



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 2022 through 2024 operating and maintenance (O&M) expense and 2022 through 2024 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 2020 actual versus 2022 budget O&M expenses and then forward-looking comparisons for 2022, 2023, and 2024, summarized across all business areas:

Summary Report 1 compares O&M expense by function between the 2020 actual and 2022 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 2020 actual and 2022 budget (2A), 2022 budget and 2023 budget (2B), and the 2023 budget and 2024 budget (2C) periods for NSPM Electric.

Summary Report 3 compares O&M expense by FERC account between the 2020 actual and 2022 budget (3A), 2022 budget and 2023 budget (3B), and the 2023 budget and 2024 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 2022 - 2024 Multi-Year Rate Plan (MYRP) with walk forward information for these years starting with the 2021 year-end forecast as of July 2021. These summaries are organized by Business Area.

Volume 5 of the budget documentation concludes with the IHS Markit Guideline Analysis of 2020 actuals to the 2022 budget amounts, the budget translation documents, and the capital substitutions and contingent fund reports. The IHS Markit Guideline Analysis includes both (1) analytical explanations (by FERC account) for significant differences between the 2022 budget and levels expected based on IHS Markit-inflated 2020 actuals and (2) a numeric summary of the inflated 2020 actual amounts compared to the 2022 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 2020 actual versus 2022 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 2022, 2023, and 2024 budgets. O&M information is provided in several formats by cost element and FERC account, providing variance information to allow comparisons between 2020 to 2022, 2022 to 2023, and 2023 to 2024. Finally, capital budget information for 2022, 2023, and 2024 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 2018 through 2020. 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

The materials provided within Volume 5 and 6 include budget information specific to NSPM as well as any XES costs that are allocated to NSPM.

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 2021 July year-end forecast to the 2022 budget, the 2022 budget to the 2023 budget, and the 2023 budget to the 2024 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 2022, 2023 and 2024 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 2022 through 2024 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 2020 actual and 2022 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 \$500,000 and at least five percent over the two-year period. These explanations cover the variances shown in the 2020 to 2022 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 2020 actual and 2022 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 2020 by cost element account to the 2022 expense budget, the 2022 expense budget to the 2023 budget, and the 2023 expense budget to the 2024 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 2020 by FERC account to the 2022 expense budget, the 2022 expense budget to the 2023 budget, and the 2023 expense budget to the 2024 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 2022 - 2024 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 2022, 2023, and 2024 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

2018 - 2020 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.

2018 - 2020 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 2018 through 2020. 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.

2018 - 2020 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 2020 Actual and 2022 Budget for NSPM Electric
- 2 Operating and Maintenance expense comparison by cost element between: (A) 2020 Actual and 2022 Budget, (B) 2022 Budget and 2023 Budget, and (C) 2023 Budget and 2024 Budget for NSPM Electric
- 3 Operating and Maintenance expense comparison by FERC account between: (A) 2020 Actual and 2022 Budget, (B) 2022 Budget and 2023 Budget, and (C) 2023 Budget and 2024 Budget for NSPM Electric

Summary Report 1

2020 Actual vs. 2022 Budget

O&M by Function

Northern States Power - MN

Electric

(Thousands of Dollars)

Function	2020 Actual	2022 Budget	2020 - 2022 Variance	2020 - 2022 % Change	Avg Annual % Change
Steam Power Generation	82,606	75,489	(7,117)	-8.6%	-4.4% (1)
Nuclear Power Generation	323,569	314,161	(9,408)	-2.9%	-1.5% (2)
Hydraulic Power Generation	1,228	767	(461)	-37.5%	-21.0%
Other Power Generation	52,038	86,481	34,444	66.2%	28.9% (3)
Other Power Supply Expenses	7,540	6,965	(575)	-7.6%	-3.9%
Total Power Production	466,980	483,863	16,883	3.6%	1.8%
Transmission	150,346	171,808	21,462	14.3%	6.9% (4)
Distribution	109,251	140,849	31,598	28.9%	13.5% (5)
Customer Accounts	87,205	69,843	(17,362)	-19.9%	-10.5% (6)
Customer Service	2,132	2,265	133	6.2%	3.1%
Sales	2,433	8,513	6,079	249.8%	87.0% (7)
Administrative & General	271,901	297,221	25,320	9.3%	4.6% (8)
Non-Operating	1,992	3,821	1,829	91.8%	38.5%
Sum:	1,092,240	1,178,183	85,943	7.9%	3.9%

The variances are primarily made up of the following costs:

(1) Steam Power Generation

2022 Original Variance	(7,117)	-8.6%	-4.4%
Reduced maintenance, overtime and outage costs across coal plants which includes changes to the maintenance schedule at Sherco due to upcoming Unit 2 retirement.	8,215		
Remaining Variance	1,098	1.3%	0.7%

(2) Nuclear Power Generation

2022 Original Variance	(9,408)	-2.9%	-1.5%
Lower nuclear outage amortization costs in the 2022 budget as compared to 2020 actual costs.	3,709		
Lower non-outage costs due to the Maintain reorganization and lower Site Mgmt labor, offset by an increase in contract labor due to an increase in engineering a programs/analysis work scheduled for 2022.	1,822		
Primarily due to lower long-term incentive costs when comparing 2020 vs 2022.	1,800		
Remaining Variance	(2,077)	-0.6%	-0.3%

(3) Other Power Generation

2022 Original Variance	34,444	66.2%	28.9%
Higher costs are driven by investments in new wind farms, including new land easements, contingent blade LEP work and for maintenance agreements.	(28,800)		
Increase in costs due to major planned overhauls at Black Dog and Red Wing in 2022.	(5,000)		
Remaining Variance	644	1.2%	0.6%

(4) Transmission

2022 Original Variance	21,462	14.3%	6.9%
This increase in interchange expense between 2020 and 2022 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). The significant driver for the increase is due to increased transmission line investments going into service across many individual projects (largest new projects being the LaCrosse Coulee rebuild and the Bayfield Second Circuit).	(18,672)		
Higher costs related to an increase in transmission vegetation management in order to ensure on-cycle performance.	(1,331)		
Remaining Variance	1,459	1.0%	0.5%

(5) Distribution

2022 Original Variance	31,598	28.9%	13.5%
Higher costs in 2022 is due to 2020 COVID impacts on vegetation management allowing the company to get back on cycle (\$19M). Additionally, there was an increase in AGIS costs (\$500k) for the AGIS FLISR program and an additional \$500k in expected O&M from Capital growth.	(20,000)		
Increase in damage prevention locate activity costs related to contractor costs and volumes for outside vendors, labor, material and transportation.	(4,441)		
Higher costs driven by an increase for AGIS Programs.	(2,984)		
Increased O&M expenses in support of increased distribution capital investment.	(1,800)		
Increased costs are driven by additional E&S headcount positions expected to be filled as well as natural annual labor inflation.	(866)		
Remaining Variance	1,507	1.4%	0.7%

(6) Customer Accounts

2022 Original Variance	(17,362)	-19.9%	-10.5%
2020 MN Residential Rate Relief Credit Program which was established in 2020 is not expected to recur in 2022.	17,500		
Remaining Variance	138	0.2%	0.1%

Summary Report 1

2020 Actual vs. 2022 Budget

O&M by Function

Northern States Power - MN

Electric

(Thousands of Dollars)

Function	2020 Actual	2022 Budget	2020 - 2022 Variance	2020 - 2022 % Change	Avg Annual % Change
Steam Power Generation	82,606	75,489	(7,117)	-8.6%	-4.4% (1)
Nuclear Power Generation	323,569	314,161	(9,408)	-2.9%	-1.5% (2)
Hydraulic Power Generation	1,228	767	(461)	-37.5%	-21.0%
Other Power Generation	52,038	86,481	34,444	66.2%	28.9% (3)
Other Power Supply Expenses	7,540	6,965	(575)	-7.6%	-3.9%
Total Power Production	466,980	483,863	16,883	3.6%	1.8%
Transmission	150,346	171,808	21,462	14.3%	6.9% (4)
Distribution	109,251	140,849	31,598	28.9%	13.5% (5)
Customer Accounts	87,205	69,843	(17,362)	-19.9%	-10.5% (6)
Customer Service	2,132	2,265	133	6.2%	3.1%
Sales	2,433	8,513	6,079	249.8%	87.0% (7)
Administrative & General	271,901	297,221	25,320	9.3%	4.6% (8)
Non-Operating	1,992	3,821	1,829	91.8%	38.5%
Sum:	1,092,240	1,178,183	85,943	7.9%	3.9%

The variances are primarily made up of the following costs:

(7) Sales

2022 Original Variance	6,079	249.8%	87.0%
Increased costs in Strategic Partnership due to anticipated support for Electric Vehicle programs due to commission approved pilots and the growth of various programs.	(6,023)		
Remaining Variance	56	2.3%	1.2%

(8) Administrative & General

2022 Original Variance	25,320	9.3%	4.6%
Increased costs are driven by Business Systems for higher IT Costs (App Dev & Maint: \$566; Software: \$11,070; Hardware: \$673; and Network Data: \$3,580) to support the capital assets built as a result of business demands.	(14,249)		
Increase in property insurance in 2022 vs 2020 is driven by year-over-year increases to property insurance premium amounts as well as a higher NEIL distribution received in 2020.	(6,896)		
Increase in injuries and damages related to forecast assumptions for higher insurance policy costs.	(5,192)		
Increase in costs primarily due to Sherco A&G credits related to Unit 3 major outage in 2020 compared to no Unit 3 outage projected in 2022. (The Company shares Unit 3 costs with SMMPA and does not share those costs with outages for Units 1 and 2)	(2,083)		
Decrease in costs for Business Systems due to changes in the shared asset credit related to Network Equipment and Advanced Grid AMI shared assets. Shared asset costs are an allocation of Business Systems costs to or from NSPM operating company, depending on where the asset was purchased and how and 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. The variance from 2020 is due to a change in asset utilization by operating companies.	5,434		
Recognition of MN stay-out excess rate case costs in 2020, \$2.4M. An additional \$1.8M was a reserve against the deferral associated with North Dakota jurisdiction. These expenses are not expected to repeat in 2022.	4,542		
Remaining Variance	6,876	2.5%	1.3%

Summary Report 2A

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2020 Actual vs. 2022 Budget
O&M by Cost Component
(\$000's)**

Account	2020 Actual	2022 Budget	Variance	% Variance
5540001 Productive Labor	282,803	380,486	97,683	35%
5540009 Labor Budget Adjustment	-	(5,634)	(5,634)	#DIV/0!
5540010 Labor Load Non Productive	24	-	(24)	-100%
5540180 Premium Time Labor	3,911	-	(3,911)	-100%
5540185 Other Compensation Accruals	4,889	1,117	(3,772)	-77%
5540200 Medical Insurance Non Loading	181	-	(181)	-100%
5540205 Workers Comp Non Loading	(1)	-	1	-100%
5540210 Incentive Non Loading	17,449	16,135	(1,314)	-8%
5540220 Labor Overtime	33,295	56	(33,238)	-100%
5540230 Incentive	108	-	(108)	-100%
5540235 Payroll Related Labor Costs	(0)	-	0	-100%
5540240 Performance Share Plan & Deferred Comp I	20,925	5,784	(15,141)	-72%
5540250 Restricted Stock Units	12,295	10,937	(1,358)	-11%
5540255 Other Benefits Compensation	242	3,070	2,828	1167%
5540260 Other Compensation	1,668	23	(1,644)	-99%
5540270 Welfare Fund	5,550	-	(5,550)	-100%
5600001 Contract Labor	66,076	42,336	(23,740)	-36%
5600006 Consulting Professional Services Other	16,507	67,680	51,173	310%
5600016 Consulting Professional Eng and Design	2,022	1	(2,021)	-100%
5600021 Consulting Professional Services Legal	2,960	3,910	950	32%
5600026 Consulting Professional Svcs Accounting	2,026	2,274	248	12%
5600031 Consulting Legal Regulatory	242	128	(113)	-47%
5600041 Outside Vendor Contract	44,246	97,843	53,597	121%
5600051 Outside Services	21,495	16,245	(5,249)	-24%
5600066 Materials	11,402	30,797	19,395	170%
5600068 Material Consumption	13,100	10,906	(2,194)	-17%
5600069 Service Consumption	26,579	17,447	(9,132)	-34%
5600070 Material - Direct Purchase	11,686	(51)	(11,737)	-100%
5600071 MS Inventory Adjust - Obsolete Materials	78	-	(78)	-100%
5600075 Transportation Fuel	1	523	522	63687%
5600076 Chemicals - Other	1,642	1,565	(77)	-5%
5600078 Chemicals - Lime	1,144	1,213	69	6%
5600080 Chemicals - Mercury Sorbent	1,131	611	(520)	-46%
5600082 Chemicals - Ammonia	714	589	(125)	-17%
5600083 Chemicals - Sulfuric Acid	379	276	(103)	-27%
5600085 Fuel Handling Ash Disposal	(0)	-	0	-100%
5600091 Print and Copy Cost - Other	235	291	57	24%
5600096 Print and Copy Cost - SEC Filings	50	33	(17)	-34%
5600101 Legal - Other	46	13	(33)	-71%
5600106 Equipment Maintenance	133	135	2	1%
5600111 Equipment Maintenance - Customer Care	100	123	23	23%
5600116 IT Hardware Maintenance	3,351	4,396	1,044	31%
5600121 IT Hardware Purchases	431	376	(55)	-13%
5600126 Software License Purchase - Perpetual	242	560	318	131%
5600131 Software License Purchase - Term	4,868	9,391	4,522	93%
5600136 Software Maintenance	25,175	31,038	5,863	23%
5600141 Network Services	34	849	814	2373%

Summary Report 2A

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2020 Actual vs. 2022 Budget
O&M by Cost Component
(\$000's)**

Account	2020 Actual	2022 Budget	Variance	% Variance
5600146 Network Voice	2	2	0	6%
5600151 Network Data	16,068	18,642	2,574	16%
5600156 Network Telecommunication	3	9	6	200%
5600161 Network Radio	1,438	630	(808)	-56%
5600166 Mainframe Services	586	867	281	48%
5600171 Distributed Systems Services	496	620	124	25%
5600176 Application Development and Maintenance	9,348	9,984	636	7%
5600186 Software - ASP	1,973	2,771	798	40%
5600187 Other IT	5,992	3,495	(2,496)	-42%
5600190 Fuel Procurement Non Labor Online	2	-	(2)	-100%
5600191 Employee Expenses Airfare	483	1,224	741	153%
5600196 Employee Expenses Car Rental	112	209	98	87%
5600201 Employee Expenses Taxi and Bus	73	115	41	56%
5600206 Employee Expenses Mileage	1,316	1,632	316	24%
5600211 Employee Expenses Conf Seminar Trng	559	1,128	569	102%
5600216 Employee Expenses Hotel	798	1,807	1,009	127%
5600221 Employee Expenses Meals	1,305	1,512	207	16%
5600226 Employee Expenses Meals Non-Employee	91	287	196	215%
5600231 Employee Expenses Parking	124	244	120	97%
5600236 Employee Expenses Per Diem	2,046	1,625	(422)	-21%
5600241 Employee Expenses Safety Equipment	2,073	1,090	(982)	-47%
5600246 Employee Expenses Other	824	964	141	17%
5600251 Employee Expense Personal Communication	1,595	1,458	(137)	-9%
5600252 Fuel Handling Non Labor	86	-	(86)	-100%
5600254 Nuclear Fuel Procurement NonLabor	189	323	134	71%
5600256 Office Supplies	467	761	294	63%
5600261 Workforce Administration Expense	398	380	(18)	-5%
5600271 Safety Recognition	137	54	(83)	-61%
5600276 Life Events	32	37	4	14%
5600281 Employee Performance Recognition	1,281	1,211	(69)	-5%
5600286 Non - Recoverable Recognition	71	-	(71)	-100%
5600291 Transportation Fleet Cost	23	12,188	12,165	53852%
5600296 Janitorial - Routine	1,738	1,882	143	8%
5600301 Janitorial - Special	160	0	(160)	-100%
5600306 Fire Life Safety Maintenance	184	172	(12)	-6%
5600311 General Interior Exterior Maintenance	3,670	3,117	(553)	-15%
5600316 Use Costs	5,561	6,125	564	10%
5600321 Lawn Care Maintenance Costs	151	187	36	24%
5600326 Sewer Maintenance Costs	7	56	49	715%
5600331 Snow Removal Costs	1,337	1,787	450	34%
5600336 Trash Removal Costs	630	520	(110)	-17%
5600341 Water Use Costs	916	847	(69)	-8%
5600351 Moves Adds Changes	262	423	161	61%
5600356 Energy	11,193	15,708	4,515	40%
5600361 AR - Reserve Change	8,040	-	(8,040)	-100%
5600366 Non - Energy	676	82	(594)	-88%
5600371 Low Income - Personal Accounts	0	-	(0)	-100%

Summary Report 2A

NSP-MN
 Total Company - O&M Electric Utility and Non-Utility
 2020 Actual vs. 2022 Budget
 O&M by Cost Component
 (\$000's)

Account	2020 Actual	2022 Budget	Variance	% Variance
5600381 Rent - Space	14	79	65	460%
5600382 Rent - Equipment	793	258	(534)	-67%
5600384 Rent - Nuclear Generation	82	75	(7)	-8%
5600386 Rent - Other Generation	6,195	14,559	8,364	135%
5600387 Rent - Transmission Electric	12	-	(12)	-100%
5600390 Rent - Distribution Electric	492	493	0	0%
5600396 Rent - Equipment Customer Care	5	2	(4)	-67%
5600431 Lease Costs	8,575	8,300	(275)	-3%
5600436 Postage	4,081	4,038	(43)	-1%
5600446 Injuries and Damages Other	3	-	(3)	-100%
5600451 Insurance - Property	5,513	8,254	2,741	50%
5600456 Insurance - General Liability	4,778	5,836	1,058	22%
5600461 Insurance - Excess Liability	4,931	8,136	3,205	65%
5600466 Insurance - Auto Liability	200	285	85	43%
5600471 Insurance - Directors and Officers	1,064	1,311	247	23%
5600476 Insurance - Fiduciary	311	302	(9)	-3%
5600481 Insurance - Other	56	94	39	69%
5600482 Insurance - Cyber	328	414	86	26%
5600486 Insurance - Nuclear Property	4,001	3,984	(16)	0%
5600491 Insurance - Nuclear Interruption	1,153	1,152	(1)	0%
5600496 Insurance - Nuclear Liability	2,986	3,163	176	6%
5600501 Insurance - Nuclear Liability ICRP	(1,776)	(1,760)	16	-1%
5600506 Insurance - Surplus	(8,811)	(5,000)	3,811	-43%
5600511 Advertising - Brand Image	1,142	1,033	(110)	-10%
5600516 Advertising - General	154	261	107	70%
5600521 Advertising - Brand Sponsorship	2,530	2,604	74	3%
5600526 Advertising - Conservation DSM	5	-	(5)	-100%
5600531 Advertising - Conservation Other	-	57	57	#DIV/0!
5600536 Communication - Conservation DSM	8	-	(8)	-100%
5600546 Customer Program - Advertising	12	41	29	232%
5600561 Customer Program - Promotion	128	322	194	151%
5600566 Customer Program - Non-Recoverable	4	0	(4)	-96%
5600571 Safety Advertising	699	928	229	33%
5600576 Safety Information	150	2	(148)	-99%
5600581 Mandated Regulatory Notices	8	7	(1)	-11%
5600586 Mandated Inserts Communication	54	72	17	32%
5600591 Dues - Professional Association	454	1,030	576	127%
5600596 Dues - Utility Association Other	75	229	154	204%
5600601 Dues - Utility Association	1,451	2,611	1,160	80%
5600606 Dues - Lobbying	594	451	(143)	-24%
5600611 Dues - Nuclear Association	7,655	7,328	(327)	-4%
5600616 Dues - Chamber of Commerce	213	284	71	33%
5600621 Dues - Social Service	9	16	7	83%
5600626 Contributions - Charitable	1,401	492	(909)	-65%
5600631 Contributions - Community Sponsorships	875	1,601	726	83%
5600636 Contributions - Civic and Political	72	55	(17)	-24%
5600641 Contributions - Economical Development	484	489	4	1%

Summary Report 2A

NSP-MN
 Total Company - O&M Electric Utility and Non-Utility
 2020 Actual vs. 2022 Budget
 O&M by Cost Component
 (\$000's)

Account	2020 Actual	2022 Budget	Variance	% Variance
5600646 Fees - Regulatory	27,415	29,151	1,736	6%
5600651 Fees - Regulatory NERC	2,238	2,243	5	0%
5600656 Fees - Directors	1,511	1,325	(186)	-12%
5600661 Fees - Remarketing and Rating	522	478	(43)	-8%
5600666 Fees - Credit Line	114	-	(114)	-100%
5600671 Fees - Regulatory Direct	1,960	2,175	215	11%
5600676 Fees - Regulatory Indirect	5,269	4,864	(405)	-8%
5600681 Fees - Regulatory NARUC	3	4	1	20%
5600691 Shareholder Related Expenses	117	317	200	171%
5600696 Deductions - Corporate Tickets	296	346	51	17%
5600701 Deductions - Other	(432)	177	608	-141%
5600706 Bank Charges	686	963	278	41%
5600712 Quarterly BMO Rebates	(202)	(489)	(287)	142%
5600721 Environmental Permits and Fees	1,155	2,194	1,039	90%
5600726 License Fees and Permits	1,466	1,571	105	7%
5600731 Penalties	23	1	(22)	-96%
5600746 IA -Transmission - OM Expense	11,307	127,820	116,512	1030%
5600751 IA - Transmission - Fixed Charges Expens	97,840	-	(97,840)	-100%
5600771 Nuclear Outage Cost Amortization	46,160	40,657	(5,503)	-12%
5600776 O and M Credits - Meter Transfer Install	(10,338)	(10,910)	(572)	6%
5600781 O and M Credits - Other	(3,500)	(4,143)	(643)	18%
5600786 O and M Credits - Company Elec and Gas U	(22)	-	22	-100%
5600791 O and M Credits - AG to Capital	(493)	(805)	(312)	63%
5600796 O and M Credits - Company Elec and Gas	(5,093)	(5,582)	(488)	10%
5600826 O and M Credits - Damage Claims	(98)	-	98	-100%
5600857 Rebates	0	-	(0)	-100%
5600861 Shared Asset Costs	46,345	51,967	5,622	12%
5600866 Shared Assets - Owning Co Credit	(48,061)	(60,363)	(12,302)	26%
5600867 Fuel Handling Expense Reclass	(18,449)	-	18,449	-100%
5600868 Fuel Procurement Expense Reclass	(845)	-	845	-100%
5600869 Nuclear Fuel Procurement Exp Reclass	(805)	-	805	-100%
5600871 Other	(2,317)	(27,492)	(25,175)	1087%
5600896 Online Information Services	2,655	5,628	2,973	112%
5600946 Cust Billing Srvcs to Other	(111)	-	111	-100%
5600951 Purchasing Overhead Expense	-	7	7	#DIV/0!
5600956 Warehousing Overhead Expense	-	1	1	#DIV/0!
5600963 PowerPlan Overheads	0	-	(0)	-100%
5610000 External Settlement Labor	25,790	-	(25,790)	-100%
5610001 External Settlement Labor Ben-Injuries	360	-	(360)	-100%
5610002 External Settlement Labor Ben-Pension	3,531	-	(3,531)	-100%
5610003 External Settlement Contract Labor	1,316	-	(1,316)	-100%
5610004 External Settlement Consulting	22	-	(22)	-100%
5610005 External Settlement Contract Outside Ven	18,836	-	(18,836)	-100%
5610006 External Settlement Materials	6,665	-	(6,665)	-100%
5610007 External Settlement Employee Expense	420	-	(420)	-100%
5610008 External Settlement Transportation	801	-	(801)	-100%
5610009 External Settlement Miscellaneous	897	-	(897)	-100%

Summary Report 2A

NSP-MN
 Total Company - O&M Electric Utility and Non-Utility
 2020 Actual vs. 2022 Budget
 O&M by Cost Component
 (\$000's)

Account	2020 Actual	2022 Budget	Variance	% Variance
5610011 External Settlement Overhead	398	-	(398)	-100%
5610017 External Settlement Incentive	30	-	(30)	-100%
5660011 Gain on Disp of PPE Sys Op Unit	(164)	-	164	-100%
5660012 Loss on Disp of PPE Sys Op Unit	66	-	(66)	-100%
5660024 Loss on Investment	(462)	(351)	111	-24%
8000000 Prod Labor Bargaining Benefit Group 1	(1,939)	-	1,939	-100%
8000004 Prod Labor Bargaining Benefit Group 5	0	-	(0)	-100%
8000005 Prod Labor Bargaining Benefit Group 6	(51)	-	51	-100%
8000010 Prod Labor Bargaining Nuclear Ben Grp 1	70	-	(70)	-100%
8000020 Prod Labor Non-Bargaining Benefit Grp 1	(2,527)	-	2,527	-100%
8000021 Prod Labor Non-Bargaining Benefit Grp 2	(79)	-	79	-100%
8000023 Prod Labor Non-Bargaining Benefit Grp 4	(16)	-	16	-100%
8000025 Prod Labor Non-Bargaining Benefit Grp 6	(0)	-	0	-100%
8000030 Prod Labor Non-Barg Nuclear Ben Grp 1	(78)	-	78	-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	(1)	-	1	-100%
8000100 Premium	20	-	(20)	-100%
8000105 Overtime	6	-	(6)	-100%
8000110 Other Compensation	1	-	(1)	-100%
8000115 Other Compensation Craft Welfare Fund	(11)	-	11	-100%
8010000 Budget Prod Labor Barg Benefit Group 1	-	168	168	#DIV/0!
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	-	149	149	#DIV/0!
8010105 Budget Overtime	-	(0)	(0)	#DIV/0!
8010110 Budget Other Compensation	-	(99)	(99)	#DIV/0!
8010115 Budget Other Compensation CWF	-	(0)	(0)	#DIV/0!
8100000 Non-Prod Labor Bargaining Benefit Grp 1	18,635	-	(18,635)	-100%
8100010 Non-Prod Labor Barg Nuclear Ben Grp 1	3,439	-	(3,439)	-100%
8100020 Non-Prod Labor Non-Bargaining Ben Grp 1	22,475	-	(22,475)	-100%
8100023 Non-Prod Labor Non-Bargaining Ben Grp 4	181	-	(181)	-100%
8100030 Non-Prod Labor Non-Barg Nuc Ben Grp 1	9,523	-	(9,523)	-100%
8100033 Non-Prod Labor Non-Barg Nuc Ben Grp 4	7	-	(7)	-100%
8100105 Pension & Insurance	77,007	-	(77,007)	-100%
8100110 401K Match	(0)	10,507	10,507	-3312235%
8100115 Qualified Pension	(2)	23,275	23,277	-1128187%
8100120 Nonqualified Pension	0	326	326	419782%
8100125 FAS 88 Settlement Expense	9	-	(9)	-100%
8100130 Exec Nonqualified Deferred Comp Match	0	57	57	1562860%
8100135 NMC Employer Retirement Contribution	-	963	963	#DIV/0!
8100140 Other Pension - Consult	0	555	555	6202413%
8100150 Active Healthcare	(2)	39,066	39,068	-1976014%
8100155 Miscellaneous Benefit Programs and Costs	(0)	1,884	1,884	-4493961%
8100160 Life LTD and Business Travel Insurance	(0)	2,232	2,232	-1174809%
8100165 Retiree Medical	(0)	102	103	-54831%
8100170 FAS 112 LTD	(0)	66	66	-95368%
8100190 Workers' Compensation - FAS 112 Costs	(0)	76	77	-115857%
8100195 Workers' Compensation - Ins and Other	2,204	1,822	(383)	-17%

Summary Report 2A

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2020 Actual vs. 2022 Budget
O&M by Cost Component
(\$000's)**

Account	2020 Actual	2022 Budget	Variance	% Variance
8100200 Annual Incentive	14,280	12,933	(1,347)	-9%
8100205 AG Overhead	0	-	(0)	-100%
8100260 Purchasing - Overhead	3,142	-	(3,142)	-100%
8100315 Warehouse - Overhead	1,795	-	(1,795)	-100%
8100425 Engineering and Super - Overhead	12	-	(12)	-100%
8100426 Eng and Super Non-Service- Overhead	(0)	-	0	-100%
8100502 NonProd NonBarg Labor G1_OH Alloc	(2)	-	2	-100%
8100507 401K Match_OH Alloc	(0)	106	106	-1842991%
8100508 Qualified Pension_Overhead Allocation	(1)	(398)	(397)	43620%
8100509 Nonqualified Pension_Overhead Allocation	0	(27)	(27)	-902947%
8100510 FAS 88 Settlement Expense_OH Allocation	2	-	(2)	-100%
8100511 Exec Nonqual Def Comp Match_OH Alloc	0	(12)	(13)	-379366%
8100512 Other Pension - Consult_OH Allocation	0	(129)	(129)	-114712%
8100513 Active Healthcare_Overhead Allocation	1	(898)	(899)	-115191%
8100514 Misc Benefit Programs and Costs_OH Alloc	(0)	(127)	(127)	739230%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(0)	(95)	(95)	207648%
8100516 Retiree Medical_Overhead Allocation	(0)	(9)	(9)	42449%
8100517 FAS 112 LTD_Overhead Allocation	0	(3)	(3)	-5644%
8100526 Workers' Comp-FAS 112_OH Allocation	0	(2)	(2)	-6050%
8100527 Workers' Comp-Ins and Other_OH Alloc	1	(65)	(66)	-5578%
8100528 Annual Incentive_Overhead Allocation	1	415	414	35812%
8100529 NMC Employer Retirement Contr_OH Alloc	-	(0)	(0)	#DIV/0!
8100530 Purchasing_OH Allocation	652	-	(652)	-100%
8100531 Warehouse_OH Allocation	(56)	-	56	-100%
8100550 Fleet-Base Rates	15,658	-	(15,658)	-100%
8100551 Fleet-Idle Time	(4,483)	-	4,483	-100%
8100552 Fleet-Utilization	(33)	-	33	-100%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	-	40	40	#DIV/0!
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	-	27	27	#DIV/0!
8110040 Budget Attrition	-	(13)	(13)	#DIV/0!
8200451 Sherco - AG Overhead	(3,176)	-	3,176	-100%
8200500 Facilities - Labor	(156)	-	156	-100%
8200501 Fac - Incentive	(4)	-	4	-100%
8200505 Facilities - Labor Benefits Inj and Dam	(2)	-	2	-100%
8200506 Facilities - Labor Benefits Pens and Ben	(29)	-	29	-100%
8200510 Facilities - Contract Labor	(1)	-	1	-100%
8200515 Facilities - Consulting	(6)	-	6	-100%
8200520 Facilities - Contract Outside Vendors	(39)	-	39	-100%
8200525 Facilities - Materials	(27)	-	27	-100%
8200530 Facilities - Employee Expense	(2)	-	2	-100%
8200535 Facilities - Transportation	(4)	-	4	-100%
8200540 Facilities - Miscellaneous	(1,387)	-	1,387	-100%
8200550 Facilities - Overhead	(1)	-	1	-100%
8200751 Service Co-AG Overhead-Direct	(0)	-	0	-100%
8300000 Labor-Settle_Indirect	(357)	-	357	-100%
8300005 Labor Benefits Inj and Dam-Settle_Indir	(5)	-	5	-100%
8300006 Labor Benefits Pens and Ben-Settle_Indir	(79)	-	79	-100%

Summary Report 2A

NSP-MN
 Total Company - O&M Electric Utility and Non-Utility
 2020 Actual vs. 2022 Budget
 O&M by Cost Component
 (\$000's)

Account	2020 Actual	2022 Budget	Variance	% Variance
8300010 Contract Labor-Settle_Indirect	(34)	-	34	-100%
8300020 Contract Outside Vendors-Settle_Indir	(302)	-	302	-100%
8300025 Materials-Settle_Indirect	(2,818)	-	2,818	-100%
8300030 Employee Expense-Settle_Indirect	(12)	-	12	-100%
8300040 Miscellaneous-Settle_Indirect	(0)	-	0	-100%
8300050 Overhead-Settle_Indirect	(155)	-	155	-100%
8300100 Labor-Settle_Direct	(32,478)	-	32,478	-100%
8300101 Incentive-Settle_Direct	(926)	-	926	-100%
8300105 Labor Benefits Inj and Dam-Settle_Direct	(337)	-	337	-100%
8300106 Labor Benefits Pens and Ben-Settle_Dir	(6,742)	-	6,742	-100%
8300110 Contract Labor-Settle_Direct	(5,728)	-	5,728	-100%
8300115 Consulting-Settle_Direct	(1,382)	-	1,382	-100%
8300120 Contract Outside Vendors-Settle_Dir	(1,347)	-	1,347	-100%
8300125 Materials-Settle_Direct	(1,145)	-	1,145	-100%
8300130 Employee Expense-Settle_Direct	(1,911)	-	1,911	-100%
8300135 Transportation-Settle_Direct	(22)	-	22	-100%
8300140 Miscellaneous-Settle_Direct	(813)	-	813	-100%
8300150 Overhead-Settle_Direct	(181)	-	181	-100%
RLJE RLJE	78	-	(78)	-100%
Grand Total	1,092,240	1,178,183	85,943	8%

Summary Report 2B

**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	380,486	401,062	20,576	5%
5540009 Labor Budget Adjustment	(5,634)	(3,765)	1,868	-33%
5540185 Other Compensation Accruals	1,117	1,068	(49)	-4%
5540210 Incentive Non Loading	16,135	16,619	484	3%
5540220 Labor Overtime	56	56	-	0%
5540240 Performance Share Plan & Deferred Comp I	5,784	5,976	193	3%
5540250 Restricted Stock Units	10,937	11,749	812	7%
5540255 Other Benefits Compensation	3,070	3,246	176	6%
5540260 Other Compensation	23	23	-	0%
5600001 Contract Labor	42,336	43,201	865	2%
5600006 Consulting Professional Services Other	67,680	87,221	19,541	29%
5600016 Consulting Professional Eng and Design	1	1	-	0%
5600021 Consulting Professional Services Legal	3,910	3,909	(1)	0%
5600026 Consulting Professional Svcs Accounting	2,274	2,297	23	1%
5600031 Consulting Legal Regulatory	128	128	-	0%
5600041 Outside Vendor Contract	97,843	101,104	3,261	3%
5600051 Outside Services	16,245	13,105	(3,141)	-19%
5600066 Materials	30,797	34,239	3,441	11%
5600068 Material Consumption	10,906	10,772	(135)	-1%
5600069 Service Consumption	17,447	16,804	(643)	-4%
5600070 Material - Direct Purchase	(51)	830	882	-1713%
5600075 Transportation Fuel	523	534	10	2%
5600076 Chemicals - Other	1,565	1,740	175	11%
5600078 Chemicals - Lime	1,213	1,198	(16)	-1%
5600080 Chemicals - Mercury Sorbent	611	573	(37)	-6%
5600082 Chemicals - Ammonia	589	570	(19)	-3%
5600083 Chemicals - Sulfuric Acid	276	285	9	3%
5600091 Print and Copy Cost - Other	291	297	6	2%
5600096 Print and Copy Cost - SEC Filings	33	33	0	0%
5600101 Legal - Other	13	13	0	0%
5600106 Equipment Maintenance	135	135	0	0%
5600111 Equipment Maintenance - Customer Care	123	130	7	6%
5600116 IT Hardware Maintenance	4,396	4,427	31	1%
5600121 IT Hardware Purchases	376	373	(3)	-1%
5600126 Software License Purchase - Perpetual	560	581	21	4%
5600131 Software License Purchase - Term	9,391	9,686	295	3%
5600136 Software Maintenance	31,038	33,701	2,662	9%
5600141 Network Services	849	849	(0)	0%
5600146 Network Voice	2	2	-	0%
5600151 Network Data	18,642	19,317	675	4%
5600156 Network Telecommunication	9	9	-	0%
5600161 Network Radio	630	630	(0)	0%
5600166 Mainframe Services	867	893	26	3%
5600171 Distributed Systems Services	620	638	19	3%
5600176 Application Development and Maintenance	9,984	10,058	74	1%
5600186 Software - ASP	2,771	2,841	70	3%
5600187 Other IT	3,495	5,383	1,888	54%

Summary Report 2B

**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	1,224	1,220	(4)	0%
5600196 Employee Expenses Car Rental	209	208	(1)	0%
5600201 Employee Expenses Taxi and Bus	115	112	(2)	-2%
5600206 Employee Expenses Mileage	1,632	1,636	3	0%
5600211 Employee Expenses Conf Seminar Trng	1,128	1,125	(3)	0%
5600216 Employee Expenses Hotel	1,807	1,780	(27)	-2%
5600221 Employee Expenses Meals	1,512	1,498	(14)	-1%
5600226 Employee Expenses Meals Non-Employee	287	288	1	0%
5600231 Employee Expenses Parking	244	214	(29)	-12%
5600236 Employee Expenses Per Diem	1,625	2,301	676	42%
5600241 Employee Expenses Safety Equipment	1,090	1,093	2	0%
5600246 Employee Expenses Other	964	1,109	145	15%
5600251 Employee Expense Personal Communication	1,458	1,302	(156)	-11%
5600254 Nuclear Fuel Procurement NonLabor	323	306	(17)	-5%
5600256 Office Supplies	761	764	3	0%
5600261 Workforce Administration Expense	380	385	5	1%
5600271 Safety Recognition	54	54	0	0%
5600276 Life Events	37	37	(0)	0%
5600281 Employee Performance Recognition	1,211	1,267	55	5%
5600291 Transportation Fleet Cost	12,188	12,193	5	0%
5600296 Janitorial - Routine	1,882	1,917	35	2%
5600301 Janitorial - Special	0	0	0	1%
5600306 Fire Life Safety Maintenance	172	175	3	2%
5600311 General Interior Exterior Maintenance	3,117	3,404	287	9%
5600316 Use Costs	6,125	6,143	18	0%
5600321 Lawn Care Maintenance Costs	187	187	0	0%
5600326 Sewer Maintenance Costs	56	56	0	1%
5600331 Snow Removal Costs	1,787	1,791	4	0%
5600336 Trash Removal Costs	520	539	20	4%
5600341 Water Use Costs	847	850	4	0%
5600351 Moves Adds Changes	423	315	(107)	-25%
5600356 Energy	15,708	13,997	(1,711)	-11%
5600366 Non - Energy	82	82	-	0%
5600381 Rent - Space	79	79	-	0%
5600382 Rent - Equipment	258	468	210	81%
5600384 Rent - Nuclear Generation	75	75	-	0%
5600386 Rent - Other Generation	14,559	15,911	1,353	9%
5600390 Rent - Distribution Electric	493	493	-	0%
5600396 Rent - Equipment Customer Care	2	2	-	0%
5600431 Lease Costs	8,300	8,395	95	1%
5600436 Postage	4,038	4,344	306	8%
5600451 Insurance - Property	8,254	9,068	814	10%
5600456 Insurance - General Liability	5,836	6,125	289	5%
5600461 Insurance - Excess Liability	8,136	9,198	1,063	13%
5600466 Insurance - Auto Liability	285	291	6	2%
5600471 Insurance - Directors and Officers	1,311	1,362	51	4%
5600476 Insurance - Fiduciary	302	308	6	2%

