billing FERC 903 includes the labor and non-labor costs related to the delivery of billing statements, letters and notices to Xcel customers including postage and outside services costs, oversight and administration of customer billing area, research of billing exceptions, providing escalated customer service assistance with regard to billing issues resolution, and process remittances and receivables. This allocation is used when all four jurisdictions are benefiting from the services.
200154	403	Customer Service Information Technology (IT) FERC 903 services includes the labor and non-labor costs for IT applications related customer billing to customers, call center support and credit and collections.
200155	435	Customer Care FERC 903 services includes the labor and non-labor costs for contact centers, remittance processing, credit and collections, customer resource management, and contact center training. This allocation is used when all four jurisdictions are benefiting from the services such as responding to residential customer inquiries regarding billings and outages, handling inbound credit calls, outbound collections calls, managing accounts receivables, training call center staffs, developing contact center call forecasts.
200159	405	Customer Service Information Technology (IT) NSPM & NSPW FERC 903 services includes the labor and non-labor costs for IT applications related customer billing to customers, call center support and credit and collections. This allocation is used when NSPM & NSPW jurisdictions are benefiting from the services.
200160	439	Customer Care NSPM & NSPW FERC 903 services includes the labor and non-labor costs for contact centers, and credit and collections, such as responding to commercial customers inquiries at the Business Solution Center. This is primarily used by the Customer Care organization when NSPM and NSPW jurisdictions are benefiting from the services.
200162	519	Call Logging and Quality Management (CL/QM) FERC 903 includes the labor and non-labor operating costs for the application development and maintenance of the Call Logging and Quality Management system which is used to monitor and record calls for contact center training and leadership teams.
200164	198	Payroll services include the labor and non-labor costs for processing payroll including consolidation of time collection, calculation of salaries and wages, administration of employee deductions, account Distribution and reconciliation, allocation and accounting for employment taxes and compliance reports.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200165	515; 521; 552	Employee Management Systems includes the labor and non-labor costs for the Security Operations Center (SOC), Time capture and processing for payroll and accounting and Human Resources software. These applications and services provide services for the whole company related to enterprise security, including physical access, security monitoring and investigations, payroll and time accounting and employee information databases.
200166	190; 197; 199	Human Resources (Diversity/Safety/Employee Relations) includes the labor and non-labor costs for work performed for operating and affiliate company employees, such as diversity programs, providing workforce relations resources for labor agreements, arbitration, and training. Manage, design, and implement Corporate Safety initiatives. Staffing administration for non-bargaining positions and provides Affirmative Action plans (development) and government audit management (compliance).
200167	508; 550	The e-Business system includes the labor and non-labor costs associated with the corporate electronic business infrastructure.
200168	517	Gas Management System (GMS) FERC 866 & 880 supports Xcel Energy gas transportation business including contracts, nominations/allocations, end-user measurement, imbalance management, and input for billing. also supports gas system supply, other balancing services. Costs include labor and non-labor for the application development and maintenance of the Gas Management System.
200169	504; 537; 553	Energy Supply Systems Miscellaneous FERC 417.1, 506, 539, & 549 includes the labor and non-labor costs for the non-critical applications that support the Energy Supply area. Such as Emissions Tracker, Labworks, SAP WAM, Documentum and Meridian.
200170	518; 540	Meter Reading and Monitoring Systems FERC 902 includes the labor and non-labor operating costs for the application development and maintenance of the software applications needed to read and monitor gas and electric meters.
200171	503; 555	Customer Resource System (CRS) FERC 903 includes the labor and non-labor costs for the CRS system, specifically, application development and maintenance costs, licensing fees, server system costs and technology risk costs specific to disaster recovery of this application. CRS is Xcel Energy's customer service and billing system.
200172	523	Network services include the labor and non-labor costs for the operation, maintenance, and management of Xcel Energy's internal and external Information Technology Network. This includes circuits, firewalls and communication assets.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description of Services Provided
200176	412	Marketing & Sales services includes the labor and non-labor costs for marketing and sales services for the operating companies for their customers including strategic planning, segment identification, business analysis, sales planning, customer service, promoting products to the business market, and providing regulatory and policy support with respect to utility energy efficiency and demand response program design, evaluation, measurement and verification, cost effectiveness testing , and cost recovery.
200180	528	EMS-Shared (Energy Management System-SCADA) FERC 556, 561.2, & 581 provides supervisory control and data acquisition of substation devices through Remote Terminal Units (RTU's). EMS-Shared system includes the labor and non-labor costs for the application development and maintenance of the Electric Transmission, Distribution and Production Plant information operations.
200184	516	PowerPlan includes the labor and non-labor operating costs for PowerPlan, which is the capital asset business system which includes the following modules. Fixed Assets, Power Tax, Property Tax, Projects, Budgets, Cost Repository, Depreciation studies and Depreciation forecast. This includes the application development and maintenance costs, licensing fees, server system costs and technology risk costs specific to disaster recovery of this application.

Benefits of Allocation of Costs Methodologies

- Allocates Business Systems costs using a more cost-causative driver per system application or service
- Increases the number of allocation cost pools, resulting in more accurate billing of costs
- Uses consistent method of charging costs for specific system applications or services
- Uses SAP to allocate costs, thereby increasing efficiency in processing and making allocation methods more transparent than a journal entry from a feeder system
- Improves regulatory reporting
- Is centrally established and monitored by Service Company Accounting, similar to other Service Company indirect allocations, enabling better control
- Creates a better audit trail by eliminating or significantly reducing transactions recorded to the IT clearing account.

Approvals

This document has been checked for errors in calculations and content.

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2021 – 2023 Budget Documentation

Customer and Innovation

Customer Care

Major Business Functions and Key Activities

Introduction

The Customer Care organization is a part of Xcel Energy Services Inc. and provides a variety of support services to Xcel Energy Inc., its subsidiaries and customers. Services include Billings Services & Operations, Contact Center, Credit and Collections, Customer Operations, and Meter Reading, Revenue Assurance & Field Collections.

Customer Value

Each business area within Customer Care plays its own role in providing customer value.

Billing Services & Operations focuses on securing revenue through timely, accurate, and cost-effective billing services and cash processing operations. Primary Functions are Retail Billing (residential, commercial, industrial), Cash/Remittance Processing, Meter Data Translation, Billing & Payment Exception Processing, Vendor Contract Management, Gas Transportation, Non-Commodity Billing, Taxing, Addressing, Bill Statements, Letters & Notices, System Testing, Complex Billing, MPUC/OAG Compliance, SOX Controls, and Benchmark Reporting.

Contact Center's mission is to deliver the highest quality and consistent customer experience. Functions include: enhancing our customers' experience and proactively attaining energy efficiency, products and service goals through the Residential Customer Contact Centers, Business Solution Center, Energy Expert Team, Correspondence, Residential Property Management Team and Specialists.

Credit and Collections focuses on the use of a variety programs and methods to secure payments on delinquent accounts, to optimize cash flow and minimize bad debt; along with vacant premise management.

Customer Operations creates value by managing employee talent training and quality assurance, communicating with employees and customers, tracking and improving business area performance and processes, working with customers to resolve complaints, managing customer policies and low-income assistance, and strategic planning and fiscal oversight for all of Customer Care. Customer Operations' mission is to drive exceptional performance in Customer Care to ensure a high-quality customer experience and optimal business results.

Meter Reading, Revenue Assurance & Field Collections' role is to ensure that all the energy our customers use is accurately measured, billed and paid for. Operational excellence, performance improvement, employee engagement, accurate readings, revenue protection and customer satisfaction are all part of Meter Reading's value proposition. Meter reading services are provided by Landis+Gyr (Cellnet). AMI deployment will reduce headcounts due to improved automated reading capabilities. Deployment delays or disapproval of AMI deployment may impact these Meter Reading costs.

The Customer Care business area is a part of Xcel Energy Services Inc. and provides customer-related support services to Xcel Energy Inc. and its subsidiaries. These services are provided in accordance with Service Agreements that exist between the applicable subsidiaries. The Service Agreements are administered in accordance with Federal Energy Regulatory Commission regulations and, when required, are presented to the Minnesota Public Utilities Commission for review and approval.

The Customer Care organization is comprised of the following major areas: Billing Services & Operations, Contact Center, Credit & Collections, Customer Operations, and Meter Reading, Revenue Assurance & Field Collections. The major business functions and key activities for each area are summarized below.

Major Business Functions and Key Activities

Billing Services & Operations

Major Functions

Billing Services & Operations is responsible for working through billing and cash exception, meter data translation, delivery of billing statements, letters, and notices, remittance processing, and customer receivables for all Xcel Energy retail residential, industrial, large and small commercial customers across all jurisdictions.

Key Activities

- Manage retail customer billing, cash, and lockbox processing
- Research and process all billing and cash exceptions
- Manage billing and cash vendor relationships with associated contracts
- Provide escalated customer service assistance regarding billing and cash issue resolution
- Manage non-commodity bills, manual bills, gas transportation and daily gas, and meter data translation

Contact Center

Major Functions

Contact Center is responsible for the operation of the residential customer service and business solutions centers.

Key Activities

- Respond to customer inquiries through multiple channels. Typical contact types include:
 - Establish, transfer and /or disconnect service
 - Analyze and explain customers' bills
 - Negotiate payment arrangements
 - Consult and offer services and options
 - Handle gas/electric calls, including emergencies

Credit & Collections

Major Functions

The Credit and Collections organization is responsible for accounts receivable management and internal credit support.

Key Activities

- Manage accounts receivables through credit cycle to mitigate bad debt expense and manage Days Sales Outstanding
- Manage collections of delinquent accounts
- Manage in-bound and outbound collections contacts with customers

Customer Operations

Major Functions

Customer Operations is responsible for overall organizational operation support, Contact Center staff training and quality assurance, customer policies, and low-income programs.

Major Business Functions and Key Activities

Key Activities

- Train and provide quality assurance monitoring for phone staff
- Circulate communications to Customer Care staff and provide information to customers
- Develop Contact Center call forecasts, scheduling, regulatory reporting, and manage real-time Contact Center operations
- Resolve customer complaints
- Track and monitor organizational performance, customer data privacy processes and improve internal processes
- Manage and implement low-income programs and provide service support to low-income customers and agencies

Meter Reading, Revenue Assurance and Field Collections

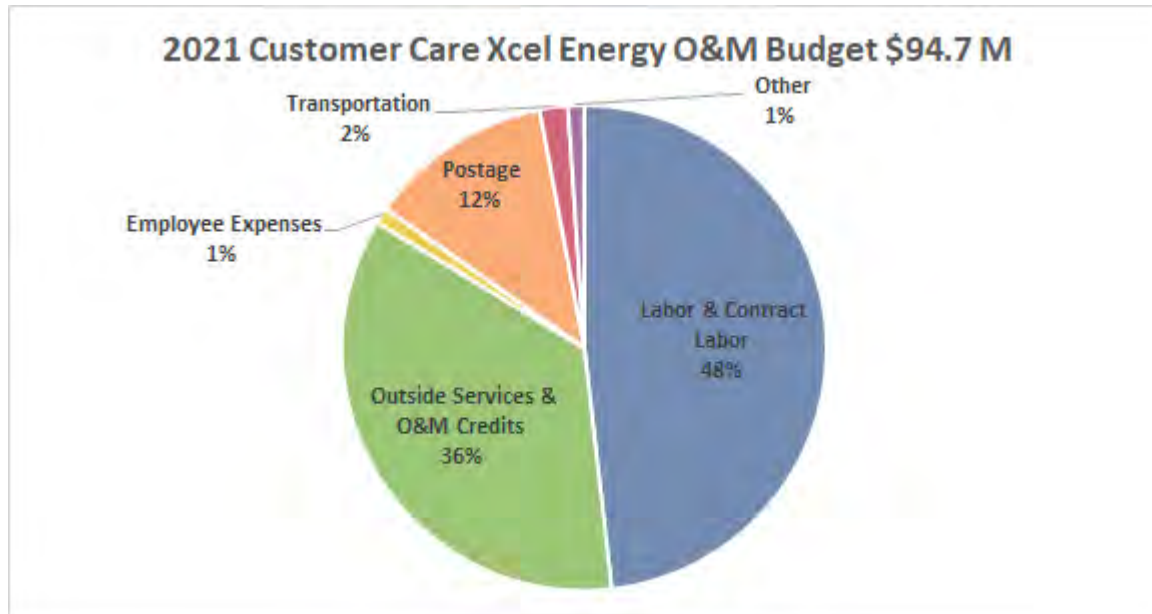
Major Functions

Meter Reading, Revenue Assurance, and Field Collections is responsible for customer meter reads, field credit collections, and revenue assurance across all jurisdictions.

Key Activities

- Read meters
- Execute field collections and disconnections/reconnections for nonpayment
- Investigate tampering of service for theft and public safety

2021 Customer Care Xcel Energy O&M Major Cost Drivers



Costs are categorized as Labor and Contract Labor, Outside Services and O&M Credits, Postage, Transportation Fleet Costs, and Employee Expenses.

Labor and Contract Labor – Labor for the Customer Care organization is made up of exempt, part-time and full-time benefit, non-benefit, and union employees to perform the key activities described under the Major Business and Key Activities section. Contract labor is primarily utilized in Billing Services and Meter Reading. Billing Services uses contractors to help backfill labor in their Billing Operations and Cash Processing departments. Meter Reading uses contractor labor to assist in reading meters in SPS and executing field collections in NSPM.

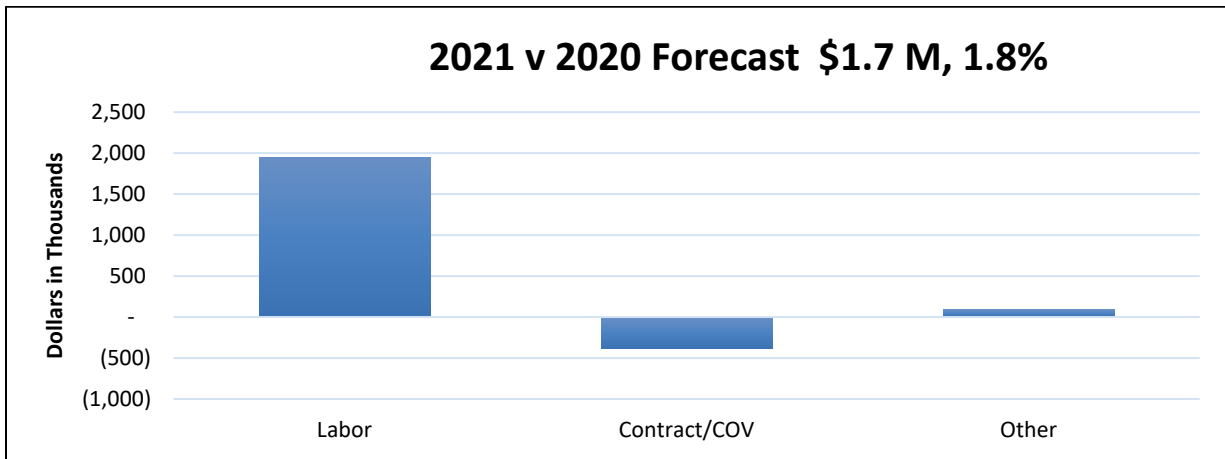
Outside Services and O&M Credits – Customer Care uses outside services in most of its business areas. Billing Services uses DST Output to process the Company's bills and letters and notices. Credit and Collections utilizes third-party collection agencies to assist in collecting on delinquent accounts. In addition, outside companies are used to make courtesy calls when customers' payments are late. Credit checks and information needed to research customer accounts are also outsourced to various companies. The Contact Center uses Language Line to help in language translation to assist agents in conversations with customers. The Resource Management group utilizes outside services to assist in overflow outage call handling and outbound contacts. Credit Policy, within Customer Operations, has budget dollars for a monthly fee associated with data breach support from a third-party vendor. A large part of outside services resides in the Meter Reading area. The Company uses an outside company to perform most of the Company's automated meter reads. Meter Reading also outsources reconnecting customers' power and performing commercial and industrial reads, interval reads and other special contracted reads. The increase in Outside Services is offset by O&M Credit reimbursement from Cell net for the costs associated with any meter readers that are retained to read any non-automated and non-performing electric meters in NSPM.

Postage – Postage is primarily made up of the mailing costs to send out bills and letters and notices to Xcel Energy's customers.

Transportation Fleet Costs – Many of the meter readers utilize company-owned vehicles. The Company will charge back a cost to the Meter Reading business units for the use of these vehicles.

2021 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2020 Forecast to 2021 Budget	
2020 July Year-End Forecast	93,002
Labor	1,946
Contract/Contract Outside	
Vendor (COV)	(384)
Other	97
2021 Budget	94,661



The major cost drivers from an organizational perspective are:

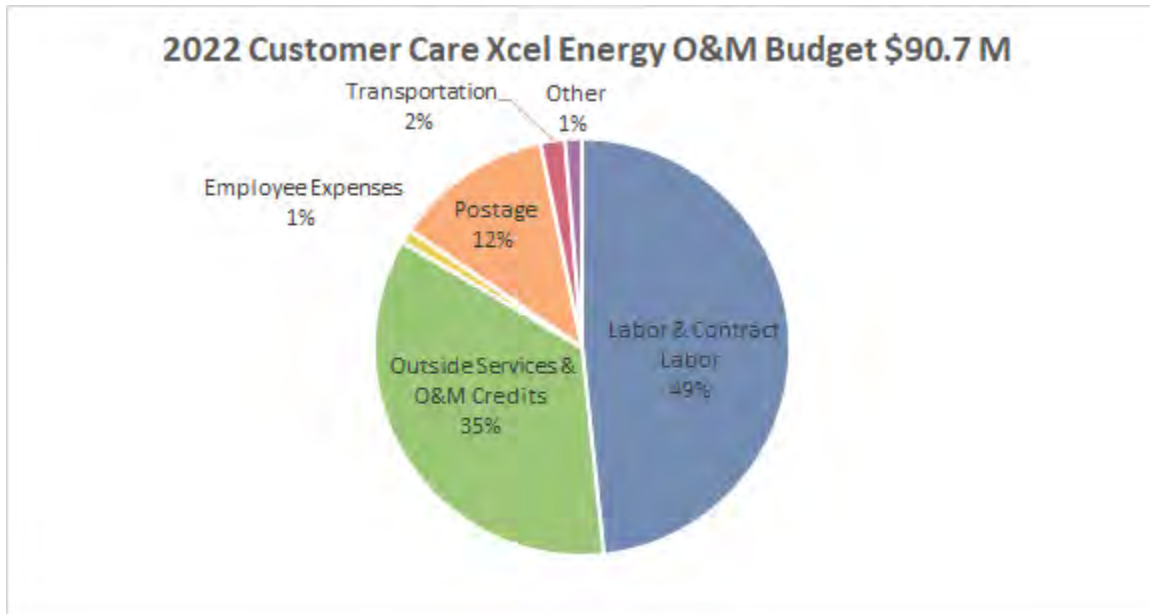
Labor:

The increase in labor consists of: (1) 3 percent base pay increase, \$1.3M, (2) suspended field collections and residential manual meter reading activities charged to Pandemic non-productive hours resulting in lower labor costs in 2020, \$0.9M, (3) AMI severance payout in PSCo in 2021, \$0.4M as a direct assigned to PSCo; whereas there was none in 2020 and, (4) overtime due to greater call volumes and handle times associated with increased service levels in 2021, \$0.2M.

Contract/COV:

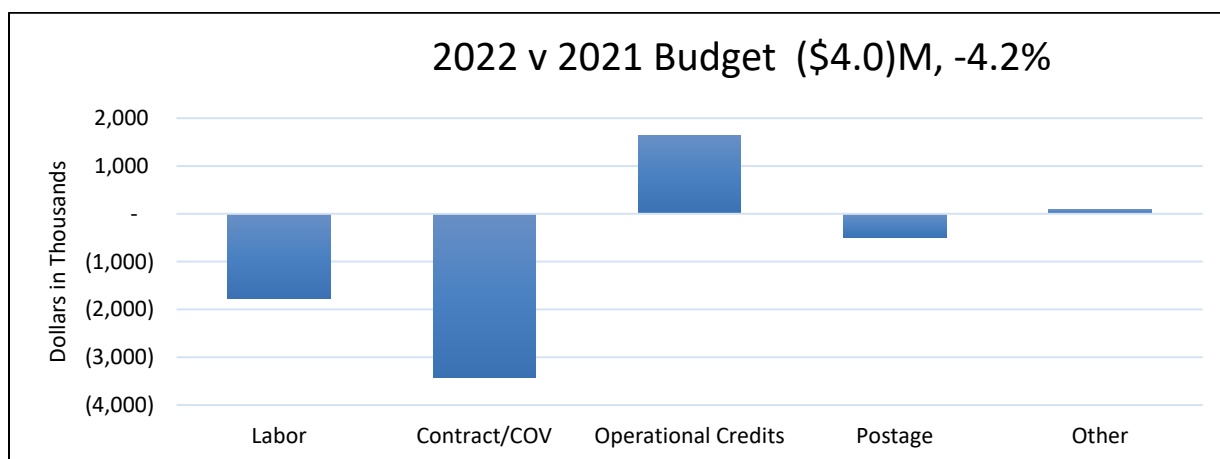
The decrease in Contract/COV consists of: (1) lower costs associated with bill processing fees driven by increased electronic billings, (\$0.3M), (2) outsourcing Quality Assurance call monitoring in 2020, (\$0.4M), and (3) Contact Center sales training in 2020, (\$0.2M). The decreases are partially offset by greater collection agency activity in 2021 compared to reduced current year levels due to COVID-19, \$0.5M.

2022 Customer Care Xcel Energy O&M Major Cost Drivers



2022 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2021 Budget to 2022 Budget	
2021 Budget	94,661
Labor	(1,773)
Contract/COV	(3,415)
Operational Credits	1,648
Postage	(504)
Other	89
2022 Budget	90,706



2022 Xcel Energy Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

Labor:

Between 2021 and 2022, the overall cost of labor for Customer Care decreases. There is a labor increase of 3 percent base pay, \$1.3M. This labor base pay increase is offset by: (1) the deployment of AMI in NSPM in 2022, (\$2.3M), (2) AMI severance payout in PSCo in 2021, (\$0.4M); whereas there was none in 2022, (3) meter reading headcount reductions as a result of AMI deployment in PSCo as a direct assigned to PSCo, (\$0.2M), and (4) automation of complex billing and associated headcount reductions in Billing, (\$0.2M).

Contract/COV:

The decrease in Contract/COV consists of: (1) Cellnet contract renegotiation where it eliminated a contract cost escalation factor associated with economic indicators in NSPM and NSPW in 2022, (\$2.8M), (2) probe meter removal as AMI saving in PSCo in 2022, (\$0.3M), and (3) lower costs associated with bill processing fees driven by increased electronic billings, (\$0.3M).

Operational Credits

Operational Credits are based on credits received from Cellnet. Xcel Energy receives a credit or money back for every meter when the Company must read it manually which should have been serviced by Cellnet.

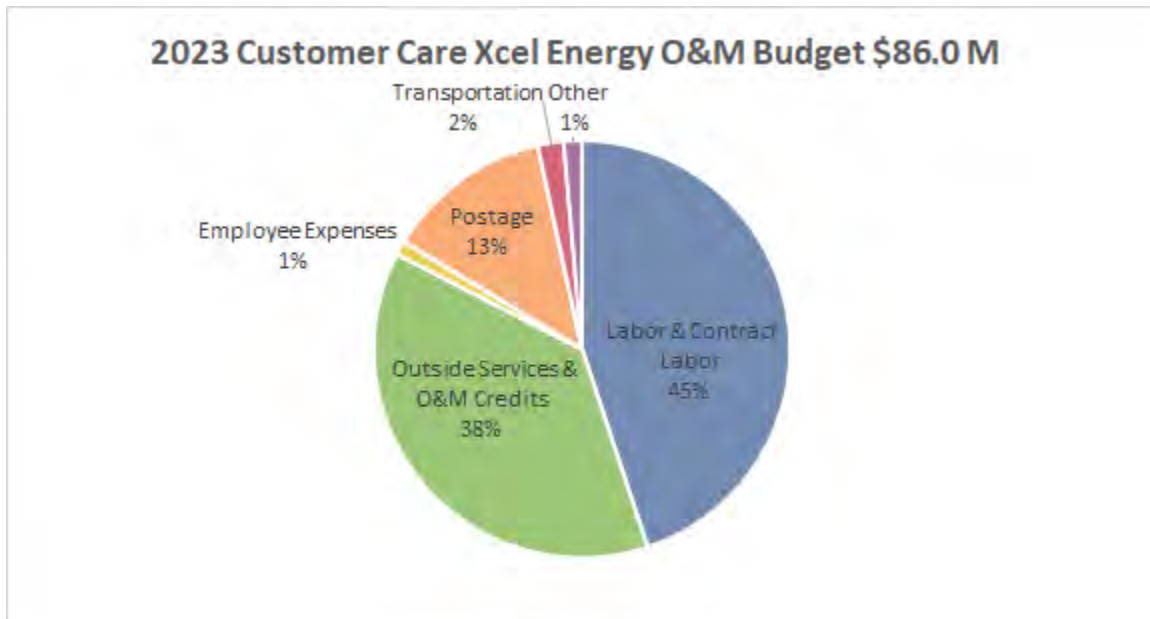
2022 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

Operational Credits elimination results in Meter Reading cost to increase by \$1.6M in 2022. These Operational Credits were eliminated according to the Cellnet contractual schedule due to improved automated reading capabilities.

Postage:

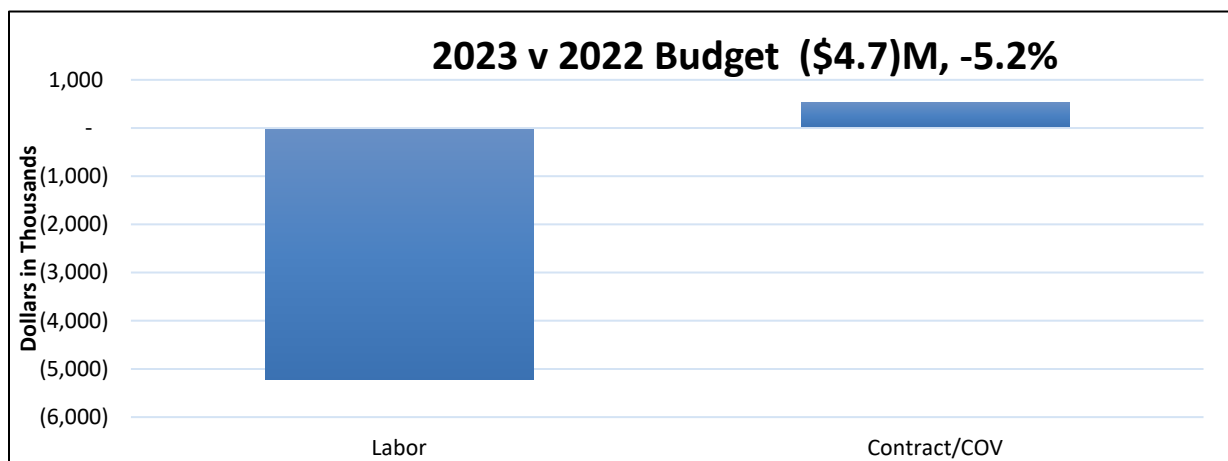
Postage is projected to decrease by (\$0.5M) in 2022. The budget assumes a three percent increase in postage rates and a one percent increase in postage volume resulting in \$0.5M increase in postage expense. However, Billing Services expects an overall decrease in postage expense by (\$1.0M) due to additional customers signing up for paperless billing which will decrease postage volumes.

2023 Customer Care Xcel Energy O&M Major Cost Drivers



2023 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	90,706
Labor	(5,222)
Contract/COV	532
Other	(9)
2023 Budget	86,007



2023 Xcel Energy Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

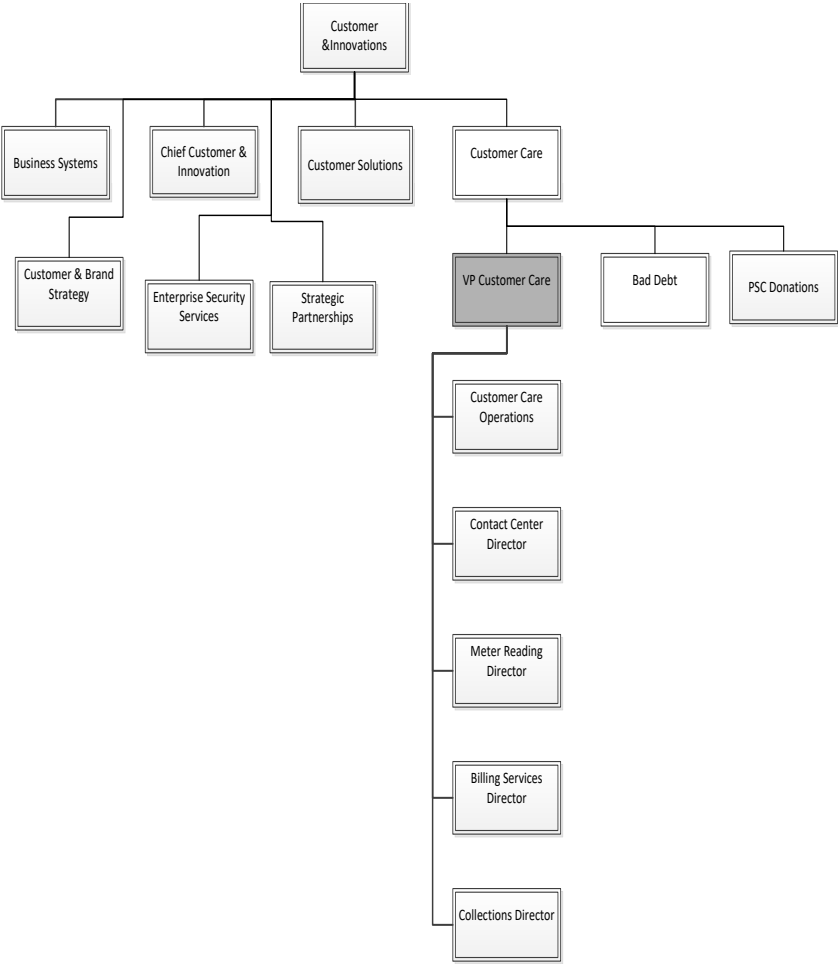
Labor:

Between 2022 and 2023, the overall cost of labor for Customer Care decreases. There is a labor increase of 3 percent base pay, \$1.3M. This labor base pay increase is offset by: (1) the deployment of AMI in NSPM in 2023, (\$5.1M), (2) meter reading headcount reductions as a result of AMI deployment in PSCo as a direct assigned to PSCo, (\$0.5M), (3) automation of complex billing and associated headcount reduction in Billing, (\$0.4M), and (4) headcount reductions resulting from increased Interactive Voice Response and other digital channel utilization at various Contact Centers, (\$0.5M).

Contract/Contracted Outside Vendors (COV):

The increase in Contract/COV consists of: (1) probe meter removal as AMI saving in PSCo in 2022; whereas there was none in 2023, \$0.2M, and (2) anticipated outsourcing charges for non-exception remittance processing checks, \$0.3M.

Functional Organization Chart



Cost Allocation Methodologies

Service Company Allocated Charges:

Business Area	SAP Cost Center	JDE Subledger Code	Description of Services Provided
Customer Operations	200079	409	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).
Customer Operations, Contact Center, Credit and Collections	200155	435	Customer Care FERC 903 services includes the labor and non-labor costs for contact centers, remittance processing, credit and collections, customer resource management, and contact center training. This allocation is used when all four jurisdictions are benefiting from the services such as responding to residential customer inquiries regarding billings and outages, handling inbound credit calls, outbound collections calls, managing accounts receivables, training call center staffs, developing contact center call forecasts.
Meter Reading	200152	436	Customer Care 902 services includes the labor and non-labor costs for meter reading of retail and wholesale customers and determining consumption for billing purposes as well as executing field collections.
Customer Care	200156	437	Customer Care FERC 901 services includes the labor and non-labor costs for the leadership of the customer care organization and their administrative support staff such as consulting costs to support overall Customer Care organizational operations.
Credit & Collections, Meter Reading	200160	439	Customer Care NSPM & NSPW FERC 903 services includes the labor and non-labor costs for contact centers, and credit and collections, such as responding to commercial customers inquiries at the Business Solution Center. This is primarily used by the Customer Care organization when NSPM and NSPW jurisdictions are benefiting from the services.
Customer Operations	200161	446	Customer Care Low Income Assistance FERC 908 services includes the labor and non-labor costs associated with the low income energy customer program such as answering calls from customers for referral to low income assistance agencies, providing information to the agencies in order to process applications for assistance, take pledges/commitments from agencies and process payments from agencies.
Billing Services & Operations	200151	447	Customer Billing FERC 903 includes the labor and non-labor costs related to the delivery of billing statements, letters and notices to Xcel customers including postage and outside services costs, oversight and administration of customer billing area, research of billing exceptions, providing escalated customer service assistance with regard to billing issues resolution, and process remittances and receivables. This allocation is used when all four jurisdictions are benefiting from the services.

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described above. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Approvals

This document has been checked for errors in calculations and content.

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Date: October 19, 2020

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Date: October 19, 2020

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Date: October 19, 2020

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VP, Customer Care

2021 – 2023 Budget Documentation

Customer and Innovation

Bad Debt

Major Business Functions and Key Activities

Introduction

An estimate of the amount of billed commodity revenue that will ultimately become uncollectible is required so that expenses match the commodity and non-commodity revenue received during the period. In order to make an accurate estimate, it is necessary to use recent data to the extent it is representative of what can be expected in the budgeted periods.

Bad Debt Expense is recognized in the Legal Entity where the customer account being written off resides.

Corporate Services Bad Debt Expense is comprised of Commodity (Class "C") write offs and recoveries, Non-Commodity (Class "N") write offs and recoveries and change in accounts receivable reserve.

Bad Debt

Major Functions

Bad Debt Expense represents expense to an Xcel Energy legal entity for a customer account determined to be uncollectible and written off. Components of bad debt expense include:

- Write-offs – customer accounts written off
- Recoveries – amounts recovered after being written off
- Changes in Accounts Receivable (AR) Reserve – changes in balance sheet reserve for AR based on AR reserve model.

Measurement and Forecasting

Commodity bad debt expense is forecasted and measured based on a percentage of billed commodity revenue on a monthly and an annual basis.

The percentage used for the budget for Xcel Energy is typically about 36-38 percent based on the average of two years actual bad debt expense as a percentage of revenue. The budget for 2021-2023 required additional consideration as the impacts of the COVID-19 pandemic on expected uncollectible accounts over these years.

The assumptions used in this budget period were as follows:

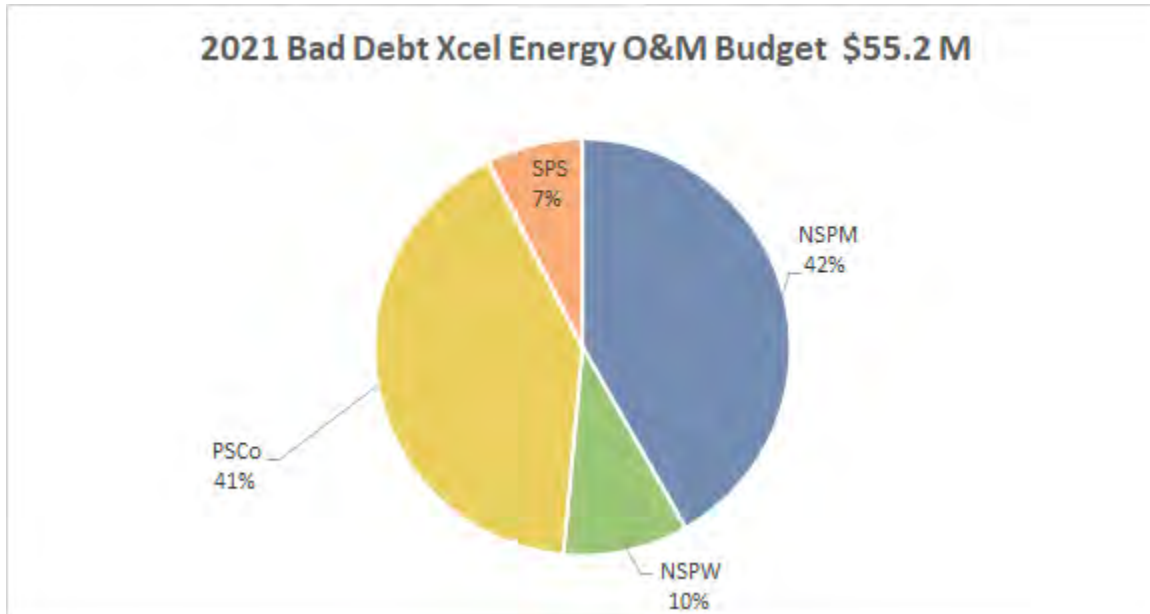
The commodity bad debt 2021 budget is calculated by using bad debt expense as a percentage of billed commodity revenue from 2009 which is 0.55 percent for Xcel Energy based on similar anticipation recovery after great recession due to the financial impacts of the housing bubble and subsequent subprime mortgage crisis in 2008. The Company anticipated that there are still some bankruptcies and write-offs related to pandemic occur in 2021 which is less than 2020.

For 2022, the Company used bad debt expense as a percentage of billed commodity revenue from 2011 which is 0.45 percent for Xcel Energy. The Company anticipated that less bankruptcies and write-offs related to pandemic occur in 2022 which is less than 2021.

For 2023, the Company used the average actual bad debt as percentage of revenue from July 2017 to June 2019 which is 0.38 percent for Xcel Energy. The Company anticipated that bad debt expense is back to normal based on two years historical average actual and no pandemic impact is anticipated in 2023.

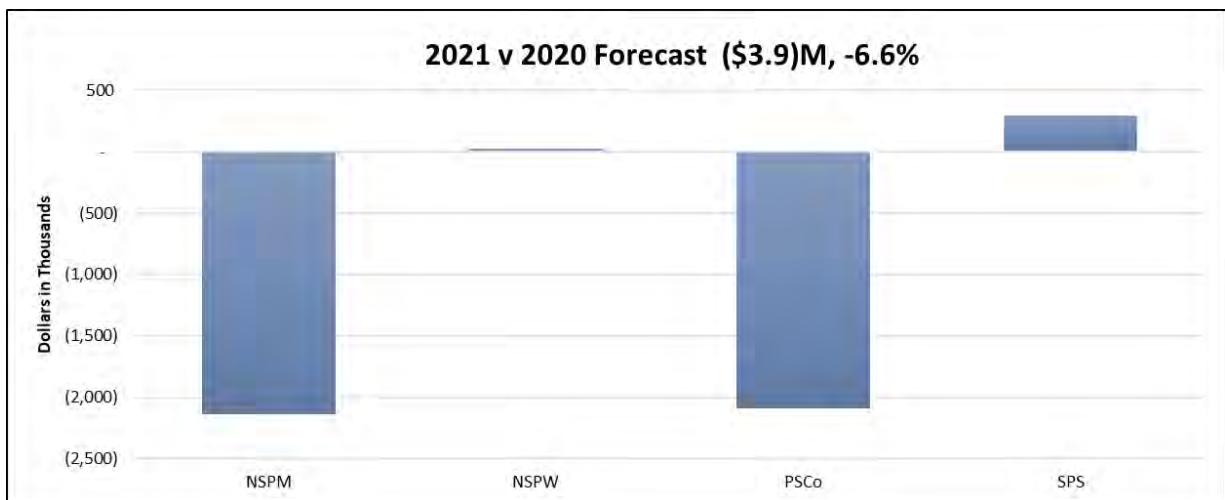
The non-commodity bad debt for 2021 budget is calculated by using the average of actual non-commodity bad debt from 2016 to 2019. For 2022 and 2023, the Company is using the same methodology as the 2021 Budget.

2021 Bad Debt Xcel Energy O&M Major Cost Drivers



2021 Xcel Energy Walk Forward of Major Cost Drivers

2020 July Year End Forecast to 2021 Budget	
2020 July Forecast	59,159
NSPM	(2,140)
NSPW	25
PSCo	(2,094)
SPS	294
2021 Budget	55,244



2021 Xcel Energy Walk Forward of Major Cost Drivers (continued)

The major cost drivers from an organizational perspective are:

July 2020 Forecast commodity bad debt has one-time activities that will not occur in future years:

- SPS: (\$0.4M) decrease due to Legacy Reserve bankruptcy payment that was previously written off in 2019
- COVID-19 incremental bad debt expense on billed commodity revenue:
 - NSPM: \$2.1M
 - NSPW: \$0.6M
 - PSCo: \$2.2M
 - SPS: \$0.4M and \$1M for oil and gas price wars

The Company anticipated bad debt to be impacted by recording incremental costs on arrearages and uncollectible expenses attributable to COVID-19 based on experience in past economic downturns and knowledge of the payment patterns for the various customer classes, resulting in increased reserves for billed account receivable with the resulting impact on reserves, The Company adjusted July 2020 bad debt year end forecast by increasing bad debt as percentage of billed commodity revenue to be the same as 2008 where there was great recession due to the financial impacts of the housing bubble and subsequent subprime mortgage crisis.

Bad debt expense decreased (\$3.9M) from the July 2020 year end forecast to the 2021 budget. The change is primarily made up of two drivers: Operating Company billed commodity revenue and percent of bad debt to revenue. Total billed commodity revenue in the July 2020 Forecast is \$9.5M compared to \$10.1B in 2021 Budget.

July 2020 Forecast vs. 2021 Budget Billed Commodity Revenue Impact:

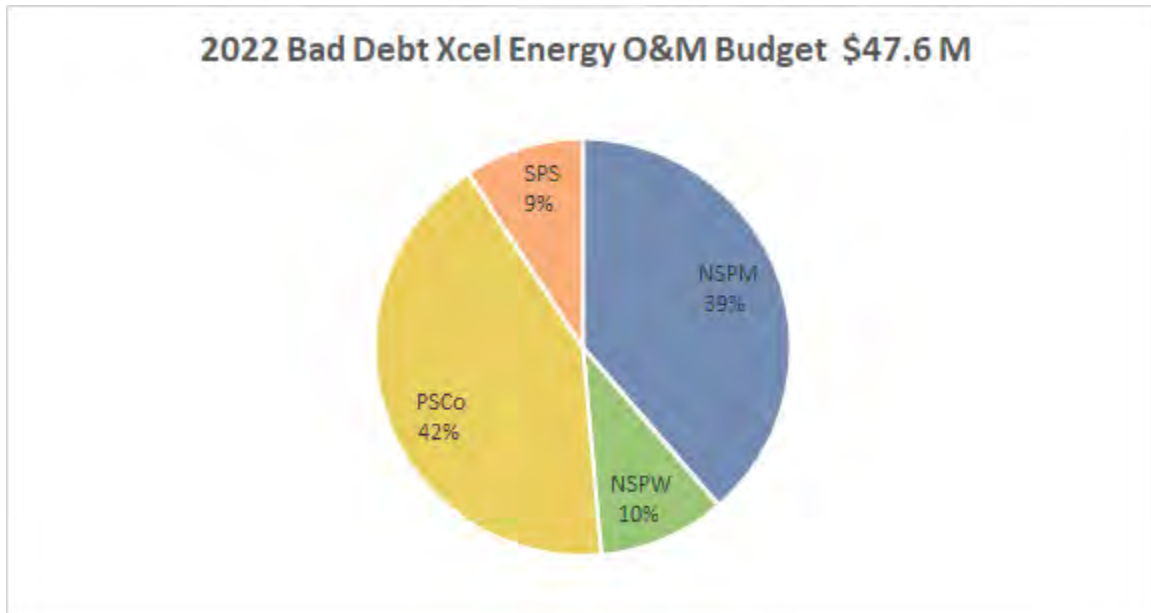
- The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$3.8M.
 - NSPM: \$3.9M vs. \$4.3M = \$2.4M increase in bad debt expense
 - NSPW: \$0.8M vs. \$0.8M = \$0.2M increase in bad debt expense
 - PSCo: \$3.6M vs. \$3.7M = \$0.8M increase in bad debt expense
 - SPS: \$1.2M vs. \$1.3M = \$0.4M increase in bad debt expense

Percent of total bad debt expense to billed commodity revenue in the July 2020 Forecast is 0.62 percent compared to 0.55 percent in 2021 budget. The percentage was calculated using actual bad debt expense as a percentage to billed commodity revenue from 2008 in the July 2020 forecast and 2009 in 2021 budget, respectively.

July 2020 Forecast vs. 2021 Budget Percent of Bad Debt Expense to Revenue Impact

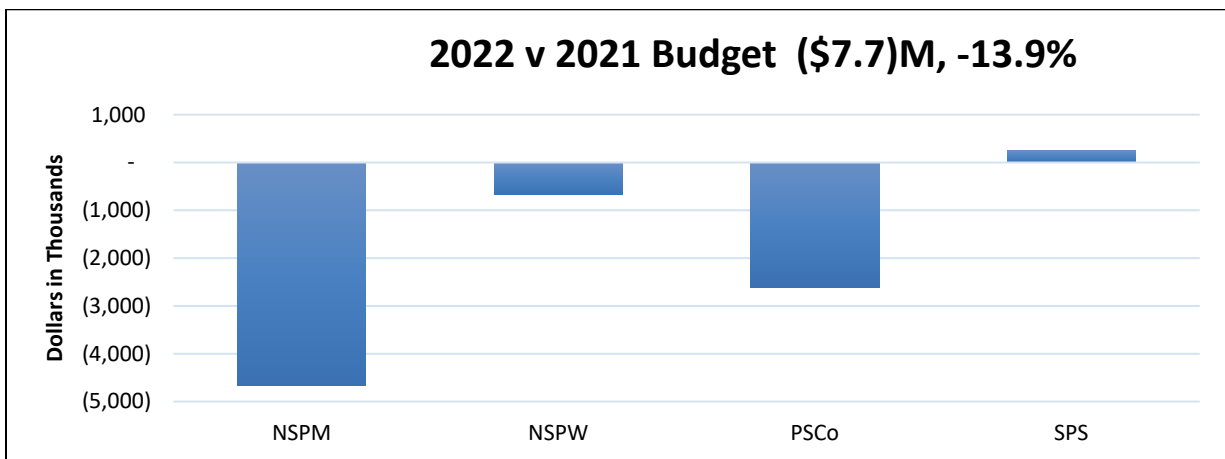
- The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is (\$7.7M).
 - NSPM: 0.64% vs. 0.54% = (\$4.5M) decrease in bad debt expense
 - NSPW: 0.66% vs. 0.64% = (\$0.2M) decrease in bad debt expense
 - PSCo: 0.68% vs. 0.60% = (\$2.9M) decrease in bad debt expense
 - SPS: 0.33% vs. 0.32% = (\$0.1M) decrease in bad debt expense

2022 Bad Debt Xcel Energy O&M Major Cost Drivers



2022 Xcel Energy Walk Forward of Major Cost Drivers

2021 Budget to 2022 Budget	
2021 Budget	55,244
NSPM	(4,654)
NSPW	(669)
PSCo	(2,605)
SPS	256
2022 Budget	47,572



2022 Xcel Energy Walk Forward of Major Cost Drivers (continued)

The major cost drivers from an organizational perspective are:

Bad debt expense decreased (\$7.7M) from the 2021 budget to the 2022 budget. The change is primarily made up of two drivers: Operating Company billed commodity revenue and percent of bad debt to revenue. Total billed commodity revenue in the 2021 budget is \$10.1B compared to \$10.6B in the 2022 budget.

2021 Budget vs. 2022 Budget Billed Commodity Revenue Impact

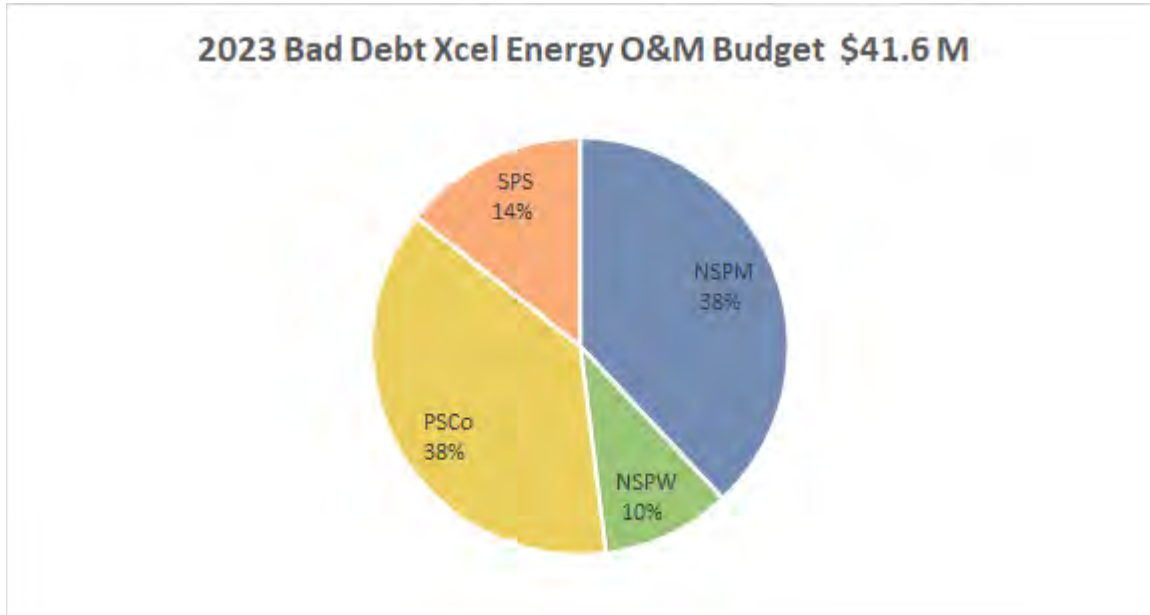
- The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$2.1M.
 - NSPM: \$4.3M vs. \$4.4M = \$0.8M increase in bad debt expense
 - NSPW: \$0.8M vs. \$0.9M = \$0.3M increase in bad debt expense
 - PSCo: \$3.7M vs. \$3.8M = \$0.5M increase in bad debt expense
 - SPS: \$1.3M vs. \$1.5M = \$0.6M increase in bad debt expense

Percent of total bad debt expense to billed commodity revenue in the 2021 budget is 0.55 percent compared to 0.45 percent in 2022 budgets. For 2021, the Company used bad debt expense as a percentage of billed commodity revenue from 2009. For 2022, the Company used the average actual bad debt as percent of revenue from 2011.

2021 Budget vs. 2022 Budget Percent of Bad Debt Expense to Revenue Impact

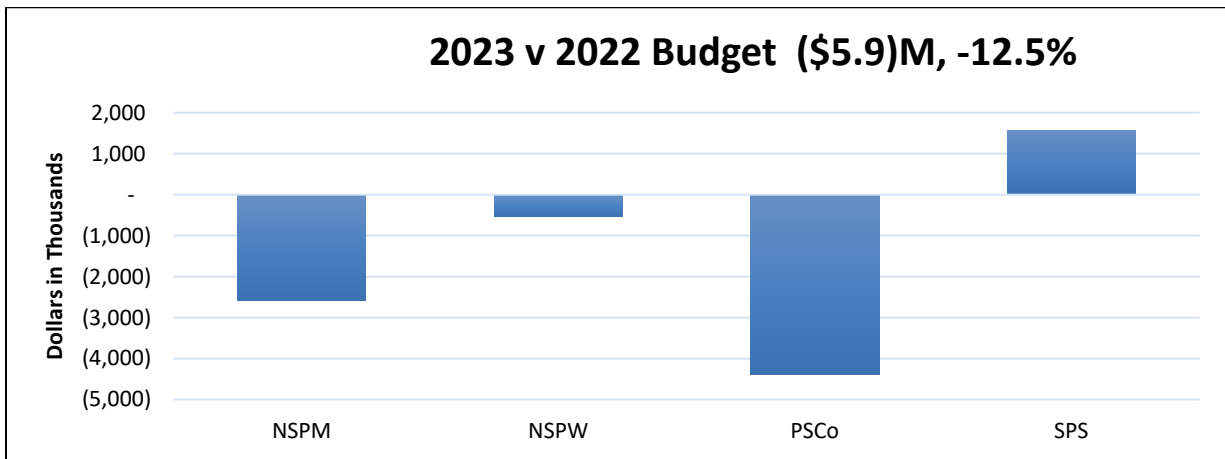
- The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is (\$9.7M).
 - NSPM: 0.54% vs. 0.41% = (\$5.4M) decrease in bad debt expense
 - NSPW: 0.64% vs. 0.53% = (\$1M) decrease in bad debt expense
 - PSCo: 0.60% vs. 0.52% = (\$3.1M) decrease in bad debt expense
 - SPS: 0.32% vs. 0.30% = (\$0.3M) decrease in bad debt expense

2023 Bad Debt Xcel Energy O&M Major Cost Drivers



2023 Xcel Energy Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	47,572
NSPM	(2,582)
NSPW	(542)
PSCo	(4,395)
SPS	1,570
2023 Budget	41,623



2023 Xcel Energy Walk Forward of Major Cost Drivers (continued)

The major cost drivers from an organizational perspective are:

Bad debt expense decreased (5.9M) from the 2022 budget to the 2023 budget. The change is primarily made up of two drivers: Operating Company billed commodity revenue and percent of bad debt to revenue. Total billed commodity revenue in the 2022 budget is \$10.6B compared to \$11B in the 2023 budget.

2022 Budget vs. 2023 Budget Billed Commodity Revenue Impact

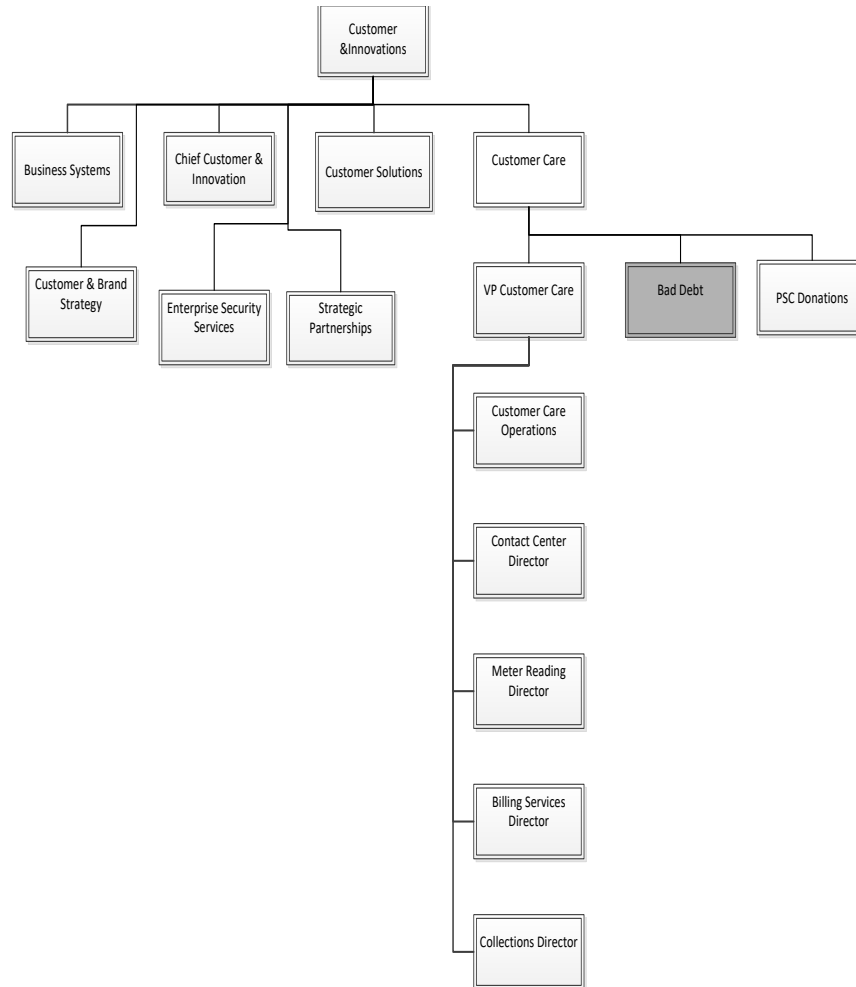
- The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$1.9M.
 - NSPM: \$4.4M vs. \$4.5M = \$0.4M increase in bad debt expense
 - NSPW: \$0.9M vs. \$0.9M = \$0.1M increase in bad debt expense
 - PSCo: \$3.8M vs. \$4M = \$1.1M increase in bad debt expense
 - SPS: \$1.4M vs. \$1.6M = \$0.3M increase in bad debt expense

Percent of total bad debt expense to billed commodity revenue in the 2022 budget is 0.45 percent compared to 0.38 percent in 2023 budgets. For 2022, the Company used bad debt expense as a percentage of billed commodity revenue from 2011. For 2023, the Company used the average actual bad debt as percent of revenue from July 2017 to June 2019.

2022 Budget vs. 2023 Budget Percent of Bad Debt Expense to Revenue Impact

- The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is (\$7.9M).
 - NSPM: 0.41% vs. 0.35% = (\$3M) decrease in bad debt expense
 - NSPW: 0.53% vs. 0.46% = (\$0.6M) decrease in bad debt expense
 - PSCo: 0.52% vs. 0.39% = (\$5.5M) decrease in bad debt expense
 - SPS: 0.30% vs. 0.38% = \$1.2M increase in bad debt expense

Functional Organization Chart



Cost Allocation Methodologies

The methods used to distribute costs to a legal entity and utility include:

Operating Company Direct Charges:

Bad Debt Expense is expensed in the Legal Entity where the customer account being written off resides.

Service Company Allocated Charges:

Not applicable.

Service Company Direct Charges:

Not applicable.

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. Please see Exhibit__ (RLB-1), Schedule 4 for a complete list of the Company's allocators.



Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

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Financial Consultant

Date: October 19, 2020

Approved By: _____ /s/ _____

Adam Dietenberger

Director, Shared Services Finance

Date: October 19, 2020

Approved By: _____ /s/ _____

Chris Cardenas

VP, Customer Care

Date: October 19, 2020

2021 – 2023 Budget Documentation

Customer and Innovation

Chief Customer and Innovation Officer

Major Business Functions and Key Activities

Introduction

The Customer and Innovation organization is a part of Xcel Energy Services Inc. and provides critical services to meet the needs of Xcel Energy's employees, technology users and energy customers. These services are provided in accordance with Service Agreements entered into with each subsidiary. The Service Agreements are administered in accordance with Federal Energy Regulatory Commission (FERC) regulations.

The Chief Customer and Innovation Officer (CCIO) has oversight of eight groups: The Business Systems and Customer Care related groups are documented separately; this document outlines costs as they pertain to the remaining groups within Customer and Innovation.

Chief Customer and Innovation Officer, provides ongoing support and leadership to Business Systems, Customer Care, Enterprise Security Services, Customer and Brand Strategy, Customer Solutions and Innovation, Innovation and Transformation Office, Strategic Partnerships and the non-regulated operations of HomeSmart.

Business Systems, the technology business area of the Customer and Innovation group, manages the company's information technology (IT) infrastructure to ensure that technology and security needs are met within the context of the enterprise's business goals.

Customer Care, provides a wide range of services including operating contact centers to provide a high quality and consistent customer experience, performing meter reading, billing services and credit and collections activities and managing the overall customer experience through training and quality assurance.

Enterprise Security Services, is responsible for both the cyber and physical security to employees, protecting assets, performing investigations and incident response and assisting in regulatory compliance.

Customer and Brand Strategy, services include producing and supervising the overall brand strategy and the placement of advertising and sponsorships. Additionally, the group manages our customer insights and experience related activities, as well as digital channel management.

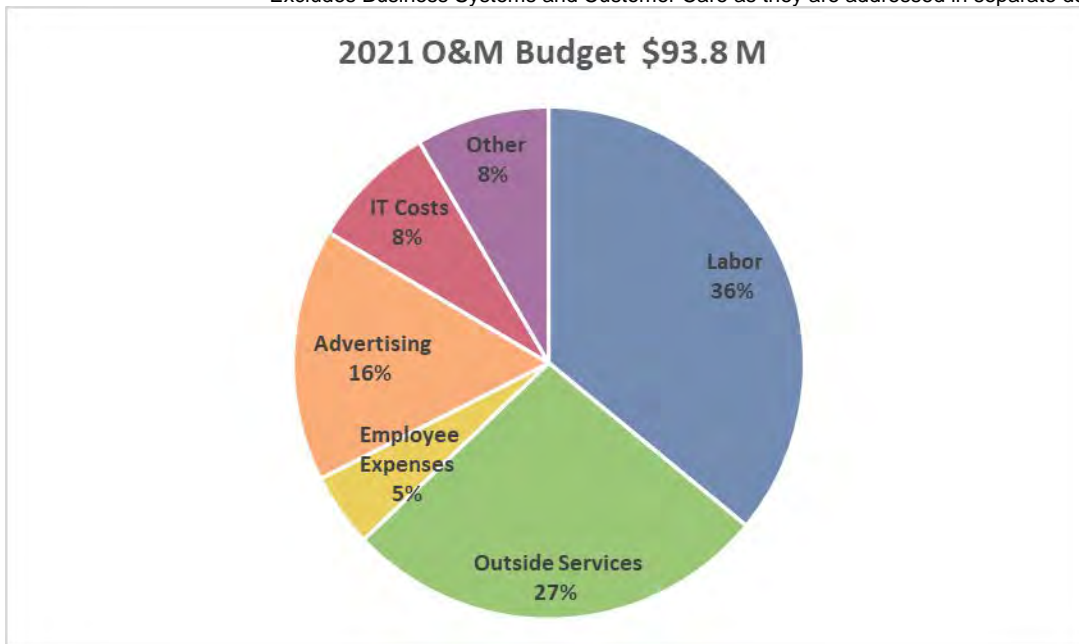
Customer Solutions and Innovation, provides customer related services to support the activities of Xcel Energy Inc. and its' subsidiaries. These services include Demand Side Management (DSM) product development and management, Renewable product management, product strategy and development, DSM strategy, and economic development.