Summary Report 2B

**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
5600481 Insurance - Other	94	88	(6)	-6%
5600482 Insurance - Cyber	414	436	23	6%
5600486 Insurance - Nuclear Property	3,984	3,890	(94)	-2%
5600491 Insurance - Nuclear Interruption	1,152	1,174	22	2%
5600496 Insurance - Nuclear Liability	3,163	3,226	63	2%
5600501 Insurance - Nuclear Liability ICRP	(1,760)	(1,760)	-	0%
5600506 Insurance - Surplus	(5,000)	(5,000)	-	0%
5600511 Advertising - Brand Image	1,033	1,043	10	1%
5600516 Advertising - General	261	262	1	0%
5600521 Advertising - Brand Sponsorship	2,604	2,630	26	1%
5600531 Advertising - Conservation Other	57	58	1	1%
5600546 Customer Program - Advertising	41	41	-	0%
5600561 Customer Program - Promotion	322	322	-	0%
5600566 Customer Program - Non-Recoverable	0	0	-	0%
5600571 Safety Advertising	928	937	9	1%
5600576 Safety Information	2	2	-	0%
5600581 Mandated Regulatory Notices	7	10	3	42%
5600586 Mandated Inserts Communication	72	72	-	0%
5600591 Dues - Professional Association	1,030	1,002	(28)	-3%
5600596 Dues - Utility Association Other	229	229	0	0%
5600601 Dues - Utility Association	2,611	2,608	(4)	0%
5600606 Dues - Lobbying	451	451	0	0%
5600611 Dues - Nuclear Association	7,328	7,401	73	1%
5600616 Dues - Chamber of Commerce	284	284	-	0%
5600621 Dues - Social Service	16	16	-	0%
5600626 Contributions - Charitable	492	3,865	3,373	685%
5600631 Contributions - Community Sponsorships	1,601	1,602	1	0%
5600636 Contributions - Civic and Political	55	55	0	0%
5600641 Contributions - Economical Development	489	489	0	0%
5600646 Fees - Regulatory	29,151	29,417	265	1%
5600651 Fees - Regulatory NERC	2,243	2,243	-	0%
5600656 Fees - Directors	1,325	1,398	73	5%
5600661 Fees - Remarketing and Rating	478	468	(11)	-2%
5600671 Fees - Regulatory Direct	2,175	2,215	40	2%
5600676 Fees - Regulatory Indirect	4,864	4,957	93	2%
5600681 Fees - Regulatory NARUC	4	4	-	0%
5600691 Shareholder Related Expenses	317	320	3	1%
5600696 Deductions - Corporate Tickets	346	346	0	0%
5600701 Deductions - Other	177	177	0	0%
5600706 Bank Charges	963	971	8	1%
5600712 Quarterly BMO Rebates	(489)	(489)	-	0%
5600721 Environmental Permits and Fees	2,194	1,945	(249)	-11%
5600726 License Fees and Permits	1,571	1,574	3	0%
5600731 Penalties	1	1	0	1%
5600746 IA -Transmission - OM Expense	127,820	138,563	10,744	8%
5600771 Nuclear Outage Cost Amortization	40,657	45,199	4,542	11%
5600776 O and M Credits - Meter Transfer Install	(10,910)	(10,910)	-	0%

Summary Report 2B

**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	(4,143)	(4,266)	(123)	3%
5600791 O and M Credits - AG to Capital	(805)	(805)	-	0%
5600796 O and M Credits - Company Elec and Gas	(5,582)	(5,582)	-	0%
5600861 Shared Asset Costs	51,967	59,972	8,005	15%
5600866 Shared Assets - Owning Co Credit	(60,363)	(66,820)	(6,457)	11%
5600871 Other	(27,492)	(54,506)	(27,014)	98%
5600896 Online Information Services	5,628	5,736	108	2%
5600951 Purchasing Overhead Expense	7	7	0	1%
5600956 Warehousing Overhead Expense	1	1	0	1%
5660024 Loss on Investment	(351)	(323)	28	-8%
8010000 Budget Prod Labor Barg Benefit Group 1	168	180	12	7%
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	149	155	6	4%
8010105 Budget Overtime	(0)	-	0	-100%
8010110 Budget Other Compensation	(99)	(95)	4	-4%
8010115 Budget Other Compensation CWF	(0)	-	0	-100%
8100110 401K Match	10,507	10,789	282	3%
8100115 Qualified Pension	23,275	22,777	(498)	-2%
8100120 Nonqualified Pension	326	337	11	3%
8100130 Exec Nonqualified Deferred Comp Match	57	61	3	6%
8100135 NMC Employer Retirement Contribution	963	989	25	3%
8100140 Other Pension - Consult	555	568	13	2%
8100150 Active Healthcare	39,066	40,225	1,159	3%
8100155 Miscellaneous Benefit Programs and Costs	1,884	1,890	5	0%
8100160 Life LTD and Business Travel Insurance	2,232	2,291	58	3%
8100165 Retiree Medical	102	99	(4)	-4%
8100170 FAS 112 LTD	66	62	(4)	-6%
8100190 Workers' Compensation - FAS 112 Costs	76	71	(6)	-8%
8100195 Workers' Compensation - Ins and Other	1,822	1,819	(3)	0%
8100200 Annual Incentive	12,933	13,362	429	3%
8100507 401K Match_OH Alloc	106	97	(9)	-9%
8100508 Qualified Pension_Overhead Allocation	(398)	(723)	(325)	82%
8100509 Nonqualified Pension_Overhead Allocation	(27)	(26)	1	-4%
8100511 Exec Nonqual Def Comp Match_OH Alloc	(12)	(11)	1	-10%
8100512 Other Pension - Consult_OH Allocation	(129)	(141)	(12)	10%
8100513 Active Healthcare_Overhead Allocation	(898)	(990)	(92)	10%
8100514 Misc Benefit Programs and Costs_OH Alloc	(127)	(171)	(45)	35%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(95)	(103)	(8)	9%
8100516 Retiree Medical_Overhead Allocation	(9)	(11)	(2)	26%
8100517 FAS 112 LTD_Overhead Allocation	(3)	(3)	(0)	7%
8100526 Workers' Comp-FAS 112_OH Allocation	(2)	(2)	(1)	34%
8100527 Workers' Comp-Ins and Other_OH Alloc	(65)	(75)	(10)	16%
8100528 Annual Incentive_Overhead Allocation	415	416	1	0%
8100529 NMC Employer Retirement Contr_OH Alloc	(0)	0	1	-209%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	40	43	3	8%
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	27	28	1	4%
8110040 Budget Attrition	(13)	(13)	(1)	6%
Grand Total	1,178,183	1,230,146	51,963	4%

Summary Report 2C

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2023 Budget vs. 2024 Budget
O&M by Cost Component
(\$000's)**

Account	2023 Budget	2024 Budget	Variance	% Variance
5540001 Productive Labor	401,062	406,393	5,331	1%
5540009 Labor Budget Adjustment	(3,765)	(9,935)	(6,170)	164%
5540185 Other Compensation Accruals	1,068	1,065	(3)	0%
5540210 Incentive Non Loading	16,619	17,118	499	3%
5540220 Labor Overtime	56	56	-	0%
5540240 Performance Share Plan & Deferred Comp I	5,976	6,308	331	6%
5540250 Restricted Stock Units	11,749	12,336	587	5%
5540255 Other Benefits Compensation	3,246	3,433	186	6%
5540260 Other Compensation	23	23	-	0%
5600001 Contract Labor	43,201	38,626	(4,575)	-11%
5600006 Consulting Professional Services Other	87,221	69,326	(17,894)	-21%
5600016 Consulting Professional Eng and Design	1	1	-	0%
5600021 Consulting Professional Services Legal	3,909	3,908	(1)	0%
5600026 Consulting Professional Svcs Accounting	2,297	2,319	23	1%
5600031 Consulting Legal Regulatory	128	128	-	0%
5600041 Outside Vendor Contract	101,104	103,960	2,856	3%
5600051 Outside Services	13,105	9,930	(3,175)	-24%
5600066 Materials	34,239	33,874	(365)	-1%
5600068 Material Consumption	10,772	10,136	(636)	-6%
5600069 Service Consumption	16,804	17,956	1,152	7%
5600070 Material - Direct Purchase	830	725	(106)	-13%
5600075 Transportation Fuel	534	550	16	3%
5600076 Chemicals - Other	1,740	1,513	(227)	-13%
5600078 Chemicals - Lime	1,198	1,446	248	21%
5600080 Chemicals - Mercury Sorbent	573	488	(85)	-15%
5600082 Chemicals - Ammonia	570	652	81	14%
5600083 Chemicals - Sulfuric Acid	285	279	(6)	-2%
5600091 Print and Copy Cost - Other	297	298	1	0%
5600096 Print and Copy Cost - SEC Filings	33	33	0	0%
5600101 Legal - Other	13	13	(0)	0%
5600106 Equipment Maintenance	135	136	0	0%
5600111 Equipment Maintenance - Customer Care	130	137	7	6%
5600116 IT Hardware Maintenance	4,427	4,443	16	0%
5600121 IT Hardware Purchases	373	243	(129)	-35%
5600126 Software License Purchase - Perpetual	581	566	(15)	-3%
5600131 Software License Purchase - Term	9,686	10,051	365	4%
5600136 Software Maintenance	33,701	35,114	1,413	4%
5600141 Network Services	849	849	-	0%
5600146 Network Voice	2	2	-	0%
5600151 Network Data	19,317	19,619	302	2%
5600156 Network Telecommunication	9	9	-	0%
5600161 Network Radio	630	624	(5)	-1%
5600166 Mainframe Services	893	920	27	3%
5600171 Distributed Systems Services	638	658	19	3%
5600176 Application Development and Maintenance	10,058	10,118	61	1%
5600186 Software - ASP	2,841	2,929	88	3%
5600187 Other IT	5,383	9,677	4,294	80%

Summary Report 2C

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2023 Budget vs. 2024 Budget
O&M by Cost Component
(\$000's)**

Account	2023 Budget	2024 Budget	Variance	% Variance
5600191 Employee Expenses Airfare	1,220	1,236	15	1%
5600196 Employee Expenses Car Rental	208	210	1	1%
5600201 Employee Expenses Taxi and Bus	112	113	1	1%
5600206 Employee Expenses Mileage	1,636	1,642	6	0%
5600211 Employee Expenses Conf Seminar Trng	1,125	1,150	24	2%
5600216 Employee Expenses Hotel	1,780	1,801	21	1%
5600221 Employee Expenses Meals	1,498	1,499	1	0%
5600226 Employee Expenses Meals Non-Employee	288	290	1	0%
5600231 Employee Expenses Parking	214	232	17	8%
5600236 Employee Expenses Per Diem	2,301	1,552	(749)	-33%
5600241 Employee Expenses Safety Equipment	1,093	1,095	2	0%
5600246 Employee Expenses Other	1,109	924	(185)	-17%
5600251 Employee Expense Personal Communication	1,302	1,498	196	15%
5600254 Nuclear Fuel Procurement NonLabor	306	308	2	1%
5600256 Office Supplies	764	849	85	11%
5600261 Workforce Administration Expense	385	390	5	1%
5600271 Safety Recognition	54	91	37	69%
5600276 Life Events	37	37	0	0%
5600281 Employee Performance Recognition	1,267	1,328	61	5%
5600291 Transportation Fleet Cost	12,193	12,089	(103)	-1%
5600296 Janitorial - Routine	1,917	1,922	5	0%
5600301 Janitorial - Special	0	0	0	1%
5600306 Fire Life Safety Maintenance	175	175	0	0%
5600311 General Interior Exterior Maintenance	3,404	3,408	4	0%
5600316 Use Costs	6,143	6,189	46	1%
5600321 Lawn Care Maintenance Costs	187	189	1	1%
5600326 Sewer Maintenance Costs	56	56	0	1%
5600331 Snow Removal Costs	1,791	1,798	7	0%
5600336 Trash Removal Costs	539	530	(10)	-2%
5600341 Water Use Costs	850	840	(10)	-1%
5600351 Moves Adds Changes	315	235	(81)	-26%
5600356 Energy	13,997	14,765	768	5%
5600366 Non - Energy	82	82	-	0%
5600381 Rent - Space	79	79	0	0%
5600382 Rent - Equipment	468	259	(210)	-45%
5600384 Rent - Nuclear Generation	75	75	-	0%
5600386 Rent - Other Generation	15,911	17,582	1,671	11%
5600390 Rent - Distribution Electric	493	493	-	0%
5600396 Rent - Equipment Customer Care	2	2	-	0%
5600431 Lease Costs	8,395	8,481	86	1%
5600436 Postage	4,344	4,674	330	8%
5600451 Insurance - Property	9,068	9,763	695	8%
5600456 Insurance - General Liability	6,125	6,437	312	5%
5600461 Insurance - Excess Liability	9,198	9,973	775	8%
5600466 Insurance - Auto Liability	291	297	6	2%
5600471 Insurance - Directors and Officers	1,362	1,392	30	2%
5600476 Insurance - Fiduciary	308	314	7	2%

Summary Report 2C

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2023 Budget vs. 2024 Budget
O&M by Cost Component
(\$000's)**

Account	2023 Budget	2024 Budget	Variance	% Variance
5600481 Insurance - Other	88	90	1	1%
5600482 Insurance - Cyber	436	460	24	5%
5600486 Insurance - Nuclear Property	3,890	3,988	98	3%
5600491 Insurance - Nuclear Interruption	1,174	1,199	25	2%
5600496 Insurance - Nuclear Liability	3,226	3,290	65	2%
5600501 Insurance - Nuclear Liability ICRP	(1,760)	(1,760)	0	0%
5600506 Insurance - Surplus	(5,000)	(3,500)	1,500	-30%
5600511 Advertising - Brand Image	1,043	1,053	10	1%
5600516 Advertising - General	262	263	1	0%
5600521 Advertising - Brand Sponsorship	2,630	2,656	26	1%
5600531 Advertising - Conservation Other	58	59	1	1%
5600546 Customer Program - Advertising	41	41	-	0%
5600561 Customer Program - Promotion	322	322	-	0%
5600566 Customer Program - Non-Recoverable	0	0	-	0%
5600571 Safety Advertising	937	947	9	1%
5600576 Safety Information	2	2	-	0%
5600581 Mandated Regulatory Notices	10	10	-	0%
5600586 Mandated Inserts Communication	72	72	-	0%
5600591 Dues - Professional Association	1,002	1,003	1	0%
5600596 Dues - Utility Association Other	229	229	0	0%
5600601 Dues - Utility Association	2,608	2,608	0	0%
5600606 Dues - Lobbying	451	451	0	0%
5600611 Dues - Nuclear Association	7,401	7,475	74	1%
5600616 Dues - Chamber of Commerce	284	284	-	0%
5600621 Dues - Social Service	16	16	-	0%
5600626 Contributions - Charitable	3,865	3,868	3	0%
5600631 Contributions - Community Sponsorships	1,602	1,603	1	0%
5600636 Contributions - Civic and Political	55	55	0	0%
5600641 Contributions - Economical Development	489	489	0	0%
5600646 Fees - Regulatory	29,417	29,685	268	1%
5600651 Fees - Regulatory NERC	2,243	2,243	-	0%
5600656 Fees - Directors	1,398	1,471	73	5%
5600661 Fees - Remarketing and Rating	468	500	32	7%
5600671 Fees - Regulatory Direct	2,215	2,255	40	2%
5600676 Fees - Regulatory Indirect	4,957	5,052	95	2%
5600681 Fees - Regulatory NARUC	4	4	-	0%
5600691 Shareholder Related Expenses	320	324	3	1%
5600696 Deductions - Corporate Tickets	346	346	0	0%
5600701 Deductions - Other	177	177	0	0%
5600706 Bank Charges	971	998	27	3%
5600712 Quarterly BMO Rebates	(489)	(489)	-	0%
5600721 Environmental Permits and Fees	1,945	1,809	(136)	-7%
5600726 License Fees and Permits	1,574	1,575	1	0%
5600731 Penalties	1	1	0	1%
5600746 IA -Transmission - OM Expense	138,563	143,662	5,099	4%
5600771 Nuclear Outage Cost Amortization	45,199	46,847	1,648	4%
5600776 O and M Credits - Meter Transfer Install	(10,910)	(10,910)	-	0%

Summary Report 2C

**NSP-MN
Total Company - O&M Electric Utility and Non-Utility
2023 Budget vs. 2024 Budget
O&M by Cost Component
(\$000's)**

Account	2023 Budget	2024 Budget	Variance	% Variance
5600781 O and M Credits - Other	(4,266)	(3,738)	528	-12%
5600791 O and M Credits - AG to Capital	(805)	(805)	-	0%
5600796 O and M Credits - Company Elec and Gas	(5,582)	(5,582)	-	0%
5600861 Shared Asset Costs	59,972	70,588	10,616	18%
5600866 Shared Assets - Owning Co Credit	(66,820)	(75,986)	(9,166)	14%
5600871 Other	(54,506)	(28,886)	25,620	-47%
5600896 Online Information Services	5,736	5,958	222	4%
5600951 Purchasing Overhead Expense	7	7	0	1%
5600956 Warehousing Overhead Expense	1	1	0	1%
5660024 Loss on Investment	(323)	(294)	29	-9%
8010000 Budget Prod Labor Barg Benefit Group 1	180	190	10	6%
8010020 Budget Prod Labor Non-Barg Benefit Grp 1	155	161	7	4%
8010105 Budget Overtime	-	0	0	#DIV/0!
8010110 Budget Other Compensation	(95)	(95)	1	-1%
8010115 Budget Other Compensation CWF	-	(1)	(1)	#DIV/0!
8100110 401K Match	10,789	11,084	294	3%
8100115 Qualified Pension	22,777	22,899	121	1%
8100120 Nonqualified Pension	337	349	12	4%
8100130 Exec Nonqualified Deferred Comp Match	61	64	3	5%
8100135 NMC Employer Retirement Contribution	989	1,020	31	3%
8100140 Other Pension - Consult	568	582	14	2%
8100150 Active Healthcare	40,225	41,960	1,735	4%
8100155 Miscellaneous Benefit Programs and Costs	1,890	1,921	32	2%
8100160 Life LTD and Business Travel Insurance	2,291	2,347	57	2%
8100165 Retiree Medical	99	95	(4)	-4%
8100170 FAS 112 LTD	62	58	(4)	-6%
8100190 Workers' Compensation - FAS 112 Costs	71	64	(6)	-9%
8100195 Workers' Compensation - Ins and Other	1,819	1,812	(7)	0%
8100200 Annual Incentive	13,362	13,778	416	3%
8100507 401K Match_OH Alloc	97	114	17	18%
8100508 Qualified Pension_Overhead Allocation	(723)	(992)	(269)	37%
8100509 Nonqualified Pension_Overhead Allocation	(26)	(25)	0	-2%
8100511 Exec Nonqual Def Comp Match_OH Alloc	(11)	(9)	2	-18%
8100512 Other Pension - Consult_OH Allocation	(141)	(153)	(12)	8%
8100513 Active Healthcare_Overhead Allocation	(990)	(602)	388	-39%
8100514 Misc Benefit Programs and Costs_OH Alloc	(171)	(192)	(21)	12%
8100515 Life LTD and Bus Travel Ins_OH Alloc	(103)	(102)	1	-1%
8100516 Retiree Medical_Overhead Allocation	(11)	(12)	(1)	9%
8100517 FAS 112 LTD_Overhead Allocation	(3)	(4)	(0)	8%
8100526 Workers' Comp-FAS 112_OH Allocation	(2)	(2)	1	-35%
8100527 Workers' Comp-Ins and Other_OH Alloc	(75)	(77)	(2)	3%
8100528 Annual Incentive_Overhead Allocation	416	451	35	9%
8100529 NMC Employer Retirement Contr_OH Alloc	0	0	(0)	-97%
8110000 Budget Non-Prod Labor Barg Benefit Grp 1	43	45	3	6%
8110020 Budget Non-Prod Labor Non-Barg Ben Grp 1	28	30	1	5%
8110040 Budget Attrition	(13)	(14)	(1)	5%
Grand Total	1,230,146	1,258,221	28,075	2%

Summary Report 3A

**NSP-MN
Total Company - Electric and Non-Utility
2020 Actual vs. 2022 Budget
O&M by FERC Account
(\$000's)**

FERC	FERC Description	2020 Actual	2022 Budget	Variance	% Variance
408100	Tax Other Than Income Tax - Property	(1,101)	-	1,101	-100%
408101	Tax Other Than Income Tax - Payroll	0	-	(0)	-100%
417100	Expenses of nonutility operations	0	-	(0)	-100%
421100	Gain on disposition of property	(164)	-	164	-100%
421200	Loss on disposition of property	66	-	(66)	-100%
426100	Donations	2,760	2,582	(178)	-6%
426300	Penalties	23	1	(22)	-96%
426400	Expendit for cert civic, politic and related activ	879	1,050	171	19%
426500	Other deductions	(472)	187	660	-140%
500000	Operation supervision and engineering	3,744	3,213	(531)	-14%
501000	Fuel	(1,347)	-	1,347	-100%
502000	Steam expenses	18,131	18,157	26	0%
505000	Electric expenses	3,304	806	(2,498)	-76%
506000	Miscellaneous steam power expenses	14,414	15,249	835	6%
507000	Rents	1,906	2,650	744	39%
510000	Maintenance supervision and engineering	1,686	1,783	97	6%
511000	Maintenance of structures	4,793	3,177	(1,616)	-34%
512000	Maintenance of boiler plant	21,090	21,114	24	0%
513000	Maintenance of electric plant	5,815	3,959	(1,856)	-32%
514000	Maintenance of miscellaneous steam plant	9,070	5,381	(3,689)	-41%
517000	Operation supervision and engineering	42,626	40,166	(2,460)	-6%
519000	Coolants and water	7,518	7,474	(43)	-1%
520000	Steam expenses	48,337	48,383	46	0%
523000	Electric expenses	2,798	1,901	(897)	-32%
524000	Miscellaneous nuclear power expenses	129,158	128,505	(653)	-1%
525000	Rents	8,509	8,778	269	3%
528000	Maintenance supervision and engineering	8,158	7,573	(585)	-7%
530000	Maintenance of reactor plant equipment	36,338	34,775	(1,563)	-4%
531000	Maintenance of electric plant	13,216	12,309	(907)	-7%
532000	Maintenance of miscellaneous nuclear plant	26,911	24,296	(2,615)	-10%
535000	Operation supervision and engineering	24	94	70	287%
538000	Electric expenses	523	139	(384)	-73%
539000	Miscellaneous hydraulic power generation exper	311	125	(185)	-60%
540000	Rents	60	61	1	1%
541000	Maintenance supervision and engineering	1	168	168	22671%
542000	Maintenance of structures	29	19	(10)	-36%
543000	Maintenance of reservoirs, dams and waterways	126	-	(126)	-100%
544000	Maintenance of electric plant	151	-	(151)	-100%
545000	Maintenance of miscellaneous hydraulic plant	3	161	158	5468%
546000	Operation supervision and engineering	3,494	3,760	266	8%
548000	Generation expenses	6,021	5,017	(1,004)	-17%
549000	Miscellaneous other power generation expenses	11,772	20,577	8,805	75%
550000	Rents	7,265	15,558	8,293	114%
551000	Maintenance supervision and engineering	1,949	2,100	151	8%
552000	Maintenance of structures	5,776	4,756	(1,020)	-18%
553000	Maintenance of generating and electric plant	9,493	16,262	6,769	71%
554000	Maint of miscellaneou other power generation p	6,267	18,450	12,183	194%

Summary Report 3A

**NSP-MN
Total Company - Electric and Non-Utility
2020 Actual vs. 2022 Budget
O&M by FERC Account
(\$000's)**

FERC	FERC Description	2020 Actual	2022 Budget	Variance	% Variance
556000	System control and load dispatching	1,442	1,623	181	13%
557000	Other expenses	6,098	5,342	(756)	-12%
560000	Operation supervision and engineering	10,169	10,390	221	2%
561200	Load dispatch-Monitor and operate transmiss sy:	4,721	5,195	474	10%
561500	Reliability planning and standards development	13	179	166	1263%
561600	Transmission Service Studies	57	-	(57)	-100%
561700	Generation interconnection studies	894	584	(311)	-35%
561800	Reliability planning and standards develop servic	2,496	2,243	(253)	-10%
562000	Station expenses	3,441	2,581	(860)	-25%
563000	Overhead line expenses	830	1,209	379	46%
564000	Underground line expenses	7	-	(7)	-100%
565000	Transmission of electricity by others	109,147	127,820	18,672	17%
566000	Miscellaneous transmission expenses	8,264	9,311	1,047	13%
567000	Rents	1,168	1,151	(18)	-2%
568000	Maintenance supervision and engineering	8	-	(8)	-100%
570000	Maintenance of station equipment	3,928	4,630	702	18%
571000	Maintenance of overhead lines	4,732	6,158	1,426	30%
572000	Maintenance of underground lines	83	-	(83)	-100%
573000	Maintenance of miscellaneous transmission plan	63	-	(63)	-100%
575100	Operation Supervision	187	246	60	32%
575200	Day-ahead and real-time market administration	121	94	(27)	-22%
575500	Ancillary services market administration	0	1	0	116%
575800	Rents	16	18	1	9%
580000	Operation supervision and engineering	11,066	11,990	923	8%
581000	Load dispatching	672	765	94	14%
582000	Station expenses	2,535	2,750	215	8%
583000	Overhead line expenses	502	(882)	(1,384)	-276%
584000	Underground line expenses	8,278	18,037	9,759	118%
585000	Street lighting and signal system expenses	622	840	218	35%
586000	Meter expenses	730	1,913	1,183	162%
587000	Customer installations expenses	2,839	2,693	(146)	-5%
588000	Miscellaneous distribution expenses	27,251	27,199	(52)	0%
589000	Rents	4,104	4,022	(82)	-2%
590000	Maintenance supervision and engineering	33	0	(33)	-99%
591000	Maintenance of structures	0	-	(0)	-100%
592000	Maintenance of station equipment	3,630	3,808	178	5%
593000	Maintenance of overhead lines	37,467	57,634	20,168	54%
594000	Maintenance of underground lines	7,692	7,180	(513)	-7%
595000	Maintenance of line transformers	132	31	(102)	-77%
596000	Maintenance of street lighting and signal system	1,319	1,089	(230)	-17%
597000	Maintenance of meters	151	889	737	487%
598000	Maintenance of miscellaneous distribution plant	225	891	667	297%
901000	Supervision	120	130	10	8%
902000	Meter reading expenses	28,680	29,859	1,179	4%
903000	Customer records and collection expenses	20,849	23,963	3,114	15%
904000	Uncollectable Accounts - Commodity	19,234	15,708	(3,525)	-18%
904001	Uncollectable Accounts - Non Commodity	676	82	(594)	-88%

Summary Report 3A

**NSP-MN
Total Company - Electric and Non-Utility
2020 Actual vs. 2022 Budget
O&M by FERC Account
(\$000's)**

FERC	FERC Description	2020 Actual	2022 Budget	Variance	% Variance
905000	Miscellaneous customer accounts expenses	17,646	100	(17,546)	-99%
908000	Customer assistance expenses	1,087	920	(167)	-15%
909000	Informational and instruction advertising expens	903	1,059	156	17%
910000	Miscell customer service and informational expe	142	286	144	101%
912000	Demonstrating and selling expenses	2,404	8,468	6,064	252%
916000	Miscellaneous Sales Expense	29	44	15	51%
920000	Administrative and general salaries	108,409	107,189	(1,220)	-1%
921000	Office supplies and expenses	53,311	72,210	18,899	35%
922000	Administrative expenses transferred-Credit	(53,958)	(65,800)	(11,842)	22%
923000	Outside services employed	20,506	23,538	3,032	15%
924000	Property insurance	2,056	8,675	6,619	322%
925000	Injuries and damages	14,899	19,324	4,426	30%
926000	Employee pensions and benefits	73,874	77,393	3,519	5%
928000	Regulatory commission expenses	11,695	7,150	(4,545)	-39%
929000	Duplicate charges-Credit	(5,091)	(5,582)	(490)	10%
930100	General advertising expenses	3,830	3,898	68	2%
930200	Miscellaneous general expenses	3,387	4,658	1,271	38%
931000	Rents	38,797	43,309	4,512	12%
935000	Maintenance of general plant	186	1,257	1,071	576%
Grand Total		1,092,240	1,178,183	85,943	8%

Summary Report 3B

**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
426100	Donations	2,582	5,956	3,374	131%
426300	Penalties	1	1	0	1%
426400	Expendit for cert civic, politic and related activ	1,050	1,041	(9)	-1%
426500	Other deductions	187	216	29	15%
500000	Operation supervision and engineering	3,213	3,121	(91)	-3%
502000	Steam expenses	18,157	19,658	1,501	8%
505000	Electric expenses	806	948	142	18%
506000	Miscellaneous steam power expenses	15,249	15,959	710	5%
507000	Rents	2,650	2,981	331	12%
510000	Maintenance supervision and engineering	1,783	1,718	(65)	-4%
511000	Maintenance of structures	3,177	3,313	136	4%
512000	Maintenance of boiler plant	21,114	26,842	5,728	27%
513000	Maintenance of electric plant	3,959	3,744	(215)	-5%
514000	Maintenance of miscellaneous steam plant	5,381	5,320	(61)	-1%
517000	Operation supervision and engineering	40,166	40,784	618	2%
519000	Coolants and water	7,474	7,824	350	5%
520000	Steam expenses	48,383	49,111	728	2%
523000	Electric expenses	1,901	1,772	(129)	-7%
524000	Miscellaneous nuclear power expenses	128,505	130,446	1,940	2%
525000	Rents	8,778	9,852	1,073	12%
528000	Maintenance supervision and engineering	7,573	7,070	(503)	-7%
530000	Maintenance of reactor plant equipment	34,775	35,934	1,158	3%
531000	Maintenance of electric plant	12,309	12,490	181	1%
532000	Maintenance of miscellaneous nuclear plant	24,296	27,102	2,806	12%
535000	Operation supervision and engineering	94	101	7	8%
538000	Electric expenses	139	142	3	2%
539000	Miscellaneous hydraulic power generation exper	125	142	17	14%
540000	Rents	61	66	5	9%
541000	Maintenance supervision and engineering	168	175	7	4%
542000	Maintenance of structures	19	22	3	18%
545000	Maintenance of miscellaneous hydraulic plant	161	175	13	8%
546000	Operation supervision and engineering	3,760	3,968	208	6%
548000	Generation expenses	5,017	5,162	145	3%
549000	Miscellaneous other power generation expenses	20,577	21,184	607	3%
550000	Rents	15,558	17,036	1,478	9%
551000	Maintenance supervision and engineering	2,100	2,035	(65)	-3%
552000	Maintenance of structures	4,756	4,811	54	1%
553000	Maintenance of generating and electric plant	16,262	13,146	(3,116)	-19%
554000	Maint of miscellaneou other power generation p	18,450	18,417	(33)	0%
556000	System control and load dispatching	1,623	1,681	58	4%
557000	Other expenses	5,342	5,407	65	1%
560000	Operation supervision and engineering	10,390	10,730	340	3%
561200	Load dispatch-Monitor and operate transmiss sy:	5,195	5,617	422	8%
561500	Reliability planning and standards development	179	184	5	3%
561700	Generation interconnection studies	584	601	17	3%
561800	Reliability planning and standards develop servic	2,243	2,243	-	0%
562000	Station expenses	2,581	2,633	52	2%

Summary Report 3B

**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
563000	Overhead line expenses	1,209	1,227	19	2%
565000	Transmission of electricity by others	127,820	138,563	10,744	8%
566000	Miscellaneous transmission expenses	9,311	7,677	(1,634)	-18%
567000	Rents	1,151	1,286	135	12%
570000	Maintenance of station equipment	4,630	4,650	20	0%
571000	Maintenance of overhead lines	6,158	6,105	(53)	-1%
575100	Operation Supervision	246	253	7	3%
575200	Day-ahead and real-time market administration	94	97	3	3%
575500	Ancillary services market administration	1	1	0	3%
575800	Rents	18	20	2	12%
580000	Operation supervision and engineering	11,990	12,267	277	2%
581000	Load dispatching	765	1,031	266	35%
582000	Station expenses	2,750	2,815	64	2%
583000	Overhead line expenses	(882)	(835)	48	-5%
584000	Underground line expenses	18,037	17,668	(369)	-2%
585000	Street lighting and signal system expenses	840	846	6	1%
586000	Meter expenses	1,913	2,031	118	6%
587000	Customer installations expenses	2,693	2,764	71	3%
588000	Miscellaneous distribution expenses	27,199	32,910	5,710	21%
589000	Rents	4,022	4,463	440	11%
590000	Maintenance supervision and engineering	0	0	-	0%
592000	Maintenance of station equipment	3,808	3,858	50	1%
593000	Maintenance of overhead lines	57,634	62,009	4,374	8%
594000	Maintenance of underground lines	7,180	7,361	182	3%
595000	Maintenance of line transformers	31	31	1	2%
596000	Maintenance of street lighting and signal system	1,089	1,113	25	2%
597000	Maintenance of meters	889	1,646	757	85%
598000	Maintenance of miscellaneous distribution plant	891	902	11	1%
901000	Supervision	130	134	3	3%
902000	Meter reading expenses	29,859	32,845	2,986	10%
903000	Customer records and collection expenses	23,963	23,259	(704)	-3%
904000	Uncollectable Accounts - Commodity	15,708	13,997	(1,711)	-11%
904001	Uncollectable Accounts - Non Commodity	82	82	-	0%
905000	Miscellaneous customer accounts expenses	100	102	2	2%
908000	Customer assistance expenses	920	1,021	101	11%
909000	Informational and instruction advertising expens	1,059	1,069	10	1%
910000	Miscell customer service and informational expe	286	295	8	3%
912000	Demonstrating and selling expenses	8,468	9,333	865	10%
916000	Miscellaneous Sales Expense	44	45	1	2%
920000	Administrative and general salaries	107,189	111,243	4,053	4%
921000	Office supplies and expenses	72,210	75,456	3,246	4%
922000	Administrative expenses transferred-Credit	(65,800)	(72,379)	(6,579)	10%
923000	Outside services employed	23,538	22,861	(677)	-3%
924000	Property insurance	8,675	9,422	747	9%
925000	Injuries and damages	19,324	20,793	1,469	8%
926000	Employee pensions and benefits	77,393	77,957	564	1%
928000	Regulatory commission expenses	7,150	7,286	136	2%

Summary Report 3B

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
929000	Duplicate charges-Credit	(5,582)	(5,582)	-	0%
930100	General advertising expenses	3,898	3,935	37	1%
930200	Miscellaneous general expenses	4,658	4,733	74	2%
931000	Rents	43,309	49,297	5,987	14%
935000	Maintenance of general plant	1,257	1,304	47	4%
Grand Total		1,178,183	1,230,146	51,963	4%

Summary Report 3C

**NSP-MN
Total Company - O&M Electric and Non-Utility
2023 Budget vs. 2024 Budget
O&M by FERC Account
(\$000's)**

FERC	FERC Description	2023 Budget	2024 Budget	Variance	% Variance
426100	Donations	5,956	5,961	4	0%
426300	Penalties	1	1	0	1%
426400	Expendit for cert civic, politic and related activ	1,041	1,049	8	1%
426500	Other deductions	216	245	29	13%
500000	Operation supervision and engineering	3,121	2,924	(197)	-6%
502000	Steam expenses	19,658	18,492	(1,166)	-6%
505000	Electric expenses	948	888	(60)	-6%
506000	Miscellaneous steam power expenses	15,959	16,139	180	1%
507000	Rents	2,981	2,953	(28)	-1%
510000	Maintenance supervision and engineering	1,718	1,648	(70)	-4%
511000	Maintenance of structures	3,313	3,194	(120)	-4%
512000	Maintenance of boiler plant	26,842	21,443	(5,399)	-20%
513000	Maintenance of electric plant	3,744	4,710	966	26%
514000	Maintenance of miscellaneous steam plant	5,320	5,236	(83)	-2%
517000	Operation supervision and engineering	40,784	43,898	3,114	8%
519000	Coolants and water	7,824	7,784	(40)	-1%
520000	Steam expenses	49,111	50,490	1,379	3%
523000	Electric expenses	1,772	1,853	80	5%
524000	Miscellaneous nuclear power expenses	130,446	132,869	2,424	2%
525000	Rents	9,852	9,760	(91)	-1%
528000	Maintenance supervision and engineering	7,070	6,897	(173)	-2%
530000	Maintenance of reactor plant equipment	35,934	34,634	(1,300)	-4%
531000	Maintenance of electric plant	12,490	12,645	155	1%
532000	Maintenance of miscellaneous nuclear plant	27,102	27,333	231	1%
535000	Operation supervision and engineering	101	104	3	3%
538000	Electric expenses	142	146	4	3%
539000	Miscellaneous hydraulic power generation exper	142	125	(17)	-12%
540000	Rents	66	66	(0)	0%
541000	Maintenance supervision and engineering	175	177	2	1%
542000	Maintenance of structures	22	416	394	1774%
545000	Maintenance of miscellaneous hydraulic plant	175	161	(14)	-8%
546000	Operation supervision and engineering	3,968	3,924	(44)	-1%
548000	Generation expenses	5,162	5,319	157	3%
549000	Miscellaneous other power generation expenses	21,184	21,442	258	1%
550000	Rents	17,036	18,696	1,660	10%
551000	Maintenance supervision and engineering	2,035	2,049	14	1%
552000	Maintenance of structures	4,811	4,904	93	2%
553000	Maintenance of generating and electric plant	13,146	12,895	(251)	-2%
554000	Maint of miscellaneous other power generation p	18,417	18,397	(20)	0%
556000	System control and load dispatching	1,681	1,740	59	4%
557000	Other expenses	5,407	5,521	115	2%
560000	Operation supervision and engineering	10,730	10,887	156	1%
561200	Load dispatch-Monitor and operate transmiss sy:	5,617	6,065	448	8%
561500	Reliability planning and standards development	184	190	6	3%
561700	Generation interconnection studies	601	619	18	3%
561800	Reliability planning and standards develop servic	2,243	2,243	-	0%
562000	Station expenses	2,633	2,707	74	3%

Summary Report 3C

**NSP-MN
Total Company - O&M Electric and Non-Utility
2023 Budget vs. 2024 Budget
O&M by FERC Account
(\$000's)**

FERC	FERC Description	2023 Budget	2024 Budget	Variance	% Variance
563000	Overhead line expenses	1,227	1,231	4	0%
565000	Transmission of electricity by others	138,563	143,662	5,099	4%
566000	Miscellaneous transmission expenses	7,677	7,773	96	1%
567000	Rents	1,286	1,274	(11)	-1%
570000	Maintenance of station equipment	4,650	4,755	105	2%
571000	Maintenance of overhead lines	6,105	6,117	12	0%
575100	Operation Supervision	253	260	7	3%
575200	Day-ahead and real-time market administration	97	100	3	3%
575500	Ancillary services market administration	1	1	0	3%
575800	Rents	20	20	(0)	-1%
580000	Operation supervision and engineering	12,267	12,528	261	2%
581000	Load dispatching	1,031	1,350	319	31%
582000	Station expenses	2,815	2,903	88	3%
583000	Overhead line expenses	(835)	(787)	48	-6%
584000	Underground line expenses	17,668	18,010	342	2%
585000	Street lighting and signal system expenses	846	853	7	1%
586000	Meter expenses	2,031	2,190	159	8%
587000	Customer installations expenses	2,764	2,857	92	3%
588000	Miscellaneous distribution expenses	32,910	32,765	(144)	0%
589000	Rents	4,463	4,425	(37)	-1%
590000	Maintenance supervision and engineering	0	0	-	0%
592000	Maintenance of station equipment	3,858	3,939	81	2%
593000	Maintenance of overhead lines	62,009	62,428	420	1%
594000	Maintenance of underground lines	7,361	7,497	135	2%
595000	Maintenance of line transformers	31	32	1	3%
596000	Maintenance of street lighting and signal system	1,113	1,125	11	1%
597000	Maintenance of meters	1,646	1,473	(173)	-10%
598000	Maintenance of miscellaneous distribution plant	902	911	9	1%
901000	Supervision	134	137	4	3%
902000	Meter reading expenses	32,845	34,728	1,883	6%
903000	Customer records and collection expenses	23,259	24,149	890	4%
904000	Uncollectable Accounts - Commodity	13,997	14,765	768	5%
904001	Uncollectable Accounts - Non Commodity	82	82	-	0%
905000	Miscellaneous customer accounts expenses	102	103	0	0%
908000	Customer assistance expenses	1,021	1,044	24	2%
909000	Informational and instruction advertising expens	1,069	1,079	10	1%
910000	Miscell customer service and informational expe	295	322	27	9%
912000	Demonstrating and selling expenses	9,333	9,980	647	7%
916000	Miscellaneous Sales Expense	45	45	0	0%
920000	Administrative and general salaries	111,243	114,833	3,590	3%
921000	Office supplies and expenses	75,456	77,128	1,671	2%
922000	Administrative expenses transferred-Credit	(72,379)	(81,017)	(8,638)	12%
923000	Outside services employed	22,861	22,989	128	1%
924000	Property insurance	9,422	11,747	2,325	25%
925000	Injuries and damages	20,793	21,992	1,199	6%
926000	Employee pensions and benefits	77,957	80,353	2,396	3%
928000	Regulatory commission expenses	7,286	7,421	135	2%

Summary Report 3C

NSP-MN
Total Company - O&M Electric and Non-Utility
2023 Budget vs. 2024 Budget
O&M by FERC Account
(\$000's)

FERC	FERC Description	2023 Budget	2024 Budget	Variance	% Variance
929000	Duplicate charges-Credit	(5,582)	(5,582)	-	0%
930100	General advertising expenses	3,935	3,973	37	1%
930200	Miscellaneous general expenses	4,733	4,903	170	4%
931000	Rents	49,297	60,179	10,882	22%
935000	Maintenance of general plant	1,304	1,338	34	3%
Grand Total		1,230,146	1,258,221	28,075	2%

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.

2022 – 2024 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 two 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 approved and we have completed the development and construction of the Blazing Star I, Blazing Star II, Community Wind North, Foxtail, Freeborn, and Jeffers wind farms, and the repowering of Crowned Ridge, Lake Benton, and Mower wind farms which were all placed in-service in 2019 through 2021. In the remaining months of 2021 and then into 2023, we anticipate placing in-service Dakota Range and the repowering of Northern Wind, Nobles, and Grand Meadows. 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 (repowering of existing facility planned for 2025)
- Community Wind North
- Courtenay
- Crowned Ridge
- Dakota Range
- Foxtail
- Freeborn
- Grand Meadows (repowering of existing facility planned for 2023)
- Jeffers
- Lake Benton
- Mower
- Nobles (repowering of existing facility planned for 2022)
- Northern Wind
- Pleasant Valley (repowering of existing facility planned for 2025)

Major Business Functions and Key Activities

The Energy Supply business area generates power for the company's electric system. The 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

¹ This list of wind facilities includes those in-service as of October 25, 2021, and those intended to be placed in-service during the 2022 to 2024 test years.

- Suggest/implement plant improvements
- Maintain community relationships
- Establish operations and maintenance policies and procedures

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 further refined 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. The organization's 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 its 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 2022 O&M Budget Major Cost Drivers

Costs are categorized in Energy Supply as Internal Labor, Contract Labor, Materials, Commodities, Land Easements, 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.

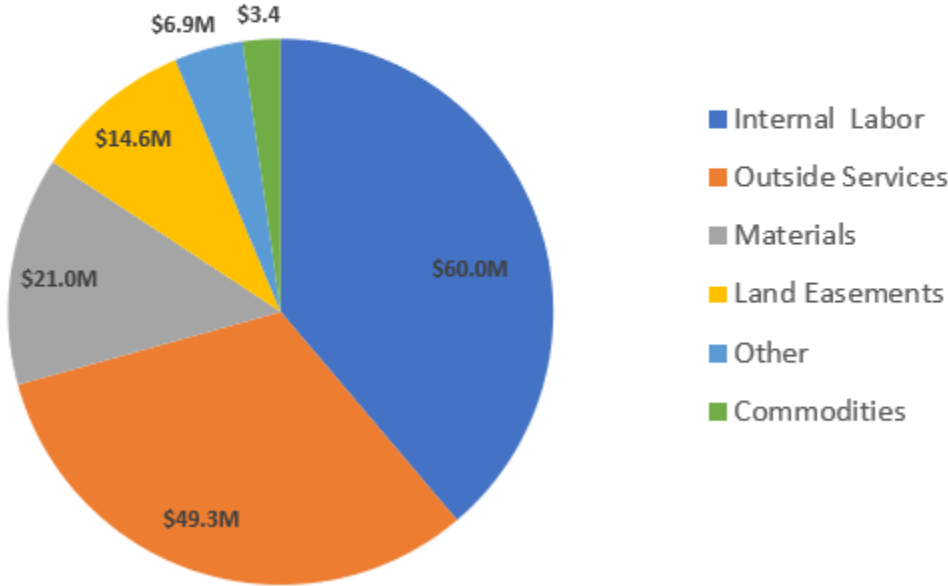
Commodity Costs: This cost category consists of chemical and water costs used in the generation process, and for the control of emissions. Chemicals include lime, ammonia, activated carbon, sulfuric acid and others.

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

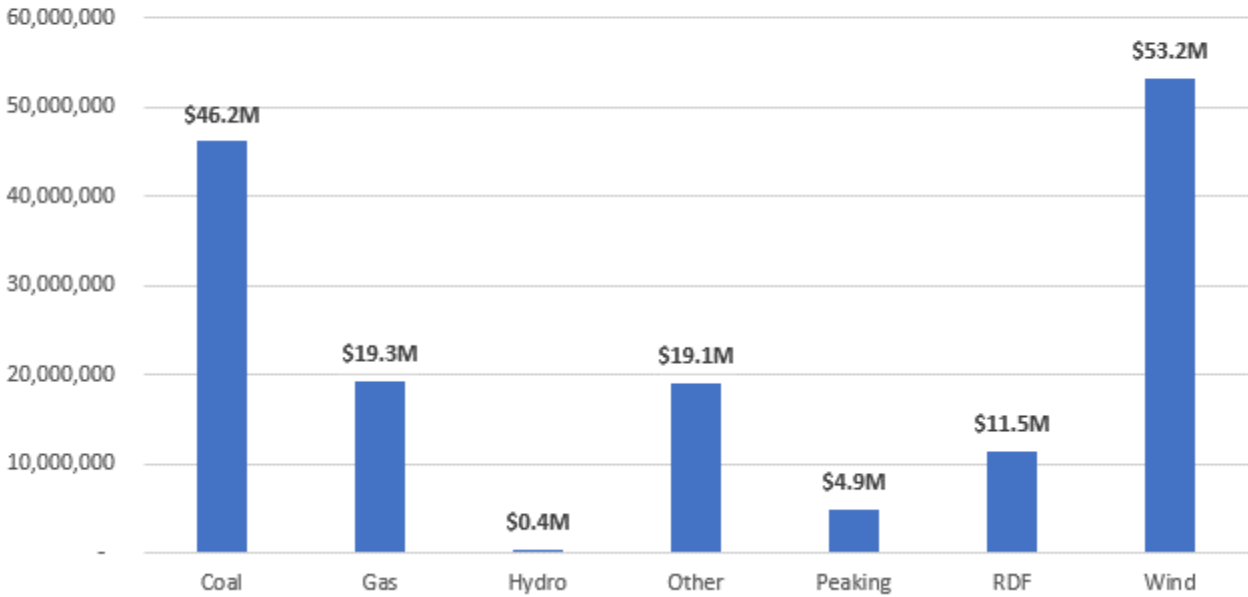
Other Costs: This cost category consists of environmental fees, fleet costs, and other miscellaneous costs required to operate plants on a daily basis.

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 July Year End Forecast	\$	149.5
Incremental wind spend for new wind farms		
Incremental outside services spend		4.6
Incremental land easements spend		2.9
Incremental materials and labor spend		0.8
Overhauls and Projects		
Sherco Unit 2 overhaul less than 2021 Unit 1 overhaul		-5.4
Black Dog overhaul and projects in 2022		3.3
Red Wing overhaul in 2022		0.7
Angus overhaul in 2022		0.5
Riverside overhaul not repeated in 2022		-0.5
Other		
Reduced base spend at existing sites		-1.5
Other		-0.3
2022 Budget	\$	154.6

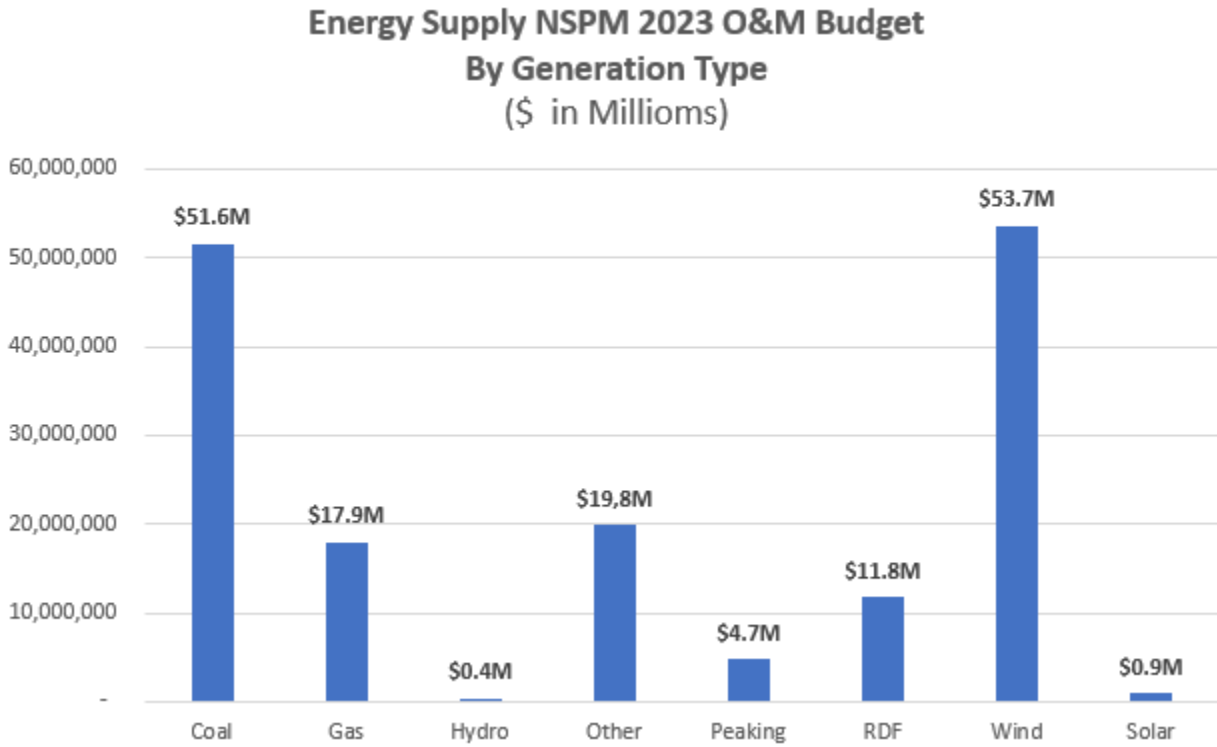
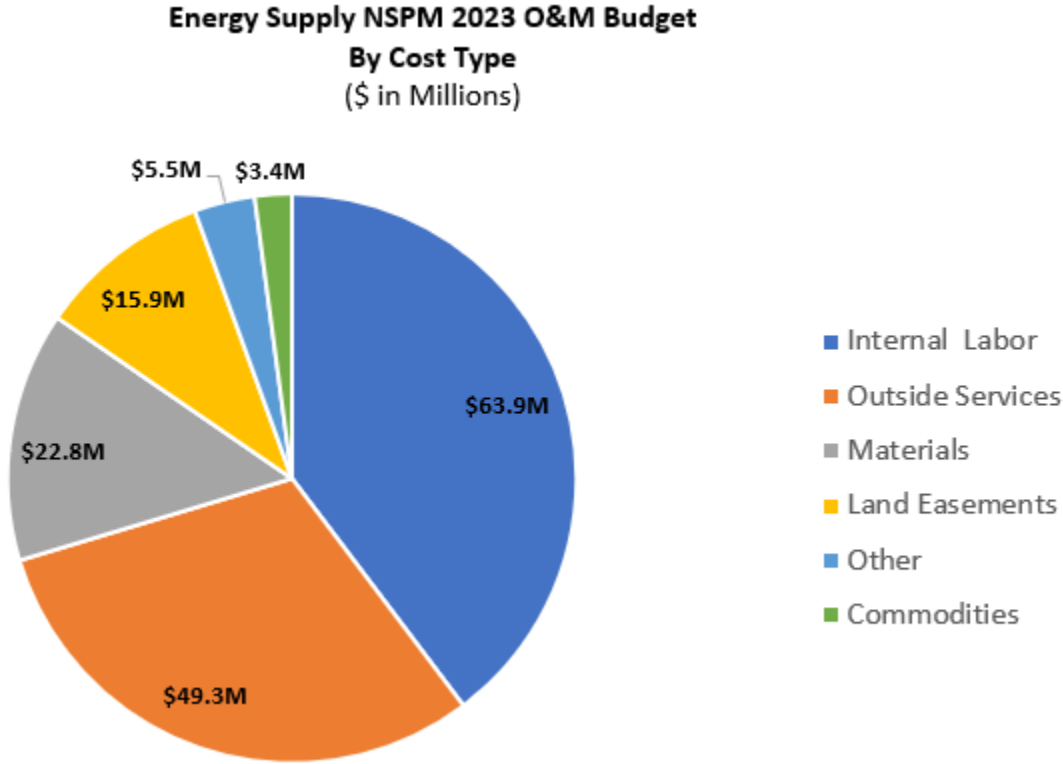
Overall, the Energy Supply O&M budget increased by \$5.1M between 2021 and 2022. The main drivers of this increase are noted below:

Incremental Wind Spend: In 2021 and 2022, five new wind farms are set to be in-service that will require an additional \$8.3M O&M dollars to operate. The wind farms that have been, or are planned to be, placed in-service in 2021 are Blazing Star II, Dakota Range, Freeborn, and Mower. The wind farm planned to be placed in-service in 2022 is Northern Wind.

Overhauls and Projects: Sherco Unit 2 has an overhaul in 2022, which has a decreased scope compared to the 2021 Unit 1 overhaul for a decrease of \$5.4M. Black Dog has significant overhaul and project work planned for 2022 requiring an additional \$3.3M. Red Wing has incremental overhaul work of \$0.7M in 2022. Angus has overhaul work of \$0.5M in 2022. Riverside overhaul will not be repeated for a reduction of \$0.5M.

Other: Reductions of \$1.5M in base spend at existing sites due to offsetting increases/reductions in internal labor, outside services, commodities, and materials over 2021 levels.

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



2022 Budget	\$ 154.6
Incremental wind spend for new wind farms	
Incremental outside services spend	1.7
Incremental land easements spend	0.7
Incremental solar spend for new solar farms	
Incremental materials and commodities	0.3
Incremental land easements spend	0.4
Incremental outside services spend	0.3
Overhauls and Projects	
Sherco Unit 3 overhaul more than 2022 Unit 2 overhaul	3.6
High Bridge Unit 8 and Unit 9 Overhaul	1.4
No Black Dog overhaul in 2023	(3.2)
Outside Services	
Decreased spend on existing wind maintenance contracts	(1.4)
Labor	
Incremental spend on internal base labor	2.1
Other	
	0.4
2023 Budget	\$ 160.8

Overall, the budget increased by \$6.2M between 2022 and 2023. The main drivers of this increase are noted below:

Incremental Wind Spend: In 2022 and 2023 one new wind farm (Northern Wind) is set to be in-service that will require an additional \$2.4M O&M dollars to operate for a full year of 2023 compared to a partial year of operation in 2022.

Incremental Solar Spend: In 2023, Sherco Solar Unit 1 is set to be in-service and will require an additional \$0.9M of O&M dollars to operate in 2023.

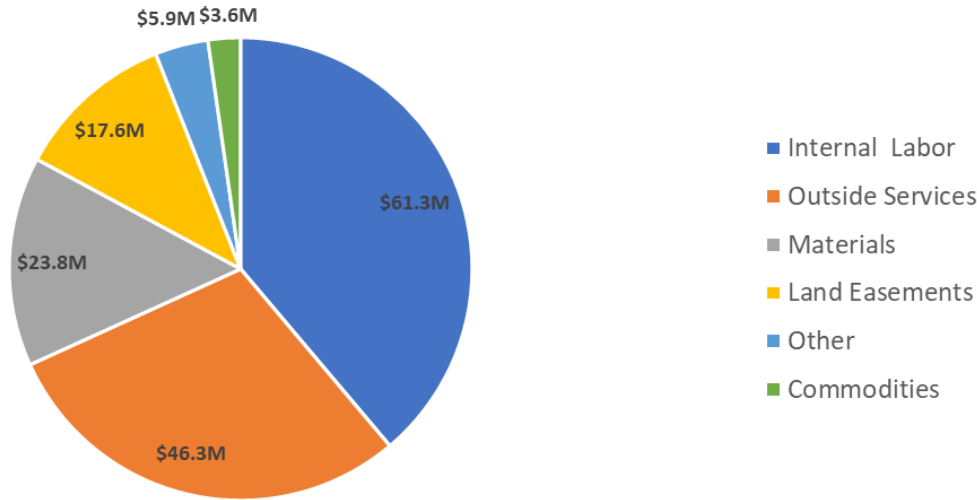
Overhauls and Projects: The Sherco Unit 3 overhaul is \$3.6M more costly than the Unit 2 outage in 2022. The Black Dog outage and projects will not continue from 2022, decreasing O&M in 2023 by \$3.2M. In addition, High Bridge has additional overhaul and project work in 2023 compared to 2022 for an additional \$1.4M.

Outside Services: Decreased spend of \$1.4M on outside services maintenance contracts at existing wind farms.

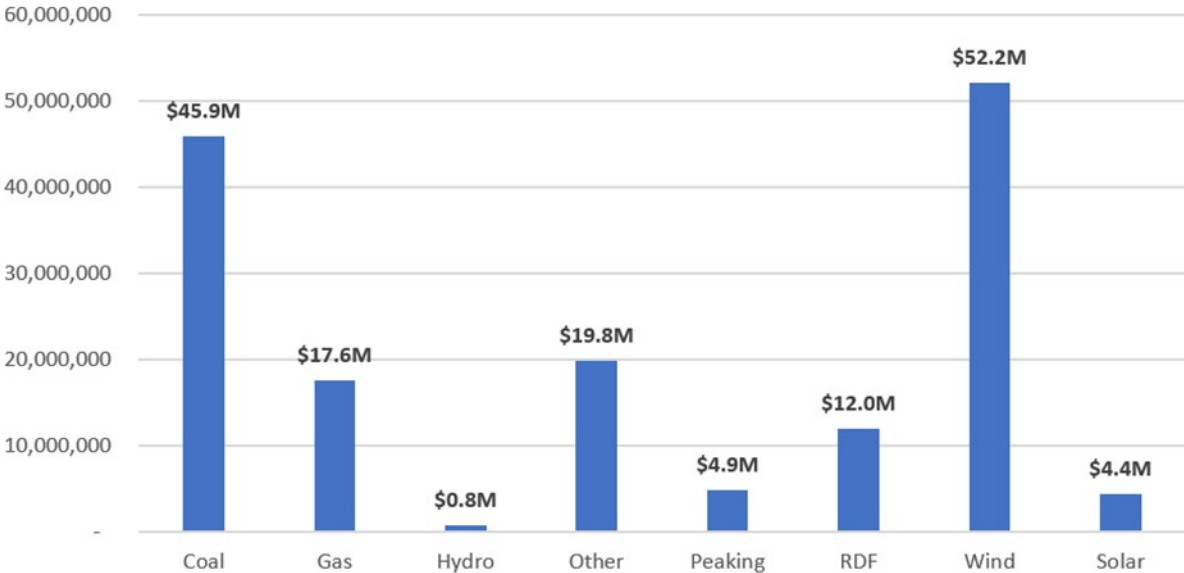
Labor: Incremental spend of \$2.1M on base internal labor due to assumed wage increases.

Energy Supply – NSPM 2024 O&M Budget Major Cost Drivers

**Energy Supply NSPM 2024 O&M Budget
By Cost Type
(\$ in Millions)**



**Energy Supply NSPM 2024 O&M Budget
By Generation Type
(\$ in Millions)**



2023 Budget	\$ 160.8
Sherco Unit 2 Retired	
Decreased internal labor spend	(2.0)
Decreased material spend	(0.7)
Decreased outside services spend	(1.4)
Incremental solar spend for new solar farms	
Incremental materials and commodities	1.1
Incremental land easements spend	1.4
Incremental outside services spend	1.1
Overhauls and Projects	
Sherco Unit 1 overhaul less than 2023 Unit 3 overhaul	(2.7)
Other	0.1
2024 Budget	157.7

Overall, the budget decreased by \$3.1M between 2023 and 2024. The main drivers of this decrease are noted below:

Sherco Unit 2 Retirement: Reduction of \$4.0M related to retirement of Sherco Unit 2 made up of a \$2.0M reduction for internal labor, a \$0.7M reduction for materials, and a \$1.4M reduction for outside services.

Incremental Solar Spend: In 2024, Sherco Solar Unit 1 will be in-service for entire year and Sherco Solar Unit 2 is set to in-service. The combination will require an additional \$3.5M of O&M dollars to operate.

Overhauls and Projects: The Sherco Unit 1 overhaul is \$2.8M less costly than the 2023 Unit 3 overhaul.

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200078	410	Governmental Affairs	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.
200135	414	Energy Supply Business Resources	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.
200137	455	Energy Supply Miscellaneous Power Expense FERC 506, 539, & 549	Energy Supply Miscellaneous Power Expense 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.
200138	458	Energy Supply Operation Supervision & Engineering (S&E) FERC 500, 535, & 546	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.
200139	461	Energy Supply Maintenance Supervision & Engineering (S&E) FERC 510, 541, & 551	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.
200143	456	Energy Supply Miscellaneous Power Expense NSPM & NSPW FERC 506, 539, & 549	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.
200144	459	Energy Supply Operation Supervision & Engineering (S&E) NSPM & NSPW FERC 500, 535, & 546	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.
200145	462	Energy Supply Maintenance Supervision & Engineering (S&E) NSPM & NSPW FERC 510, 541, & 551	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.
200181	464	Energy Supply Environmental Policy & Services	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.

Approvals

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

Prepared By: _____ /s/ _____

Date: _____ 10/11/2021 _____

Hannah Hayes

Manager, Business Area Finance

Approved By: _____ /s/ _____

Date: _____ 10/8/2021 _____

Jennifer Pytlik

Director, Business Area Finance

_____ /s/ _____

Date: _____ 10/13/21 _____

Randy Capra

GM, Power Generation



2022 – 2024 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 Operations 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
- Strategy
- Maintain

The role of each of these organizations is described below in the Functional Org Chart section.

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

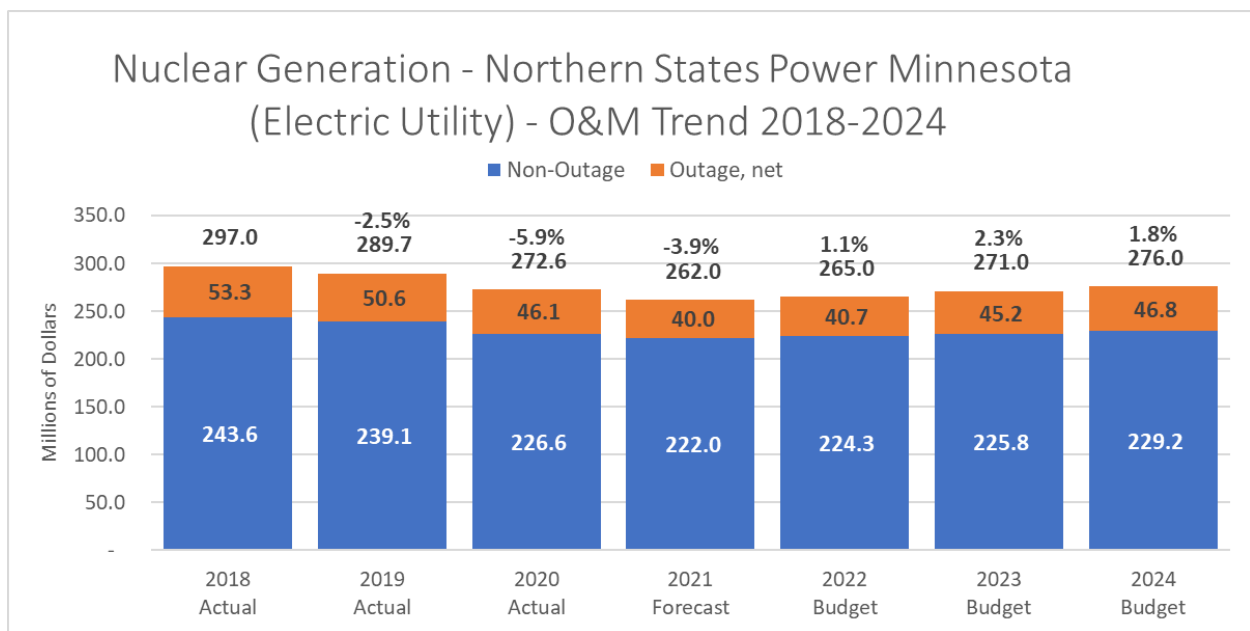
Nuclear generating stations are among the most reliable to the Xcel Energy fleet, in terms of providing base load energy to the NSP system on a consistent, reliable basis.

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 2018-2024



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

Non-outage O&M costs include all workforce costs, regulatory fees, materials, employee expenses and other utility costs required to operate stations or departments on a regular basis. Said another way, Non-Outage costs are those not classified as Outage Costs, per the definition in the next section.

To remain competitive with other generation resources and to keep customer rates low, the Nuclear Generation business has undertaken transformation efforts that have reduced Total O&M costs by \$24.4M from 2018 – 2020. From 2020 forward, these expenses are forecast to remain relatively flat at a total level. This results in an average reduction of 1% annual from 2018 through the 2024 budget.

The decrease in total non-outage costs since 2018 has been primarily driven by a drop in overall workforce expenses and material costs. 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 and 2021, the pandemic response further reduced our internal workforce costs. 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 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 and in 2018-2019 we saw staffing reductions from capital strategy improvements at Monticello. We are also seeing similar savings from our Prairie Island capital project implemented in the final quarter of 2020, with full annual savings beginning in 2021.

Outage O&M Costs

Outage O&M costs include the incremental costs of those activities that can only be done safely and prudently during a plant shutdown. The incremental costs 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. The outage O&M costs are smoothed under regulatory-approved methods of deferring and amortizing costs.

Outage costs have decreased as higher costs from prior outages are smoothed. 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. Beginning in 2023, outage costs will be increasing due to some large inspections that are required to be performed based on NRC requirements. For example, we will be replacing Baffle-Former Bolts in the 2023 and 2024 outages (costs for which are capital), which will cause Outage O&M costs to increase due to extended durations to do the work.

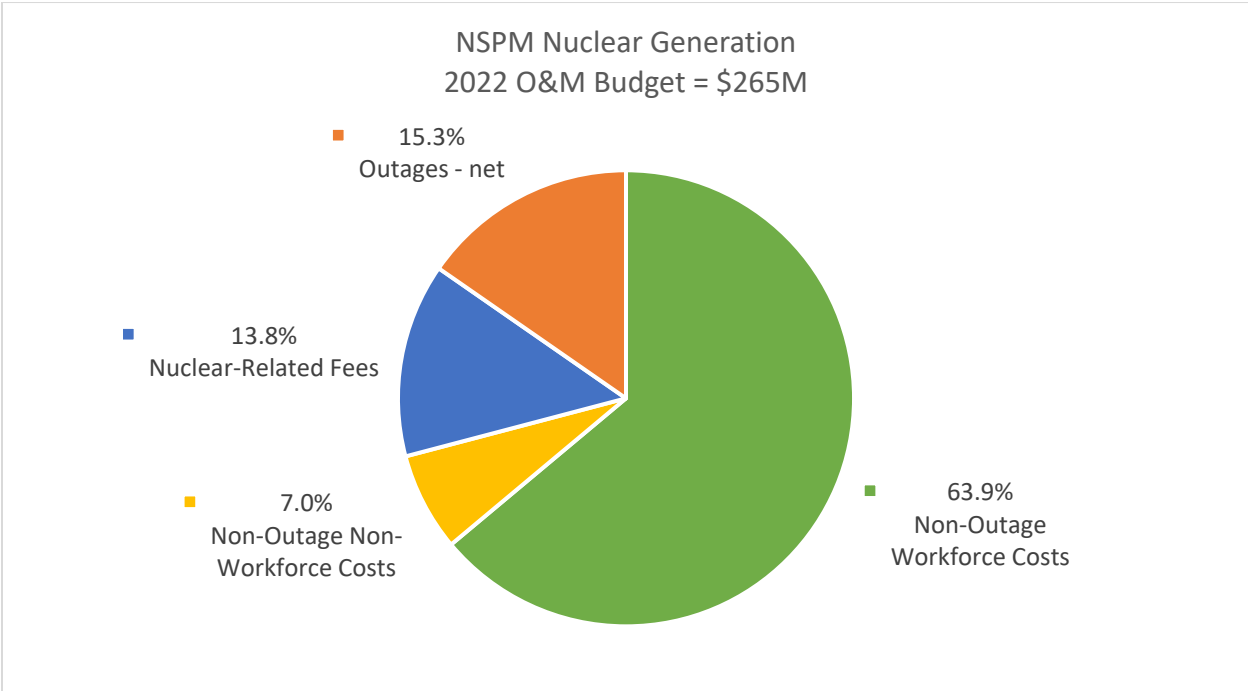
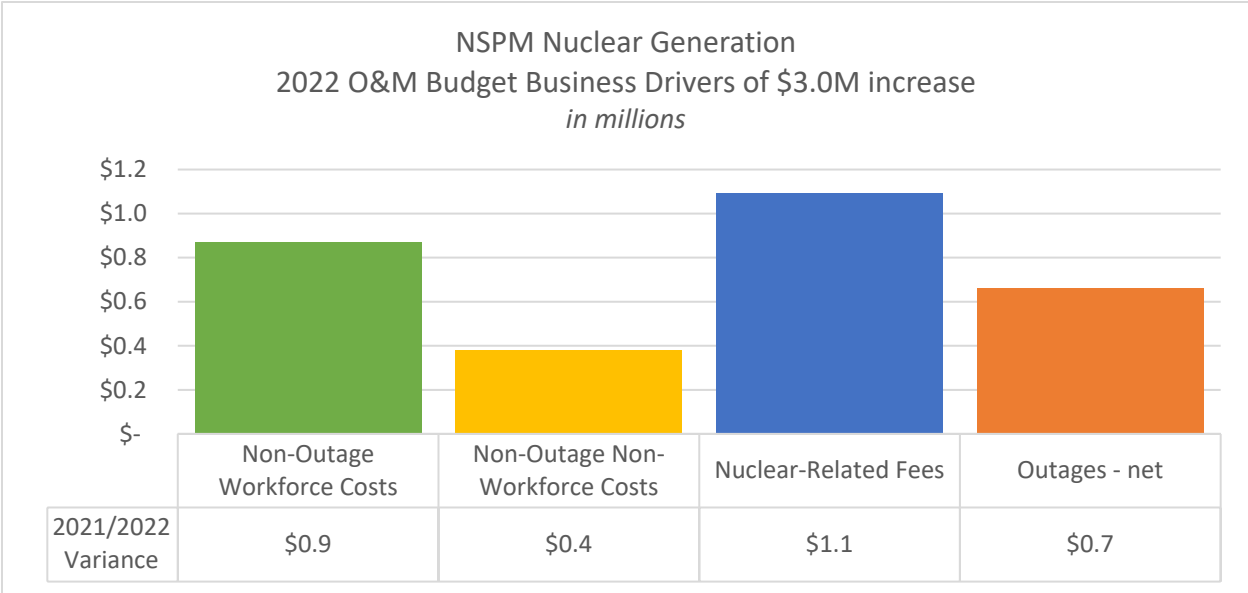


2022 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)				
Walk Forward (Dollars in Millions)				
		<u>Non-Outage</u>	<u>Outages</u>	<u>Total</u>
2021 July Year-end Forecast		222.0	40.0	262.0
Non-outage: Workforce Costs		0.9		
Internal Labor:				
Annual wage increase	3.4			
Headcount decreases: 22 FTEs @ \$115,000 annual average for open positions	(2.0)			
Budgeted Attrition	(1.8)			
Other - primarily higher labor allocated to capital projects and lower retention costs	(2.0)			
External Labor:				
Primarily contractor increases associated with the DOE hydrogen project and for required engineering program/analysis updates	2.7			
Security:				
Merit increases offset by no Force on Force drill in 2022	0.6			
Non-outage: Nuclear-Related Fees		1.1		
Increased regulatory fees at 3.1%	1.1			
Non-outage: Non-Workforce Costs		0.4		
Materials & Chemicals:				
Primarily material increases associated with the DOE hydrogen project	0.2			
Employee Expenses:	0.1			
Other:	0.1			
Outages			0.7	
PI Unit 1 2022 outage: Budgeted outage costs of \$27.5M, less than the forecasted PI Unit 2 outage costs in 2021 (\$32.9M)	(5.4)			
Monticello: Decrease due to outage in 2021 and only \$1.1M in planning costs in 2022	(23.9)			
Deferral & Amortization - net change	30.0			
2022 Budget		224.3	40.7	265.0

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 decrease from the 2021 July forecast to 2022 budget is primarily related to headcount decreases, and budgeted attrition, offset by the 2022 wage increase. Wage increases of three percent for union and three percent for non-union are increasing labor by \$3.4M. A decrease of 22 FTEs results in a labor decrease of \$2.5M, and budgeted attrition of 3.3 percent, which lowers labor by \$1.8M. In addition, we had other decreases of \$1.5M due primarily to increased utilization of Internal Labor for capital projects and a reduction in retention costs. Additionally, the External Labor increase from the 2021 July forecast to 2022 budget is primarily contractor increases for the Hydrogen Phase 2 project and required engineering program/analysis updates. Security Contractor costs increase by \$0.6M due to merit increases offset by no force- onforce 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 increase is primarily related to the Hydrogen Phase 2 project.

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 2022 is approximately \$36M of the \$224M of non-outage costs, or 14 percent. Regulatory fees are increasing \$1.1M, or 3.1 percent, primarily due to 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 2022 amortized outage costs are expected to be \$0.7M higher than 2021 amortized outage costs primarily due to higher upcoming outage costs for Prairie Island’s 2021 Unit 2 outage (\$32.3M) vs the 2019 Unit 2 outage (\$29.3M).

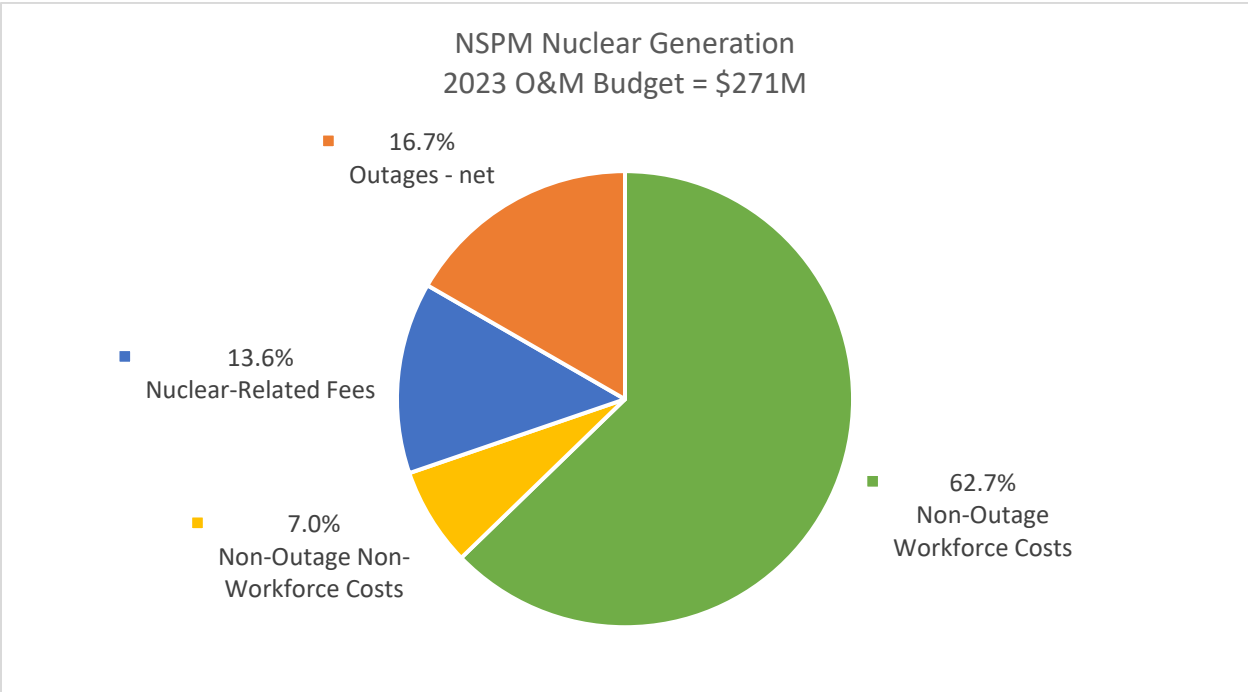
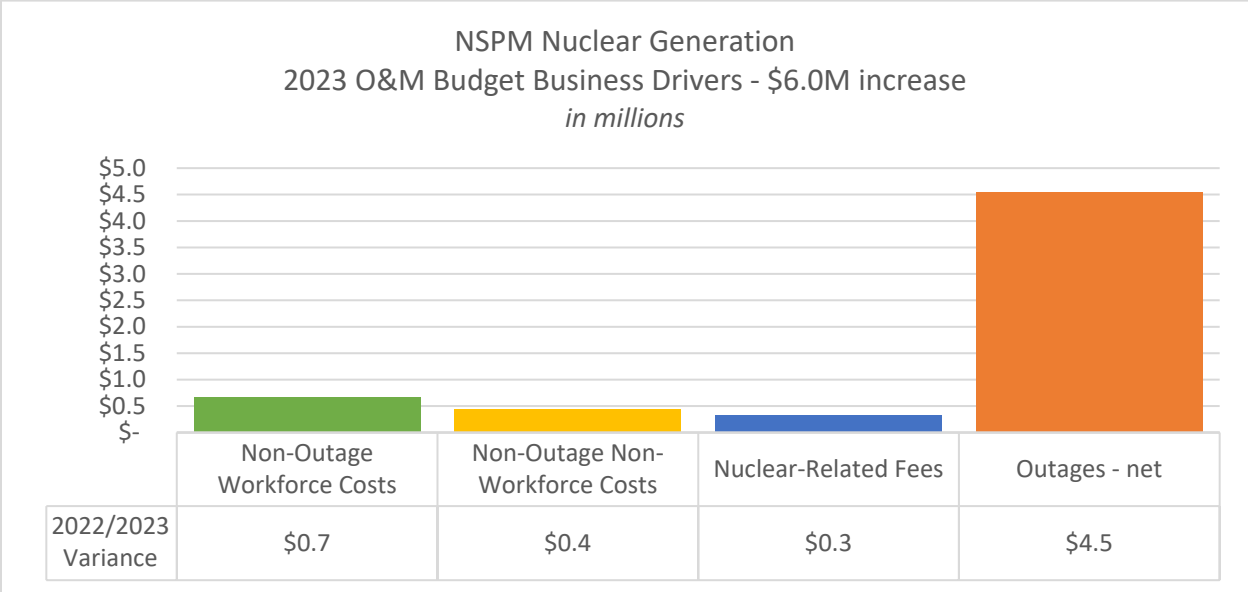


2023 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)				
Walk Forward (Dollars in Millions)				
		<u>Non-Outage</u>	<u>Outages</u>	<u>Total</u>
2022 Budget		224.3	40.7	265.0
Non-outage: Workforce Costs		0.7		
Internal Labor:				
Annual wage increase	3.3			
Headcount decreases: 21 FTEs @ \$119,000 annual average	(2.5)			
Other	0.3			
External Labor:				
Contractor decreases primarily due to a reduction in engineering program activity	(1.8)			
Security:				
Primarily merit increases and a force on force drill in 2023	1.4			
Non-outage: Nuclear-Related Fees		0.3		
Increased regulatory fees at 0.9%	0.3			
Non-outage: Non-Workforce Costs		0.4		
Materials & Chemicals:				
Primarily material increases associated with the DOE hydrogen project	0.4			
Employee Expenses:	(0.0)			
Other:	0.0			
Outages:			4.5	
PI Unit 2 2023 outage: Outage costs budgeted for \$33.1M, higher than the forecasted PI Unit 1 outage in 2022 (\$27.5M)	5.6			
Monticello: Increase due to outage in 2023 and only \$1.1M in planning costs in 2022	28.4			
Deferral & Amortization - net change	(29.4)			
2023 Budget		225.8	45.2	271.0

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 increase from the 2022 to 2023 budget is primarily related to the 2023 wage increase, offset by a decrease in headcount. Wage increases of three percent for union and three percent for non-union are increasing labor by \$3.3M. This is offset by a decrease of 21 FTEs which results in a labor decrease of (\$2.5M). Additionally, External Labor decreased from the 2022 to 2023 budget primarily related to reductions in engineering program updates. Security increased by \$1.4M due to merit increases and the force on force drill planned for 2023 (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 \$0.4M increase is primarily related to the Hydrogen Phase 2 project.