Innovation and Transformation Office, manages enterprise wide projects and initiatives, to facilitate process redesign and continuous improvement, encourage collaboration across business areas and evaluate new and emerging technologies. Additionally provides project and change management support to the enterprise.

Strategic Partnerships, focused on the identification and evaluation of opportunities to partner with outside entities to improve products and services provided by the enterprise, as well as, the development of our electric vehicle and transportation initiatives.

2021 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.



Labor – Assumed staffing level and wages drive the costs of labor.

Outside Services – Costs incurred for initiatives and programs where outside expertise is required. Primarily focused on the development of new products, services and improved experiences for both internal and external stakeholders

Advertising – Spending related to both brand advertising and various sponsorships

Employee Expenses – Employee expenses for travel, continued education, and professional conferences.

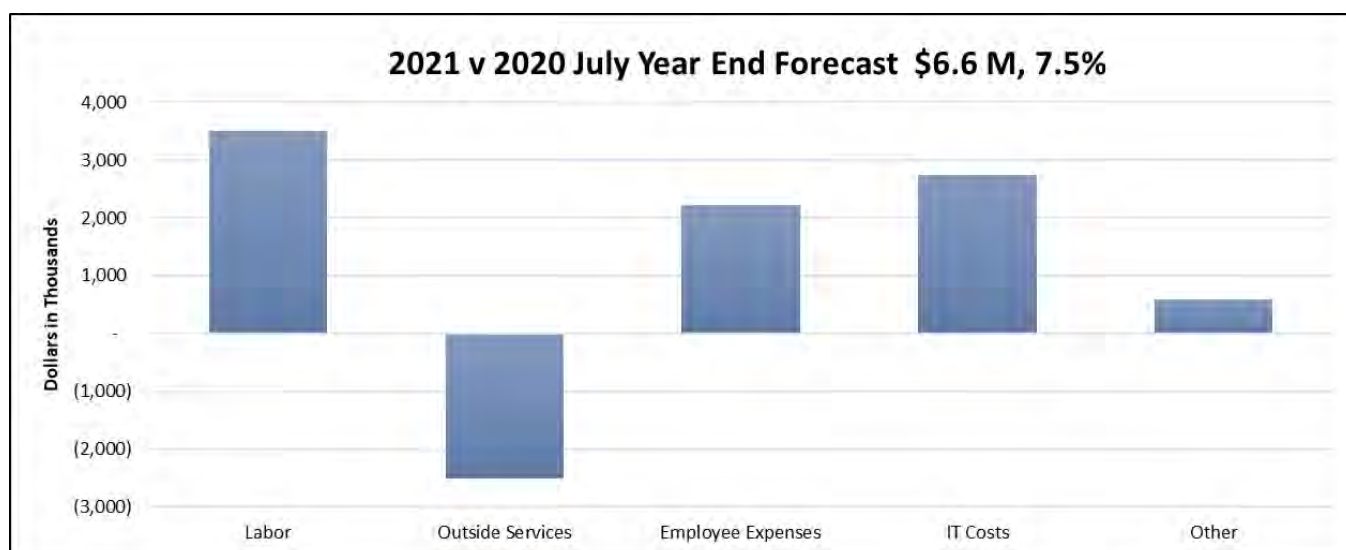
IT Costs - Represents the support and maintenance costs for software and hardware technology and costs related to network services.

Other – Includes materials, bank charges, workforce administration expenses, license fees and permits, fleet costs, postage, employee workspace moves/adds/changes, and overheads

2021 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.

2020 July Year End Forecast to 2021 Budget	
2020 July Year End Forecast	87,276
Labor	3,500
Outside Services	(2,501)
Employee Expenses	2,216
Advertising	-
IT Costs	2,749
Other	591
2021 Budget	93,829



The major cost drivers from an organizational perspective are:

Labor: increase is primarily due to the annual merit cycle as well as the timing of hiring open positions and the budget representing a fully staffed organization, less normal attrition.

Outside Services: primary driver of the decrease is slightly reduced spend related to outside vendors supporting the Customer Experience Transformation initiative.

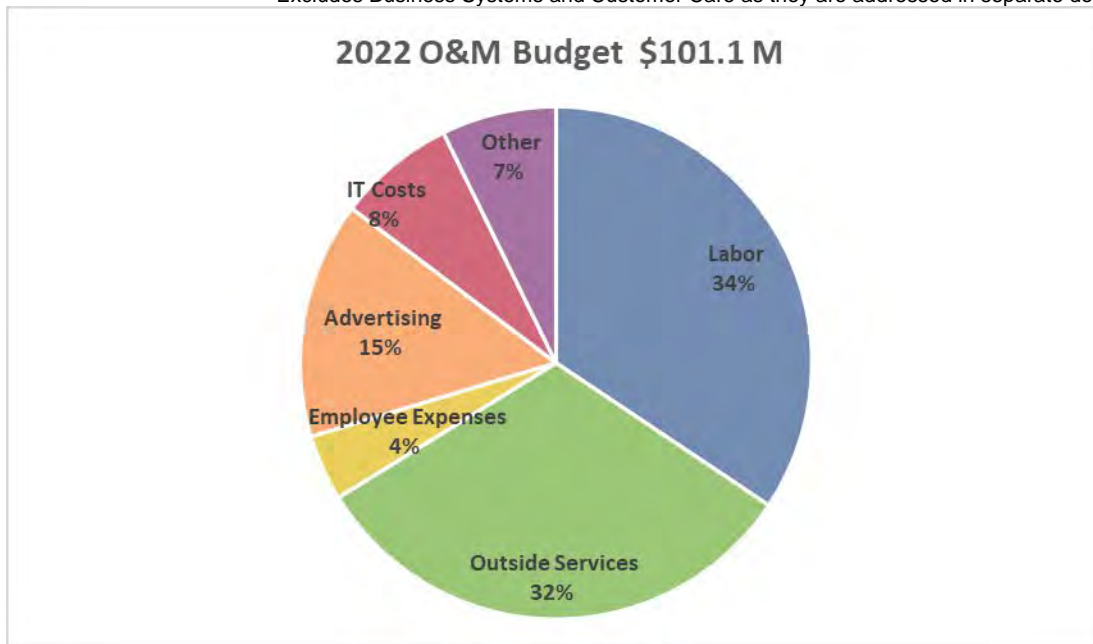
Employee Expenses: increase represents a return to normal spend level as 2020 is artificially reduced due to the pandemic.

IT Costs: increase is primarily driven by costs related to the support the various technology solutions implemented as part of the Customer Experience Transformation initiative

Other: is primarily driven by increases in advertising and materials for the non-regulated HomeSmart business

2022 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.



Labor – Assumed staffing level and wages drive the costs of labor.

Outside Services – Costs incurred for initiatives and programs where outside expertise is required. Primarily focused on the development of new products, services and improved experiences for both internal and external stakeholders

Advertising – Spending related to both brand advertising and various sponsorships

Employee Expenses – Employee expenses for travel, continued education, and professional conferences.

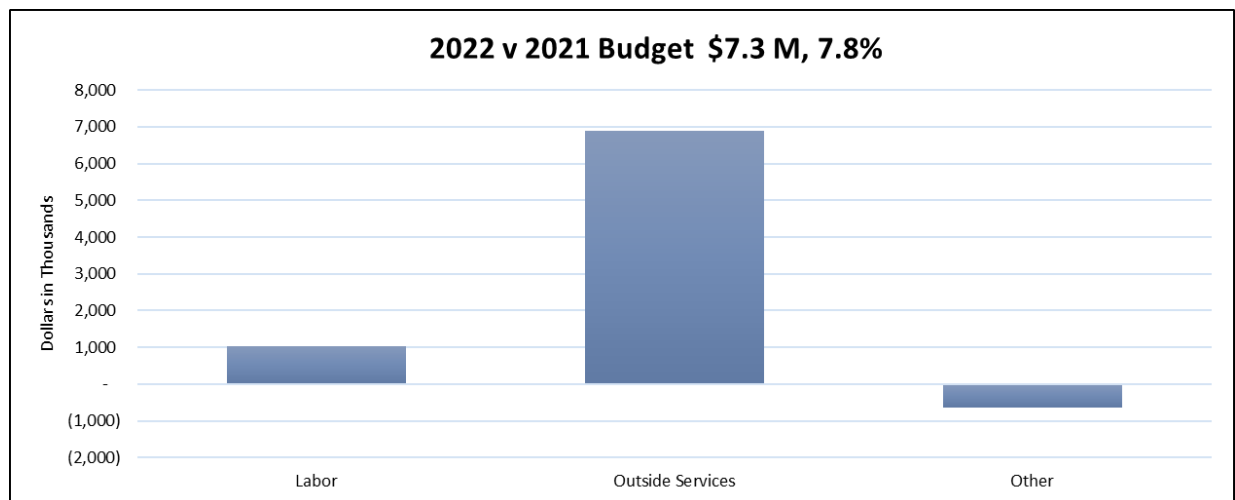
IT Costs - Represents the support and maintenance costs for software and hardware technology and costs related to network services.

Other – Includes IT costs, materials, bank charges, workforce administration expenses, license fees and permits, fleet costs, postage, employee workspace moves/adds/changes, and overheads

2022 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.

2021 Budget to 2022 Budget	
2021 Budget	93,829
Labor	1,037
Outside Services	6,898
Other	(630)
2022 Budget	101,135



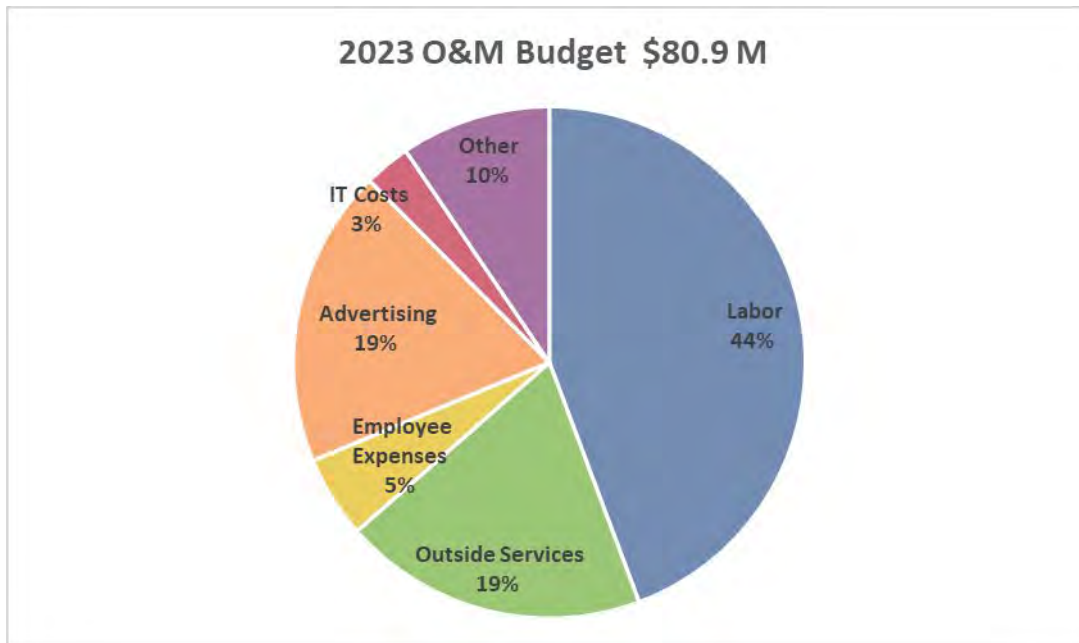
The major cost drivers from an organizational perspective are:

Labor: increase is primarily related to the annual merit increase

Outside Services: increase is primarily due to additional innovation activities specifically around the creation of an innovation lab to promote ideas and solutions, along with slightly higher investment in the Customer Experience Transformation.

2023 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.



Labor – Assumed staffing level and wages drive the costs of labor.

Outside Services – Costs incurred for initiatives and programs where outside expertise is required. Primarily focused on the development of new products, services and improved experiences for both internal and external stakeholders

Advertising – Spending related to both brand advertising and various sponsorships

Employee Expenses – Employee expenses for travel, continued education, and professional conferences.

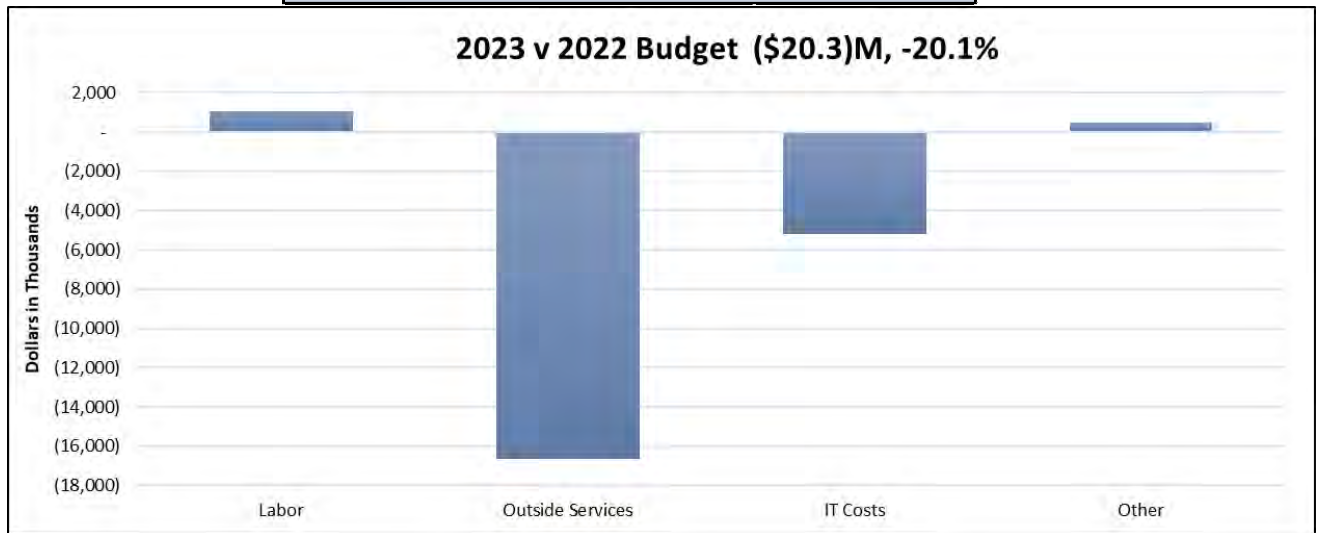
IT Costs - Represents the support and maintenance costs for software and hardware technology and costs related to network services.

Other – Includes IT costs, materials, bank charges, workforce administration expenses, license fees and permits, fleet costs, postage, employee workspace moves/adds/changes, and overheads

2023 Walk Forward of Major Cost Drivers* (Total Xcel Energy)

* Excludes Business Systems and Customer Care as they are addressed in separate documents.

2022 Budget to 2023 Budget	
2022 Budget	101,135
Labor	1,049
Outside Services	(16,623)
IT Costs	(5,174)
Other	466
2023 Budget	80,853



The major cost drivers from an organizational perspective are:

Labor: increase is primarily related to the annual merit increase

Outside Services: decrease is primarily due to reduced spend related to the Customer Experience Transformation as the initiative transitions to a run state status as well as the completion of other innovation initiatives.

IT Costs: decrease is primarily due to the IT support costs for the Customer Experience Transformation moving to the IT organization as the project completes.

Functional Organization Chart



Cost Allocation Methodologies

The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP Cost Center	JDE Subledger Code	Description
200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200072	180	Communications - Corporate Governance includes the labor and non-labor costs to assist and ensure Executive Management, Investor Relations and others communicate appropriately with shareholders, the public, and other key stakeholder audiences. Key projects include: development and production of the annual report and other communications to investors; speeches, videos, and major presentations delivered by top executives; and speeches, displays, video and presentations for the company's annual meeting of shareholders. Media Relations contributes to building Xcel Energy's reputation by developing media and public relations strategies for major company initiatives and issues; responding to news media inquiries; working pro-actively with the media to forward story ideas and information about company events, policies and actions, and providing media training for company spokespersons. Media Relations also plays a key role in crisis communications and emergency preparedness efforts. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200074	529; 549; 551; 561	Corporate Systems includes the labor and non-labor costs for the non-critical corporate systems.
200077	184	Branding services includes the labor and non-labor costs for brand advertising and management of community affairs programs such as employee volunteerism, educational programs and community events, the company's investment in major sponsorships such as the Xcel Energy Center as well as ensuring that such sponsorships and related activities support the company's brand, mission and values.
200092	162	Corporate Strategy & Business Development services include the labor and non-labor costs associated with providing leadership for the implementation of company-wide business strategies and plans; portfolio management including the evaluation of potential opportunities for mergers, acquisitions and divestitures; providing financial, analytical and reporting support; researching and providing business intelligence information.
200151	447	Customer Billing FERC 903 includes the labor and non-labor costs related to the delivery of billing statements, letters and notices to Xcel customers including postage and outside services costs, oversight and administration of customer billing area, research of billing exceptions, providing escalated customer service assistance with regard to billing issues resolution, and process remittances and receivables. This allocation is used when all four jurisdictions are benefiting from the services.
200153	185	Customer Safety Advertising & Information costs services includes the labor and non-labor costs associated with public safety advertising, information and education.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description
200163	181	Employee Communications includes the labor and non-labor costs for the development and enhancement of employee awareness and understanding of the company's strategies, priorities, decisions and performance objectives. It develops and produces regular communication vehicles, including TODAY (daily news bulleting on intranet); XTRA (monthly print publication for all employees and retirees); All Managers E-mail (real-time communication for employees who supervise and manage others); Focus on Financials for all employees; targeted communications for specific business areas, such as Human Resources, and employee meetings.
200165	515; 521; 552	Employee Management Systems includes the labor and non-labor costs for the Security Operations Center (SOC), Time capture and processing for payroll and accounting and Human Resources software. These applications and services provide services for the whole company related to enterprise security, including physical access, security monitoring and investigations, payroll and time accounting and employee information databases.
200176	412	Marketing & Sales services includes the labor and non-labor costs for marketing and sales services for the operating companies for their customers including strategic planning, segment identification, business analysis, sales planning, customer service, promoting products to the business market, and providing regulatory and policy support with respect to utility energy efficiency and demand response program design, evaluation, measurement and verification, cost effectiveness testing , and cost recovery.

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described above. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Approvals

This document has been checked for errors in calculations and content.

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Approved By: _____ /s/ _____ Date: October 19, 2020
Adam Dietenberger
Director, Shared Services Finance

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AVP, Financial Analysis and Planning

2021 – 2023 Budget Documentation

**Human Resources and Employee Services
Talent Strategy and Transformation, Total Rewards, Workforce Strategy and
Consulting, and HR Strategy and Performance**

Major Business Functions and Key Activities

Introduction

Human Resources and Employee Services (HR) provides programs and services that attract, retain, and engage the employees necessary for the success of Xcel Energy businesses. These programs encompass the full employee life cycle. In addition to specific programs and services, HR, on behalf of Xcel Energy businesses, ensures that business areas are in full legal compliance with all HR-related laws and regulations, and tracks and reports information as required (e.g. compensation and benefits information and all equal employment opportunity (EEO) employment data).

HR consists of Talent Strategy and Transformation, Total Rewards, Workforce Strategy & Consulting and HR Strategy and Performance. Additionally, Property Services and Aviation are included in Human Resources and Employee Services, but the budget overview is provided in a separate narrative.

Customer Value

Xcel Energy's HR organization is responsible for the design and administration of programs that enable the company to attract, retain and engage the employees necessary for the success of Xcel Energy businesses. Specifically, HR is responsible for the recruitment, selection and development of employees; the design and administration of various compensation and benefits programs; and compliance with state and federal law. HR's objective is to ensure that such programs are market competitive, financially sustainable, and do not result in unreasonable costs for Xcel Energy customers. HR provides the tools and guidance to set employee performance goals in alignment with company strategy. HR helps manage and monitor compliance with employee labor laws. HR provides a call center to assist employees and managers with transactions including benefits enrollment, personnel and pay changes, and general HR questions and inquiries. HR's centralized role builds efficiencies for the business by streamlining HR operations and executing on a long-term strategic vision.

Due to a changing industry and workforce transition, Xcel Energy is facing a number of workforce challenges, including the retirement eligibility of nearly half of our workforce over the next ten years. This requires that HR optimize the Company's investments in human capital to maintain service levels while keeping overall customer rates as reasonable as possible. We have made it our mission to proactively shape an environment that attracts, retains, and engages high performing employees who fit well in Xcel Energy's culture. With an emphasis on a performance-based culture, we have implemented a number of effective programs and improved our use of technology to strengthen planning, recruitment, and retention efforts.

VP Human Resources – Executive office for the entire organization containing senior leadership and department wide administrative functions.

Talent Strategy & Transformation – Creates value by aligning our human resources capability and capacity with our long term business goals. The outcome of our talent strategy ensures we are: hiring the right talent, building our leadership bench strength, and enhancing our reputation as an inclusive & diverse employer.

- Talent Acquisition – Identifying, attracting, assessing, and selecting the right talent at the right time
- Training – Preparing our workforce to meet current business challenges, compliance standards and regulatory requirements
- Workforce Planning and Organizational Design – A consistent, data-driven approach to get the right people in the right jobs while integrating budgeting and planning cycles, and enabling leaders to optimize the decisions about their workforce. Provides tools and guiding principles to enable leaders to create the right organizational structure, jobs, and/or roles to meet business objectives and support the Company's strategic direction

Major Business Functions and Key Activities

- Culture – Energizing and enabling our workforce through diversity & inclusion and employee networking groups

Total Rewards - Responsible for delivering on Xcel Energy's employment value proposition by designing and delivering a total rewards package that is financially sustainable, market competitive, and employee valued. Our Total Rewards programs are built on a foundation of physical, financial, and emotional wellness with a focus on shared accountability between the employee and the company. Additionally, we reward based on performance and invest in employees with development.

- Benefit Plan Design - Developing a comprehensive package of health and welfare programs. Developing and administering retirement programs that are competitive with the utility industry to attract our specialized workforce including a 401(k) plan and a Cash Balance pension plan for new hires.
- Compensation - Providing base pay and short and long term incentives that in entirety align with 50% of the utility industry while recognizing the need to differentiate pay based on performance.
- Leadership development – Develop current and future leaders to improve company results, enhance leaders' skill sets, and to build Xcel Energy's leadership pipeline through a variety of leadership programs.
- Succession Planning – Matching our highest potential employees with our most critical opportunities to ensure business continuity through leadership.
- Employee Development – Design and manage learning opportunities to meet employee development needs, address career aspirations, and prepare for the future workforce through a variety of options such as developmental career assignments, customized mentoring and tuition reimbursement.
- Performance Management – Create a high performance-based culture with tools and guidance to create, accelerate and sustain high employee performance.
- HR Operations and Payroll - Administering benefits and pay programs.
- HR Service Center - Interfacing with Xcel Energy employees and retirees on pay and benefits questions.

Workforce Strategy & Consulting - Delivers value by working in close partnership and as a key advisor to business area leaders on a broad range of workforce strategies, actions, and practices.

- Strategic Consulting - Leads business areas through planning process to address future workforce needs, gaps, and solutions while ensuring alignment with corporate priorities and objectives
- HR Business Support – Supports business area management on full range of HR subjects and transactions
- Program Implementation Support - Leads implementation of HR programs within the business area
- Employment compliance - Ensures consistent application of HR policies and processes to minimize business area and corporate liability

HR Strategy & Performance – Aligns HR and Employee Services efforts with Company strategy, providing business oversight, strategic planning, communications, analytics, and consulting.

- Workforce Analytics – Provides data-driven insights about Xcel Energy's workforce in order to improve company performance, enable leader accountability, and support the workforce transformation.
- Strategic Communications – Oversees and provides strategic consultation for communications from HR to employees and executive teams.
- O&M budget – Partners with Financial Operations to monitor the O&M budget and ensure alignment with company objectives
- Strategic Planning – Ensures the development and execution of a strategic plan for HR that aligns with Xcel Energy's business goals and workforce objectives
- Employee Engagement – Administers annual Employee Engagement survey and provides consultative services to enable workforce engagement.

Major Business Functions and Key Activities

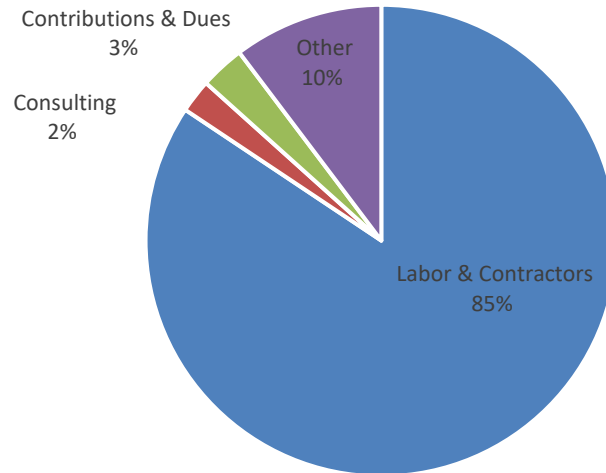
Enterprise Learning & Tech Training – Aligns HR and Employee Services efforts with Company strategy, providing enterprise learning and technical training.

- Enterprise Learning – Oversees the company-wide non-technical training.
- Nuclear Corporate Training – Oversees the training of nuclear employees and contractors.
- Operations Technical Training – Oversees the training of all non-nuclear technical employees and contractors.

Corporate Giving – Drive focused strategy-driven charitable programs that contribute to the success of Xcel Energy by supporting the economic strength and cultural vitality of our customer base, building goodwill among constituents, encouraging employee engagement and establishing the company's commitment to good corporate citizenship.

- Work with the Xcel Energy Foundation to invest in nonprofits that are aligned with Xcel Energy focus areas. Aiming to keep our communities desirable places to learn, work, and live.
- Administration of the annual United Way campaign. Support the long-standing tradition of employee giving, and leverages the United Way reach and reputation to extend the impact of our generosity and engagement
- Administration of the matched employee giving and volunteer contribution programs to create meaningful opportunities for employees to engage in their interest and service their communities

Human Resources 2021 O&M Budget = \$45.5M



Labor & Contractors – HR employees design and administer multiple health, welfare, compensation, recruitment and selection, retirement, payroll, HR administration, labor relations, diversity, health services, learning and talent management programs, as well as provide consultation and advice to the business to manage workforce issues. HR uses contract outside vendors for staffing & recruitment administration and payroll & benefits program administration.

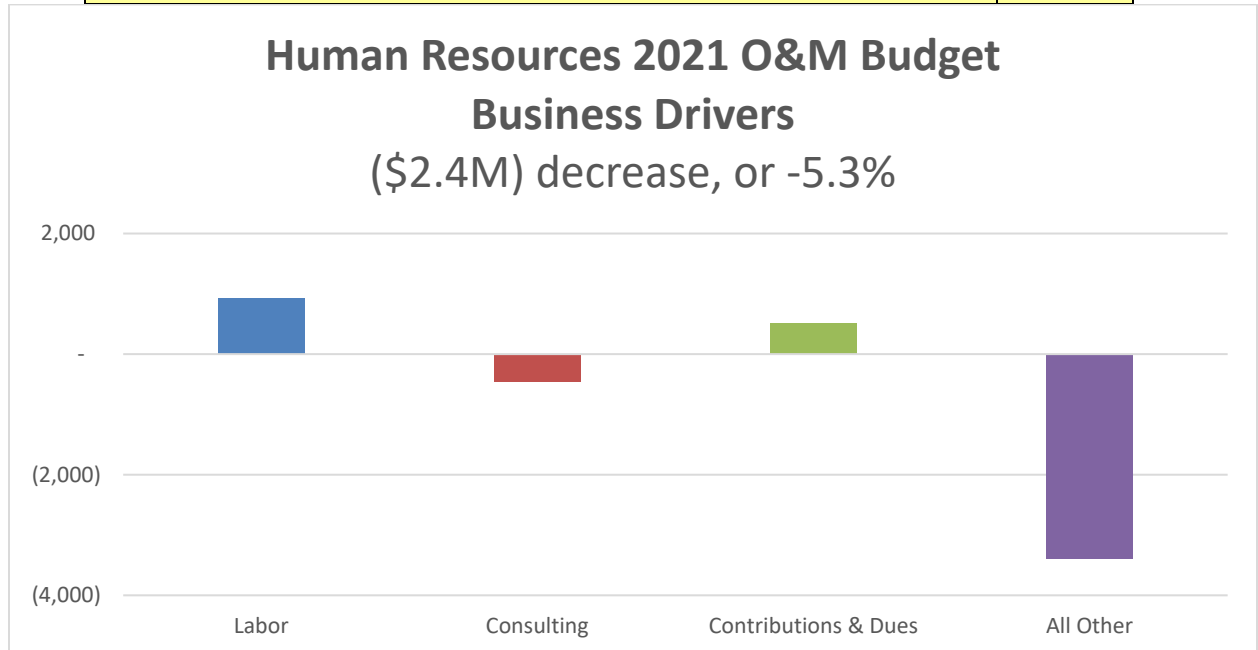
Contributions and Dues – Corporate giving funding of the Xcel Energy foundation, United Way campaign, Xcel Energy cost of company matched donations, and other charitable/community endeavors.

Consulting and Outside Services – consulting costs are incurred for compensation, recruitment, selection and workforce planning, employee engagement, leadership training, and health services.

All Other – Employee expenses, fees, postage and other general administrative costs.

2021 Walk Forward of Major Xcel Energy Cost Drivers

Human Resources 2021 Xcel Energy O&M Budget Chart		
(Dollars in thousands)		
2020 July Year-End O&M Forecast		\$47,893
Labor & Contractors		917
Company Labor with merit increase	1,220	
Contract Labor for Staff Aug	(303)	
Other	0	
Consulting		(454)
ConsultProfSvcsOth	(454)	
ConsultProfSvcsAcctg	0	
Contributions & Dues		513
Contributions	374	
Dues	139	
Deductions - Other	0	
Net Other		(3,397)
2021 O&M Budget		\$45,472



Labor & Contractors – Base productive and non-productive labor costs are increased based on 3 percent base pay increases as well as the anticipation that the organization will be fully staffed in 2021. A higher than average number of open positions occurred in 2020. Constant driving of

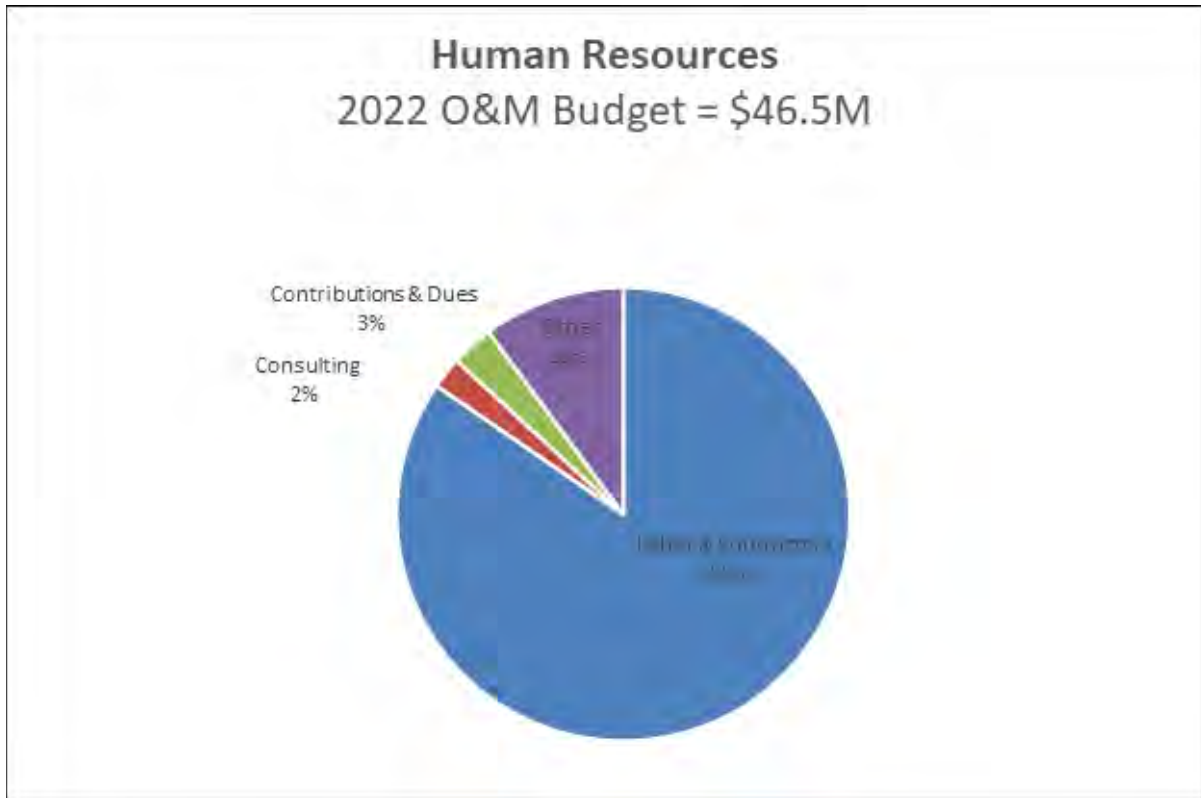
2021 Walk Forward of Major Xcel Energy Cost Drivers

efficiencies through HR processes has allowed the decreased reliance on contract labor to accomplish department core functions

Consulting – Constant driving of efficiencies through HR processes has allowed the decreased reliance on outside services to accomplish department core functions. The reduction in service demand is partially offset by assumed year-over-year cost of service increases.

Contributions and Dues – Increase driven by forecast timing in 2020 versus “normal” timing for contributions in 2021. These amounts are largely offset in “other.”

Other –The primary driver is increased spend in 2020 for COVID mitigation costs related to janitorial, maintenance, sanitation, and return-to-work costs. This spend is not forecast into 2021 at this time. Secondary drivers are forecast timing changes within 2020 as COVID has impacted where and when donations are made.



Labor & Contractors – HR employees design and administer multiple health, welfare, compensation, recruitment and selection, retirement, payroll, HR administration, labor relations, diversity, health services, learning and talent management programs, as well as provide consultation and advice to the business to manage workforce issues. HR uses contract outside vendors for staffing & recruitment administration and payroll & benefits program administration.

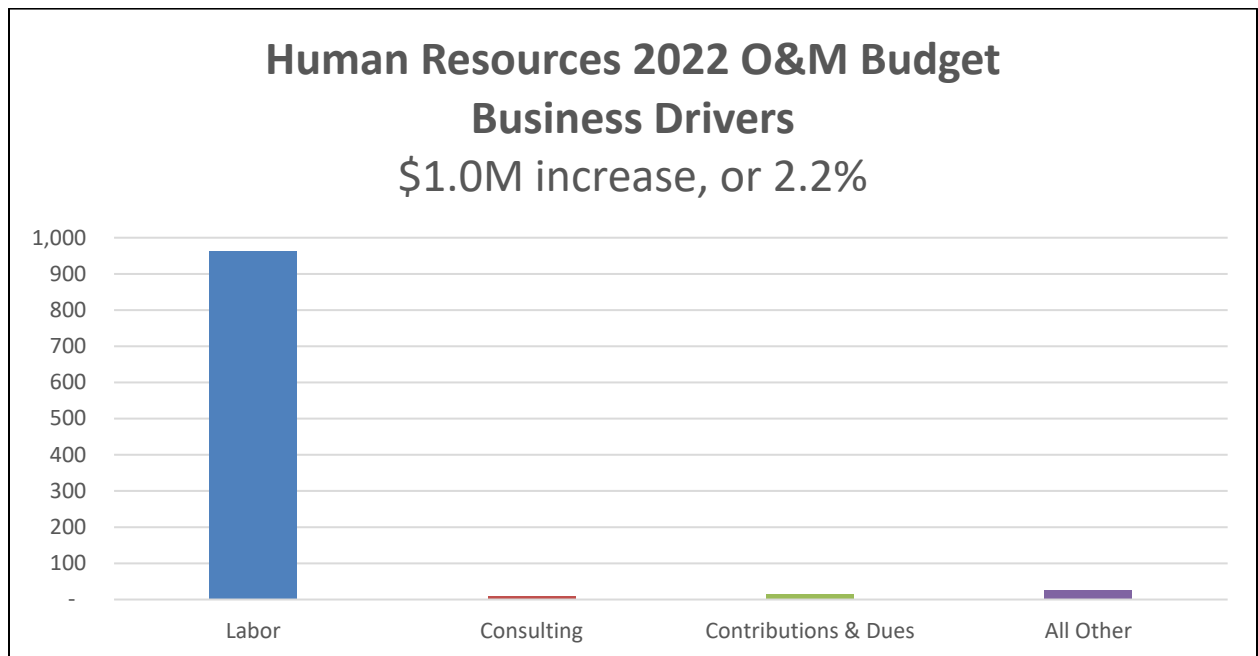
Contributions and Dues – Corporate giving funding of the Xcel Energy foundation, United Way campaign, Xcel cost of company matched donations, and other charitable/community endeavors.

Consulting – Consulting costs are incurred for compensation, recruitment, selection and workforce planning, employee engagement, leadership training, and health services.

All Other – Employee expenses, fees, postage and other general administrative costs.

2022 Walk Forward of Major Xcel Energy Cost Drivers

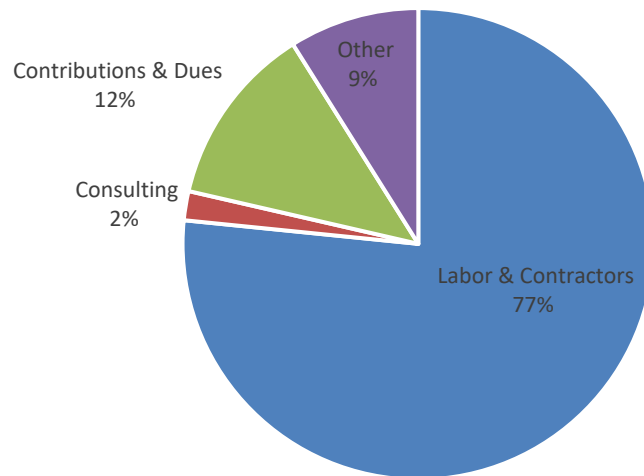
Human Resources 2022 Xcel Energy O&M Budget Chart	
(Dollars in thousands)	
2021 O&M Budget	\$45,472
Labor & Contractors	963
Company Labor with merit increase	960
Contract Labor for Staff Aug	3
Other	0
Consulting	9
ConsultProfSvcsOth	9
ConsultProfSvcsAcctg	0
Contributions & Dues	15
Contributions	15
Dues	0
Deductions - Other	15
Net Other	27
2022 O&M Budget	\$46,486



Labor & Contractors – Base productive and non-productive labor costs are increased based on 3 percent merit increases.

Human Resources

2023 O&M Budget = \$53.1M



Labor & Contractors – HR employees design and administer multiple health, welfare, compensation, recruitment and selection, retirement, payroll, HR administration, labor relations, diversity, health services, learning and talent management programs, as well as provide consultation and advice to the business to manage workforce issues. HR uses contract outside vendors for staffing & recruitment administration and payroll & benefits program administration.

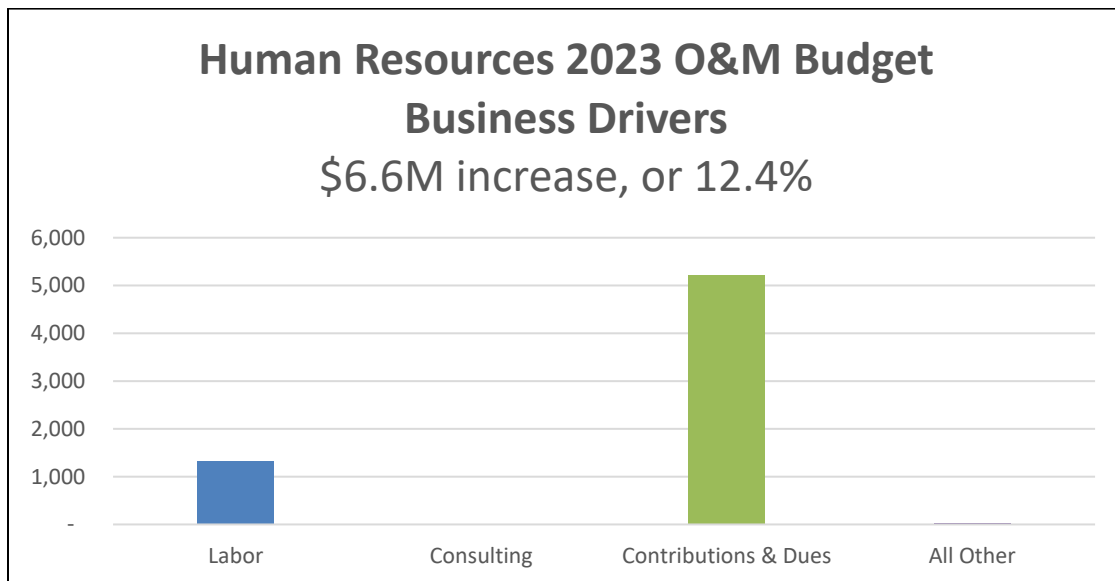
Contributions and Dues – Corporate giving funding of the Xcel Energy foundation, United Way campaign, Xcel cost of company matched donations, and other charitable/community endeavors.

Consulting – Consulting costs are incurred for compensation, recruitment, selection and workforce planning, employee engagement, leadership training, and health services.

All Other – Employee expenses, fees, postage and other general administrative costs.

2023 Walk Forward of Major Xcel Energy Cost Drivers

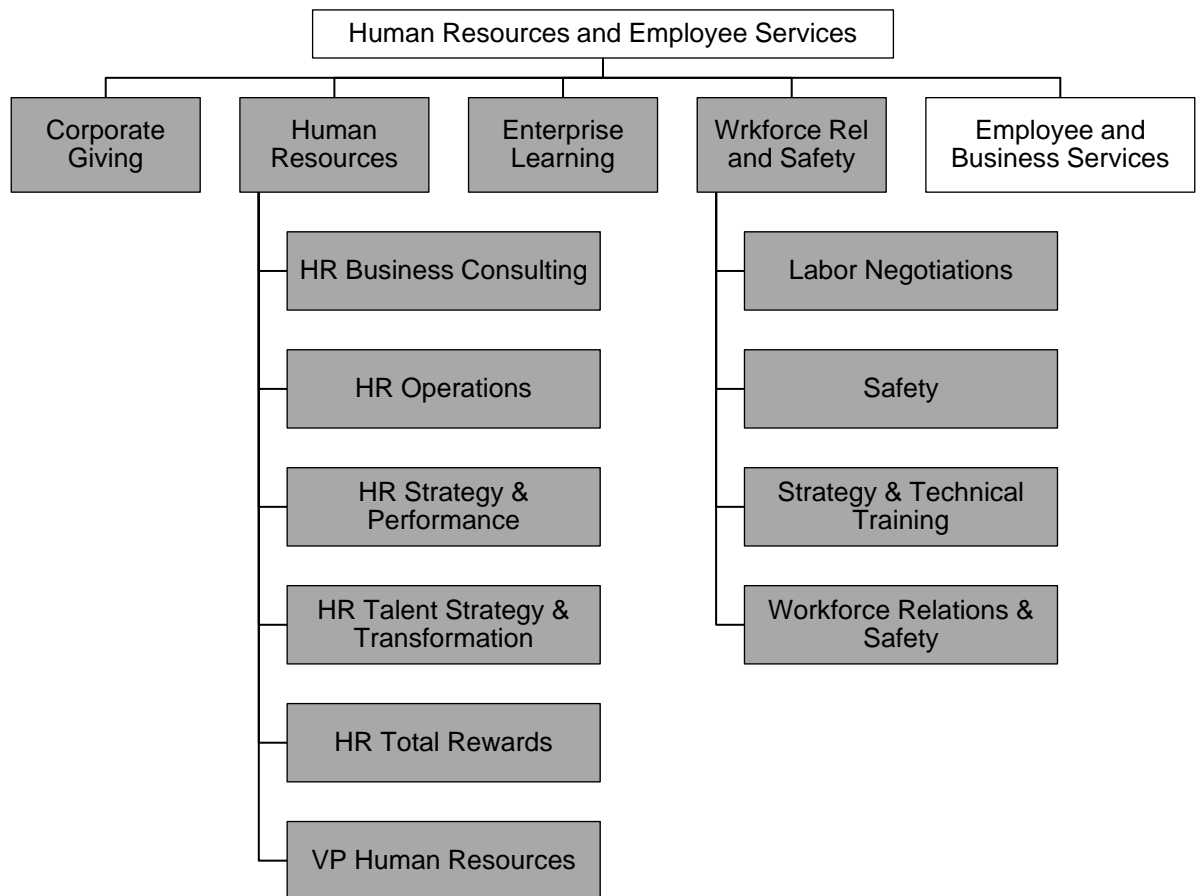
Human Resources 2023 Xcel Energy O&M Budget Chart		
(Dollars in thousands)		
2022 O&M Budget		\$46,486
Labor & Contractors		1,326
Company Labor with merit increase	1,319	
Contract Labor for Staff Aug	7	
Other	0	
Consulting		9
ConsultProfSvcsOth	9	
ConsultProfSvcsAcctg	0	
Contributions & Dues		5,216
Contributions	5,210	
Dues	6	
Net Other		32
2023 O&M Budget		\$53,068



Labor – Base productive and non-productive labor costs are increased based on 3% merit increases.

Contributions and Dues – Return to normal funding levels of the Xcel Foundation after a large 2020 foundation donation that replaced Foundation funding in 2021-22, with funding for 2023 partially coming from O&M.

Functional Organization Chart



Cost Allocation Methodologies

The methods used to distribute costs to a legal entity and utility include:

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__ (RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP Cost Center	JDE Subledger Code	Description
200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200073	189	Human Resources - Corporate Governance includes the labor and non-labor costs for executive officers' and Service Company employees' compensation plans, corporate HR policies, executive policy benefit plans, payroll services for Service Company and the employees' handbook. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200076	182	Xcel Foundation services includes the labor and non-labor costs associated with the management and administration of the Xcel Energy Foundation.
200116	441	Distribution Electric Supervision & Engineering (S&E) FERC 580 services includes the labor and expenses incurred in the general supervision and direction of the operation of the electric distribution system.
200122	442	Transmission Electric Supervision & Engineering (S&E) FERC 560 services include labor and expenses incurred in the general supervision and direction of the operation of the electric transmission system as a whole.
200127	443	Distribution Gas Supervision & Engineering (S&E) FERC 870 services include labor and expenses incurred in the general supervision and direction of gas distribution system operations.
200135	414	Energy Supply Business Resources services includes the labor and non-labor costs of performance analysis, specialists and analytical services provided to the operating companies' generation facilities.
200153	185	Customer Safety Advertising & Information costs services includes the labor and non-labor costs associated with public safety advertising, information and education.
200164	198	Payroll services include the labor and non-labor costs for processing payroll including consolidation of time collection, calculation of salaries and wages, administration of employee deductions, account Distribution and reconciliation, allocation and accounting for employment taxes and compliance reports.
200166	190; 197; 199	Human Resources (Diversity/Safety/Employee Relations) includes the labor and non-labor costs for work performed for operating and affiliate company employees, such as diversity programs, providing workforce relations resources for labor agreements, arbitration, and training. Manage, design, and implement Corporate Safety initiatives. Staffing administration for non-bargaining positions and provides Affirmative Action plans (development) and government audit management (compliance).

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 20, 2020

Jack Haggard

Finance Manager

Approved By: _____ /s/ _____

Date: October 20, 2020

Adam Diitenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Rick Schrubbe

AVP, Financial Planning & Analysis

2021 – 2023 Budget Documentation

Human Resources and Employee Services

Property Services and Aviation

Major Business Functions and Key Activities

Introduction

The Property Services organization is a part of Xcel Energy Services Inc. and provides a variety of support services to Xcel Energy Inc. and its subsidiaries. Property Services includes management and maintenance of property and facilities, corporate mail, printing services, and facility space utilization.

The Aviation and Travel Services organization is a part of Xcel Energy Services Inc. and provides a variety of support services to Xcel Energy Inc. and its subsidiaries. Aviation Services includes corporate aircraft operation and maintenance.

Customer Value

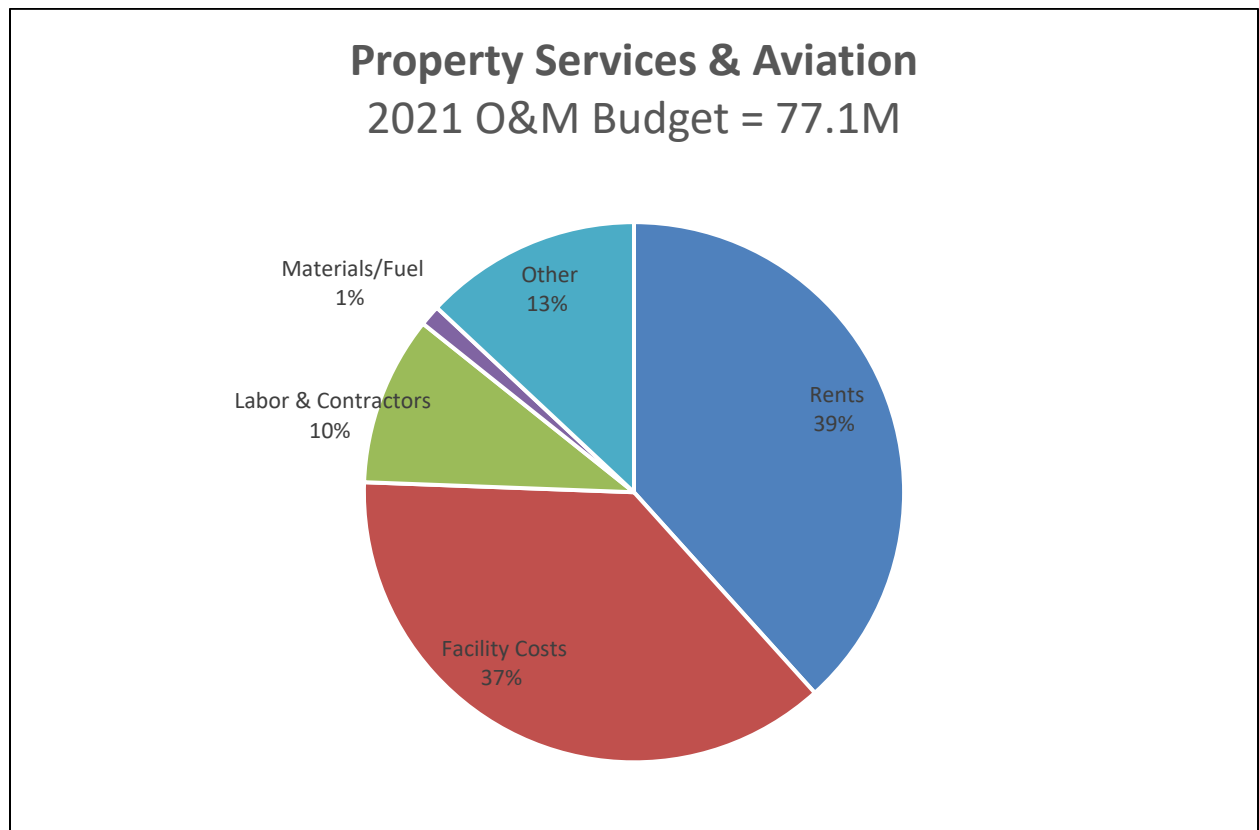
Property Services provides essential corporate services so employees can concentrate on serving Xcel Energy customers and the communities in which the company operates. Property Services operates and maintains corporate facilities, programs, and the real estate portfolio to maximize property utilization and functionality through activities such as site master planning, lease management, centralized mail and print services, records management, maintenance, and capital improvements.

Property Services also makes important contributions to corporate costs savings through programs such as facility energy audits and facility space utilization.

Aviation Services and employees have received safety awards from the National Business Aviation Association (NBAA). The department was recognized for 29 years and 36,761 consecutive flight hours without an accident involving damage to property or injury to persons and an aviation maintenance department safety award. Recognition was also given to three pilots for safe operations. NBAA is the leading organization in Washington advocating for the business aviation community and represents the industry on policies that impact business aviation.

Aviation implemented the Safety Management System (SMS) into daily operations. SMS aligns with our core value of Safety. Pilots assess risk on flights and report hazards. These efforts have had a positive impact on safety. SMS is considered a best practice internationally. While SMS is not required currently by the Federal Aviation Administration (FAA) it may be in the future. Aviation is being proactive in implementing SMS into current procedures.

2021 Xcel Energy Major Cost Drivers



Labor & Contractors – Labor for Property Services and Aviation organization is made up of exempt and benefit personnel to perform the key activities described under the Major Business Functions and Key Activities section.

Rents – Rents, leases, and property taxes for buildings in the entire Xcel Energy service territory, as well as two aircraft operated by the Aviation group leased through Bank of America.

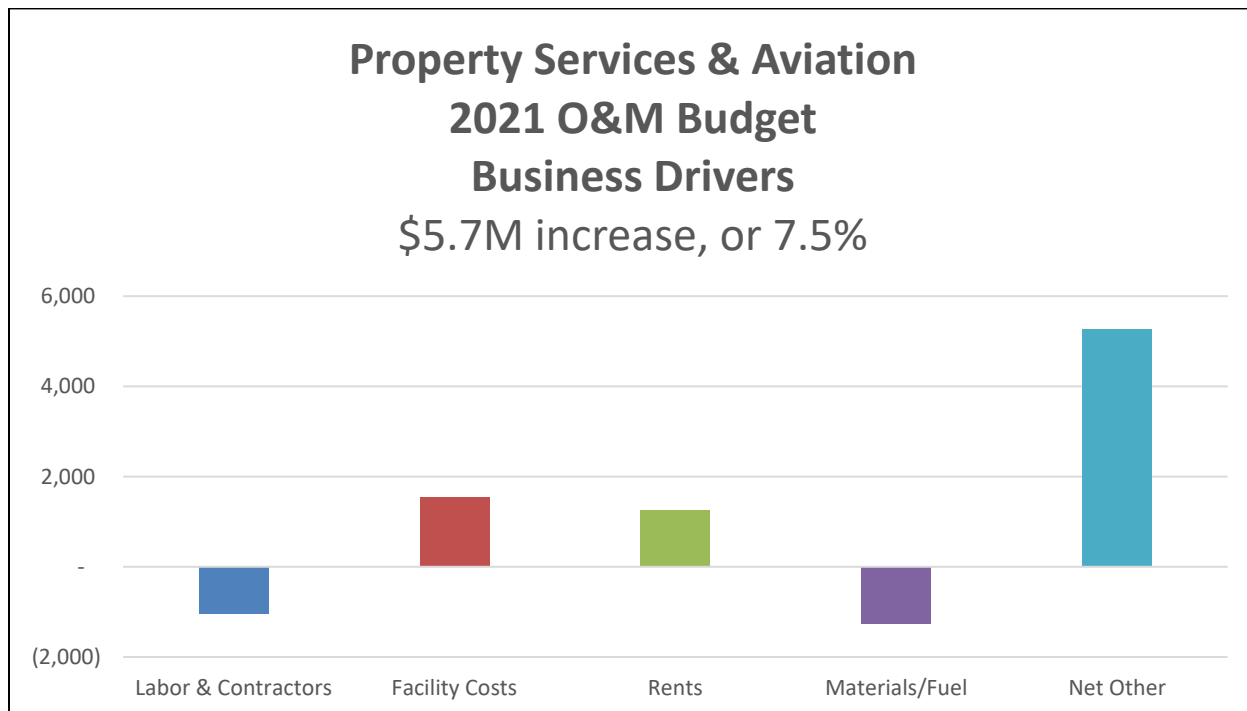
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, includes all utility and use costs such as electric, gas, water, sewer, and trash removal costs.

Materials/Fuel – Driven mainly by fuel for Aviation's two aircraft. Balance of spend are materials needed for facilities maintenance and repairs.

All Other – Includes employee expense, consulting, fleet costs, postage, employee workspace moves/adds/changes, and copiers.

2021 Xcel Energy Walk Forward of Major Cost Drivers

Property Services & Aviation 2021 O&M Budget Chart	
(Dollars in thousands)	
2020 July Year-End O&M Forecast	\$71,317
Labor	(1,038)
Company Labor with merit increase	(197)
Contract Labor for Staff Aug	(841)
Other	(0)
Facility Costs	1,537
Rents	1,261
Materials/Fuel	(1,256)
Net Other	5,260
2021 O&M Budget	\$77,081



2021 Xcel Energy Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

Labor & Contractors: Reduction in outsourcing of janitorial services and some maintenance has lowered contractor costs. Some vacancies in 2020 not being filled or being repurposed.

Rent: Increase in rent accounts for annual lease and property tax escalations, along with any planned renegotiated leases and associated fees.

Facilities Costs: The increase captures annual contract escalations and assumed year-over-year increased cost of services. As well increased provisions for snow removal and utility costs based on historic trends.

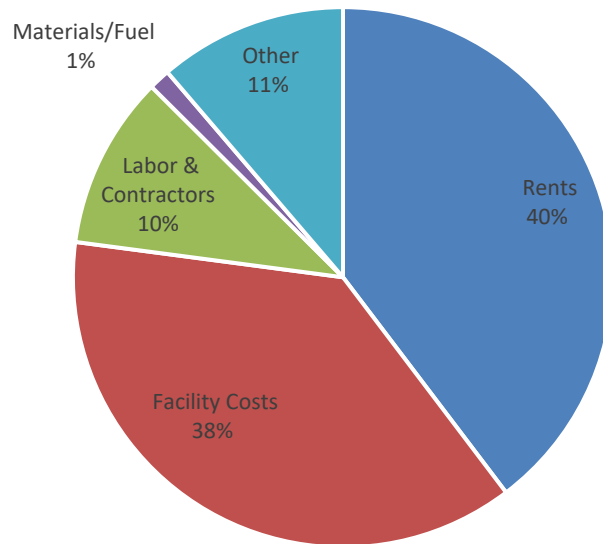
Fuel Costs / Material: Decrease driven by favorable fuel pricing and reduced materials needed for repairs through ongoing capital strategy to replace deteriorated facilities before they incur costly repair expenses.

All Other: Increase driven by Increased maintenance costs in 2021 and increased office, and cube restacks as office staff return to work.

2022 Xcel Energy Major Cost Drivers

Property Services & Aviation

2022 O&M Budget = 76.8M



Labor & Contractors – Labor for Property Services and Aviation organization is made up of exempt and benefit personnel to perform the key activities described under the Major Business Functions and Key Activities section.

Rents – Rents, leases, and property taxes for buildings in the entire Xcel Energy service territory, as well as two aircraft operated by the Aviation group leased through Bank of America.