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 \$37M of the \$226M of non-outage costs, or 14 percent. Regulatory fees were assumed to increase \$0.3M, or only 0.9 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 2023 amortized outage costs are expected to be \$4.5M higher than budgeted 2022 amortized outage costs due to higher costs assumed for the Prairie Island’s 2022 Unit 1 outage (\$28.8M) vs the 2022 Unit 1 outage (\$22.5M) and Monticello’s 2023 outage (\$30.5M) vs Monticello’s 2021 outage (\$26.2M).

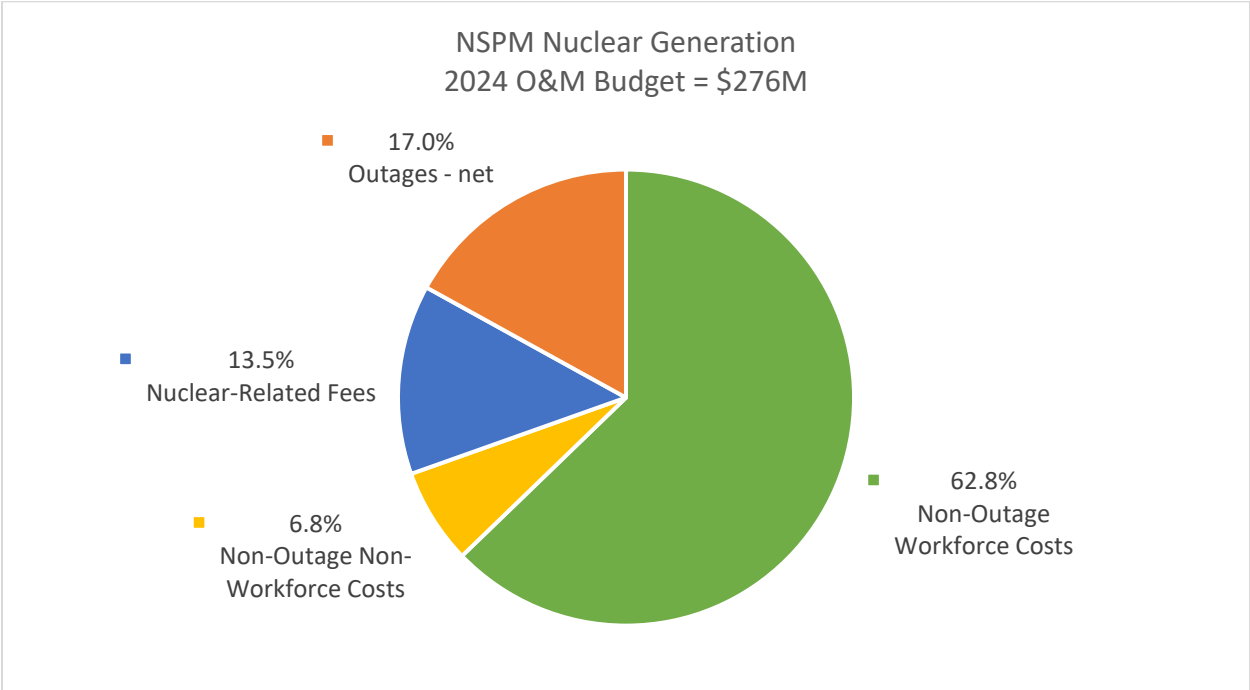
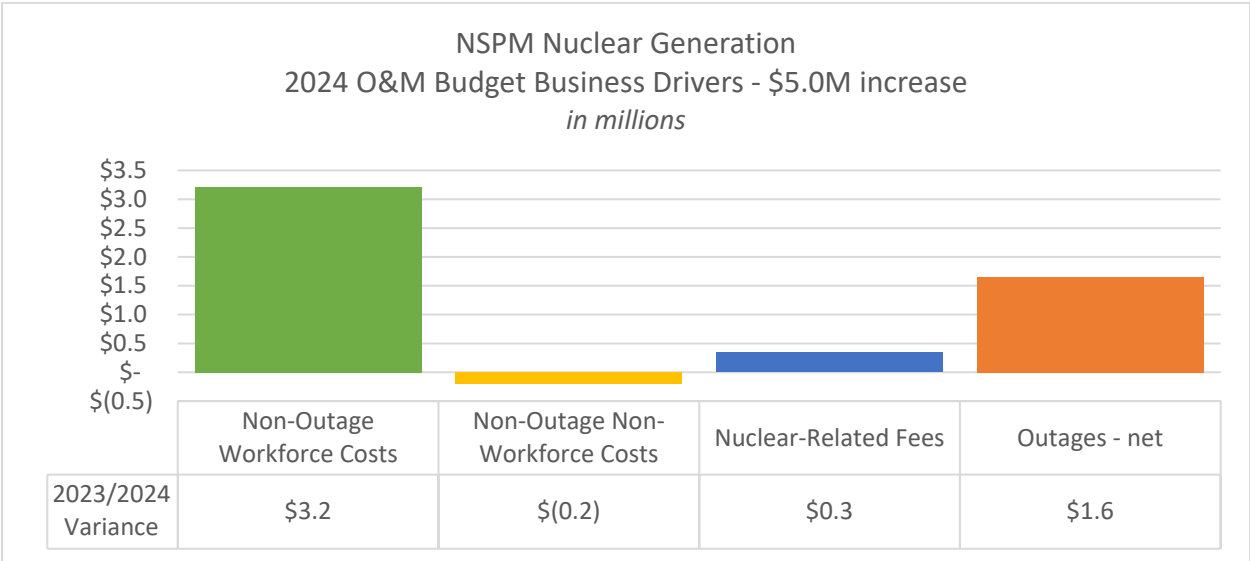


2024 Walk Forward of Major Cost Drivers

NSPM - Nuclear Generation (net of Deferral & Amortization)				
Walk Forward (Dollars in Millions)				
		<u>Non-Outage</u>	<u>Outages</u>	<u>Total</u>
2023 Budget		225.8	45.2	271.0
Non-outage: Workforce Costs		3.2		
Internal Labor:				
Annual wage increase	3.3			
Headcount decreases: 21 FTEs @ \$123,000 annual average	(2.6)			
Other - increase in working days (2024 is a Leap Year)	1.0			
External Labor:				
Primarily contractor increases due to the Hydrogen Phase 2 project	0.4			
Security:				
Primarily related to merit increases	1.0			
Non-outage: Nuclear-Related Fees		0.3		
Increased regulatory fees at 0.9%	0.3			
Non-outage: Non-Workforce Costs		(0.2)		
Materials & Chemicals:				
Decreased materials	(0.2)			
Employee Expenses:	0.0			
Other:	0.0			
Outages			1.6	
PI Unit 1 2024 outage: Outage costs budgeted for \$36.2M, higher than the forecasted PI Unit 2 outage in 2023 (\$33.1M)	3.1			
Monticello: Decrease due to outage in 2023 and only \$1.1M in planning costs in 2024	(28.4)			
Deferral & Amortization - net change	26.9			
2024 Budget		229.2	46.8	276.0

2024 Walk Forward of Major Cost Drivers (continued)

Nuclear Generation 2024 O&M Budget Major Business Drivers



2024 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 2023 to 2024 budget is primarily related to the 2024 wage increase, offset by a decrease in headcount. Wage increases of three percent for union and three percent for non-union are increasing labor by \$3.3M. This is offset by a decrease of 21 FTEs which results in a labor decrease of (\$2.6M). Additionally, External Labor increases slightly by \$0.4M due to the Hydrogen Phase 2 project. Security increases from the 2023 to 2024 budget is primarily related to security contractor merit increases.

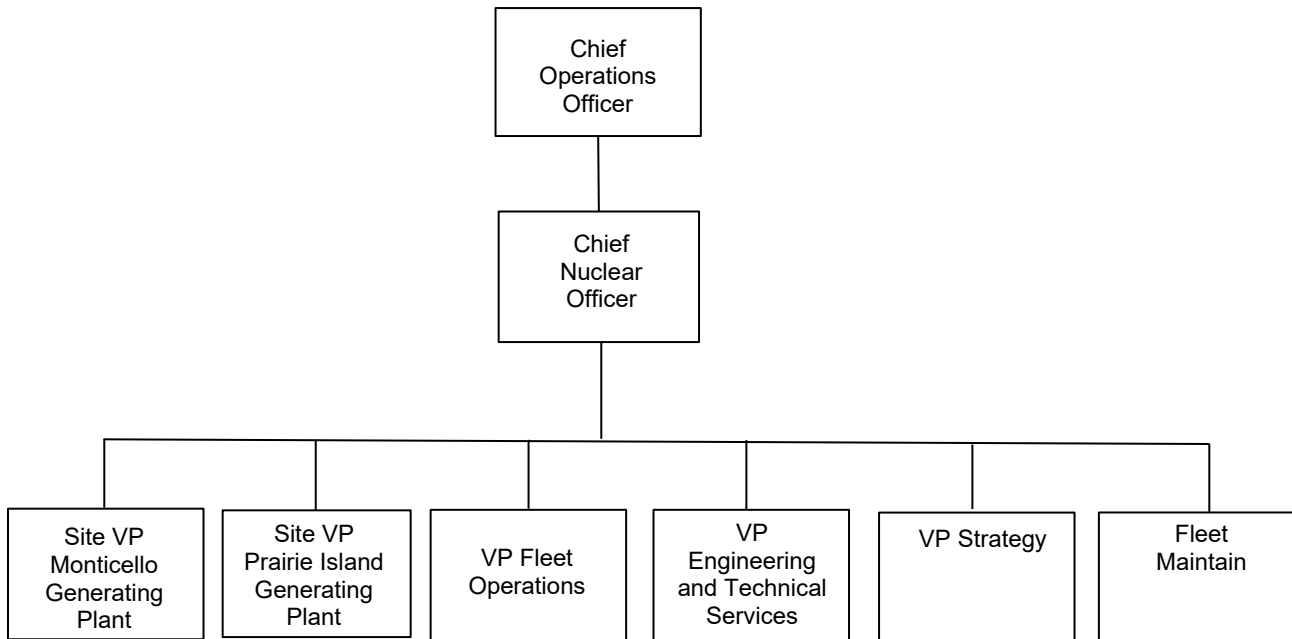
Non-outage Non-Labor Costs: This category consists of materials, employee expenses and other utility costs required to operate stations or departments on a regular basis.

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 2024 is approximately \$37M of the \$229M of non-outage costs, or 14 percent. Regulatory fees were assumed to increase \$0.3M, or only 0.9 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 2024 amortized outage costs are expected to be \$1.6M higher than budgeted 2023 amortized outage costs due to higher costs assumed for the 2024 Unit 1 outage (\$36.2M) vs the 2022 Unit 1 outage (\$28.8M) and Monticello’s 2023 outage (\$30.5M) vs Monticello’s 2021 outage (\$26.2M).

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 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 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 Nuclear Oversight department.

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/Emergency Preparedness, 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.

VP Maintain is responsible for the day-to-day maintenance of the generating plants.

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: _____ 10/13/2021
Chuck Jacobs
Manager, Nuclear Finance

Approved By: _____ /s/ _____ Date: _____ 10/8/2021
Linda Erickson
Director, Nuclear Finance

_____ /s/ _____ Date: _____ 10/13/2021
Peter Gardner
SVP and Chief Nuclear Officer

2022 – 2024 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:

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.

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:

- Prioritized work schedules with more structure and transparency to maintenance
- More effective and efficient crew composition and scheduling
- Appropriately trained and equipped replacements for retirements (including focused training with simulations, standardized processes, compliance knowledge, etc.)
- Continue to strengthen focus on real-time operations, system protection, and commissioning.

The transmission system includes both Transmission line and substation assets. See section below that summarizes the existing assets in the NSPM system.

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.

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 as well as participation in regional planning, project selection methodology, rule-making and cost allocation development (FERC Order 1000)

Electric Transmission and Substations Infrastructure

	Transmission Line Miles *	# of Substations, Transmission and Distribution **	Control Centers
NSPM	5,776	352	1
NSPW	2,679	204	1
PSCo	4,867	236	1

Transmission and Operating Services

Major Business Functions and Key Activities

SPS	<u>7,928</u>	<u>457</u>	<u>1</u>
	21,250	1,249	4

* FERC FORM NO. 1, 2020 - Line Miles Length measured by pole miles, in the case of underground lines reporting circuit miles.

** FERC FORM NO. 1, 2020 & 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.

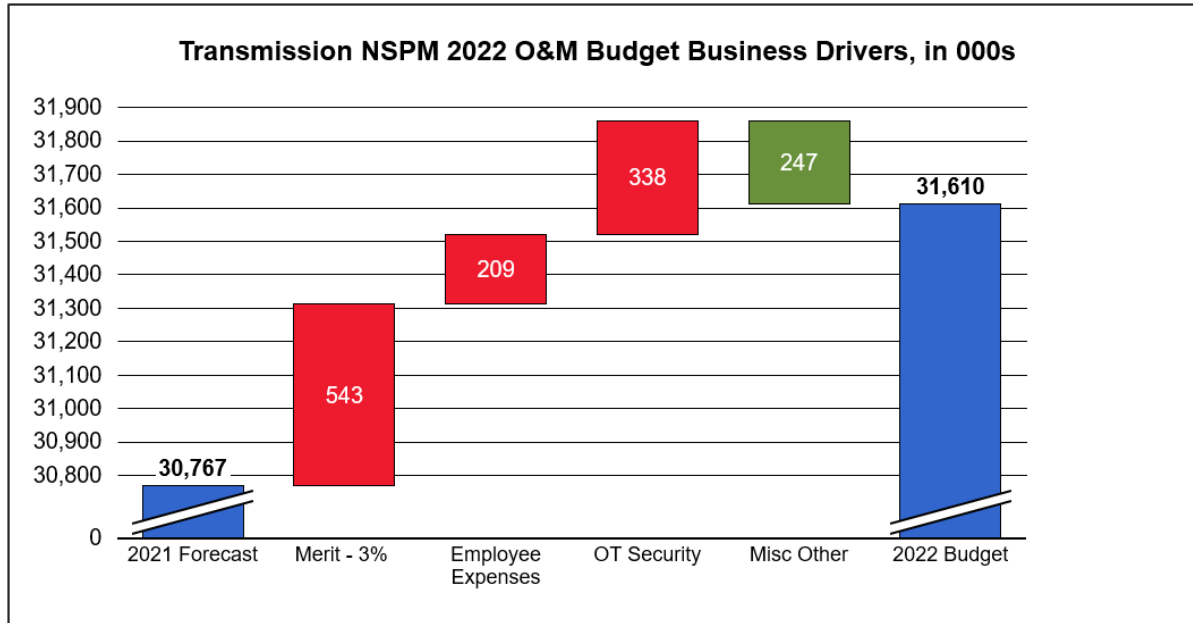
Walk Forward of Major Cost Drivers

Transmission - NSPM 2022 – 2024 O&M Budget Major Cost Drivers

Dollars in Thousands		
2021 Forecast		30,767
Base Pay - 3%	543	
Employee Expenses	209	
OT Security	338	
Other	(247)	
2022 Budget		31,610
Base Pay - 3%	565	
Other	62	
2023 Budget		32,237
Base Pay - 3%	583	
Other	(5)	
2024 Budget		32,815

Walk Forward of Major Cost Drivers

Transmission – NSPM 2022 Budget Major Cost Drivers



Base Pay: The base pay increase of \$543K is based on a three percent increase for union and non-union employees.

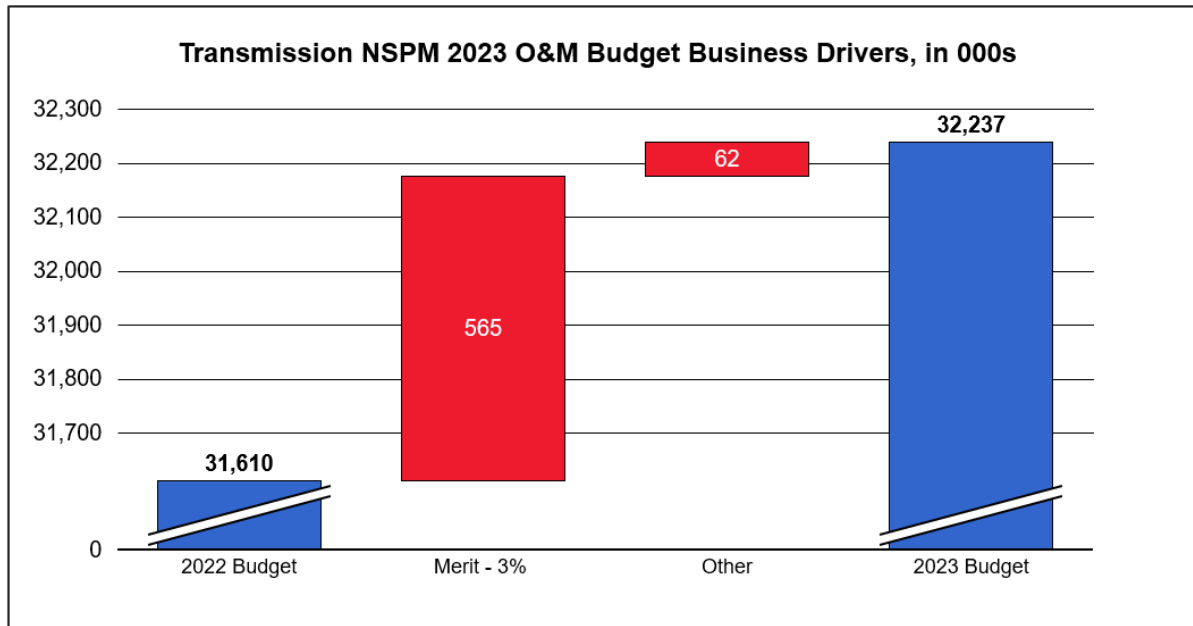
Projects and Initiatives:

OT Security: The Operational Technology Security program provides cyber-security to company assets. Efforts will include Security Monitoring & Logging, Vulnerability & Patch Management, Information management / Password Management & Asset Management. This program is an extension of what we perform today for the NERC CIP Medium Assets across a more broad asset base and will be a \$338K increase in costs.

Other: Continuous improvement efforts driving enhanced productivity and efficiency, in order to achieve aspirational expense targets and offset inflationary pressures, resulted in a \$247K decrease. These costs are partially offset by anticipated Employee Expense increases due to the normalization of Covid-19.

Walk Forward of Major Cost Drivers

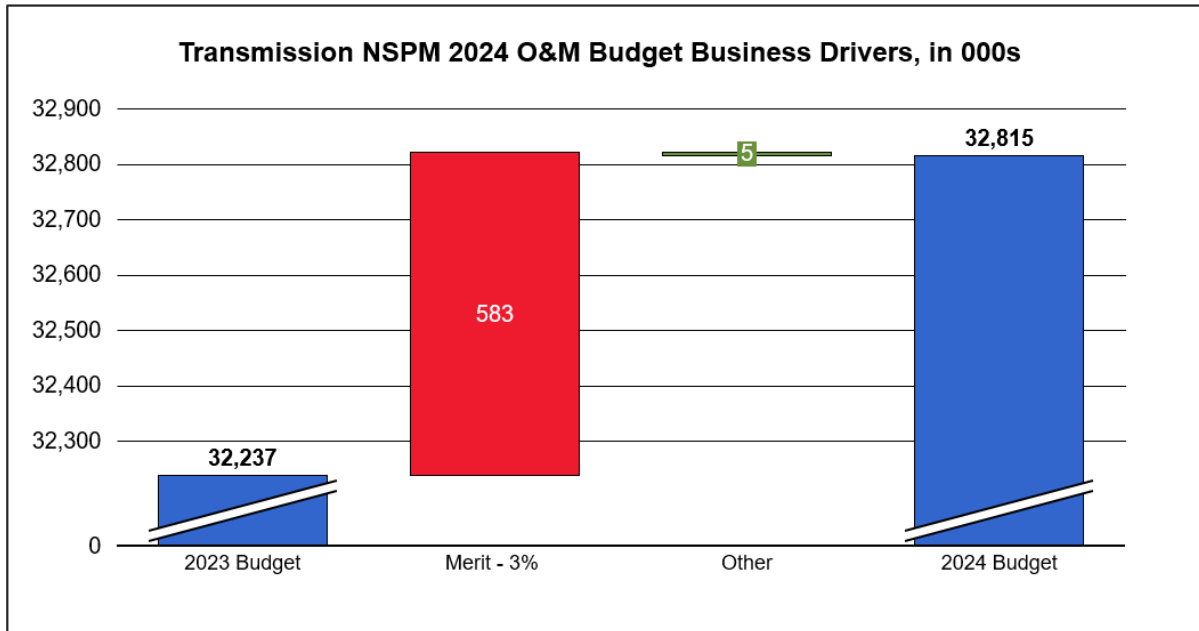
Transmission – NSPM 2023 Budget Major Cost Drivers



Base Pay: The base pay increase of \$565K is based on a three percent increase for union and for non-union employees.

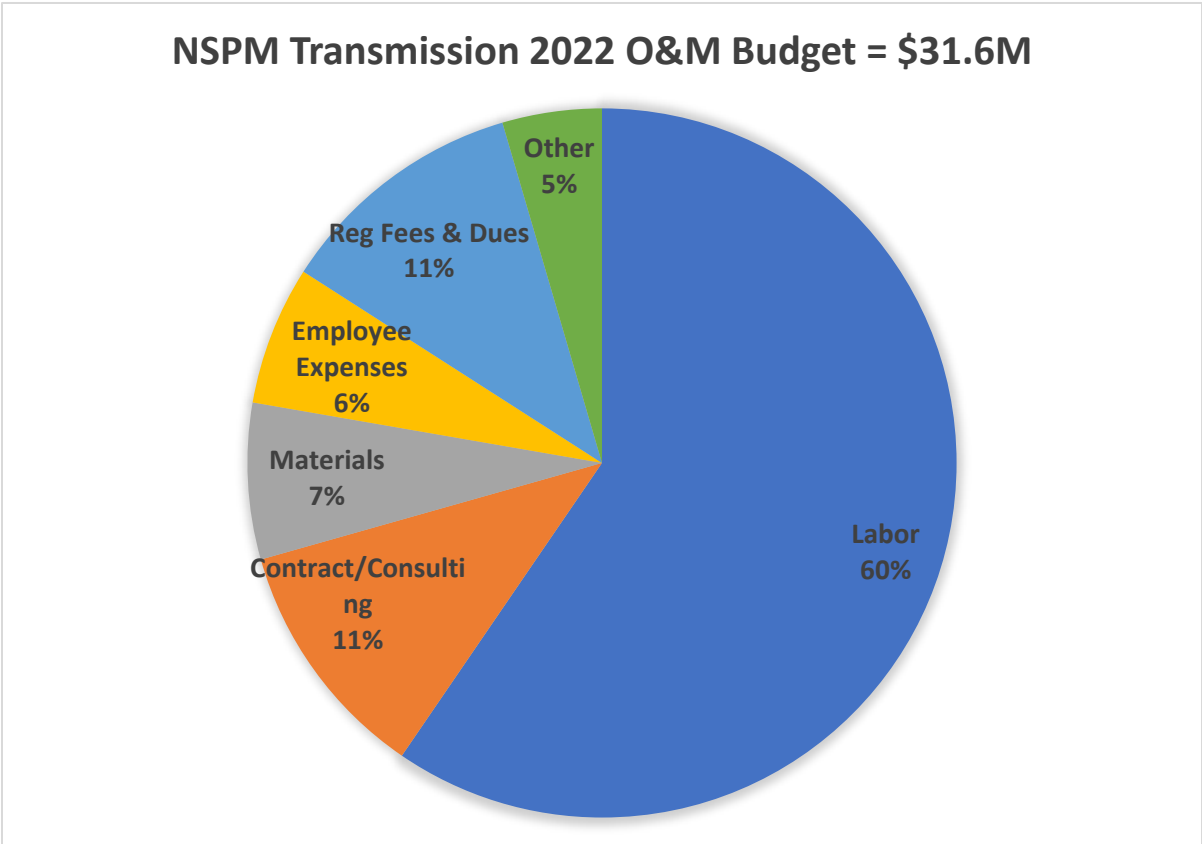
Walk Forward of Major Cost Drivers

Transmission – NSPM 2024 Budget Major Cost Drivers

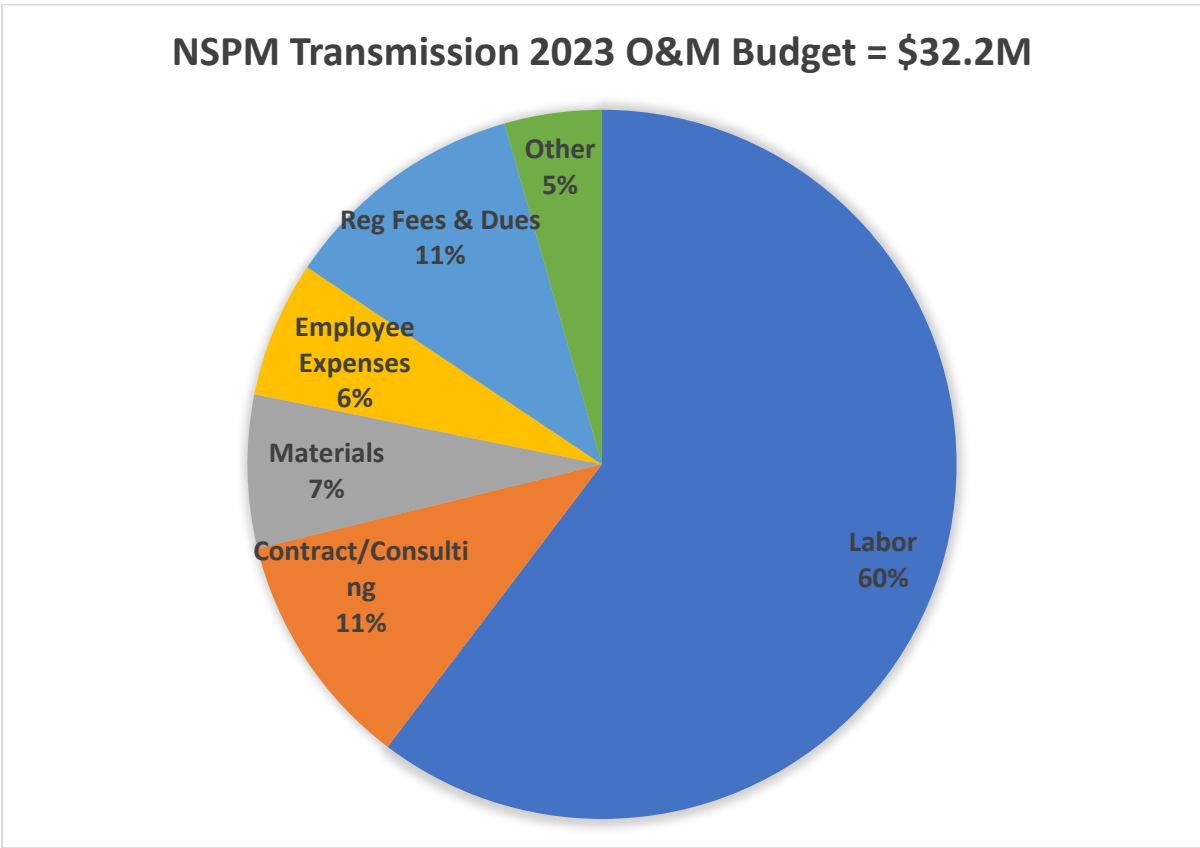


Base Pay: The base pay increase of \$583K is based on a 3 percent increase for union and non-union employees.

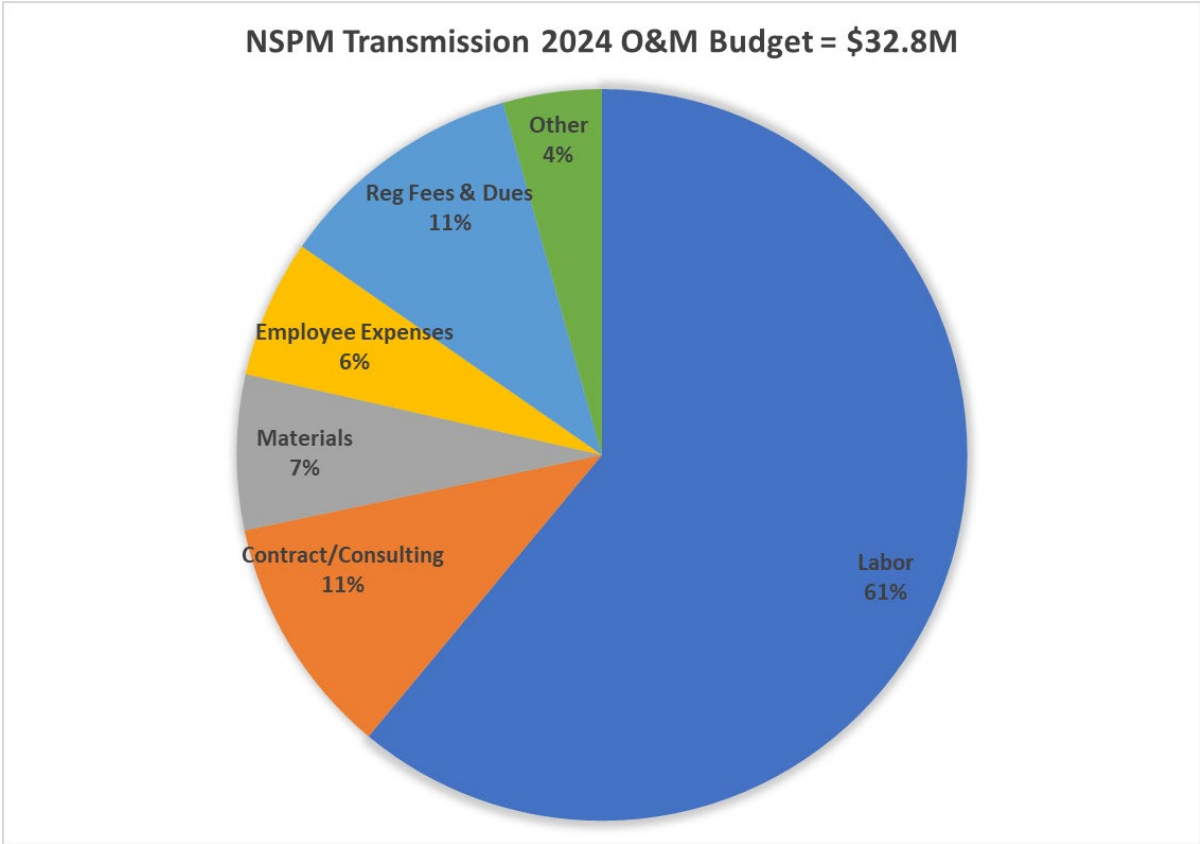
Walk Forward of Major Cost Drivers



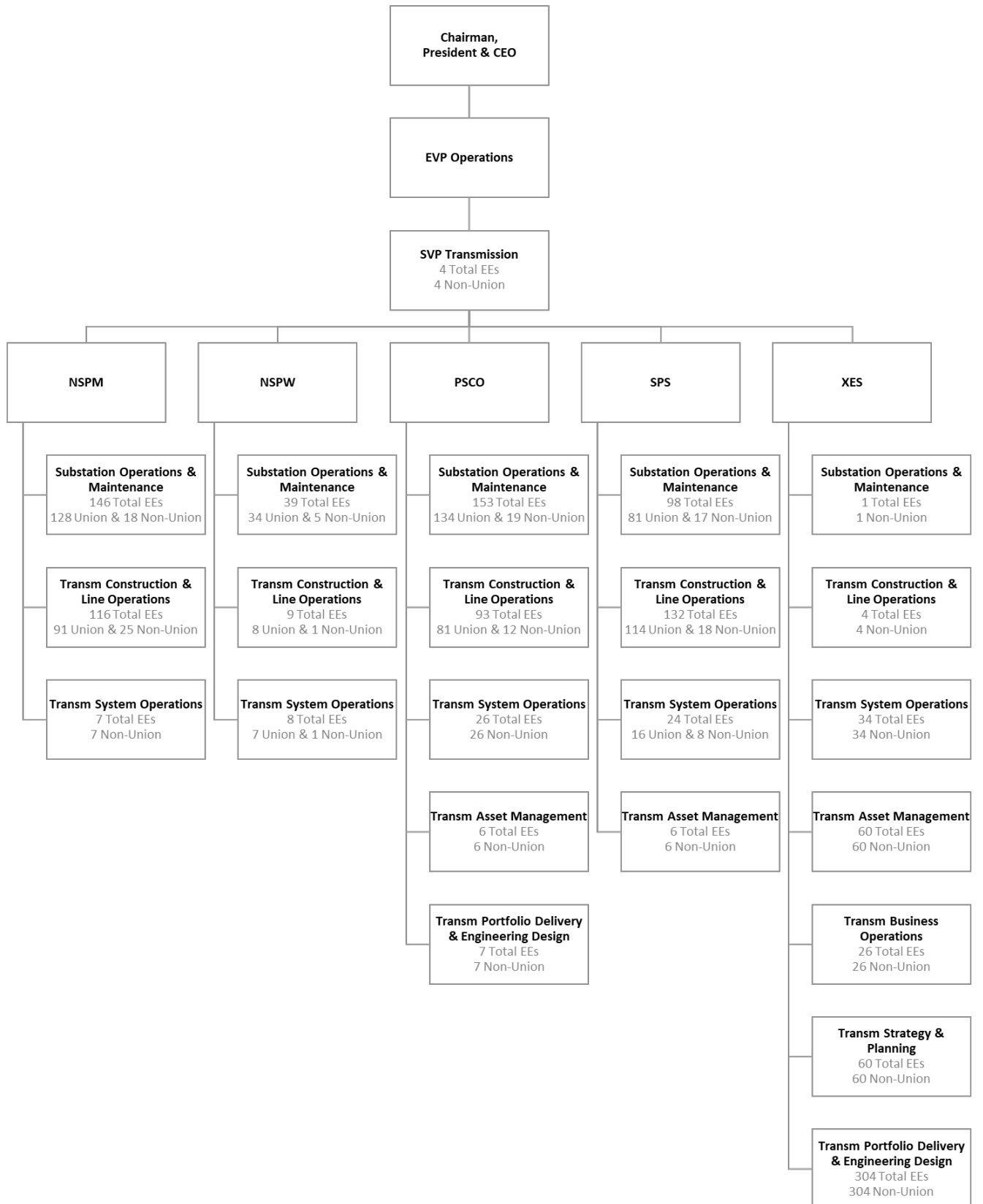
Walk Forward of Major Cost Drivers



Walk Forward of Major Cost Drivers



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. 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 Charges:

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.

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:

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200116	441	Distribution Electric Supervision & Engineering (S&E) FERC 580	Distribution Electric Supervision & Engineering (S&E) FERC 580 services include 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	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.
200125	449	Transmission Electric Supervision & Engineering (S&E) NSPM & NSPW FERC 560	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.



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

Prepared By: _____

Date: _____

Approved By: _____ /s/ _____

Date: _____ 10/13/2021 _____

Erica Meyer Olson

Director, Transmission Finance

_____ /s/ _____

Date: _____ 10/13/2021 _____

Michael Lamb

Senior Vice President, Transmission

2022 - 2024 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)

- 2021 to 2022 walkforward
- 2022 budget by cost category
- 2022 to 2023 walkforward
- 2023 budget by cost category
- 2023 to 2024 walkforward
- 2024 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/Advanced Grid Intelligence and Security (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.

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.

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.

Major Business Functions and Key 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.

Financial Information

The NSPM Distribution Operations and Gas Engineering and Operations business areas overall electric utility O&M budgets will increase over the next three years from \$121.0 million in 2021 to 132.9 million in 2024. This overall increase is primarily driven by programs such as Vegetation Management and Damage Prevention. Aside from these programs, the Distribution Operations organization expects to see labor and contract inflation increases over the next few years, partially offset by savings from continuous improvement initiatives.

2022 Electric Walk Forward of Major Cost Drivers

Distribution Operations - Northern States Power Minnesota (Electric Utility)	
Walk Forward (Dollars in Millions)	
2021 July Year-End Forecast	\$ 121.0
Major Drivers	
AGIS	\$ 0.8
Vegetation Management	\$ 2.1
Damage Prevention	\$ 1.9
Electric Vehicles	\$ 0.3
O&M from Capital Growth	\$ 1.5
Inflation	\$ 3.0
Continuous Improvement	\$ (3.0)
Other	\$ 0.1
2022 Budget	\$ 127.7

Advanced Grid and Information Security (AGIS) Program

- Deployment of our various AGIS programs began in 2019 and will continue to ramp up an additional \$0.8M in 2022. As discussed by Company Witness Mr. Benj Halama, these costs are substantially recovered through the Transmission Cost Recovery rider rather than base rates.

Vegetation Management, Damage Prevention, Electric Vehicles

- Expanding Corporate Strategic Programs in 2022 that will improve grid reliability, prevent damage, and enhance the customer experience. One year Insourcing Damage Prevention Project in 2022 that caused \$1.9M increase.

O&M from Capital Growth

- Capital Investments in NSPM are increasing over \$220M (60%) from 2021 to 2024. This will cause additional O&M as some Capital Investments have small O&M components.

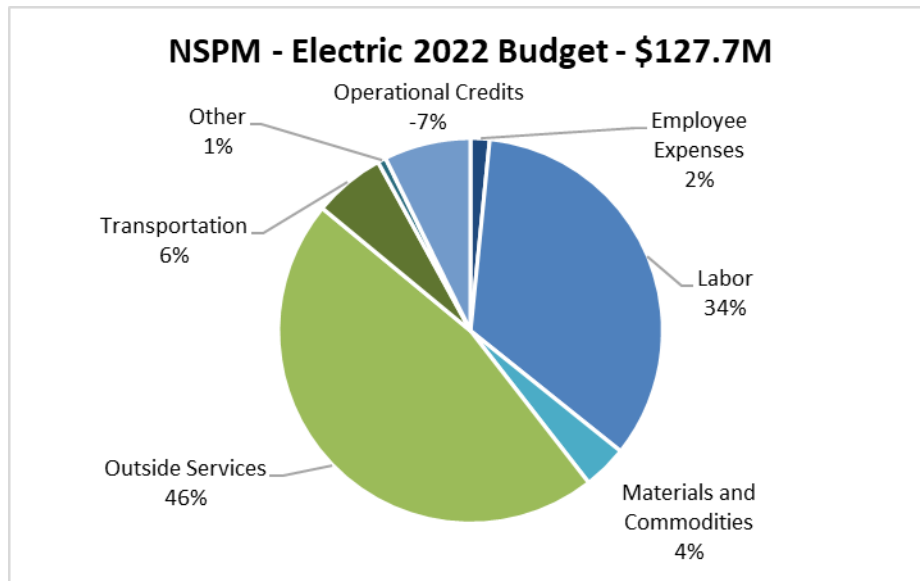
Inflation

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

Continuous Improvement

- Distribution operations has various continuous improvement saving efforts over the five-year budget period. These continuous improvements are expected to drive efficiency gains while executing work in the field. This is expected to result in a (\$3.0M) O&M reduction.

**2022 Distribution Operations and Gas Engineering & Operations NSP Minnesota
Electric Utility O&M Budget 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	\$ 127.7
Major Drivers	
AGIS	\$ (1.3)
Vegetation Management	\$ 2.7
Damage Prevention	\$ (0.6)
Electric Vehicles	\$ 0.3
O&M from Capital Growth	\$ 1.5
Inflation	\$ 3.0
Continuous Improvement	\$ (2.0)
Other	\$ 0.3
2023 Budget	\$ 131.6

Advanced Grid and Information Security (AGIS)

- 2022 is expected to be the largest investment year for the AGIS program. Program continues field deployment in 2023 but at a slightly decreased rate.

Vegetation Management, Damage Prevention, Electric Vehicles

- Expanding Corporate Strategic Programs in 2023 that will improve grid reliability, prevent damage, and enhance the customer experience. One year Insourcing Damage Prevention Project in 2022 that caused program to slightly decrease in 2023.

O&M from Capital Growth

- Capital Investments in NSPM are increasing over \$220M (60%) from 2021 to 2024. This will cause additional O&M as some Capital Investments have small O&M components.

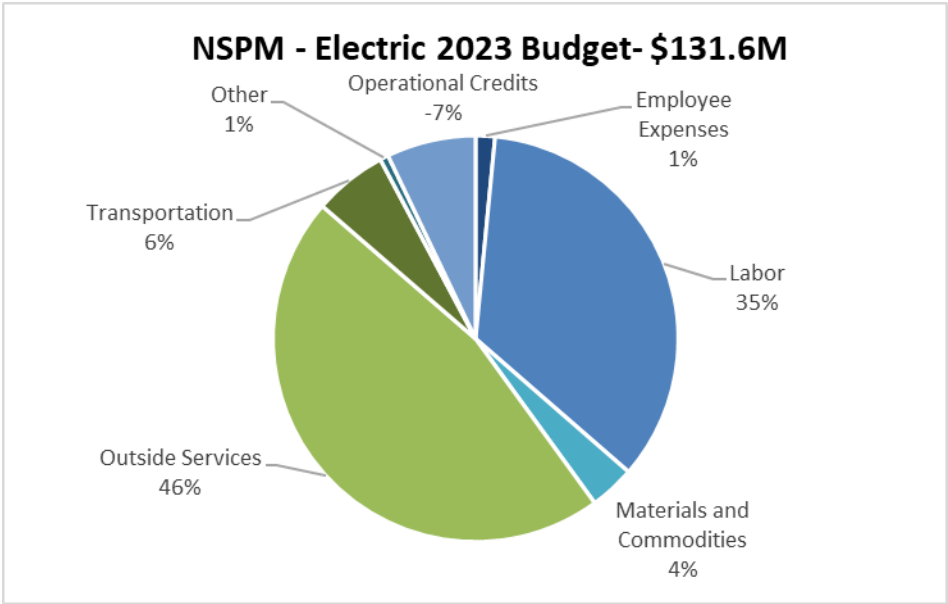
Inflation

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

Continuous Improvement

- Distribution operations has various continuous improvement saving efforts over the five-year budget period. These continuous improvements are expected to drive efficiency gains while executing work in the field. This is expected to result in a (\$2.0M) O&M reduction.

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



2024 Electric Walk Forward of Major Cost Drivers

Distribution Operations - Northern States Power Minnesota (Electric Utility)	
Walk Forward (Dollars in Millions)	
2023 Budget	\$ 131.6
Major Drivers	
AGIS	\$ (0.6)
Vegetation Management	\$ 0.2
Damage Prevention	\$ 0.2
Electric Vehicles	\$ 0.3
O&M from Capital Growth	\$ 1.5
Inflation	\$ 3.0
Continuous Improvement	\$ (3.0)
Other	\$ (0.3)
2024 Budget	\$ 132.9

Advanced Grid and Information Security (AGIS)

- Continued reduction in field deployments for our various AGIS programs in 2024 at an estimated decrease of \$0.6M.

Vegetation Management, Damage Prevention, Electric Vehicles

- Expanding Corporate Strategic Programs in 2024 that will improve grid reliability, prevent damage, and enhance the customer experience.

O&M from Capital Growth

- Capital Investments in NSPM are increasing over \$220M (60%) from 2021 to 2024. This will cause additional O&M as some Capital Investments have small O&M components.

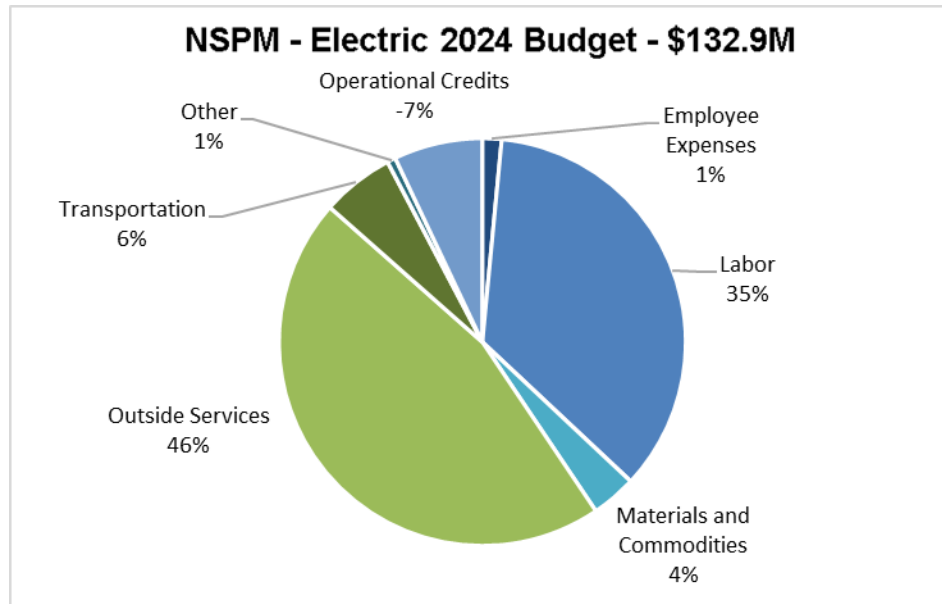
Inflation

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

Continuous Improvement

- Distribution operations has various continuous improvement saving efforts over the five-year budget period. These continuous improvements are expected to drive efficiency gains while executing work in the field. This is expected to result in a (\$3.0M) O&M reduction.

2024 Distribution Operations and Gas Engineering & Operations NSP Minnesota Electric Utility O&M Budget Major Cost Drivers



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.

Allocating Cost Center	JDE Work Order No.	Allocating Cost Center Name	Description
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.
200117	453	Distribution Electric Metering FERC 586	Distribution Electric Metering FERC 586 services include labor, materials used, and expenses incurred in the operation of customer meters and associated equipment (e.g. electric distribution meters standards and development, meter purchases, etc).
200126	423; 440; 525	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.
200129	454	Distribution Gas Meters and House Regulators FERC 878	Distribution Gas Meters and House Regulators FERC 878 services include the cost of labor, materials used and expenses incurred in connection with removing, resetting, changing, testing, and servicing customer meters and house regulators.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/12/2021

Nate Auer

Financial Consultant, Distribution Business Area Finance

Approved By: _____ /s/ _____ Date: 10/8/2021

Brian Broadwell

Director, Distribution Business Area Finance

_____ /s/ _____ Date: 10/12/21

Kelly Bloch

VP, NSP Distribution Operations

2022 - 2024 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.

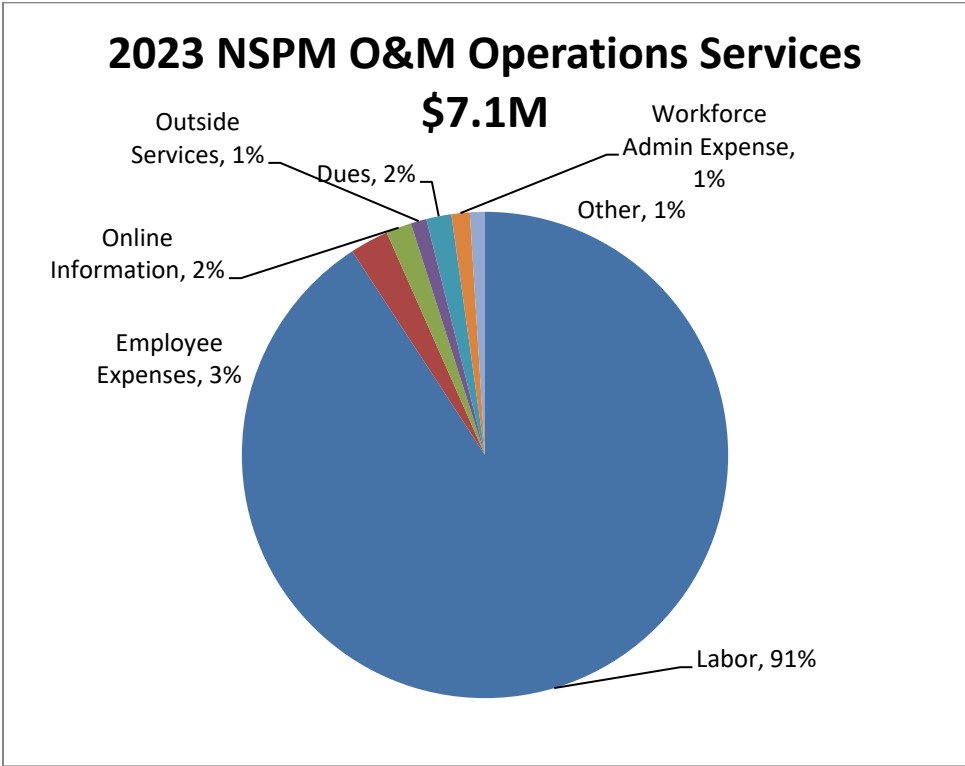
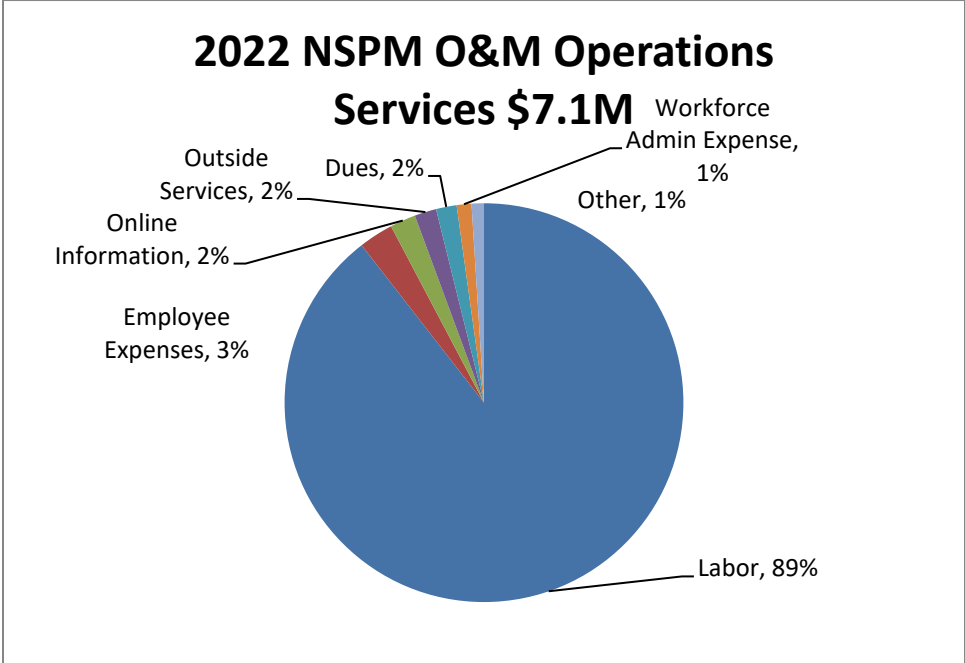
The organization's primary responsibility is to provide for the safe and reliable generation, transmission and distribution of electricity and natural gas to customers.

Customer Value

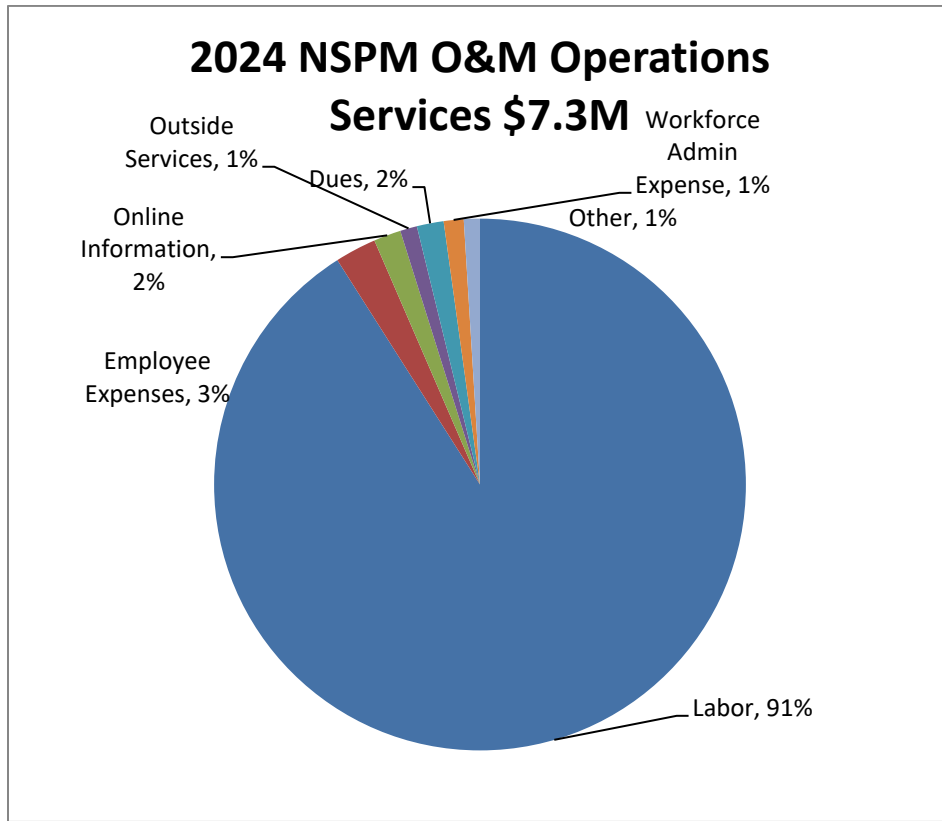
A centralized Operations organization facilitates economies of scale and knowledge transfer. Efficiency and productivity efforts across the Operations organization have helped offset rising costs and limited the growth in operating and maintenance expenses, as well as improved the cost efficiency of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

O&M Budget Major Cost Drivers

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



O&M Budget Major Cost Drivers



Labor – Ops Services represents EVP Operations, Chief of Staff, Supply Chain and Commercial Operations. Labor also includes our Supplemental Incentive Program (SIP).

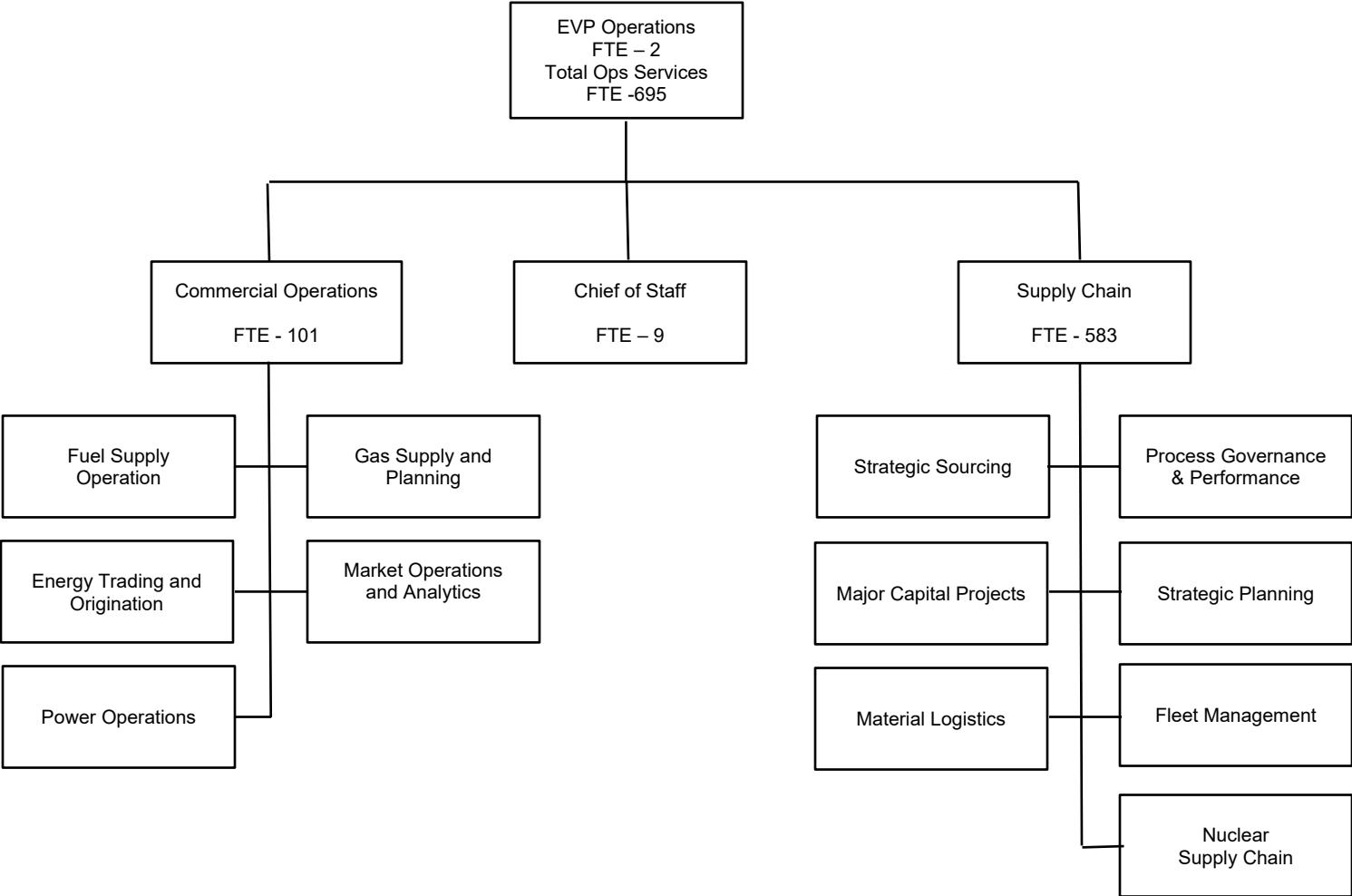
Employee Expenses – Employee expenses for travel, continued education, and professional conferences.

All Other – Online Information, Outside Services, Dues, Workforce Admin and Other.

Walk Forward of Major Cost Drivers

Dollars in Thousands (NSPM)		
2021 July Year-End Forecast		7,785
Base Pay - 3%		147
Other Increases		156
Non-labor increases from one-time 2020 reductions	156	
Other Decreases		(1,019)
Supplemental Incentive Plan for the Trading Organization	(1,182)	
Labor force job code changes	164	
2022 Budget		7,070
Base Pay - 3%		163
Other Increases		2
Workforce Administration	2	
Other Decreases		(142)
Supplemental Incentive Plan for the Trading Organization	(49)	
Other non-labor reductions	(51)	
Professional Fees	(43)	
2023 Budget		7,092
Base Pay - 3%		162
Other Increases		2
Work Force Administration	2	
Other Decreases		(3)
Supplemental Incentive Plan for the Trading Organization	(3)	
2024 Budget		7,252

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 & Gas Resource 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 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

Trading 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

- 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.

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.
200132	413	Payment & Reporting	Payment & Reporting services includes the labor and non-labor costs associated with processing payments to vendors, providing audit research and reconciliation support for Accounts Payable transactions, preparing statistical and 1099 reporting, and administering the purchase card programs.
200134	144	Proprietary Trading - Front/Mid Office FERC 557	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.
200136	415	Energy Markets - Fuel	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.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200146	429	Energy Markets - Regulated Trading	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.
200174	145	Generation Trading/Native Hedge - Mid Office FERC 557	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.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/17/2021 _____

Piera Huffman

Financial Consultant

Approved By: _____ /s/ _____ Date: 10/13/2021 _____

Erica Meyer Olson

Director, Transmission Finance & Ops Services Finance

Approved By: _____ /s/ _____ Date: 10/15/2021 _____

Sangram S Bhosale

VP – Supply Chain

Approved By: _____ /s/ _____ Date: 10/21/2021 _____

John T Welch

VP - Commercial Operations

2022 - 2024 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,

Benefits

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.

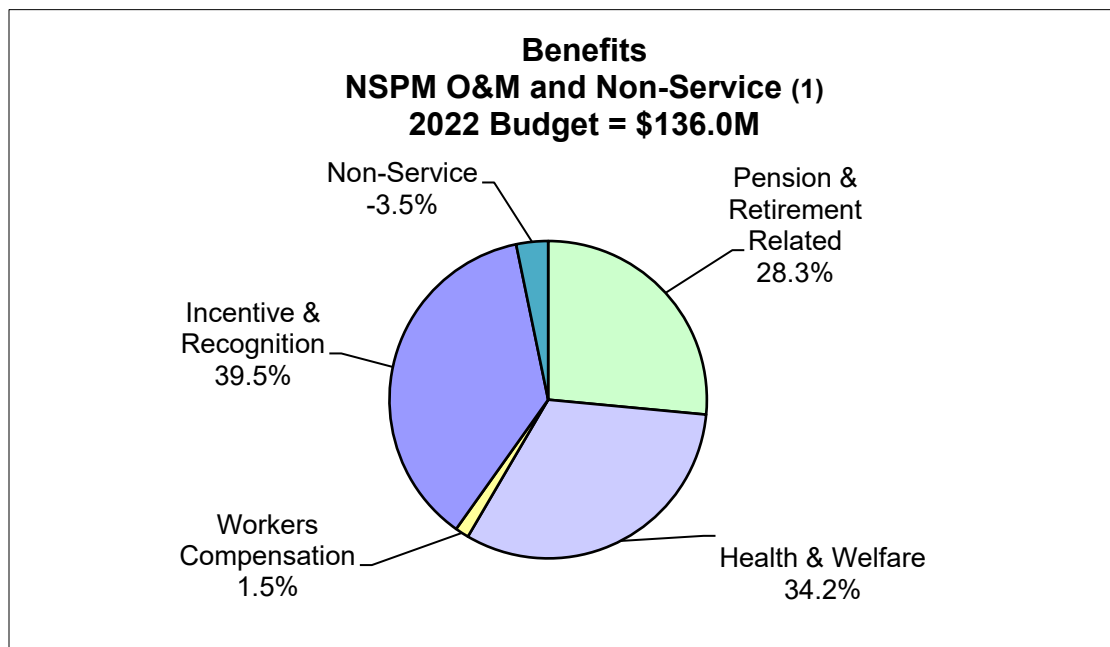
Workers Compensation

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.

2022-2024 Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service (1) 2022 Budget
Pension & Retirement Related	\$38,544
Health & Welfare	46,460
Workers Compensation	2,041
Incentive & Recognition	53,695
Non-Service (non-O&M)	(4,711)
Total	\$136,029



(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.

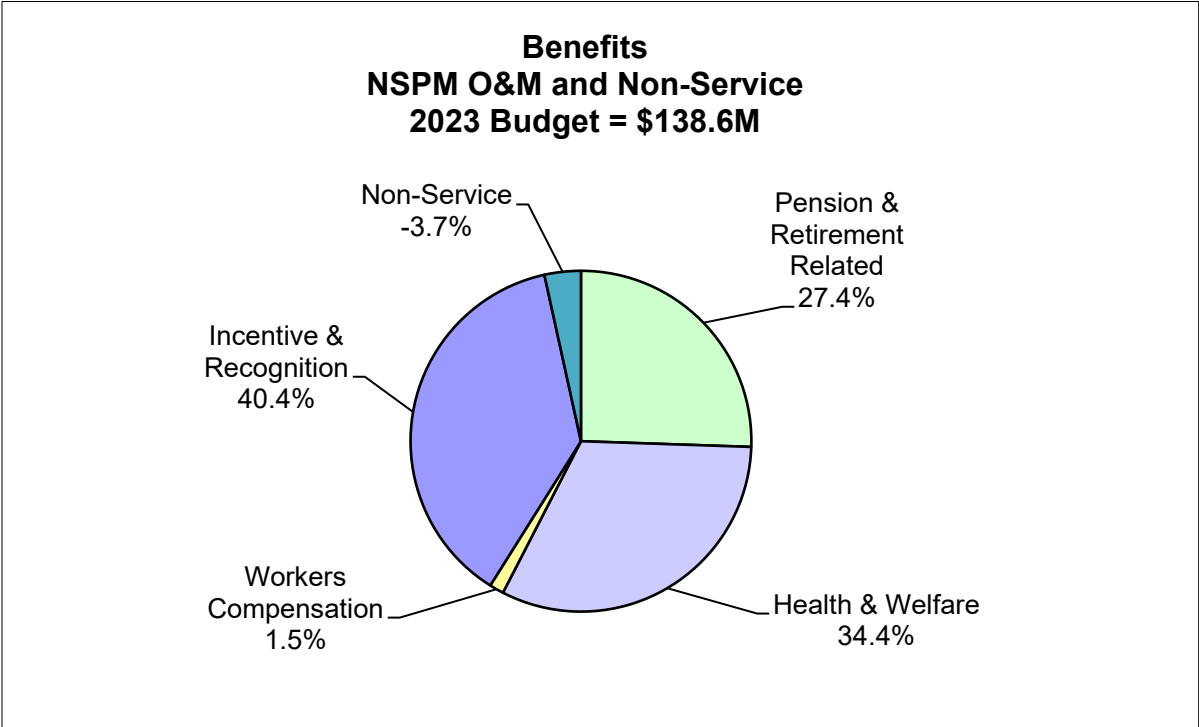
Pension & Retirement Related – The major cost categories are qualified and nonqualified pension costs, 401(k) match costs, employer retirement contribution for nuclear bargaining employees and retirement related consulting costs.

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.

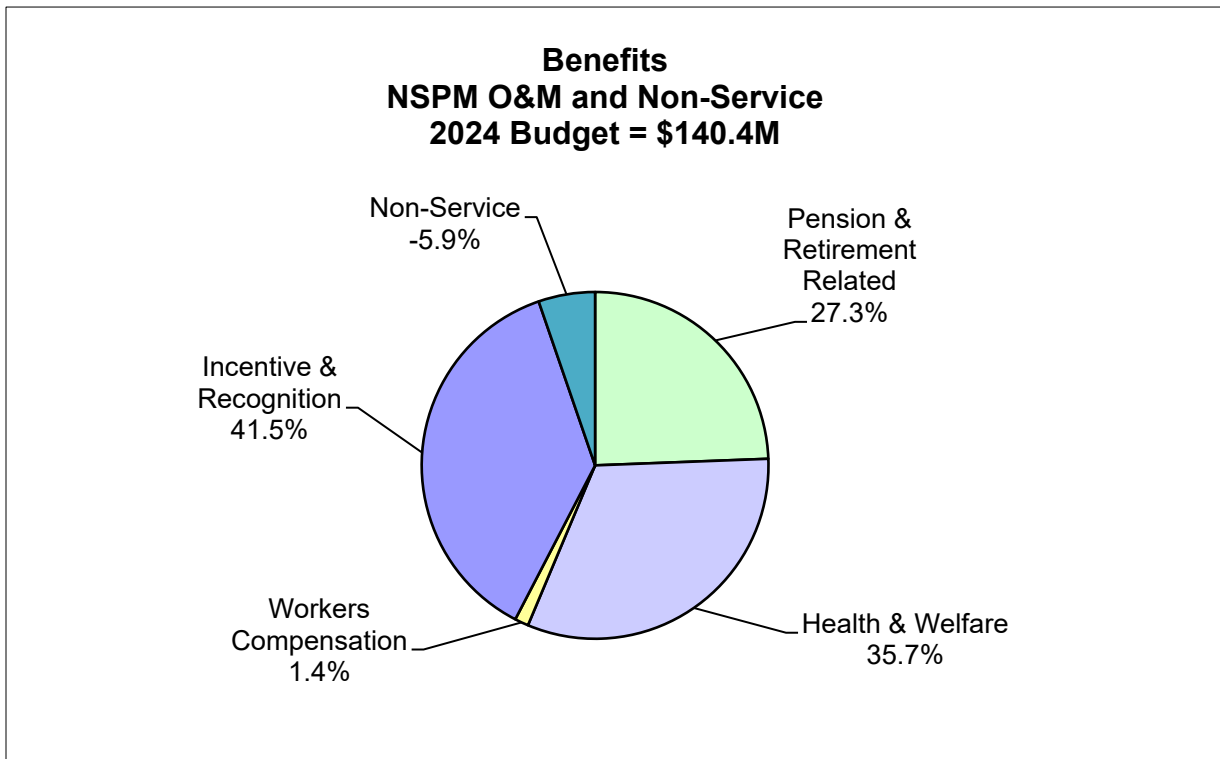
2022-2024 Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service 2023 Budget
Pension & Retirement Related	\$38,000
Health & Welfare	47,671
Workers Compensation	2,028
Incentive & Recognition	55,982
Non-Service (non-O&M)	(5,128)
Total	\$138,553



2022-2024 Major Cost Categories

Cost Components	Benefits NSPM O&M and Non-Service 2024 Budget
Pension & Retirement Related	\$38,288
Health & Welfare	50,124
Workers Compensation	2,016
Incentive & Recognition	58,247
Non-Service (non-O&M)	(8,278)
Total	\$140,397

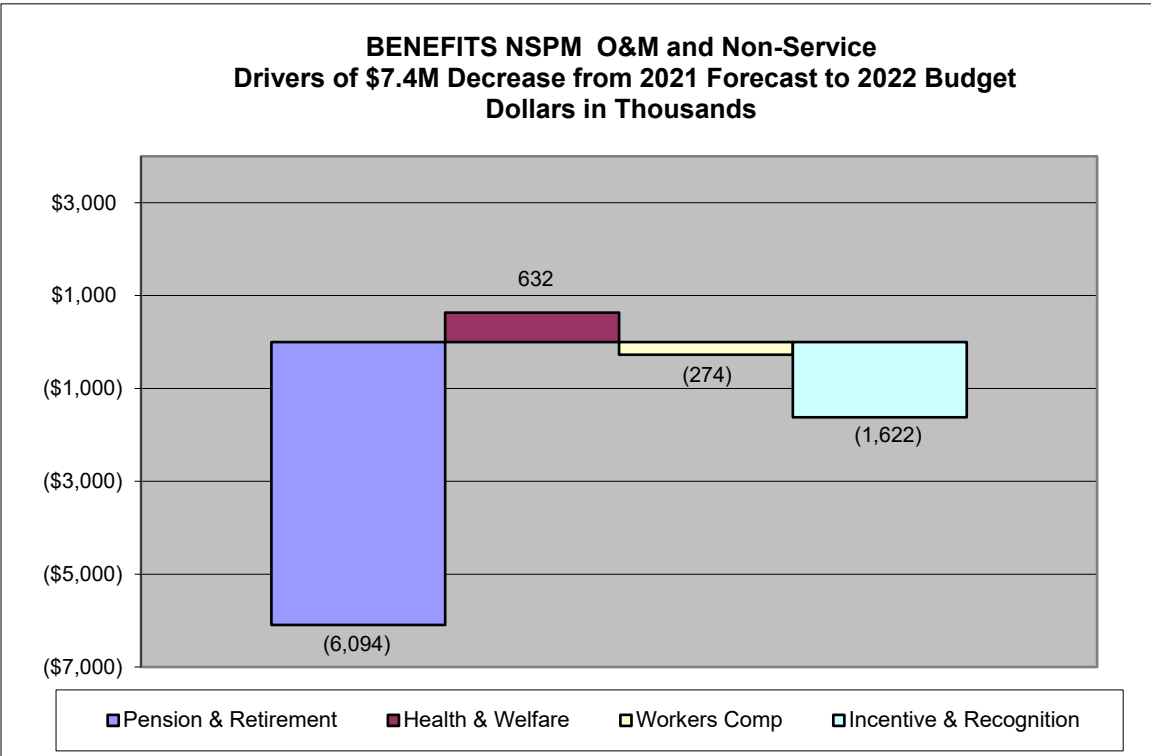


Budget Walk Forward

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 2021 forecast, to the 2022 budget, 2023 budget and ending with the 2024 budget.

NSPM

Summary - 2021 Forecast to 2022 Budget



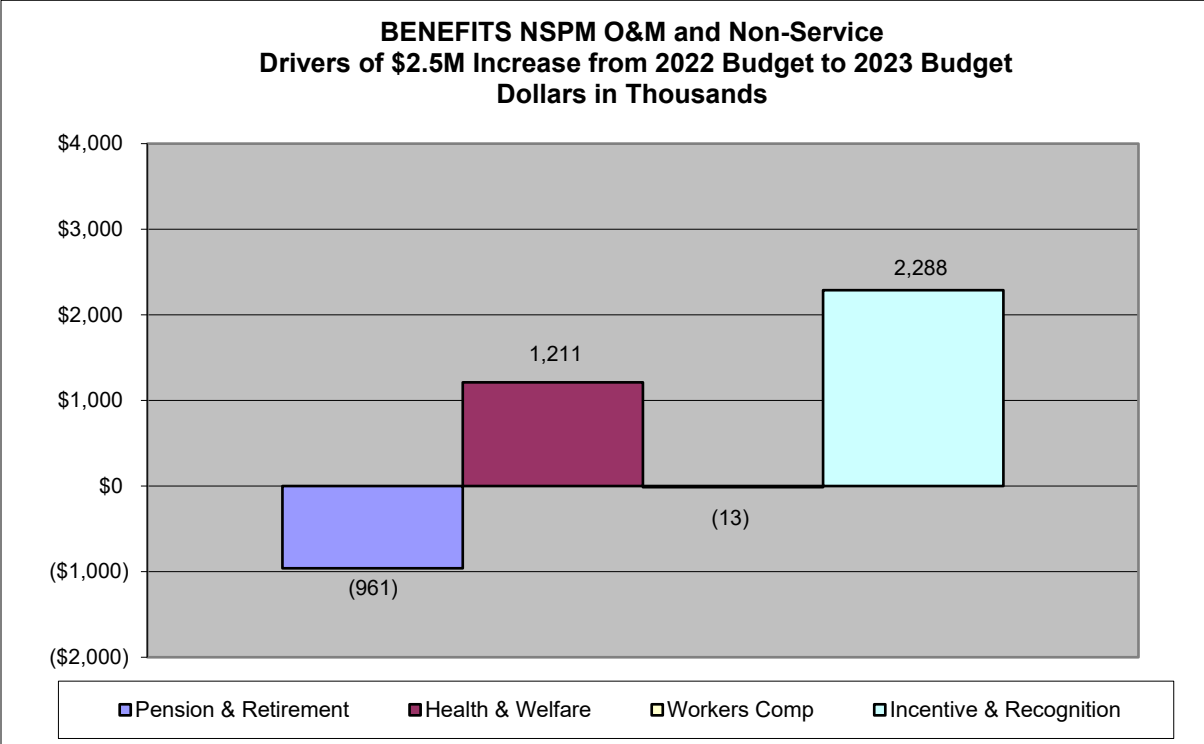
Budget Walk Forward

Main Business Drivers

Benefits NSPM O&M and Non-Service Walk Forward from 2021 Forecast to 2022 Budget (Dollars in Thousands)		
2021 O&M and Non-Service Forecast		\$143,387
Pension & Retirement Related		(6,094)
Lower non-service actuarial (non-O&M) costs	(6,007)	
Lower qualified pension costs	(761)	
Higher 401k match costs mainly due to projected annual merit increases	476	
Higher non-qualified pension costs	36	
Net Other	161	
Health & Welfare		632
Higher health & welfare costs mainly due to active healthcare inflation	928	
Lower FAS 112 long-term disability costs	(289)	
Lower retiree medical costs	(8)	
Workers Compensation		(274)
Lower workers compensation costs	(274)	
Incentive & Recognition		(1,622)
Lower restricted stock unit costs	(1,687)	
Lower deferred comp expense	(1,019)	
Lower performance share plan costs	(296)	
Higher annual incentive costs mainly due to projected annual salary increases	1,032	
Net Other	348	
2022 O&M and Non-Service Budget		\$136,029

Budget Walk Forward

Summary – 2022 Budget to 2023 Budget



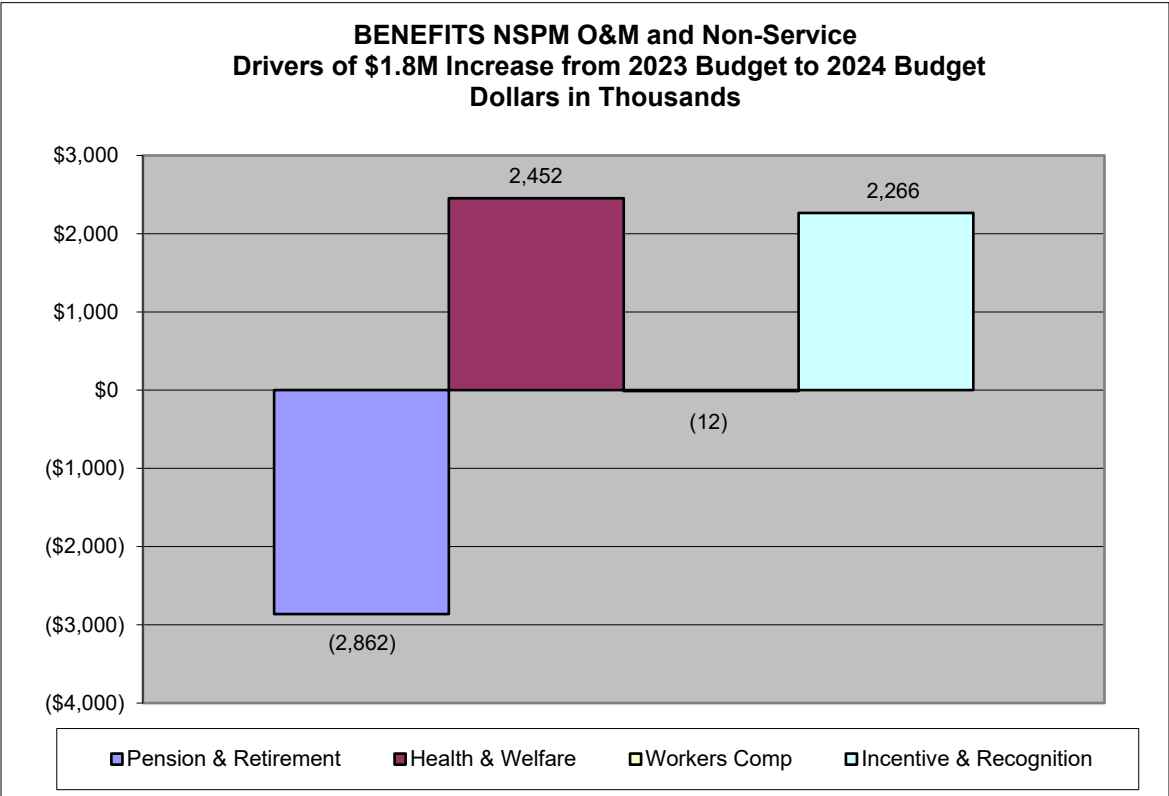
Budget Walk Forward

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		\$136,029
Pension & Retirement Related		(961)
Lower qualified pension costs	(893)	
Lower non-service actuarial (non-O&M) costs	(417)	
Higher 401k match costs mainly due to projected annual merit increases	303	
Higher non-qualified pension costs	13	
Net Other	32	
Health & Welfare		1,211
Higher health & welfare costs mainly due to active healthcare inflation	1,223	
Lower retiree medical costs	(7)	
Lower FAS 112 long-term disability costs	(5)	
Workers Compensation		(13)
Lower workers compensation costs	(13)	
Incentive & Recognition		2,288
Higher annual incentive costs due to projected annual salary increases	971	
Higher restricted stock unit costs	878	
Higher performance share plan costs	193	
Higher deferred comp expense	179	
Net Other	67	
2023 O&M and Non-Service Budget		\$138,553

Budget Walk Forward

Summary – 2023 Budget to 2024 Budget



Budget Walk Forward

Main Business Drivers

Benefits NSPM O&M and Non-Service Walk Forward from 2023 Budget to 2024 Budget (Dollars in Thousands)		
2023 O&M and Non-Service Budget		\$138,553
Pension & Retirement Related		(2,862)
Lower non-service actuarial (non-O&M) costs	(3,150)	
Lower qualified pension costs	(115)	
Higher 401k match costs mainly due to projected annual merit increases	350	
Higher non-qualified pension costs	14	
Net Other	39	
Health & Welfare		2,452
Higher health & welfare costs mainly due to active healthcare inflation	2,462	
Lower retiree medical costs	(5)	
Lower FAS 112 long-term disability costs	(4)	
Workers Compensation		(12)
Lower workers compensation costs	(12)	
Incentive & Recognition		2,266
Higher annual incentive costs due to projected annual salary increases	1,032	
Higher restricted stock unit costs	618	
Higher performance share plan costs	352	
Higher deferred comp expense	190	
Net Other	73	
2024 O&M and Non-Service Budget		\$140,397

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.