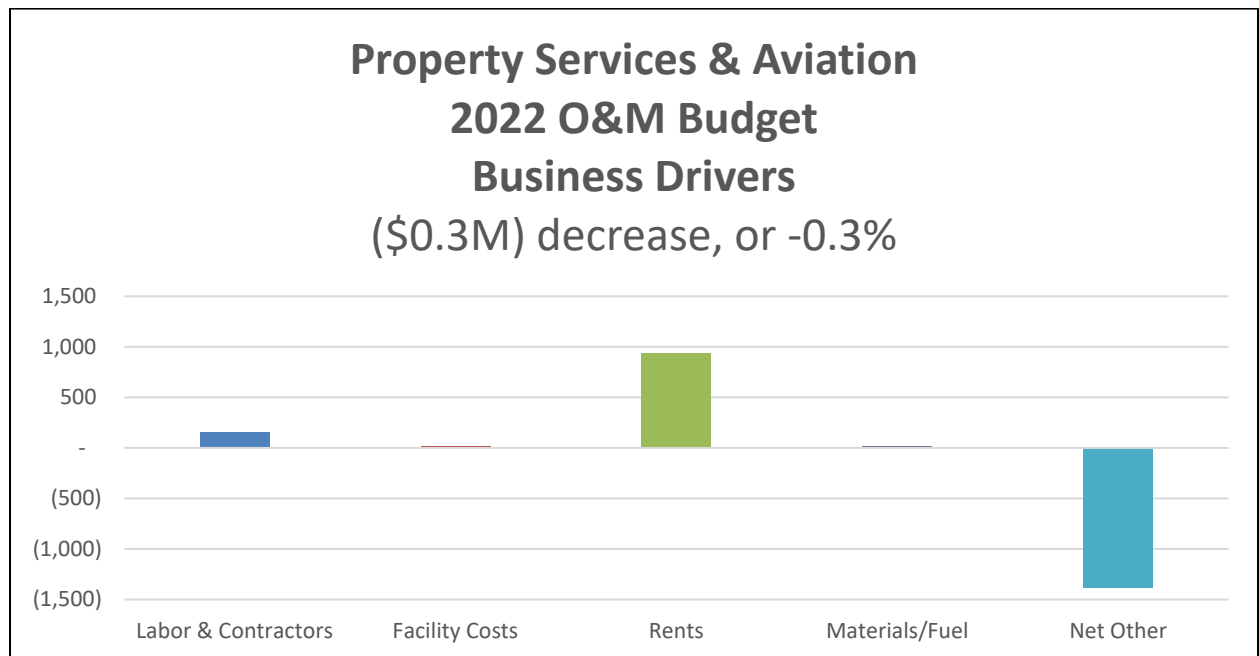
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, it includes all utility and use costs such as electric, gas, water, sewer, and trash removal costs.

Materials/Fuel – Driven mainly by fuel for Aviation's two aircraft. Balance of spend are materials needed for facilities maintenance and repairs.

All Other – Includes employee expense, consulting, fleet costs, postage, employee workspace moves/adds/changes, and copiers.

2022 Xcel Energy Walk Forward of Major Cost Drivers

Property Services & Aviation 2022 O&M Budget Chart	
(Dollars in thousands)	
2021 O&M Budget	\$77,081
Labor	153
Company Labor with merit increase	151
Contract Labor for Staff Aug	2
Other	0
Facility Costs	11
Rents	937
Materials/Fuel	14
Net Other	(1,382)
2022 O&M Budget	\$76,815



2022 Xcel Energy Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

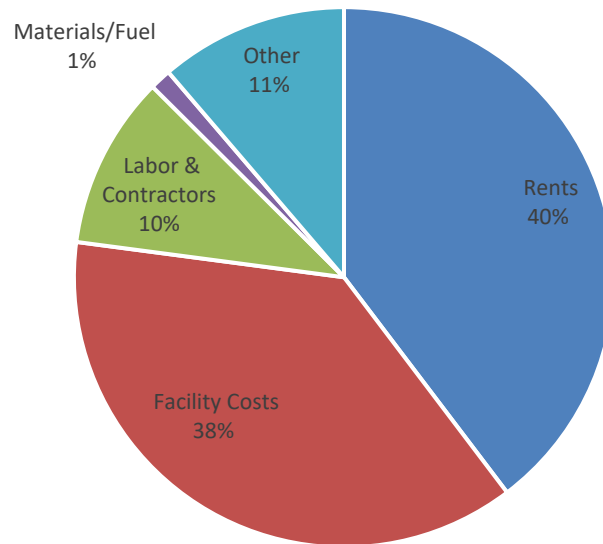
Labor & Contractors: The increase in labor is due to an assumed 3% annual merit increase.

Rent: Increase in rent accounts for annual lease and property tax escalations, along with any planned renegotiated leases and associated fees.

All Other: Decrease driven by equipment maintenance. This is partially offset by an increase in the number of inter office moves resulting from office relocations.

2023 Xcel Energy Major Cost Drivers

Property Services & Aviation 2023 O&M Budget = 77.5M



Labor & Contractors – Labor for Property Services and Aviation organization is made up of exempt and benefit personnel to perform the key activities described under the Major Business Functions and Key Activities section.

Rents – Rents, leases, and property taxes for buildings in the entire Xcel Energy service territory, as well as two aircraft operated by the Aviation group leased through Bank of America.

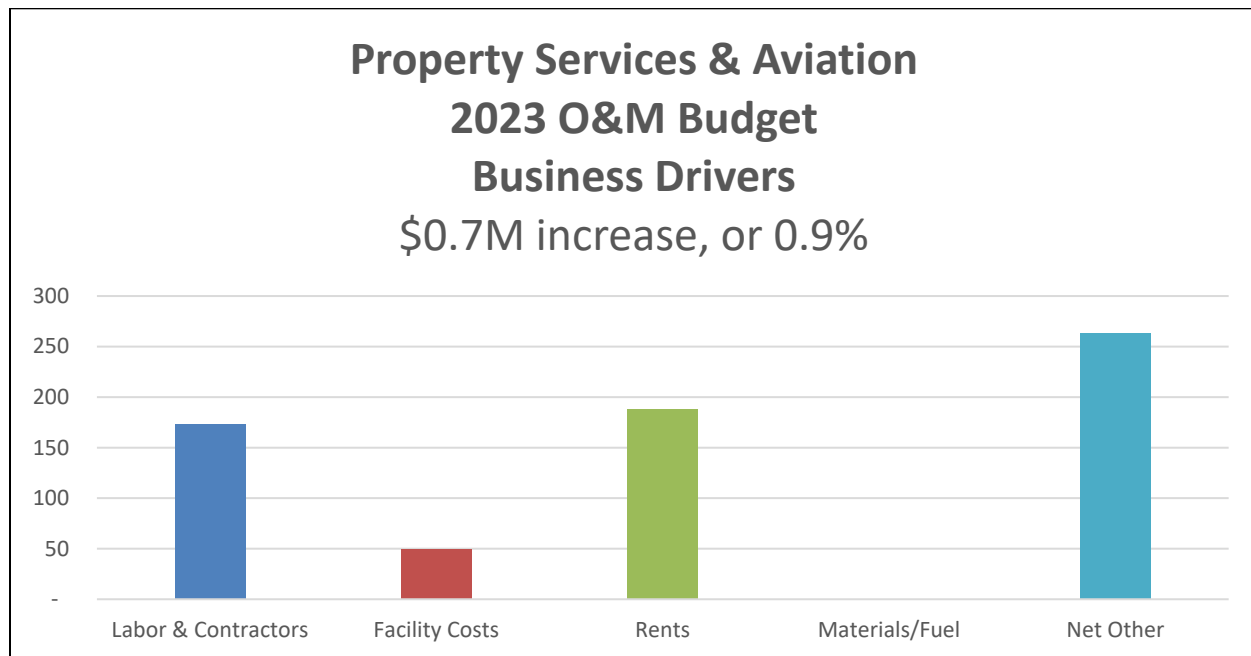
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, in includes all utility and use costs such as electric, gas, water, sewer, and trash removal costs.

Materials/Fuel – Driven mainly by fuel for Aviation's two aircraft. Balance of spend are materials needed for facilities maintenance and repairs.

All Other – Includes employee expense, consulting, fleet costs, postage, employee workspace moves/adds/changes, and copiers.

2023 Xcel Energy Walk Forward of Major Cost Drivers

Property Services & Aviation 2023 O&M Budget Chart	
(Dollars in thousands)	
2022 O&M Budget	\$76,815
Labor	173
Company Labor with merit increase	171
Contract Labor for Staff Aug	2
Other	0
Facility Costs	49
Rents	188
Materials/Fuel	0
Net Other	263
2023 O&M Budget	\$77,488



2023 Xcel Energy Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

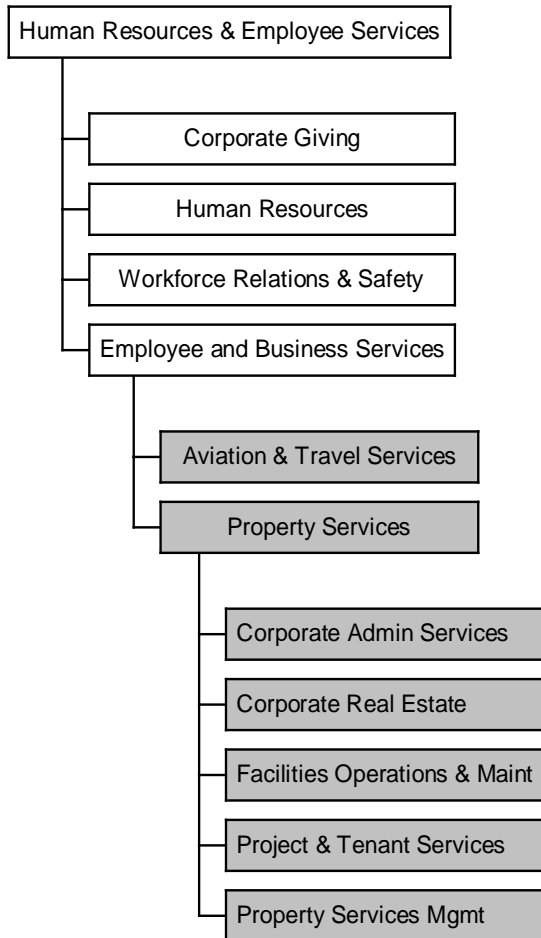
Labor & Contractors: The increase in labor is due to an assumed 3% annual merit increase.

Rent: Increase in rent accounts for annual lease and property tax escalations, along with any planned renegotiated leases and associated fees.

Facilities Costs: Forecast increase in maintenance and utility costs resulting from inflation partially offset by cost reduction initiatives around facilities consolidation, prudent maintenance spend, and capital investment.

All Other: Increase driven by equipment maintenance cost increases related to travel services and facilities fleet. This is partially offset by a decrease in the number of inter office moves resulting from prior year office relocations.

Functional Organization Chart



Functional Organization Chart

Property Services

Corporate Administrative Services

- Sorts and coordinates mail delivery.
- Coordinates and executes copy and print services for customer requests of all size projects.
- Coordinates and provides receptionist and switchboard conference call arrangements and meeting room requests.
- Provides personnel to answer calls to request service or report problems.
- Develops record retention schedules, analyzes current filing systems, assists in developing or converting file systems, and manages document destruction and off-site document storage.

Corporate Real Estate

- Provides negotiation, implementation and management of the cost and allocation of office space leased and owned by Xcel Energy and affiliates.
- Develops a long-range plan of action for managing and deploying the real estate portfolio through consultation with management and analysis of business drivers that will influence efficient property utilization.
- Provides negotiation for acquisition, disposition, donation, exchange and lease of real property and facilities for Xcel Energy. These services include drafting and finalization of applicable and pertinent documentation to complete transactions.
- Manages real estate and land issues. Tasks include services related to resolving encroachment issues, trespass, condemnations, dedications, licenses, access agreements, leases and easements.
- Supports business areas pursuing special projects such as indenture filings, sale or acquisition of property, and protestation of taxes.

Facilities Operations and Maintenance

- Provides for operations and maintenance, janitorial services, capital improvements, grounds keeping and snow removal, signage, lighting, window washing, pest control and all other functions normally included in operating and maintaining facilities. Services also include negotiation, implementation and management of the associated costs.
- Implements special requests for site support for facilities that are not included in the Property Services portfolio of services.

Project and Tenant Services

- Designs, plans and coordinates facility projects, manages construction, designs employee workspace and relocation space projects, manages facility space utilization, and business area and space standards.
- Consults on special projects or studies requested by business areas, including engineering and design for civil and mechanical issues, building code compliance and training.
- Acts as primary contact for business area and customer facility requests. Coordinates employee moves, project planning, site visits and audits and conducts strategic planning.

Property Services Management

- Provides leadership, vision and management direction for the operations of Property Services.
- Reviews and approves policies, operational controls and the services portfolio of the Property Services organization.

Aviation & Travel Services

Aviation & Travel Services

- Provides air travel via two aircraft, leased by Xcel Energy Services Inc. from Bank of America Corporation, for Xcel Energy business purposes

Functional Organization Chart

- Provides scheduling, aircraft maintenance, operational administration and miscellaneous travel services to Xcel Energy employees for business purposes. Commercial travel services are administered by the Supply Chain organization.

Cost Allocation Methodologies

The methods used to distribute costs to a legal entity and utility include:

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Including the above Property Services uses the following methods to allocate facility costs to legal entities and utilities:

- Costs associated with facilities that benefit only the Operating Company where they are located are allocated across that specific Operating Company.
- Costs associated with facilities that are determined to benefit multiple Operating Companies (such as Corporate Headquarters or Call Centers) are allocated to the benefitting Operating Companies by specific allocators which are updated quarterly.

SAP Cost Center	JDE Subledger Code	Description
200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200079	409	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC). Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 20, 2020

Jack Haggard

Manager, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Adam Dietenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Richard Schrubbe

AVP, Financial Analysis and Planning

2021 – 2023 Budget Documentation

Chief Executive Officer (CEO)

Major Business Functions and Key Activities

Introduction

The Chief Executive Officer (CEO) business area includes the CEO and support staff and the budget for the Chairman's Fund and the Board of Director's meetings, compensation and recruitment.

The CEO oversees the vision, mission, values and strategic priorities of Xcel Energy:

Vision

We will be the preferred and trusted provider of the energy our customers need.

Mission

We provide our customers the safe, clean, reliable energy services they want and value at a competitive price.

Values

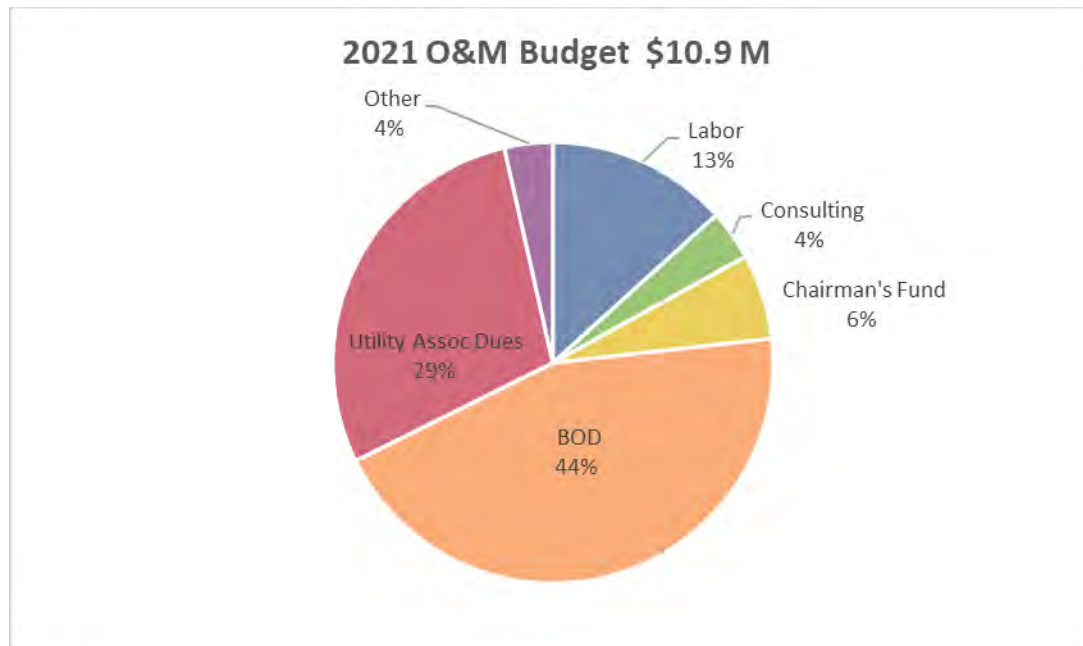
Our values reflect our core beliefs — who we are, how we conduct our business and the importance of our customers. They guide us in our work and in our interactions with each other.

Strategic Priorities

Lead the Clean Energy Transition
Enhance the Customer Experience
Keep Bills Low

The Chairman's Fund contributions enhance Xcel Energy's leadership in emerging utility technologies, allowing for recognized involvement in projects that hold strategic, environmental, relationship and/or public relations value.

Chief Executive Officer – Xcel Energy Total 2021 O&M Budget Major Cost Drivers



Utility Association Dues: Corporate dues include the Edison Electric Institute (EEI), the American Gas Association (AGA), and the American Wind Energy Association (AWEA). The portion of corporate dues used for lobbying is not recovered from ratepayers.

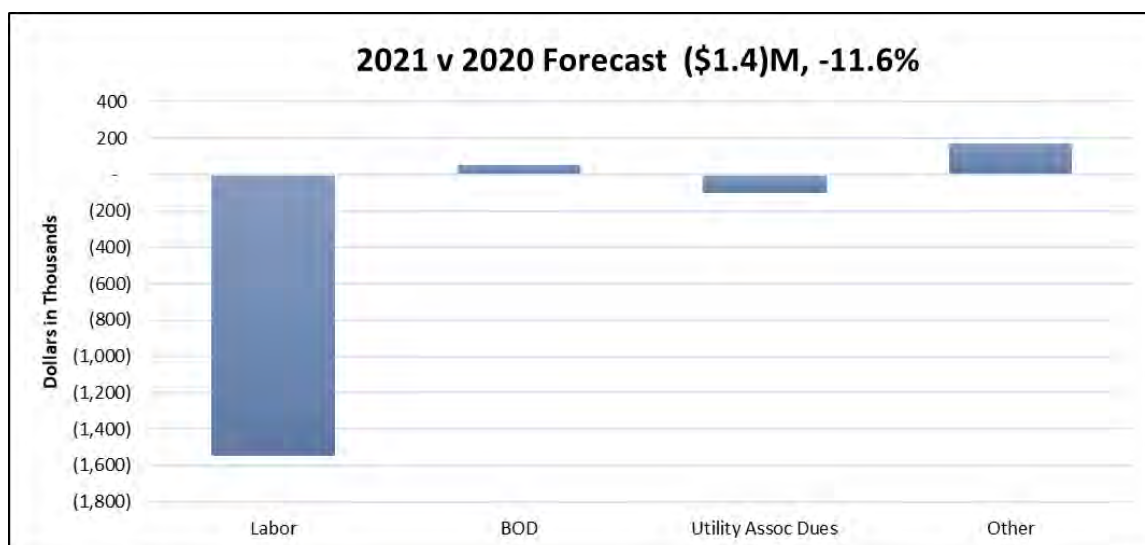
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

Board of Directors: Board of Director compensation, meeting and travel expenses and recruiting costs to fill open director positions and compensation studies.

Consulting: Consulting is comprised of services provided for public relations, culture change effort and executive communications efforts.

2021 Walk Forward of Major Cost Drivers

2020 July Year End Forecast to 2021 Budget	
2020 July Year End Forecast	12,304
Labor	(1,550)
BOD	54
Other	72
2021 Budget	10,880

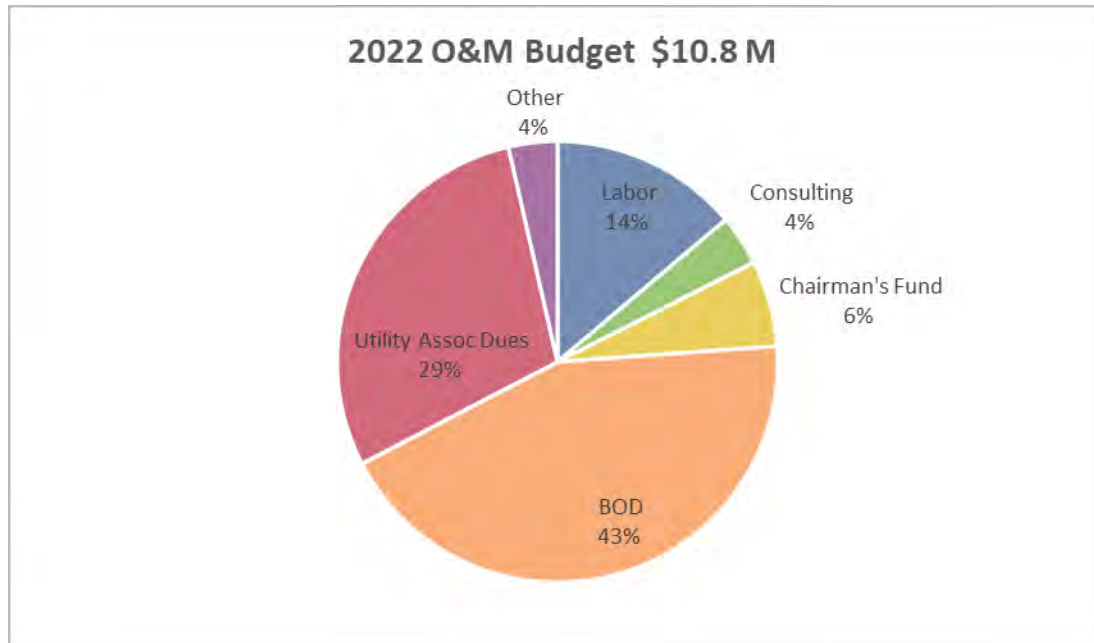


Labor: Activity in 2020 includes a one-time compensation payout that is not included in the 2021 budget.

Board of Directors: The increase is driven by anticipated search firm expenses in order to bring on an additional board member.

Utility Association Dues: The decrease is driven by fewer association commitments.

Chief Executive Officer – Xcel Energy Total 2022 O&M Budget Major Cost Drivers



Utility Association Dues: Corporate dues include the Edison Electric Institute (EEI), the American Gas Association (AGA), and the American Wind Energy Association (AWEA). The portion of corporate dues used for lobbying is not recovered from ratepayers.

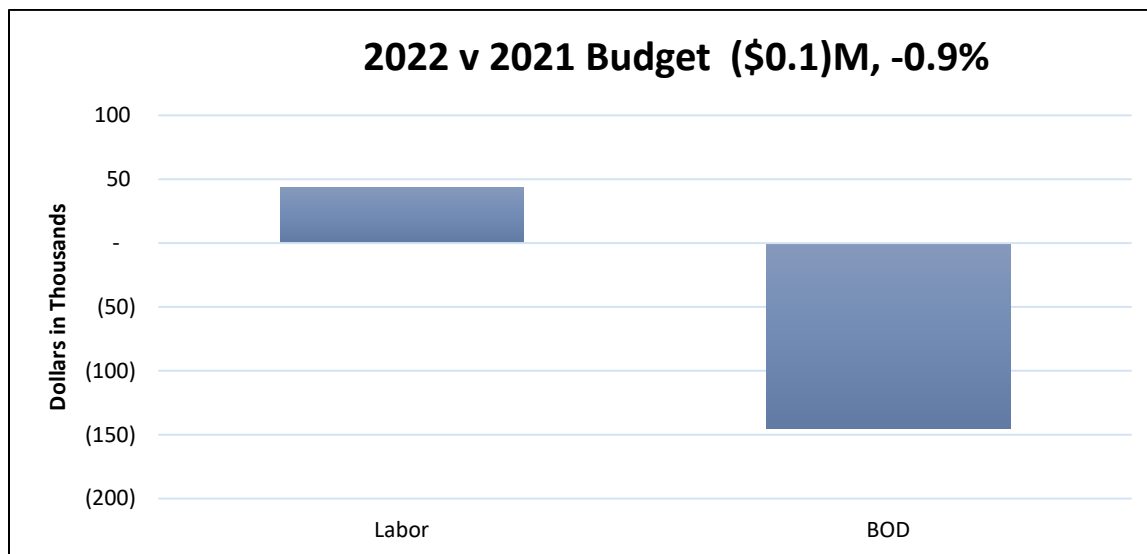
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

Board of Directors: Board of Director compensation, meeting and travel expenses and recruiting costs to fill open director positions and compensation studies.

Consulting: Consulting is comprised of services provided for public relations, culture change effort and executive communications efforts.

2022 Walk Forward of Major Cost Drivers

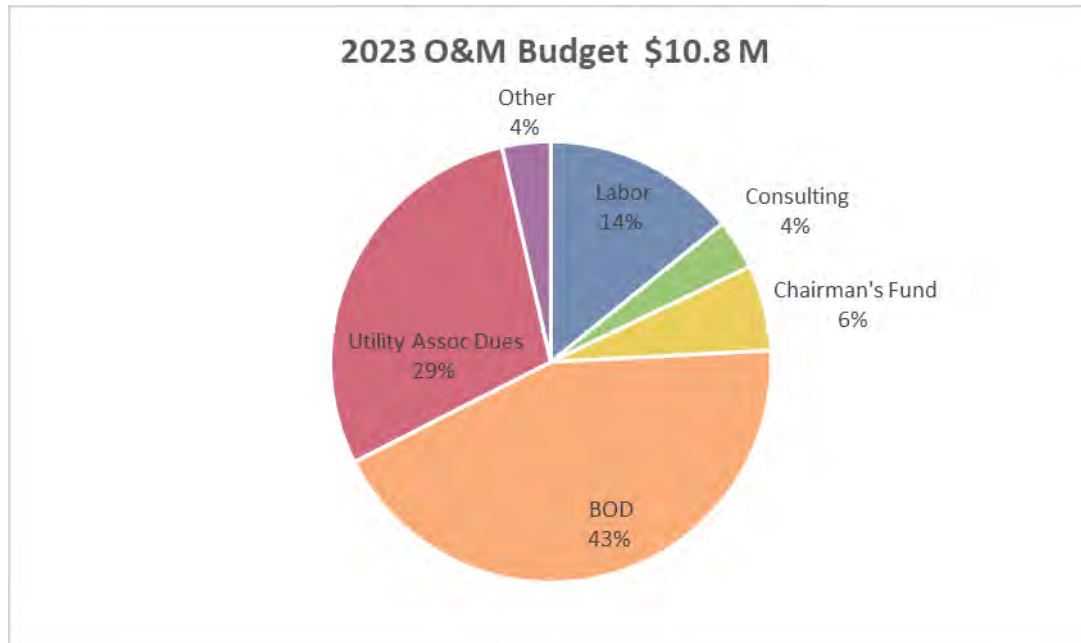
2021 Budget to 2022 Budget	
2021 Budget	10,880
Labor	43
BOD	(145)
2022 Budget	10,778



Labor: Base productive and non-productive labor costs are increased based on 3% merit increases.

Board of Directors: Costs fluctuate due to the requirements of the Board of Director functions and are dependent upon the nature of consulting needs from year to year.

Chief Executive Officer – Xcel Energy Total 2023 O&M Budget Major Cost Drivers



Utility Association Dues: Corporate dues include the Edison Electric Institute (EEI), the American Gas Association (AGA), and the American Wind Energy Association (AWEA). The portion of corporate dues used for lobbying is not recovered from ratepayers.

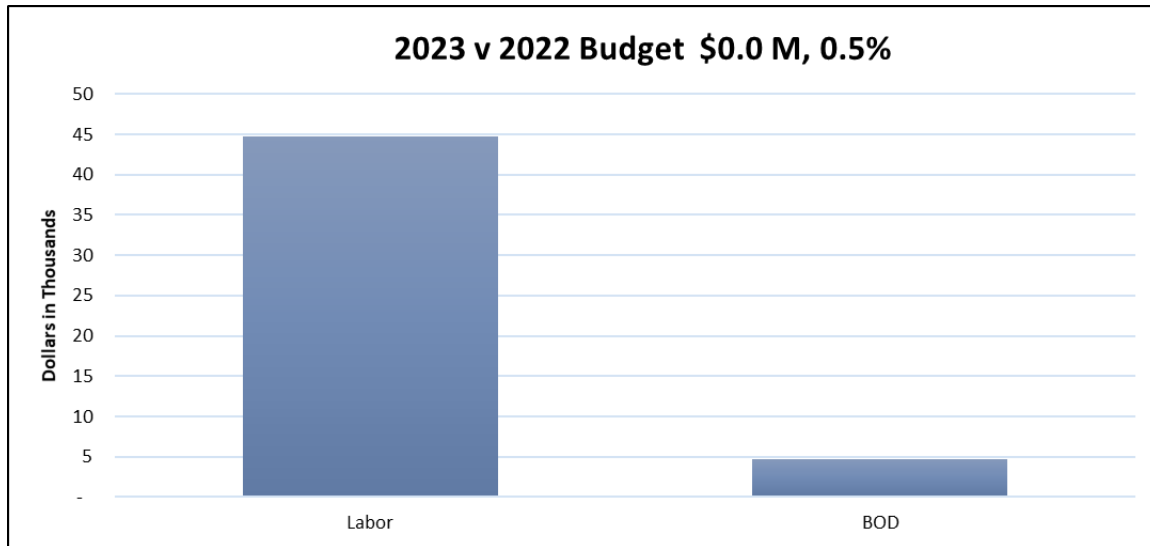
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

Board of Directors: Board of Director compensation, meeting and travel expenses and recruiting costs to fill open director positions and compensation studies.

Consulting: Consulting is comprised of services provided for public relations, culture change effort and executive communications efforts.

2023 Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	10,778
Labor	45
BOD	5
2023 Budget	10,827



Labor: Base productive and non-productive labor costs are increased based on 3% merit increases.

Board of Directors: Costs fluctuate due to the requirements of the Board of Director functions and are dependent upon the nature of consulting needs from year to year.

Chief Executive Officer Organization Chart

Chairman, President and Chief
Executive Officer

Cost Allocation Methodologies

The methods used to distribute costs to legal entity and utility.

Operating Company Direct Charges:

Whenever possible, the CEO organization direct charges items to the specific legal entities for which the service was performed or cost incurred.

Service Company Direct Charges:

The CEO organization direct charges labor and non-labor to the specific legal entity for which the services were performed or costs incurred. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Service Company Allocated Charges:

Functional Area	SAP Cost Center	JDE Subledger Code	Description
CEO and Chairman's Fund	200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
CEO	200075	114	Board of Directors - Corporate Governance includes the labor and non-labor costs related to the Board of Directors (BOD). BOD costs may include Directors fees, retirement expenses and replacement fees; Board/Committee meetings and BOD related consulting. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
CEO	200087	123	Accounting, Reporting & Tax - Regulated includes the labor and non-labor costs associated with operating company revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting.
CEO and Chairman's Fund	200088	127; 133	Accounting, Reporting, Tax & Audit Services - Regulated Electric includes the labor and non-labor costs associated specifically with operating company electric utility revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, capital asset accounting auditing operating companies , evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies electric utility, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies electric utility, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies electric utility. Additionally, costs for electric association dues including Edison Electric Institute (EEI).

Cost Allocation Methodologies

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct ("Svc Co Direct") Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated ("Svc Co Alloc") Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described above. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.



Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____ Date: October 20, 2020

Raynard Gray

Manager, Business Area Finance

Approved By: _____ /s/ _____ Date: October 20, 2020

Adam Dietenberger

Director, Business Area Finance

Approved By: _____ /s/ _____ Date: October 20, 2020

Rick Schrubbe

AVP, Financial Analysis and Planning

2021 – 2023 Budget Documentation

Risk, Audit and Compliance

Major Business Functions and Key Activities

Introduction

Risk Management helps to ensure the integrity of company finances and operations through robust risk analytics, audit services and compliance with corporate ethics and other policies. Reporting to the Chief Risk Officer are Risk Management & Audit Services and Corporate Compliance.

Customer Value

Risk Management & Audit Services

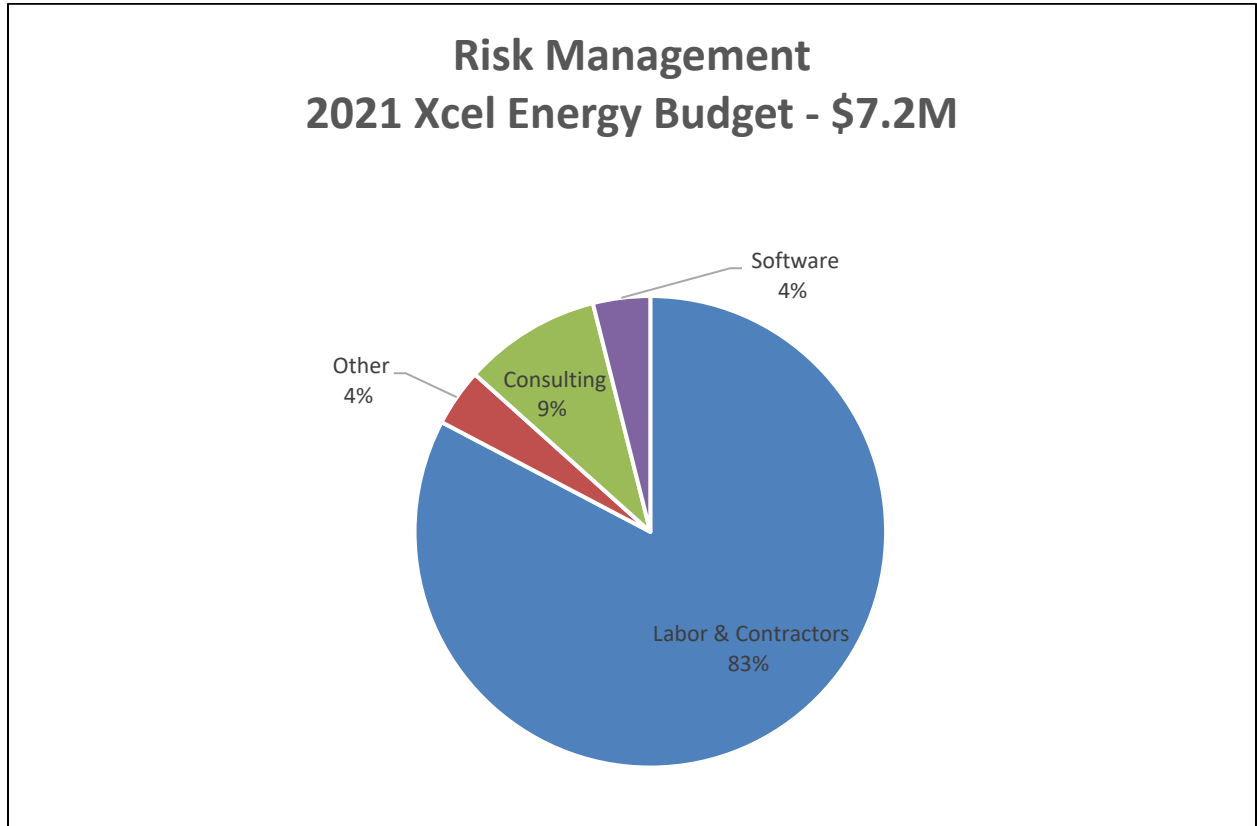
The Vice President and Chief Risk Officer (CRO) provides leadership and oversight to the Risk Management organization, as well as facilitating and serving as a member of quarterly meetings of the Corporate Risk Management Oversight Committee and the Risk Management Committee. The CRO also participates as a member of the Transaction Review Committee, the Corporate Compliance and Business Conduct Council and the Investment Review Committee and has regular interaction with various other corporate governance councils and committees.

Audit Services adds value and improves operations at Xcel Energy by serving as an independent, objective assurance, and consulting function. The group helps Xcel Energy achieve its goals and objectives by assisting management in the effective performance of duties and responsibilities by evaluating and improving risk management, internal controls, corporate governance, ethical conduct and the adoption of best practices

Corporate Compliance

Our corporate compliance and business conduct team ensures governance of our customer and corporate information and oversees our corporate compliance program. They also ensure continuity of our business should a corporate event, significant natural disaster or other event compromises our ability to serve customers.

Risk, Audit and Compliance – 2021 Xcel Energy O&M Budget Major Cost Drivers



Overall, the budget increased by \$0.2M between the 2020 forecast and 2021 budget. The main drivers of this increase are noted below.

Labor and Contractors –the Risk Management organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

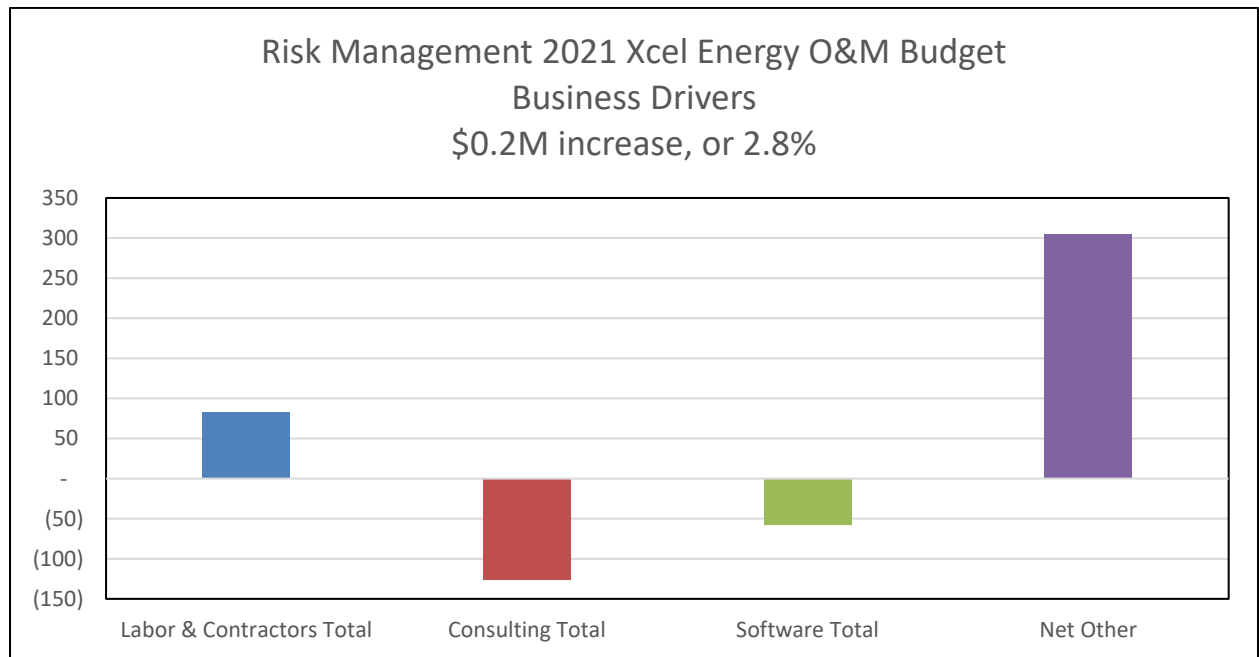
Consulting – primarily for financial audits, regulatory compliance, cost studies and auditing co-source support

Software – Online information services subscription.

2021 Walk Forward of Major Xcel Cost Drivers

Risk Management 2021 Xcel Energy O&M Budget Chart		
(Dollars in thousands)		
2020 July Year-End O&M Forecast		\$7,024
Labor		83
Company Labor with merit increase	154	
Contract Labor for Staff Aug	(63)	
Other	(8)	
Consulting		(127)
Professional Accounting	(68)	
Other Consulting	(59)	
Software		(58)
Online Info Services	(58)	
Net Other		305
2021 O&M Budget		\$7,227

2021 Walk Forward of Major Xcel Energy O&M Cost Drivers (continued)



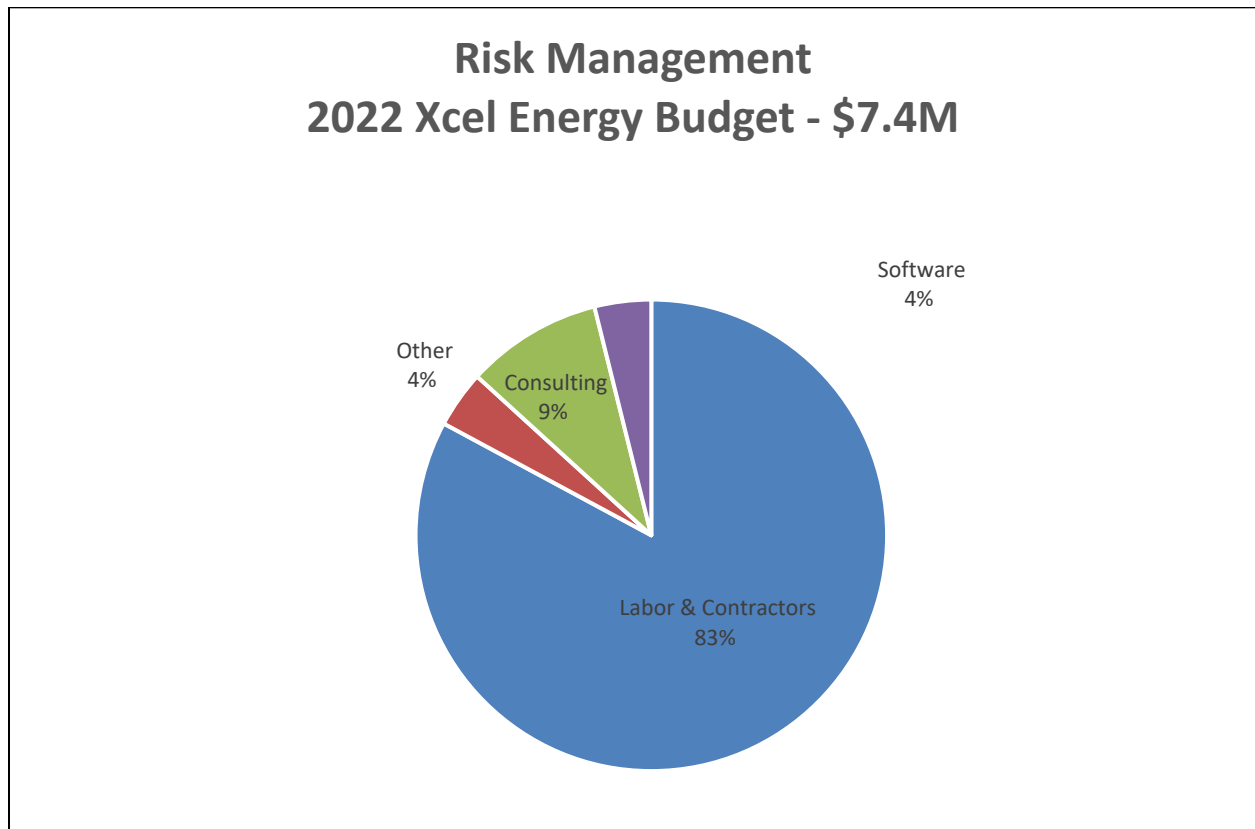
Labor: Primarily driven by 3% merit increases for internal labor offset by decreased reliance on contract labor

Consulting: Decreased use of consulting by performing some of those functions by department staff.

Software: Decreased use of online information services.

Other: Increase in remaining costs comes primarily from cost savings in 2020 that are not anticipated for the 2021 through 2023 period.

Risk, Audit and Compliance – 2022 Xcel Energy O&M Budget Major Cost Drivers



Overall, the budget increased by \$0.1M between 2021 and 2022. The main drivers of this increase are noted below.

Labor and contract labor –the Risk Management organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

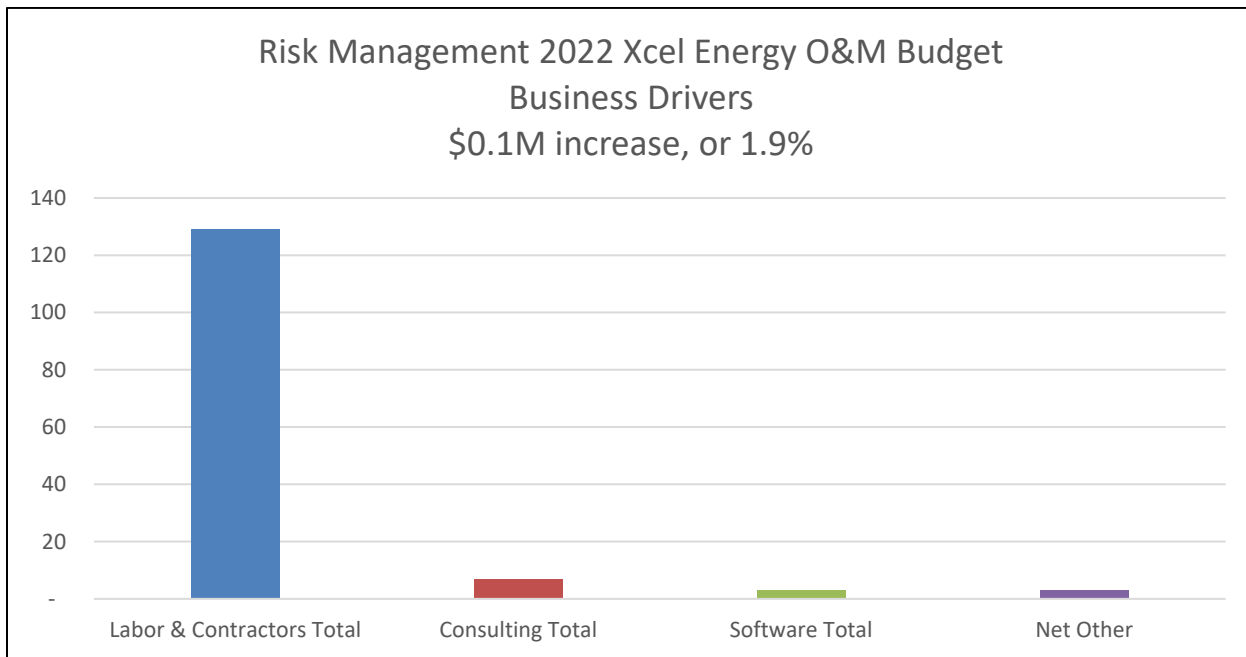
Consulting – primarily for financial audits, regulatory compliance, cost studies and auditing co-source support

Software – Online information services.

2022 Walk Forward of Major Xcel Energy Cost Drivers

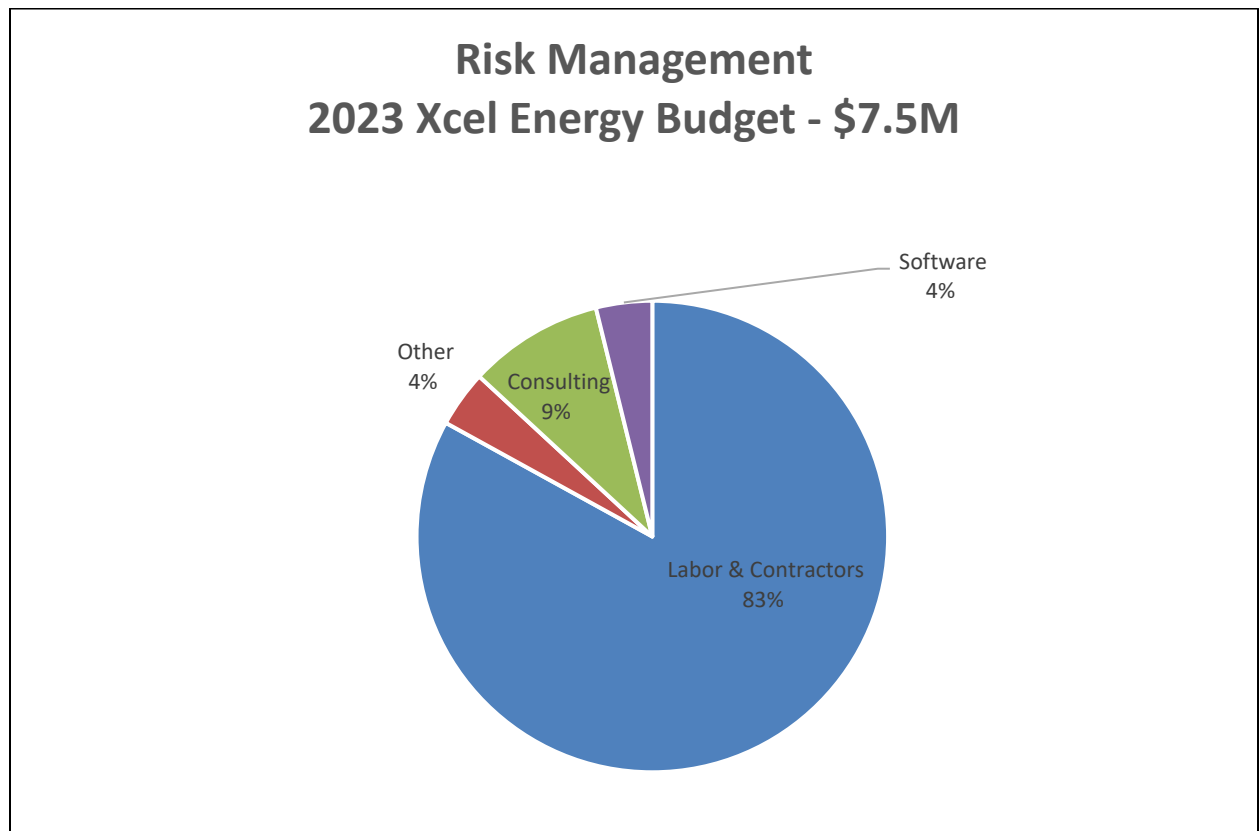
Risk Management 2022 Xcel Energy O&M Budget Chart	
(Dollars in thousands)	
2021 O&M Budget	\$7,227
Labor	129
Company Labor with merit increase	128
Contract Labor for Staff Aug	1
Other	0
Consulting	7
Accounting Consulting	5
Other Consulting	2
Software	3
Online Info Services	3
Net Other	3
2022 O&M Budget	\$7,368

2022 Walk Forward of Major Xcel Energy Cost Drivers (continued)



Labor: The year-over-year increase is primarily due to an assumed 3% annual merit increases for existing staff.

Risk, Audit and Compliance – 2023 Xcel Energy O&M Budget Major Cost Drivers



Overall, the budget increased by \$0.1M from 2022 and 2023. The main drivers of this increase are noted below:

Labor and contract labor –the Risk Management organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

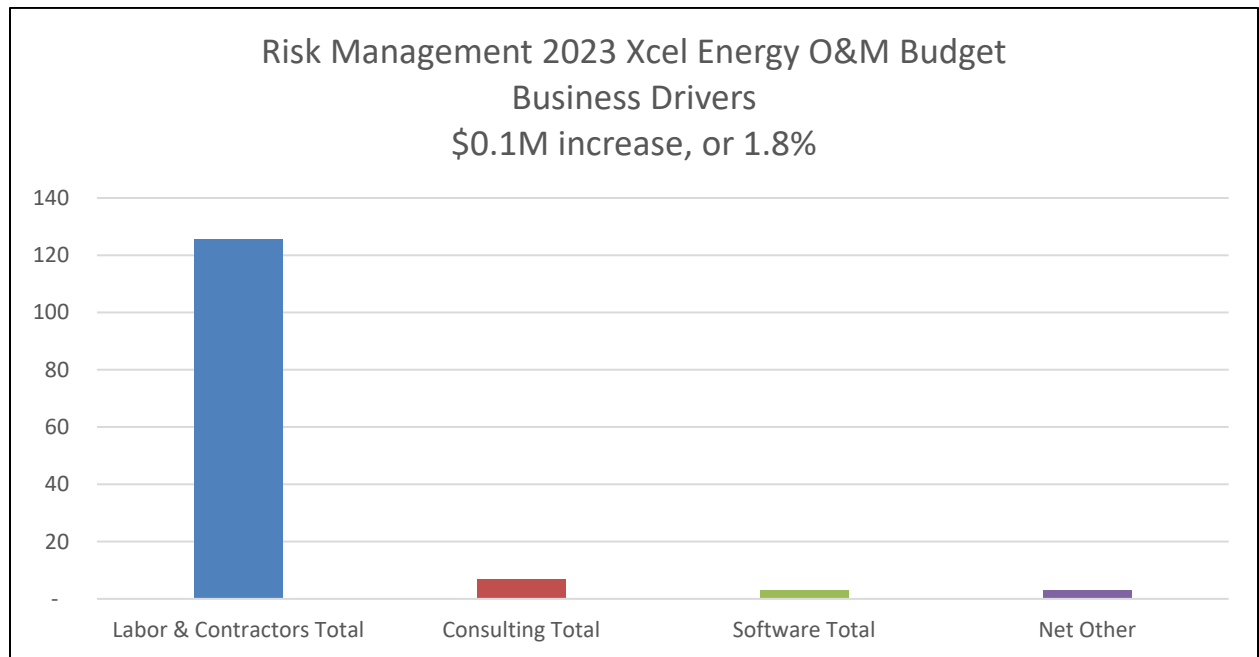
Consulting – primarily for financial audits, regulatory compliance, cost studies and auditing co-source support

Software – Online information services.

2023 Walk Forward of Major Cost Drivers

Risk Management 2023 Xcel Energy O&M Budget Chart		
(Dollars in thousands)		
2022 O&M Budget		\$7,368
Labor		125
Company Labor with merit increase	125	
Contract Labor for Staff Aug	1	
Other	(0)	
Consulting		7
ConsultProfSvcsAcctg	5	
ConsultProfSvcsOth	2	
Software		3
Online Info Services	3	
Net Other		3
2023 O&M Budget		\$7,506

2023 Walk Forward of Xcel Energy Major Cost Drivers *(continued)*



Labor: This year-over-year increase is primarily due to an assumed 3 percent annual merit increases for existing staff.

Cost Allocation Methodologies

The allocation methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges

Costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges

Costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges

Costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP Cost Center	JDE Subledger Code	Description
200069	143	Risk Management Corporate Governance includes the labor and non-labor costs of providing administration of the Transaction Review Committee which handles contract and deal approvals for Commercial Operations, Resource Planning and Energy Supply, provides analysis associated with key risks facing Xcel Energy Inc., negotiates and manages required security (e.g., bank letters of credit, bonds and guarantees among others); reviews and approves all documents requiring Contracts area sign-off. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200067	131	Audit Services corporate governance includes the labor and non-labor costs associated with the financial operations and information system audits of the holding company and service company; evaluating and improving risk management, corporate internal control guidelines and procedures; ethical conduct and the implementation of best practices, reviewing financial reporting requirements and controls under Sarbanes-Oxley legislative requirements, auditing of consolidated financial statements and activities related to the Audit Committee, performing audits and reviews for compliance with regulatory and legal requirements on contracts with vendors and other parties, providing consulting services to management for operational and process improvement reviews, assistance in internal investigations of fraud, administering the corporate compliance hotline, conflict of interest investigations, or other potential violations of the Xcel Energy Code of Conduct. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.

SAP Cost Center	JDE Subledger Code	Description
200088	127; 133	Accounting, Reporting, Tax, Audit Services - OpCos Elec includes the labor and non-labor costs associated specifically with operating company electric utility revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, capital asset accounting auditing operating companies, evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies electric utility, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies electric utility, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies electric utility.
200089	132	Audit Services - OpCos includes the labor and non-labor costs for auditing operating companies, evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies.
200090	146	Risk Mgmt - OpCos includes the labor and non-labor costs of oversight and administrative of operating company risk management work, working with counterparties to establish enabling agreements with operating companies, risk management reports including all operating companies (such as CDAD - Contract Development, Approval & Delegation or TRC- Transaction Review Committee Reporting).
200091	147	Captive Insurance - The Property Loss Control Engineers services includes the labor and non-labor costs for each primary Operating Company(s) (OpCos) as well as all of Energy Supply Services. Having an expertise in an area, they lend support to each other and members of Energy Supply, and the Utilities Group, throughout the corporation. Fire Protection, Transformer Maintenance, Turbine Characteristics, Policies and Procedures are some of the areas in which expertise has been developed. This expertise is then shared on a regular basis to the benefit of all OpCos and it is further shared at periodic Engineering meetings hosted by Hazard Insurance, which bring together Engineers from the OpCos, the Property Loss Control Engineers and Insurance Company representatives to promote Loss Control.
200096	431	Energy Markets Business Services includes the labor and non-labor costs for financial analysis, budgeting and administrative support, managerial reporting and business planning and process initiatives, independent daily forward valuation and risk measurement of commodity transactions and system fuel and purchase power requirements to meet system loads, as well as proprietary or trading transactions; creates retail system load and energy forecasts providing regular updates to senior management and analyses of key drivers, reviews and provides comments to dealmakers on non-standard agreements and associated confirmation agreements in the areas of coal supply, gas supply, wood fuel, rail, trucking, structured power purchases and nuclear/uranium concentrates and services; provides analyses for electric/gas hedge studies and sensitivities; creates load management forecast, jurisdictional peak demand forecasts, and cost of service studies for energy trading and marketing.
200063	110	Executive Corporate Governance includes the labor and non-labor costs for executive corporate management, long-term business strategy development and other programs that ensure the continuity and development of management. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.

SAP Cost Center	JDE Subledger Code	Description
200064	115	Shareholder - Corporate Governance includes the labor and non-labor costs for serving as liaison between Xcel Energy BOD and the shareholders, manages employee/executive stock award matters, liaison between Xcel Energy and the proxy advisory group, monitoring stock ownership patterns, planning shareholder meetings, coordinating the transfer agent and shareholder record keeping functions. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200072	180	Communications - Corporate Governance includes the labor and non-labor costs to assist and ensure Executive Management, Investor Relations and others communicate appropriately with shareholders, the public, and other key stakeholder audiences. Key projects include: development and production of the annual report and other communications to investors; speeches, videos, and major presentations delivered by top executives; and speeches, displays, video and presentations for the company's annual meeting of shareholders. Media Relations contributes to building Xcel Energy's reputation by developing media and public relations strategies for major company initiatives and issues; responding to news media inquiries; working pro-actively with the media to forward story ideas and information about company events, policies and actions, and providing media training for company spokespersons. Media Relations also plays a key role in crisis communications and emergency preparedness efforts. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 20, 2020

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Manager, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Adam Diitenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Rick Schrubbe

AVP Financial Planning & Analysis

**2021 – 2023 Budget Documentation
Strategy Planning and External Affairs**

Major Business Functions and Key Activities

Introduction

The Strategy Planning and External Affairs organization is part of Xcel Energy Services, Inc and provides Xcel Energy's business strategy development, communications and federal regulatory and legislative initiatives. The organization identifies strategies that promote the company's value in a variety of business, policy and energy-related areas. Among other things, it develops strategies associated with sustainability, climate change, renewable energy, utility regulation, federal tax policy, energy markets, transmission and innovative technologies. It is also responsible for both business planning and generation resource planning. The organization develops Xcel Energy's public policy positions and ensures those positions create value for the corporation, its customers and its many stakeholders. The organization designs and advocates for federal and state policies and represents the company before U.S. Congress and various federal agencies. Finally, it is responsible for Xcel Energy's strategic communications and public relations.

The Federal Government Affairs organization promotes the company's interests in the federal policy development process, working directly with congressional and administration officials on a range of issues affecting our customers, shareholders and the communities we operate in. The group also leads the company's efforts to coordinate as necessary with national trade associations such as the Edison Electric Institute, Nuclear Energy Institute, and the American Gas Association.

The Federal Regulatory Affairs group leads the company's efforts related to the Federal Energy Regulatory Commission (FERC) and the North American Electric Corporation (NERC) on policy and regulatory issues including wholesale transmission and markets matters and electric grid reliability. Activities include management of the company's filings and protesting and commenting on rulemakings, third party filings and reliability standards. The group also advises internal personnel on tariff and regulatory requirements and provides enterprise-wide oversight of compliance with FERC and NERC requirements.

The Energy and Environmental Policy group is responsible for advancing Xcel Energy's public policy strategy in a way that ensures the company's positions create value for customers, shareholders and many stakeholders. The organization designs and advocates for federal and state policies in the areas of climate and clean energy. It also supports the company's environmental, social and governance reporting.

The Resource & Business Planning group oversees the Company's long-term strategic planning activities for all operating companies, which includes facilitating and developing asset and financial plans for the Operating Companies, as well as providing insight and analysis to determine the long-term strategy and direction for the Corporation.

Resource Planning develops and directs the systems, processes and personnel required to prepare, file and secure needed key stakeholder support and regulatory approval of effective and prudent long-term resource plans to continue to meet customers' existing and forecasted future electric needs. In implementing these plans, Resource Planning develops and directs competitive bidding power supply resource solicitation processes to procure needed capacity and energy to meet current and forecasted customer demand and energy requirements with a key emphasis on achieving cost reductions in the Xcel supply portfolios for each of the four Xcel Energy operating utilities while also meeting reliability and environmental requirements and Corporate objectives.

Strategic Asset Planning is responsible for working with Senior Executives and Senior Management to ensure operating companies overall business plan and long-term strategy development is aligned with all organizational processes, systems, and structures. This involves the coordination of existing planning groups and tools to develop the business plans consistently throughout the organization.

Strategy and Planning group helps facilitate corporate strategy and ensure that our goals, metrics and business plans focus on the long-term stability of our organization. This team also provides competitive intelligence analysis, industry assessments and benchmarking studies.

Major Business Functions and Key Activities

The Strategic Communications team provides overall governance of our external brand and reputational messaging. They provide guidance and strategy on how we address critical issues and how we position Xcel Energy within our industry, with our customers and the communities that we serve. They also provide executive-level support in CEO communications, investor relations and messaging and branding around our growth efforts.