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_____ /s/ _____ Date: 10/7/2021

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AVP, Financial Analysis & Planning



2022 – 2024 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, security, operational decision-making, and improving customer support along with business capabilities for Xcel Energy, Inc.

The Business Systems organization consists of five groups further described below:

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

Customer Value

- Governance, Strategy, and Performance
 - Responsible for the overall management and coordination of the Business Systems organization. This includes all information technology (IT) 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 Shared Services
 - Data Center Services – responsible for data center facilities, compute, storage, backup, disaster recovery, and active directory
 - Network Operational Technology (OT) Services – responsible for connectivity (fiber/wireless), OT network, and field technicians
 - End-User Services – responsible for client support, unified communications, desktop engineering, patching and application deployment

Major Business Functions and Key Activities

- Network IT Services – responsible for application balancing, edge security, transport (WAN), engineering (LAN), voice
 - Platform & Automation – responsible for cloud engineering, automation, engineering enablement, and monitoring
 - IT Service Management – responsible for IT service and process management, INOC, and service desk
 - Business Management – responsible for portfolio management, project management, business in-take, financial management, and process and governance
- Application Delivery
 - Partners with business areas enterprise-wide to develop and align strategic technology solutions.
 - Evaluates and partners with a large range of technology vendors 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 Directors which focus on supporting the Operations, Corporate, and Customer areas of Xcel Energy.
- Digital Analytics and Innovation
 - Focused on enabling business process innovation through analytics, mobile, automation, and design thinking.
 - Program Execution and Business Management is responsible for program and project delivery along with coordinating business management activities across the group. In addition, this area serves to manage the HR application delivery team.
 - Enterprise Services focuses on managing the enterprise data and analytics teams and tools along with the Company's mobility platforms.
 - Customer Experience Transformation is focused on supporting the technical delivery for the Company's CXT Program. This area also houses the Salesforce Center of Excellence and a Digital Transformation Support assurance team.
 - SAP Center of Excellence focuses on maintaining, updating/patching, and improving SAP, the Company's enterprise resource planning (ERP) software.
 - Digital Ops Factory focuses on initiatives for the Company to gain efficiencies from moving to a digital state.

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 (ADMS); Advanced Metering Infrastructure (AMI); the Field Area Network (FAN); Integrated Volt-VAr Optimization (IVVO); and Fault Location Isolation and Service Restoration (FLISR). 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.

The interfaces will 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 increase in data

Advanced Grid Initiative

consumption will require additional space for storage and a data management plan to ensure that 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

Network Services - costs related to the maintenance of existing circuits, phones, microwave and radio systems, along with 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. These costs are dependent upon Xcel Energy's service usage levels and the number of assets in use.

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 licensing, updates, support patches, fixes, and technical support.

Labor – all benefit and non-benefit Business Systems employees.

Distributed Systems Services (DSS) – support and maintenance of servers, data storage, personal computers, printers, and similar components of the overall computing environment. As the number of servers grows, so does the amount of storage because each new server requires storage to function. Since the 2016 NSPM electric rate case, we had an increase in servers of 3,340, bringing the total to 5,580.

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.

Shared Assets - This category reflects the allocation of Business Systems 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. The dollars associated with this category are, in a sense, a true-up of costs related to a certain investment by assigning to the appropriate jurisdiction(s). This number fluctuates in part based on the jurisdiction in which an investment is purchased, consistent with our cost allocation policy. For example, the dollars in this account will decrease when an asset is purchased in NSPM but is also utilized in other operating companies.

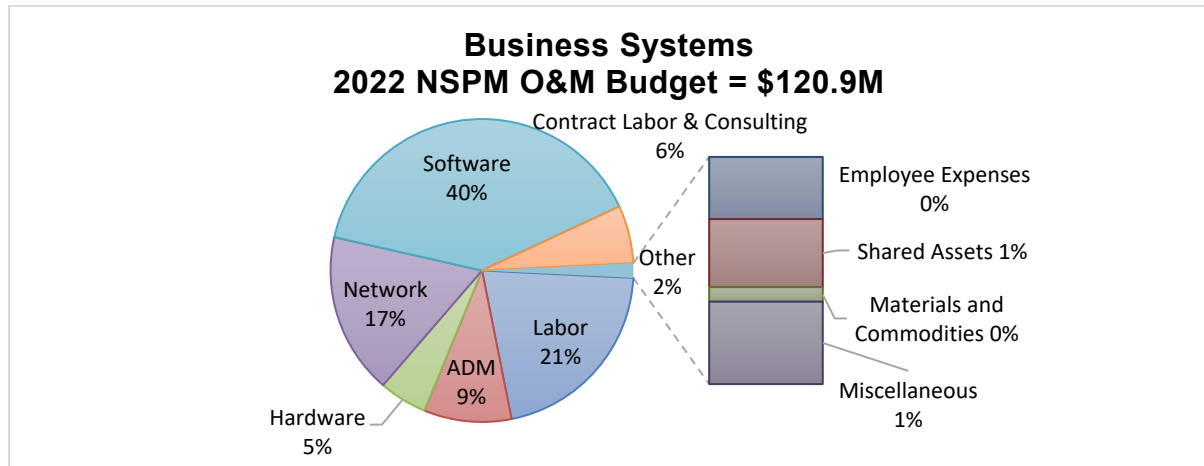
Hardware Purchases and Maintenance – vendor contracts to support hardware systems. This cost category also includes miscellaneous hardware equipment purchases, such as batteries, memory cards, keyboards, headsets, and related technical tools.

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.

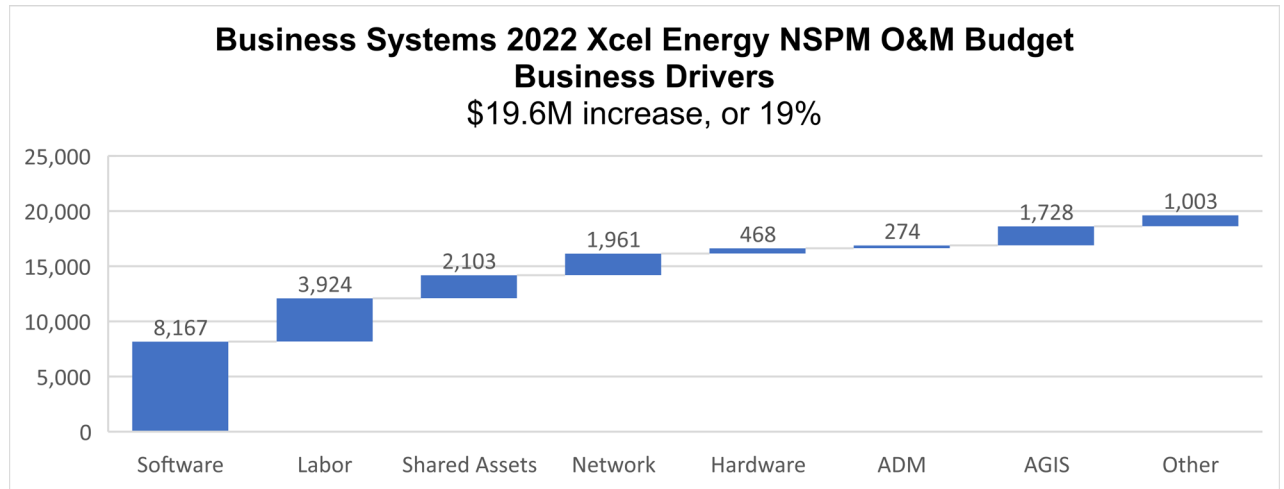
Other – consists of administrative materials, fleet expenses, donations, dues and fees, and internal building moves.

2022 Xcel Energy Walk Forward of Major Cost Drivers



Business Systems 2022 Xcel Energy O&M Budget Walk Forward (Dollars in thousands)		
2021 July Year-End O&M Forecast		\$101,280
Software		8,167
Software Maintenance	2,827	
Software Licenses	2,943	
Software – ASP	392	
Online Information Services	2,005	
Labor		3,924
Internal Labor	3,011	
Contract Labor & Consulting	913	
Network Services		1,961
Hardware		468
Hardware Maintenance & Purchases	(70)	
Distributed Systems Services	109	
Mainframe Services	429	
Application Development & Maintenance		274
Shared Assets		2,103
AGIS		1,728
Internal Labor	(31)	
Contract Labor & Consulting	1,042	
Hardware Maintenance & Purchases	455	
Software Maintenance & Purchases	609	
Application Development & Maintenance	5	
Miscellaneous	(352)	
Net Other		1,003
2022 O&M Budget		\$120,908

2022 Xcel Energy Walk Forward of Major Cost Drivers



Software: Includes the following: 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 five major drivers of increase to the 2022 budget in addition to continued overall 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. Fifth, as the CXT initiative begins to move to a supported run-steady state within Business Systems, additional Software is required to support the program. Overall, these factors translate to increased software license and maintenance costs.

Labor (Internal): Base pay increase estimate for 2022 is three percent. Additional internal labor increases are due to in-sourcing initiatives of converting contractors to full-time employees as part of the organization's strategy. Employee headcount is managed through a workforce plan process that monitors changes and includes attrition information as well as emergent needs. Changes to employee headcount for replacement related to attrition or for new headcount require assessment of the need for the personnel, the associated risks with not filling the position, and alternative options.

Labor (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 increase in 2022 due to continued increase volume in capital projects, staff augmentation needs, and consulting with trusted advisors for contract negotiations.

Shared Assets - This category reflects the allocation of Business Systems 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. The dollars associated with this category are, in a sense, a true-up of costs related to a certain investment by assigning to the appropriate jurisdiction(s). This number fluctuates in part based on the jurisdiction in which an investment is purchased, consistent with our cost allocation policy.

Network Services: Network system growth in 2022 reflects the increased usage of the organization's network to support new applications, demand for greater speed, and the need for additional capacity to support existing systems. These usage and demand needs increase each year, driven by technology advances, as new requirements or capabilities are identified, and sites are added. Additional increased

2022 Xcel Energy Walk Forward of Major Cost Drivers

costs have resulted from the need to upgrade and replace aging components of the network especially with a shift from analog circuits to digital circuits. 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. This expansion places new assets in service that must be maintained.

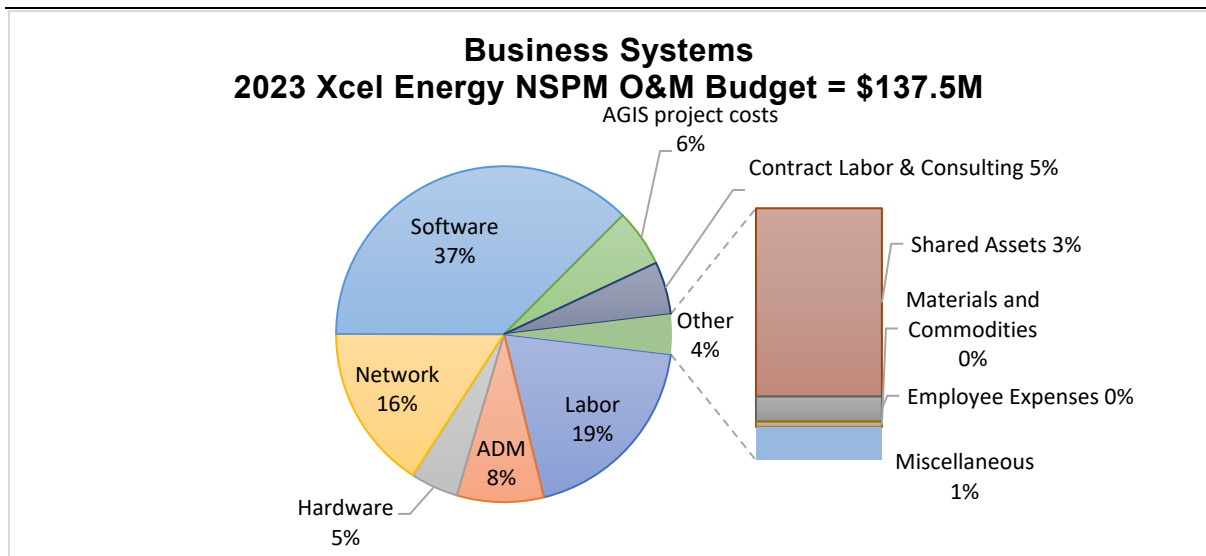
Hardware Maintenance: These costs relate largely to vendor contracts maintained to support hardware systems. Costs for this category are expected to fluctuate based on the work being performed. The major driver of the increase is related to the maintenance costs required to support the new hardware.

Application Development and Maintenance (ADM): ADM costs continue to remain relatively flat 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 three percent annually for IBM contracts, four percent for Accenture per the current agreement, and three percent for Cognizant. Higher spending is primarily driven by these COLAs.

AGIS: The types of O&M costs Business Systems is incurring and expects to incur for AGIS include hardware support, costs for the AMI head-end software (which is a shared asset), data storage, annual software maintenance, labor for software support and project oversight, and application support, which includes ongoing testing, review of processes, and application of security patches to respond to evolving threats.

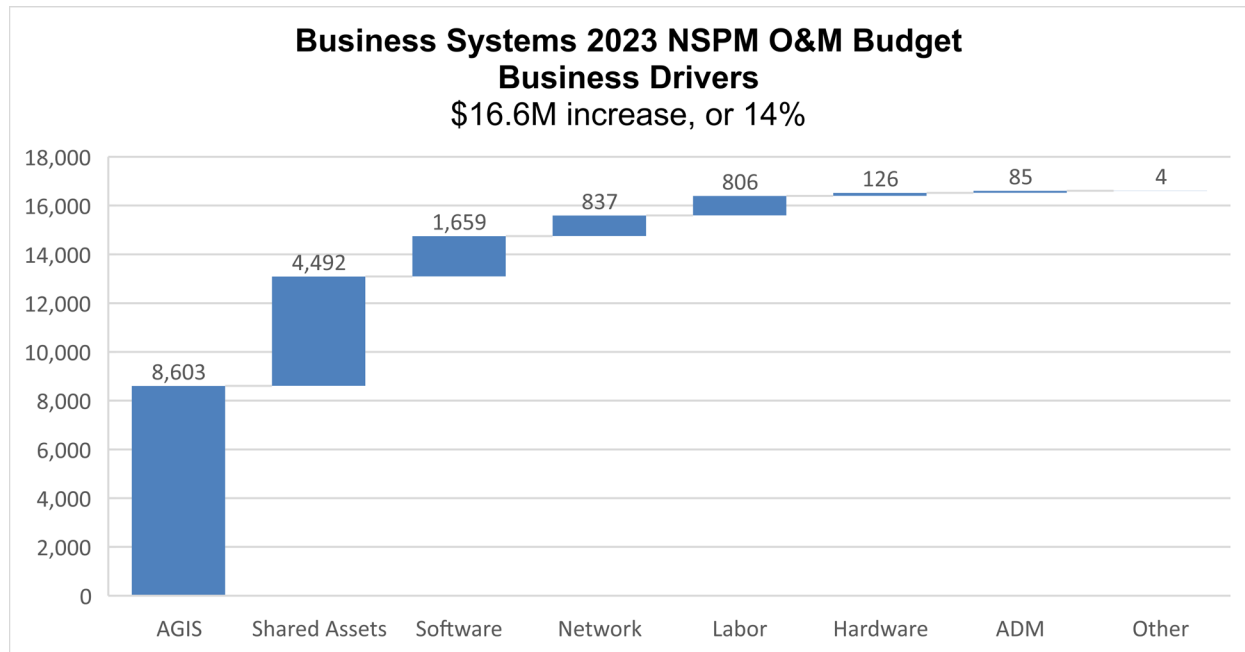
Other: Includes several smaller spend categories with the primary being Employee Expenses.

2023 Xcel Energy Walk Forward of Major Cost Drivers



Business Systems 2022 Xcel Energy O&M Budget Chart (Dollars in thousands)		
2022 O&M Budget		\$120,908
Software		1,659
Software Maintenance	1,149	
Software Licenses	289	
Software - ASP	75	
Online Information Services	146	
Labor		806
Internal Labor	833	
Contract Labor & Consulting	(27)	
Network Services		837
Voice & Radio	0	
Telecommunication	0	
Data & Services	837	
Hardware		126
Hardware Maintenance & Purchases	78	
Distributed Systems Services	20	
Mainframe Services	28	
Application Development & Maintenance		85
Shared Assets		4,492
AGIS		8,603
Internal Labor	(69)	
Contract Labor & Consulting	(519)	
Hardware Maintenance & Purchases	(42)	
Software Maintenance & Purchases	1,628	
Project O&M	7,605	
Net Other		4
2023 O&M Budget		\$137,520

2023 Xcel Energy Walk Forward of Major Cost Drivers



AGIS: The types of O&M costs Business Systems is incurring and expects to incur for AGIS include hardware support, costs for the AMI head-end software (which is a shared asset), data storage, annual software maintenance, labor for software support and project oversight, and application support, which includes ongoing testing, review of processes, and application of security patches to respond to evolving threats.

Software: Includes the following: 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 five major drivers of increase to the 2023 budget in addition to continued overall 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. Fifth, supporting and maintaining the run-steady state of the CXT initiative. Overall, these factors translate to increased software license and maintenance costs.

Network Services: Network system growth in 2023 reflects the increased usage of the organization's network to support new applications, demand for greater speed, and the need for additional capacity to support existing systems. These usage and demand needs increase each year, driven by technology advances, as new requirements or capabilities are identified, and sites are added. Costs reductions were implemented by the Company by the in-sourcing of work previously performed by IBM, terminating that contract, and also changing the vendors who manage the network circuits. Additional increased costs have resulted from the need to upgrade and replace aging components of the network especially with a shift from analog circuits to digital circuits. 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

2023 Xcel Energy Walk Forward of Major Cost Drivers

investment in expanding the wireless network to aid productivity. This expansion places new assets in service that must be maintained.

Shared Assets - This category reflects the allocation of Business Systems 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. The dollars associated with this category are, in a sense, a true-up of costs related to a certain investment by assigning to the appropriate jurisdiction(s). This number fluctuates in part based on the jurisdiction in which an investment is purchased, consistent with our cost allocation policy.

Labor (Internal): Base pay increase estimate for 2023 is three percent. Employee headcount is managed through a workforce plan process that monitors changes and includes attrition information as well as emergent needs. Changes to employee headcount for replacement related to attrition or for new headcount require assessment of the need for the personnel, the associated risks with not filling the position, and alternative options.

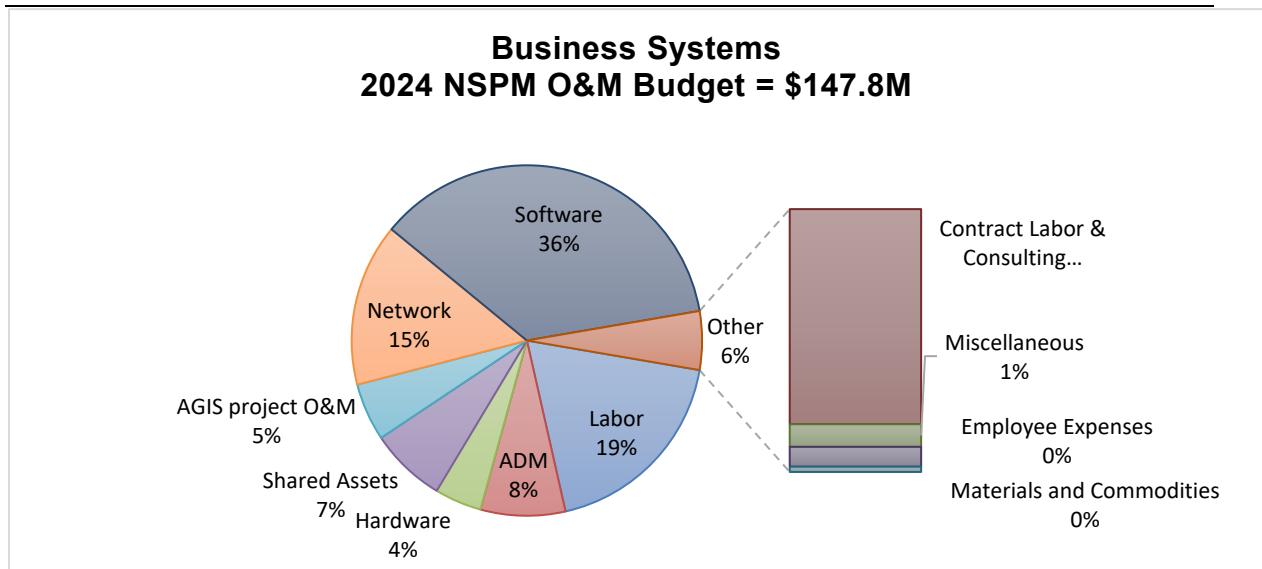
Labor (Contract Labor & Consulting): Consists of fees and expenses for professional consultants or knowledge-based experts who are not employees of the Company, including staff augmentation. Overall, the budget is expected to slightly decrease in 2023 due to bringing steady state work to Company employees rather than outside vendors, which results in Company labor increases.

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.

Application Development and Maintenance (ADM): ADM costs continue to remain relatively flat 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 three percent annually for IBM contracts, four percent for Accenture per the current agreement, and three percent for Cognizant. Higher spending is primarily driven by these COLAs.

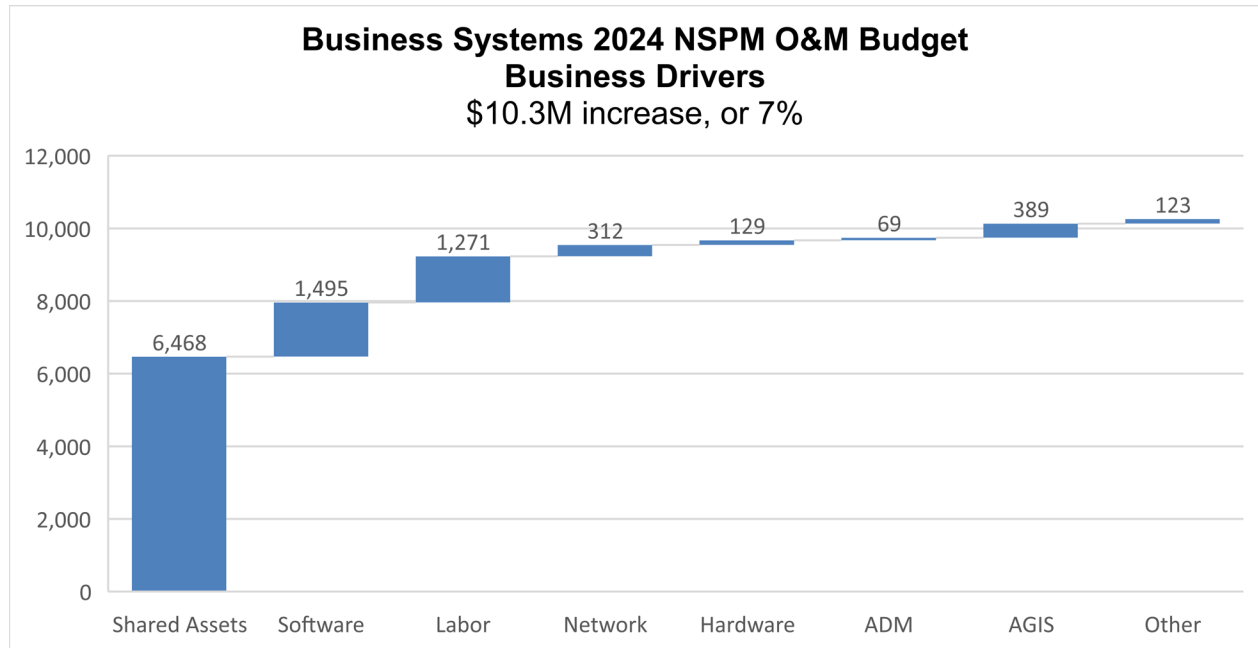
Other Expenses: Includes several smaller spend categories with the primary being Employee Expenses.

2024 Xcel Energy Walk Forward of Major Cost Drivers



Business Systems 2023 Xcel Energy O&M Budget Chart (Dollars in thousands)	
2023 O&M Budget	\$137,520
Software	1,495
Software Maintenance	800
Software Licenses	376
Software - ASP	94
Online Information Services	225
Labor	1,271
Internal Labor	1,233
Contract Labor & Consulting	38
Network Services	312
Voice & Radio	(5)
Telecommunication	0
Data & Services	317
Hardware	129
Hardware Maintenance & Purchases	80
Distributed Systems Services	20
Mainframe Services	29
Application Development and Maintenance	69
Shared Assets	6,468
AGIS	389
Internal Labor	(23)
Contract Labor & Consulting	(491)
Hardware Maintenance & Purchases	(60)
Software Maintenance & Purchases	713
Other	250
Net Other	123
2024 O&M Budget	\$147,776

2024 Xcel Energy Walk Forward of Major Cost Drivers



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Labor (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 minimally increase in 2024 due to bringing steady state work to Company employees rather than outside vendors, which results in Company labor increases.

2024 Xcel Energy Walk Forward of Major Cost Drivers

Network Services: Network system growth in 2024 reflects the increased usage of the organization's network to support new applications, demand for greater speed, and the need for additional capacity to support existing systems. These usage and demand needs increase each year, driven by technology advances, as new requirements or capabilities are identified, and sites are added. Cost reductions were implemented by the Company by the in-sourcing of work previously performed by IBM, terminating that contract, and also changing the vendors who manage the network circuits. Additional increased costs have resulted from the need to upgrade and replace aging components of the network especially with a shift from analog circuits to digital circuits. 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. This expansion places new assets in service that must be maintained.

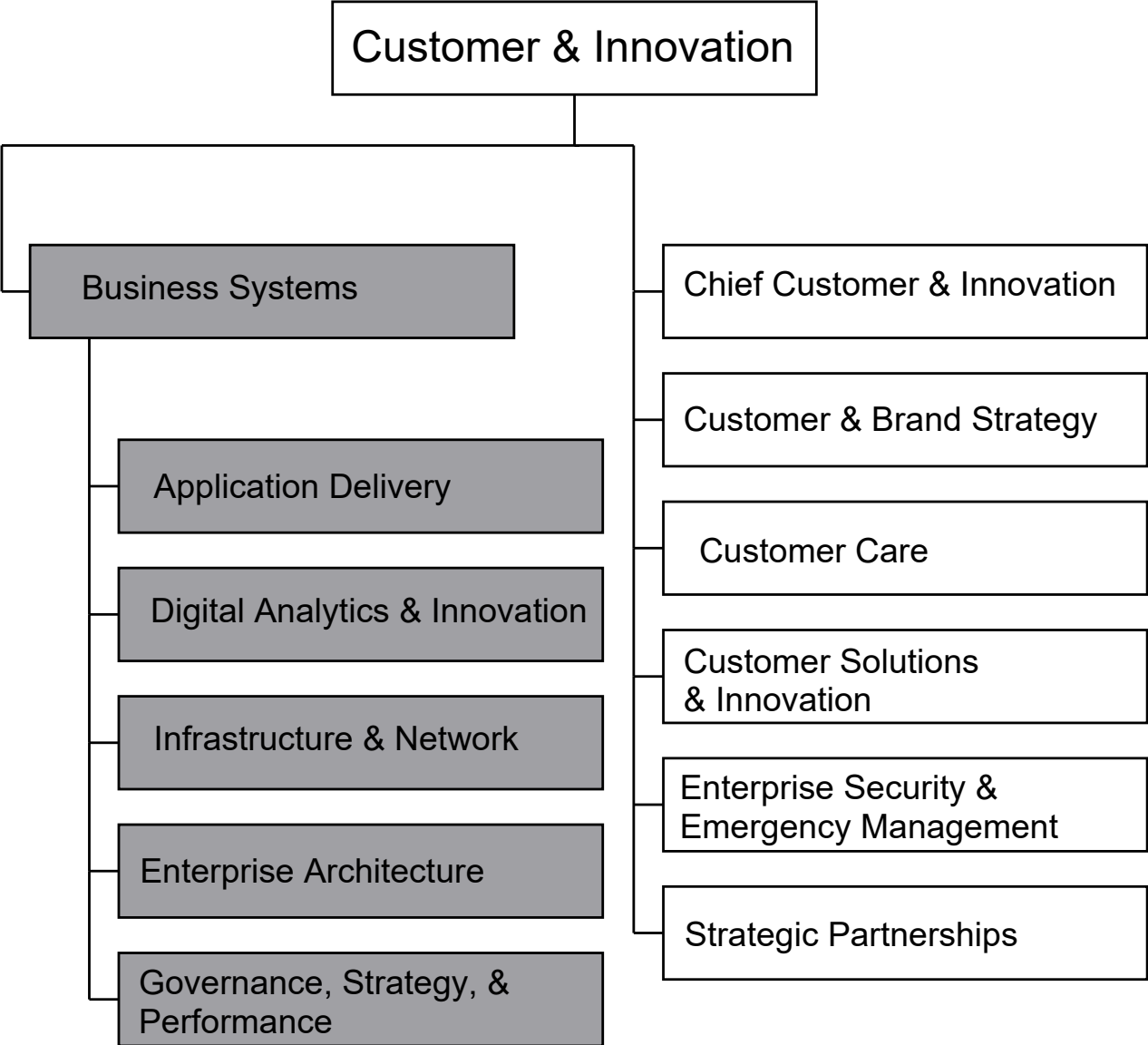
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Other Expenses: Includes several smaller spend categories with the primary being Employee Expenses.

Functional Organizational Chart



Cost Allocation Methodologies

Method of Assigning IT and Telecommunications Costs

Business Systems charges costs (on the invoice, timesheet, expense report or other source document) either directly to the operating company(ies) benefiting from the service or to an indirect allocation internal order set up to allocate charges at set percentages to the operating companies 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:

Business Systems costs associated with NSPM, NSPW, PSCo, and SPS union network technology support are directly charged to the applicable operating company. 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 operating company.

Business Systems is primarily a Service Company organization, with the exception of union technicians as 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

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive Corporate Governance	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	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	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.
200079	409	Federal Lobbying	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).
200081	120	Accounting, Reporting & Taxes	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	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	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.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200096	431	Energy Markets - Business Services	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	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.
200108	N/A	Advanced Metering Infrastructure (AMI)	Advanced Metering Infrastructure (AMI) includes the labor and non-labor costs associated with AMI.
200111	544	Enterprise Application Integration (EAI)	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	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.
200115	514	Miscellaneous Applications	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	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.
200118	527	Distribution Electric Load Dispatching/EMS FERC 581	Distribution Electric Load Dispatching/EMS FERC 581 services include labor, materials used, and expenses incurred in load dispatching operations pertaining to the distribution of electricity. This includes Energy Management Systems (EMS) which provides supervisory control and data acquisition (SCADA) of substation devices through Remote Terminal Units (RTU's).
200119	506; 507; 559	Distribution Electric & Gas Miscellaneous FERC 588 & 880	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.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200124	526	Transmission Electric Load Dispatch-Monitor and Operate Transmission System FERC 561.2	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	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	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.
200131	531	Distribution & Transmission Gas System Control and Load Dispatching FERC 851 & 871	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.
200134	144	Proprietary Trading - Front/Mid Office FERC 557	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.
200135	414	Energy Supply Business Resources	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.
200147	554	Business Objects	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	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)	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

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200150	520	Interactive Voice Response (IVR)	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.
200152	436	Customer Care FERC 902	Customer Care FERC 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.
200154	403	Customer Service Information Technology (IT) FERC 903	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	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	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	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.
200164	198	Payroll	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.
200165	515; 521; 552	Employee Management Systems	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)	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

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200168	517	Gas Management System (GMS) FERC 866 & 880	Gas Management System (GMS) FERC 866 & 880 supports Xcel Energy gas transportation business including contracts, nominations/allocation, 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	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	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, including Meter Data Lake.
200171	503; 555	Customer Resource System (CRS) FERC 903	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	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.
200176	412	Marketing & Sales	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	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	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

Cost Allocation Methodologies

- 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.

Prepared By: _____ /s/ _____ Date: _____ 10/7/2021

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Regulatory Director, Advanced Grid

2022 – 2024 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 Care, Measurement and Analytics, Customer Policy and Assistance, 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 Care, Measurement and Analytics creates value by managing employee talent training and quality assurance, planning and forecasting, operational management, workforce management, performance reporting, advanced analytics, vendor management and fiscal oversight for all of Customer Care.

Customer Policy and Assistance focuses on communicating with employees and customers, tracking and improving business area performance and processes, working with customers to resolve complaints, and managing customer policies and low-income assistance.

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). Advanced Metering Infrastructure (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 Care, Measurement and Analytics, Customer Policy and

Major Business Functions and Key Activities

Assistance, and Meter Reading, Revenue Assurance & Field Collections. The major business functions and key activities for each area are summarized below.

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

Major Business Functions and Key Activities

Customer Care, Measurement and Analytics

Major Functions

Customer Care, Measurement and Analytics is responsible for overall organizational operation support, Contact Center staff training and quality assurance.

Key Activities

- Train and provide quality assurance monitoring for phone staff
- Develop Contact Center call forecasts, scheduling, regulatory reporting, and manage real-time Contact Center operations
- Provide planning and forecasting, operational management, workforce management, performance reporting, advanced analytics, vendor management and fiscal oversight for all of Customer Care.

Customer Policy and Assistance

Major Functions

Customer Policy and Assistance is responsible for communicating with employees and customers, managing customer policies, and low-income programs.

Key Activities

- Circulate communications to Customer Care staff and provide information to customers
- 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

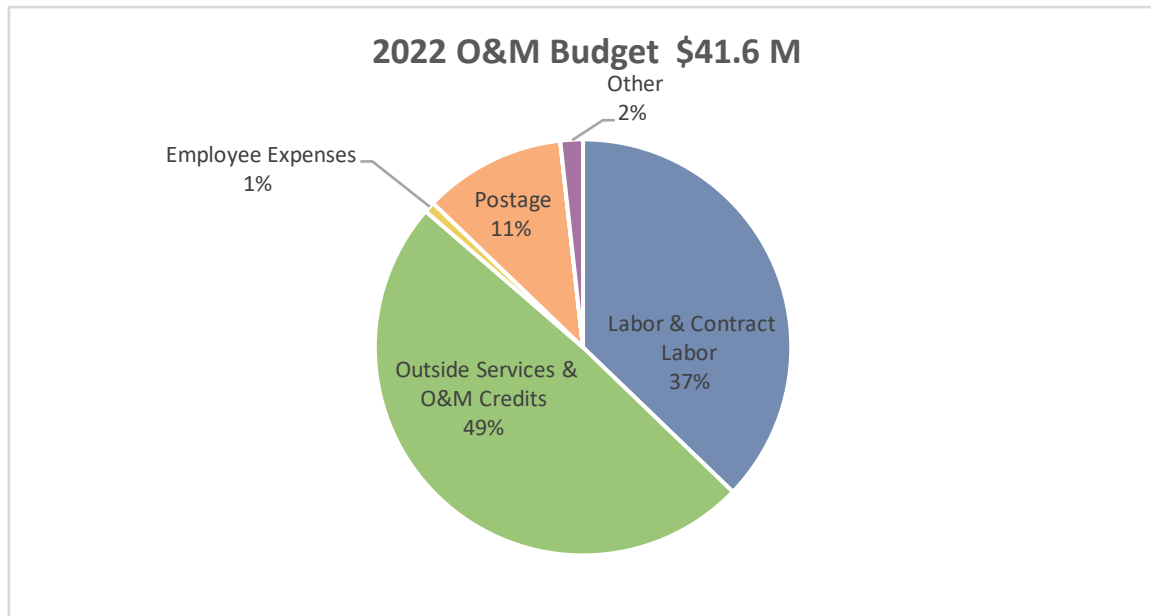
Major Functions

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

2022 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 execute field collections in NSPM.

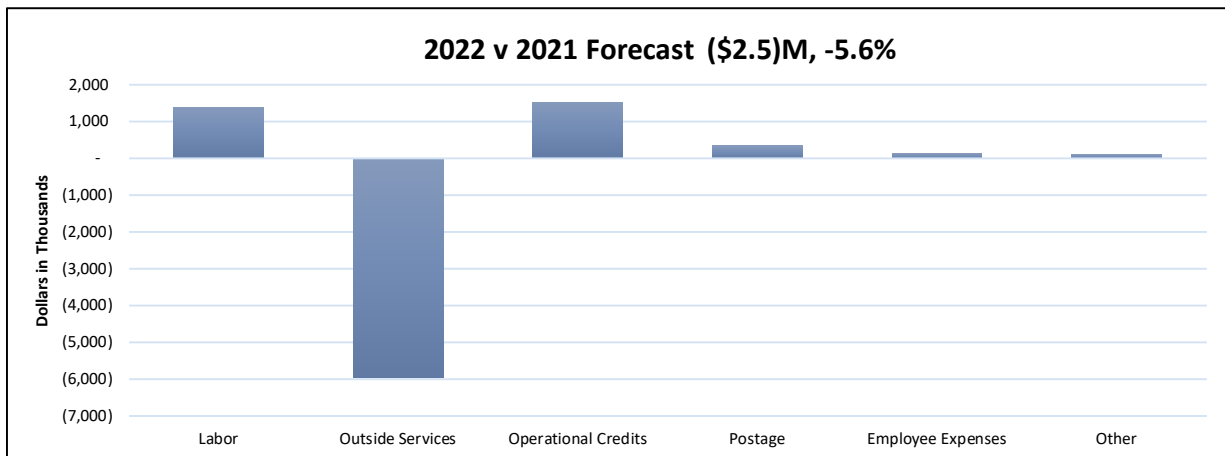
Outside Services and O&M Credits – Customer Care uses outside services in most of its business areas. Billing Services uses DST Output to process the Company's bills and letters and notices. Credit and Collections utilizes third-party collection agencies to assist in collecting on delinquent accounts. 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 Policy and Assistance, 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.

2023 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2021 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	44,107
Labor	1,368
Outside Services	(5,961)
Operational Credits	1,525
Postage	349
Employee Expenses	141
Other	103
2022 Budget	41,633



The major cost drivers from an organizational perspective are:

Labor:

The increase in labor consists of: (1) three percent base pay increase, \$0.4M, (2) anticipated XE1 saving in 2021, \$0.8M, (3) suspended field collections and residential manual meter reading activities resulting in lower labor costs in 2020, \$0.3M, offset by (4) estimated severance accrual reversal (\$0.1M) in 2022.

Outside Services:

The decrease in Outside Services consists of: (1) Cellnet contract renegotiation where it eliminated a contract cost escalation factor and lower cost per read in 2022, (\$4.8M), (2) anticipated AMI savings (\$1.3M), offset by (3) higher anticipated outsourcing Quality Assurance call monitoring in 2022, \$0.1M.

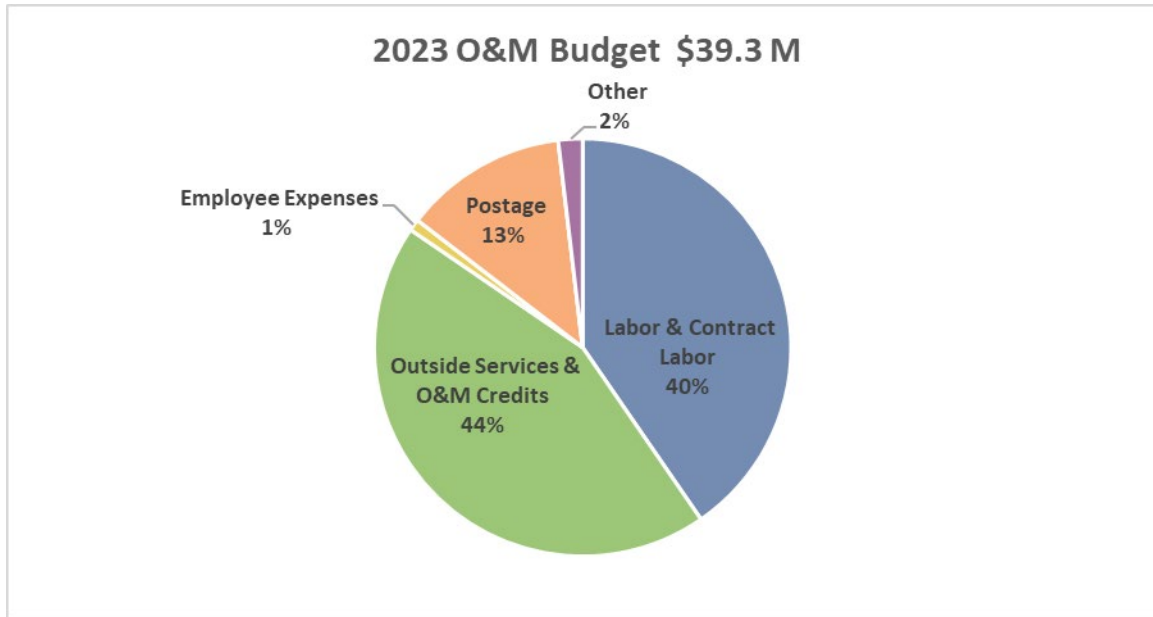
Operational Credits

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. Operational Credits elimination in 2022 according to the Cellnet contractual schedule due to improved automated reading capabilities results in Meter Reading cost to increase by \$1.5M.

Postage

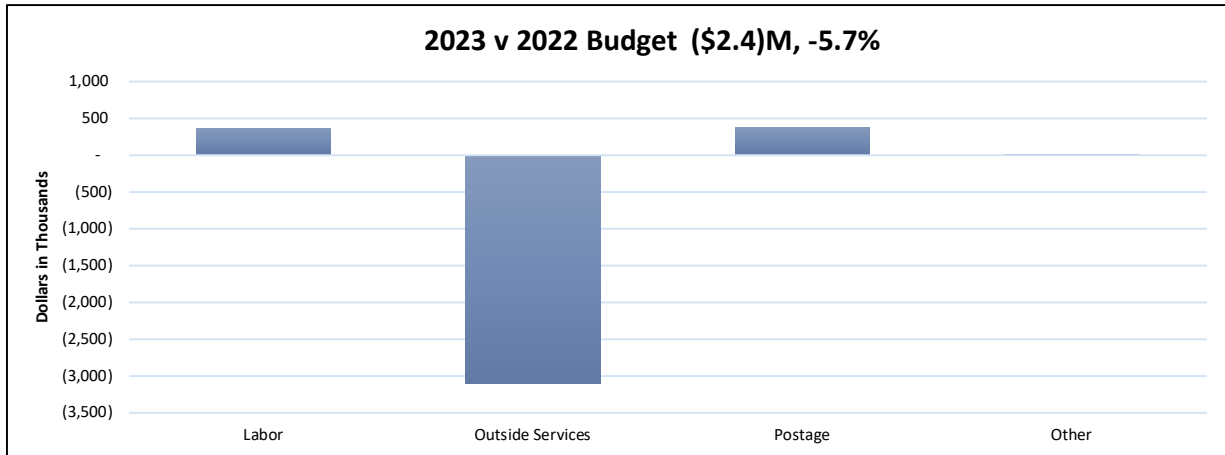
Postage is projected to increase by \$0.3M in 2022. The budget assumes an eight percent increase in postage rates offset by paperless billing savings in 2022.

2023 Customer Care Xcel Energy Walk Forward of Major Cost Drivers



2023 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	41,633
Labor	370
Outside Services	(3,115)
Postage	383
Other	9
2023 Budget	39,280



The major cost drivers from an organizational perspective are:

Labor:

Between 2022 and 2023, the overall cost of labor for Customer Care increases mainly due to three percent base pay increase, \$0.4M.

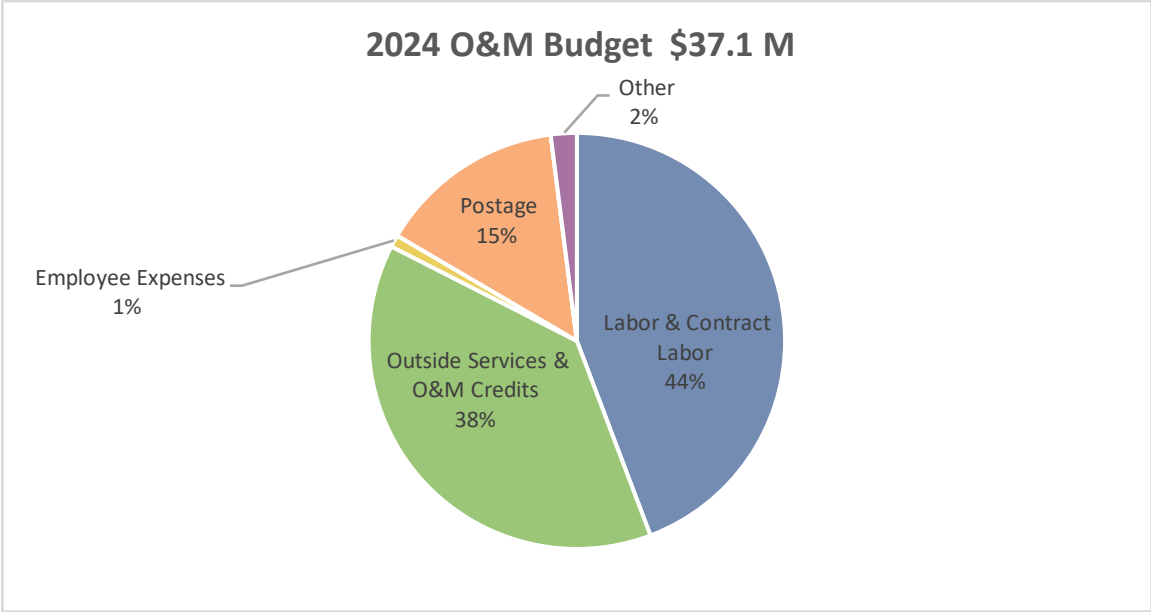
Outside Services:

The decrease in Outside Services mainly due to anticipated AMI savings, (3.1M) between 2022 and 2023.

Postage:

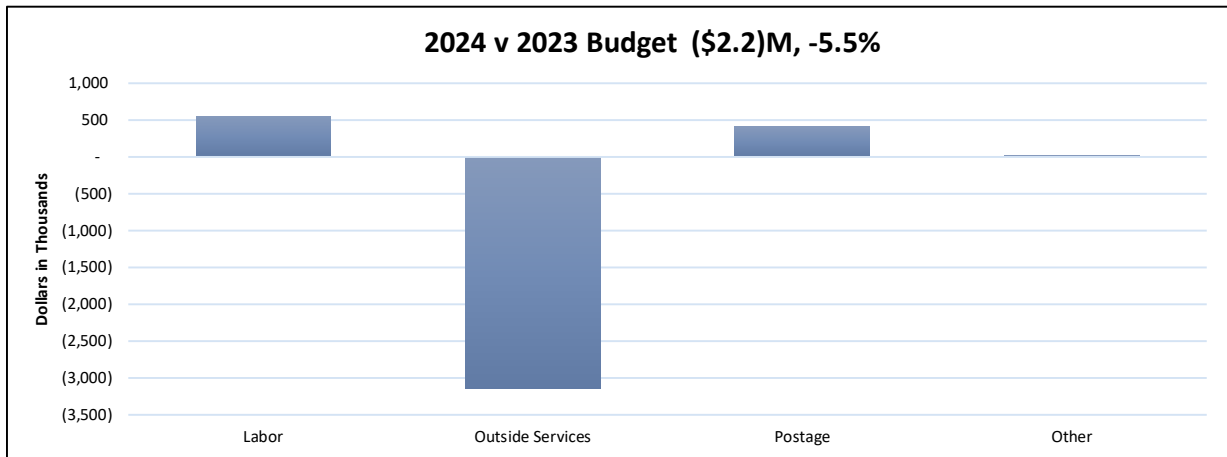
Postage is projected to increase by \$0.4M in 2023. The budget assumes an eight percent increase in postage rates offset by paperless billing savings in 2023.

2024 Customer Care Xcel Energy Walk Forward of Major Cost Drivers



2024 Customer Care Xcel Energy Walk Forward of Major Cost Drivers

2023 Budget to 2024 Budget	
2023 Budget	39,280
Labor	554
Outside Services	(3,149)
Postage	413
Other	8
2024 Budget	37,107



The major cost drivers from an organizational perspective are:

Labor:

Between 2023 and 2024, the overall cost of labor for Customer Care increases mainly due to three percent base pay increase, \$0.6M.

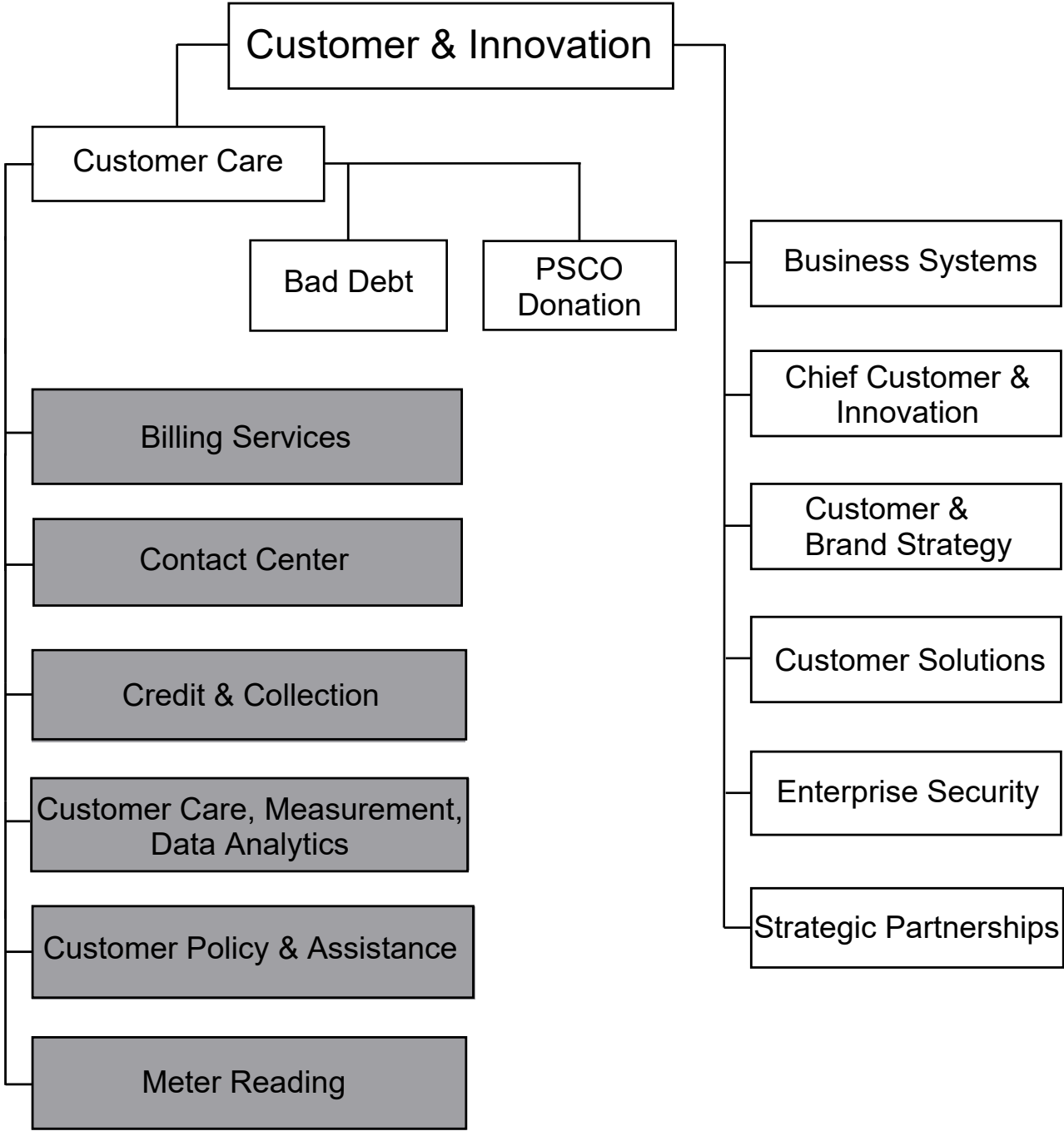
Outside Services:

The decrease in Outside Services mainly due to anticipated AMI savings, (3.1M) between 2023 and 2024.

Postage:

Postage is projected to increase by \$0.4M in 2024. The budget assumes an eight percent increase in postage rates offset by paperless billing savings in 2024.

Functional Organization Chart



Cost Allocation Methodologies

Service Company Allocated Charges:

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200151	447	Customer Billing FERC 903	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.
200152	436	Customer Care FERC 902	Customer Care FERC 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.
200155	435	Customer Care FERC 903	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.
200156	437	Customer Care FERC 901	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.
200160	439	Customer Care NSPM & NSPW FERC 903	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.
200161	446	Customer Care Low Income Assistance FERC 908	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.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/14/2021

Kiem Thang

Financial Consultant

Approved By: _____ /s/ _____ Date: 10/13/2021

Adam Dietenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/13/2021

Chris Cardenas

VP, Customer Care

2022 – 2024 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 NSP MN is typically about 0.35 percent based on the average of 2013-2019 actual bad debt expense as a percentage of revenue. The budget for 2022-2024 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 2022 budget is calculated by using bad debt expense as a percentage of billed commodity revenue from 2010 for Xcel Energy including (\$1.1M) Propensity to Pay (P2P) and (\$0.8M) Worldwide Network Services (WNS) savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. The bad debt as percentage of revenue is 0.40 percent 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 less write-off and bankruptcies related to pandemic in 2022 which is less than 2021.

For 2023 and 2024, the Company used bad debt expense as a percentage of billed commodity revenue from 2019 for Xcel Energy including (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. The bad debt as percentage of revenue is 0.35 percent. The Company anticipated bad debt expense is back to normal and no pandemic impact in 2023 and 2024.

The non-commodity bad debt for 2022 budget is calculated by using the average of actual non-commodity bad debt from 2017 to 2020. For 2023 and 2024, the Company is using the same methodology as the 2022 Budget.

2022 NSPM Walk Forward of Major Cost Drivers

2021 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	18,505
Revenue Variance	1,760
Rate Variance	(2,130)
2022 Budget	18,134



2022 NSPM Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

July 2021 Forecast commodity bad debt includes \$2.9M COVID-19 incremental bad debt expense on billed commodity revenue.

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 2021 bad debt year end forecast by increasing bad debt as percentage of billed commodity revenue to be the same as 2009 where there was great recession due to the financial impacts of the housing bubble and subsequent subprime mortgage crisis. July 2021 bad debt as percentage of revenue including (\$0.8M) anticipated bad debt reduction from better collection effort in addition to (\$1.1M) P2P and (\$0.8M) WNS savings is 0.45 percent.

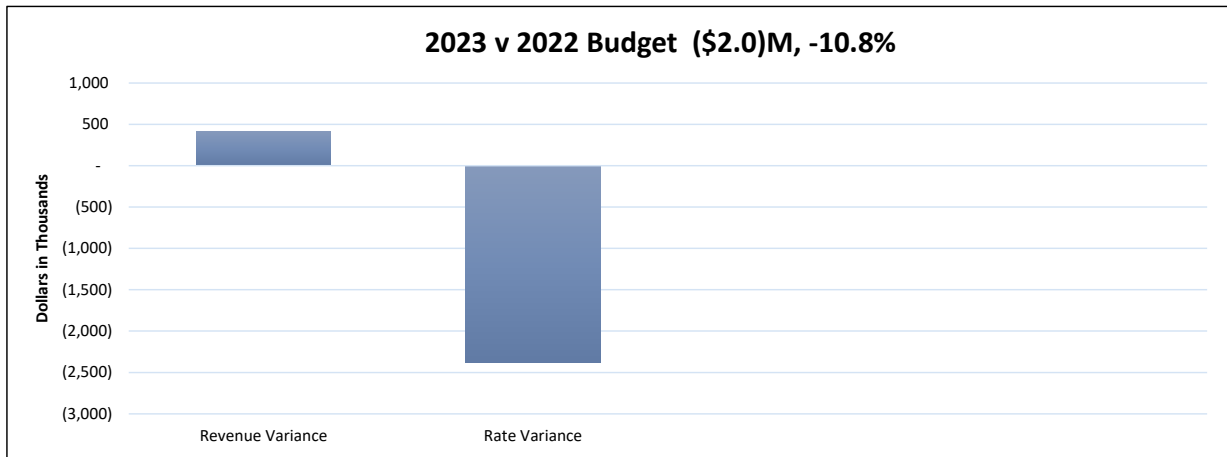
Bad debt expense decreased (\$0.4M) from the July 2021 year end forecast to the 2022 budget. The change is primarily made up of two drivers: Operating Company billed commodity revenue and percent of bad debt to revenue.

Total billed commodity revenue in the July 2021 Forecast is \$4.1B compared to \$4.5B in 2022 Budget. The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$1.7M.

Percent of total bad debt expense to billed commodity revenue is 0.45 percent in the July 2021 Forecast compared to 0.40 percent in 2022 budget. For 2021, the Company used bad debt expense as a percentage of billed commodity revenue from 2009 for Xcel Energy including (\$0.8M) anticipated bad debt reduction from better collection effort in addition to (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. For 2022, the Company used bad debt expense as a percentage of billed commodity revenue from 2010 for Xcel Energy including (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is (\$2.1M).

2023 NSPM Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	18,134
Revenue Variance	418
Rate Variance	(2,382)
2023 Budget	16,170



2023 NSPM Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

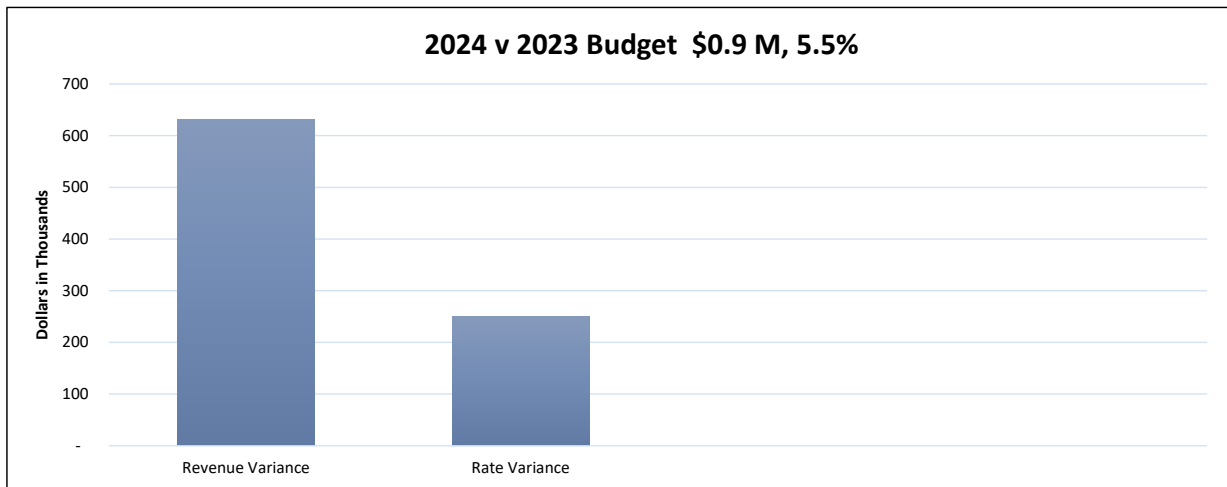
Bad debt expense decreased (\$2M) from the 2022 budget to the 2023 budget. The change is primarily made up of two drivers: Operating Company billed commodity revenue and percent of bad debt to revenue.

Total billed commodity revenue in the 2022 budget is \$4.5B compared to \$4.6B in the 2023 budget. The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$0.4M.

Percent of total bad debt expense to billed commodity revenue in the 2022 budget is 0.40 percent compared to 0.35 percent in 2023 budgets. For 2022, the Company used bad debt expense as a percentage of billed commodity revenue from 2010 for Xcel Energy including (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. For 2023, the Company used bad debt expense as a percentage of billed commodity revenue from 2019 for Xcel Energy including (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is (\$2.4M).

2024 NSPM Walk Forward of Major Cost Drivers

2023 Budget to 2024 Budget	
2023 Budget	16,170
Revenue Variance	632
Rate Variance	250
2024 Budget	17,052



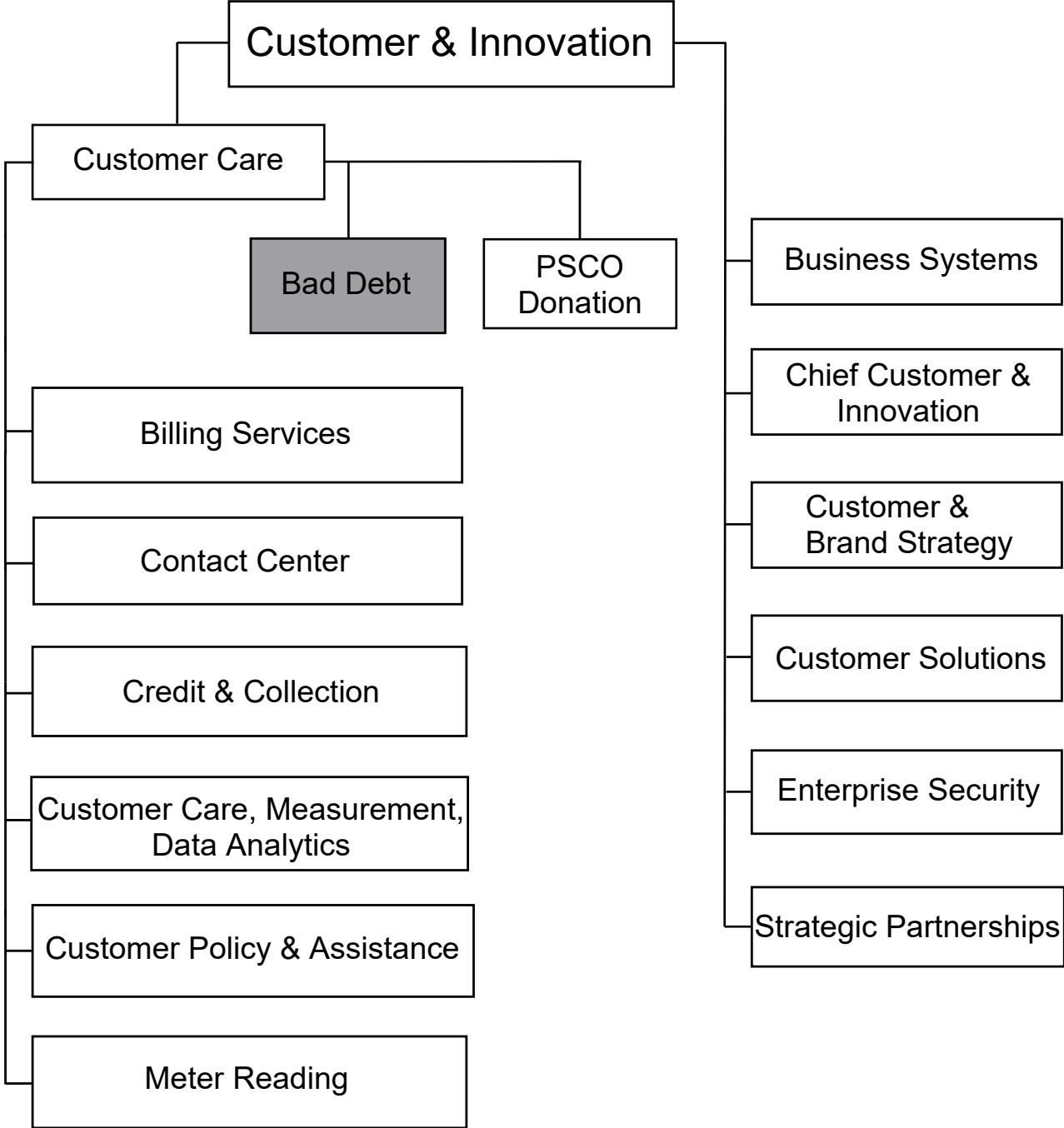
2024 NSPM Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

Bad debt expense increased \$0.9M from the 2023 budget to the 2024 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 2023 budget is \$4.6B compared to \$4.8B in the 2024 budget. The total impact to bad debt expense resulting from the change in total billed commodity revenues is \$0.6M.

Percent of total bad debt expense to billed commodity revenue in the 2023 budget is 0.347 percent compared to 0.352 percent in 2024 budgets. For 2023 and 2024, the Company used bad debt expense as a percentage of billed commodity revenue from 2019 for Xcel Energy including (\$1.1M) P2P and (\$0.8M) WNS savings then the cost was allocated to NSPM based on 2020 actuals NSPM allocation %. The total impact to bad debt expense resulting updating the percent of bad debt expense to billed commodity revenues is \$0.3M.

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.

Approvals

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

Prepared By: _____ /s/ _____

Date: _____ 10/14/2021 _____

Kiem Thang

Financial Consultant

Approved By: _____ /s/ _____

Date: _____ 10/13/2021 _____

Adam Dietenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: _____ 10/13/2021 _____

Chris Cardenas

VP, Customer Care

2022 – 2024 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.

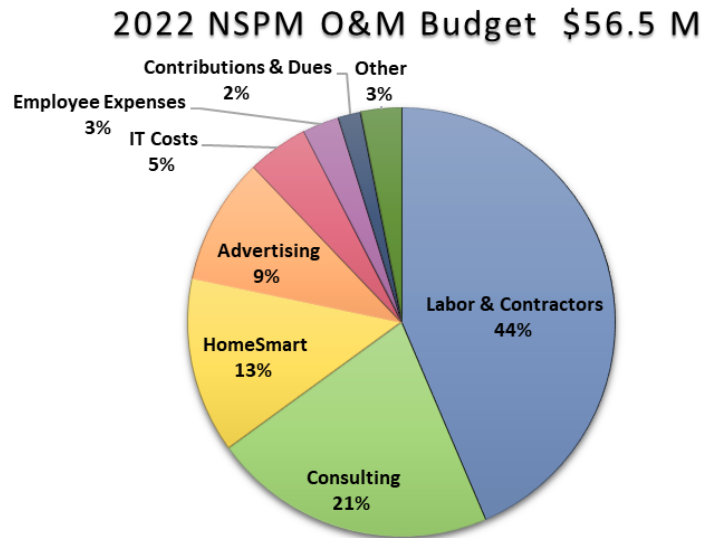
Customer Solutions and Innovation, provides customer related services to support the activities of Xcel Energy Inc. and its' subsidiaries. These services include Demand Side Management (DSM) product development and management, Renewable product management, product strategy and development, DSM strategy,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

2022 Walk Forward of Major Cost Drivers* (NSPM)

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



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

Consulting – 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

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

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.

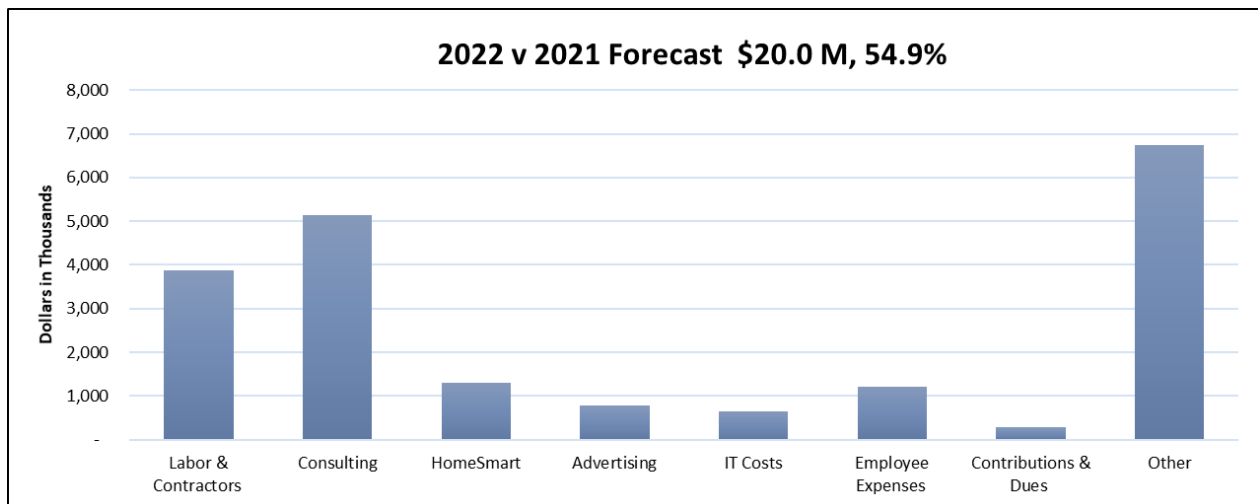
Contributions & Dues – includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Other – Includes the support and maintenance costs for software and hardware technology and costs related to network services, materials as well as 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* (NSPM)

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

2021 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	36,457
Labor & Contractors	3,868
Consulting	5,150
HomeSmart	1,310
Advertising	784
IT Costs	653
Employee Expenses	1,217
Contributions & Dues	275
Other	6,739
2022 Budget	56,454



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.

Consulting: Drivers for increased consulting include support for multiple initiatives ramping up in 2022. Distributed Intelligence work within the Innovation group, new focus on electric transportation, creation of more robust cyber defenses, and focus on more strategic revenue streams.

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

Advertising: Increase driven by broadened scope of advertising and brand imaging related to electric vehicles.

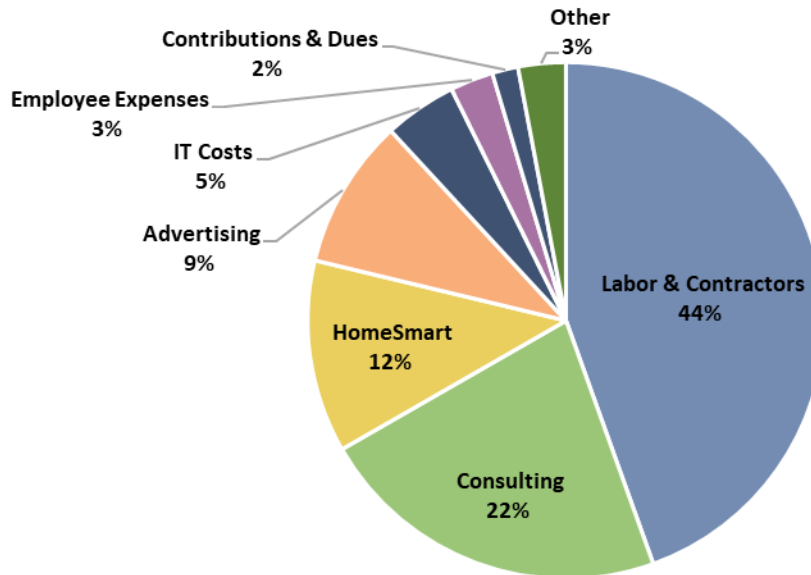
Employee Expenses: Increase in employee expenses due to a return to more normal corporate travel and employee presence on property.

Other: Primarily driven by increased spend related to cyber and physical security to respond to an everchanging risk environment and investments in new projects and innovative technologies.

2023 Walk Forward of Major Cost Drivers* (NSPM)

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

2023 NSPM O&M Budget \$58.0 M



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

Consulting – 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

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

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.

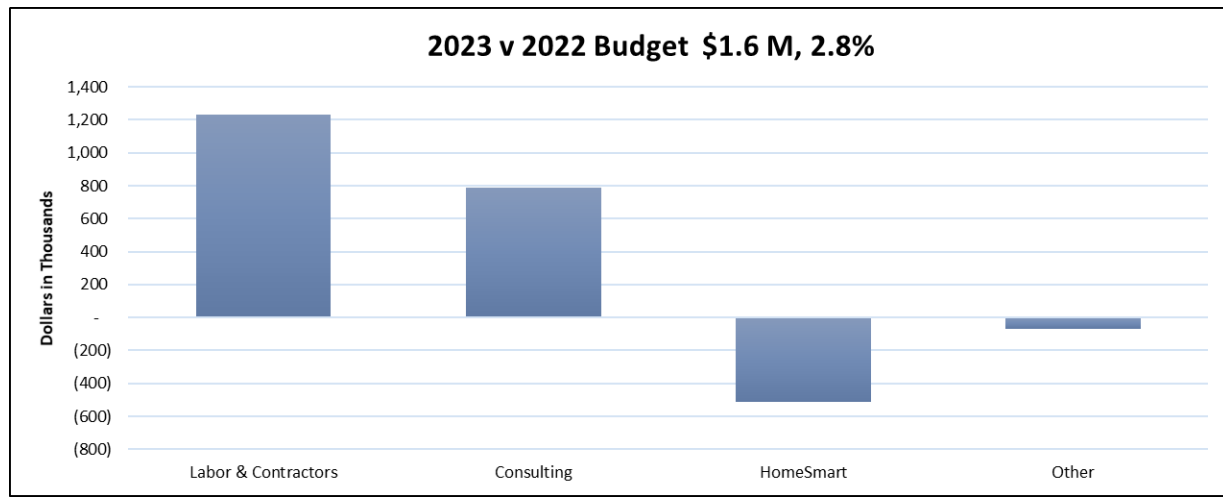
Contributions & Dues – includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Other – Includes the support and maintenance costs for software and hardware technology and costs related to network services, materials as well as 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* (NSPM)

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

2022 Budget to 2023 Budget	
2022 Budget	56,454
Labor & Contractors	1,229
Consulting	791
HomeSmart	(515)
Other	69
2023 Budget	58,028



The major cost drivers from an organizational perspective are:

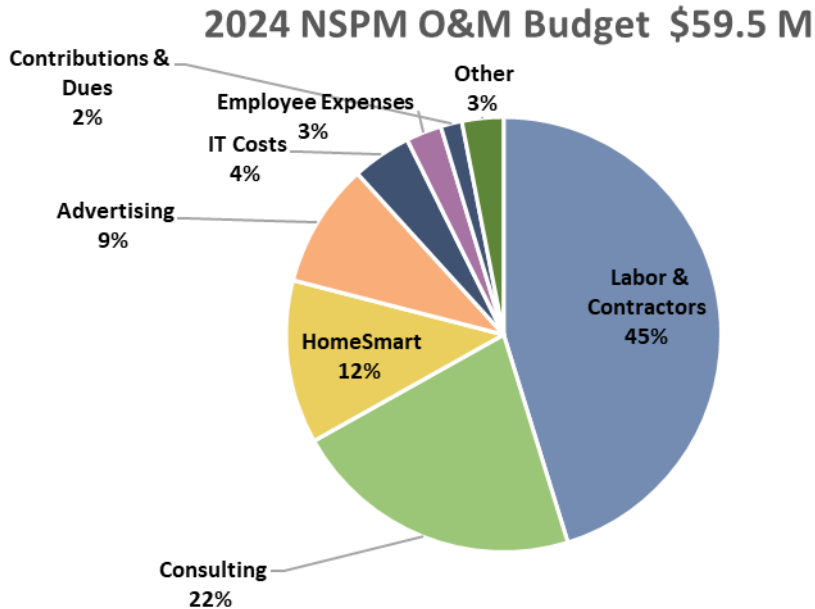
Labor: increase is primarily related to the annual merit increase

Consulting: Distributed Intelligence work within the Innovation group, new focus on electric transportation, creation of more robust cyber defenses, and focus on more strategic revenue streams.

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

2024 Walk Forward of Major Cost Drivers* (NSPM)

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



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

Consulting – 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

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

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.

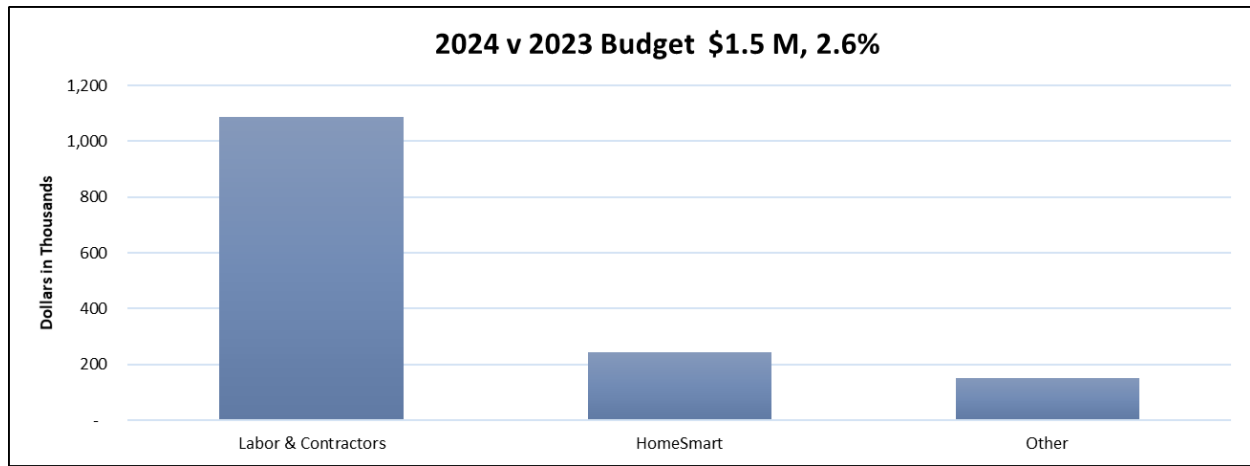
Contributions & Dues – includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Other – Includes the support and maintenance costs for software and hardware technology and costs related to network services, materials as well as bank charges, workforce administration expenses, license fees and permits, fleet costs, postage, employee workspace moves/adds/changes, and overheads.