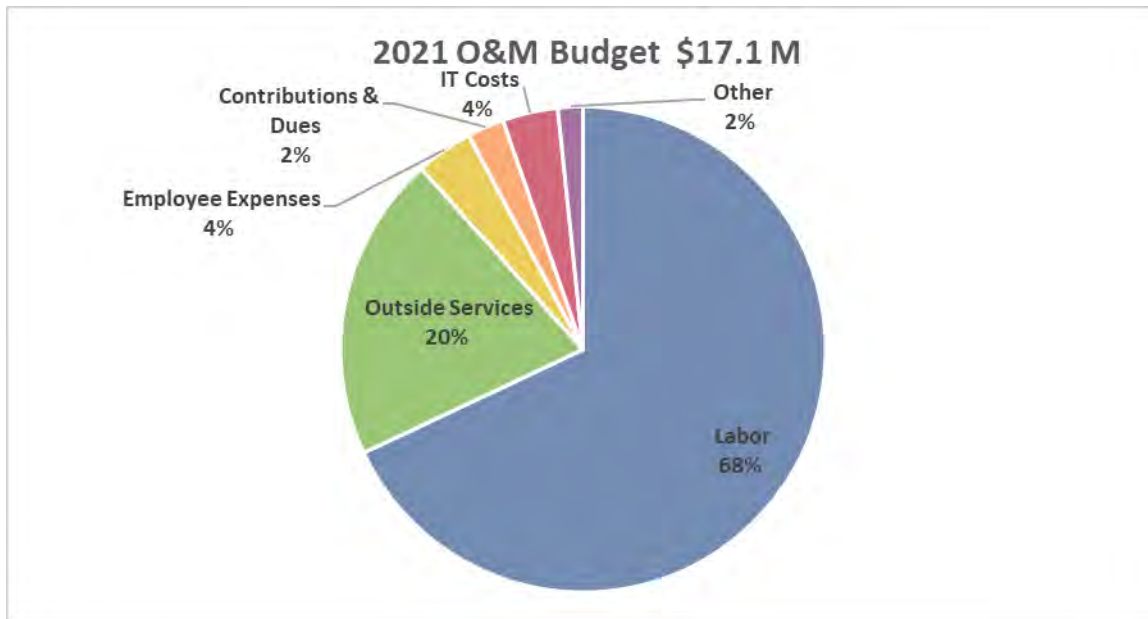
Jurisdictional Communications – North and South

Our jurisdictional communications teams are dedicated to effectively communicating relevant jurisdictional information to our customers. Their efforts range from helping customers understand elements of a rate case, our stance on important issues being decided by our state regulators or the products and services that we offer in that region.

Corporate Communications Services

This team ensures quality communications across the organization. They provide communications services support to major business areas including: writing, graphic design, video production, senior leadership meeting and event planning as well as supporting the internal communications channels.

2021 Xcel Energy O&M Budget Major Cost Drivers



Labor – Labor for the Strategy Planning & External Affairs organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

Outside Services – Outside Services is primarily related to the AGIS initiative. Additional Consulting services related to meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses for travel & training and professional conferences.

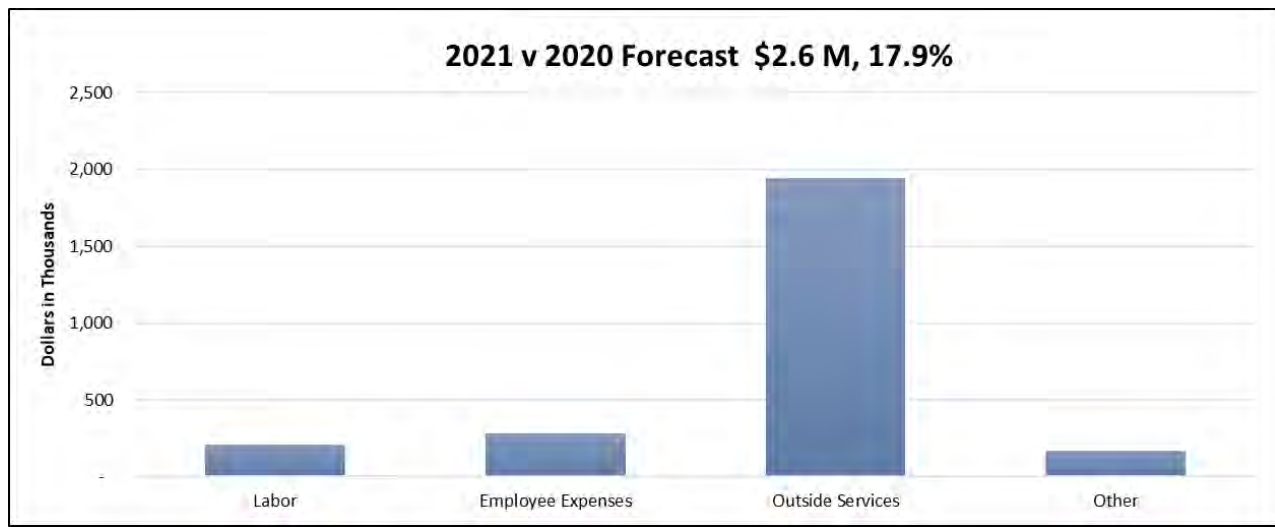
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

Contributions & Dues - Contributions & Dues includes items such as professional association dues, community sponsorships, lobbying activity, utility associations, and charitable contributions.

Other – Primarily expenses for printing/copying services of the annual report & corporate responsibility report.

2021 Xcel Energy Walk Forward of Major Cost Drivers

2020 July Year End Forecast to 2021 Budget	
2020 July Year End Forecast	14,510
Labor	209
Employee Expenses	278
Outside Services	1,945
Other	166
2021 Budget	17,108



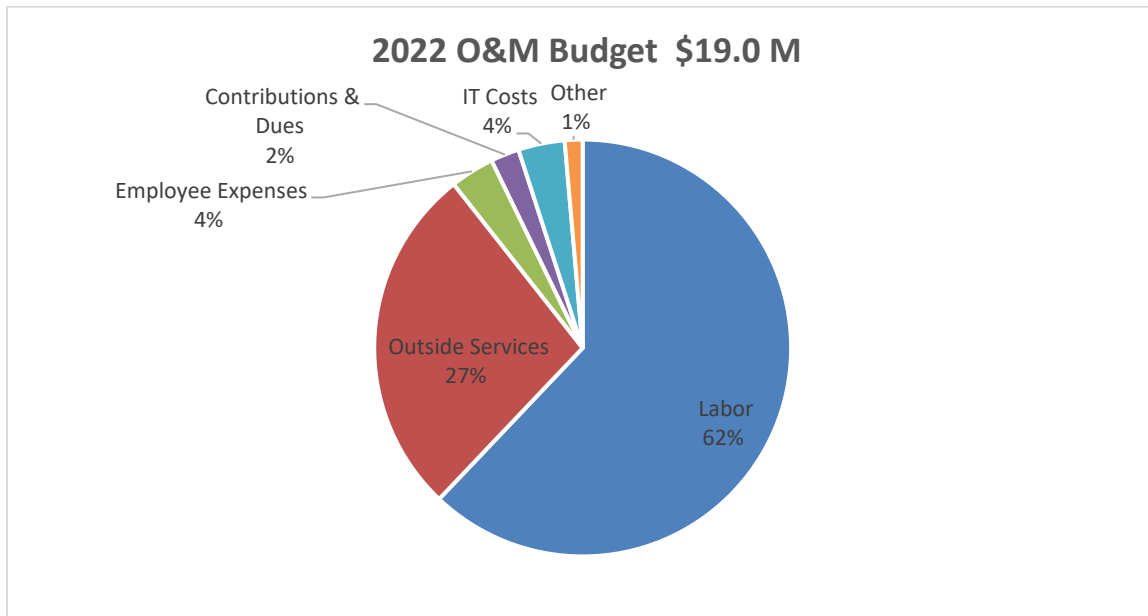
Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

Employee Expenses – Increased year over year expenses are driven by reduced employee expenses in 2020 due to COVID 19 and companywide travel restrictions. 2021 is budgeted to return to normal activity levels for the organization to achieve its objectives.

Outside Services – Consists of primarily of the Strategic Communications team expenses related to the AGIS initiative, \$2M increase.

Other - Includes annual printing expenses for the annual report and corporate responsibility report

2022 Xcel Energy O&M Budget Major Cost Drivers



Labor – Labor for the Strategy Planning & External Affairs organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

Outside Services – Outside Services is primarily related to the AGIS initiative. Additional Consulting services related to meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses for travel & training and professional conferences.

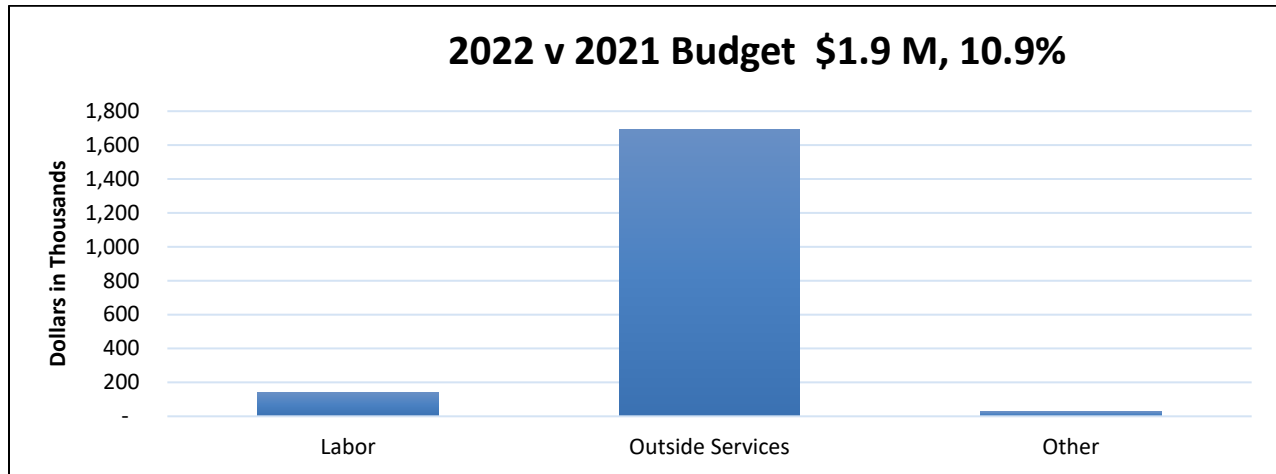
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

Contributions & Dues - Contributions & Dues includes items such as professional association dues, community sponsorships, lobbying activity, utility associations, and charitable contributions.

Other – Primarily expenses for Printing/copying services of the annual report & corporate responsibility report.

2022 Xcel Energy Walk Forward of Major Cost Drivers

2021 Budget to 2022 Budget	
2021 Budget	17,108
Labor	143
Outside Services	1,689
Other	26
2022 Budget	18,966

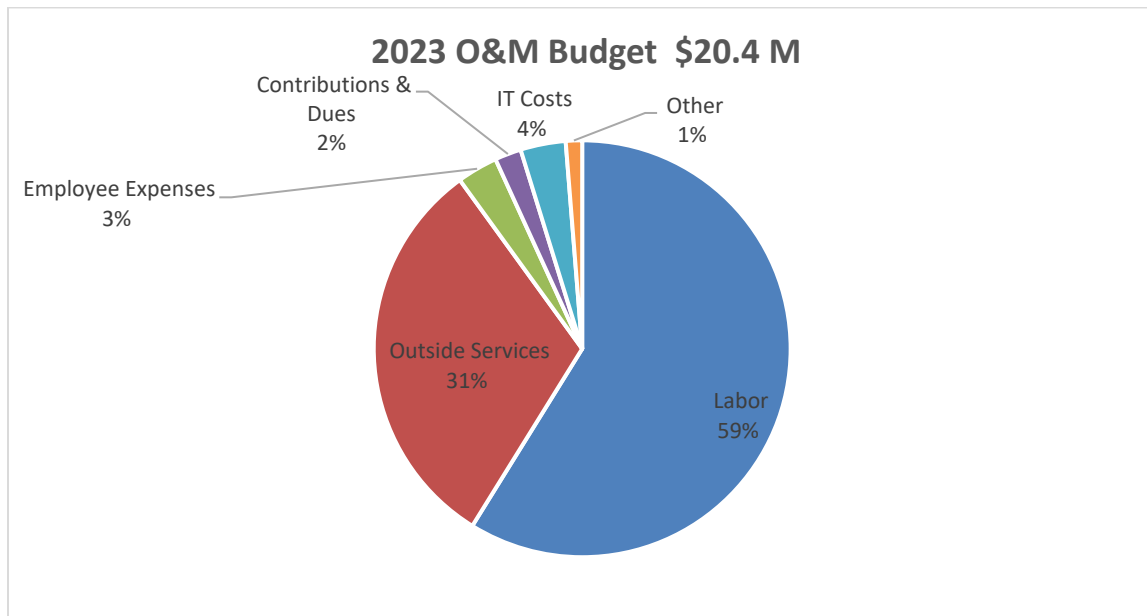


Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Consists of primarily of the Strategic Communications team expenses related to the AGIS initiative, \$1.7M increase.

Other - Includes annual printing expenses for the annual report and corporate responsibility report.

2023 Xcel Energy O&M Budget Major Cost Drivers



Labor – Labor for the Strategy Planning & External Affairs organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

Outside Services – Outside Services is primarily related to the AGIS initiative. Additional Consulting services related to meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses for travel & training and professional conferences.

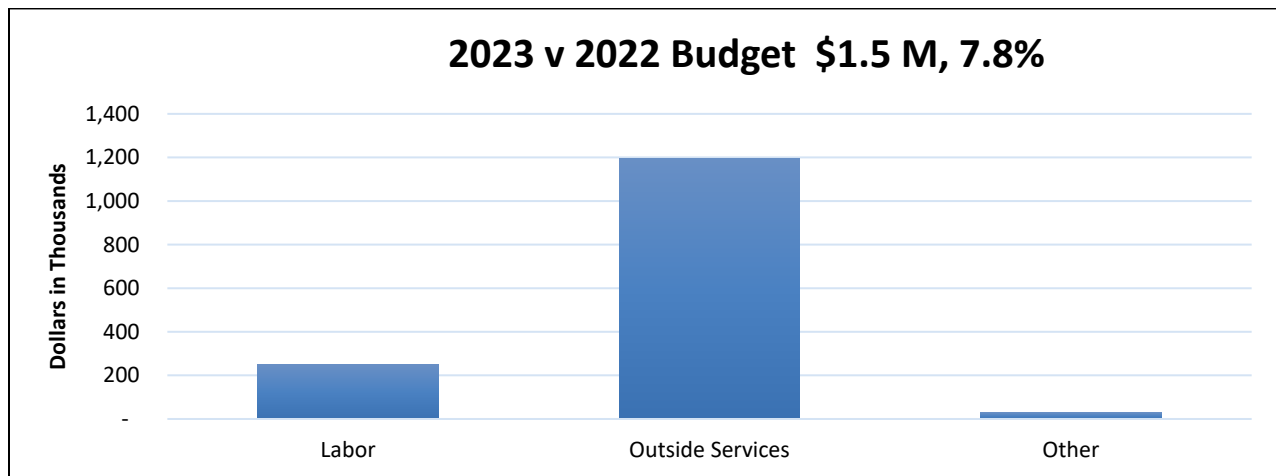
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

Contributions & Dues - Contributions & Dues includes items such as professional association dues, community sponsorships, lobbying activity, utility associations, and charitable contributions.

Other – Primarily expenses for Printing/copying services of the annual report & corporate responsibility report.

2023 Xcel Energy Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	18,966
Labor	249
Outside Services	1,196
Other	28
2023 Budget	20,439



Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Consists of primarily of the Strategic Communications team expenses related to the AGIS initiative, \$1.2M increase.

Other - Includes annual printing expenses for the annual report and corporate responsibility report.

Functional Organization Chart



Cost Allocation Methodologies

The methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges:

Strategy Planning and External Affairs direct charges non-labor costs to the specific legal entity for which the services were performed or costs incurred.

Service Company Direct Charges:

Service Company charges are direct charged whenever possible. General Counsel direct charges most labor and non-labor costs to the specific legal entity for which the services were performed or costs incurred.

Service Company Allocated Charges:

When direct charging is not practical, or where services performed are not specifically related to a legal entity, General Counsel allocates labor and non-labor costs to the legal entities benefiting from the services performed or costs incurred. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Business Area	SAP Cost Center	JDE Subledger Code	Description of Services Provided
Strat Plng Ext Aff	200070	161	Corporate Strategy & Business Development - Corporate Governance includes the labor and non-labor costs associated with providing leadership for the implementation of company-wide business strategies and plans; portfolio management including the evaluation of potential opportunities for mergers, acquisitions and divestitures; providing financial, analytical and reporting support; researching and providing business intelligence information. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
Strat Plng Ext Aff	200072	180	Communications - Corporate Governance includes the labor and non-labor costs to assist and ensure Executive Management, Investor Relations and others communicate appropriately with shareholders, the public, and other key stakeholder audiences. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
Strat Plng Ext Aff	200078	410	Governmental Affairs includes the labor and non-labor costs associated with the interpretation of laws regulations and environmental policy to ensure compliance and cost effectiveness for Xcel Energy customers and stockholders Internal legislative policy development and issues management, appraise management and internal customers of political and policy trends and developments, develop and maintain relationships with regulatory officials and staff.
Strat Plng Ext Aff	200079	409	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).
Strat Plng Ext Aff	200136	415	Energy Markets Fuel includes the labor and non-labor costs for planning and implementing power supply portfolios to

Cost Allocation Methodologies

			provide reliable service to native load and to capitalize on market opportunities including purchasing fuel for the operating companies' electric generation system (excluding nuclear) and resource planning and acquisition including purchase power and account management.
Strat Png Ext Aff	200163	181	Employee Communications includes the labor and non-labor costs for the development and enhancement of employee awareness and understanding of the company's strategies, priorities, decisions and performance objectives. It develops and produces regular communication vehicles, including TODAY (daily news bulleting on intranet); XTRA (monthly print publication for all employees and retirees); All Managers E-mail (real-time communication for employees who supervise and manage others); Focus on Financials for all employees; targeted communications for specific business areas, such as Human Resources, and employee meetings.
Strat Png Ext Aff	200177	418	Rates & Regulation - Electric includes the labor and non-labor costs for determining the regulated utilities' electric utility revenue requirements and rates for electric customers regulatory strategy, coordinating the regulatory compliance requirements, establishing and maintaining relationships with regulatory bodies, policy development of regulatory and legislative strategy, preparing and organizing rate case filings.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: /s/

Date: October 20, 2020

Raynard Gray

Manager, Business Area Finance

Approved By: /s/

Date: October 20, 2020

Adam Dietenberger

Director, Business Area Finance

 /s/

Date: October 20, 2020

Rick Schrubbe

AVP, Financial Analysis & Planning



2021 - 2023 Budget Documentation

Corporate Other

Northern States Power Company - Minnesota (NSPM)



Major Business Functions and Key Activities

Introduction

Corporate Other includes the costs that are not directly attributable to a specific business area. Corporate Other contains the following functions: company use credits, overhead charges to affiliates, A&G charges to capital, non-regulated overheads, and permanent income tax differences. Detailed descriptions of each business function are described under the major business functions and key activities section of the narrative.

A&G Charges to Capital: Each month, A&G overheads are applied to capital work orders that contain overhead eligible charges. During the month end close process, overheads are applied to each eligible install and removal type work order. The PowerPlan system gathers all eligible current month expenditures for each work order and applies the A&G percentage rate to those expenditures. This amount is then applied to work orders with the offsetting credit amount charged to the A&G capital clearing work order using the current monthly overhead rate. The credits to A&G overhead O&M to transfer those costs to the Capital overhead pool (debit) are recorded within Corporate Other.

A/P and Corporate Credit Card Accruals: The Company records unassigned monthly credit card expenses to Corporate Other business area as a reversing entry in order to correctly record the liability associated with employee expenses.

Company Use: Offsetting credits are recorded to the Corporate Other business area in Miscellaneous Operating and Maintenance (O&M) credits (Federal Energy Regulatory Commission (FERC) account 929, Administrative & General (A&G) Duplicate Charge Credit) for facilities that are company owned and use utility services that are provided by the company. For example, if an electric distribution substation uses electricity from the company grid, the cost of that electricity is charged to distribution. Similar transactions are recorded when a gas department facility uses gas and the steam department uses steam.

MN Data Center refund: The state of Minnesota offers a 20-year sales/use tax exemption for purchases of IT equipment and software at qualifying new or refurbished data centers. This was certified in Q2 2017 for a 20-year period between July 2012 and June 2032. For qualifying purchases (based on the statute) the Company files for receipt of the paid sales/use tax in order to recover those costs.

Non-regulated Overheads: Credits are recorded to the Corporate Other business area in Miscellaneous O&M credits (FERC account 922, A&G Admin Transferred Credit) to offset labor overheads, A&G overheads and the corporate residual applied to non-regulated business activities to insure fully allocated costing for services provided to the non-regulated businesses.

NSP Transmission Joint Ventures: Credits are recorded to the Corporate Other business area in Miscellaneous O&M credits (FERC account 922, A&G Admin Transferred Credit) to offset the A&G expenses allowable per contract that are billed to 3rd party partners. This is to recover administrative costs that are not direct charged to the project – it's a debit to our JV partners' receivables and a credit back to NSPM/W FERC 922.

Transmission Interchange: The Interchange Agreement, (I/A), is a FERC approved tariff that provides for the inter-company sharing of production and transmission costs of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW). Fluctuations in cost are related to plant investment and business area expenses.

2021 Corporate Other Budget

Corporate Other: NSPM 2021 O&M Budget Chart (Dollars in Thousands)	
Transmission Interchange	120,158
Company Use Credits	(5,898)
NSP Transmission Joint Ventures	(1,057)
Non-Regulated OH Allocation	(843)
Other	(999)
2021 O&M Budget	\$ 111,360

2021 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2021 O&M Budget Chart (Dollars in Thousands)	
2020 July Year-End O&M Forecast	\$ 104,621
Transmission Interchange (Billings from NSPW)	5,971
CapX2020	(1,056)
MN Data Center	1,197
Net Other	627
2021 O&M Budget	\$ 111,360



2021 Walk Forward of Major Cost Drivers

Transmission Interchange (\$6.0M increase in 2021): The Interchange Agreement, (I/A), is a FERC approved tariff that provides for the inter-company sharing of production and transmission costs of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW). Fluctuations in cost are related to plant investment and business area expenses. The significant driver for the increase is due to increased transmission line investments going into service across many individual projects (largest new project being the LaCrosse Coulee rebuild).

MN Data Center refund (\$1.2M increase in 2021): The state of Minnesota offers a 20-year sales/use tax exemption for purchases of IT equipment and software at qualifying new or refurbished data centers. In March 2020, the Company received a refund of \$1.2M related to previous years data center purchases, for which the Company does not anticipate receiving in 2021. The Company includes refunds in our forecasts when the state approves the Company's filings which does not take place every year.

NSP Transmission Joint Ventures (\$1.1M decrease in 2021): Credits are recorded to the Corporate Other business area in Miscellaneous O&M credits (FERC account 922, A&G Admin Transferred Credit) to offset the A&G expenses allowable per contract that are billed to 3rd party partners. This is to recover administrative costs that are not direct charged to the project – it's a debit to our JV partners' receivables and a credit back to NSPM/W FERC 922. The increase of credits in 2021 is related to the construction of the Huntley Wilmarth line which is a joint venture with ITCM.

2022 Corporate Other Budget

Corporate Other: NSPM 2022 O&M Budget Chart (Dollars in Thousands)	
Transmission Interchange	128,085
Company Use Credits	(5,898)
NSP Transmission Joint Ventures	(835)
Non-Regulated OH Allocation	(843)
Other	(913)
2022 O&M Budget	\$ 119,596

2022 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2022 O&M Budget Chart (Dollars in Thousands)	
2021 O&M Budget	\$ 111,360
Transmission Interchange (Billings from NSPW)	7,927
Net Other	282
2022 O&M Budget	\$ 119,569

Transmission Interchange: The Interchange Agreement, (I/A), is a FERC approved tariff that provides for the inter-company sharing of production and transmission costs of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW). Fluctuations in cost are related to plant investment and business area expenses. The significant driver for the increase is due to increased transmission line investments going into service across many individual projects (largest new project being the Bayfield Loop second circuit).

2023 Corporate Other Budget

Corporate Other: NSPM 2023 O&M Budget Chart (Dollars in Thousands)	
Transmission Interchange (Billings from NSPW)	133,102
Company Use Credits	(5,898)
Non-Regulated OH Allocation	(843)
Other	(884)
2023 O&M Budget	\$ 125,477

2023 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2023 O&M Budget Chart (Dollars in Thousands)	
2022 O&M Budget	\$ 119,596
Transmission Interchange (Billings from NSPW)	5,017
Net Other	864
2023 O&M Budget	\$ 125,477

Transmission Interchange: The Interchange Agreement, (I/A), is a FERC approved tariff that provides for the inter-company sharing of production and transmission costs of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW). Fluctuations in cost are related to plant investment and business area expenses. The significant driver for the increase is due to increased transmission line investments going into service across many individual projects (largest new project being the Briggs LaCrosse rebuild line).



Functional Organization Chart

Corporate Other does not have an organization chart.

Cost Allocation Methodologies

The method used to distribute costs to the legal entity and utility include:

Operating Company Direct Charges:

Corporate Other, whenever possible, direct charges non-labor to the specific legal entity for which the costs were incurred and uses specific business units on the operating companies.

Service Company Direct Charges:

Not applicable

Service Company Allocated Charges:

The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

<u>SAP Cost Center</u>	<u>Subledger Code</u>	<u>Description</u>
200087	123	Accounting, Reporting & Tax - Regulated includes the labor and non-labor costs associated with operating company revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting.

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The particular methods utilized for each service area are described above.



Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____ Date: October 19, 2020

Andy List
Manager, O&M and Capital Reporting & Analysis

Approved By: _____ /s/ _____ Date: October 19, 2020

Melissa Ostrom
Director, Financial Forecasting and Reporting



2021 – 2023 Budget Documentation

Financial Operations

Major Business Functions and Key Activities

Introduction

Financial Operations leads financial governance and delivers superior financial services. Reporting to the Chief Financial Officer are the Controller's Organization, Investor Relations, Tax Services, Financial Planning & Corporate Development, and the Treasurer's Organization.

Customer Value

Chief Financial Officer

The Executive Vice President and CFO Provides financial leadership to Xcel Energy, and provides leadership, policies and controls to Financial Operations and business areas. In close partnership with leaders within the organization, the CFO facilitates the mission, goals and objective for Investor Relations, Tax Services, the Controller and Finance & Corporate Development.

Controller's Organization

The Senior Vice President and Controller serves as the Principal Accounting Officer and provides financial policies, controls, financial governance and leadership to the company. Additionally, the Controller is responsible for the financial close process; property accounting, including depreciation for the fixed assets of various legal entities; and researching, documenting and resolving complex technical accounting issues for the preparation and filing of external reports to regulatory authorities and others. The Controller develops and maintains service agreements between the Service Company and operating companies and maintains and updates Service Company allocations. Accounting and reporting support for Commercial Operation's regulatory mechanisms and , managing compliance with state and federal regulatory reporting requirements, also falls under the Controller's purview, providing rate case support for and regulatory analysis.

Investor Relations

The Investor Relations team develops investor relations programs, communications, presentation and supporting materials to ensure an appropriate financial valuation of Xcel Energy by the financial community. As the financial community engages Xcel Energy, the group responds to investor questions and requests for information, and organizes meetings with current and prospective investors. Feedback from these interactions is provided to management, advising on key issues affecting Xcel Energy's position in the investment community.

Tax Services

Tax Services is responsible for providing proactive tax counseling to executive management, business areas, and subsidiaries to mitigate the impact of taxation on operations and strategic business decisions, and potential transactions. The team monitors federal and state tax legislation, legal developments and rulemaking activities in the income tax, sales/use tax and property tax areas, and defends the company's tax positions before various taxing authorities, as well as administering federal, state and local income, sales/use and property tax audits, protests and appeals, and testifying on key company tax issues. The team also prepares and files consolidated federal and state income tax returns and payments; property and sales/use tax returns and payments for the utility companies.

Finance & Corporate Development

The Senior Vice President of Financial Planning is responsible for the oversight, governance and consolidation of budgets and forecasts across the company. The organization creates a working partnership with business areas to facilitate and assist with the development of annual five year budgets, and monthly forecast updates, as well as preparation and consolidation of financial results and variance to senior leadership and the Xcel Energy Board of Directors.

Major Business Functions and Key Activities

The Finance organization also provides revenue and cost of service analysis, expert testimony and support for rate cases and other regulatory filings; regulatory guidance related to budget development to meet rate case filing requirements. Additionally, the team creates forecasts of retail and system load and energy, jurisdictional peak demand and load management; and the production cost model used to develop forecasts of fuel and purchased power costs to serve energy requirements of our customers; and to support rate case and regulatory filings.

Corporate Development is responsible for identification, evaluation, negotiation and execution of corporate growth opportunities including acquisitions, divestitures and joint ventures.

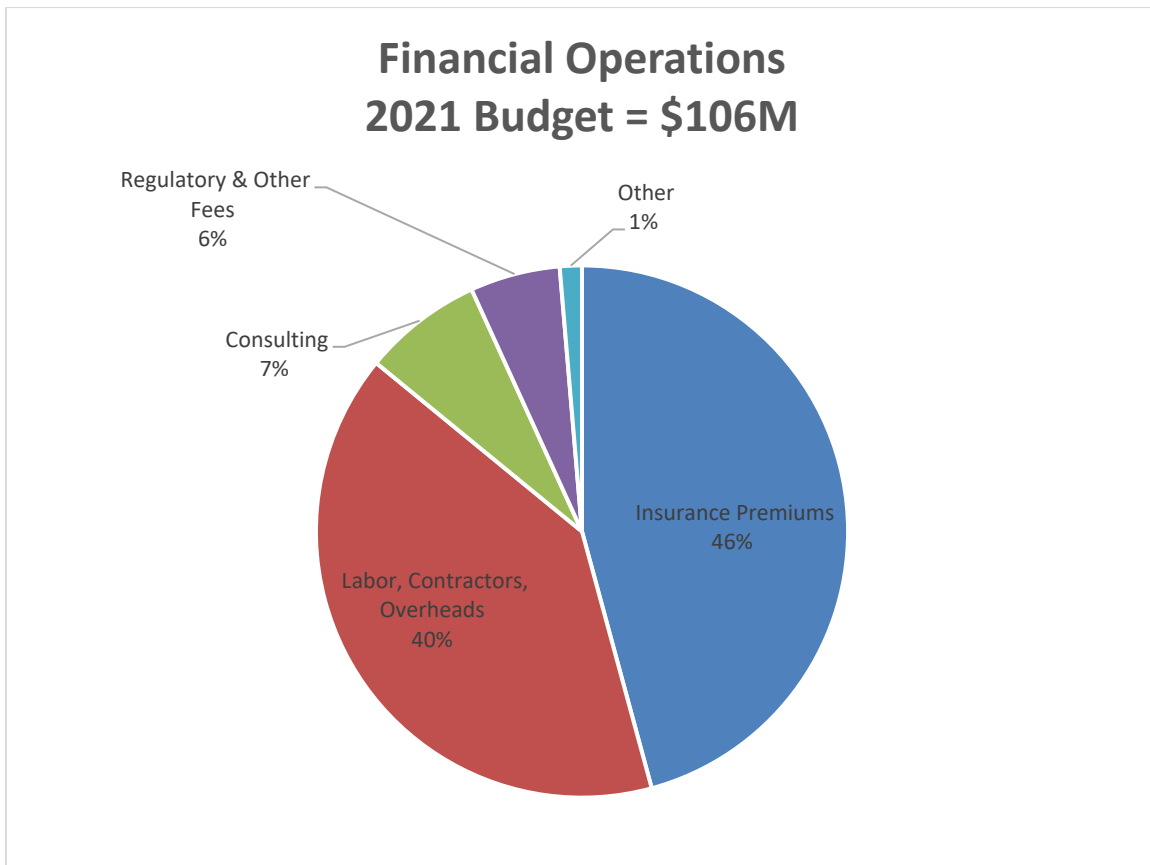
Treasurer

The Treasurer is responsible for developing and executing Xcel Energy's financing plans by managing business relationships with Xcel Energy's financial services suppliers. Additionally, the treasurer manages the company's daily liquidity and coordinates cash flows for each Xcel Energy legal entity, including commercial paper issuance and bank facility drawdowns. The Treasurer issues bank loans, corporate guarantees and letters of credit, long-term debt and equity securities for Xcel Energy and each of the regulated utilities.

The Treasurer also manages the hazard insurance portfolio for the company, providing corporate-wide protection of assets from catastrophic loss using risk financing mechanisms, including captive risk retention and design and negotiation of insurance contracts with commercial and industry mutual underwriters.

Investment and pension management duties include coordinating with Xcel Energy's investment advisor to perform asset allocation studies for the pension trust, the nuclear decommissioning trust and the VEBA trust assets, as well as Directing cash movements and investment account rebalancing required for the various trusts.

2021 Xcel Energy O&M Budget Major Cost Drivers



Insurance – includes property; general, excess and auto liability; nuclear, cyber, fiduciary and directors and officers insurance

Labor and contract Labor – for the Financial Operations organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

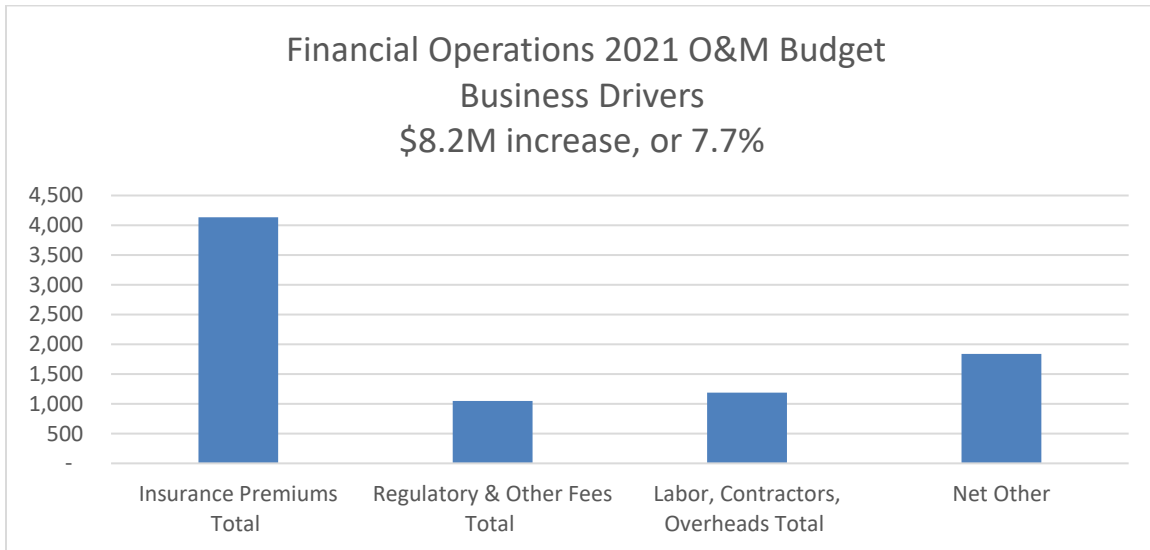
Consulting – primarily for financial audits, tax consulting, regulatory compliance, cost studies and auditing co-source support

Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

2021 Xcel Energy Walk Forward of Major Cost Drivers

Financial Operations Xcel Energy 2020 O&M Budget Chart		
(Dollars in thousands)		
2020 July Year-End O&M Forecast		\$ 97,795
Insurance		4,135
Surplus	(34)	
Property	1,245	
General Liability	724	
Excess Liability	1,702	
Miscellaneous other insurance categories	498	
Regulatory		1,049
Penalties	(10)	
Shareholder Related Expenses	547	
Other Fees	511	
Labor		1,189
Company labor with merit increase	1,684	
Contract labor for staff augmentation	(495)	
Consulting and Net Other		1,840
2021 O&M Budget		\$106,007

2021 Xcel Energy Walk Forward of Major Cost Drivers



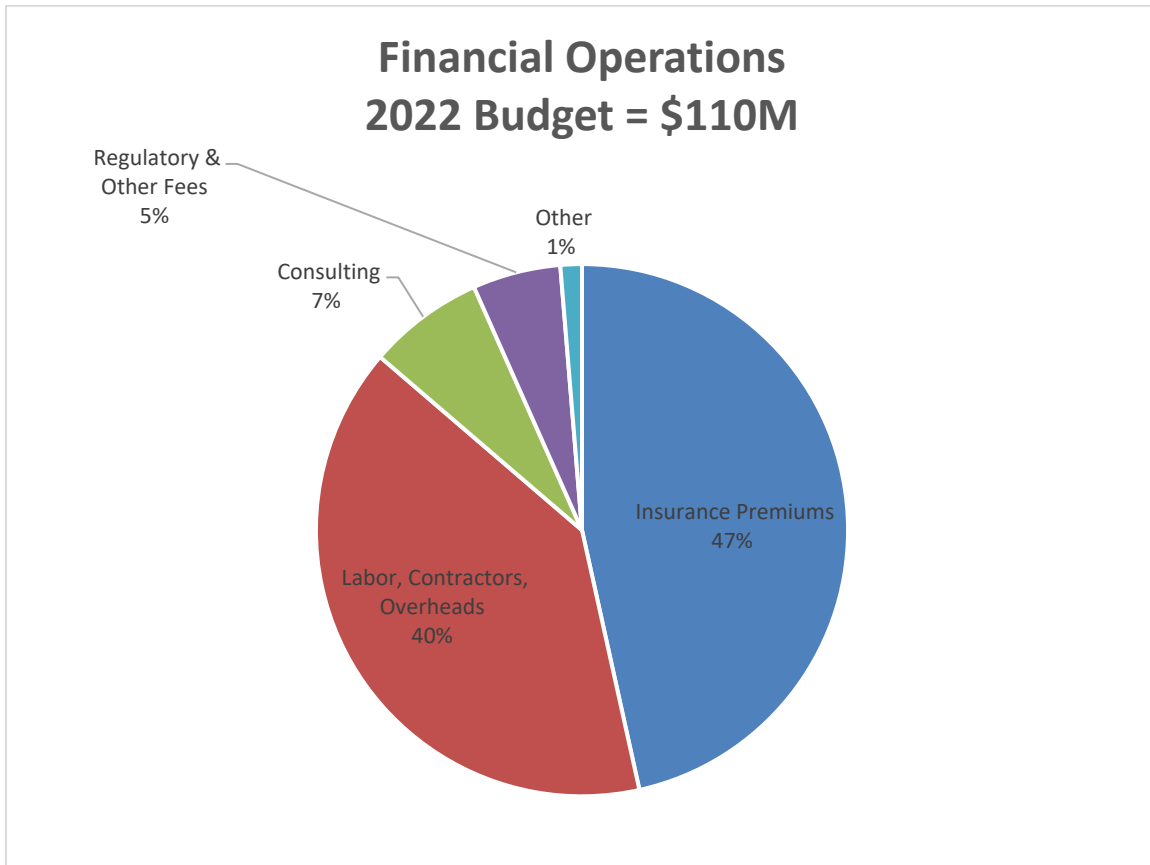
Insurance: Primarily driven by increases in policy premiums

Regulatory & Other Fees: Bank charges, licenses fees and permits, and ratemaking fees.

Labor: Increased costs for internal labor due to 3% merit increases, headcount changes and partially offset by decreased by reduced reliance on staff augmentation contractors.

Other: Usage of external consulting increasing to normal levels versus 2020.

2022 Xcel Energy O&M Budget Major Cost Drivers



Insurance – includes property; general, excess and auto liability; nuclear, cyber, fiduciary and directors and officers insurance

Labor and contract – Labor for the Financial Operations organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

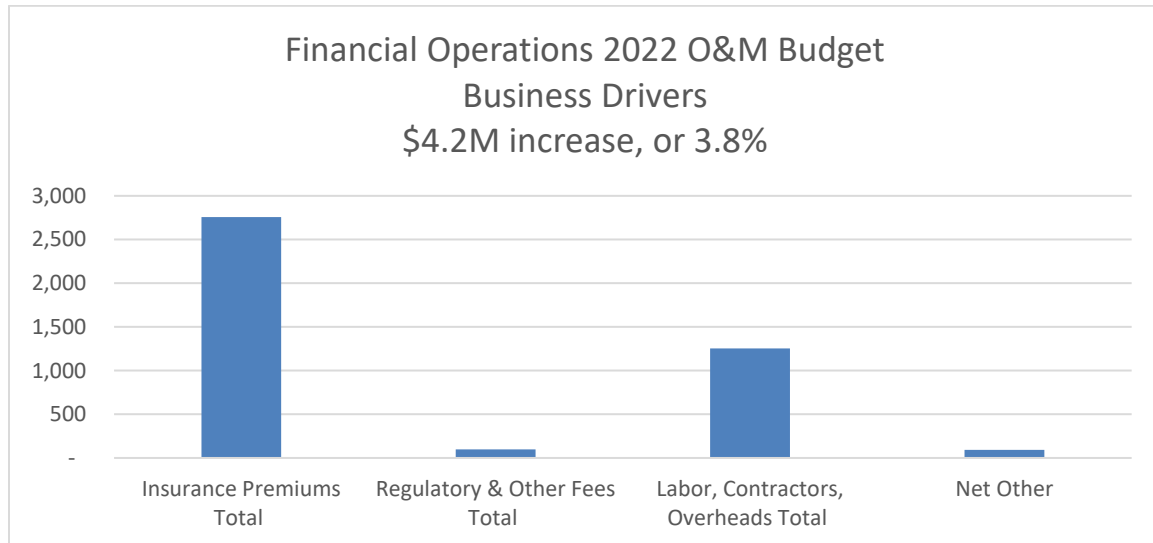
Consulting – primarily for financial audits, tax consulting, regulatory compliance, cost studies and auditing co-source support

Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

2022 Xcel Energy Walk Forward of Major Cost Drivers

Financial Operations Xcel Energy 2021 O&M Budget Chart		
(Dollars in thousands)		
2021 O&M Budget		\$106,007
Insurance		2,757
Surplus	1,500	
Property	547	
General Liability	320	
Miscellaneous other insurance categories	389	
Regulatory		97
Remarketing and Rating	80	
Other Fees	17	
Labor		1,254
Company labor with merit increase	1,248	
Contract labor for staff augmentation	6	
Net Other		93
2022 O&M Budget		\$110,208

2022 Xcel Energy Walk Forward of Major Cost Drivers



Insurance: Non-nuclear liability insurance increases are due to overall market trends reflecting the adverse loss history, severity of claims and increasing fire risks across the utility industry. Non-nuclear property insurance increases due to a hardening market. Policy renewals are increasing moderately for remaining policies.

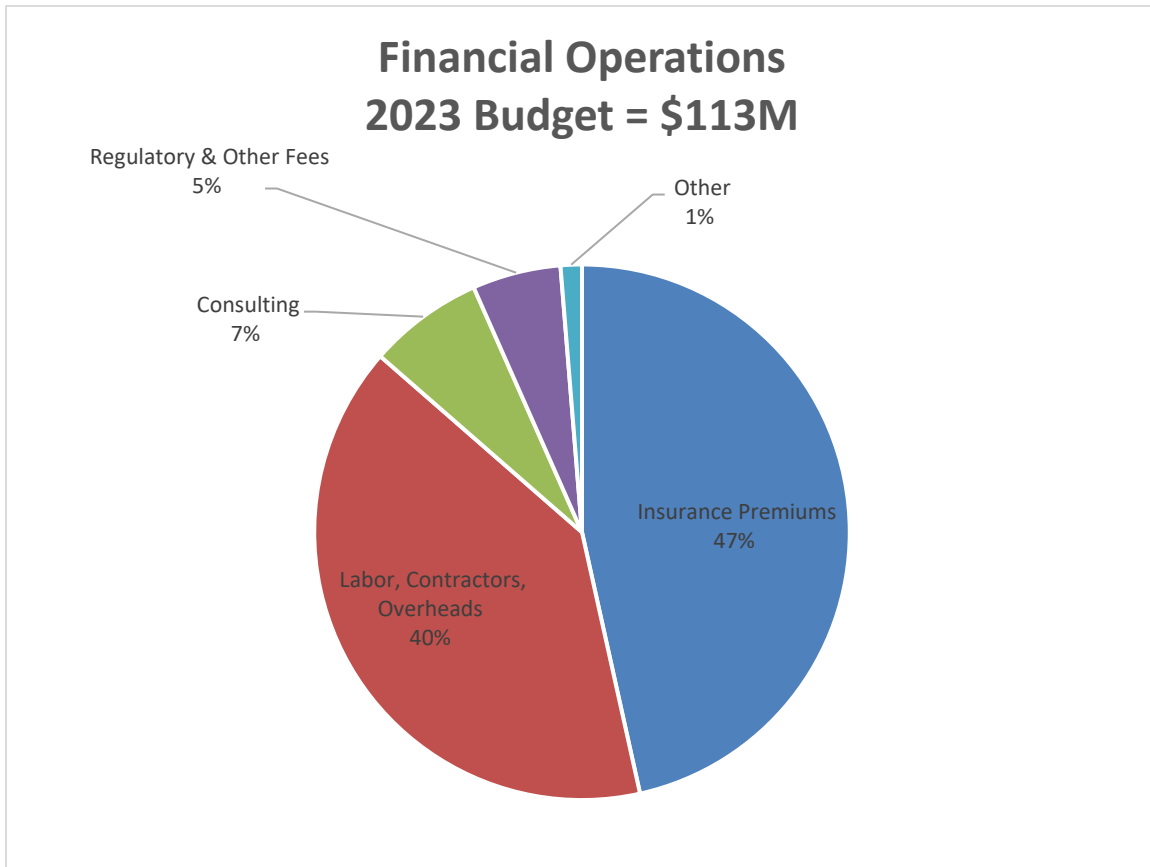
Regulatory & Other Fees: Bank charges, licenses fees and permits, and ratemaking fees.

Labor: Escalations are for staff merit increases

Other :

Primarily due to slightly increased project consulting costs.

2023 Xcel Energy O&M Budget Major Cost Drivers



Insurance – includes property; general, excess and auto liability; nuclear, cyber, fiduciary and directors and officers insurance

Labor and contract – Labor for the Financial Operations organization is made up of exempt, benefit, non-benefit, and contracted personnel to perform the key activities described under the Major Business and Key Activities section.

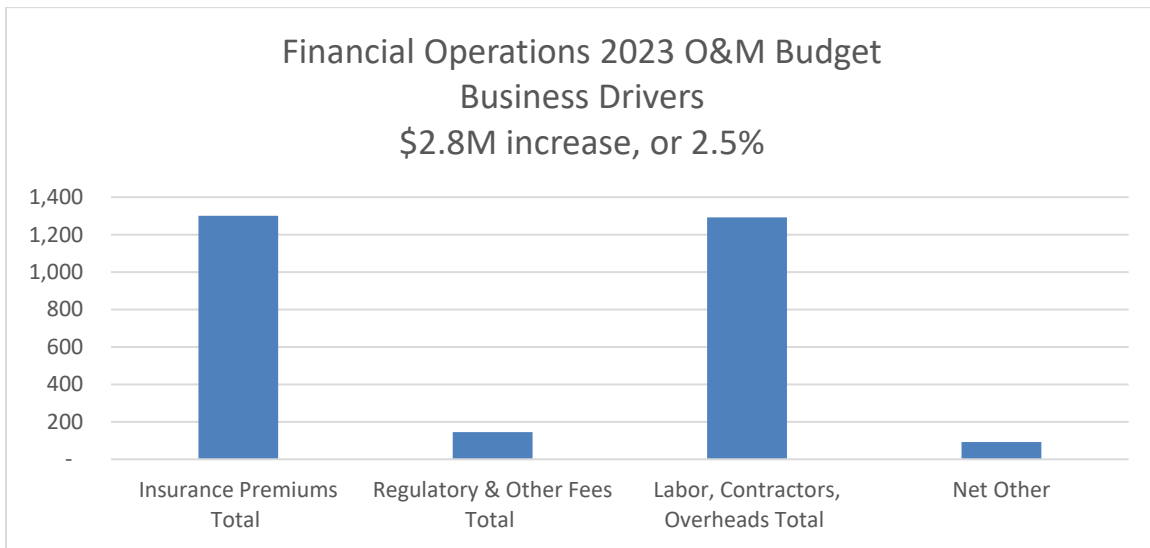
Consulting – primarily for financial audits, tax consulting, regulatory compliance, cost studies and auditing co-source support

Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

2023 Xcel Energy Walk Forward of Major Cost Drivers

Financial Operations 2022 O&M Budget Chart		
(Dollars in thousands)		
2022 O&M Budget		\$110,208
Insurance		1,301
Property	537	
General Liability	319	
Excess Liability	246	
Miscellaneous other insurance categories	199	
Regulatory		145
Remarketing and Rating	135	
Other Fees	10	
Labor		1,292
Company labor with merit increase	1,286	
Contract labor for staff augmentation	6	
Net Other		92
2023 O&M Budget		\$113,039

2023 Xcel Energy Walk Forward of Major Cost Drivers



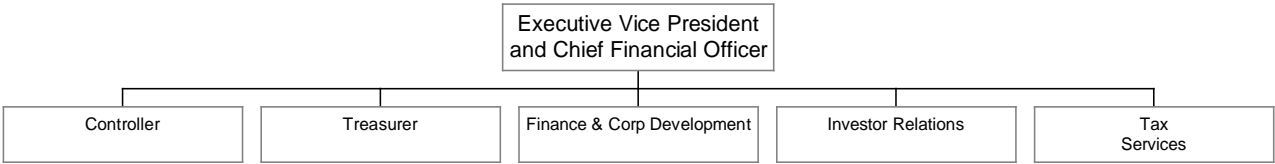
Insurance: Non-nuclear liability insurance increases are due to overall market trends reflecting the adverse loss history, severity of claims and increasing fire risks across the utility industry. Non-nuclear property insurance increases due to a hardening market. Policy renewals are increasing moderately for remaining policies.

Labor: Escalations are for staff merit increases

Regulatory & Other Fees: Slightly increased bond maintenance and rating agency fees.

Net Other: Primarily due to slightly increased project consulting costs.

Functional Organization Chart



Cost Allocation Methodologies

The methods used to distribute costs to a legal entity and utility include:

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described below. Please see Exhibit__ (RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP Cost Center	JDE Subledger Code	Description
200065	116	Investor Relations - Corporate Governance includes the labor and non-labor costs for communications to investors and the financial community, providing management with feedback from investors, assisting in the communication to investors of debt and equity securities issuances, assists in the development of presentations for Board of Directors, develops and delivers Xcel Energy's credit story to credit rating agencies, develops and presents Xcel Energy's investment story to investors, reviews all public financial documents for accuracy and completeness and distributes all financial releases. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200066	121	Accounting, Reporting & Tax - Corporate Governance includes the labor and non-labor costs associated with preparing and filing consolidated reporting and financial statements, preparing consolidated budgets, completing the consolidation process, maintaining the books and records of Xcel Energy Inc. and Service Company, composing the corporate-wide regulatory accounting policy and compliance, Sarbanes-Oxley (SOX) documentation and compliance, and Chief Financial Officer activities related to the Audit Committee. Provides financial leadership to Xcel Energy and provides policies, controls, and leadership to the Financial Operations business area. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200067	131	Audit Services corporate governance includes the labor and non-labor costs associated with the financial operations and information system audits of the holding company and service company; evaluating and improving risk management, corporate internal control guidelines and procedures; ethical conduct and the implementation of best practices, reviewing financial reporting requirements and controls under Sarbanes-Oxley legislative requirements, auditing of consolidated financial statements and activities related to the Audit Committee, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties, providing consulting services to management for operational and process improvement reviews, assistance in internal investigations of fraud, administering the corporate compliance hotline, conflict of interest investigations, or other potential violations of the Xcel Energy Code of Conduct. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description
200068	141	Corporate Finance, Treasury & Cash Management - Corporate Governance includes the labor and non-labor costs related to equity and debt securities issuance, relationships with financial institutions, cash management, investing activities and monitoring the capital markets, holding company commercial paper transactions, compliance with debt covenants, corporate-wide protection of assets from catastrophic loss using risk financing mechanisms including captive risk retention and design and negotiation of insurance contracts with commercial and industry mutual underwriters (Service Company portion of Auto Liability, Cyber, and various other insurance policies), supervising the asset management firms for the Pension Fund and 401k benefits. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200069	143	Risk Management Corporate Governance includes the labor and non-labor costs of providing administration of the Transaction Review Committee which handles contract and deal approvals for Commercial Operations, Resource Planning and Energy Supply, provides analysis associated with key risks facing Xcel Energy Inc., negotiates and manages required security (e.g., bank letters of credit, bonds and guarantees among others); reviews and approves all documents requiring Contracts area sign-off. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200070	161	Corporate Strategy & Business Development - Corporate Governance includes the labor and non-labor costs associated with providing leadership for the implementation of company-wide business strategies and plans; portfolio management including the evaluation of potential opportunities for mergers, acquisitions and divestitures; providing financial, analytical and reporting support; researching and providing business intelligence information. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200080	135	Capital Asset Accounting includes the labor and non-labor costs associated with operating and non-operating company capital asset accounting, budgeting, regulatory reporting, business area support for utility areas, and operating company budgeting support.
200087	123	Accounting, Reporting & Tax - Regulated includes the labor and non-labor costs associated with operating company revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting.
200088	127; 133	Accounting, Reporting, Tax & Audit Services - Regulated Electric includes the labor and non-labor costs associated specifically with operating company electric utility revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, capital asset accounting auditing operating companies, evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies electric utility, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies electric utility, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies electric utility. Additionally, costs for electric association dues including Edison Electric Institute (EEI).

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description
200089	132	Audit Services - OpCo's & TransCo's includes the labor and non-labor costs for auditing operating companies, evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies.
200090	146	Risk Management - OpCo's & TransCo's includes the labor and non-labor costs of oversight and administrative of operating company risk management work, working with counterparties to establish enabling agreements with operating companies, risk management reports including all operating companies (such as CDAD - Contract Development, Approval & Delegation or TRC- Transaction Review Committee Reporting).
200091	147	Captive Insurance - The Property Loss Control Engineers services includes the labor and non-labor costs for each primary Operating Company(s) as well as all of Energy Supply Services. Having an expertise in an area, they lend support to each other and members of Energy Supply, and the Utilities Group, throughout the corporation. Fire Protection, Transformer Maintenance, Turbine Characteristics, Policies and Procedures are some of the areas in which expertise has been developed. This expertise is then shared on a regular basis to the benefit of all OpCo's and it is further shared at periodic Engineering meetings hosted by Hazard Insurance, which bring together Engineers from the OpCo's, the Property Loss Control Engineers and Insurance Company representatives to promote Loss Control.
200096	431	Energy Markets Business Services includes the labor and non-labor costs for financial analysis, budgeting and administrative support, managerial reporting and business planning and process initiatives, independent daily forward valuation and risk measurement of commodity transactions and system fuel and purchase power requirements to meet system loads, as well as proprietary or trading transactions; creates retail system load and energy forecasts providing regular updates to senior management and analyses of key drivers, reviews and provides comments to dealmakers on non-standard agreements and associated confirmation agreements in the areas of coal supply, gas supply, wood fuel, rail, trucking, structured power purchases and nuclear/uranium concentrates and services; provides analyses for electric/gas hedge studies and sensitivities; creates load management forecast, jurisdictional peak demand forecasts, and cost of service studies for energy trading and marketing.
200098	468	Electric Transmission FERC 566 services include Transmission electric labor and non-labor costs associated with accounting, budgeting, regulatory reporting, and capital asset accounting.
200100	134	Accounting, Reporting, Tax & Audit Services – Regulated Gas includes the labor and non-labor costs associated specifically with gas utility revenue accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, capital asset accounting, auditing, evaluating and improving risk management, ethical conduct and the implementation of best practices for operating companies gas utility, conducting financial operations and information system audits, performing audits and reviews for compliance with regulatory and legal requirements and contracts with vendors and other parties; establishing and reviewing internal controls for operating companies gas utility, establishing and reviewing SOX compliance requirements/control testing and evaluating contract risks for the operating companies gas utility. Additionally, costs for gas association dues including American Gas Association (AGA).

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description
200102	470	Gas Distribution FERC 880 services include gas Distribution labor and non-labor costs associated with accounting, budgeting, regulatory reporting, and capital asset accounting.
200105	125	Accounting & Reporting - NSPM & NSPW includes the labor and non-labor costs associated with NSPM & NSPW accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting.
200106	126	Accounting & Reporting Electric - NSPM & NSPW includes the labor and non-labor costs associated with NSPM & NSPW accounting, budgeting, regulatory reporting, sales and use taxes, business area support for utility areas, operating company budgeting support, and capital asset accounting specific to the electric utility.
200121	474	Distribution Electric & Gas and Transmission Gas Miscellaneous FERC 588, 880, & 859 services include gas distribution, gas transmission, and electric distribution labor and non-labor costs associated with accounting, budgeting, and regulatory reporting.
200126	423; 440; 525	Utilities Group Administrative & General (A&G) FERC 921 services includes the labor and non-labor costs for utilities group leadership, management and support services for the Distribution, Transmission, transportation and supply chain areas.
200133	128	Proprietary Trading - Back Office includes the labor and non-labor costs associated with the accounting support and vice president oversight of proprietary trading activities. This allocator should be primarily used by Accounting and Finance, or others providing Administrative & General (A&G) activities when the trading deal doesn't involve Xcel Energy Utility generating resources, which is also considered non-asset-based trading activity.
200134	144	Proprietary Trading - Front/Mid Office FERC 557 includes the labor and non-labor costs associated with proprietary trading activities which are short term transactions undertaken in the wholesale electric markets where electricity is purchased for the purpose of selling it. Also included are supporting activities: evaluating the credit worthiness of counterparties, reviewing contracts to ensure that regulations are being complied with, evaluating profitability and appropriateness of trades to ensure they are in the best interest of shareholders and rate payers, and ensuring that trades identified as proprietary appropriately fall into that category.
200173	129	Generation Trading/Native Hedge - Back Office includes the labor and non-labor costs associated with oversight and administration of accounting related trading costs including generation trading and native hedge. This allocator should be primarily used by Accounting and Finance, or others providing Administrative & General (A&G) activities when energy trades are executed using one of Xcel Energy Utilities generation resources.
200174	145	Generation Trading/Native Hedge - Mid Office FERC 557 includes the labor and non-labor costs associated with independent evaluation and risk measurement of trading and generation book transactions, including preparing daily P&L (profit and loss) reports and individual trader profit and loss reports for the prop book, daily generation book valuation reports for each system showing all net fuel positions and any forward sales values and/or hedges, ensuring that margin reporting follows all SEC rules and GAAP reporting and that credit and risk policies and procedures are complied with.

Cost Allocation Methodologies

SAP Cost Center	JDE Subledger Code	Description
200178	417	Rates & Regulation includes the labor and non-labor costs for determining the regulated utilities' revenue requirements and rates for electric and gas customers regulatory strategy, coordinating the regulatory compliance requirements, establishing and maintaining relationships with regulatory bodies, policy development of regulatory and legislative strategy, preparing and organizing rate case filings.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 20, 2020

Jack Haggard

Manager, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Adam Diitenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Richard Schrubbe

AVP, Financial Analysis and Planning

2021 – 2023 Budget Documentation

Group President, Utilities

NSPM President

Major Business Functions and Key Activities

Introduction

The NSPM President organization consists of the following key areas: Regulatory & Government Affairs, Community Relations and Large Account Management. The organization is responsible for meeting financial goals, improving customer satisfaction, identifying new market opportunities and ensuring regulatory compliance.

Customer Value

The NSPM President organization provides oversight and input into the NSPM business plan developed by the operational areas and works to maximize the final results. The business plan is designed with both short and long term views so that immediate issues are addressed without sacrificing the long term sustainability of the system. Customers benefit from the integration through the successful execution of the plan designed to provide reliable energy and to support the environment.

The Regulatory & Government Affairs area provides technical analysis and consulting services on issues that impact rate recovery, pricing, regulatory policy and regulatory compliance. These organizations provide testimony to support company positions in regulatory proceedings and coordinate the preparation of expert testimony of subject matter experts in other business areas. Regulatory & Government Affairs also manages ongoing communications with regulators to ensure constructive relationships and sharing of timely and accurate information so that both Regulators and Xcel Energy decision makers have the necessary facts to understand the implications of their actions on customers, shareholders, employees and the industry.

The Community Relations area is responsible for the important priority of improving or maintaining relationships with the states and communities in which Xcel Energy operates. In all of the service territories we serve, the company is a leader in corporate giving and employee volunteerism. Each group plays a significant role in engaging managed account customers, constituents, and businesses through grass roots efforts and appealing to elected leaders. The knowledge gained through these interactions assists the company in shaping strategy in regards to legislative bills that are championed, or fought against, to protect the interest of our customers.

The Large Account Management department is responsible for working with the 1,500 largest business customers in the jurisdiction to be a strategic resource to key customers on: rates, reliability, energy efficiency, and project management. Account Managers provide a single point of contact for both large regional and national customers to assist in customer extensions, reliability improvements, and project support along with helping customers meet their sustainability and energy efficiency needs.

Major Business Functions and Key Activities

Operating Company President - Northern State Power - Minnesota (NSPM)

Community Relations

- Serves as a single point of contact for regional and local governments regarding outage communication, governmental billing and service issues, construction activities, municipal franchise renewals, utility service, and community events and activities.
- Coordinates new customer acquisitions for gas, electric, and builder developer relationships.
- Provides a single customer service contact for large business customers, assisting them with issues such as new service construction, billing, reliability, contracts, and participation in Demand Side Management (DSM) programs.

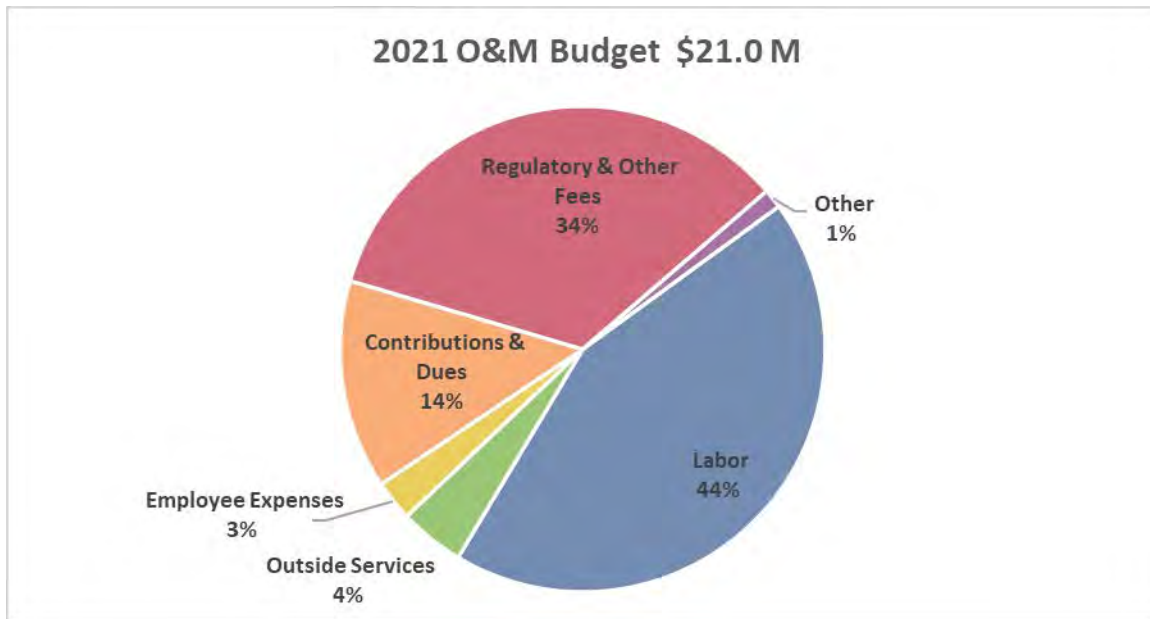
Regulatory & Government Affairs

- The lead work group for filing and securing approvals of rate cases, resource plans, construction applications, compliance filings and other miscellaneous filings before state and/or federal regulatory agencies.
- Leads company efforts in pricing and rate design, fuel cost recovery and various other cost recovery mechanisms, regulatory policy analysis, customer contract negotiations, revenue forecasting for budgets and long range planning. Assists Revenue Analysis Group in CFO organization in preparing financial analysis and revenue requirements to support various internal needs and external company filings with regulatory agencies.
- Coordinates company participation in state and federal regulatory proceedings. Consults with other Xcel Energy regulatory departments and other business areas to support their regulatory needs. Acts as liaison between company business areas and regulatory agencies.
- Determines the appropriate policy direction, alternatives and primary directive for Xcel Energy's regulatory and legislative strategy. Takes lead in securing regulatory approval of initiatives to meet legislative mandates.
- Internal legislative policy development and issues management.
- Informs management and internal customers of political and policy trends and developments.
- Manages state-level policy development to create positive outcomes for the company.
- Develops and maintain relationships with public officials and staff.
- Lobbies elected officials and reports lobbying activities.
- Operates, expands, and reports activities of Xcel Energy political action committees, as required/authorized by law.
- Educates employees on policy issues and election activities.

Large Account Management

- Work with customers to develop energy efficiency pipeline of projects to exceed DSM goals.
- Facilitate customer needs with area engineering, design, billing, and managing contracts along with credit and collection activity
- Outage Communications, interface with Area Engineering, Control Center, ops & Customer.

2021 Total NSPM O&M Budget Major Cost Drivers



Costs are categorized as Labor, Regulatory & Other Fees, Contributions & Dues and Outside Services.

Labor – Labor for the NSPM President organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

Regulatory & Other Fees – Direct and Indirect regulatory fees are an allocation of costs from the state of MN regulating agencies. Direct fees are costs associated with NSP dockets. Indirect fees are an allocation of agency costs that are not captured through direct assessments.

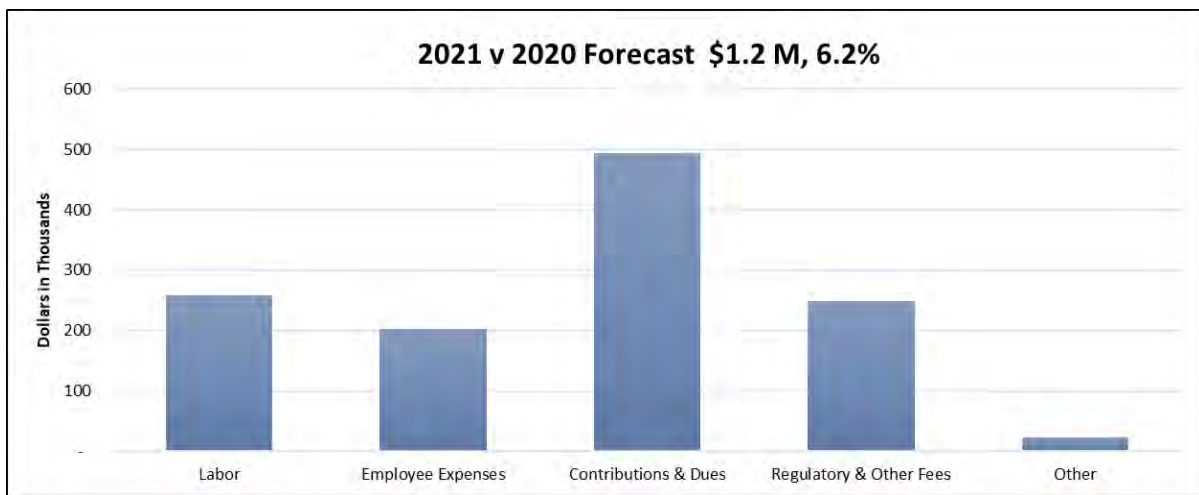
Contributions & Dues – Contributions & Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

2021 Total NSPM Walk Forward of Major Cost Drivers

2020 July Year End Forecast to 2021 Budget	
2020 July Year End Forecast	19,760
Labor	258
Employee Expenses	203
Contributions & Dues	494
Regulatory & Other Fees	248
Other	23
2021 Budget	20,986



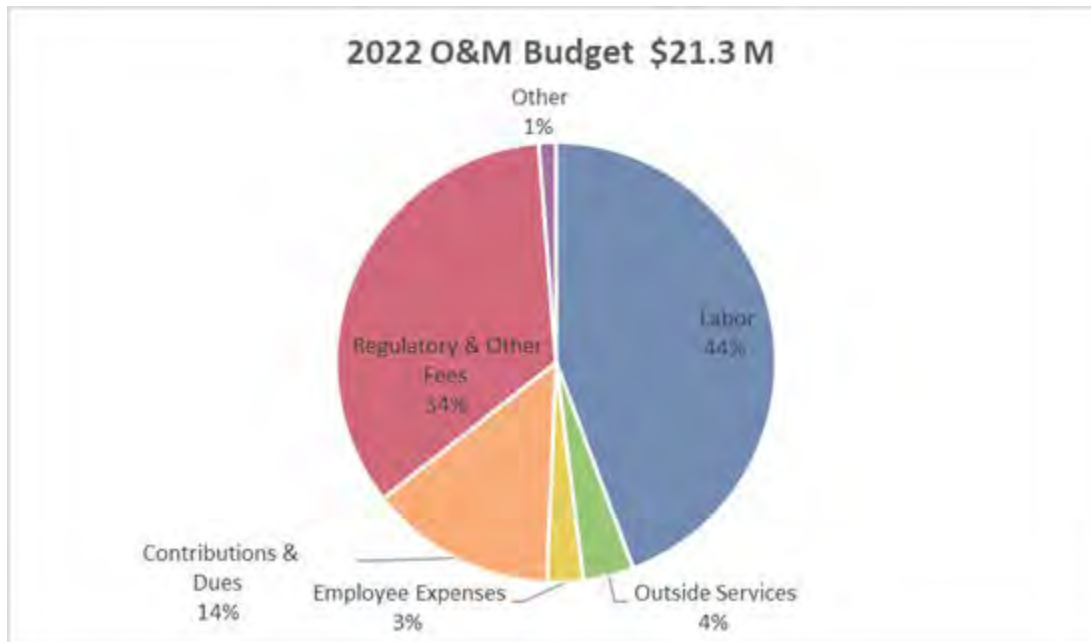
Labor – increase is primarily due to the annual merit cycle as well as the timing of hiring open positions and the budget representing a fully staffed organization, less normal attrition

Employee Expenses – Increased year over year expenses are driven by reduced activity in 2020 due to companywide travel restrictions. 2021 is budgeted at normal activity levels for the organization to achieve its objectives.

Contributions & Dues – Increased year over year expenses are driven by reduced activity in 2020 due to economic impact of COVID 19. 2021 is budgeted to return to normal activity levels for the organization to achieve its objectives. Drivers include costs not recovered from rate payers associated with community sponsorships, association dues and corporate sponsored tickets.

Regulatory & Other Fees – Indirect and direct fees are increased based upon anticipated revenue changes and case filings.

2022 Total NSPM O&M Budget Major Cost Drivers



Costs are categorized as Labor, Regulatory & Other Fees, Contributions & Dues and Outside Services.

Labor – Labor for the NSPM President organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

Regulatory & Other Fees – Direct and Indirect regulatory fees are an allocation of costs from the state of MN regulating agencies. Direct fees are costs associated with NSP dockets. Indirect fees are an allocation of agency costs that are not captured through direct assessments.

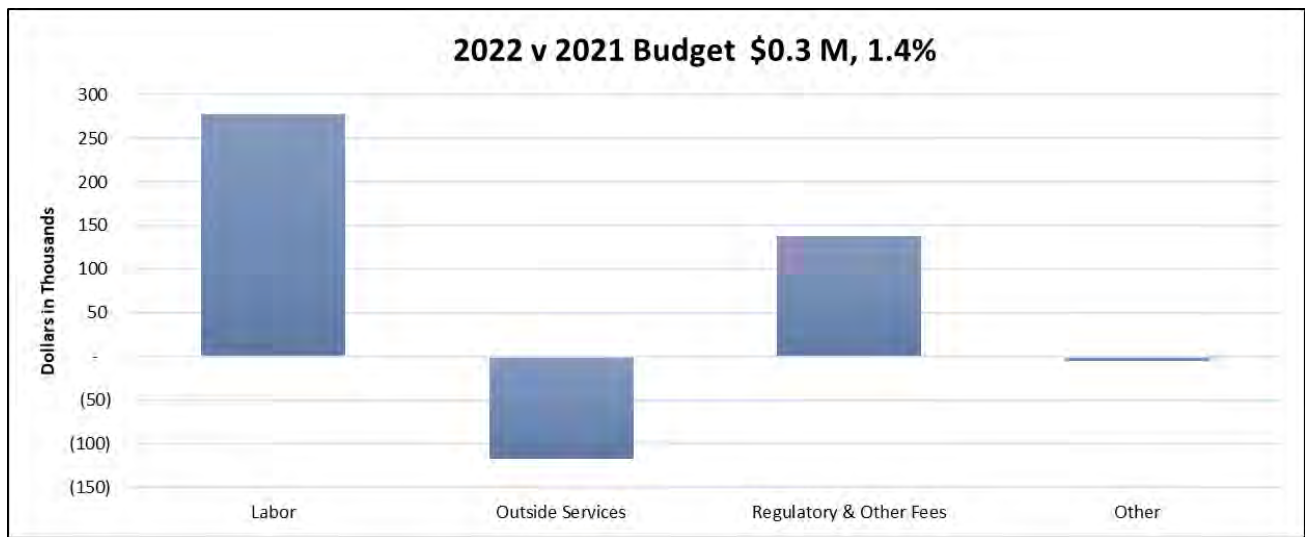
Contributions & Dues – Contributions & Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

2022 Total NSPM Walk Forward of Major Cost Drivers

2021 Budget to 2022 Budget	
2021 Budget	20,986
Labor	277
Outside Services	(118)
Regulatory & Other Fees	137
Other	(5)
2022 Budget	21,278

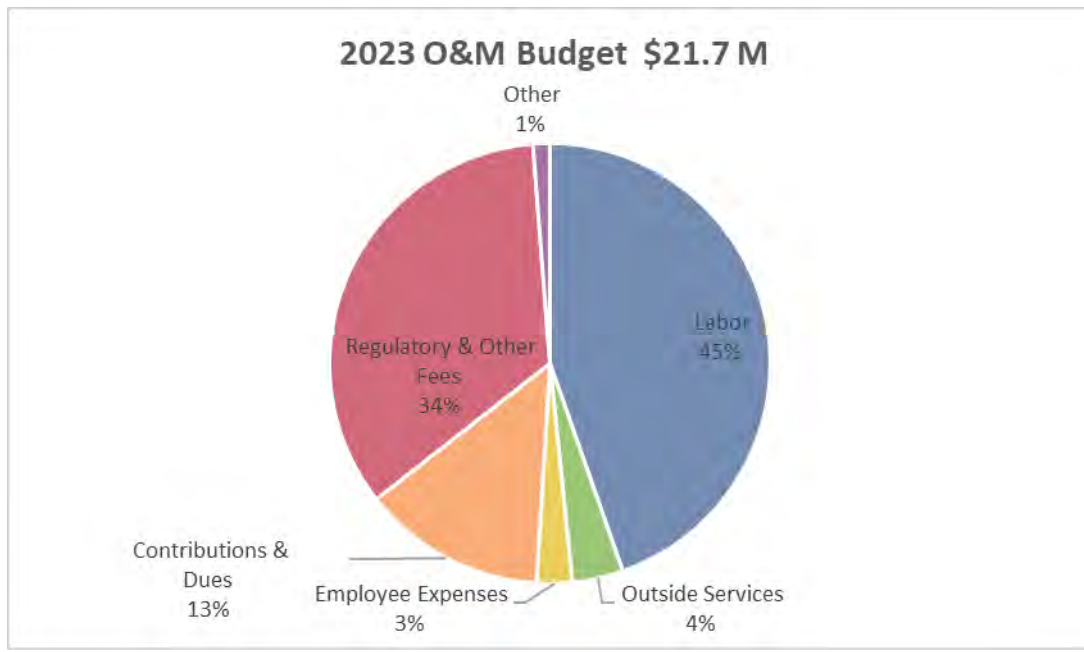


Labor – increase is due to the annual merit cycle.

Outside Services – Reduced Community Relations consulting.

Regulatory & Other Fees – Indirect and direct fees are increased based upon anticipated revenue changes and case filings.

2023 Total NSPM O&M Budget Major Cost Drivers



Costs are categorized as Labor, Regulatory & Other Fees, Contributions & Dues and Outside Services.

Labor – Labor for the NSPM President organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

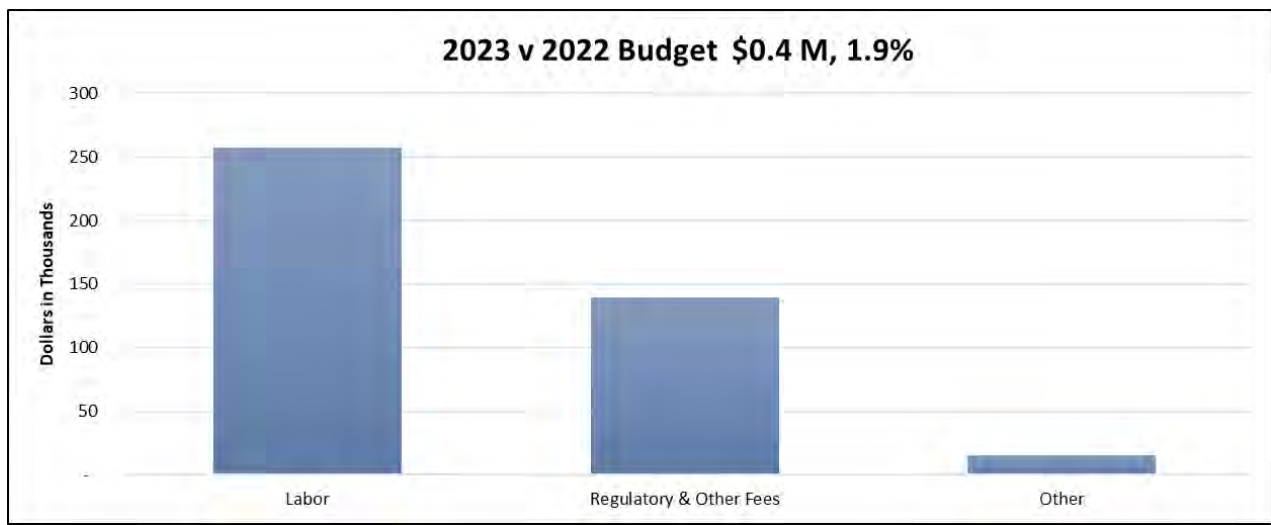
Regulatory & Other Fees – Direct and Indirect regulatory fees are an allocation of costs from the state of MN regulating agencies. Direct fees are costs associated with NSP dockets. Indirect fees are an allocation of agency costs that are not captured through direct assessments.

Contributions & Dues – Contributions & Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

2023 Total NSPM Walk Forward of Major Cost Drivers

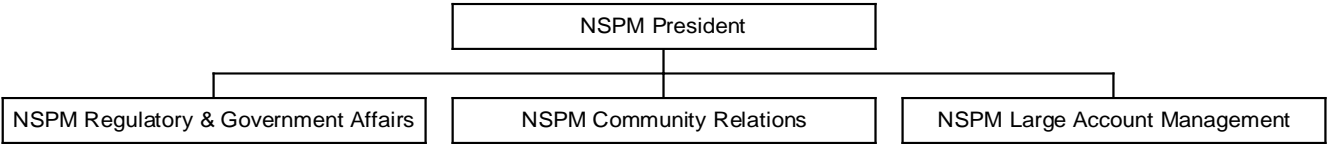
2022 Budget to 2023 Budget	
2022 Budget	21,278
Labor	257
Regulatory & Other Fees	140
Other	15
2023 Budget	21,690



Labor – increase is due to the annual merit cycle.

Regulatory & Other Fees – Indirect and direct fees are increased based upon anticipated revenue changes and case filings.

Functional Organization Chart



Cost Allocation Methodologies

This business area direct charges all costs to the NSPM Company. There are no service company cost allocation methodologies used.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____

Date: October 20, 2020

Raynard Gray

Manager, Business Area Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Adam Dietenberger

Director, Business Area Finance

Approved By: _____ /s/ _____

Date: October 20, 2020

Rich Schrubbe

AVP, Financial Analysis and Planning

2021 – 2023 Budget Documentation

General Counsel

Introduction

General Counsel provides critical legal and strategy services to Xcel Energy, its operating companies and its subsidiaries with a focus on advancing strategic objectives. In addition to Legal Services, General Counsel includes Claims Services and Corporate Secretary.

Customer Value

The Legal Services group anticipates and fulfills the legal needs of Xcel Energy Inc., its Board of Directors, Officers, Subsidiaries, Business Areas, and Corporate Operations Areas. It provides services related to a myriad of complex legal issues related to corporate governance and compliance, securities, labor and employment law, litigation, contracts, franchises, rates and regulation, environmental matters, real estate, and other legal matters. In addition, Legal Services supports Xcel Energy and its subsidiaries in fulfilling Corporate and Business Area strategies, ranging from maintaining and improving stakeholder and regulatory relationships to continued leadership on environmental issues.

The Claims Services group provides effective, efficient, and professional claims services for Xcel Energy's matters related to casualty, public, and legal entity claims against the company; ranging from simple liability claims to catastrophic loss investigations. When the company is entitled to indemnity or compensation from insurers or other third parties for losses or damages to company equipment and or facilities, Claims Services helps ensure that the company recovers amounts sufficient to compensate it for loss, to the extent possible. In addition to Legal Services support, the Claims group also provides as needed support to the Operating Companies and subsidiaries in their respective service territories and jurisdictions.

The Corporate Secretary group provides a variety of support services to Xcel Energy Inc. and its subsidiaries. Services include management of Board of Director's, Shareholder's meetings and Director recruitment. This team develops and coordinates the enterprise efforts to fulfill our strategic plans. These efforts are shaped to drive alignment and collective action to deliver on our corporate vision and strategic priorities.

Major Business Functions and Key Activities

The General Counsel Business Area is a part of Xcel Energy Services Inc. (XES) and provides a variety of support services to Xcel Energy Inc. and its subsidiaries. These services are provided in accordance with the XES Service Agreements entered into with each subsidiary. The Service Agreements are administered in accordance with Federal Energy Regulatory Commission (FERC) regulations regarding public utility holding companies.

Office of the General Counsel

Office of the General Counsel includes oversight of the work performed by Claims Services & Legal Services.

Legal Services

- Anticipates and fulfills the legal needs of Xcel Energy, its Board of Directors, officers, legal entities, business areas, and corporate operations in a responsive, timely and accurate manner to protect the assets and to minimize potential liability, which benefits company stakeholders: customers, shareholders, and employees.
- Provides services related to corporate governance and compliance, securities, labor and employment law, litigation, contracts, franchises, rates and regulation, environmental matters, real estate, and other legal matters.
- Supports Xcel Energy and its subsidiaries in fulfilling corporate and business area strategies ranging from maintaining/improving stakeholder and regulatory relationships to continued leadership on environmental issues.

Claims Services

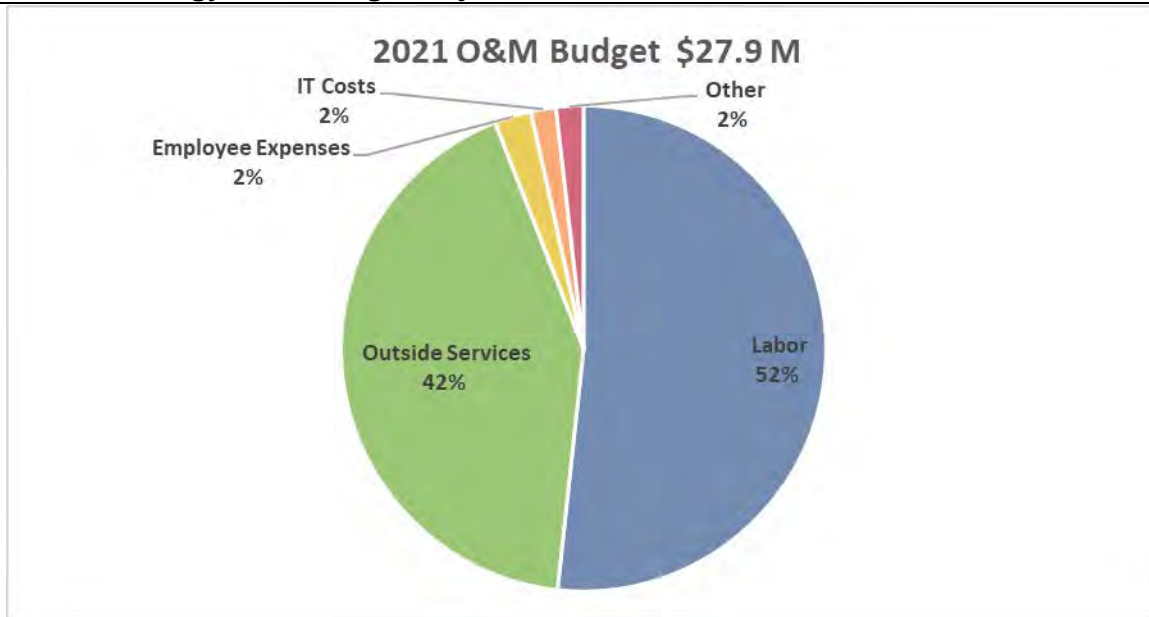
- Provides effective, efficient and professional 24 x 7 claims services for Xcel Energy's matters related to casualty, public and legal entity claims against the company; ranging from simple liability claims to investigations of catastrophic loss investigations. Pursues indemnification or compensation for losses or damages to company equipment and/or facilities.
- Supports Legal Services and the operating companies in their respective service territories within regional jurisdictions. Occasionally, Claims Services may be asked to provide services to an Xcel Energy non-utility subsidiary (e.g., Eloigne).
- Provides training seminars for employees to ensure compliance with claims investigation procedures.

Corporate Secretary

Corporate governance practices:

- Board of Directors:
 - Ensure SEC, Nasdaq and legal compliance
 - Manage the creation & coordination of meeting materials and maintain official company records
 - Annual Shareholders meeting
- Corporate Governance:
 - Annual review of charters and other governance documents
 - Board and Committee evaluations
 - Investor outreach
- Regulatory Filings:
 - Proxy Statement and Section 16 transactions
 - FERC Interlock and Informational Filings
 - Secretary of State annual reports
- Subsidiary Management
 - Quarterly Operating Company Board Meetings
 - Resolutions: Annual Officer and Director election, Dividend, Capital Investment Projects
 - Entity management

2021 Xcel Energy O&M Budget Major Cost Drivers



Labor – Labor for the General Counsel organization is made up of exempt, benefit and non-benefit personnel to perform the key activities described under the Major Business and Key Activities section.

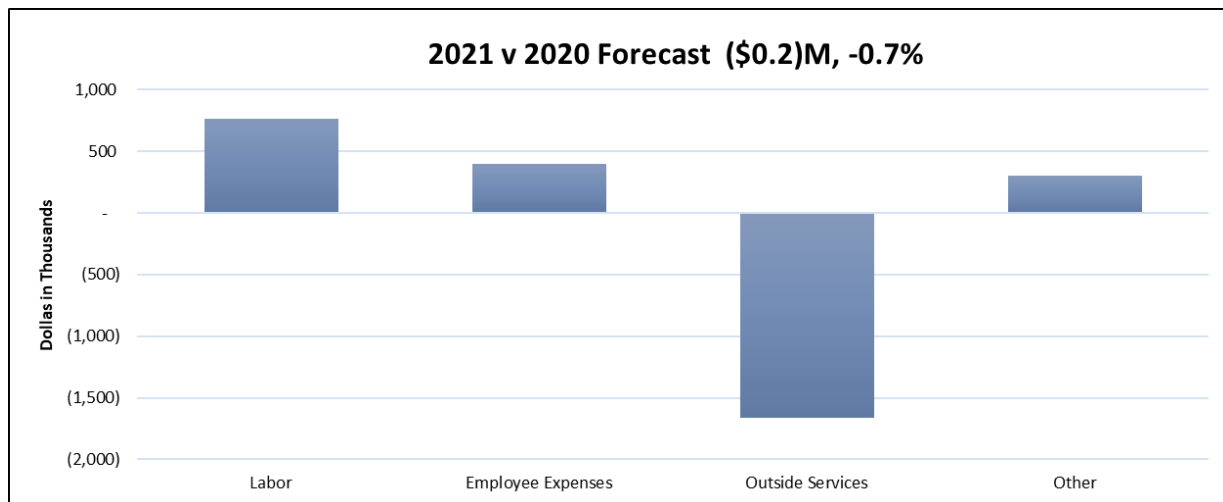
Consulting – Expenses for outside legal costs (outside law firms, experts, court reporters, etc.).

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Other – Consists of primarily IT and Contributions and Dues. IT costs are primarily for software support and maintenance costs associated with Legal Services' software applications. Contributions and Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

2021 Walk Forward of Major Cost Drivers

2020 July Year End Forecast to 2021 Budget	
2020 July Year End Forecast	28,069
Labor	762
Employee Expenses	398
Outside Services	(1,664)
Other	300
2021 Budget	27,865

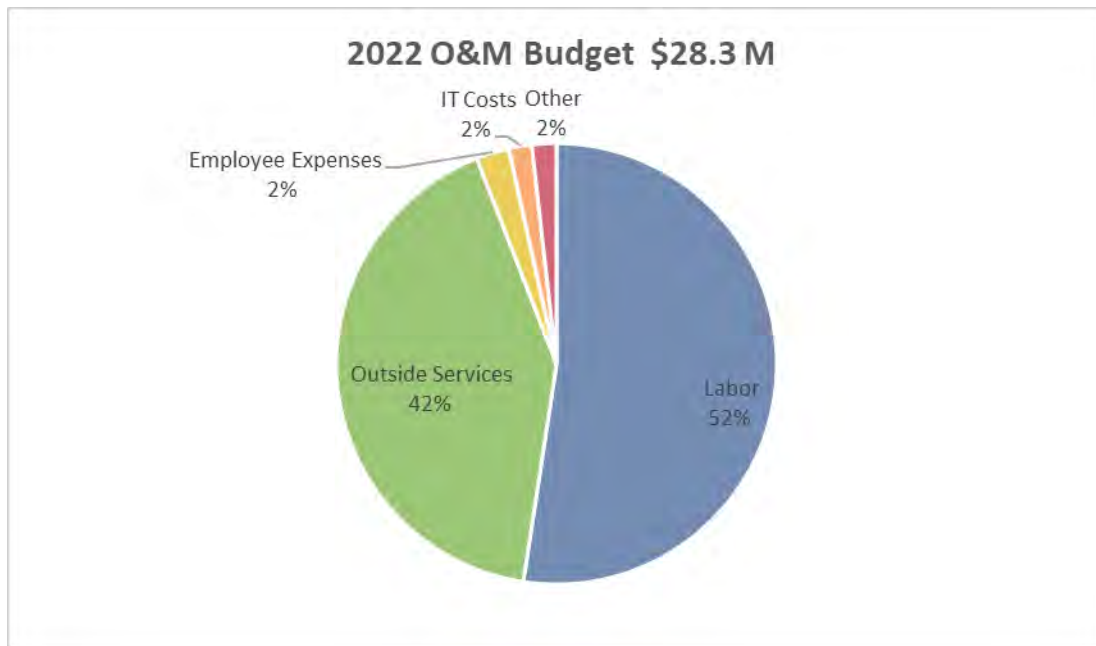


Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Expenses for outside legal costs fluctuate year-to-year due to the number, type, and magnitude of legal matters or increase/decrease in outside legal fees.

Employee Expenses – Increased year over year expenses are driven by reduced activity in 2020 due to companywide travel restrictions. 2021 is budgeted at normal activity levels in order for the organization to achieve its objectives.

2022 Xcel Energy O&M Budget Major Cost Drivers



Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

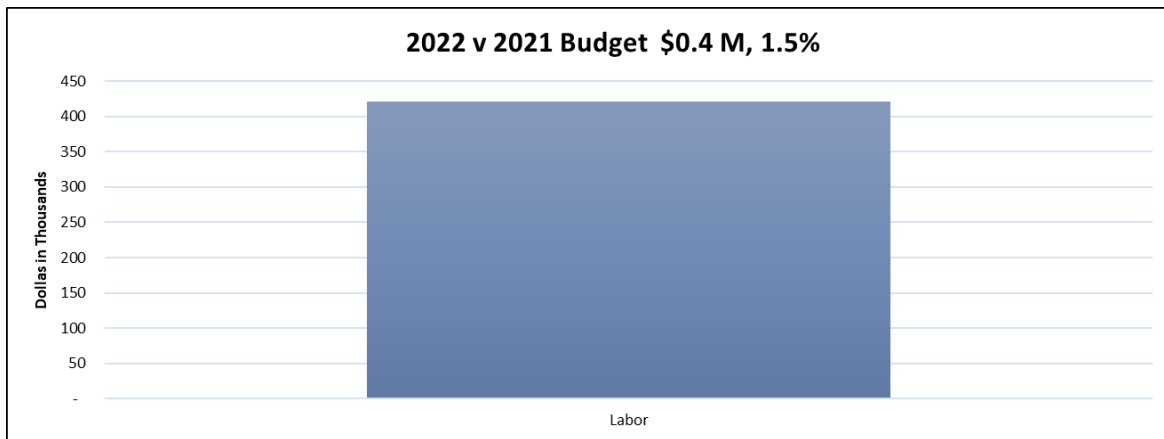
Outside Services – Expenses for outside legal costs fluctuate year-to-year due to the number, type, and magnitude of legal matters or increase/decrease in outside legal fees.

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Other – Consists of primarily IT and Contributions and Dues. IT costs are primarily for software support and maintenance costs associated with Legal Services' software applications. Contributions and Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

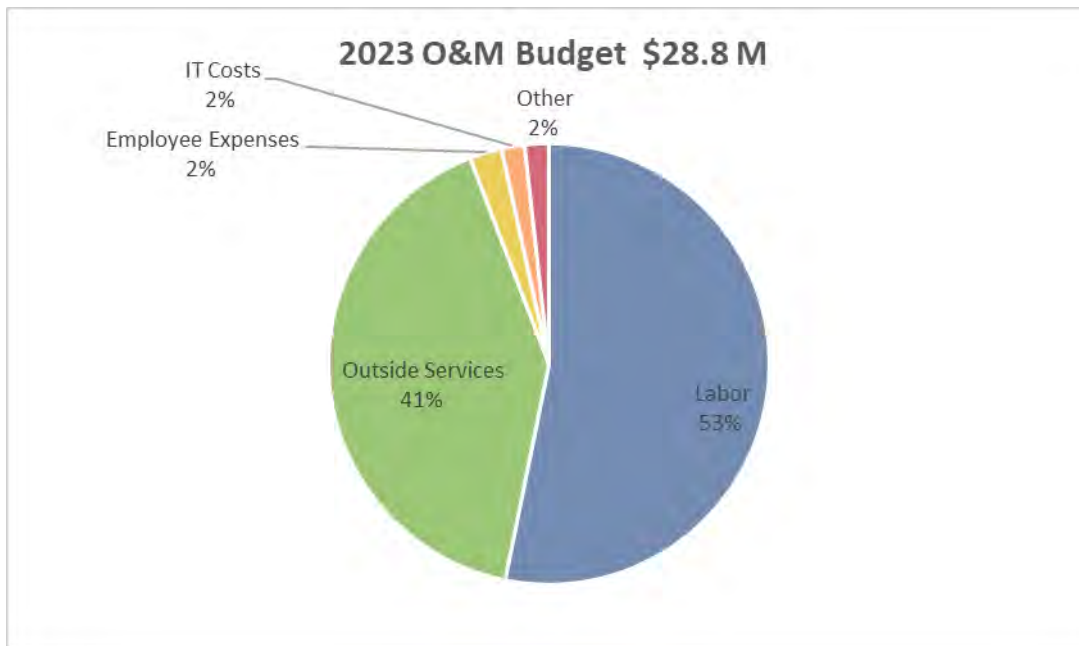
2022 Walk Forward of Major Cost Drivers

2021 Budget to 2022 Budget	
2021 Budget	27,865
Labor	421
Other	11
2022 Budget	28,297



Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases.

2023 Xcel Energy O&M Budget Major Cost Drivers



Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases. The budget includes an updated workforce plan and full staffing levels.

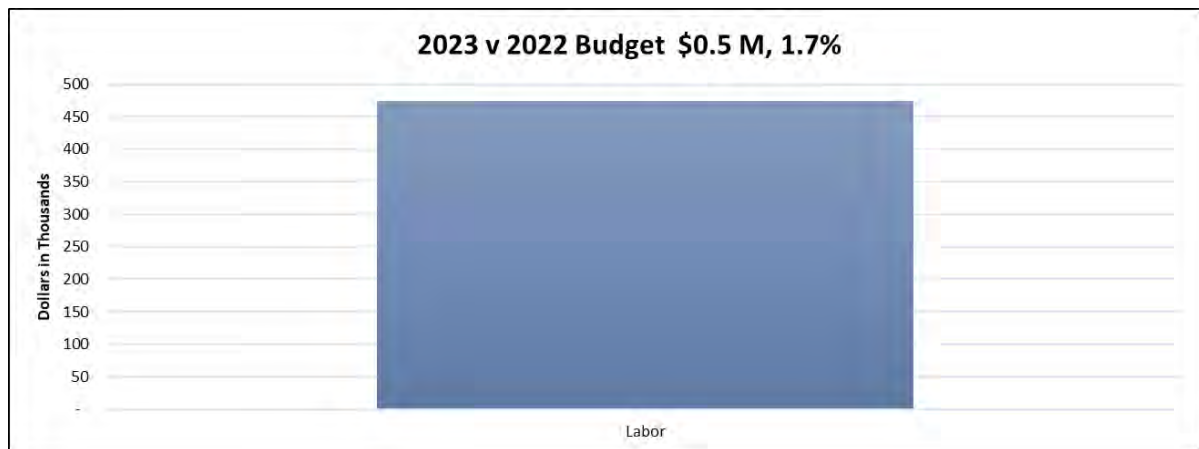
Outside Services – Expenses for outside legal costs fluctuate year-to-year due to the number, type, and magnitude of legal matters or increase/decrease in outside legal fees.

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Other – Consists of primarily IT and Contributions and Dues. IT costs are primarily for software support and maintenance costs associated with Legal Services' software applications. Contributions and Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

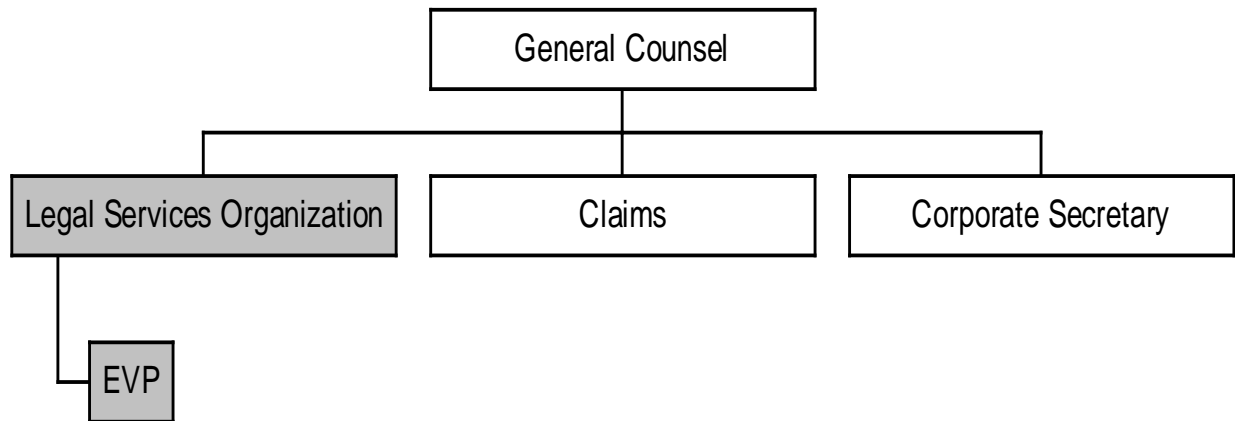
2023 Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	28,297
Labor	473
Other	6
2023 Budget	28,776



Labor – Base productive and non-productive labor costs are increased based on 3 percent merit increases.

Functional Organization Chart



Cost Allocation Methodologies

The methods used to distribute costs to legal entity and utility include:

Operating Company Direct Charges:

General Counsel direct charges non-labor outside legal counsel costs to the specific legal entity for which the services were performed or costs incurred.

Service Company Direct Charges:

Service Company charges are direct charged whenever possible. General Counsel direct charges most labor and non-labor costs to the specific legal entity for which the services were performed or costs incurred.

Service Company Allocated Charges:

When direct charging is not practical, or where services performed are not specifically related to a legal entity, General Counsel allocates labor and non-labor costs to the legal entities benefiting from the services performed or costs incurred. The primary methods utilized for each service area are described below. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

SAP	JDE	
Cost Center	Work Order No.	Description of Services Provided
200071	171	Legal - Corporate Governance includes the labor and non-labor costs for anticipating and fulfilling the legal needs of Xcel Energy, its Board of Directors, officers, legal entities, business areas and corporate operations to protect the company's assets and to minimize potential liability. Provides services related to labor and employment law pertaining to Service Company employees, litigation, contracts, rates and regulation, environmental matters and other legal matters. Supports Xcel Energy and its subsidiaries in fulfilling corporate and business area strategies ranging from maintaining/improving regulatory relationships to continued leadership on environmental issues. Corporate governance activities are generally services that are performed on behalf of all Xcel Energy operating companies and affiliates, including Xcel Energy Inc.
200086	170	Legal & Claims Services includes the labor and non-labor costs for operating and non-operating legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate, contracts, and claims services related to casualty, public, and company claims.
200107	172	Legal - NSPM & NSPW services include the labor and non-labor costs for legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate and contracts specific to NSPM & NSPW. This is primarily used by the General Counsel area.

Operating Company Direct Charges are costs incurred directly by a particular operating company. For example, the relevant operating company pays insurance premiums for operating-company-specific policies. These premiums are shown as direct charges to that operating company.

Service Company Direct Charges are costs incurred by the Service Company on behalf of an operating company. For example, some Budgeting personnel may be involved in a specific operating company initiative (e.g., a rate case or other regulatory filing). Any Service Company labor costs associated with this initiative are billed directly to the relevant operating company.

Service Company Allocated Charges are costs for which a unique operating company cannot be determined or which are incurred on behalf of all operating companies. For example, general Budgeting services are provided on a centralized basis for all Xcel Energy legal entities. The Service Company labor costs associated with these services are allocated to the legal entities using allocations. The primary methods utilized for each service area are described above. Please see Exhibit__(RLB-1), Schedule 4 for a complete list of the Company's allocators.

Approvals

This document has been checked for errors in calculations and content.

Prepared By: _____ /s/ _____ Date: October 20, 2020

Raynard Gray

Manager, Business Area Finance

Approved By: _____ /s/ _____ Date: October 20, 2020

Adam Dietenberger

Director, Business Area Finance

Approved By: _____ /s/ _____ Date: October 20, 2020

Rick Schrubbe

AVP, Financial Analysis & Planning

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Northern States Power Company Minnesota
d/b/a Xcel Energy
For Authority to Increase Rates for the Electric Utility
Service in the State of Minnesota

Docket No. E002/GR-20-723

IHS Markit Guideline Analysis

October 2020

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- I. Overview of Comparison of Certain 2021 NSPM Budgeted Operating Expenses to IHS Markit-Inflated 2019 Actual Expenses
- II. Explanations of 2021 Deviations from IHS Markit Guidelines
- III. Computation of 2021 IHS Markit Guideline Amounts and Comparison to 2021 NSPM Budget

OVERVIEW OF COMPARISON OF 2021 NSPM BUDGETED OPERATING EXPENSES TO IHS MARKIT-INFLATED 2019 ACTUAL EXPENSES

Background

In its final order for NSPM's 1991 electric rate case (Docket No. E002/GR-91-1), the Commission required that a Data Resource Institute (DRI) or comparable industry index be incorporated as a guideline in future rate cases and that explanations be provided for deviations from such guidelines. IHS Markit maintains quarterly indexes for many utility industry FERC accounts.

The Company has prepared an analysis comparing budgeted 2021 operating expenses to 2019 actual expenses, inflated to 2021 levels using IHS Markit indexing.

Analysis Provided

The analysis consists of two parts: (1) analytical explanations (by FERC account number) for significant differences between the 2021 budget amounts and the expected levels based on IHS Markit-inflated 2019 actuals; and (2) a numeric summary of the inflated 2019 amounts in comparison to 2021 budgeted amounts.

The analysis excludes certain costs such as purchased power, fuel, production interchange agreement billings, conservation improvement program costs (CIP), and other amortizations that are not budgeted as part of departmental operating and maintenance (O&M) expense, to develop the expense base for IHS Markit indexing.

Use of Indexing

The corresponding 2021 and 2021 index for each FERC account was applied to the 2019 actual costs to create a guideline expectation for 2021 for comparison to 2021 budget amounts included in NSPM's 2021 test year rate filing.

For amounts that did not have an index available, the 2019 actual costs were not inflated in determining a 2021 expectation.

Budgeting by FERC Account

NSPM 2021 expenses have been budgeted by FERC account. In addition to this comparison of guideline expenses to 2021 budget accounts, the Budget Documentation filed with this case in (Volume 6) includes a summary of operating and maintenance expenses by FERC account and cost object account for 2021 budget and 2019 actual amounts. Finally, budget work papers that provide additional support for this documentation are available for review upon request.

We are continuously improving and refining our budgeting process. In some cases, 2021 costs have been budgeted in different FERC accounts than the 2019 actual costs were

recorded due to either improvements in the assigned FERC or simplification of budget assumptions for costs that may be incurred across multiple FERC accounts.

Although these differences in budgeting categorization may cause deviations from IHS Markit expectations in any one FERC account, they would generally be offset by corresponding deviations in the opposite direction in other FERC account(s). Accordingly, we have identified the deviations caused by changes in how budgeting occurs between FERC account.

Explanations of Deviations

Explanations were provided for all significant deviations between the 2021 budgeted expense and the escalated 2019 amounts. These explanations are on a FERC account-by-account basis. We have also attempted to provide an overall explanation of the aggregate deviation for each major expense category (production, transmission, etc.). Deviation explanations for certain smaller accounts were also included to provide the Commission with further information on the cost of labor and materials, or changes in the scope of project activity, from 2019 to 2021.

In this regard, it is important to understand that the index for individual FERC accounts represents a projected average benchmark for all utilities across the country at a point in time (in our case, the second quarter of 2020). Reasonable variations from the national average should be expected because NSPM, or any other individual utility, would not necessarily reflect the national average. In any year, individual utilities will have their own operating and maintenance programs designed to address the unique needs of their facilities at that time.

The following table compares Northern States Power Minnesota Company's total 2021 electric utility O&M budget to the respective projected cost based on the Company's 2019 actual costs escalated to their 2021 levels, as calculated by applying IHS Markit-inflation indices. The econometric models that determine these indices are based on average historical statistical relationships which do not isolate changes specific to one company, nor do they fully reflect current structural changes that are unique to a specific company. The summary also identifies expense items and cost increases that are unique to the Company. Allowing for these differences provides a more comparable view of the Company's budgeted costs relative to the utility industry's average cost escalation rates.

This analysis reflects Northern States Power Minnesota Company total electric utility costs. The Regulatory area directly assigns or allocates costs to the State of Minnesota electric jurisdiction. In addition, the Regulatory area makes various test period adjustments to eliminate certain costs not included within the State of Minnesota electric jurisdiction cost of service. Thus these represent business area costs in total prior to adjustments, so not all of the above costs are reflected in the cost of service, nor are the costs all part of our request for rates.

Summary

Overall, the 2021 budgeted operating and maintenance (O&M) costs compared to IHS Markit-inflated actuals are as follows:

	Power Production	Transmission	Regional Market	Distribution	Cust. Accts	Cust Serv & Inform	Sales	A&G	Total
GI-Inflated 2019 Guideline	497,986,245	159,185,115	286,040	127,320,681	57,700,413	4,928,426	46,166	262,980,627	1,110,433,714
2021 NSPM Budget	510,193,983	166,681,012	379,802	149,524,366	72,839,590	3,398,328	302,257	281,820,458	1,185,139,795
Deviation	12,207,737	7,495,896	93,762	22,203,685	15,139,177	(1,530,098)	256,090	18,839,831	74,706,081
Normalization Adjustment									
Nuclear Outage Amortization	5,559,493								5,559,493
Transmission I/A bill from NSPW		(2,203,451)							(2,203,451)
Normalized Deviation	17,767,230	5,292,445	93,762	22,203,685	15,139,177	(1,530,098)	256,090	18,839,831	78,062,122
% Deviation	2.5%	4.7%	32.8%	17.4%	26.2%	-31.0%	554.7%	7.2%	6.7%
Normalized % Deviation	3.6%	3.3%	32.8%	17.4%	26.2%	-31.0%	554.7%	7.2%	7.0%

NSPM's total budgeted O&M levels are greater than the escalated levels by \$74,706K. Two adjustments, as described below, have been made to reflect a more normalized view between the 2021 budget and the 2019 actuals inflated to 2021. After normalization the O&M levels are greater than the escalated levels by \$78,062K.

The following adjustments have been made to normalize the variance between the 2021 budget and the 2019 actuals inflated to 2021. The normalization adjustments were calculated as the difference between the 2019 actual costs for the specific item, escalated to the 2021 level, compared to the Company's 2021 budgeted amount.

The first normalization adjustment relates to decreased nuclear outage amortization costs of (\$5,549K) between 2019 and 2021. Nuclear outage amortization expense was higher in 2019 than 2021. Higher outage amortization expense in 2019 was due to larger scale outages in 2018 at PI Unit 1 and in 2019 at Monticello (MT). Nuclear outages at PI Unit 1 forecast for 2020 and at Monticello (MT) forecast for 2021 were smaller in scale. Therefore, amortization expense in 2021 is lower.

The second normalization adjustment relates to the inter-company billing from NSPW Company to NSPM Company of transmission costs through the Interchange Agreement. The NSPM Transmission Interchange Agreement expense increased \$2,203K from 2019 to 2021 driven primarily by higher fixed transmission charges in 2021 due to increased book depreciation and property tax expense. The Interchange Agreement billing is a revenue requirement calculation including fixed charges, such as return on rate base and depreciation.

Trade Secret Justification

Xcel Energy has included information in this Volume which derives independent economic value from not being generally known to the public and which the Company has taken reasonable precautions to maintain as confidential and, therefore, trade secret pursuant to Minn. Stat. 13.37. Such information comprises proprietary annual economic inflation factors provided by IHS Markit and is subject to confidentiality provisions in the Company's agreements with IHS Markit pursuant to which the Company is restricted from providing this information publicly.

EXPLANATIONS OF 2021 DEVIATIONS FROM GLOBAL INSIGHT GUIDELINES

POWER PRODUCTION EXPENSES

Power Production expenses are expected to increase \$18,243K from 2019 actual costs to the 2021 budget. The 2021 budget amount is \$12,208K greater than 2021 projections using Global Insight (GI) indexes. The increase from 2019 actual to the 2021 budget is primarily driven by Other Power Generation \$36,731K for increased investments in wind farms, offset by Steam Power Generations (\$11,815K) for reductions in reduced labor and material expenses related to the managed decline of our coal plants and lower Nuclear Power Generation (\$6,568K) related to reduced benefits within nuclear generation and lower nuclear outage amortization.

Steam Power Generation

In total, Steam Power Generation costs are expected to decrease (\$11,815K) from 2019 actual costs to the 2021 budget. The 2021 budget amount is (\$14,182K) lower than 2021 projections using Global Insight indexes.

Steam Power Generation decreased (\$11,815K). The reduction is due to reduced labor and material expenses related to the managed decline of coal at the King and Sherco Plants (\$11,500k) and reductions in steam expenses in 2021 at King due to expected seasonal operations (\$1,100).

Nuclear Generation

Nuclear generation costs are expected to decrease by (\$6,569K) from 2019 actual costs to the 2021 budget. The 2021 budget is (\$10,519K) lower than 2021 projections using Global Insight indexes.

Nuclear Generation decreased (\$6,569K). The decrease in benefits is due to a reduction in nuclear supervision and engineering for annual incentive benefits (\$2,700K), restricted stock units (\$1,000K) and performance share plan costs (\$800K). In addition, lower nuclear outage amortization costs are expected (\$3,800K). These decreases are offset by higher costs driven by headcount within the nuclear training group which encompassing training for operations, simulations, and general technical training \$1,625K.

Other Power Generation

Other Power Generation costs are expected to increase \$36,731K from 2019 actual costs to the 2021 budget. This 2021 budget amount is \$36,998K higher than 2021 projections using Global Insight indexes.

Other Power Generation increased \$36,731K. The higher costs are driven by investments in new wind farms. The increased wind costs are for maintenance \$17,650K, generation expenses \$9,800K, land easement payments \$5,800K and operation supervision and

engineering \$1,500K. In addition, there were increased costs at our gas plants totaling \$1,200K.

STEAM POWER GENERATION – Total GI Adjusted Deviation = (\$14,182K)

FERC 500 – Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = (\$1,061K) GI Adjusted Deviation = (\$1,106K)

The costs included within this account consist of the cost of labor and other expenses incurred in the general supervision and direction of the operation of steam power generating stations.

This variance was driven primarily by joint venture credits for contract labor amounts reimbursed by SMMPA. In actuals, these credits flow to FERC 922, resulting in a budget to actuals variance in both accounts which represents (\$950K) of the overall variance.

FERC 501 – Fuel

2021 Budget to 2019 Actual Deviation = \$1,611K GI Adjusted Deviation = (\$111K)

The costs included within this account include the cost of fuel used in the production of steam for the generation of electricity including fuel-handling costs. Substantially all of the costs included in the account are cost of goods sold and are excluded from this analysis.

In 2019, there was a correcting credit entry made in FERC 501 between O&M and COGS. The Company is not forecasting this correction in O&M in 2021 which represents \$1,621K of the overall variance.

FERC 502 – Steam Expenses

2021 Budget to 2019 Actual Deviation = (\$553K) GI Adjusted Deviation = (\$863K)

The costs included within this account consist of labor, materials used and expenses incurred in production of steam for electric generation.

The reduction in steam expenses related to seasonal operations at the King Plant accounted for (\$1,100K).

Energy Supply had costs for Black Dog operations still flowing to steam FERCs after its conversion to gas a few years ago. This correction was made in mid-2019 with the offset being in FERC 548 for \$(1,900K)

Energy Supply also had Sherco expenses budgeted to FERC 502 instead of FERC 505 for \$2,300K.

FERC 505 – Electric Expense

2021 Budget to 2019 Actual Deviation = (\$2,145K) GI Adjusted Deviation = (\$2,089K)

The costs included within this account consist primarily of labor, materials used and expenses incurred in operating electric equipment up to the point where electricity is delivered to the transmission or distribution system.

Energy Supply had Sherco costs budgeted to FERC 502 instead of FERC 505 which caused this variance (\$2,300K).

FERC 506 - Miscellaneous Steam Power Expenses

2021 Budget to 2019 Actual Deviation = \$2,322K GI Adjusted Deviation = \$2,089K

The costs included within this account consist of labor, materials used, and expenses incurred that are not specifically provided for or are not readily assignable to other steam generation operation expense accounts.

This account had increases related to predicted facilities costs including utility costs, interior/exterior maintenance, and snow removal for \$279K, offset by labor decreases expected due to the managed decline of coal (\$500K). The remainder of the variances were reclasses for allocated facilities costs between FERC 506 and 507 for \$1,174K and for Energy Supply environmental costs between FERC 510 (\$500K), FERC 920 for \$1,250K, FERC 921 for \$200K, and FERC 923 for \$250K.

FERC 507 - Rents

2021 Budget to 2019 Actual Deviation = (\$1,153) GI Adjusted Deviation = (\$1,085K)

The costs included within this account consist of rents of property used, occupied or operated in connection with steam power generation.

This variance is directly related to a reclass for allocated facilities costs between FERC 506 and 507 for (\$1,174K).

FERC 509 – Allowances

2021 Budget to 2019 Actual Deviation = N/A GI Adjusted Deviation = N/A

This account includes the cost of allowances expensed concurrent with the monthly emission of sulfur dioxide.

FERC 510 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = (\$2,603K) GI Adjusted Deviation = (\$2,607K)

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of maintenance activities at steam generation facilities.

Energy Supply is expected to reduce costs in 2021 for labor due to the managed decline of coal within our coal plants (\$2,800K). In addition, Wilmarth expenses were being budgeted in FERC 510 instead of FERC 506 for \$500K.

FERC 511 – Maintenance of Structures

2021 Budget to 2019 Actual Deviation = (\$4,318K) GI Adjusted Deviation = (\$4,096K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of steam structures.

Energy Supply is expected to reduce costs in 2021 for labor and materials due to the managed decline of coal within our coal plants (\$5,000K). This is offset with a misalignment between budgeted FERC and the FERC assigned to actual dollars between FERC 511 and FERC 522 for \$705K.

FERC 512 – Maintenance of Boiler Plant

2021 Budget to 2019 Actual Deviation = (\$1,935K) GI Adjusted Deviation = (\$2,139K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of steam boiler plant.

Energy Supply is expected to reduce costs in 2021 for labor and materials due to the managed decline of coal within our coal plants (\$1,900K).

FERC 513 – Maintenance of Electric Plant

2021 Budget to 2019 Actual Deviation = (\$217K) GI Adjusted Deviation = (\$273K)

The costs included within this account consist of labor, materials used, and expenses incurred in the maintenance of electric plant.

FERC 514 – Maintenance of Miscellaneous Steam Plant

2021 Budget to 2019 Actual Deviation = (\$1,762K) GI Adjusted Deviation = (\$1,902K)

The costs included within this account consist of labor, materials used, and expenses incurred in maintenance of miscellaneous steam generation plant.

Energy Supply is expected to reduce costs in 2021 for labor and materials due to the managed decline of coal within our coal plants (\$1,800K).

NUCLEAR POWER GENERATION –Total GI Adjusted Deviation = (\$10,519K)

FERC 517 – Nuclear Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = (\$6,794K) GI Adjusted Deviation = (\$7,535K)

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the operation of nuclear power generation stations.

Nuclear benefit costs are expected to reduce their nuclear supervision and engineering for annual incentive benefits (\$2,700K) ((\$1,700K) due to a prior year true-up being recorded in 2019 actuals, but not in 2021 budget), restricted stock units (\$1,000K) and performance share plan costs (\$800K).

Nuclear is estimating to have lower nuclear outage amortization costs (\$685K) in 2021 as compared to 2019. (2021 budget amortization \$2,124K versus 2019 amortization \$2,809K)

Nuclear had a reallocation of labor based on expected hires in 2021 (see offsets within FERC accounts 517, 520, 524, 530 and 531) for (\$780K).

FERC 519 – Nuclear Coolants and Water

2021 Budget to 2019 Actual Deviation = (\$280K) GI Adjusted Deviation = (\$390K)

The costs included within this account consist of labor, materials used and expenses incurred for heat transfer materials and water used for steam and cooling.

FERC 520 –Nuclear Steam Expenses

2021 Budget to 2019 Actual Deviation = (\$23K) GI Adjusted Deviation = (\$520K)

The costs included within this account consist primarily of labor, materials used and expenses incurred in production of steam through nuclear processes.

Nuclear non-outage cost increased \$2,160K primarily due to an increase in base labor due to merit increases and new hires for operator classes in 2021 and higher contractor costs primarily for radioactive waste removals.

Nuclear had a reallocation of labor based on expected hires in 2021 (see offsets within FERC accounts 517, 520, 524, 530 and 531) for (\$1,170K).

Nuclear is expecting lower nuclear outage amortization costs of (\$1,104K) in the 2021 budget as compared to 2019 actual costs. (2021 budget amortization \$5,348K versus 2019 amortization \$6,452K)

FERC 523 – Nuclear Electric Expenses

2021 Budget to 2019 Actual Deviation = (\$553K) GI Adjusted Deviation = (\$478K)

The costs included within this account consist of labor, materials used and expenses incurred in operating electric equipment to the point where electricity is delivered to the transmission or distribution system.

Nuclear Generation non-outage cost decreased (\$367K) primarily due to a \$122K reduction in contract services due to PI Operations support and a \$125K reduction in labor.

Nuclear is estimating to have lower nuclear outage amortization costs (\$186K) in 2021 as compared to 2019. (2021 budget amortization \$247K versed 2019 amortization \$433K)

FERC 524 – Miscellaneous Nuclear Power Expenses

2021 Budget to 2019 Actual Deviation = \$8,023K GI Adjusted Deviation = \$5,748K

The costs included within this account consist of labor, materials used and expenses incurred that are not specifically provided for or are not readily assignable to other nuclear generation operation accounts.

Human Resources and Executive Services increase \$1,627K is driven by headcount within the nuclear training group, encompassing training for operations, maintenance, simulations, and general technical training.

Nuclear is estimating to have lower nuclear outage amortization costs (\$688K) in 2021 as compared to 2019. (2021 budget amortization \$1,331K versed 2019 amortization \$2,020K)

General Counsel savings (\$327K) is due to the fact legal matters fluctuate depending on business needs/strategies. This decrease is driven by reduced DOE budget.

The remainder of the variances were reclasses for allocated facilities costs between FERC 524 and 525 for \$6,045K, Nuclear had a reallocation of labor based on expected hires in 2021 (see offsets within FERC accounts 517, 520, 524, 530 and 531) for \$2,780K, Group Presidents regulatory labor was budgeted to FERC 920 instead of FERC 524 (\$820K) and Business Systems was driven by (\$637K) decrease in Contract Labor resulting from in-sourcing initiatives (see notes in FERC 920 and FERC 923).

FERC 525 – Rents

2021 Budget to 2019 Actual Deviation = (\$2,904K) GI Adjusted Deviation = (\$2,654K)

The costs included within this account consist of rents of property used, occupied or operated in connection with nuclear generation.

The primary driver in rents is related to two specific misalignments between budgeted FERC and the FERC that was actually charged for actuals. HR&ES had facilities costs misaligned between FERC 524 and 525 for (\$6,045K) and facilities costs between FERC 525 and 931 for \$3,482K.

FERC 528 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = (\$72K) GI Adjusted Deviation = (\$79K)

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of maintenance activities in nuclear generation facilities.

FERC 529 – Maintenance of Structures

2021 Budget to 2019 Actual Deviation = (\$25K) GI Adjusted Deviation = (\$24K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of structures.

FERC 530 – Maintenance of Reactor Plant Equipment

2021 Budget to 2019 Actual Deviation = \$3,945K GI Adjusted Deviation = \$3,643K

The costs included within this account consist of labor materials used and expenses incurred in the maintenance of reactor plant.

Nuclear Generation non-outage cost increased \$1,813K due to increases in contract services and materials due to work deferred from 2020 to 2021, maintenance work planned at Prairie Island and other plant maintenance work planned.

Higher nuclear outage amortization expenses of \$746K in the 2021 budget as compared to 2019 actual costs. Offsetting the higher amortization in this FERC account are lower costs amortization costs reflected in various other nuclear FERC accounts. (2021 budget amortization \$20,200K versus 2019 amortization \$19,455K).

Nuclear had diesel generator maintenance costs budgeted in FERC 530 instead of FERC 31 for \$970K.

Nuclear had a portion of mechanical maintenance costs in actuals going to FERC 532 based on work performed, but all costs being budgeted to FERC 530 for \$800K.

Nuclear had a reallocation of labor based on expected hires in 2021 (see offsets within FERC accounts 517, 520, 524, 530 and 531) for (\$390K).

FERC 531 – Maintenance of Electric Plant

2021 Budget to 2019 Actual Deviation = (\$442K) GI Adjusted Deviation = (\$543K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of electric plant.

Nuclear had diesel generator maintenance costs budgeted in FERC 530 instead of FERC 31 for (\$970K).

Nuclear Generation non-outage cost decreased (\$257K) primarily due to a reduction in labor.

Nuclear had a reallocation of labor based on expected hires in 2021 (see offsets within FERC accounts 517, 520, 524, 530 and 531) for (\$390K).

Higher nuclear outage amortization expenses of \$602K in the 2021 budget as compared to 2019 actual costs. Offsetting the higher amortization in this FERC account are lower costs amortization costs reflected in various other nuclear FERC accounts. (2021 budget amortization \$2,811K versus 2019 amortization \$2,208K).

Nuclear had a portion of electrical maintenance costs in actuals going to FERC 532 based on work performed, but all costs being budgeted to FERC 531 for \$500K.

FERC 532 – Maintenance of Miscellaneous Electric Plant

2021 Budget to 2019 Actual Deviation = (\$7,445K) GI Adjusted Deviation = (\$7,687K)

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of miscellaneous electric generating plant.

Nuclear Generation non-outage cost decreased (\$3,098K) primarily due to a reduction in materials due to an obsolete inventory write-off in 2019 and a reduction in contract services due to reduction in maintenance craft and contractor costs.

Lower nuclear outage amortization costs of (\$3,006K) in the 2021 budget as compared to 2019 actual costs. (2021 budget amortization \$11,760K versus 2019 amortization \$14,766K).

Nuclear had a portion of mechanical maintenance costs in actuals going to FERC 532 based on work performed but all costs being budgeted to FERC 530 for (\$800K).

Nuclear had a portion of electrical maintenance costs in actuals going to FERC 532 based on work performed, but all costs being budgeted to FERC 531 for (\$500K).

HYDRAULIC POWER GENERATION – Total GI Adjusted Deviation = \$1,223K

FERC 535 – Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$46K GI Adjusted Deviation = \$46K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the operation of hydraulic power generation stations.

FERC 536 – Water for Power

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The cost included within this account is the water used for hydraulic power generation.

FERC 537 – Hydraulic Expenses

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred in operating hydraulic works including reservoirs, dams and waterways.

FERC 538 – Electric Expenses

2021 Budget to 2019 Actual Deviation = (\$416K) GI Adjusted Deviation = (\$390K)

The costs included in this account consist of labor, materials used and expenses incurred in operating electric equipment to the point where electricity is delivered for transmission or distribution.

FERC 539 – Miscellaneous Hydraulic Power Generation Expenses

2021 Budget to 2019 Actual Deviation = (\$266K) GI Adjusted Deviation = (\$278K)

The costs included in this account consist of labor, materials used and expenses incurred that are not specifically provided for or are not readily assignable to other hydraulic generation operation expense accounts.

FERC 540 – Rents

2021 Budget to 2019 Actual Deviation = \$14K GI Adjusted Deviation = \$15K

The costs included within this account consist of rents of property used, occupied or operated in connection with hydraulic generation.

FERC 541 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$194K GI Adjusted Deviation = \$194K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of maintenance activities in hydraulic generation stations.

FERC 542 – Maintenance of Structures

2021 Budget to 2019 Actual Deviation = (\$16K) GI Adjusted Deviation = (\$15K)

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of hydraulic structures.

FERC 543 Maintenance of Reservoirs, Dams and Waterways

2021 Budget to 2019 Actual Deviation = (\$62K) GI Adjusted Deviation = (\$63K)

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of reservoirs, dams and waterways.

The decrease of (\$62K) is due primarily to the 2021 budget residing in FERC account 544 Maintenance of Electric Plant and FERC account 545 Maintenance of Miscellaneous Hydraulic Plant while the 2019 actual costs were posted to FERC account 543.

FERC 544 Maintenance of Electric Plant

2021 Budget to 2019 Actual Deviation = \$1,520K GI Adjusted Deviation = \$1,519K

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of hydraulic electric plant.

Energy Supply increase of \$1,500K is due to increase costs due to new wind farm generation.

FERC 545 Maintenance of Miscellaneous Hydraulic Plant

2021 Budget to 2019 Actual Deviation = \$195K GI Adjusted Deviation = \$195K

The costs included in the account consist of labor, materials used and expenses incurred in maintenance of hydraulic plant.

The increase of \$195K is due primarily to the 2021 budget residing in FERC account 545 while the 2019 actual costs were posted to FERC account 542 Maintenance of Structures and FERC account 543 Maintenance of Reservoirs, Dams and Waterways.

OTHER POWER GENERATION – Total GI Adjusted Deviation = \$36,998K

FERC 546 – Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$1,522K GI Adjusted Deviation = \$1,495K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the operation of other power generation stations.

Energy Supply increase of \$1,500K is due to increase costs due to new wind farm generation.

FERC 548 – Generation Expenses

2021 Budget to 2019 Actual Deviation = \$135K GI Adjusted Deviation = \$296K

The costs included within this account consist of labor, materials used and expenses incurred in operating generators and electric equipment in other power generation stations to the point where electricity is delivered to transmission or distribution.

Energy Supply had costs for Black Dog operations still flowing to steam FERCs after its conversion to gas a few years ago. This correction was made in mid-2019 with the offset being in FERC 502 for \$1,900K.

Energy Supply Nobles costs were budgeted to FERC 554 and actuals being recorded to FERC 548 for (\$700K).

Energy Supply High Bridge costs budgeted to FERC 549 and actuals being recorded to FERC 548 for (\$600K)

FERC 549 – Miscellaneous Other Power Generation Expenses

2021 Budget to 2019 Actual Deviation = \$12,656K GI Adjusted Deviation = \$12,525K

The costs included in this account consist of labor, materials used and expenses incurred in the operation of other power generating stations that are not specifically provided for, or are not readily assignable to, other generation expense accounts.

Energy Supply increase of \$9,800K is due to increase costs due to new wind farm generation.

Energy Supply increase for specific projects at gas plants in 2021 compared to 2019 \$1,200K.

Human Resources and Executive Services costs budgeted to FERC 549 and actuals being recorded to FERC 550 for \$940K

Energy Supply High Bridge costs budgeted to FERC 549 and actuals being recorded to FERC 548 for \$600K

FERC 550 - Rents

2021 Budget to 2019 Actual Deviation = \$4,846K GI Adjusted Deviation = \$5,021K

The costs included within this account consist of rents of property used, occupied or operated in connection with other power generation.

Energy Supply increase of \$5,800K is due to increase costs due to new wind farm generation.

Human Resources and Executive Services costs budgeted to FERC 549 and actuals being recorded to FERC 550 for (\$940K)

FERC 551 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$430K GI Adjusted Deviation = \$428K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of maintenance activities in other power generation stations.

FERC 552 – Maintenance of Structures

2021 Budget to 2019 Actual Deviation = (\$3,396K) GI Adjusted Deviation = (\$3,166K)

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of structures used in other power generation.

Energy Supply costs were budgeted to FERC 553 and actuals being recorded to FERC 552 for (\$2,650K).

Other business areas costs were budgeted to FERC 511 and actuals being recorded to FERC 552 (\$705K).

FERC 553 – Maintenance of Generating and Electric Plant

2021 Budget to 2019 Actual Deviation = \$7,341K GI Adjusted Deviation = \$7,262K

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of plant.

Energy Supply increase of \$4,950K is due to increase costs due to new wind farm generation.

Energy Supply costs were budgeted to FERC 553 and actuals being recorded to FERC 552 for \$2,650K.

FERC 554 – Maintenance of Miscellaneous Other Power Generation Plant

2021 Budget to 2019 Actual Deviation = \$13,224K GI Adjusted Deviation = \$13,164K

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of other power generation plant.

Energy Supply increase of \$12,700K is due to increase maintenance costs due to new wind farm generation.

Energy Supply Noble costs were budgeted to FERC 554 and actuals being recorded to FERC 548 for \$700K.

OTHER POWER SUPPLY EXPENSE –Total GI Adjusted Deviation = (\$1,311K)

FERC 556 – System Control and Load Dispatching

2021 Budget to 2019 Actual Deviation = \$32K GI Adjusted Deviation = \$32K

The costs included in this account consist of labor and expenses incurred in load dispatching activities for system control.

FERC 557 – Other Expenses

2021 Budget to 2019 Actual Deviation = (\$1,343K) GI Adjusted Deviation = (\$1,343K)

The costs included in this account consist of any production expenses including expenses incurred directly in connection with the purchase of electricity, which is not specifically provided for in other production expense accounts.

Operations Services variance is due to a higher PY 2019 Supplemental Incentive Plan (SIP) from trading activity for 2018 and 2019 activities; offset by higher labor costs from merit increases, credit line fees and other non-labor activities for (\$606K).

Strategy and Planning & Ext Affairs costs were budgeted to FERC 920 and actuals being recorded to FERC 557 for (\$286K).

General Counsel reduced their budget in 2021 primarily due to failed acquisitions that went from Capital to O&M in 2019 for (\$191K).

TRANSMISSION EXPENSES

Transmission Expenses are expected to increase \$7,614K from 2019 actual costs to the 2021 budget. The 2021 budget amount is \$7,496K higher than 2021 projections using Global Insight indexes.

NSP Transmission Interchange Agreement expense is the primary driver of this increase between 2019 and 2021 is primarily related to the increased billings from NSPW, due to fixed charges for return on rate base and book depreciation due to increased transmission plant in service (i.e., new project additions) for \$4,000K. One of the many transmission projects related to this increase is for the LaCrosse/Coulee transmission line rebuild.

In addition, Transmission operations has implemented an enhanced transmission line inspection strategy, which will increase the company's annual inspection coverage from a compliance-based approach to a more comprehensive approach. The new strategy entails inspecting 100% of the system aerially per year, and a quarter of the system by foot per year (with the entire system completed on foot every four years). Implementation of the enhanced strategy results in increased operational expenses of \$800K.

FERC 560 - Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$1,882K GI Adjusted Deviation = \$1,869K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the operation of the transmission system as a whole.

Transmission System Operations Control Center labor should be captured in FERC 561.2 instead of FERC 560 for the 2021 Budget for \$892K.

Transmission increase was driven by merit labor increases over a two-year period, as well as increased attrition for Transmission support teams in 2019, as compared to the 5% budgeted attrition for 2021. Overall, 2019 supervision and engineering expenses were lower in 2019 due to management initiatives, which are not anticipated in 2021 for \$830K.

FERC 561 – Load Dispatching

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred in load dispatching operations pertaining to the transmission of electricity.

FERC 561.1 – Load Dispatch-Reliability

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred by a transmission provider to manage the reliability coordination function as specified by the North American Electric Reliability Council (NERC) and individual reliability organizations including costs to calculate load forecasts and perform contingency analyses.

FERC 561.2 – Load Dispatch-Monitor and Operate Transmission System

2021 Budget to 2019 Actual Deviation = (\$766K) GI Adjusted Deviation = (\$815K)

The costs included within this account consist of labor, materials used and expenses incurred by a transmission provider to monitor, assess and operate the power system and individual transmission facilities in real-time to maintain safe and reliable operation of the transmission system.

Transmission System Operations Control Center labor should be captured in FERC 561.2 instead of FERC 560 for the 2021 Budget for (\$892K).

FERC 561.3 – Load Dispatch-Transmission Service and Scheduling

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred by a transmission provider to process hourly, daily, weekly and monthly transmission service requests using an automated system such as an Open Access Same-Time Information System (OASIS).

FERC 561.4 – Scheduling, System Control and Dispatch Services

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of costs billed to the transmission owner, load serving entity or generator for scheduling, system control and dispatching service.

FERC 561.5 – Reliability, Planning and Standards Development

2021 Budget to 2019 Actual Deviation = \$128K GI Adjusted Deviation = \$127K

The costs included within this account consist of labor, materials used and expenses incurred for the system planning of the interconnected bulk electric transmission systems within a planning authority area.

FERC 561.6 – Transmission Service Studies

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred to conduct transmission service studies for proposed interconnection with the transmission system.

FERC 561.7– Generation Interconnection Studies

2021 Budget to 2019 Actual Deviation = \$389K GI Adjusted Deviation = \$387K

The costs included within this account consist of labor, materials used and expenses incurred to conduct generation interconnection studies for proposed interconnections with the transmission system.

FERC 561.8– Reliability, Planning and Standards Development Services

2021 Budget to 2019 Actual Deviation = \$130K GI Adjusted Deviation = \$106K

The costs included within this account consist of costs billed to the transmission owner, load serving entity, or generator for system planning of the interconnected bulk electric transmission system.

FERC 562 – Station Expense

2021 Budget to 2019 Actual Deviation = \$458K GI Adjusted Deviation = \$491K

The costs included within this account consist of labor, materials used and expenses incurred in operating transmission substations and switching stations.

FERC 563 – Overhead Line Expenses

2021 Budget to 2019 Actual Deviation = \$1,377K GI Adjusted Deviation = \$1,380K

The costs included within this account consist of labor, materials used and expenses incurred in the operation of overhead transmission lines.

Transmission Operations has implemented an enhanced transmission line inspection strategy, which will increase the company's annual inspection coverage from a compliance-based approach to a more comprehensive approach. The new strategy entails inspecting 100% of the system aerially per year, and a quarter of the system by foot per year (with the entire system completed on foot every four years). Implementation of the enhanced strategy results in increased operational expenses for \$800K.

Transmission increases driven by changes in transmission line work plans, resulting in increased Operational vs Maintenance transmission line work for \$400K. This increase is offset in FERC 571.

FERC 564 – Underground Line Expenses

2021 Budget to 2019 Actual Deviation = (\$50K) GI Adjusted Deviation = (\$50K)

The costs included within this account consist of labor, materials used and expenses incurred in the operation of underground transmission lines.

FERC 565 – Transmission of Electricity by Others

2021 Budget to 2019 Actual Deviation = (\$3,997K) GI Adjusted Deviation = (\$3,997K)

This account includes costs payable to others for the transmission of the utility's electricity over transmission facilities owned by others.

NSP Transmission Interchange Agreement expense increased \$3,997K between 2019 and 2021 and is primarily related to the increased billings from NSPW, due to fixed charges for return on rate base and book depreciation due to increased transmission plant in service (i.e., new project additions). One of the many transmission projects related to this increase is for the LaCrosse/Coulee transmission line rebuild.

FERC 566 – Miscellaneous Transmission

2021 Budget to 2019 Actual Deviation = \$2,982K GI Adjusted Deviation = \$2,896K

The costs included in this account consist of labor, materials used and other transmission expenses incurred not provided for elsewhere.

Human Resources and Executive Services allocated facilities costs where there is a misalignment between budgeted FERC 566 and FERC 567 for \$716K.

Business Systems increase is driven by higher Network Costs due to increased business demand along with the need to upgrade circuits for \$654K.

Transmission budgeted transmission facility costs for 2021 that were moved from FERC 567 to FERC 566 due to a change in classification of these costs for \$646K.

Human Resources and Executive Services increase was driven by headcount within the technical training group, encompassing training for operations, maintenance, and general technical training for \$423K.

Transmission increase was driven by anticipated increases in training and safety costs for Field Operations \$291K.

FERC 567 – Rents

2021 Budget to 2019 Actual Deviation = (\$1,465K) GI Adjusted Deviation = (\$1,409K)

The costs included within this account consist of rents of property used, occupied or operated in connection with the transmission system.

Human Resources and Executive Services allocated facilities costs where there is a misalignment between budgeted FERC 566 and FERC 567 for (\$716K).

Transmission budgeted transmission facility costs for 2021 that were moved from FERC 567 to FERC 566 due to a change in classification of these costs for (\$646K).

FERC 568 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = (\$66K) GI Adjusted Deviation = (\$67K)

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of maintenance to the transmission system.

FERC 569 – Maintenance Structures

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

This account includes the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 352, Structures and Improvements.

FERC 570 – Maintenance of Station Equipment

2021 Budget to 2019 Actual Deviation = \$173K GI Adjusted Deviation = \$98K

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of transmission substation equipment.

FERC 571 – Maintenance of Overhead Lines

2021 Budget to 2019 Actual Deviation = (\$1,439K) GI Adjusted Deviation = (\$1,400K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of overhead transmission plant.

Transmission policy reviews were conducted by the company in mid-2019, which resulted in improved repair vs replace decision making. This resulted in increased replacements of assets, as opposed to repeated repairs, which is expected to drive down the costs of maintaining transmission line assets for (\$1,000K).

Transmission decrease of (\$400K) was driven by changes in transmission line work plans, resulting in increased Operational vs Maintenance transmission line work. This decrease is offset in FERC 563.

FERC 572 – Maintenance of Underground Lines

2021 Budget to 2019 Actual Deviation = (\$105K) GI Adjusted Deviation = (\$106K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of underground transmission plant.

FERC 573 – Maintenance of Miscellaneous Transmission Plant

2021 Budget to 2019 Actual Deviation = (\$11K) GI Adjusted Deviation = (\$11K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of transmission plant that is not provided for elsewhere.

REGIONAL MARKET EXPENSES

Regional Market Expenses are expected to increase \$94K from 2019 actual costs to the 2021 budget.

FERC 575.1 – Operation Supervision

2021 Budget to 2019 Actual Deviation = \$84K GI Adjusted Deviation = \$84K

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the regional energy markets.

FERC 575.2 – Day-Ahead and Real-Time Market Facilitation

2021 Budget to 2019 Actual Deviation = (\$15K) GI Adjusted Deviation = (\$15K)

The costs included within this account consist of labor, materials used and expenses incurred to facilitate the Day-Ahead and Real Time markets.

FERC 575.3 – Transmission Rights Market Facilitation

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred to manage the allocation and auction of transmission rights.

FERC 575.4 – Capacity Market Facilitation

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included within this account consist of labor, materials used and expenses incurred to manage the allocation of capacity rights.

FERC 575.5 – Ancillary Services Market Facilitation

2021 Budget to 2019 Actual Deviation = \$27K GI Adjusted Deviation = \$27K

The costs included within this account consist of labor, materials used and expenses incurred to manage all other ancillary services market functions.

Increase due to merit increases and incremental headcount for Commercial Power Operations energy trading group.

FERC 575.6 – Market Monitoring and Compliance

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = \$0K

The costs included within this account consist of labor, materials used and expenses incurred to review market data and operational decisions for compliance with market rules. It also includes the costs incurred to interface with external market monitors.

FERC 575.8 – Rents

2021 Budget to 2019 Actual Deviation = (\$1K) GI Adjusted Deviation = (\$1K)

The costs included within this account include all rents of property of others used, occupied, or operated in connection with market administration and monitoring.

DISTRIBUTION EXPENSES

Distribution Expenses are expected to increase \$23,296K from 2019 actual costs to the 2021 budget. The 2021 budget amount is \$22,204K higher than 2021 projections using Global Insight indexes.

The primary drivers for the increase in distribution expenses are related to higher costs due to increased headcount, merit, pole replacements and fleet charges between 2019 and 2021 for \$8,800K, increased costs for advanced grid initiative, including project management and ongoing hardware and software maintenance for \$4,200K, increased costs related to vegetation management for \$4,000K, increases in damage prevention expenses due to high volume and new contract pricing for \$4,000K and a decrease in first set meter credits due to increased inventory for \$1,000K.

FERC 580 – Operation Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$148K GI Adjusted Deviation = (\$88K)

The costs included within this account consist of labor and expenses incurred in the general supervision and direction of the operation of the distribution system.

FERC 581 – Load Dispatching

2021 Budget to 2019 Actual Deviation = \$798K GI Adjusted Deviation = \$789K

The costs included within this account consist of labor, materials used and expenses incurred in load dispatching operations pertaining to the distribution of electricity.

Distribution costs were budgeted to FERC 581 and actuals being recorded to FERC 593 for 800K.

FERC 582 – Station Expenses

2021 Budget to 2019 Actual Deviation = \$1,306K GI Adjusted Deviation = \$1,299K

The costs included in this account consist of labor, materials used and expenses incurred in the operation of distribution substations.

Distribution costs were budgeted to FERC 582 and actuals being recorded to FERC 593 for \$1,062K.

Transmission increase was driven by changes in substation work plans, resulting in increased operational vs maintenance substation work. The increase is largely offset in FERC 592 for \$640K.

FERC 583 – Overhead Line Expenses

2021 Budget to 2019 Actual Deviation = \$839K GI Adjusted Deviation = \$800K

The costs included within this account consist of labor, materials used and expenses incurred in the operation of overhead distribution lines.

Distribution Operations costs increased \$1,700K for increased pole replacements and increased headcounts.

Distribution costs were budgeted to FERC 595 and actuals being recorded to FERC 583 for (\$1,100K).

FERC 584 – Underground Line Expenses

2021 Budget to 2019 Actual Deviation = \$4,146K GI Adjusted Deviation = \$4,037K

The costs included within this account consist of labor, materials used and expenses incurred in the operation of underground distribution lines.

Distribution Operations increased damage prevention expenses were due to high volume and new contract pricing for \$4,000K.

FERC 585 – Street Lighting & Signal System Expenses

2021 Budget to 2019 Actual Deviation = \$1,116K GI Adjusted Deviation = \$1,108K

The costs included within this account consist of labor, materials used and expenses incurred in the operation of street lighting and signal system plant.

Distribution Operations increased materials and contracted outside vendor expenses related to street lighting, which is offset in FERC 596 for \$1,000K.

FERC 586 - Meter Expenses

2021 Budget to 2019 Actual Deviation = \$2,299K GI Adjusted Deviation = \$2,297K

The costs included within this account consist of labor, materials used and expenses incurred in the operation of customer meters.

Distribution costs were budgeted to FERC 586 and actuals being recorded to FERC 593 for \$1,600K.

Distribution Operations decreased first set credits due to high stocks of meters in inventory, which decreases ongoing purchasing requirements and impact total expense by an increase of \$1,000K.

FERC 587 – Customer Installations Expenses

2021 Budget to 2019 Actual Deviation = \$1,635K GI Adjusted Deviation = \$1,588K

The costs included within this account consist of labor, materials used and expenses incurred in work on customer installations.

Distribution costs were budgeted to FERC 587 and actuals being recorded to FERC 593 for \$1,500K.

FERC 588 – Miscellaneous Distribution Expenses

2021 Budget to 2019 Actual Deviation = \$9,406K GI Adjusted Deviation = \$8,734K

The costs included within this account consist of labor, materials used and expenses incurred in the distribution system operation not provided for elsewhere.

Human Resources and Executive Services allocated facilities costs where there is a misalignment between budgeted FERC 588 and the FERC 931 for \$2,832K.

Distribution Operations increase of \$2,150K in AGIS project management, primarily related to the AMI and FAN programs.

Business Systems' \$2,500K increase in Advanced Grid initiative costs is driven by increases in ongoing hardware and software maintenance and overall project management. This increase is partially offset by decreases in Network Data, \$0.5M, due to savings resulting from the vendor change from IBM to Carrier Access.

Strategy Planning & Ext Affairs increase of \$954K is driven by planned staff augmentation and 3rd party support for corporate initiatives in the Planning and Strategy group.

Human Resources and Executive Services increase of \$662K is driven by headcount within the Technical Training Group, encompassing training for operations, maintenance, and other general technical training.

Transmission increase of \$600K is driven by increased support provided by substation operations, including increases in training and safety costs for Field Operations. Due to budget restraints in 2019, certain employee expenses were restricted, thus delaying certain trainings, as well as the purchase of necessary safety equipment.

FERC 589 – Rents

2021 Budget to 2019 Actual Deviation = (\$71K) GI Adjusted Deviation = \$21K

The costs included within this account consist of rents of property used, occupied or operated in connection with the distribution system.

FERC 590 – Maintenance Supervision and Engineering

2021 Budget to 2019 Actual Deviation = \$98K GI Adjusted Deviation = \$146K

The costs included in this account consist of labor and expenses incurred in the general supervision and direction of maintenance of the distribution system.

FERC 591 – Maintenance of Structures

2021 Budget to 2019 Actual Deviation = \$0K GI Adjusted Deviation = N/A

The costs included in this account consist of labor, materials used and expenses incurred in the maintenance of the structures.

FERC 592 – Maintenance of Station Equipment

2021 Budget to 2019 Actual Deviation = (\$411K) GI Adjusted Deviation = (\$485K)

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of distribution substation equipment.

Transmission increase was driven by changes in substation work plans, resulting in increased Operational vs Maintenance substation work. The decrease is largely offset in FERC 582 for (\$640K).

FERC 593 – Maintenance of Overhead Lines

2021 Budget to 2019 Actual Deviation = (\$4,719K) GI Adjusted Deviation = (\$4,660K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of overhead distribution line facilities.

Distribution Operations increase of \$7,700K costs due to additional charges for vegetation management.

Distribution Operations decrease of (\$3,000K) in core pole and wire expenses.

Distribution Operations increase of \$238K in AGIS project management, primarily for the fault location program.

Distribution costs were budgeted to FERC 594 (\$5,000K), FERC 582 (\$1,600K), FERC 587 (\$1,500K), FERC 586 (\$1,062), and FERC 581 (\$800K) and actuals being recorded to FERC 593.

FERC 594 – Maintenance of Underground Lines

2021 Budget to 2019 Actual Deviation = \$5,515K GI Adjusted Deviation = \$5,449K

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of underground distribution line facilities.

Distribution costs were budgeted to FERC 594 and actuals being recorded to FERC 593 for \$5,000K.

Distribution Operations had increased labor and fleet charges for required headcount adds per union agreements for \$462K.

FERC 595 - Maintenance of Line Transformers

2021 Budget to 2019 Actual Deviation = \$1,293K GI Adjusted Deviation = \$1,292K

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of distribution line transformers.

Distribution costs were budgeted to FERC 594 and actuals being recorded to FERC 593 for \$1,100K.

FERC 596 – Maintenance of Street Lighting and Signal Systems

2021 Budget to 2019 Actual Deviation = (\$524K) GI Adjusted Deviation = (\$538K)

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of street lighting and signal plant.

Distribution Operations had decreased contracted outside vendor expenses, offset in FERC 585 for (\$1,000K).

FERC 597 – Maintenance of Meters

2021 Budget to 2019 Actual Deviation = \$228K GI Adjusted Deviation = \$226K

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of meters and meter testing equipment.

FERC 598 – Maintenance of Miscellaneous Distribution Plant

2021 Budget to 2019 Actual Deviation = \$196K GI Adjusted Deviation = \$191K

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of plant installed on the customer premises.

CUSTOMER ACCOUNTS EXPENSES

Customer Account Expenses are expected to increase \$15,887K from 2019 actual costs to the 2021 budget. The 2021 budget amount is \$15,139K greater than 2021 projections using Global Insight indexes.

The primary drivers for the increase in Customer Account expenses are for higher billed commodity revenue and higher bad debt as percentage of revenue as a result of more bankruptcies and write-offs related to pandemic are anticipated to occur in 2021 for \$7,650K, and an increase in Advanced Grid initiative costs related to the AMI program of \$3.5M, for NSPM's allocation of the shared assets to read meters offset in FERC 922, \$2.8M for ongoing hardware and software maintenance and \$1M for overall project management. These costs were slightly offset by decreases in other Business Systems areas.

FERC 901 – Supervision

2021 Budget to 2019 Actual Deviation = \$9K GI Adjusted Deviation = \$7K

The costs included within this account consist of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities.

FERC 902 – Meter Reading Expenses

2021 Budget to 2019 Actual Deviation = \$6,782K GI Adjusted Deviation = \$6,476K

The costs included within this account consist of labor and materials used and expenses incurred in reading customer meters.

Business Systems' increase in Advanced Grid initiative costs related to the AMI program of \$3,500K, for NSPM's allocation of the shared assets to read meters offset in FERC 922, \$2,800K for ongoing hardware and software maintenance and \$1,000K for overall project

management. These costs were slightly offset by decreases in other Business Systems areas.

Customer Care increases of \$186K was related to meter reader annual wage increases, offset by anticipated advanced metering infrastructure savings for (\$786K).

FERC 903 – Customer Records and Collection Expenses

2021 Budget to 2019 Actual Deviation = \$389K GI Adjusted Deviation = (\$52K)

The costs included within this account consist of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collection and complaints.

FERC 904 – Uncollectible Accounts

2021 Budget to 2019 Actual Deviation = \$8,588K GI Adjusted Deviation = \$8,588K

The costs included within this account consist of amounts to provide for losses from uncollectible utility accounts.

The increase is for Customer Care higher billed commodity revenue and higher bad debt as a percentage of revenue as a result of more bankruptcies and write-offs related to pandemic are anticipated to occur in 2021 for \$7,652K. In addition, Customer Care received 2018 and 2019 MN Electric TCJA refunds that reduced 2019 bad debt expense which are not expected in 2021 for \$1,310K. Customer Care decreased 2021 expectations related to a Puerto Rico mutual aid reserve recorded in 2019 for (\$316K).

FERC 905 – Miscellaneous Customer Accounts Expenses

2021 Budget to 2019 Actual Deviation = \$119K GI Adjusted Deviation = \$119K

The costs included within this account consist of labor, materials used and expenses incurred that are not covered in other customer accounts.

CUSTOMER SERVICE AND INFORMATIONAL EXPENSES

Customer Service and Informational Expenses are expected to decrease (\$1,519K) from 2019 actual costs to the 2021 budget. The 2021 budget amount is (\$1,530K) lower than 2021 projections using Global Insight indexes.

FERC 908 – Customer Assistance Expenses

2021 Budget to 2019 Actual Deviation = \$132K GI Adjusted Deviation = \$165K

The costs included within this account consist of labor, materials used and expenses incurred in providing instructions or assistance to customers to encourage safe, efficient and economical use of the utility's service.

Group Presidents' expenses decreased by (\$1,300K) from the NSPM President's organization driven by salaries/labor that were directly offset in FERC 920.

Customer Solutions' Electric Transportation, Renewable & Choice consulting, contract labor, labor was recorded in FERC 910 in 2019 vs budgeted in FERC 908 in 2021 for \$1,011K.

Customer Solutions had increased costs due to increased headcounts in Customer Strategy & Solutions and anticipated consulting services needs for Electric Transportation in 2021 for \$431K.

FERC 909 – Informational and Instructional Expenses

2021 Budget to 2019 Actual Deviation = (\$276K) GI Adjusted Deviation = (\$293K)

The costs included within this account consist of labor, materials used, and expenses incurred in activities to convey information to customers regarding the use of electric services. The use of electric services includes the safety and conservation aspects of the electric energy.

FERC 910 – Informational and Instructional Expenses

2021 Budget to 2019 Actual Deviation = (\$1,375K) GI Adjusted Deviation = (\$1,402K)

The costs included within this account consist of labor, materials used and expenses incurred in connection with customer service and informational activities which are not included in other customer information expense accounts.

Customer Solutions' Electric Transportation, Renewable & Choice consulting, contract labor, labor was recorded in FERC 910 in 2019 vs budgeted in FERC 908 in 2021 for (\$1,011K).

Customer Solutions' Protobrand media and brand health trackers consulting cost was recorded in FERC 910 in 2019 which should have been FERC 923 where 2021 were budgeted for (\$235K).

Customer Solutions' Product Development labor was recorded in FERC 910 in 2019 vs FERC 920 in 2021 for (\$90K).

SALES EXPENSES

Sales Expenses are expected to increase \$256K from 2019 actual costs to the 2021 budget. The 2021 budget amount is \$256K greater than 2021 projections using Global Insight indexes.

FERC 912 – Demonstration and Selling Expenses

2021 Budget to 2019 Actual Deviation = \$209K GI Adjusted Deviation = \$209K

This account includes the cost of labor, materials used, and expenses incurred in promotional, demonstrating, and selling activities associated with electric marketing programs.

ADMINISTRATIVE AND GENERAL EXPENSES

Administrative and General Expenses are expected to increase \$28,034K from 2019 actual costs to the 2021 budget. This 2021 budget amount is \$18,840K greater than 2021 projections using Global Insight indexes.

Business Systems' increase is driven by more business demand for Application Development & Maintenance services, increased Software and Hardware licensing, and maintenance to support the capital assets built as a result of business demand for \$14,400K.

Increases in property insurance in 2021 vs 2019 is driven primarily by a NEIL distribution received in 2019 \$11,000K. Remainder of the increase is for year-over-year increases to property insurance premium amounts for \$2,000K.

Employee pension and benefits is due to higher active healthcare \$10,600K and 401k match \$1,700K, partially offset by lower pension (\$2,600K) and retiree medical (\$1,100K).

Increase in internal administration and general salaries is primarily related to labor for unfilled positions in 2019, increased headcounts planned for 2021 and overall merit increases. This impacts Customer Service, Enterprise Security, Advertising and Brand, HR&ES, Fin Ops, Risk and General Counsel totaling \$6,900K.

Benefits costs in the Administrative & General salaries account are reduced due to lower performance share plan costs (\$6,600K) and deferred compensation expense (\$4,000K), offset by higher annual incentive costs (\$1,700K).

Decrease in outside services employed driven by innovation group and decreased consulting related to efficiency and customer focused initiatives for (\$3,000K).

Decrease in injuries and damages related to forecast assumptions related to the captive insurance program for (\$2,400K).

Decrease in rent expense due to workspace optimization efforts for (\$975K).

FERC 920 – Administrative and General Salaries

2021 Budget to 2019 Actual Deviation = \$6,188K GI Adjusted Deviation = \$2,545K

The costs included within this account consist of the total compensation expenses associated with employees of the Company that are properly chargeable to utility operations and not chargeable directly to a particular operating function.

Shared Services increases are primarily related to labor for unfilled positions in 2019, increased headcounts planned for 2021 (specifically related to the Enterprise Security team for Xcel to adequately secure against new and emergent threats) and overall merit increases. This impacts Customer Service, Enterprise Security, Advertising and Brand, HR&ES, Fin Ops, Risk and General Counsel for \$6,937K.

Business Systems: \$6,000K increase is driven by increased full-time employee headcount resulting from contract labor in-sourcing initiatives. This increase is partially offset with reductions in Contract Labor seen in FERC 923 and FERC 524 for (\$3,080K).

Group President's increase of \$1,300K within NSPM President organization driven by salaries/labor; directly offset in FERC 908.

Group President's increase of \$820K within NSPM President organization driven by salaries/labor; directly offset in FERC 524.

Group President's increase of \$410K within NSPM President organizations due to 2019 coding errors and increased headcount in 2021.

Financial Operations increase of \$369K for internal labor directly offset by FERC 923. Reliance on 3rd party labor has been reduced.

Strategy and Planning & Ext Affairs increase of \$286K from the Strategy and Planning group driven by salaries/labor is directly offset by FERC 557.

Customer Solutions' Product Development labor was recorded in FERC 910 in 2019 vs FERC 920 in 2021 for \$90K.

Benefits reductions is primarily due to lower performance share plan costs (\$6,600K) and deferred comp expense (\$4,000K), offset by higher annual incentive \$1,700K.

Energy Supply had environmental costs being budgeted to FERC 506 while actuals were recorded to FERC 920 for (\$1,250K).

Energy Supply had Engineering and Construction costs being budgeted to FERC 930.2 while actuals were recorded to FERC 920 for (\$200K).

FERC 921 – Office Supplies and Expenses

2021 Budget to 2019 Actual Deviation = \$16,313K GI Adjusted Deviation = \$12,874K

The costs included within this account consist of office supplies and expenses incurred in connection with the general administration of the Company's operation.

Customer and Innovation increase totals \$14,400K, primarily driven by Business Systems for more business demand for Application Development & Maintenance services, increased Software and Hardware licensing, and maintenance to support the capital assets built as a result of business demand.

Corporate Other adjustment is related to geography across Business Areas related to the timing of unallocated credit card expenses to the individual Business at the end of the year. In 2018, NSPM's unallocated charges to the Business Area's was \$3,000K which reverses in 2019. In 2019, NSPM's unallocated charges to the Business Area's was \$1,700K, which reverses in 2020 (thus net activity during 2019 totaled a credit of \$1,300K). The Company does not forecast for annual changes for unallocated credit card charges.

Advertising & Brand increase of \$500K was driven by Brand Strategy group due to forecast program promotion and software purchase/licensing.

Shared Services increase of \$375K for employee expenses and online info and software license purchases due to increased headcount.

Energy Supply had environmental costs being budgeted to FERC 506 while actuals were recorded to FERC 921 for (\$200K).

FERC 922 – Administrative Expenses Transferred – Credit

2021 Budget to 2019 Actual Deviation = (\$12,820K) GI Adjusted Deviation = (\$12,738K)

This account includes a credit for administrative expenses recorded in FERC accounts 920 and 921 which are transferred to construction and non-utility accounts.

Business Systems' (\$13,000K) variance is due to changes in the shared asset credit related to Network and Advanced Grid AMI shared assets. The credits are mostly offset by the shared asset expense in FERC 931 (Network costs) and FERC 902 (AMI costs). Shared asset costs are an allocation of Business System costs to or from the NSPM operating company, depending on where the asset was purchased and how an investment will be utilized between Xcel Energy operating companies. This number fluctuates in part on the basis of the jurisdiction in which an investment is purchased, consistent with the Company's cost allocation policy.

Corporate Other forecasted increased credits in 2021 as compared to 2019 for (\$940K) specifically related to NSP Transmission Joint Ventures. This increased credit in 2021 as compared to 2019 is primarily because we are constructing the Huntley Wilmarth line so there are increased costs (Huntley Wilmarth is a joint venture with ITCM). We apply an A&G adder to direct labor on these joint projects in order to recover administrative costs that are not direct charged to the project. This is a debit to our Joint Ventures receivables and a credit back to NSPM.

In 2019, Energy Supply's Sherco plant had \$200K of contract labor expenses hit FERC 500. In the 2021 budget, no contract labor expenses were forecasted. However, the JV Credits for the contract labor amounts reimbursed by SMMPA for 922 were mistakenly budgeted to FERC 500 for \$750K, resulting in a difference of \$950K year over year. This is offset in FERC 500.

FERC 923 – Outside Services Employed

2021 Budget to 2019 Actual Deviation = (\$4,934K) GI Adjusted Deviation = (\$5,331K)

This costs included within this account consist of fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or other account.

Chief Customer and Innovation Officer decrease of (\$3,000K) is driven by Innovation group and decreased consulting related to efficiency and customer focused initiatives.

Business Systems' decrease of (\$2,443K) is driven by reductions in Contract Labor through in-sourcing initiatives along with overall reductions in Contract Labor resources. This decrease is offset by an increase in full-time employee Labor seen in FERC 920.

Group President's (\$500K) decrease is due to consulting services related to the NSPM OpCo IRP project in 2019.

Financial Operations' decrease of (\$369K) is driven by transition from 3rd party contracted labor to full time internal employees.

Energy Supply had environmental costs being budgeted to FERC 506 while actuals were recorded to FERC 923 for (\$250K).

Shared Services' increase of \$717K is due to anticipated consulting services needs in 2021.

Advertising and Brand increase of \$500K is due to forecast increase in cost for advertising activities.

Customer Solutions' Protobrand media and brand health trackers consulting cost was recorded in FERC 910 in 2019 which should have been FERC 923 where 2021 were budgeted for \$235K.

FERC 924 – Property Insurance

2021 Budget to 2019 Actual Deviation = \$13,117K GI Adjusted Deviation = \$13,395K

The costs included within this account consist of the cost of insurance to protect the utility against losses and damages to property used in its utility operation.

The increase of \$13,117K is driven primarily by a NEIL Distribution received in 2019 \$11,000K, while the remainder of the increase is for year-over-year increases to property insurance premium amounts for \$2,000K.

FERC 925 – Injuries and Damages

2021 Budget to 2019 Actual Deviation = (\$1,613K) GI Adjusted Deviation = (\$2,044K)

The costs included within this account consist of the cost of insurance or reserve accruals for injuries and damage claims, losses not covered by insurance, and expenses incurred in settlement of injuries and damages claims.

This decrease in forecast expense is due to captive insurance forecast assumptions totaling (\$2,444K).

FERC 926 – Employee Pension and Benefits

2021 Budget to 2019 Actual Deviation = \$9,023K GI Adjusted Deviation = \$8,152K

The costs included within this account primarily consist of employee medical and pension costs.

The increase in benefits is mainly due to higher active healthcare \$10,600K and 401k match \$1,700K, partially offset by lower pension (\$2,600K) and retiree medical (\$1,100K).

FERC 928 – Regulatory Commission Expenses

2021 Budget to 2019 Actual Deviation = (\$454K) GI Adjusted Deviation = (\$397K)

The costs included within this account consist of expenses properly incurred by the Company in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission.

FERC 929 – Duplicate Charges – Credit

2021 Budget to 2019 Actual Deviation = (\$19K) GI Adjusted Deviation = (\$19K)

This account includes credits for charges that may be made to operating expenses or to other accounts for the use of utility service from its own supply.

FERC 930.1 – General Advertising Expenses

2021 Budget to 2019 Actual Deviation = (\$272K) GI Adjusted Deviation = (\$329K)

This account includes the cost of labor, materials used and expenses incurred in advertising and related activities.

FERC 930.2 – Miscellaneous General Expenses

2021 Budget to 2019 Actual Deviation = \$946K GI Adjusted Deviation = \$893K

This account includes the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

This increase is driven by higher Board of Director fees in anticipation of an additional board member, \$0.2M, higher utility association fees, \$0.2M, and anticipated consulting services, \$0.2M.

FERC 931 – Rents

2021 Budget to 2019 Actual Deviation = \$1,278K GI Adjusted Deviation = \$552K

The costs included within this account consist of rents of property used, occupied or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility.

Business Systems' increase of \$9,890K is due to changes in the shared asset costs. Offsetting credits for the Network shared assets are found in FERC 922. Shared asset costs are an allocation of network asset costs to or from the NSPM operating company, depending on where the asset was purchased and how an investment will be utilized between Xcel Energy operating companies. This number fluctuates in part on the basis of the jurisdiction in which an investment is purchased, consistent with the Company's cost allocation policy.

Business Systems' costs above were offset with Human Resources and Executive Services facilities costs being budgeted to FERC 525 (\$3,482K), FERC 588 (\$2,832), FERC 935 (\$1,284K) with actuals being recorded against FERC 931.

In addition, Human Resources and Executive Services decrease in expense of \$978K was due to decreased spend in consulting and other third-party labor, as well as reduced material and commodity spend, and planned decreases in rents due to workspace optimization efforts.

FERC 935 – Maintenance of General Plant

2021 Budget to 2019 Actual Deviation = \$1,284K GI Adjusted Deviation = \$1,286K

The costs included within this account consist of costs assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of general plant.

Human Resources and Executive Services facilities costs being budgeted to FERC 931 \$1,284K with actuals being recorded against FERC 935.

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**Northern States Power Company Minnesota
Electric O&M Comparison
2021 Budget vs. 2019 Actual**

		2019 Actual	IHS Markit Index	2020 Inflated	IHS Markit Index	IHS Markit 2021 Inflated	2021 Budget	2021 Budget Compared to IHS Deviation	% Deviation
		[PROTECTED DATA BEGINS]							
POWER PRODUCTION EXPENSES									
A. Steam Power Generation									
	Operation								
500	Operation Supervision & Engineering	3,412,405				3,458,147	2,351,670	(1,106,477)	-32.00%
501	Fuel - COGS Excluded	(1,611,213)				111,006	-	(111,006)	0.00%
502	Steam Expenses	20,245,803				20,556,089	19,692,602	(863,487)	-4.20%
505	Electric Expenses	3,675,614				3,619,705	1,530,953	(2,088,752)	-57.71%
506	Miscellaneous Steam Power Expenses	12,953,741				13,186,730	15,275,673	2,088,943	15.84%
507	Rents	3,335,498				3,267,109	2,182,406	(1,084,704)	-33.20%
509	Allowances	-				-	-	-	0.00%
	Total Operation	42,011,848				44,198,787	41,033,304	(3,165,483)	-7.16%
	Maintenance								
510	Maintenance Supervision & Engineering	3,765,365				3,769,072	1,162,256	(2,606,816)	-69.16%
511	Maintenance of Structures	6,419,921				6,197,723	2,101,812	(4,095,911)	-66.09%
512	Maintenance of Boiler Plant	22,850,699				23,054,270	20,915,202	(2,139,068)	-9.28%
513	Maintenance of Electric Plant	6,807,557				6,863,017	6,590,461	(272,557)	-3.97%
514	Maintenance of Miscellaneous Steam Plant	11,713,257				11,853,412	9,950,962	(1,902,450)	-16.05%
	Total Maintenance	51,556,800				51,737,495	40,720,692	(11,016,803)	-21.29%
	Total Steam Power Generation	93,568,648				95,936,282	81,753,996	(14,182,286)	-14.78%
B. Nuclear Power Generation									
	Operation								
517	Operation Supervision & Engineering	55,329,104				56,070,773	48,535,386	(7,535,387)	-13.44%
518	Fuel - COGS Excluded	-				-	-	-	0.00%
519	Coolants and Water	8,177,235				8,287,572	7,897,636	(389,935)	-4.71%
520	Steam Expenses	49,396,126				49,892,804	49,372,720	(520,084)	-1.04%
523	Electric Expenses	3,013,734				2,939,226	2,460,958	(478,268)	-16.27%
524	Miscellaneous Nuclear Power Expenses - COGS Excluded	126,467,553				128,742,232	134,490,570	5,748,338	4.46%
525	Rents	12,227,308				11,976,565	9,322,971	(2,653,594)	-22.16%
	Total Operation	254,611,060				257,909,171	252,080,241	(5,828,931)	-2.26%
	Maintenance								
528	Maintenance Supervision & Engineering	7,262,125				7,269,276	7,190,484	(78,792)	-1.08%
529	Maintenance of Structures	24,683				23,828	-	(23,828)	0.00%
530	Maintenance of Reactor Plant Equipment	38,923,379				39,225,549	42,868,346	3,642,797	9.29%
531	Maintenance of Electric Plant	12,388,829				12,490,144	11,947,056	(543,088)	-4.35%
532	Maintenance of Miscellaneous Electric Plant	31,045,082				31,287,867	23,600,444	(7,687,423)	-24.57%
	Total Maintenance	89,644,098				90,296,664	85,606,330	(4,690,334)	-5.19%
	Total Nuclear Power Generation	344,255,158				348,205,836	337,686,571	(10,519,265)	-3.02%

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**Northern States Power Company Minnesota
Electric O&M Comparison
2021 Budget vs. 2019 Actual**

	2019 Actual	IHS Markit Index	2020 Inflated	IHS Markit Index	IHS Markit 2021 Inflated	2021 Budget	2021 Budget Compared to IHS Deviation	% Deviation
		[PROTECTED DATA BEGINS]						
C. Hydraulic Power Generation								
Operation								
535 Operation Surpevision & Engineering	30,977				31,392	77,017	45,625	145.34%
536 Water for Power	-				-	-	-	0.00%
537 Hydraulic Expenses	-				-	-	-	0.00%
538 Electric Expenses	416,335				390,211	-	(390,211)	0.00%
539 Miscellaneous Hydraulic Power Generation Expenses	735,450				746,635	469,130	(277,505)	-37.17%
540 Rents	65,141				63,805	78,317	14,512	22.74%
Total Operation	1,247,902				1,232,043	624,464	(607,579)	-49.31%
Maintenance								
541 Maintenance Supervision & Engineering	2,653				2,656	196,466	193,810	7297.54%
542 Maintenance of Structures	39,246				37,888	22,893	(14,994)	-39.58%
543 Maintenance of Reservoirs, Dams and Waterways	62,498				62,920	-	(62,920)	0.00%
544 Maintenance of Electric Plant	120,543				121,523	1,640,400	1,518,877	1249.86%
545 Maintenance of Miscellaneous Hydraulic Plant	4,755				4,799	200,191	195,391	4071.26%
Total Maintenance	229,694				229,786	2,059,950	1,830,164	796.46%
Total Hydraulic Power Generation	1,477,597				1,461,829	2,684,414	1,222,585	83.63%
D. Other Power Generation								
Operation								
546 Operation Supervision & Engineering	2,018,024				2,045,075	3,539,907	1,494,832	73.09%
547 Fuel - COGS Excluded	26,799				27,402	-	(27,402)	0.00%
548 Generation Expenses	7,138,051				6,976,832	7,272,608	295,776	4.24%
549 Miscellaneous Other Power Generation Expenses	7,518,551				7,650,127	20,174,669	12,524,542	163.72%
550 Rents	8,538,449				8,363,382	13,384,441	5,021,059	60.04%
Total Operation	25,239,875				25,062,819	44,371,625	19,308,806	77.04%
Maintenance								
551 Maintenance Supervision & Engineering	1,698,454				1,700,126	2,128,542	428,416	25.20%
552 Maintenace of Structures	6,650,945				6,420,750	3,255,216	(3,165,534)	-49.30%
553 Maintenance of Generating and Electric Plant	6,306,898				6,385,366	13,647,408	7,262,042	113.73%
554 Maintenance of Miscellaneous Other Power Generation Plant	5,025,921				5,086,059	18,249,949	13,163,890	258.82%
Total Maintenance	19,682,218				19,592,302	37,281,115	17,688,813	90.28%
Total Other Power Generation	44,922,093				44,655,121	81,652,739	36,997,619	82.85%
E. Other Power Supply Expenses								
555 Purchased Power - COGS Excluded	-				-	-	-	0.00%
556 System Control and Load Dispatching	1,555,041				1,555,041	1,586,913	31,872	2.05%
557 Other Expenses -Excluding Cost of Goods Sold and I/A	6,172,138				6,172,138	4,829,350	(1,342,788)	-21.76%
Total Other Power Supply Expenses	7,727,178				7,727,178	6,416,263	(1,310,916)	-16.96%
TOTAL POWER PRODUCTION EXPENSES (Excluding COGS included in Accounts 501, 518, 547, 555 and 557)	491,950,674				497,986,245	510,193,983	12,207,737	2.45%

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Northern States Power Company Minnesota
Electric O&M Comparison
2021 Budget vs. 2019 Actual

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[PROTECTED DATA BEGINS]								
TRANSMISSION EXPENSES								
Operation								
560 Operation Supervision & Engineering	11,373,546				11,386,666	13,256,042	1,869,376	16.42%
561 Load Dispatching	-				-	-	-	0.00%
561.1 Load Dispatch-Reliability	-				-	-	-	0.00%
561.2 Load Dispatch-Monitor and Operate Transmission System	4,384,777				4,433,555	3,618,974	(814,581)	-18.37%
561.3 Load Dispatch- Transmission Service and Scheduling	-				-	-	-	0.00%
561.4 Scheduling, System Control and Dispatch Services - COGS excluded	-				-	-	-	0.00%
561.5 Reliabilty, Planning and Standards Development	45,025				45,526	172,596	127,071	279.12%
561.6 Transmission Service Studies	-				-	-	-	0.00%
561.7 Generation Interconnection Studies	174,447				176,388	563,815	387,427	219.65%
561.8 Reliability, Planning and Standards Development Services	2,113,193				2,136,701	2,243,130	106,428	4.98%
562 Station Expenses	2,534,494				2,501,428	2,992,470	491,041	19.63%
563 Overhead Line Expenses	802,711				799,919	2,179,769	1,379,850	172.50%
564 Underground Line Expenses	50,459				50,284	-	(50,284)	0.00%
565 Transmission of Electricity by Others - COGS excluded	116,160,129				116,160,129	120,157,595	3,997,466	3.44%
566 Misc. Transmission Expenses - Includes Transmission I/A	5,591,337				5,677,692	8,573,650	2,895,959	51.01%
567 Rents	2,740,456				2,684,268	1,275,479	(1,408,789)	-52.48%
Total Operation	145,970,575				146,052,555	155,033,521	8,980,965	6.15%
Maintenance								
568 Maintenance Supervision & Engineering	66,476				66,541	-	(66,541)	0.00%
569 Maintenance of Structures	-				-	-	-	0.00%
570 Maintenance of Station Equipment	5,709,691				5,784,977	5,883,047	98,070	1.70%
571 Maintenance of Overhead Lines	7,203,906				7,164,529	5,764,444	(1,400,085)	-19.54%
572 Maintenance of Underground Lines	105,270				105,768	-	(105,768)	0.00%
573 Maintenance of Miscellaneous Transmission Plant	10,766				10,746	-	(10,746)	0.00%
Total Maintenance	13,096,108				13,132,560	11,647,491	(1,485,069)	-11.31%
TOTAL TRANSMISSION (Excluding COGS included in Accounts 565)	159,066,683				159,185,115	166,681,012	7,495,896	4.71%

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**Northern States Power Company Minnesota
Electric O&M Comparison
2021 Budget vs. 2019 Actual**

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		[PROTECTED DATA BEGINS]						
REGIONAL MARKET EXPENSES								
Operation								
575.1 Operation Supervision	160,006				160,006	243,575	83,569	52.23%
575.2 Day-Ahead and Real-Time Market Facilitation	108,514				108,514	93,607	(14,907)	-13.74%
575.3 Transmission Rights Market Facilitation	-				-	-	-	0.00%
575.4 Capacity Market Facilitation	-				-	-	-	0.00%
575.5 Ancillary Services Market Facilitation	-				-	26,530	26,530	
575.6 Market Monitoring and Compliance	-				-	-	-	0.00%
575.7 Market Facilitation, Monitoring and Compliance Services- COGS excluded	-				-	-	-	0.00%
575.8 Rents	17,521				17,520	16,089	(1,431)	-8.17%
Total Operation	286,041				286,040	379,802	93,762	
Maintenance								
576.1 Maintenance of Structures and Improvements	-				-	-	-	0.00%
576.2 Maintenance of Computer Hardware	-				-	-	-	0.00%
576.3 Maintenance of Computer Software	-				-	-	-	0.00%
576.4 Maintenance of Communication Equipment	-				-	-	-	0.00%
576.5 Maintenance of Miscellaneous Market Op Expenses	-				-	-	-	0.00%
Total Maintenance	-				-	-	-	0.00%
TOTAL REGIONAL TRANSMISSION AND MARKET OPERATIONS	286,041				286,040	379,802	93,762	32.78%
DISTRIBUTION EXPENSES								
Operation								
580 Operation Supervision & Engineering	14,368,219				14,604,242	14,516,260	(87,982)	-0.60%
581 Load Dispatching	663,877				673,222	1,461,995	788,773	117.16%
582 Station Expenses	3,110,278				3,117,732	4,416,523	1,298,791	41.66%
583 Overhead Line Expenses	2,047,233				2,086,730	2,886,391	799,661	38.32%
584 Underground Line Expenses	5,664,913				5,774,450	9,811,063	4,036,613	69.90%
585 Street Lighting and Signal System Expenses	723,085				730,934	1,838,899	1,107,965	151.58%
586 Meter Expenses	188,026				189,835	2,486,972	2,297,137	1210.07%
587 Customer Installations Expenses	2,779,769				2,826,693	4,414,316	1,587,622	56.17%
588 Miscellaneous Distribution Expenses	25,477,607				26,149,109	34,883,440	8,734,331	33.40%
589 Rents	4,480,484				4,388,619	4,409,124	20,505	0.47%
Total Operation	59,503,491				60,541,564	81,124,982	20,583,418	34.00%
Maintenance								
590 Maintenance Supervision & Engineering	120,138				72,154	218,262	146,108	202.50%
591 Maintenance of Structures	-				-	-	-	0.00%
592 Maintenance of Station Equipment	4,724,281				4,798,604	4,313,181	(485,422)	-10.12%
593 Maintenance of Overhead Lines	51,730,498				51,671,544	47,011,129	(4,660,415)	-9.02%
594 Maintenance of Underground Lines	8,040,318				8,105,557	13,554,861	5,449,304	67.23%
595 Maintenance of Line Transformers	124,501				125,557	1,417,416	1,291,859	1028.90%
596 Maintenance of Street Lighting and Signal Systems	1,588,926				1,603,335	1,065,020	(538,315)	-33.57%
597 Maintenance of Meters	164,279				166,536	392,398	225,862	135.62%
598 Maintenance of Miscellaneous Distribution Plant	231,578				235,830	427,117	191,287	81.11%
Total Maintenance	66,724,520				66,779,117	68,399,384	1,620,267	2.43%
TOTAL DISTRIBUTION	126,228,011				127,320,681	149,524,366	22,203,685	17.44%

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**Northern States Power Company Minnesota
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		[PROTECTED DATA BEGINS]						
CUSTOMER ACCOUNTS EXPENSES								
Operation								
901 Supervision	121,387				122,739	130,205	7,466	6.08%
902 Meter Reading Expenses	21,835,052				22,140,799	28,616,839	6,476,040	29.25%
903 Customer Records and Collection Expenses	23,317,809				23,758,099	23,706,309	(51,790)	-0.22%
904 Uncollectible Accounts	11,678,776				11,678,776	20,266,846	8,588,070	73.54%
905 Miscellaneous Customer Accounts Expenses	-				-	119,390	119,390	
Total	56,953,024				57,700,413	72,839,590	15,139,177	26.24%
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES								
Operation								
907 Supervision	-				-	-	-	0.00%
908 Customer Assistance Expenses- CIP O&M excluded	2,126,184				2,093,293	2,258,172	164,879	7.88%
909 Informational and Instructional Expenses	1,084,253				1,101,356	808,690	(292,667)	-26.57%
910 Miscellaneous Customer Service and Informational Expenses	1,706,565				1,733,777	331,466	(1,402,310)	-80.88%
Total	4,917,002				4,928,426	3,398,328	(1,530,098)	-31.05%
SALES EXPENSES								
Operation								
911 Supervision	-				-	-	-	0.00%
912 Demonstrating and Selling Expenses	46,029				46,166	255,236	209,069	452.86%
913 Advertising Expenses	-				-	-	-	0.00%
916 Miscellaneous Sales Expenses	-				-	47,021	47,021	
Total	46,029				46,166	302,257	256,090	554.71%
ADMINISTRATIVE AND GENERAL EXPENSES								
Operation								
920 Administrative and General Salaries	95,838,854				99,481,288	102,026,766	2,545,478	2.56%
921 Office Supplies and Expenses	52,236,243				55,674,657	68,549,130	12,874,473	23.12%
922 Administrative Expenses Transferred-Credit	(42,157,400)				(42,239,466)	(54,977,107)	(12,737,641)	30.16%
923 Outside Services Employed	22,639,828				23,036,625	17,705,477	(5,331,148)	-23.14%
924 Property Insurance	(6,426,703)				(6,704,627)	6,689,998	13,394,625	-199.78%
925 Injuries and Damages - fuel handling O&M excluded	15,090,156				15,521,257	13,477,079	(2,044,178)	-13.17%
926 Employee Pension and Benefits - non service P&B O&M excluded	69,729,655				70,599,890	78,752,267	8,152,377	11.55%
927 Franchise Requirements	-				-	-	-	0.00%
928 Regulatory Commission Expenses - Amortization expense excluded	6,875,058				6,818,066	6,420,568	(397,499)	-5.83%
929 Duplicate Charges-Credit	(5,562,067)				(5,562,067)	(5,581,716)	(19,649)	0.35%
930.1 General Advertising Expenses	4,011,565				4,068,250	3,739,543	(328,707)	-8.08%
930.2 Miscellaneous General Expenses	3,287,410				3,340,174	4,233,622	893,447	26.75%
931 Rents	37,912,855				38,638,194	39,190,478	552,285	1.43%
935 Maintenance of General Plant	310,659				308,386	1,594,354	1,285,968	417.00%
Total	253,786,113				262,980,627	281,820,458	18,839,831	7.16%
(Excluding non departmental O&M costs in Accts. 925, 926 & 928)								
GRAND TOTAL - All Expenses	1,093,233,578				1,110,433,714	1,185,139,795	74,706,081	6.73%
		[PROTECTED DATA ENDS]						

Note:

N/A in GI Index column means the GI Index is not available


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Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Steam and Nuclear Expenses Table A22

Second Quarter 2020 Forecast

	2019	2020	2021
STEAM PRODUCTION PLANT	[PROTECTED DATA BEGINS...		
Total Operation and Maintenance: JEFOM			
Percent Change			
Operation: JEFO			
Percent Change			
Supervision and Eng. 500: JES&E500			
Percent Change			
Fuel 501*: JEF501MS			
Percent Change			
Steam Plant 502: JEF502			
Percent Change			
Electric Plant 505: JEF505			
Percent Change			
Miscellaneous 506: JEF506			
Percent Change			
Rents 507: JRENT			
Percent Change			
Maintenance: JEFM			
Percent Change			
Supervision and Eng. 510: JES&E510			
Percent Change			
Structures 511: JEF511			
Percent Change			
Boiler Plant 512: JEF512			
Percent Change			
Electric Plant 513: JEF513			
Percent Change			
Miscellaneous 514: JEF514			
Percent Change			

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Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Steam and Nuclear Expenses Table A22

Second Quarter 2020 Forecast

	2019	2020	2021
NUCLEAR PRODUCTION PLANT			
Total Operation and Maintenance: JENOM			
Percent Change			
Operation: JENO			
Percent Change			
Supervision and Eng. 517: JES&E517			
Percent Change			
Coolants and Water 519: JEN519			
Percent Change			
Steam Expenses 520: JEN520			
Percent Change			
Electric Expenses 523: JEN523			
Percent Change			
Miscellaneous 524: JEN524			
Percent Change			
Rents 525: JRENT			
Percent Change			
Maintenance: JENM			
Percent Change			
Supervision and Eng. 528: JES&E528			
Percent Change			
Structures 529: JEN529			
Percent Change			
Reactor Plant 530: JEN530			
Percent Change			
Electric Plant 531: JEN531			
Percent Change			
Miscellaneous 532: JEN532			
Percent Change			
...PROTECTED DATA ENDS]			

* This account receives no weight in forming the total operation and total operation and maintenance cost indexes

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Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Hydraulic and Other Expenses Table A23

Second Quarter 2020 Forecast

	2019	2020	2021
HYDRO PRODUCTION PLANT	[PROTECTED DATA BEGINS...		
Total Operation and Maintenance: JEHOM			
Percent Change			
Operation: JEHO			
Percent Change			
Supervision and Eng. 535: JES&E535			
Percent Change			
Hydraulic Plant 537: JEH537			
Percent Change			
Electric Plant 538: JEH538			
Percent Change			
Miscellaneous 539: JEH539			
Percent Change			
Rents 540: JRENT			
Percent Change			
Maintenance: JEHM			
Percent Change			
Supervision and Eng. 541: JES&E541			
Percent Change			
Structures 542: JEH542			
Percent Change			
Reserv.; Dams; Waterways 543: JEH543			
Percent Change			
Electric Plant 544: JEH544			
Percent Change			
Miscellaneous 545: JEH545			
Percent Change			

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Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Hydraulic and Other Expenses Table A23

Second Quarter 2020 Forecast

	2019	2020	2021
OTHER PRODUCTION PLANT	...PROTECTED DATA ENDS]		
Total Operation and Maintenance: JEOM			
Percent Change			
Operation: JEOO			
Percent Change			
Supervision and Eng. 546: JES&E546			
Percent Change			
Fuel 547*: JEO547MS			
Percent Change			
Generation Expenses 548: JEO548			
Percent Change			
Miscellaneous 549: JEO549			
Percent Change			
Rents 550: JRENT			
Percent Change			
Maintenance: JEOM			
Percent Change			
Supervision and Eng. 551: JES&E551			
Percent Change			
Structures 552: JEO552			
Percent Change			
Generation and Elec. Plant 553: JEO553			
Percent Change			
Miscellaneous 554: JEO554			
Percent Change			

* This account receives no weight in forming the total operation and total operation and maintenance cost indexes

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Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Transmission and Distribution Expenses Table A24

Second Quarter 2020 Forecast

	2019	2020	2021
TRANSMISSION PLANT	[PROTECTED DATA BEGINS...		
Total Operation and Maintenance: JETOM			
Percent Change			
Operation: JETO			
Percent Change			
Supervision and Eng. 560: JES&E560			
Percent Change			
Load Dispatching 561: JET561			
Percent Change			
Station Expenses 562: JET562			
Percent Change			
Lines 563&4: JET563&4			
Percent Change			
Miscellaneous 566: JET566			
Percent Change			
Rents 567: JRENT			
Percent Change			
Maintenance: JETM			
Percent Change			
Supervision and Eng. 568: JES&E568			
Percent Change			
Structures 569: JET569			
Percent Change			
Station Equipment 570: JET570			
Percent Change			
Overhead Lines 571: JET571			
Percent Change			
Underground Lines 572: JET572			
Percent Change			
Miscellaneous 573: JET573			
Percent Change			

PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Transmission and Distribution Expenses Table A24

Second Quarter 2020 Forecast

	2019	2020	2021
DISTRIBUTION PLANT			
Total Operation and Maintenance: JEDOM			
Percent Change			
Operation: JEDO			
Percent Change			
Supervision and Eng. 580: JES&E580			
Percent Change			
Load Dispatching 581: JED581			
Percent Change			
Station Expenses 582: JED582			
Percent Change			
Lines 583&4: JED583&4			
Percent Change			
Street Lighting & Signals 585: JED585			
Percent Change			
Meters 586: JED586			
Percent Change			
Customer Installations 587: JED587			
Percent Change			
Miscellaneous 588: JED588			
Percent Change			
Rents 589: JRENT			
Percent Change			
Maintenance: JEDM			
Percent Change			
Supervision and Eng. 590: JES&E590			
Percent Change			
Structures 591: JED591			
Percent Change			
Station Equipment 592: JED592			
Percent Change			
Overhead Lines 593: JED593			
Percent Change			


PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Transmission and Distribution Expenses Table A24

Second Quarter 2020 Forecast

	2019	2020	2021
Underground Lines 594: JED594			
Percent Change			
Line Transformers 595: JED595			
Percent Change			
Street Lighting & Signals 596: JED596			
Percent Change			
Meters 597: JED597			
Percent Change			
Miscellaneous 598: JED598			
Percent Change			
...PROTECTED DATA ENDS]			

PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Customer Accounts; Customer Service and Information; Sales; and Administrative and

General Expenses Table A25

Second Quarter 2020 Forecast

2019

2020

2021

CUSTOMER ACCOUNTS

Operation: JECAO

Percent Change

Supervision 901: JES&E901

Percent Change

Meter Reading Exp. 902: JECA902

Percent Change

Cus. Records and Collections 903: JECA903

Percent Change

Miscellaneous 905: JECA905

Percent Change

CUSTOMER SERVICE and INFORMATION

Operation: JECSIO

Percent Change

Supervision 907: JES&E907

Percent Change

Customer Assistance 908: JECSI908

Percent Change

Info. and Instruc. Advertising 909: JECSI909

Percent Change

Miscellaneous 910: JECSI910

Percent Change

SALES

Operation: JESALO

Percent Change

Supervision 911: JES&E911

Percent Change

Demonstr. and Selling 912: JESAL912

Percent Change

Advertising 913: JESAL913

Percent Change

Miscellaneous 916: JESAL916

Percent Change

[PROTECTED DATA BEGINS...

PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

Global Insight Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Customer Accounts; Customer Service and Information; Sales; and Administrative and

General Expenses Table A25

Second Quarter 2020 Forecast

	2019	2020	2021
ADMINISTRATIVE and GENERAL	...PROTECTED DATA ENDS]		
Total Operation and Maintenance: JEADGOM			
Percent Change			
Operation: JEADGO			
Percent Change			
Admin and General 920: JEADG920			
Percent Change			
Office Supplies 921: JEADG921MS			
Percent Change			
Outside Services 923: JEADG923MS			
Percent Change			
Property Insurance 924: JEADG924MS			
Percent Change			
Injuries and Damages 925: JEADG925MS			
Percent Change			
Pensions and Benefits 926: JEADG926MS			
Percent Change			
Franchise Fees 927: JEADG927MS			
Percent Change			
Regulatory Commission Exp. 928: JEADG928MS			
Percent Change			
General Advertising 930.1: JEADG9301			
Percent Change			
Miscellaneous 930.2: JEADG9302			
Percent Change			
Rents 931: JRENT931			
Percent Change			
Maintenance			
General Plant 935: JEADG935			
Percent Change			

Budget Translation
Analysis of Miscellaneous Expenses

Filing Requirement

The Commission order in Docket No. E-002/GR-91-001 states, as item 6b, the following requirement: “the Company shall file translation reports linking cost element, cost activity, and project budgeting mechanisms on a common and consistent basis to ensure a proper audit trail” (page 92 of the November 27, 1991 Order).

The body of the Commission order in Docket No. E-002/GR-91-001 states on page 25 in item 2: “File translation reports linking cost element, cost activity, and project budgeting mechanisms on a common and consistent basis to ensure an accurate accounting for expenses contained in ‘default’ cost elements like MS16.” (the budget system used by the Company at the time of the 1991 electric rate case filing identified components of cost using various cost elements such as Labor 10, Employee Expenses 11 etc. In that budget system a miscellaneous cost element Other Expenses 16 was used for items not specifically assignable to other cost components.)

The Commission order in Docket No. E-002/GR - 92-1185 states as item 10 the following requirement:

“In its next general rate case filing, the Company shall be exempted from including the following items: ...translation reports linking cost element, cost activity, and project budgeting mechanisms on a common and consistent basis to assure an audit trail ...Separately but contemporaneously with its next general rate case filing, however, the Company shall file this information with the Commission, serve copies on the Department and the RUD-OAG and make this information available for review by other parties upon their request.”

Compliance

The Company implemented a new budget system in 2014, Financial Management System (FMS), and a new financial management system in 2016, Systems, Applications, and Products in Data Processing (SAP). FMS is configured to build budgets consistent with actual accounting data. FMS assigns labor and non-labor costs to an SAP cost center, an SAP cost element, and an SAP internal order. This accounting string is used to assign the cost to the appropriate legal entity as well as provide the translation to the appropriate FERC account and the basis to develop electric or gas cost of service studies.

Volume 6 of the filing contains budget documentation supporting the operating and maintenance expense for the 2021 test year for each business area. Schedule 3 includes a breakdown of the 2021 budgeted cost for each business area by cost elements. Schedule 4 provides a breakdown of the 2021 budgeted cost for each business area by FERC account. Both schedules also provide a comparison to 2019 actual costs. Explanations for significant changes between 2019 actual and 2021 budget operating and maintenance expenses, which link to the account variances shown on Schedule 4, are also provided in the budget documentation. In addition, budget work papers that provide additional support are available for review upon request.

To address the requirement to provide additional information on miscellaneous other costs, descriptions for all of the Operating and Maintenance SAP cost elements were reviewed to identify those where the descriptions were not clear. Through this process two SAP cost objects were identified:

5600871	Other
5600781	O and M Credits - Other

The attached document provides additional descriptive details of the 2021 budgeted costs/credits included in these two SAP cost elements for the NSPM legal entity electric utility.

Legal Entity - NSP-MN**Electric Utility****Object Account****Business Area****Additional Description of Cost/Credit****2021
Budget**

5600871 Other	Nuclear Generation	The Company defers direct nuclear outage costs and amortizes those costs over the period between nuclear outages. This is the estimated direct costs for the scheduled nuclear outages that are being deferred and amortized to expense during this period.	(\$62,274,000)
5600871 Other	All other miscellaneous costs across many Business Areas	Miscellaneous charges across many Business Areas that were not included in other cost elements.	\$97,568
5600781 O and M Credits - Other	Benefits & Loadings	Credit related to the Human Resources Call Center which is already reflected in the NSPM labor loadings.	(\$420,129)
5600781 O and M Credits - Other	Corporate Other	NSP Transmission Joint Ventures credits (\$1.1M) are recorded to the Corporate Other business area in Miscellaneous O&M credits (FERC account 922, A&G Admin Transferred Credit) to offset the A&G expenses allowable per contract that are billed to 3rd party partners. In addition, non-regulated overhead allocation for non-regulated activities for NSPM are allocated a portion of administrative and general costs to insure the regulated utility isn't subsidizing the non-utility business. The overhead allocation methods for NSPM are described in their Cost Assignment and Allocation Manuals (CAAM) filed with their respective Public Utilities Commission which amounted to (\$800K) in the 2021 Budget.	(\$1,846,427)
5600781 O and M Credits - Other	Customer and Innovation	Costs associated with meter readers that are retained to read any non-automated and non-performing electric meters in NSPM.	(\$1,131,846)
5600781 O and M Credits - Other	Energy Supply	Credits for O&M support for Sherco Unit 3 from Southern Minnesota Municipal Power Agency (SMMPA) for the shared ownership agreement.	(\$1,381,387)
5600781 O and M Credits - Other	Financial Operations	System generated credits reflecting a reimbursement from captive insurance	(\$339,669)

Capital Substitution/Contingent Fund Process and Reports

Filing Requirement

The Commission order in Docket No. E-002/GR-92-1185 states as item 10 the following requirement:

“In its next general rate case filing, the Company shall be exempted from including the following items: ...month-by-month and year-end summary reports of contingency fund transactions and project substitutions. Separately but contemporaneously with its next general rate case filing, however, the Company shall file this information with the Commission, serve copies on the Department and the RUD-OAG and make this information available for review by other parties upon their request.”

Compliance

At the time of NSP’s electric rate case filing in 1992, the Company would set aside a portion of the capital budget authorization for each business area into a contingency fund. During the year the contingent fund would be utilized for one of the following reasons:

- (1) Existing project requiring additional authorization
- (2) Existing project returning unused authorization
- (3) New project requiring original authorization
- (4) Canceled project returning authorization

A contingent fund summary report was prepared that showed the projects that either required or returned amounts to the contingency fund. The contingent fund transactions represented a transfer of project authorization amounts. These amounts were not necessarily indicative of capital expenditure budget deviations.

Beginning in the mid 1990’s, the Company moved away from the use of contingency funds as a general practice, and no longer routinely authorized unspecified capital budget amounts. Instead, business areas were required to budget all non-blanket capital related expenditures on a project-specific basis. During the year, as budgeted projects were changed or eliminated, and new projects were identified, each business area evaluated the changes and with consideration of the total budgeted amount available, revised their project list accordingly. If additional money was required to fund the updated project list, approval from the executive finance committee was necessary.

Today’s process is similar. Each business area is responsible for identifying specific non-blanket projects in the budgeting process. Throughout the year each business area manages their capital spending in accordance with the approved budget levels. As new projects are identified, and changes to existing projects are made and approved, the project lists are updated. On a monthly basis, the capital budget for each business area is reviewed by the executive Finance Council. This review includes a comparison of year-to-date expenditures as compared to the budget, a year-end forecast, and a status review of deviations. If it is necessary to reassign the capital budget it is done at the discretion of the Finance Council and is based on the benefits of the projects being funded.

Summaries of the processes used for Energy Supply, Distribution, Transmission, Nuclear, and Business Systems, those business areas representing a majority of the 2021 capital budget, are included as Attachments A, B, C, D, and E.

Energy Supply

Capital Project Substitution and Change Process

Capital Reallocation and Financial Reforecast

Periodically, it may be necessary to reallocate and reforecast capital expenditures from the original budget approved through the Corporate Budgeting process. Initiating causes that may require reallocation and reforecast are likely to include: emergent work, new projects, project overruns or underruns, project cancellations and budget reductions.

The undesignated capital account within the Energy Supply budget contains funds that have been budgeted and set aside for undefined capital projects (emergent work, including unexpected regulatory action, etc.) This fund is used for emergent work identified and approved throughout the year. If a project fits the criteria and is approved, funds are deducted from the undesignated account and designated to that plant during monthly financial updates. The same can be true in reverse. If a project is cancelled for a reason (not needed, over budgeted, out of time, outage cancelled, etc.) then funds that were budgeted are reduced from the specific plant and added back to the undesignated account.

Exhibit 1 illustrates the tracking of these capital reallocations for 2020 through YTD July 2020.

NSPM 2020 Emergent Funds Reallocations
By Plant and Project
Updated through July Actuals

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	2020 Grand Total	2020 Committed Projects	Variance
IVH_Inver Hills	A.0001561.500	A.0001561.500.001.001	IVH Emergent Fund -Other prod	-		-
		A.0001561.500.001.017	IVH Emerg shop crane mono rplc	20,985		20,985
		A.0001561.500.001.019	IVHOC Emerg CR HVAC Contr Rplc	7,879		7,879
		A.0001561.500.001.018	IVHOC Emerg ESC Stk Vision upgrade	78,394	55,000	23,394
				-		-
				-		-
				-		-
				-		-
				-		-
IVH_Inver Hills Total Forecast				107,258	55,000	52,258
Inver Hills 2020 Bud				-	55,000	(55,000)
Variance				107,258		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
REW_Red Wing	A.0001562.500	A.0001562.500.001.001	REW Emergent Fund -Steam prod	-		-
			Emergent Funds	400,000	-	400,000
		A.0001562.500.001.013	REWOC POWERHOUSE EAST WALL WINDOWS	21,183	-	21,183
		A.0001562.500.001.014	REWOC LANDFILL LEACHATE PUMPING SYSTEM	11,168	-	11,168
		A.0001562.500.001.015	REW2C U2 ID FAN VFD	(8,332)	-	(8,332)
		A.0001562.500.001.016	REW0 ADF LEACHATE SYSTEM	100,257	250,000	(149,743)
		A.0001562.500.001.017	REWOC #2 BFWP VFD	30,008	35,000	(4,992)
		A.0001562.500.001.018	REW1C U1 FRONT WALL INSULATION	34,746		34,746
		A.0001562.500.001.019	REWOC KUBOTA RTV	19,745	20,000	(255)
		A.0001562.500.001.020	REW0 C9 BUBBLER PUMP	24,518	37,000	(12,482)
		A.0001562.500.001.021	REW0 CHEM FEED PUMP	4,365	4,500	(135)
		A.0001562.500.001.022	REW0 #2 BFWP Motor	502		502
		A.0001562.500.001.023	REW0 FP Underground Water Main	29,532	4,300	25,232
		A.0001562.500.001.024	TDL Platform	3,107	24,000	(20,893)
		A.0001562.500.001.026	REWOC ADF EAST CELL LEACHATE PUMP	-	19,500	(19,500)
			U2 Turbine Front Standard Spring OH	-	115,000	(115,000)
			REWOC SCRUBBER PUMP EMERG FUND	-		-
				-		-
REW_Red Wing Total Forecast				670,798	509,300	161,498
Red Wing 2020 Bud				50,000	509,300	(459,300)
Variance				620,798		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
WLM_Wilmarth	A.0001565.500	A.0001565.500.001.001	WLM Emergent Fund -Steam prod	-		-
		A.0001565.500.001.021	WLM New Shallow Well Pump	186,910	85,000	101,910
		A.0001565.500.001.022	WLM2 Boiler Sootblower Control Valves	24,619	30,500	(5,881)
		A.0001565.500.001.023	WLM0 Install Mtnc Shop Fume Extractor	25,592	20,000	5,592
		A.0001565.500.001.024	New Leachate Flowmeter CWIP	8,642		8,642
		A.0001565.500.001.027	Unit 1 Sootblower Stop Valve Replacement	-	3,500	(3,500)
		A.0001565.500.001.028	Unit 2 Sootblower Stop Valve Replacement	-	3,500	(3,500)
			BCWP WLM Lime Pebble Vol Feeder	-	11,400	(11,400)
			Substation Demo	-	15,000	(15,000)
			New U1 Slurry Density Meter	-	10,938	(10,938)
			Replace Unit 2 Slurry Pump VFD	-	3,509	(3,509)
			WLM1 Scrubber Atomizing Lance and Nozzle Replacement	-	10,171	(10,171)
			WLM2 Scrubber Atomizing Lance and Nozzle Replacement	-	10,171	(10,171)
			Replace Unit 2 Windswept Spouts and Pant Legs	-	197,338	(197,338)
				-		-
				-		-
				-		-
				-		-
				-		-
				-		-
WLM_Wilmarth Total Forecast				245,762	401,027	(155,265)
Wilmarth 2020 Budget				100,000	401,027	(301,027)
Variance				145,762		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
ASK_Allen S King	A.0001572.500	A.0001572.500.001.001	ASK Emergent Fund -Steam prod	-		-
		A.0001572.500.001.044	Front End Loader Transmission	40,838	41,000	(162)
		A.0001572.500.001.046	ASK1 Emergency Lighting Repl	15,698		15,698
		A.0001572.500.001.048	King Plow Feeder VFD Replacement	2,370	23,300	(20,930)
		A.0001572.500.001.049	King TH5 Fan Motor Replacement	5,720	12,800	(7,080)
			Fire Protection System Replacement	-	41,000	(41,000)
		A.0001572.500.001.052	ASK 1 ID Fan Bldg Sump Pump Repl	3,363		3,363
			ASK1 Feedwater O2 injection replacement	-	14,300	(14,300)
		A.0001572.500.001.054	ASK1 Ammonia Injection Pump Replacement	4,247	10,300	(6,053)
			King Aux Cooling Water Disch Flowmeter Replacement	-	26,700	(26,700)
			King Operations Area HVAC Replacement	-	16,500	(16,500)
				-		-
				-		-
ASK_Allen S King Total Forecast				72,236	185,900	(113,664)
ASK 2020 Budget				350,287	185,900	164,387
Variance				(278,051)		

NSPM 2020 Emergent Funds Reallocations

By Plant and Project

Updated through July Actuals

Project Definition - Text	SAP Parent [WBS]	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
BDS_Black Dog	A.0001573.500	A.0001573.500.001.001	BDS Emergent Fund -Other prod	-		-
		Emergent Funds		1,250,000		1,250,000
		A.0001573.500.001.022	BDSOC Instl Insulation on Weld Shop	(2)		(2)
		A.0001573.500.001.044	BDSO Install South Berm Rip Rap	17,564	14,000	3,564
		A.0001573.500.001.028	BDSOC 31/32 Sewage Pumps	13,333		13,333
		A.0001573.500.001.036	BDSOC No. 32 Cooling Water Pump	20,360		20,360
		A.0001573.500.001.038	BDS2C Oil Quality Sensor Instal	442		442
		A.0001573.500.001.039	BDS5C Rpl US HP Blow Down Valve 1326	98		98
		A.0001573.500.001.041	BDSO Replace S/2 Bilge CV-1183	6,718		6,718
		A.0001573.500.001.043	Process Network Firewall Replacement	6,434	7,000	(566)
		A.0001573.500.001.042	High Water Gate Fiber Replacement	-	44,000	(44,000)
		A.0001573.500.001.045	BDS5C Repl 5 CT Gas Flowmeter	17,574		17,574
		A.0001573.500.001.046	BDSO Repl 3-4 Bilge Mkup Lvl CV	11,360	10,000	1,360
			CWIP BD 2 GSU Buchholz Relay Repl	-		-
			US HGP with Flex	-	100,000	(100,000)
			BDS6 HMI Replacement	-	65,479	(65,479)
			1-2 UPS Internals Replacement	-	62,838	(62,838)
		A.0001573.500.001.049	BDS5 FW to LP Drum Bypass Valve replacement	5,903	24,500	(18,597)
			Dilution Air Heater Replacement	-	14,758	(14,758)
			US Speed Card Redundancy Install	-	12,388	(12,388)
				-		-
				-		-
				-		-
				-		-
				-		-
				-		-
				-		-
				-		-
BDS_Black Dog Total Forecast				1,349,782	354,963	994,819
Black Dog_2020 Bud				400,000	354,963	45,037
Variance				949,782		

Project Definition - Text	SAP Parent (WBS)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
HBR_High Bridge	A.0001575.500	A.0001575.500.001.001	HBR Emergent Fund -Other prod	-		-
		Emergent Funds		1,000,000		1,000,000
		A.0001575.500.001.034	HBC0C Process NW Server Visualization	6,244		6,244
		A.0001575.500.001.036	HBC7C MS Block Valve (7MS-MOV-0004)	8,191	206,584	(198,393)
		A.0001575.500.001.037	HBC8C MS Block Valve (8MS-MOV-0004)	6,585	206,584	(199,999)
		A.0001575.500.001.040	HBC7-HRSG Modules 1&2 Penetration Seals	74,492	71,000	3,492
		A.0001575.500.001.041	HBC8- HRSG Modules 2 Penetration Seals	47,394	36,250	11,144
		A.0001575.500.001.042	HBC7 MS Bypass Vlv Internal Repl	3,939	7,160	(3,221)
		A.0001575.500.001.043	HBC8 MS Bypass Vlv Internal Repl	4,754	7,160	(2,406)
		A.0001575.500.001.044	HBC7- Purchase Valve Internals as CESP	52,138		52,138
		A.0001575.500.001.046	HBC0C Install New Well	90,284	5,000	85,284
		A.0001575.500.001.049	HBC7C HRSG SH and RH Drain Vlv Rplc	72,867	12,175	60,692
		A.0001575.500.001.050	HBC8C HRSG Drain Vlv Rplc	65,554	202,318	(136,764)
		A.0001575.500.001.051	HBC8 MS-AOV-0003 DRAIN VALVE REPLC	16,396	12,175	4,221
		A.0001575.500.001.053	HBC7C U7 Condensate ISO Vlv Install	20,987	55,700	(34,713)
		A.0001575.500.001.054	HBC U8 COND MOV Replc	27,679		27,679
		A.0001575.500.001.055	HBC U7 COND MOV Replc	20,725		20,725
		A.0001575.500.001.056	RWIP HBC0C Replc Emerg Stop Gas Vlv	29,290	49,551	(20,261)
		A.0001575.500.001.057	CWIP HBC 92 Hotwell Pump Motor and Cable Repl	67,439	89,020	(21,581)
			Seal Water Pump Replacement	6,275	7,250	(975)
		A.0001575.500.001.059	HBC7 HP IP ECON DRAIN VLV REPLC	253	38,469	(38,216)
		A.0001575.500.001.060	HBC8 HP IP ECON DRAIN VLV REPLC	253	38,470	(38,217)
			HBC7 Electronic Flame Detection	-	26,781	(26,781)
			HBC8 Electronic Flame Detection	-	26,781	(26,781)
				-		-
				-		-
				-		-
				-		-
				-		-
				-		-
HBR_High Bridge Total Forecast				1,621,740	1,098,428	523,312
High Bridge 2020 Budget				1,894,023	1,098,428	795,595
Variance				(272,283)		
				1,659,315	(37,575)	

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
RIV_Riverside	A.0001579.500	A.0001579.500.001.001	RIV Emergent Fund -Other prod	-		-
		Emergent Funds		1,350,200		1,350,200
		A.0001579.500.001.030	RIV10C CT Replacement	9,203		9,203
		A.0001579.500.001.031	RIV0C Generator Monorail	38,436		38,436
		A.0001579.500.001.032	RIV9C Fuel Valve Exchange	25,881	71,500	(45,619)
		A.0001579.500.001.033	RIV0C - Rpl 72 Instr Air Comp Oil Cooler	15,248	13,500	1,748
		A.0001579.500.001.034	RIV7C - 6 Circ Water Pmp Exp Joint Rpl	11,446	10,500	946
		A.0001579.500.001.035	7 GSU High Voltage Switch	3,442	115,000	(111,558)
		A.0001579.500.001.036	RIV U10 Aux LO Pmp Motor	33,624	38,120	(4,496)
		A.0001579.500.001.037	BCWP RIV7 Repl #7 Ball Recirc Pump	12,294	19,000	(6,706)
		A.0001579.500.001.038	RIV9 Repl #9 FW CV Bypass Valve	22,246	41,000	(18,754)
		A.0001579.500.001.039	RIV10 Rep 102 BFP Inboard Mech Seal	27,241	20,300	6,941
		A.0001579.500.001.040	RIV0 - Aux Boiler #2 FW Pump	16,446	15,000	1,446
		A.0001579.500.001.041	Replace Unit 10 MS Stop Valve Actuator	14,519	13,500	1,019
		A.0001579.500.001.042	RIV9 #7 Combustion Dynamics Xmtr Replacement	12,547	17,306	(4,759)
			CWIP 102 BFP IB Seal Repl	-		-
			RIV9 Dilution Air Blower Breaker Replacement		5,562	(5,562)
			RIV10 Pegging Steam Valve DVC Replacement		9,857	(9,857)
			CESP HP (a.k.a. MS) Bypass Valve Internals		105,957	(105,957)
				-		-
				-		-
				-		-
RIV_Riverside Total Forecast				1,592,773	496,101	1,096,671
Riverside 2020 Budget				1,400,000	496,101	903,899
Variance				192,773		

NSPM 2020 Emergent Funds Reallocations
By Plant and Project
Updated through July Actuals

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
BLI_ Blue Lake	A.0001559.500	A.0001559.500.001.001	BLLOC Emerg Gas Heaters U7&8	-		-
			U3 Water Injection Throttle Valve	-		-
			HIM Controller Screen	-		-
			BLLOC Emerg Hyd analyzer E 1 control panel replc	4,298	12,000	4,298
			BLI Unit 8 Ignition System Upgrade	-		(12,000)
				-		-
				-		-
BLI_ Blue Lake Total				4,298	12,000	(7,702)
Blue Lake 2020 Budget				-	12,000	(12,000)
Variance				4,298		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
ANS_Angus Anson	A.0001571.500	A.0001571.500.001.001	ANS Emergent Fund -Other prod	-		-
			Emergent Funds	-		-
		A.0001571.500.001.028	U3 Water Injection Throttle Valve	46,405	48,169	(1,764)
			HIM Controller Screen	-	8,890	(8,890)
		A.0001571.500.001.029	ANS4C Emerg CT4 HIM Rplc	7,630		7,630
		A.0001571.500.001.030	Angus Anson Sulfuric Acid Bulk Tank & Fill Line Replacement	1,255	36,765	(35,510)
			ANS0 - Clear Well Pump Replacement	-	24,846	(24,846)
		A.0001571.500.001.032	CT2 LO Heater Contactor/Fault Interrupter	5,524	4,933	591
			ANS4 Bard Unit Replacement CT4 PEECC	-	17,965	
				-		-
				-		-
ANS_Angus Anson Total Forecast				60,814	141,568	(80,754)
Anson 2020 Budget				200,000	141,568	58,432
Variance				(139,186)		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
PVW - Emergent Fund	A.001611.501			-		-
		A.0001611.501.001.002	PVW1 - Replace T085 Blade	5,648		5,648
		A.0001611.011.001.001	BUD PVW1-Transformer Replacements	106,410	120,000	(13,590)
				-		-
				-		-
PVW - Emergent Fund Total Fcst				112,058	120,000	(7,942)
PVW 2020 Budget				130,000	120,000	10,000
Variance				(17,942)		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
Grand Meadows	A.0001576.500			-		-
			GDM0 Blade Inspection Drone	-	38,000	(38,000)
				-		-
GRM - Emergent Fund Total Fcst				-	38,000	(38,000)
GDM 2020 Budget				130,000	38,000	92,000
Variance				(130,000)		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
Granite City	A.0001570.016			-		-
		A.0001570.016.001.001	GRCOC Demo Phase 1 - decoupling	18,668	15,000	3,668
				-		-
				-		-
				-		-
Granite City - Emergent Fund Total Fcst				130,726	15,000	115,726
Granite City 2020 Budget				9,000	15,000	(6,000)
Variance				121,726		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
Hennepin Island	A.0001564.500			-		-
		A.0001564.500.001.005	Replace Transfer Switch for Canal Headgates	1,226	21,519	(20,293)
				-		-
				-		-
				-		-
Hennepin Isl - Emergent Fund Total Fcst				1,226.00	21,519	(20,293)
Hennepin Isl 2020 Budget				-	21,519	(21,519)

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
Corporate Tools	A.0003000.			-		-
		A.0003000.559.001.001	Bud-SEROC CHM Dissipation Factor	5,450	42,000	(36,550)
		A.0003000.698.001.001	SEROC CHM Misc Tools-MN	74,029		74,029
			Rescue Retrieval System	-	20,000	(20,000)
				-		-
Corporate Tools Total Fcst				79,479	62,000	17,479
Tools 2020 Budget				263,340	62,000	201,340
Variance				(183,861)		

NSPM 2020 Emergent Funds Reallocations

By Plant and Project

Updated through July Actuals

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total	Committed Projects	Variance
Tools	CAPITAL TOOL			-		
		A.0003000.658.001.001	ASKOC- Tool Blanket	27,743		27,743
		A.0003000.657.001.001	ANSOC Tools and Equip Ca	7,733	21,940	(14,207)
		A.0003000.659.001.001	BLLOC Tools Blanket	3,509		3,509
		A.0003000.680.001.001	REWOC Tool Blanket	33,997	35,000	(1,003)
		A.0003000.685.001.001	WLMOC Tools & Equipment B	1,997	9,152	(7,155)
		A.0003000.661.001.001	BDSOC Tool Blanket	3,722		3,722
		A.0003000.738.001.001	LBW Capital Tools and Equipment	4,949		4,949
		A.0003000.682.001.001	SHCIC Tools and Equip pur	90,532		90,532
		A.0003000.559.001.001	SEROC CHM Dissipation Factor	-		-
		A.0003000.698.001.001	SER-CHM-Misc Tools-MN	55,219		55,219
				-		-
				-		-
				-		-
				-		-
Corporate Tools Total Fcst				229,401.67	66,092	163,310
Tools 2020 Budget				263,340	66,092	197,248
Variance				(33,938)		

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
Sherco Unit 3	A.0001574.173	A.0001574.173.001.001		-		-
		A.0001574.173.001.009	SHC3C Replace Station DC Chargers-23310	29,792		29,792
		A.0001574.173.001.010	SHC3C Turb Cntrl Vlv Internals-23266	301,201		301,201
		A.0001574.173.001.013	SHC3 33 Air Compressor Mtr-23655	(8,402)		(8,402)
		A.0001574.173.001.014	AQCS Instrument Air Compressor and Dryer	23,435		23,435
		A.0001574.173.001.016	SHC3C 31 Air Compressor Motor Repl 2019	8,402		8,402
		A.0001574.173.001.018	SCH3 Landfill Haul Truck -1206	270,783	437,000	(166,217)
		A.0001574.173.001.019	SCH3 Landfill Haul Truck -558	554,319	437,000	117,319
		A.0001574.173.001.021	SHC3 14GB Bucket Replacement	360,393	365,471	(5,078)
		A.0001574.173.001.023	SHC3 Repl HVAC Chiller Comp 33 CL6 HAQ	11,551		11,551
				-		-
			51 to 52 Chute Work	-	572,000	(572,000)
		A.0001574.173.001.017	SCH3 Stack Mercury Room Cooling	932		932
			Replace Unit 3 Landfill garage HVAC Compressor	-	7,500	(7,500)
			U1 East Scrubber SUS Computer Room HVAC	-	70,000	(70,000)
			211 Upper Field Power Supply Control Cabinet Replacement	-	40,250	(40,250)
			Portable HVAC units	-	24,000	(24,000)
			SHC0 Various Plant Computers	-	23,000	(23,000)
			SHC0- 2 Nut Runners	-	5,786	(5,786)
			SHC0 - 2 Impact Wrenches	-	2,885	(2,885)
				-		-
Total Forecast				1,552,407	1,984,892	(432,485)
Sherco Unit 3		2020 Budget		186,974	1,984,892	(1,797,918)
Variance		Variance		1,365,433		1,365,433

Project Definition - Text	SAP Parent (WBS	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
Sherco Common	A.0001574.198	A.0001574.198.001.001		-		-
		A.0001574.198.001.007	SHCCC CESP #2 CC Rotor Assembly-23374	84,844	130,000	(45,156)
		A.0001574.198.001.008	SHC0 Rep Admin Bldg Water Heater	13,605		13,605
				-		-
			SDA Motor	-	45,000	(45,000)
			Yard Grater Overhaul	-	240,000	(240,000)
			Replace River Water Valve	-	65,000	(65,000)
			Rplc HVAC Chiller compressor, 33 CL6 HAQ	30,195	17,700	12,495
			Rplc Admin Bldg HVAC Compressor #2 on HSB-2-CL4	27,218	26,000	1,218
			Maintenance Tool Cabinets	-	13,972	(13,972)
			Replace 110 Module's Reheater Bundle	-	237,800	(237,800)
			SHC99 - Coal Yard Dumper Roof Replacement	-	90,000	(90,000)
				-		-
				-		-
Total Forecast				155,862	865,472	(709,610)
Sherco Common				80,000	865,472	(785,472)
Variance				75,862		

NSPM 2020 Emergent Funds Reallocations
By Plant and Project
Updated through July Actuals

Project Definition - Text	SAP Parent (WBS)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
Sherco JV Common	A.0001574.252	A.0001574.252.001.001		76,903		76,903
		A.0001574.252.001.013	SHCJC No 4 Barn Slurry Pump-23841	14,336	65,000	(50,664)
		A.0001574.252.001.014	SHCJC No 6 Barn Slurry Pump-23842	11,304		11,304
		A.0001574.252.001.015	SHCJC Repl Hydrogen Gen Pwr Supply 2019	44,867		44,867
		A.0001574.252.001.016	ERC Air Cannon	-	90,000	(90,000)
		A.0001574.252.001.018	#6 Well Pump	97,620	300,000	(202,380)
		A.0001574.252.001.017	SHC99 Bulk Nitrogen Storage Tank & Line	34,907		34,907
		A.0001574.252.001.020	SHC99 Yard Grader Overhaul	177,018		177,018
		A.0001574.252.001.021	SHC1 Coal Yard Ctrl Bldg Rf - 24471	58,875		
		A.0001574.252.001.022	SHC99 Dust Suppression Chem Feed System	115,940	195,000	
			SHCO - Fugitive Dust Fence	-	11,650	(11,650)
				-		-
Total Forecast				631,771	661,650	(29,879)
Sherco JV Common		2020 Budget		64,000	661,650	(597,650)
Variance		Variance		567,771		

Project Definition - Text	SAP Parent (WBS)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
Sherco U2	A.0001574.269	A.0001574.268.001.001		-		-
			BCWP SHC2 Mod 211 Upper Xfmr Cab Repl	-		-
Total Forecast				-	-	-
Sherco U2		2020 Budget		80,000	-	80,000
Variance				(80,000)		

Project Definition - Text	SAP Parent (WBS)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	Grand Total		
Sherco Unit 1	A.0001574.268	A.0001574.268.001.003	Budget	-		-
		A.0001574.268.001.003	SHC1C Mod 111 Transformer Repl - xxxxx	-		-
		A.0001574.268.001.005	SHERCO U1 11MSA TRANSFORMER REPLACEMENT	2,005	-	2,005
		A.0001574.268.001.006	SHC1C Test WESP Power Supply	6,987		6,987
			U1 Scrubber Power Supply Replacement	-	54,000	(54,000)
		A.0001574.268.001.007	SHC1 Repl Valve and Actuator RW CV 1005	83,943		83,943
		A.0001574.268.001.008	SHC1 12Closd Cooling Water Pmp Cable Rep	30,699		30,699
			BCWP SHC1 Scrubber SUS Cmptr Rm HVAC - 24489	-		-
			BRWP SHC1 Scrubber SUS Cmptr Rm HVAC - 24489	-		-
			BCWP SHC1 12Closd Cooling Water Pmp Cable Rep	-		-
			BCWP SHC1C Test WESP Power Supply	-		-
				-		-
Total Forecast				123,634	54,000	69,634
Sherco Unit 1		2020 Budget		80,000	54,000	26,000
Variance				43,634		

Approved Offsets - Cancelled/Reduced Projects			
SHC99-Barn 54 Conv Chute	641,600		641,600
SHC99-U99 Coal Barn Dust Suppression System	89,000		89,000
SHC3-U3 Tur Gland Steam Isolation Valve	82,600		82,600
Lab Instrument	71,000		71,000
			-
			-
			-
Total Offsets	884,200	54,000	830,200
Total Budget	884,200	54,000	830,200

Summary			
Total Emergent Projects Budget	4,885,284		
Approved Offsets	884,200		
Adjusted Emergent Budget Dollars	5,769,484	7,142,912	(1,373,428)
PVW Transformer Budget	130,000		
Granite City Demo Buget	9,000		
Corp Tools Budget (less 71K for lab instrument which is being counted in offsets)	192,340		
2020 Available Budget Dollars	6,100,824	7,142,912	(1,042,088)

Distribution Operations

Capital Project Substitution and Change Process

The Investment Planning organization within Distribution Operations analyzes system performance, load patterns and anticipated new customer growth projections to identify projects to be funded during the “budget” year. These projects are scored through a risk model and funded based on the authorized budget levels established through the Corporate Budgeting process.

After the capital expenditures budget is finalized, the approved project list becomes the basis for the release of projects during the calendar year. This process must be somewhat flexible to allow for needed additions and deletions within a given year. For example, should an emergency occur during the year, priorities may change and result in an adjustment to the list of projects. Projects that were previously approved may be delayed to accommodate the emergent work. Through our budget deployment process we are therefore able to meet identified needs and requirements, adjust to changing circumstances and prudently ensure the long-term health of the distribution system.

For example, our capital expenses for storm restoration are dependent on the magnitude and frequency of severe weather in a particular year. The unpredictable nature of severe weather makes precise budgeting difficult as the weather each year is different. Other examples of emergent work include customer driven or mandated projects that are identified after budget create.

Exhibit 1 is a list of projects that were budgeted and not executed in 2019, and those that were not funded, but spent in 2019.

Distribution Operations Capital - NSPM - MN Jurisdiction**Budgeted Projects with No Actuals**

WBS L2	Description	2019 Actuals	2019 Budget
A.0010019.009	MN - Line Asset Health WCF Blanket	1,638	11,000,000
A.0010011.004	MN - Mandate WCF Blanket	-	5,718,000
A.0010154.001	VAULT Relocation 4th Street Road Project	-	5,500,000
A.0010150.001	Install 35KV xfmr Salida Crossing	-	1,500,000
A.0010144.001	CLOSED Instll 2 UG Fdrs from Ctown Sub	-	1,000,000
A.0010077.022	T Rebuild West St Cloud to Millwood	-	700,000
A.0010151.001	Rebuild Yellow Medicine YLM211 & YLM212	-	500,000
A.0005509.014	ELR MPLS Vault Tops	-	200,000
A.0000718.004	SUB Install Stockyards STY TR3 & Fdrs	-	100,000
A.0006059.478	Logistics - Security Equipment	-	13,000
A.0006059.477	Logistics - Fencing - NSPM	-	4,000
A.0010061.003	STP State Capitol Extension	-	(50,000)
A.0010077.021	2440 Plymouth Rd OH-UG Conversion	-	(113,000)
		1,638	26,072,000

Projects with No Budgets

WBS L2	Description	2019 Actuals	2019 Budget
A.0005585.001	MINNESOTA MAJOR STORM RECOVERY	14,361,322	-
A.0005566.015	SE Solar Garden Extensions - E	4,628,141	-
A.0005521.096	SUB Replace Fifth Street FST Switchgear	3,175,069	-
A.0010035.003	MN - Network Reinforcement Blanket	2,619,524	-
A.0010133.049	Install 35KV xfmr Salida Crossing	2,383,307	-
A.0000390.015	SUB Install Wilson WIL TR4 & Feeders	1,493,713	-
A.0010077.007	YLM211 and YLM212 Rebuild OH lines	1,188,447	-
A.0005502.014	Add Dundas 072 Feeder-dist	1,162,410	-
A.0010093.076	LINE Reinforce Medford Junction MDF TR1	1,084,147	-
A.0000390.014	LINE Install Wilson WIL TR4 & Feeders	1,076,677	-
A.0005566.017	Extend facilities to serve NW	1,067,586	-
A.0010069.018	Rice St & 694 Roundabout Recon	1,007,858	-
A.0010069.006	Hwy 95 Reconstruction (Manning)	980,340	-
D.0002259.003	XE1 Wave 5 - Distribution SW-10796 MN	962,215	-
A.0010069.013	Hwy 101 Bridge Relocation	763,133	-
A.0010077.023	Flint Hills Vessel Relocation	729,859	-
A.0010069.016	County Road 8-Wentworth Ave	713,203	-
A.0010143.007	COMP Relocation MPLS SWLRT Road Project	705,304	-
A.0005014.129	Remodel Chestnut SC - Furniture	630,670	-
A.0010077.024	Rebuild Sacred Heart SCH211	615,936	-
A.0010069.014	Oakdale and Marie Trl Relocation	609,910	-
A.0010133.058	Reinforce Daytons Vault 3	583,648	-
A.0005509.068	OH to UG for CSAH 53 Road Project	580,336	-
A.0010125.016	Replace Linde LND TR1	527,900	-
A.0010019.007	MN - Network Renewal Blanket	523,220	-
A.0005566.021	MN-Solar Garden Sub Comm	511,474	-
A.0010180.005	MN Electric Vehicle Program FLEET	506,371	-
A.0010069.017	Madison Ave & Haefner Dr Relocation	447,812	-
A.0010077.028	France Ave OH-UG	424,958	-
A.0010069.015	Dakota County Hwy 50 Relocation	408,111	-
A.0010125.021	FST - Replace Lighting System	408,023	-
A.0010143.006	COMP Relocation EDINA SWLRT Road Project	403,008	-
	Projects less than \$400,000	(5,579,931)	-
		41,703,697	-

Transmission

Capital Project Substitution and Change Process

Periodically, it may be necessary to reallocate and reforecast capital expenditures from the original budget approved through the Corporate Budgeting process. On a monthly basis, existing project actual to budget variances are reviewed and documented. Project forecasts are updated monthly reflecting the best known information at that time. Forecast variances create room for new emerging projects that were not anticipated during the budget.

Projects that were not originally identified in the budget are considered to be “Out of Cycle Projects” and are presented at the monthly Base Capital Review meeting to determine whether funding should be approved. All projects that are greater than \$10 million are brought to the Investment Review Council and the Financial Council for authorization to proceed.

The Interconnection Agreement (IA) Tariff Fund was created to help initial funding of all interconnection projects that often require short approval windows to meet customer needs. This fund is budgeted for this program of work and is based on historical averages and known demand of interconnection projects requests.

Month	Opco	Status	Date Project Submitted	Project Grouping	Project Name	IA Funded	Customer Funded	ISD	TCR Eligibility	2019 New funding	2020 New Funding	2021 New Funding	2022 New Funding	Total New Funding	General Comments
January	NSPM	Approve	1/9/2019	GRE Brooks Lake Interconnect	GRE Brooks Lake Interconnect - 0833	Yes	No	10/30/2019	No	475,000				475,000	The project for XE will consist of transmission line new deadend structures for an in-and-out tap connection. No work at the substation. GRE will accommodate metering needs (instantaneous and periodic). XE will review any change in protection settings required on Big Swan and Crow Rivers Subs.
January	NSPM	Approve	1/14/2019	GRE - Lebanon Hills Interco	Install 115 kV structure on line 0836 - Pilot Knob to Inver I	Yes	No	12/30/2019	No	850,000	0			850,000	Xcel Energy scope includes installing a 115 kV structure, re-energizing a currently retired line, selling a portion of 69 kV retired line to GRE and relay setting at four substation, Pilot Knob, Inver Hills, Farmington and Lebanon Hills.
January	NSPM	Approve	1/15/2019	F115 MMPA Dean Lake Upgrad	F115/A698 MMPA Dean Lake Meter Upgrade	YES	Yes	12/30/2019	No	301,000				301,000	MMPA has signed an agreement for Xcel Energy to upgrade the behind the meter and relays at Dean lake substation.
January	NSPM	Approve	1/9/2018	NSPM Land Sales	Line 0818 Land Sale	No	No	12/15/2019	No	10,000				10,000	This property is a strip of land acquired in the 1920's by NSP for the construction of Transmission Line 0818 in the City of South. St. Paul, Dakota County, MN. This portion of Line 0818 is located within a residential neighborhood and over the years Xcel Energy has issued permits to adjoining property owners for various encroachments and has received requests from adjoining property owners to purchase the property.
January	Total									1,636,000				1,636,000	
February	NSPM	Approved for \$100K	11/14/2018	Relay Replacement	SPIRe - Pilot Project	NO	No	12/31/2019	No	100,000				100,000	The 2019 batch of relays will include transformers, bus or breaker protection equipment so the execution brings additional experience and knowledge to the team.
February	Total									100,000				100,000	
March	NSPM	Approved	3/11/2019	St. Cloud TR2 Replacement	St. Cloud Feeder Load Monitoring Installation	No	No	4/15/2020	No	100,000	10,000			110,000	Limited existing analog point capability in Conitel line. Need new Orion LX RTU for feeder load monitoring installation that will occur simultaneously with transformer replacement.
March	NSPM	Approved	3/11/2019	NSPM - Major Line Refurbishm	NSM0953 Nobles to Split Rock, Replace OPGW	No	No	9/30/2019	No	75,000				75,000	The OPGW between Nobles and Split Rock has been damaged by lightning in several locations and only 14 of the fibers are still working. This request is to begin engineering the replacement of the damaged OPGW on this circuit.
March	NSPM	Approved for \$500K	3/13/2019	J512 FEN-NOB Wind Interc on	J512 Wind Interc - SUB	YES	Self Funding	6/15/2020	No	500,000	810,000			8,600,000	This request is for a new 150MW wind interconnect network facilities will be self-funded by Xcel. We are in the process of signing an agreement with the developer/customer for an aggressive summer of 2020 in-service date.
March	NSPM	Approved see attached Chris A e-mail	3/13/2019	Railroads permit payment	Railroad permits payments	No	No	7/13/1905	NO	100,000	100,000	100,000		300,000	This request is to capitalize railroad permit payments by making a one-time, multi-year payment instead of annual O&M payments. Capitalizing one-time permit payments is allowed per CAA ruling.
March	Total									775,000	8,210,000	100,000		9,085,000	
May	NSPM	Approved	5/3/2019	Transmission Fleet	Fleet Request - Fat Truck	No	No	12/15/2019	No	-130,000				-130,000	TCLO has expressed the need to move people through areas where access would historically require a helicopter or frozen conditions. Other vehicles comparable existing fleet vehicles are not capable of transporting materials or as many people.

Month	Opco	Status	Date Project Submitted	Project Grouping	Project Name	IA Funded	Customer Funded	ISD	TCR Eligibility	2019 New funding	2020 New Funding	2021 New Funding	2022 New Funding	Total New Funding	General Comments
May	NSPM	Approved	5/9/2019	CapX2020 Brookings MN	Brookings County - Lyon County OPGW Replacement	No	No	7/31/2020	No	156,000				156,000	<p>This out of cycle request is to cover Xcel's share of capital repair work on the CapX Brookings County - Hampton 345kV line. GRE constructed the line and is responsible for maintenance. Xcel's ownership share of the line is 69%.</p> <p>When Xcel commissioned the new Hawk's Nest Lake substation in 2017, 3 miles of failed fiber was identified. Further investigation by GRE identified a total of 35 failed fibers over a 3 mile span, and the CapX E&O Committee approved replacement of 3 miles of OPGW. The work is complete, and GRE will submit an invoice to Xcel in accordance with our ownership share in June, 2019. The estimated "shared" cost of the work was \$200,000, and the final "shared" cost is \$225,000. Xcel's share of the final cost is \$156,000.</p>
May	NSPM	Approved	3/13/2019	Not yet created: AirGas interco	AirGas liquified air products retail customer interconnect	No	A small incre	9/15/2020	No	250,000	2,750,000			3,000,000	<p>Tran line: \$ 1.5 million Tran sub: \$ 1.5 million Dist sub: \$ 2.7 million Transmission 2019 costs could be as high as \$500,000 if grading is conducted in 2019.</p>
May	NSPM	Approved	4/10/2019		Goose Lake East Fence Replacement										-
May	NSPM	Approved	4/22/2019		Mankato Energy Center, Reverse Power Relay Install										-
May	NSPM	Approved	4/11/2019		Souris UVLS Removal										<p>4/18/19 - scope of project was combined with WBS A.0000395.078.001.002 Replace Relaying to - MAL as work will occur at SOR as part of relay work. Funding is no longer needed for the UVLS Retirement</p>
May	Total									276,000	2,750,000	0		3,026,000	
June	NSPM	Approved 5-22-19 per Email	5/22/2019	Project Pine	0827 SCL-SHC Relocation	No	No	6/15/2020	No	1,000,000	700,000			1,700,000	<p>See email approval from Tony Jandro 5/22/19; funds currently anticipated in 2020 pending 5-yr Budget Approval</p>
June	NSPM	Approved	6/11/2019	Faribault Energy Park	0832 - Add 2 One-Way Switches	Yes	No	8/1/2020	No	30,000	320,000			350,000	<p>This request is to install 2 one-way switches adjacent to the Faribault Energy Park Substation to accommodate an interconnection request by GRE. The interconnection will allow GRE to serve a new industrial customer in the area.</p> <p>The point of interconnection be located just south of the Faribault Energy Park Substation. It will connect Line 0832 to a new GRE tap line. One switch will be installed on GRE's tap line and the other will be installed approximately a half span length south of the point of interconnection.</p>
June	NSPM	Approved for \$192,00. Final quote increased to \$204,000	6/6/2019	Tool Blanket MN Subs	Meter Kits 13	No	No	7/15/2019	No	192,000				192,000	<p>The Ground Grid Integrity meters will be a tool to identify & create an EPZ zone within the substation, and also identify that your personal protection grounding placement is sufficient. Transmission's Substation Grounding Manual will require steps to be taken to achieve this and the tool referenced above achieves that requirement.</p>
June	NSPM	Approved	6/10/2019		Medford 4E257 Circuit Switcher	No	No	9/1/2019		65,000				65,000	<p>The Cap bank circuit switcher 4E257 at Medford is currently out of service. Repairing the unit would require removing and sending to Southern States for service. We would then need to re-install the unit.</p>
June	NSPM	Approved	6/12/2019	Synchrophasor Upgrades	Synchrophasors Upgrades - Substation	NO	NO	12/15/2019	NO	40,000	-			40,000	<p>Without the required equipment install on the existing synchrophasor at Riverside, North Star and Buffalo Ridge the conversion will not work.</p>
June	Total									1,327,000	1,020,000	0		2,347,000	

Month	Opco	Status	Date Project Submitted	Project Grouping	Project Name	IA Funded	Customer Funded	ISD	TCR Eligibility	2019 New funding	2020 New Funding	2021 New Funding	2022 New Funding	Total New Funding	General Comments
July	NSPM	Aproved, pending addit Information	7/10/2019	Revenue Meter Upgrade	Lakefield Revenue Meter install	No	no	12/15/2019	no	-					Contacted by todd sarkinen in the control center to replace 5 revenue meters at lakefield Junction because the old meters are obsolete and need replacing. New meters will be able to be electrical read by the control center
July	NSPM	Approved	7/10/2019	East River Wellington IA	East River Wellington IA	Yes	no	9/1/2020	no	1280000	-			1280000	East River contacted business relations for us to install an interconnection between east river and wellington for xcel energy to build and own the interconnection line
July	NSPM	Approved, need Dist to fund their dollars	7/10/2019	SFE	SFE	No	no		no	833000	1,666,000			2499000	Funding for Alan Lundberg based on New Capitalization Policy. Includes Trans and Dist for both NSPM and NSPW
July	Total									2,113,000	1,666,000	0		3,779,000	
August	NSPM	Approved	7/25/2019	Split Path Facility Upgrades	Various Sites in NSPM - One L2 per substation	No	No	3/15/2021	No	20,000	2554000			2574000	Split path methodology is currently being revised. This will require equipment upgrades to be NERC Compliant. Engineering will begin in 2019 and all projects will finish at the end of Q1 2021.
August	NSPM	Approved	8/6/2019	Substation Fence Security	Buffalo Ridge Sub Fence Replacement	No	No	12/15/2019	No	230,000	10000			240000	Replace the entire perimeter fencing around Buffalo Ridge substation due to damage on portion of the fence. The fence is currently not up to current standards and repairing it may not be the best option at this time. About a third of the fence has already caved in and the supporting structures are heaving.
August	NSPM	Approved	8/14/2019	Fleet	Fleet - New Purchases	No	No	12/15/2019	No	60,000				60000	MN S&LR employees working on various wind projects in MN, ND and SD. Over the next two years, they expect to be putting on over 20,000 miles on their cars. It would be primarily capital expense.
August	NSPM	Approved	8/20/2019	Asset Renewal	Medford Junction - TR1 14 MVA TAM	No	No	6/30/2020	Yes	100,000	350000			450000	This substation was re-classified as a transmission asset. A DCP project was undertaken in 2019 to upgrade the TR1 14 MVA and to recondition switching equipment accordingly. New scope has been identified on the transmission side. Transformer will be installed in Q1 2020 by DCP
August	NSPM	Approved	8/20/2019	GRE Interconnection	Diamond Sub - Glenco City	No	No	10/31/2019	Yes	15,000				15000	City of Glenco is installing TR2 and Billing information is required as part of the interconnection agreement. Project require XE to install new meter and anble networking, SCADA and VPN Tunneling.
August	Total									425,000	2,914,000	0		3,339,000	
September	NSPM	Approved	9/10/2019	Tools	Capital Tool Kits - Subs O&M	No	No	10/15/2019	No	40,000				40000	The Substation O&M team has two new trucks requiring tools. The cost per truck is \$27k. Their team has \$14k remaining in their annual budget. This request is for an additional \$40k so they can equip the trucks with capital tools. The alternative would be O&M fulfillment.
September	Total									40,000	0	0		40,000	
October	NSPM	Approved with follow up with ES Finance	10/7/2019	J587 - Steep Bank Lake Interc	J587 - SBL Interconnect BLS2	YES	YES/NO	8/30/2020	NO	5,000	2149000	0		2,154,000	The project will interconnect a wind generator that has executed an IA.
October	NSPM	Approved with follow up with ES Finance	10/7/2019	J512/J569/J587/J590 HLN-SCO	J512/J569/J587/J590 HLN-SCO - Rebuild Line 0982 from H	YES	YES	12/15/2021	NO	0	6083140	28000000		34,083,140	The company is choosing to use self-funding option to do the network upgrade. Since the project meets IRC/FC threshold, governance requires IRC approval prior to executing the MISO approval in November

Month	Opco	Status	Date Project Submitted	Project Grouping	Project Name	IA Funded	Customer Funded	ISD	TCR Eligibility	2019 New funding	2020 New Funding	2021 New Funding	2022 New Funding	Total New Funding	General Comments
October	NSPM	Approved	10/8/2019	J526 Line #0900 Replace Struc	J526 Line #0900 Replace three Sturcutres	YES	YES	4/1/2020	NO	5,000	875000	0		880,000	A generation customer has paid for the structure replacement for the line rating increase
October	NSPM	Approved with follow up with ES Finance	10/7/2019	J569 Rock County Sub Interc	J569 Rock County Sub Interconnect Wind Generation	YES	YES/NO	9/1/2020	NO		1273000	0		1,273,000	MISO, customer and Transmission has executed an Interconnection Agreement for interconnecting the wind generator in our Rock County substation.
October	NSPM	Approved	10/8/2019	Lismore Interconnect	Lismore-GRE/Nobles 115kV	Yes	No	7/15/2020	No	5,000	400000			405,000	GRE interconnection request for Nobles Power Cooperative. This request was made to allow for Nobles customer growth. Xcel Energy scope is to install a steel in/out structure to tap to the new GRE line into the substation.
October	Total									15,000	10,780,140	28,000,000		38,795,140	
November	NSPM	Approved	10/22/2019	S&E NSPM	Kasson Fence and Flood Barrier			8/30/2020		130,000	110000			240000	This sub has several issues regarding draining across the substation and a non standard fence with limited ability to protect te substation. Sub had a racoon outage the past summer. Civil Engineering already provided recommendations.
November	NSPM	Approved \$20,000 for 2019 and additional information needed.	10/22/2019	S&E NSPM	Lake Field Generation Sub			2/28/200		20,000	75000			95000	The Substation have multiple foundations moving causing miss alignment on switches. Mitigation: installing drain tile, resurfacing 1/3 of the sub and replacing solid bus with flexible bus on all 4 x 345 kV breakers. Additional measures are required to correct leaning pad mounted aux transformer
November	NSPM	Approved, confirmed with CAA this meets Cap Policy as Control System.	11/19/2019		OptiPlex 380 devices	No	No			3,000	9000			12000	The new replacement systems would contain two internal hard drives – one primary and one back-up recovery hard drive. This would remediate the removable media exception.
November	NSPM	Approved	11/6/2019	Hiawatha TR2 DCP	Hiawatha West TR2 Install	No	No	10/15/2020		20,000	1180000			1200000	This is part of a big distribution project to replace the TR2 at Hiawatha West. This project is driven by a high consequence risk identified for loss of HWW TR1 including abott northwestern
November	NSPM	Approved Via e-mail 11-5-2019	11/19/2019	0953 Galloping	0953 Structure Inset	Yes	No	9/1/2020			160000			160000	NSPM and ITCM's Transmission Line Engineering and Business Relations teams are engaged in a solution to mitigate galloping phases on a DC 345kV/161kV line (line 0953) near Lakefield, MN. The teams have agreed that installing a single structure to support one phase away from the existing structure is the best plan.
Novemeber	Total									173,000	1,534,000	0		1,707,000	
December	Total										0	0	0	0	
2019	Total									6,880,000	28,874,140	28,100,000	0	63,854,140	

Nuclear

Capital Project Substitution and Change Process

Periodically, it may be necessary to reallocate and reforecast capital expenditures from the original budget approved through the Corporate Budgeting process. Initiating causes that may require reallocation and reforecast are likely to include: emergent work (high priority equipment reliability/failures), new projects (emerging regulations), budget reductions, catastrophic equipment failures, project overruns or under-runs, project cancellations or projects that support long-term O&M reductions.

On a monthly basis, a Fleet Project Review Group (PRG) meets to review Long Range Plan Committee recommended projects/changes that may impact the previous prioritization and spend and approve where appropriate. Core team members will include the Director of Projects, Site Maintain the Plant Managers, Plant Managers and Director of Site Operations, Business Area Finance Director, Engineering Director and General Manager of Fleet Operations. If the amount reprioritized is greater than \$3M, it must be approved by the Executive Project Review Group (EPRG) for approval. The EPRG consists of the Chief Nuclear Officer, his direct reports, Director of Nuclear Supply Chain and Director of Projects.

Exhibit 1 includes a summary of new and repurposed capital project funds for 2019.

Nuclear Generation YTD Spend Details

Company Code (Allocated)	WBS Level 2 - Key	WBS Level 2	Major Category	Spend - Actuals Y1	Spend - Budget YTD	Spend - YTD Variance
Northern States Power MN	A.0000016.001	MNGP 2013 Dry Fuel Storge Load	DRY CASK STORAGE	2,688		2,688
Northern States Power MN	A.0000019.001	PI-9 TN-40 Casks(39-47)	DRY CASK STORAGE	675,129	280,308	394,821
Northern States Power MN	A.0000042.007	PI ISFSI Expansion	DRY CASK STORAGE	1,810,047	1,845,947	(35,900)
Northern States Power MN	A.0000045.001	PI TN-40 Casks (48-64)	DRY CASK STORAGE	6,023,711	8,832,997	(2,809,286)
Northern States Power MN	A.0000060.001	MNGP 2018 Dry Fuel Storage Loa	DRY CASK STORAGE	(161,246)	100,000	(261,246)
			DRY CASK STORAGE Total	8,350,330	11,059,252	(2,708,922)
Northern States Power MN	A.0000027.006	PI Facilities Infrastruct Upgr	FACILITIES & OTHER		100,000	(100,000)
Northern States Power MN	A.0000027.014	PI Turbine Building Lighting Repl	FACILITIES & OTHER	609,414	934,214	(324,800)
Northern States Power MN	A.0000027.017	PI Training Mockup Diesel D1/D2	FACILITIES & OTHER	19,171		19,171
Northern States Power MN	A.0000027.018	PI Entrance Fence Replacement	FACILITIES & OTHER	31,478		31,478
Northern States Power MN	A.0000033.018	MNGP 2018 Facilities Infrastru	FACILITIES & OTHER	5,132		5,132
Northern States Power MN	A.0000033.019	MNGP2019 Facilities Infrastru	FACILITIES & OTHER	61,577	162,851	(101,274)
Northern States Power MN	A.0000033.021	MT Rplc PAB Stairs & Ramp	FACILITIES & OTHER	38,420	180,115	(141,695)
Northern States Power MN	A.0000033.022	MT SAB to SAF Water	FACILITIES & OTHER	48,523	15,000	33,523
Northern States Power MN	A.0000033.032	MTC Roof Replacement	FACILITIES & OTHER	823,159		823,159
Northern States Power MN	A.0000033.034	MT Sally Port Drainage Repairs	FACILITIES & OTHER	195,088		195,088
Northern States Power MN	A.0000033.035	MT 2019 Scaffold Shoring	FACILITIES & OTHER	216,700		216,700
Northern States Power MN	A.0000070.001	MT Misc Office Furniture	FACILITIES & OTHER	1,179		1,179
			FACILITIES & OTHER Total	2,049,843	1,392,180	657,663
Northern States Power MN	A.0000017.205	MT Steam Chase Air Handler	IMPROVEMENTS	93,336		93,336
Northern States Power MN	A.0000017.223	MT Equipment Sensors	IMPROVEMENTS	86,016		86,016
Northern States Power MN	A.0000024.010	PI RP Tool & Equipment Monitor Repl	IMPROVEMENTS		125,000	(125,000)
Northern States Power MN	A.0000024.011	PI RP Smear Counter Repl	IMPROVEMENTS		225,000	(225,000)
Northern States Power MN	A.0000024.016	PI Surveillance Freq Chg Prgm-LAR	IMPROVEMENTS	1,040,488		1,040,488
Northern States Power MN	A.0000027.016	PI Glass Panel Simulator	IMPROVEMENTS	230,523		230,523
Northern States Power MN	A.0000031.036	MNGP 2019 Plant Computer Blank	IMPROVEMENTS	65,742	150,000	(84,258)
Northern States Power MN	A.0000031.045	MT Risk Informed Completion Times	IMPROVEMENTS	166,703	73,800	92,903
Northern States Power MN	A.0000031.049	MNGP HWC Mod	IMPROVEMENTS	15,195	377,414	(362,219)
Northern States Power MN	A.0000031.060	MT Replace X-ray's	IMPROVEMENTS	253,320		253,320
Northern States Power MN	A.0000031.064	MT Surveillance Test Interval Prg	IMPROVEMENTS	(249,084)	531,954	(781,038)
Northern States Power MN	A.0000031.066	MT Risk Informed Eng Prgm	IMPROVEMENTS	828,950	1,255,035	(426,085)
Northern States Power MN	A.0000031.070	MT 2019 Snow Melter	IMPROVEMENTS	293,130		293,130
Northern States Power MN	A.0000033.024	MT Glass Panel Simulator	IMPROVEMENTS	125,429		125,429
Northern States Power MN	A.0000035.013	PI U1 Turb/Gen Vibration Monit	IMPROVEMENTS	150,556	67,459	83,097
Northern States Power MN	A.0000035.359	PI Simulator Windows 10 Upgrade	IMPROVEMENTS	166,117	159,749	6,368
Northern States Power MN	A.0000035.363	PI Mechanical Hogger 2R31	IMPROVEMENTS	531,198		531,198
Northern States Power MN	A.0000035.364	PI 2R31 Purification Modification	IMPROVEMENTS	2,185,844		2,185,844
Northern States Power MN	A.0000035.365	PI CVCS Discharge Check Valves 2R31	IMPROVEMENTS	-		-
Northern States Power MN	A.0000035.367	PI Equipment Sensors (A/I)	IMPROVEMENTS	34,931		34,931
Northern States Power MN	A.0000040.013	PI PRA Model Revision-SFCP	IMPROVEMENTS	770,949	409,776	361,173
Northern States Power MN	A.0000040.031	PI BFB Inspection Interval LAR	IMPROVEMENTS	139,328	20,000	119,328
Northern States Power MN	A.0000040.052	PI Emer Plan EAL & ERO LAR	IMPROVEMENTS	-		-
Northern States Power MN	A.0000040.056	PI Security Protective Strategy	IMPROVEMENTS	6,171,058		6,171,058
Northern States Power MN	A.0000040.062	PI 10CFR5069 Risk Informed Eng Prog	IMPROVEMENTS	732,769	1,434,918	(702,149)
Northern States Power MN	A.0000040.063	PI Risk Informed Completion Times	IMPROVEMENTS	241,385	68,817	172,568
Northern States Power MN	A.0000040.067	PI ILRT Interval Ext LAR	IMPROVEMENTS	95,592		95,592
Northern States Power MN	A.0000040.068	PI Thermal Weapon Sights	IMPROVEMENTS	537,927		537,927
Northern States Power MN	A.0000041.007	PI FP License Condition Rev LAR	IMPROVEMENTS	72,095	166,853	(94,758)
Northern States Power MN	A.0000053.006	PI Wireless Network Expansion	IMPROVEMENTS	708,318		708,318
Northern States Power MN	A.0000054.005	MT Misc IT Purchases	IMPROVEMENTS	15,050		15,050
Northern States Power MN	A.0000054.006	MT Wireless Network Expansion	IMPROVEMENTS	362,466		362,466
			IMPROVEMENTS Total	15,865,331	5,065,775	10,799,556
Northern States Power MN	A.0000014.002	PI NFPA 805-14 RL Sw AFW Rm	MANDATED COMPLIANCE	191,361	475,646	(284,285)
Northern States Power MN	A.0000014.016	PI NFPA 805-43 Doors D92,136,156 Repl	MANDATED COMPLIANCE		200,000	(200,000)
Northern States Power MN	A.0000023.001	MNGP Cyber Security 08-09	MANDATED COMPLIANCE	-		-
Northern States Power MN	A.0000024.012	PI ETAP Software Upgrade	MANDATED COMPLIANCE	782,374	1,260,000	(477,626)
Northern States Power MN	A.0000029.011	MNGP NEI 09-05 Security Compli	MANDATED COMPLIANCE	94,211	850,000	(755,789)
Northern States Power MN	A.0000029.012	MNGP Byron Station Electric Vo	MANDATED COMPLIANCE	49,858	5,490	44,368
Northern States Power MN	A.0000029.014	MNGP 316/B Ruling Implementati	MANDATED COMPLIANCE	293,931	520,358	(226,427)
Northern States Power MN	A.0000029.029	MNGP Fukushima Phase II	MANDATED COMPLIANCE	168,533	200,200	(31,667)

Company Code (Allocated)	WBS Level 2 - Key	WBS Level 2	Major Category	Spend - Actuals Y1	Spend - Budget YTD	Spend - YTD Variance
Northern States Power MN	A.0000040.002	PI Namco Limit Switch Repl	MANDATED COMPLIANCE	(35,096)	10,000	(45,096)
Northern States Power MN	A.0000040.016	PI 416 KV Bus Modifications	MANDATED COMPLIANCE	264,145	274,695	(10,550)
Northern States Power MN	A.0000040.021	PI NFPA 805-01 U1 Train A AFW	MANDATED COMPLIANCE	43,781	49,999	(6,218)
Northern States Power MN	A.0000040.022	PI NFPA 805-02 U2 Train A AFW	MANDATED COMPLIANCE	(22)		(22)
Northern States Power MN	A.0000040.023	PI NFPA 805-03 U1 Train B AFW	MANDATED COMPLIANCE	96,564	90,660	5,904
Northern States Power MN	A.0000040.025	PI NFPA 805-10 Loss OCT 4KV Br	MANDATED COMPLIANCE	1,323,727	1,100,000	223,727
Northern States Power MN	A.0000040.026	PI NFPA 805-24 CT11CT12 Brkr	MANDATED COMPLIANCE	91,503	26,550	64,953
Northern States Power MN	A.0000040.027	PI NFPA 805-25 Repowr MV-32078	MANDATED COMPLIANCE	23,873		23,873
Northern States Power MN	A.0000040.046	PI U1 Rx Control Cluster Assemblies	MANDATED COMPLIANCE	6,960	15,000	(8,040)
Northern States Power MN	A.0000040.060	PI U1 PRC 01,19,24 (40T) Relay Repl	MANDATED COMPLIANCE	29,189	25,000	4,189
Northern States Power MN	A.0000040.061	PI GIC Monitoring Sys TPL-007-1 NERC	MANDATED COMPLIANCE		100,000	(100,000)
Northern States Power MN	A.0000040.064	PI OBN Namco Limit Switch EQ Repl-2R31	MANDATED COMPLIANCE	124,900	150,000	(25,100)
Northern States Power MN	A.0000040.065	PI RCP Seal LAR	MANDATED COMPLIANCE	36,334	125,000	(88,666)
Northern States Power MN	A.0000040.066	PI Standard Design Process Software	MANDATED COMPLIANCE	111,225		111,225
Northern States Power MN	A.0000041.006	PI-NFPA 805 Fire Model	MANDATED COMPLIANCE	(331)		(331)
Northern States Power MN	A.0000043.005	MNGP Hardened Vents & Filters	MANDATED COMPLIANCE	(15)		(15)
Northern States Power MN	A.0000048.001	MNGP Security Mods Post Reduct	MANDATED COMPLIANCE	173,312	2,000	171,312
		MANDATED COMPLIANCE Total		3,870,320	5,480,598	(1,610,278)
Northern States Power MN	A.0006010.001	Nuclear Enrichment Fuel Commod	NUCLEAR FUEL	(7,351,917)	(8,473,906)	1,121,989
Northern States Power MN	A.0006010.003	Nuclear Conversion Fuel Commod	NUCLEAR FUEL	2,231,053	1,981,943	249,110
Northern States Power MN	A.0006010.008	Monticello Reload 29(C30)	NUCLEAR FUEL	74,833,961	82,334,943	(7,500,982)
Northern States Power MN	A.0006010.009	Monticello Reload 30 (C31)	NUCLEAR FUEL	106,522	4,707,811	(4,601,289)
Northern States Power MN	A.0006010.012	PI Unit 2 Reload 30 (C31)	NUCLEAR FUEL	69,824,468	73,747,140	(3,922,672)
Northern States Power MN	A.0006010.013	PI Unit 2 Reload 31 (C32)	NUCLEAR FUEL		11,182	(11,182)
Northern States Power MN	A.0006010.016	PI Unit 1 Reload 31 (C32)	NUCLEAR FUEL	813,737	279,854	533,883
Northern States Power MN	A.0006010.019	Nuclear Uranium Fuel Commodity	NUCLEAR FUEL	(12,265,076)	(25,864,858)	13,599,782
Northern States Power MN	A.0006010.021	Monticello Reload 31 (C32)	NUCLEAR FUEL	127,732		127,732
		NUCLEAR FUEL Total		128,320,479	128,724,109	(403,630)
Northern States Power MN	A.0000015.001	PI Misc Tools & Equipment	RELIABILITY	730,381	400,000	330,381
Northern States Power MN	A.0000017.003	MNGP DAS & PPCS Rplc	RELIABILITY	3,720,511	2,500,334	1,220,177
Northern States Power MN	A.0000017.004	MNGP EDG Rplc & Voltage Reg	RELIABILITY	(943,781)	(597,450)	(346,331)
Northern States Power MN	A.0000017.013	MNGP Off-Gas H2 & O2 Monitorin	RELIABILITY	3,252		3,252
Northern States Power MN	A.0000017.085	MNGP Turbine Generator Indic	RELIABILITY		3,654	(3,654)
Northern States Power MN	A.0000017.091	MNGP Generator Condition Monit	RELIABILITY	437	3,654	(3,217)
Northern States Power MN	A.0000017.100	MNGP 2018 Capital Emergent Wor	RELIABILITY	2,791		2,791
Northern States Power MN	A.0000017.105	MNGP 2019 LPRMs	RELIABILITY	852,443	780,539	71,904
Northern States Power MN	A.0000017.112	MNGP Obsolete EQ RFO29	RELIABILITY	(890,508)	459,168	(1,349,676)
Northern States Power MN	A.0000017.126	MNGP 2018/2019 Position Ind Pr	RELIABILITY	429,970	436,292	(6,322)
Northern States Power MN	A.0000017.128	MNGP Relay Logic Boards	RELIABILITY	25,048	208,125	(183,077)
Northern States Power MN	A.0000017.140	MT AMAG Crossflow Rplc	RELIABILITY	153,843	74,995	78,848
Northern States Power MN	A.0000017.141	MT Rplc OTB MSIV A Internals 1R29	RELIABILITY	1,006,043	1,299,259	(293,216)
Northern States Power MN	A.0000017.150	MT Rplc OTB MSIV B Internals 1R29	RELIABILITY	729,035	854,402	(125,367)
Northern States Power MN	A.0000017.157	MT Rplc CV1729 Valve Body	RELIABILITY	289,947	450,000	(160,053)
Northern States Power MN	A.0000017.160	MT CRD Rebuild & Rplc	RELIABILITY	(371)		(371)
Northern States Power MN	A.0000017.164	MT Rplc Refueling Bridge Hoist Drive	RELIABILITY	(3,375)		(3,375)
Northern States Power MN	A.0000017.167	MT CRD Rebuild and Rplc (RFO29)	RELIABILITY	938,398	981,927	(43,529)
Northern States Power MN	A.0000017.173	MT SRM/IRM Undervessel Cbl Ph II	RELIABILITY	93,632	206,882	(113,250)
Northern States Power MN	A.0000017.174	MT SRM/IRM Undervessel Cbl Ph III	RELIABILITY	1,914	8,126	(6,212)
Northern States Power MN	A.0000017.175	MT Cooling Tower Upgrades Ph I	RELIABILITY	2,734,528	1,683,493	1,051,035
Northern States Power MN	A.0000017.176	MT Cooling Tower Upgrades Ph II	RELIABILITY	117,554	110,167	7,387
Northern States Power MN	A.0000017.178	MT Rplc Secondary Level Transmitter	RELIABILITY	1,201,542	767,581	433,961
Northern States Power MN	A.0000017.184	MT Rplc RLC DFCS Controllers	RELIABILITY	10,820	167,240	(156,420)
Northern States Power MN	A.0000017.185	MT RLC DFCS Simulator	RELIABILITY	1,492	6,607	(5,115)
Northern States Power MN	A.0000017.189	MT SRM/IRM Undervessel Cbl Ph IV	RELIABILITY	1,103	16,501	(15,398)
Northern States Power MN	A.0000017.190	MT Rplc Electronic Dosimeters	RELIABILITY	2,662		2,662
Northern States Power MN	A.0000017.197	MT Rplc B RHRSW Flow Controller	RELIABILITY	50,131		50,131
Northern States Power MN	A.0000017.198	MT Obsolete EQ RFO30	RELIABILITY	966,551	321,216	645,335
Northern States Power MN	A.0000017.204	MT Capital Maintenance Work	RELIABILITY	433,583		433,583
Northern States Power MN	A.0000017.206	MT Refuel Bridge Traverse Drives	RELIABILITY	46,438	2,500	43,938
Northern States Power MN	A.0000017.207	MT Rplc FAC Damaged Pipe	RELIABILITY	1,344,771	725,464	619,307
Northern States Power MN	A.0000017.208	MT Rplc EX2100 Circuit Boards	RELIABILITY	27,502	51,186	(23,684)
Northern States Power MN	A.0000017.209	MT Rplc MO-2-53B Motor	RELIABILITY	178,822	144,649	34,173

Company Code (Allocated)	WBS Level 2 - Key	WBS Level 2	Major Category	Spend - Actuals Y1	Spend - Budget YTD	Spend - YTD Variance
Northern States Power MN	A.0000017.210	MT Rplc 11 Recirc Pump Seals	RELIABILITY	592,319	736,542	(144,223)
Northern States Power MN	A.0000017.211	MT Rplc MO-1615	RELIABILITY	698,776	300,000	398,776
Northern States Power MN	A.0000017.212	MT Rplc MO-2029 Motor & Actuator	RELIABILITY	179,126	287,045	(107,919)
Northern States Power MN	A.0000017.213	MT Rplc Div 1 FSW Pipe	RELIABILITY	32,929	159,215	(126,286)
Northern States Power MN	A.0000017.214	MT Rplc Div 2 FSW Pipe	RELIABILITY	22,368	205,124	(182,756)
Northern States Power MN	A.0000017.216	MT Rplc MO-2036	RELIABILITY	675,359		675,359
Northern States Power MN	A.0000017.221	MT Saab-MILES	RELIABILITY	180,958		180,958
Northern States Power MN	A.0000017.229	MT Main Gen Spare Breaker	RELIABILITY	215,627		215,627
Northern States Power MN	A.0000017.230	MT 2019 Sales Tax Audit	RELIABILITY	83,725		83,725
Northern States Power MN	A.0000017.232	MT Rosemount Obsolescence Part II	RELIABILITY	1,922		1,922
Northern States Power MN	A.0000017.234	MT Gamma TIP Monitoring System	RELIABILITY	708		708
Northern States Power MN	A.0000017.236	MT Stator Cooler HX Replc	RELIABILITY	6,170		6,170
Northern States Power MN	A.0000017.237	MT Rplc 2RS / 3N4 Control Cables	RELIABILITY	1,017		1,017
Northern States Power MN	A.0000020.001	PI U2 HDTIP Speed Control Upgr	RELIABILITY	63,194	156,876	(93,682)
Northern States Power MN	A.0000024.003	PI 2020 Misc Minor Improvement	RELIABILITY	51,445		51,445
Northern States Power MN	A.0000024.008	PI AOV/MOV/Ck Valve Test Equip	RELIABILITY		150,000	(150,000)
Northern States Power MN	A.0000028.018	PI Sfgds CL Pump Redesign	RELIABILITY	16		16
Northern States Power MN	A.0000030.003	MT EFT Blanking Plate Removal	RELIABILITY	(4,320)		(4,320)
Northern States Power MN	A.0000031.031	MNGP 2018 Site Blanket	RELIABILITY	29,567		29,567
Northern States Power MN	A.0000031.035	MNGP 2019 Capital Emergent Bla	RELIABILITY	137,357	585,000	(447,643)
Northern States Power MN	A.0000031.037	MNGP 2019 Site Blanket	RELIABILITY	268,329	910,276	(641,947)
Northern States Power MN	A.0000031.039	MT Rosemount Obsolescence	RELIABILITY	3,052	1,854	1,198
Northern States Power MN	A.0000031.043	MNGP Nuclear Channels R29 (C30	RELIABILITY	1,726,958	1,741,137	(14,179)
Northern States Power MN	A.0000035.079	PI Proc Controls Repl	RELIABILITY	8,019,966	5,881,173	2,138,793
Northern States Power MN	A.0000035.089	PI-11 FW Pump Mtr Rewind	RELIABILITY	625	20,000	(19,375)
Northern States Power MN	A.0000035.132	PI 22 RCP Motor Rewind	RELIABILITY	(7,841)		(7,841)
Northern States Power MN	A.0000035.145	PI 2014 Misc Minor Improvement	RELIABILITY	(1)		(1)
Northern States Power MN	A.0000035.160	PI U1 Gen Voltage Regulator	RELIABILITY	161,684	83,322	78,362
Northern States Power MN	A.0000035.169	PI 1R Transformer Replacement	RELIABILITY	4,117,615	3,368,712	748,903
Northern States Power MN	A.0000035.170	PI 2M 2RS 2RX Transformer Re	RELIABILITY	(5)		(5)
Northern States Power MN	A.0000035.184	PI 11 RCP Motor Replacement	RELIABILITY	(12,299)	25,000	(37,299)
Northern States Power MN	A.0000035.192	PI Capital Emergent Work	RELIABILITY		552,856	(552,856)
Northern States Power MN	A.0000035.195	PI D1/D2 Hx Bundle Replacement	RELIABILITY	-		-
Northern States Power MN	A.0000035.196	PI 2018 Misc Minor Improvement	RELIABILITY	129,547		129,547
Northern States Power MN	A.0000035.197	PI 12 Reactor Coolant Pump Refurb	RELIABILITY	511,469	847,144	(335,675)
Northern States Power MN	A.0000035.227	PI 11 CC Pump Motor Replacemnt	RELIABILITY	55,756	72,392	(16,636)
Northern States Power MN	A.0000035.229	PI 21 CC Pump Motor Replacemnt	RELIABILITY	(3)		(3)
Northern States Power MN	A.0000035.232	PI 11 CS Pump Motor Replacemnt	RELIABILITY	(217,269)	(221,447)	4,178
Northern States Power MN	A.0000035.233	PI 12 CS Pump Motor Replacemnt	RELIABILITY	(275,919)		(275,919)
Northern States Power MN	A.0000035.236	PI 11 RHR Pump Motor Replacmnt	RELIABILITY	56,329	11,154	45,175
Northern States Power MN	A.0000035.248	PI 11 SI Pump Motor Replacemnt	RELIABILITY	(297,862)	(305,958)	8,096
Northern States Power MN	A.0000035.249	PI 12 SI Pump Motor Replacemnt	RELIABILITY	(360,213)		(360,213)
Northern States Power MN	A.0000035.251	PI 22 SI Pump Motor Replacemnt	RELIABILITY	(400,023)		(400,023)
Northern States Power MN	A.0000035.261	PI 21 FCU Motor Rewind	RELIABILITY	622	7,973	(7,351)
Northern States Power MN	A.0000035.262	PI 14 FCU Motor Rewind	RELIABILITY	10		10
Northern States Power MN	A.0000035.265	PI U1 EH Oil Sys Pump/Mtr Repl	RELIABILITY	47,725	22,977	24,748
Northern States Power MN	A.0000035.266	PI 2019 Misc Minor Improvement	RELIABILITY	173,051	500,007	(326,956)
Northern States Power MN	A.0000035.281	PI 11 RCP Motor Rewind	RELIABILITY		1,150,000	(1,150,000)
Northern States Power MN	A.0000035.282	PI Lab Sample Panel Analyzer Repl	RELIABILITY	536		536
Northern States Power MN	A.0000035.288	PI 2017 Misc Minor Improvement	RELIABILITY	7,427		7,427
Northern States Power MN	A.0000035.293	PI 21 Safety-Related Battery Repl	RELIABILITY		300,000	(300,000)
Northern States Power MN	A.0000035.300	PI NUS Proc Controls Foxboro Mod Repl	RELIABILITY	1,739,583	1,400,000	339,583
Northern States Power MN	A.0000035.303	PI CT 121 & 122 Mechanical Repl	RELIABILITY	(804)		(804)
Northern States Power MN	A.0000035.304	PI Capital Maintenance Work	RELIABILITY	803,158	500,125	303,033
Northern States Power MN	A.0000035.318	PI 121 Hydrogen Recombiner Analyzers	RELIABILITY	39,861	1,056,659	(1,016,798)
Northern States Power MN	A.0000035.322	PI 121 MDCL Pump Repl-Upgr Design (CESP)	RELIABILITY	967,218		967,218
Northern States Power MN	A.0000035.325	PI Neutron Flux Mon Display Repl	RELIABILITY	3,390	6,000	(2,610)
Northern States Power MN	A.0000035.326	PI Security X-Ray Replacement	RELIABILITY	53,275		53,275
Northern States Power MN	A.0000035.330	PI Nuclear Instrumentation Display Repl	RELIABILITY	50,141	70,000	(19,859)
Northern States Power MN	A.0000035.347	PI Beacon Server Repl	RELIABILITY		200,000	(200,000)
Northern States Power MN	A.0000035.354	PI 1H1,1H3 Breaker Replacement	RELIABILITY	517,923	400,000	117,923
Northern States Power MN	A.0000035.355	PI 1H5 Breaker Replacement	RELIABILITY	248,116	400,000	(151,884)

Company Code (Allocated)	WBS Level 2 - Key	WBS Level 2	Major Category	Spend - Actuals Y1	Spend - Budget YTD	Spend - YTD Variance
Northern States Power MN	A.0000035.357	PI 1H2, 1H4 Breaker Replacement	RELIABILITY	833,876	375,000	458,876
Northern States Power MN	A.0000035.360	PI RP Electronic Dosimetry Repl Ph 1	RELIABILITY	210,707		210,707
Northern States Power MN	A.0000035.366	PI Saab-Miles 2019 Replacement	RELIABILITY	180,958		180,958
Northern States Power MN	A.0000035.368	PI CL Chemical Treatment Upgrade	RELIABILITY	390		390
Northern States Power MN	A.0000035.395	PI 121 MDPF Panel Replacement	RELIABILITY	438,933		438,933
Northern States Power MN	A.0000035.397	PI 2019 Sales Tax Audit	RELIABILITY	167,807		167,807
Northern States Power MN	A.0000035.400	PI 2019 Capital Maintenance	RELIABILITY	2,271,406		2,271,406
Northern States Power MN	A.0000037.003	PI U1 Generator Replacemnt LCM	RELIABILITY	444,566	447,200	(2,634)
Northern States Power MN	A.0000053.005	PI IT Capital Blanket	RELIABILITY	12,530	100,000	(87,470)
Northern States Power MN	A.0000067.001	MT Misc Tools & Equipment	RELIABILITY	864,140	1,029,272	(165,132)
Northern States Power MN	A.0000073.003	PI 123 Cooling Tower Rebuild	RELIABILITY	5,091,211	6,802,386	(1,711,175)
		RELIABILITY Total		45,873,023	42,401,527	3,471,496
		Grand Total		204,329,327	194,123,441	10,205,886
				204,329,327	194,123,441	10,205,886

Business Systems

Capital Project Substitution and Change Process

Governance Funding Process

The IT Governance process is used throughout the year to evaluate new projects that were not identified in the original budget. New projects considered for funding may be a result of any of the following:

- New regulatory requirements
- Changes in business direction after the creation of the budget, resulting in shifts to specific project priority
- Where the Portfolio Management categorization and ranking process identifies projects with higher value

“Repurposing” Process

As projects are eliminated, changed or come in under the allocated budget amount, the associated funds may be “repurposed”. A portfolio prioritization and balancing process is used to evaluate new demand or changes to the existing projects. This means that the dollars may be allocated to other existing projects, or to new projects identified through the Governance Funding Process stated above. If an existing project changes in scope, size, timing, etc., the forecast is updated using the IT Governance process to reflect the new budgeted amount.

2019 Business Systems Capital

WBS L2	Description	Actual	Budget	Variance
A.0001701.008	Purch BUS SYS Network Blazing Star 1 MN	550,891		550,891
A.0001702.009	ITC- BUS SYS WIND Blazing Star2 MN	5,927		5,927
A.0001703.006	Purch Bus Sys Net Equip Foxtail Wind ND	332,096		332,096
A.0001704.008	ITC- BUS SYS WIND Freeborn MN	19,461		19,461
A.0001705.006	BUS SYS Purch Net Equip Crown Wind SD	65,223		65,223
A.0001706.005	BUS SYS Purch Net Equip Benton Wind MN	245,007		245,007
A.0001721.002	ITC Purch BUS SYS Net Eq Jeffers WIND MN	2,319		2,319
A.0001722.002	ITC-Purch BUS SYS Net Eq Comm WIND MN	4,752		4,752
D.0001699.004	New 5-digit IT TEST - 0010	3,837		3,837
D.0001703.007	Purch EMS DEMS Ph2 HW MN	266		266
D.0001728.001	ITM-Substation Asset Mgmt-10498	426,427		426,427
D.0001728.003	ITC-Substation Asset Mgmt-10498	4,654		4,654
D.0001728.004	Sub Asset Mgmt SW MN		759,801	(759,801)
D.0001744.001	ITM-Powerplan (Powerplant Upgrade)-10524	103		103
D.0001768.001	ITM-Enterprise Purge Archive PH2-10574	(87,860)		(87,860)
D.0001770.008	ITM-Secure File&Transfer Ph 2 SW-10656	9,799		9,799
D.0001770.015	ITM-Sec File Ph3 SW-10716	9,380		9,380
D.0001770.022	ITC-Secure File MFT SW-10754	88,089		88,089
D.0001771.001	ITM-Certificate & Key Management -10577	6,341		6,341
D.0001771.003	ITC-Certificate & Key Management -10577	124		124
D.0001771.004	Certificate Key Mgmt SW MN		129,651	(129,651)
D.0001771.010	ITM-Purch Cert Key HW MN	41,809		41,809
D.0001771.011	Purch Cert Key HW MN	78		78
D.0001771.013	ITC-Cert Key CIP SW-10752	412,145		412,145
D.0001783.003	ITM-Purch LMR HW MN	597,174		597,174
D.0001783.004	Purch LMR HW MN	(1,415,244)		(1,415,244)
D.0001783.011	ITM-WebSense SW-10670	3,077		3,077
D.0001787.001	SAP Financial Mgmt NSPM		265,532	(265,532)
D.0001787.005	ITC-SAP Fin Mgmt Mod -10696	(29,673)		(29,673)
D.0001787.006	Customer Mgmt NSPM	545		545
D.0001787.010	ITC-Customer Mgmt Mod -10702	660,766		660,766
D.0001787.011	SAP S&O SW Rel 19 NSPM-10733	(0)	12,626,657	(12,626,657)
D.0001787.015	ITC-SAP S&O SW Releases XES	6,824,383		6,824,383
D.0001787.016	SAP S&O QIM/MOC	343,350		343,350
D.0001787.017	ITC-BS -WS 19 SW Releases- 10792	976,632		976,632
D.0001792.040	Peoplesoft Upgrade SW MN		2,500,000	(2,500,000)
D.0001792.045	Purch Corp Email HW MN	3,027	25,002	(21,975)
D.0001792.145	Purch Xe Remediation HW MN	(210)		(210)
D.0001792.163	ITM-EMAIL SW-10697	3,545		3,545
D.0001792.170	ITM-Rational SW-10715	147,673		147,673
D.0001796.005	ITM-Network Tools LNI Smallworld-10682	280,773		280,773
D.0001796.007	ITC-Network Tools LNI Smallworld-10682	240,217		240,217
D.0001796.008	ITM-Network Tools Telecom Exp-10683	777,715		777,715
D.0001796.011	Netwrk Tools LNI Smallworld SW MN -10682	15,496		15,496
D.0001796.015	Netwrk Tools Telecom Exp SW MN -10683	(55,114)		(55,114)
D.0001796.019	ITM-Netwrk Tools Mgmt SW-10700	111,698		111,698
D.0001796.021	ITC-Netwrk Tools Mgmt SW-10700	(10,406)		(10,406)
D.0001796.022	Netwrk Tools Mgmt SW MN-10700		237,050	(237,050)
D.0001796.026	ITM-Purch Net Tools HW MN	60,354		60,354
D.0001796.027	Purch Net Tools HW MN	5		5
D.0001796.028	ITM-Net Tools CISCO SW-10718	517,706		517,706
D.0001796.030	ITC-Net Tools CISCO SW-10718	1,549		1,549
D.0001796.031	Net Tools CISCO SW MN-10718		879,072	(879,072)
D.0001796.035	ITM-Purch Net Tools HW GO MN	26,371		26,371

2019 Business Systems Capital

WBS L2	Description	Actual	Budget	Variance
D.0001796.036	Purch Net Tools HW GO MN	6		6
D.0001796.039	ITM-Net Tools Solar Wind SW 10736	148,313		148,313
D.0001796.041	ITC-Net Tools Solar Wind SW 10736	71,356		71,356
D.0001796.042	Net Tools-Solar Wind SW MN 10736		1,754,725	(1,754,725)
D.0001796.046	ITC-Net Tools Infovista SW-10755	67,055		67,055
D.0001796.052	ITC-Net Tools Tel Wireless SW-10761	1,027,151		1,027,151
D.0001796.057	ITC Net Tools LNI SW MN Direct	8,898		8,898
D.0001797.007	Purch Sub Frame Relay Equip ND	(54)		(54)
D.0001800.022	ITM-RedSky e911-10591	23		23
D.0001800.024	ITC-RedSky e911-10591	1,175		1,175
D.0001800.025	ITM-Security Incid & Event Mngmnt-10592	(1,832)		(1,832)
D.0001800.028	ITM-IrthNet Damage Prev Software-10593	1,871		1,871
D.0001800.034	ITM-Verint-10595	5,250		5,250
D.0001800.037	ITM-Demand Response Mgmt Sys-10596	(141)		(141)
D.0001800.063	ITC-Sharepoint 2013 Ph2-10604	(5,192)		(5,192)
D.0001800.106	ITM-RPAM PH3-10619	(366,757)		(366,757)
D.0001800.268	ITM-Interval and Complex Bil-BSPRJ000243	692		692
D.0001801.001	Purch Gas SCADA Equip MN	34,638		34,638
D.0001801.005	ITM-Purch Gas Scada Server MN	386		386
D.0001804.085	BS-Fcst-BD-SW-CM-M		5,037,241	(5,037,241)
D.0001804.114	Purch Wireless Washington DC HW MN	(17)		(17)
D.0001804.132	Purch Wireless CentrePoint HW MN	(0)		(0)
D.0001804.168	Purch Wireless Glenwood HW MN	0		0
D.0001804.257	ITM-2013 Wireless HW MN	(560)		(560)
D.0001804.271	Purch Wireless Grand Meadow HW MN	(24)		(24)
D.0001804.273	Purch Wireless Monticello HW MN	(2,622)		(2,622)
D.0001804.290	ITM-eSOM SW-10641	(24,269)		(24,269)
D.0001804.293	eSOM SW MN-10641	(0)		(0)
D.0001804.352	ITM-CIP Substation Ph2 SW-10659	675,049		675,049
D.0001804.354	ITC-CIP Substation Ph2 SW-10659	36		36
D.0001804.355	CIP Substation Ph2 SW MN -10659		403,609	(403,609)
D.0001804.359	ITM-eGRC Security SW-10660	136		136
D.0001804.366	Integrated Talent Ph4 SW MN-10637	(132)		(132)
D.0001804.381	ITM-Purch CIP Net Server GO MN	193,016		193,016
D.0001804.382	Purch CIP Net Server GO MN	(168,020)		(168,020)
D.0001804.387	ITM-ESOM Ph2 SW-10687	674,790		674,790
D.0001804.390	ESOM Ph2 SW MN-10687		556,061	(556,061)
D.0001804.394	Purch Wireless HW MN	103,414	165,504	(62,090)
D.0001804.398	Purch Wireless HW ND	101,774		101,774
D.0001804.399	Purch Wireless HW SD	272,533		272,533
D.0001805.008	ITM-Next Gen MSFT LIC SW -10692	208		208
D.0001805.010	ITM-Next Gen MSFT Deploy SW -10693	4,541,834		4,541,834
D.0001805.012	ITC-Next Gen MSFT Deploy SW -10693	23		23
D.0001805.013	Next Gen MSFT Deploy SW MN -10693		5,161,377	(5,161,377)
D.0001807.001	Security Tech Refresh SW MN		7,695,000	(7,695,000)
D.0001815.058	Renewable Connect SW MN	(1,860)		(1,860)
D.0001818.101	Purch SIEM HW GO MN	(0)		(0)
D.0001818.102	ITM-Emergency Mass SW-10709	27,003		27,003
D.0001818.104	ITC-Emergency Mass SW-10709	0		0
D.0001818.109	ITM-Purch SOC Expansion HW MN	69,523		69,523
D.0001818.110	Purch SOC Expansion HW MN	26,809		26,809
D.0001818.111	ITM-Purch SOCC ERR Furniture MN	1,952		1,952
D.0001818.112	Purch SOCC ERR Furniture MN		40,996	(40,996)
D.0001821.229	2017 Unplanned PC Refresh MN	(0)		(0)

2019 Business Systems Capital

WBS L2	Description	Actual	Budget	Variance
D.0001821.275	2018 IT INFS Network Refresh M	234,609		234,609
D.0001821.287	2018 Unplanned PC MN	(8,708)		(8,708)
D.0001821.295	2018 Unplanned Server MN	177,807		177,807
D.0001821.304	2018 EMS Infra Refresh MN	9,819	6,240	3,579
D.0001821.308	2018 Planned PC MN	80,916		80,916
D.0001821.361	2019 EMS Infrastructure HW MN		500,004	(500,004)
D.0001821.364	2019 Handheld Mobile Refresh H		104,000	(104,000)
D.0001821.368	2019 IT INFS Network Refresh M		4,653,131	(4,653,131)
D.0001821.376	2019 Planned PC Refresh MN		2,481,585	(2,481,585)
D.0001821.380	2019 Unplanned MDT Refresh MN		66,700	(66,700)
D.0001821.384	2019 Unplanned PC Refresh MN		986,002	(986,002)
D.0001821.403	2015 IT INFS Network Refresh N	2		2
D.0001821.532	ITM- 2017 UnPlann PC/Printer MN	(34,684)		(34,684)
D.0001821.536	2018 IT INFS Network Ref SD	66,781		66,781
D.0001822.002	Purch Corp Frame Relay Equip M	0		0
D.0001822.005	Purch Sub Frame Relay Equip MN	3		3
D.0001822.006	Purch Sub Frame Relay Equip SD	(2)		(2)
D.0001822.015	ITM-Purch Corp Frame Relay Equip M	1,746		1,746
D.0001822.018	ITM-Purch Sub Frame Relay Equip MN	(6,555)		(6,555)
D.0001825.009	Purch Perimeter Security HW MN	564		564
D.0001825.062	Threat Assessment SW Mn	4		4
D.0001825.087	ITM-Host Intrusion SW-10684	381,790		381,790
D.0001825.089	Host Intrusion SW MN-10684		238,446	(238,446)
D.0001826.357	ITM-Purch Security Camera Net Equip MN	361		361
D.0001826.358	Purch Security Camera Net Equip MN	(1)		(1)
D.0001826.360	Purch Security Camera Electric MN	(0)		(0)
D.0001826.369	ITM-Purch Synchrophasor Net HW MN	88,599		88,599
D.0001826.370	Purch Synchrophasor Net HW MN	105		105
D.0001826.375	ITM-Mobile App Ph2 SW-10695	123		123
D.0001839.107	2016 Storage Project MN	(4,848)		(4,848)
D.0001839.134	2018 Planned Server MN	(92)	192,000	(192,092)
D.0001839.145	2018 Storage Annual Refresh MN	79,671	284,845	(205,174)
D.0001839.177	Purch Data Center Core HW MN	0		0
D.0001839.207	SCCM Upgrade SW MN-10720	(0)	70,420	(70,420)
D.0001839.244	2019 Planned Server Refresh MN		1,440,000	(1,440,000)
D.0001839.248	2019 Storage Refresh MN		2,135,999	(2,135,999)
D.0001839.252	2019 Unplanned Server Refresh		240,000	(240,000)
D.0001839.256	NOC Refresh SW MN		560,118	(560,118)
D.0001839.294	Active Directory 2016 SW MN-10737	39,761	1,512	38,249
D.0001839.395	Corp Net Core Routing HW SD MN	(2)		(2)
D.0001839.396	Purch 2015 VOIP HW ND	(136)		(136)
D.0001839.416	Purch MN Metro System MN		250,000	(250,000)
D.0001839.622	ITM-ESB Environment SW-10646	188,896		188,896
D.0001839.624	ITC-ESB Environment SW-10646	1,860,308		1,860,308
D.0001839.625	ESB Environment SW MN-10646		388	(388)
D.0001839.686	Purch Storage DD6300 Nuclear EL HW MN	70,983		70,983
D.0001839.777	ITM-Purch Net Security HW MN	(1,094)		(1,094)
D.0001839.778	ITM-Purch Net Security HW ND	(0)		(0)
D.0001839.782	Purch Net Security HW MN	50		50
D.0001839.784	Purch Net Security HW ND	0		0
D.0001839.833	ITM-Purch Net Core EI Network MN	499		499
D.0001839.834	Purch Net Core EL HW MN	(143)		(143)
D.0001839.841	ITM-SCCM Upgrade SW-10720	(7,412)		(7,412)
D.0001839.844	ITM-RedSky Ph2 SW MN Direct	18,648		18,648

2019 Business Systems Capital

WBS L2	Description	Actual	Budget	Variance
D.0001839.852	Purch SCCM HW MN	47,191		47,191
D.0001839.855	Purch SCCM HW Fargo ND	7,207		7,207
D.0001839.856	Purch SCCM HW Sioux Falls SD	9,150		9,150
D.0001839.858	2018 Storage EL NET HW MN	258,450		258,450
D.0001839.859	ITM-Active Directory 2016 SW 10737	713,859		713,859
D.0001839.862	Purch Active Dir HW GO MN	155,335		155,335
D.0001839.864	Purch Host Int HW GO MN	168,848		168,848
D.0001840.001	2017 Network Refresh MN	737		737
D.0001840.021	Purch VOIP MN	14,139	8,000	6,139
D.0001840.035	Purch VOIP SD MN	1,695		1,695
D.0001840.103	Purch Data Cooling Net HW GO MN	873		873
D.0001840.104	Purch Data Power PDU Net HW GO MN	(1,629)		(1,629)
D.0001840.107	ITM-Purch Sec Camera HW MN	904,234		904,234
D.0001840.108	Purch Sec Camera HW MN	5,113		5,113
D.0001840.129	ITM-Purch Sec Camera Sioux Falls SD	119,011		119,011
D.0001840.130	Purch Sec Camera Sioux Falls SD	54		54
D.0002001.008	ITM-Sailpoint Ph3 SW-10717	11,057		11,057
D.0002001.011	Sailpoint Ph3 SW MN-10717		19,268	(19,268)
D.0002001.016	ITC-Sailpoint Ph4 SW-10760	698,907		698,907
D.0002002.001	ITM-NMS 112 Upgrade SW-10669	(10,841)		(10,841)
D.0002003.011	2019 Oracle SW MN-10748		1,406,630	(1,406,630)
D.0002003.035	ITC-2019 Oracle Lic SW-10748	1,436,839		1,436,839
D.0002004.005	ITM-SAP Data Mart SW -10675	1,566		1,566
D.0002004.008	ITM-SAP Data Mart Ph2 SW -10690	57,382		57,382
D.0002004.011	SAP Data Mart Ph2 SW MN-10690		1,111,789	(1,111,789)
D.0002007.012	ITM-Purch Digital Signage HW MN	203		203
D.0002008.005	ITM-Ent DataBase Security Ph2 SW-10686	7,695		7,695
D.0002008.007	ITC-Ent DataBase Security Ph2 SW-10686	425		425
D.0002008.008	ITC-Enterprise Data Ph3 SW-10762	247,034		247,034
D.0002008.014	ITC-Ent DataBase Security Ph4 SW-10774	164,369		164,369
D.0002008.015	Ent DataBase Security Ph4 SW MN-10774	-		-
D.0002011.001	Purch WAN HW MN-BSPRJ0001167	244,017	2,863,200	(2,619,183)
D.0002011.002	Purch WAN HW ND	17,176	2,540,207	(2,523,031)
D.0002011.004	ITC-Purch WAN Circuit HW MN	853,168		853,168
D.0002011.005	ITC-Purch WAN Circuit HW ND	130,977		130,977
D.0002011.006	ITC-Purch WAN Circuit HW SD	103,632		103,632
D.0002016.001	Purch T&D MPLS - Unplanned (2017) MN	545		545
D.0002016.021	Purch T&D MPLS - Unplan EI Net MN	(1,024)		(1,024)
D.0002016.022	Purch T&D MPLS - Unplan EI Net ND	(10)		(10)
D.0002018.001	Purch 10GBackhaul HW MN-BSPRJ0001174	1,498,899	1,037,500	461,399
D.0002020.005	ITM-SAP Cont Improve SolMan SW-10705	168,442		168,442
D.0002020.007	ITC-SAP Cont Improve SolMan SW-10705	577		577
D.0002020.008	ITM-SAP Cont Improve R18 SW-10706	3,461		3,461
D.0002020.015	BUD-SAP Continous Improve SW MN		4,524,000	(4,524,000)
D.0002021.001	Purch Facility IT Investments HW MN	1,104,042	59,491	1,044,551
D.0002021.005	ITC-Purch Facility Investments HW SD	7,353		7,353
D.0002028.008	ITM-Customer Identity Access SW-10688	(34,505)		(34,505)
D.0002028.010	ITC-Customer Identity Access SW-10688	15,873		15,873
D.0002029.005	BUD-Application Virtualization HW MN		2,000,007	(2,000,007)
D.0002030.001	BUD-Automation&Orchestration SW MN		1,204,290	(1,204,290)
D.0002033.001	Commodity Management System SW MN		558,192	(558,192)
D.0002033.005	ITM-CommodityXL SW-10681	473,607		473,607
D.0002034.005	ITM-CEC-TCPA Do Not Call SW-10703	2,307		2,307
D.0002037.001	CEC-Cust Service Console SW MN-10704		2,836,005	(2,836,005)

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WBS L2	Description	Actual	Budget	Variance
D.0002037.005	ITM-CEC-Cust Service Console SW-10704	(307,366)		(307,366)
D.0002037.007	ITC-CEC-Cust Service Console SW-10704	(75)		(75)
D.0002037.010	ITC-CEC-Homesmart Ph2 SW -10722	(215,937)		(215,937)
D.0002037.011	CEC-Homesmart Ph2 SW MN-10722		2,466	(2,466)
D.0002037.015	ITC-CEC-Builders Call SW -10723	(241,362)		(241,362)
D.0002037.016	CEC-Builders Call SW MN-10723		1,065	(1,065)
D.0002038.004	DEMS Ph4 HW MN-10756		5,618,440	(5,618,440)
D.0002038.009	ITC-DEMS Ph4 HW-10756	3,010,969		3,010,969
D.0002038.010	ITC-Purch DEMS HW MN	644,531		644,531
D.0002041.001	eGRC Phase IV SOx Corp Com SW MN-10763		362,630	(362,630)
D.0002041.010	ITC-eGRC Phase IV SOx Corp Com SW-10763	130,732		130,732
D.0002041.012	ITC-eGRC Ph IV SOX SW-10764	93,225		93,225
D.0002043.001	Enterprise Learning Upgrade SW MN-10691		8,883	(8,883)
D.0002043.005	ITM-Ent Learning Upgrade SW-10691	350,716		350,716
D.0002045.005	BUD-Enterprise Operational HW MN		166,668	(166,668)
D.0002045.009	ITM-Operation Monitor SW-10728	365,181		365,181
D.0002052.001	Gas Transaction System SW MN-10680		661,176	(661,176)
D.0002052.004	ITM-Gas Transaction Sys SW-10680	701,813		701,813
D.0002066.009	ITM-Bus Obj Ref SW-10698	10,802		10,802
D.0002067.005	Purch OSI Infra HW MN	129,772	59,033	70,739
D.0002068.006	ITC-Powerplan Upgrade SW-10768	587,120		587,120
D.0002071.001	Remote Branch Office SW MN		271,650	(271,650)
D.0002072.005	ITM-Replace Meeting Planner SW-10738	221,428		221,428
D.0002072.007	ITC-Replace Meeting Planner SW-10738	1,902		1,902
D.0002075.001	Storage Mgmt System SW MN		434,638	(434,638)
D.0002076.001	Purch Tapeless Data HW MN	577		577
D.0002076.003	ITM-Purch Tapeless Data HW MN	964,900		964,900
D.0002078.001	ITM-TWR SW-10713	518,906		518,906
D.0002078.004	TWR SW MN-10713		1,596,970	(1,596,970)
D.0002081.001	Vegetation Mgmt Crew Mgmt SW MN		839,868	(839,868)
D.0002081.005	ITM-VMCM SW-10714	723,639		723,639
D.0002082.001	Video Conf SW MN		679,920	(679,920)
D.0002082.005	ITM-Purch Video Conf HW MN	206,059		206,059
D.0002082.006	Purch Video Conf HW MN	946,133		946,133
D.0002084.005	ITM-Software Asset Mgmt SW-10729	565,651		565,651
D.0002084.014	ITM-Tririga Mobile SW-10730	302		302
D.0002084.021	ITM-Blue Prisim SW -10731	301,556		301,556
D.0002084.023	ITC-Blue Prisim SW -10731	1,054		1,054
D.0002084.028	ITM-RIS CREV SW-10732	22,277		22,277
D.0002084.035	ITM-Purch RIS CREV Servers MN	(29,726)		(29,726)
D.0002084.036	Purch RIS CREV Servers MN	(0)		(0)
D.0002090.001	IT Service Request SW MN-10699		498,636	(498,636)
D.0002090.005	ITM-IT Service Req Auto SW-10699	70,808		70,808
D.0002090.007	ITC-IT Service Req Auto SW-10699	3,870		3,870
D.0002090.008	ITM-Microfocus SW-10721	13,976		13,976
D.0002091.001	Data Analytics SW MN		1,409,700	(1,409,700)
D.0002093.001	Purch Universal Printing HW MN		199,998	(199,998)
D.0002097.001	ITM-UAST Ph1 SW-10689	143,579		143,579
D.0002097.003	ITC-UAST Ph1 SW-10689	(2,776)		(2,776)
D.0002097.004	UAST Ph1 SW MN-10689		97,086	(97,086)
D.0002097.008	ITM-Purch UAST1 HW GO MN	4,667		4,667
D.0002097.009	Purch UAST1 HW GO MN	7	1	6
D.0002098.001	CyberArk PAM SW MN-10694		19,268	(19,268)
D.0002098.005	ITM-CyberArk PAM SW-10694	80,031		80,031

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WBS L2	Description	Actual	Budget	Variance
D.0002098.007	ITC-CyberArk PAM SW-10694	(11,127)		(11,127)
D.0002098.008	Purch CyberArk HW GO MN	0		0
D.0002098.010	ITM-Purch CyberArk HW GO MN	1,012		1,012
D.0002098.013	ITC-CyberArk CIP SW-10749	198,405		198,405
D.0002098.014	CyberArk CIP SW MN-10749	3,307		3,307
D.0002098.018	ITC-Purch CyberCIP HW MN	48,363		48,363
D.0002099.001	ITM-Firewall Rule Mgmt SW 10707	84,192		84,192
D.0002099.004	Firewall Rule Mgmt SW MN-10707		14,888	(14,888)
D.0002100.001	ITM-Private Cloud Infra SW-10710	102,293		102,293
D.0002100.008	ITM-Private Cloud Service SW-10711	45,559		45,559
D.0002100.010	ITC-Private Cloud Service SW-10711	(2,329)		(2,329)
D.0002100.018	Private Cloud Reg SW MN-10712		1,162,800	(1,162,800)
D.0002100.027	ITC-Private Cloud Realize SW -10767	292,238		292,238
D.0002101.001	ITM-eGRC Ph3 SW-10719	(22,969)		(22,969)
D.0002101.003	eGRC Ph3 SW MN-10719		342,062	(342,062)
D.0002101.008	ITC-eGRC Continuity SW-10750	152,889		152,889
D.0002101.014	ITC-eGRC Standard SW-10751	175,566		175,566
D.0002113.001	Purchase Power SW MN		583,840	(583,840)
D.0002123.001	Purch Security Camera HW MN	1,259	575,000	(573,741)
D.0002123.009	ITC-Security Cam Upgrd Verint-10799	58,005		58,005
D.0002125.001	DR Tech SW MN		1,006,000	(1,006,000)
D.0002126.001	Site Scope SW MN		721,950	(721,950)
D.0002129.001	Net Int Protect SW MN		7,346	(7,346)
D.0002129.005	Net Int Protect HW MN	0		0
D.0002129.007	ITM-Purch Net Int Protect HW MN	(4,463)		(4,463)
D.0002130.001	Gas Pipe Trace SW MN		176,390	(176,390)
D.0002134.001	DR End to End Auto SW MN		491,700	(491,700)
D.0002135.001	Unix Config SW MN-10770		503,000	(503,000)
D.0002135.006	ITC-Unix Config SW-10770	774,570		774,570
D.0002142.001	Mobile Device Mgmt SW MN		270,441	(270,441)
D.0002143.001	Technology Lic SW MN	1,626	245,850	(244,224)
D.0002143.005	ITC-Technology Lic SW-10789	2,435,109		2,435,109
D.0002162.005	ITM-Microsoft Core Server SW-10727	8,573		8,573
D.0002164.001	ITM-Sharepoint Nuclear EL SW MN only	301,550		301,550
D.0002164.002	Sharepoint Nuclear EL SW MN only		500,000	(500,000)
D.0002165.004	ITC-OT Monitor DRAGOS SW-10772	726,614		726,614
D.0002165.008	ITC-Purch OT Monitor DRAGOS HW MN	89,038		89,038
D.0002166.001	ITM-SUM Total Upgrade SW-10734	123,538		123,538
D.0002166.003	ITC-SUM Total Upgrade SW-10734	5,567		5,567
D.0002167.001	Interconnect DER SW MN only	689,866		689,866
D.0002168.001	ITM-ESRI Landworks SW-10735	56,187		56,187
D.0002170.001	Purch RAD Servers Nuc MN	275,975	726,410	(450,435)
D.0002176.001	SAP Purge Archive SW MN		1,033,731	(1,033,731)
D.0002180.007	ITC-TAHA Data Tools SW-10784	37		37
D.0002180.013	ITC-TAHA Data LIC SW-10785	53,344		53,344
D.0002181.003	ITC - Strategic Fiber HW MN	230,081		230,081
D.0002182.006	ITC-Sharepoint RFP SW-10739	20,799		20,799
D.0002183.006	ITC-Sharepoint Fin Gov SW-10740	33,173		33,173
D.0002184.002	IIB Lic ESB SW MN-10742	(0)		(0)
D.0002184.005	ITC-IIB Lic ESB SW -10742	703,291		703,291
D.0002184.006	ITC-Purch IIB ESB EL HW MN	37,716		37,716
D.0002185.002	ITC-Net Auto Platform SW-10741	4,731,857		4,731,857
D.0002186.001	ITC-CRS Tech Stack 2019 SW-10746	382,472		382,472
D.0002187.002	ITC-Cyber Security Data SW -10743	561,493		561,493

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WBS L2	Description	Actual	Budget	Variance
D.0002187.003	Cyber Security Data SW MN-10743	1,683		1,683
D.0002187.007	ITC-Purch Cyber Security HW GO MN	145,302		145,302
D.0002189.002	ITC-Virtual Emergency SW-10745	236,484		236,484
D.0002191.001	ITC-Purch 2019 EMS Ref HW MN	41,007		41,007
D.0002192.001	ITC-Purch 2019 ITINFS Ref HW MN	2,768,122		2,768,122
D.0002192.012	ITC - Purch ITINFS Valkyrie HW MN	6,877,949		6,877,949
D.0002193.001	ITC-Purch 2019 Plan PC HW MN	2,398,445		2,398,445
D.0002193.005	ITC-Purch 2019 Printer MN	949,543		949,543
D.0002194.001	ITC-Purch 2019 Plan Server HW MN	2,120,629		2,120,629
D.0002194.005	ITC-Purch 2019 Plan Server HW ND	17,999		17,999
D.0002194.011	ITC-Purch 2019 Plan Server HW MN	109,374		109,374
D.0002194.012	ITC-Purch VDI Nodes HW MN	362,934		362,934
D.0002195.001	ITC-Purch 2019 Storage HW MN	1,901,361		1,901,361
D.0002195.009	ITC-Puch Storage NTAP GO HW MN	901,675		901,675
D.0002199.002	ITC-CRS Voice Agent SW-10753	117,651		117,651
D.0002200.002	ITC-Endpoint Privilege SW-10757	95,292		95,292
D.0002202.002	ITC-Multi Auth SW -10759	676,336		676,336
D.0002203.005	ITC-Purch PTT Mobile HW MN	982,190		982,190
D.0002204.002	ITC-Purch Net Equip Mankato MN	287,149		287,149
D.0002205.002	ITC-Cust Mobile App SW -10765	58,802		58,802
D.0002206.002	ITC-Security AMAG SW -10766	120,374		120,374
D.0002206.007	ITC-Purch Security AMAG HW MN	3,902		3,902
D.0002207.001	ITC-MV90 Gas SW -10769	25,507		25,507
D.0002243.001	ITC-Settlement Tracker Elim SW-10775	73,930		73,930
D.0002245.002	ITC-AutoSys Ref SW-10776	47,485		47,485
D.0002245.007	ITC-Purch AutoSys Ref HW GO MN	11,178		11,178
D.0002252.002	ITC-Strategist Replacement SW - 10783	110,644		110,644
D.0002257.007	ITC-Data Discovery-10803	519,692		519,692
D.0002268.001	ITC-Endpoint Svr Security Suite-SW-1079	163,519		163,519
D.0002269.001	ITC-Purch OT Shared Services HW NSPM	871,124		871,124
D.0002270.001	ITC - eSOMS HW MN	98,334		98,334
D.0002275.005	ITC-PI Integration SW - 10797	24,261		24,261
D.0002279.005	ITC - Upg Pro Visio Adobe Pro SW-10801	1,670,903		1,670,903
D.0002282.005	ITC-Mainframe Modernization-10800	1,040,289		1,040,289
D.0006200.001	XES - NSPM Trans Capital	272		272
Total		81,766,475	93,906,750	(12,140,275)