2024 Walk Forward of Major Cost Drivers* (NSPM)

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

2023 Budget to 2024 Budget	
2023 Budget	58,028
Labor & Contractors	1,086
HomeSmart	243
Other	151
2024 Budget	59,508

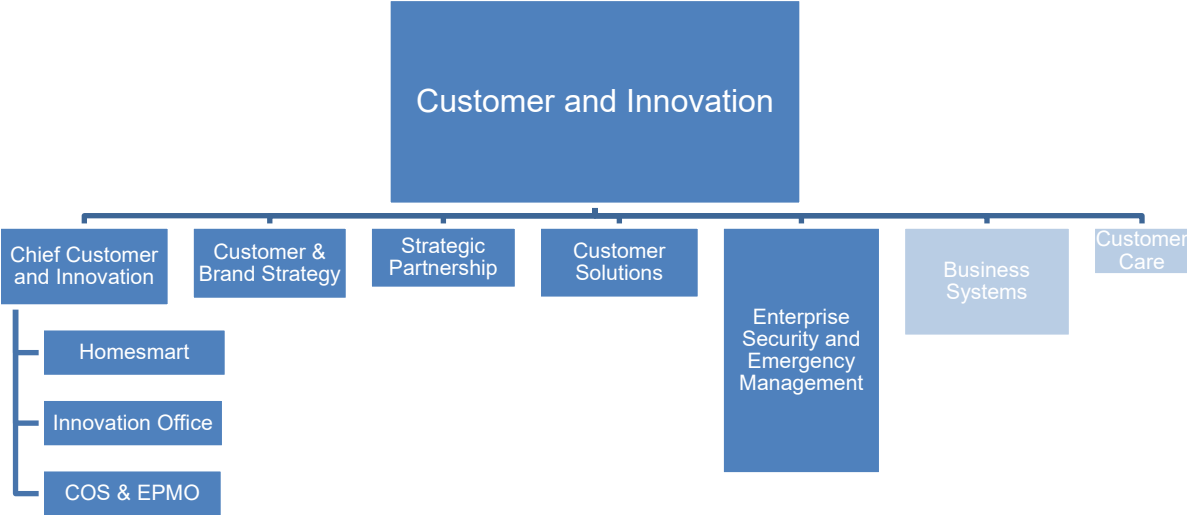


The major cost drivers from an organizational perspective are:

Labor: increase is primarily related to the annual merit increase

HomeSmart – Non-regulated business that provides repair, replacement, and maintenance of major appliances and systems. These costs are not recovered from ratepayers.

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.

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.
200074	529; 549; 551; 561	Corporate Systems – Corporate Governance	Corporate Systems – Corporate Governance includes the labor and non-labor costs for enterprise-wide corporate systems.
200108	N/A	Advanced Metering Infrastructure (AMI)	Advanced Metering Infrastructure (AMI) includes the labor and non-labor costs associated with AMI.
200121	474	Distribution Electric & Gas and Transmission Gas Miscellaneous FERC 588, 880, & 859	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.
200122	442	Transmission Electric Supervision & Engineering (S&E) FERC 560	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.
200149	534	Customer & Enterprise Solutions (CES)	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.
200152	436	Customer Care FERC 902	Customer Care FERC 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.
200153	185	Customer Safety Advertising & Information Costs	Customer Safety Advertising & Information costs services includes the labor and non-labor costs associated with public safety advertising, information and education.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200154	403	Customer Service Information Technology (IT) FERC 903	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.
200162	519	Call Logging and Quality Management (CL/QM) FERC 903	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.
200171	503; 555	Customer Resource System (CRS) FERC 903	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.
200805	N/A	HomeSmart Revenue – Non-Utility 417.1	HomeSmart Revenue – Non-Utility 417,1 includes the labor and non-labor costs, including but not limited to business administration, advertising, marketing, software and technology costs related to all HomeSmart activity (Equipment Sales, Service Plan, and Service Call) across MN & CO Jurisdictions.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/13/21
Raynard Gray
Manager, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/13/21
Adam Dietenberger
Director, Shared Services Finance

Prepared By: _____ /s/ _____ Date: 10/13/21
Richard Schrubbe
AVP, Financial Analysis and Planning

2022 – 2024 Budget Documentation

**Human Resources and Employee Services:
Human Resources, Corporate Giving, Enterprise Learning and Technical
Training, and Workforce Relations and Safety**

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 Human Resources, Corporate Giving, Enterprise Learning and Technical Training, and Workforce Relations and Safety. 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, for example, the ability to attracting and retain a qualified workforce which could have an adverse impact on operations. 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.

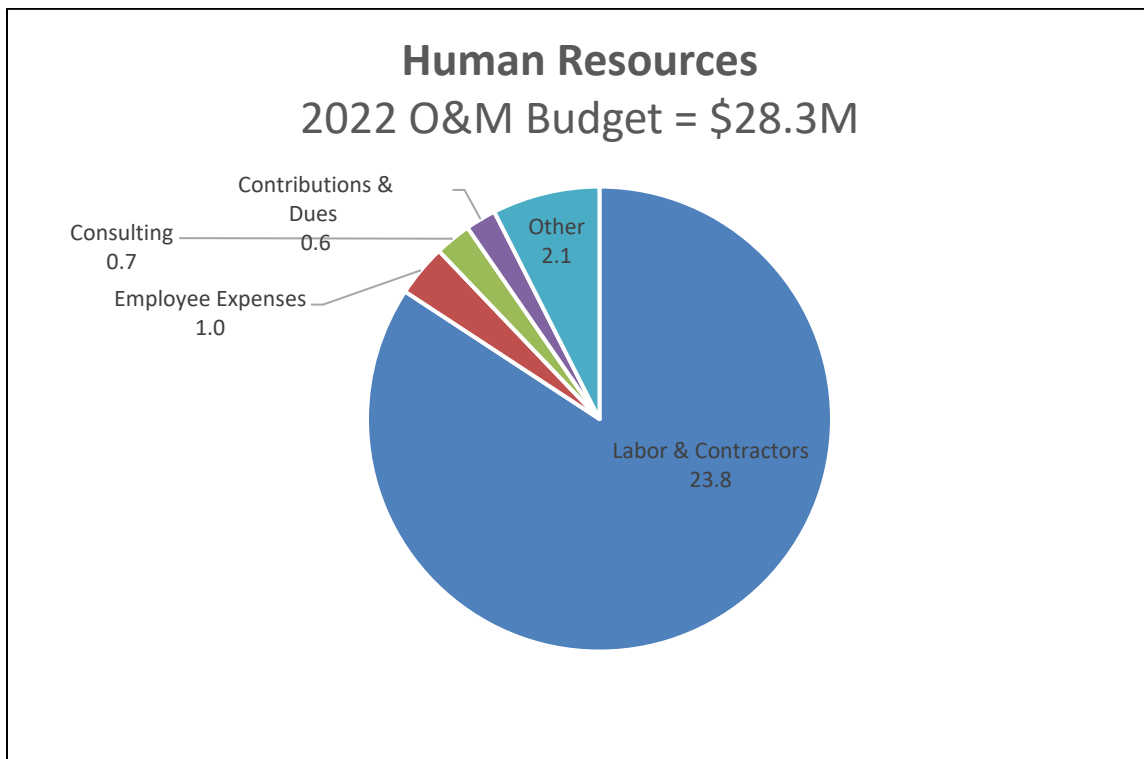
Corporate Giving – Drive focused strategy-driven charitable programs that contribute to the success of Xcel Energy by supporting the economic strength and cultural vitality of our customer base, building goodwill among constituents, encouraging employee engagement and establishing the company's commitment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

Workforce Relations and Safety – Support Xcel Energy in the development of safe, well trained, engaged and productive employees. Support Front Line Leadership Development, Improve Communications, Manage Workforce Transition, Align With Business Unit Partners, and last but not least, Employee Development and Accountability.

- Workforce Relations provides management support for grievances, positive discipline and bargaining employee relations issues. Workforce Relations represents the company in the negotiation and administration of Collective Bargaining Agreements. This team also oversees Equal Employment Opportunity (EEO) and employee relations, assisting employees and managers with investigation and consultation on matters of discrimination, harassment, policy violations, and workplace behavior.
- Safety is a core value at Xcel Energy. Our safety team works to lead the company on the Journey to Zero workplace injuries, and to provide for the safety of our customers and communities through appropriate programs and policies.

2022 Walk Forward of Major NSPM Cost Drivers



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.

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

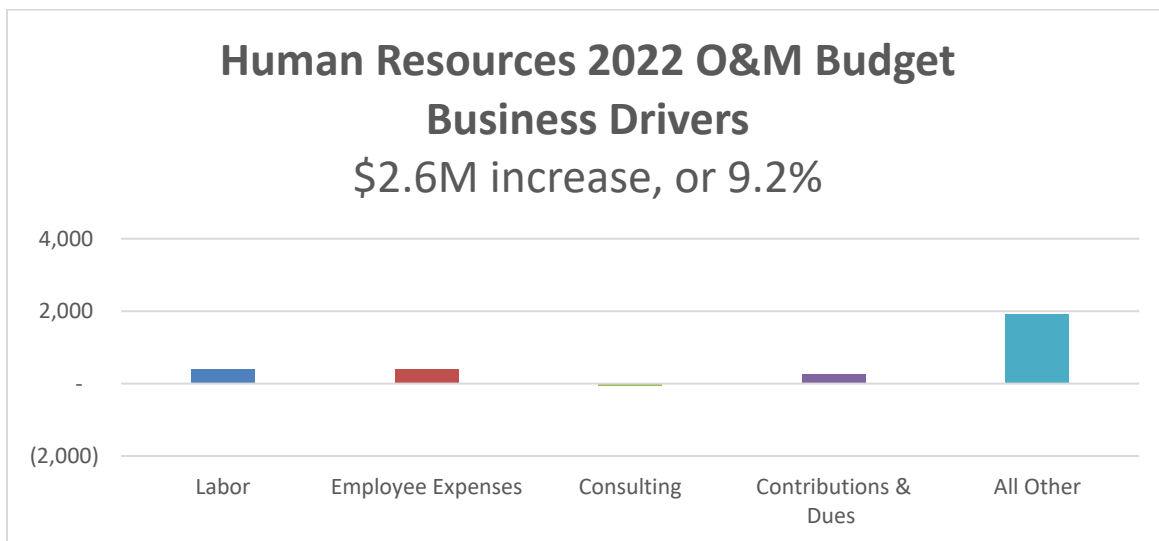
Contributions and Dues – Corporate giving funding of the Xcel Energy foundation, United Way campaign, Xcel Energy cost of company matched donations, and other charitable/community endeavors.

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

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

2022 Walk Forward of Major NSPM Cost Drivers

Human Resources 2022 O&M Budget Chart	
<i>(Dollars in thousands)</i>	
2021 July Year-End O&M Forecast	\$25,373
Labor	392
Company Labor with merit increase	160
Contract Labor for Staff Aug	232
Other	0
Employee Expenses	394
Consulting	(54)
Consulting Professional Services Other	(56)
Consulting Professional Services Accounting	2
Contributions & Dues	266
Dues	266
Net Other	1,921
2022 O&M Budget	\$28,292



Labor & Contractors – Base productive and non-productive labor costs are increased based on three percent base pay increases as well as the anticipation that the organization will be fully staffed in 2022.

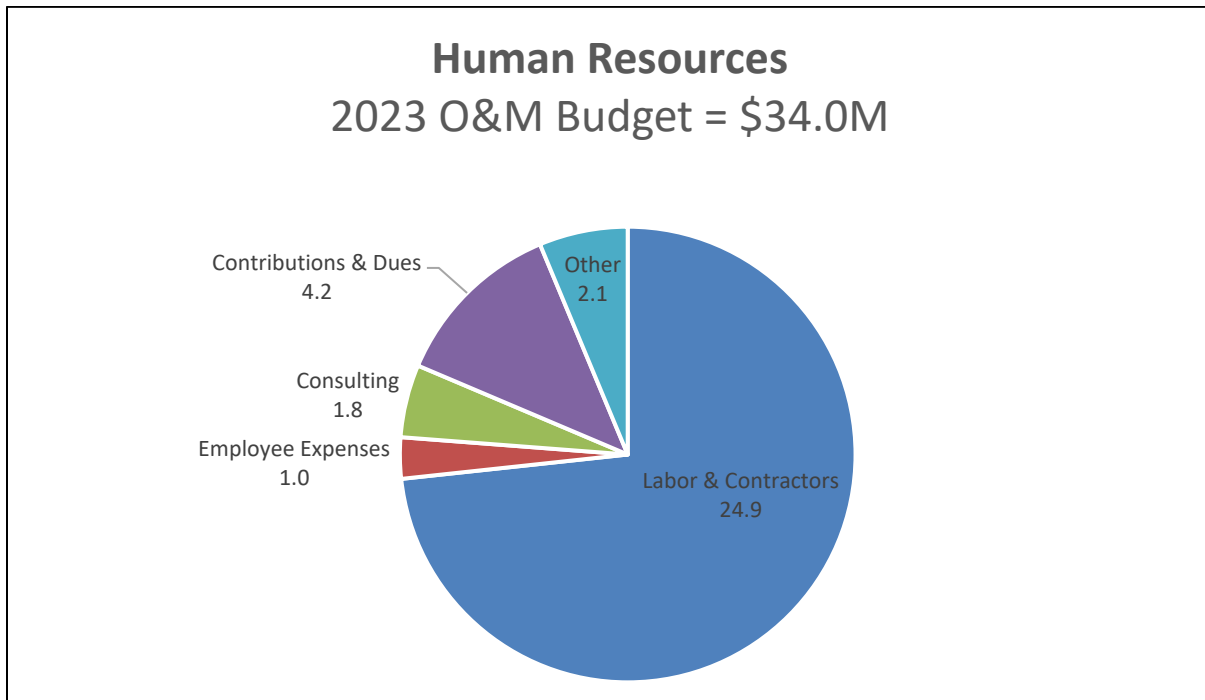
Employee Expenses – Increase driven assumed return to work and the workforce resuming some amount of travel and conference/training attendance.

2022 Walk Forward of Major NSPM Cost Drivers

Contributions and Dues – Increase driven primarily by an increase in charitable related contributions versus the 2021 forecast

Other –The primary driver of this increases in spend across a variety of categories including software licenses, workforce administration expense, materials, advertising, and other costs.

2023 Walk Forward of Major NSPM Cost Drivers



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.

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

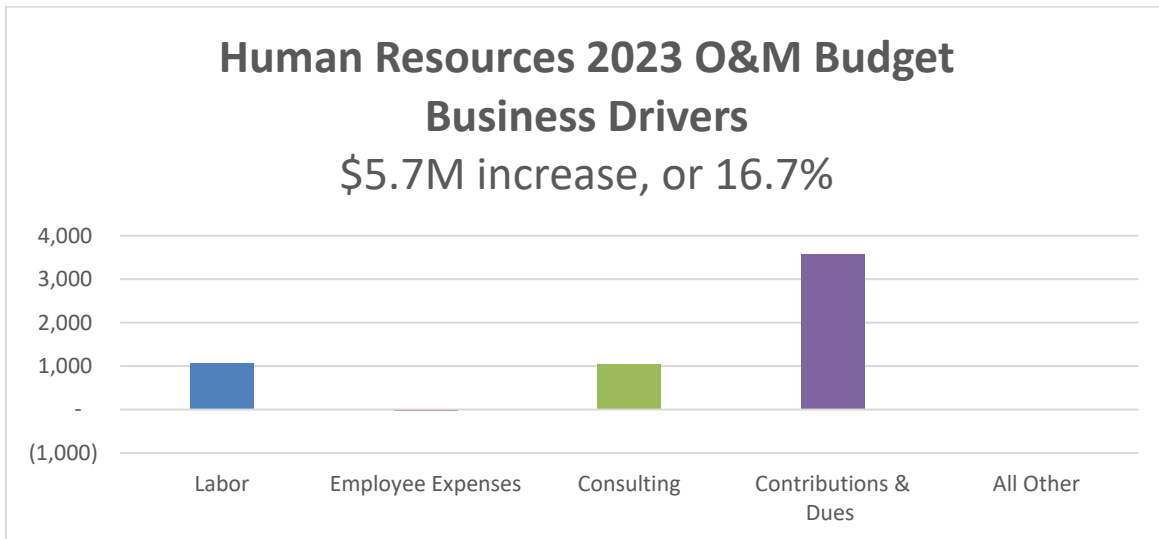
Contributions and Dues – Corporate giving funding of the Xcel Energy foundation, United Way campaign, Xcel cost of company matched donations, and other charitable/community endeavors.

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

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

2023 Walk Forward of Major NSPM Cost Drivers

Human Resources 2023 O&M Budget Chart	
(Dollars in thousands)	
2022 O&M Budget	\$28,292
Labor	1,060
Company Labor with merit increase	1,053
Contract Labor for Staff Aug	8
Employee Expenses	(33)
Consulting	1,041
Consulting Professional Services Other	1,041
Contributions & Dues	3,583
Contributions	3,604
Dues	(21)
Net Other	21
2023 O&M Budget	\$33,964



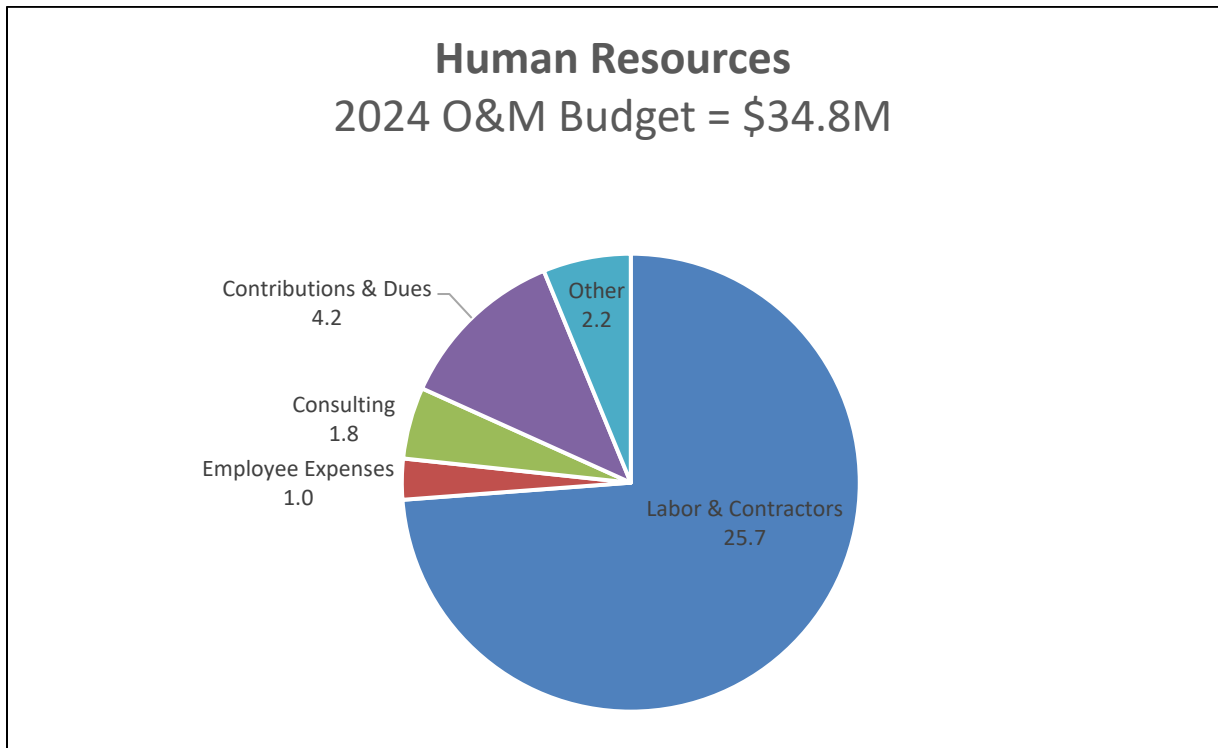
Labor & Contractors – Base productive and non-productive labor costs are increased based on three percent merit increases.

Consulting – Ongoing software and product support for new HR system and potential for further development post deployment.

2023 Walk Forward of Major NSPM Cost Drivers

Contributions and Dues – HR resumes funding of all charitable gifts for Xcel Energy. These gifts/donations have been prefunded by proceeds from the sale of the Mankato Energy Center in years prior to 2023.

2024 Walk Forward of Major NSPM Cost Drivers



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.

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

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.

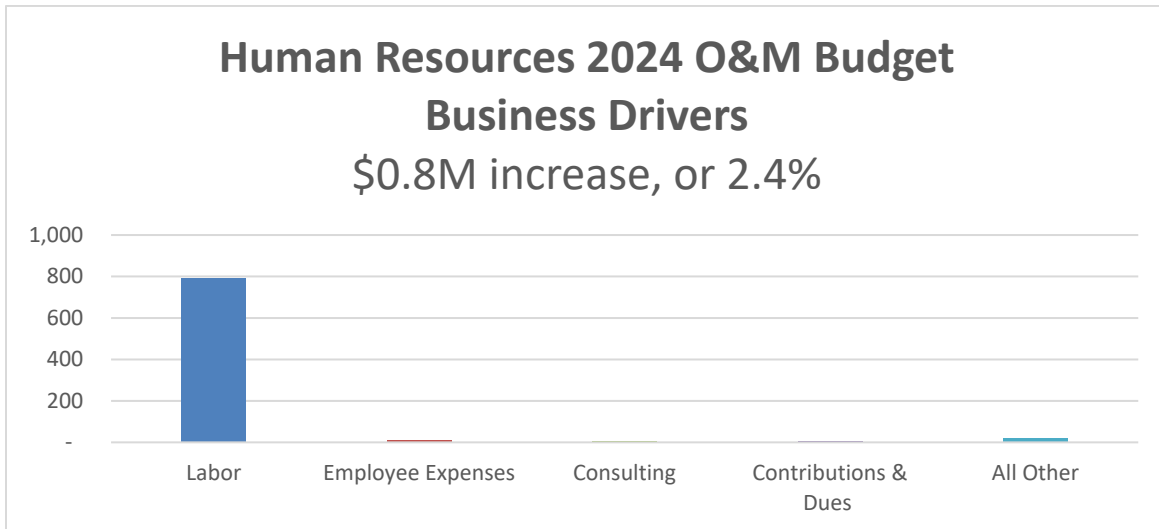
Consulting – Consulting costs are incurred for compensation, recruitment, selection and workforce planning, employee engagement, leadership training, and health services.

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

Human Resources 2024 O&M Budget Chart		
(Dollars in thousands)		
2023 O&M Budget		\$33,964
Labor		792
Company Labor with merit increase	784	
Contract Labor for Staff Aug	8	

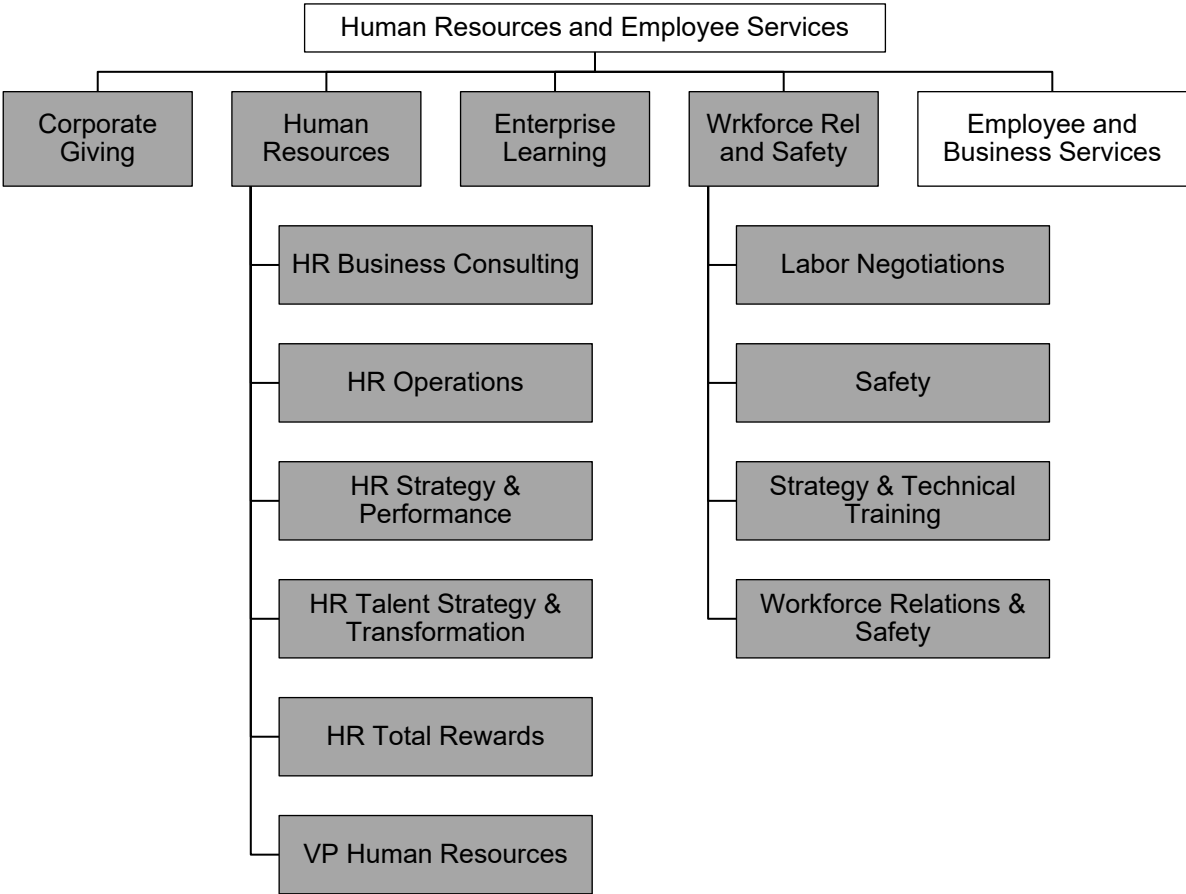
2024 Walk Forward of Major NSPM Cost Drivers

Employee Expenses		10
Consulting		7
Consulting Professional Services Other	7	
Contributions & Dues		6
Contributions	4	
Dues	2	
Net Other		22
2024 O&M Budget		\$34,801



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

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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	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.
200164	198	Payroll	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.
200165	515; 521; 552	Employee Management Systems	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)	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: 10/17/2021
Jack Haggard
Finance Manager

Approved By: _____ /s/ _____ Date: 10/13/2021
Adam Dietenberger
Director, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/11/2021
Rick Schrubbe
AVP, Financial Planning & Analysis

2022 – 2024 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

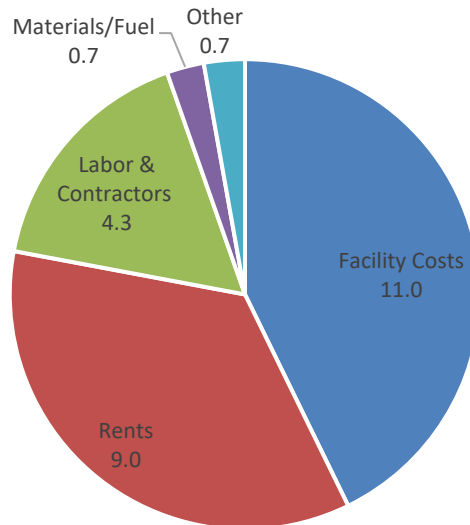
Property Services provides essential corporate services so employees can concentrate on serving Xcel Energy customers and the communities in which the company operates. Property Services operates and maintains corporate facilities, programs, and the real estate portfolio to maximize property utilization 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.

2022 NSPM Major Cost Drivers

Property Services & Aviation

2022 O&M Budget = 25.6M



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.

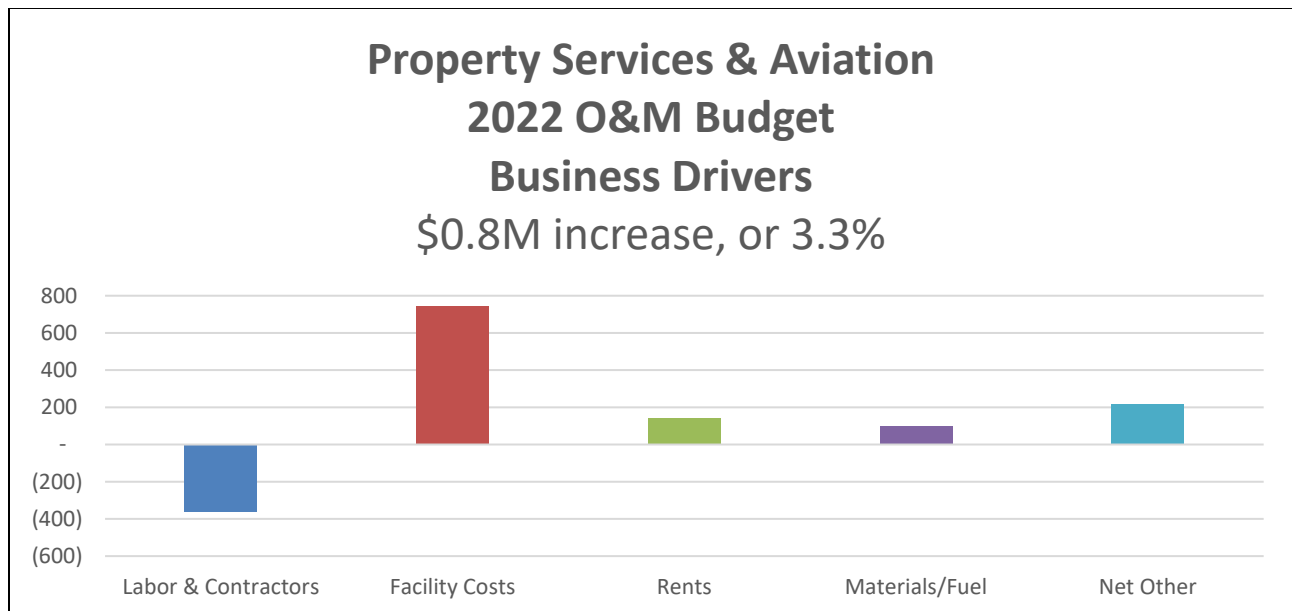
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, includes all utility and use costs such as electric, gas, water, sewer, and trash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

2022 NSPM Walk Forward of Major Cost Drivers

Property Services & Aviation 2022 O&M Budget Chart	
(Dollars in thousands)	
2021 July Year-End O&M Forecast	\$24,977
Labor	(317)
Company Labor with merit increase	(164)
Contract Labor for Staff Aug	(153)
Facility Costs	603
Rents	146
Materials/Fuel	70
Net Other	151
2022 O&M Budget	\$25,630



2022 NSPM Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

Labor & Contractors: Reduction driven by some vacancies in 2021 not being filled or being repurposed, as well as some contractor costs being planned for under Facility Costs.

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

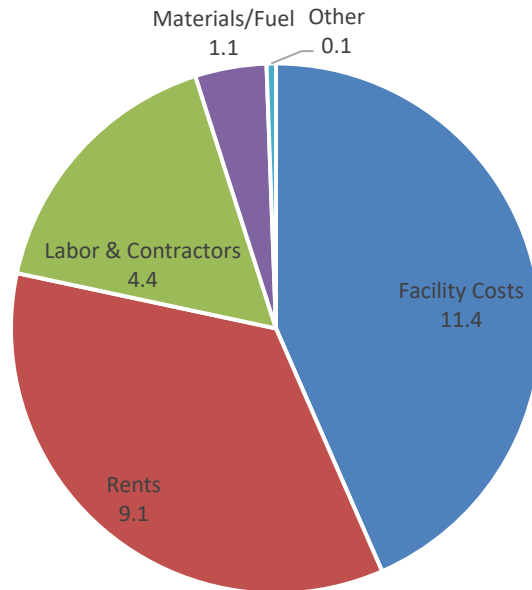
Rent: Increase in rent accounts for annual lease and property tax escalations, along with any planned renegotiated leases and associated fees.

Fuel Costs / Material: Increase driven by assumed increase travel assumptions for 2022's return to work.

All Other: Increase driven by planned employee related expenses and cube restacks as office staff return to work.

2023 NSPM Major Cost Drivers

Property Services & Aviation 2023 O&M Budget = 26.1M



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.

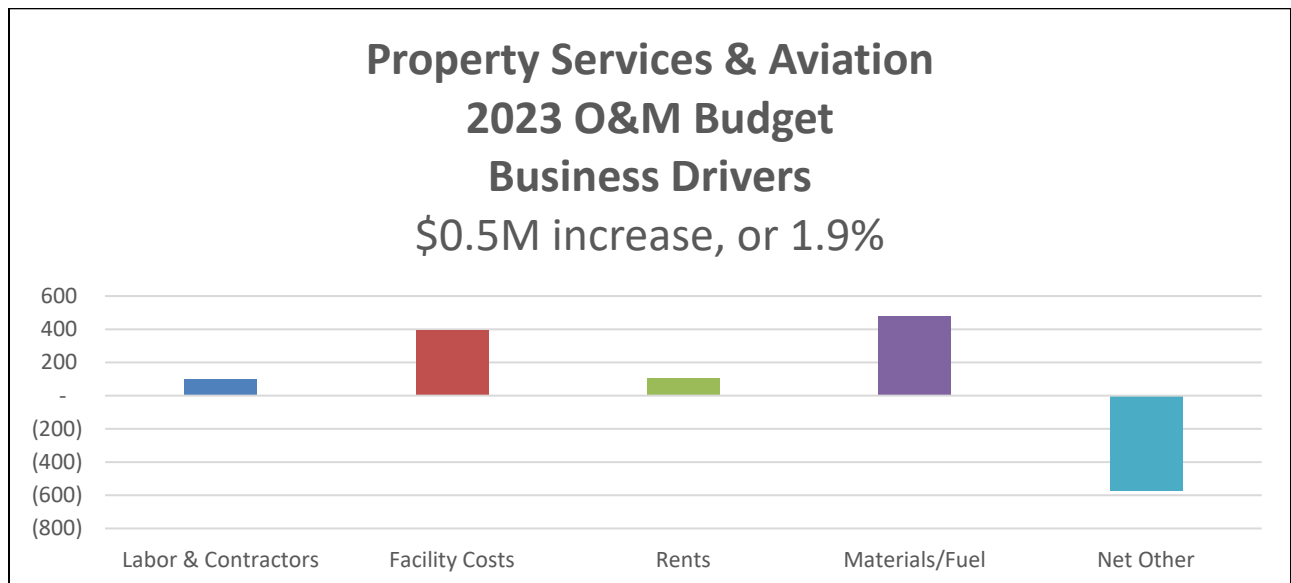
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, in includes all utility and use costs such as electric, gas, water, sewer, and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

Property Services & Aviation 2023 O&M Budget Chart	
(Dollars in thousands)	
2022 O&M Budget	\$25,630
Labor	99
Company Labor with merit increase	97
Contract Labor for Staff Aug	2
Facility Costs	394
Rents	106
Materials/Fuel	480
Net Other	(571)
2023 O&M Budget	\$26,139



2023 NSPM 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 three percent annual merit increase.

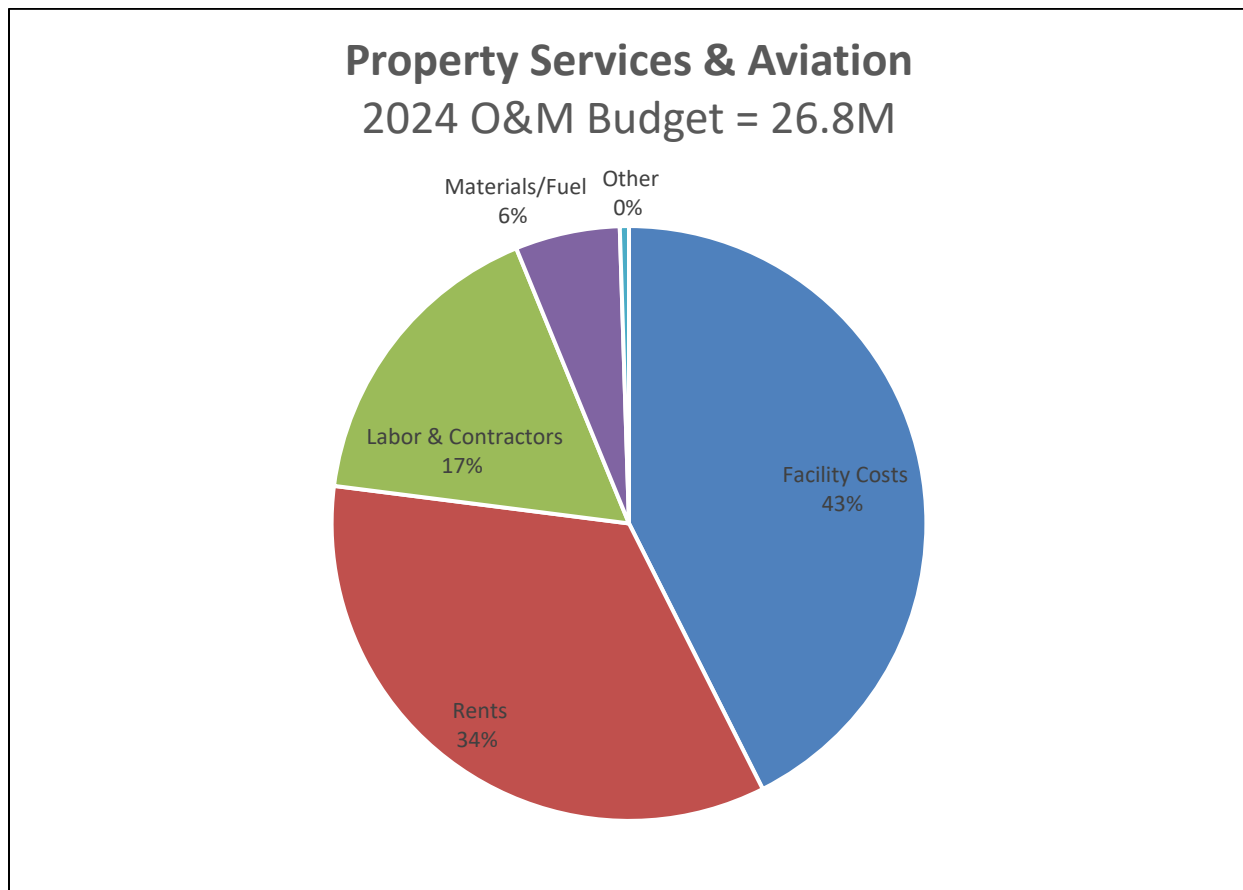
Facilities Costs: The increase captures annual contract escalations and assumed year-over-year increased cost of services. As well as increased provisions for snow removal and utility costs based on historic trends.

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

Fuel Costs / Material: Increase driven by increased assumption for corporate travel coupled with fuel price assumptions and return to normal aviation maintenance schedule.

All Other: Decrease driven drop off in assumed office configurations as the need for pandemic related cube restacks and floor reconfigurations declines.

2024 NSPM 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.

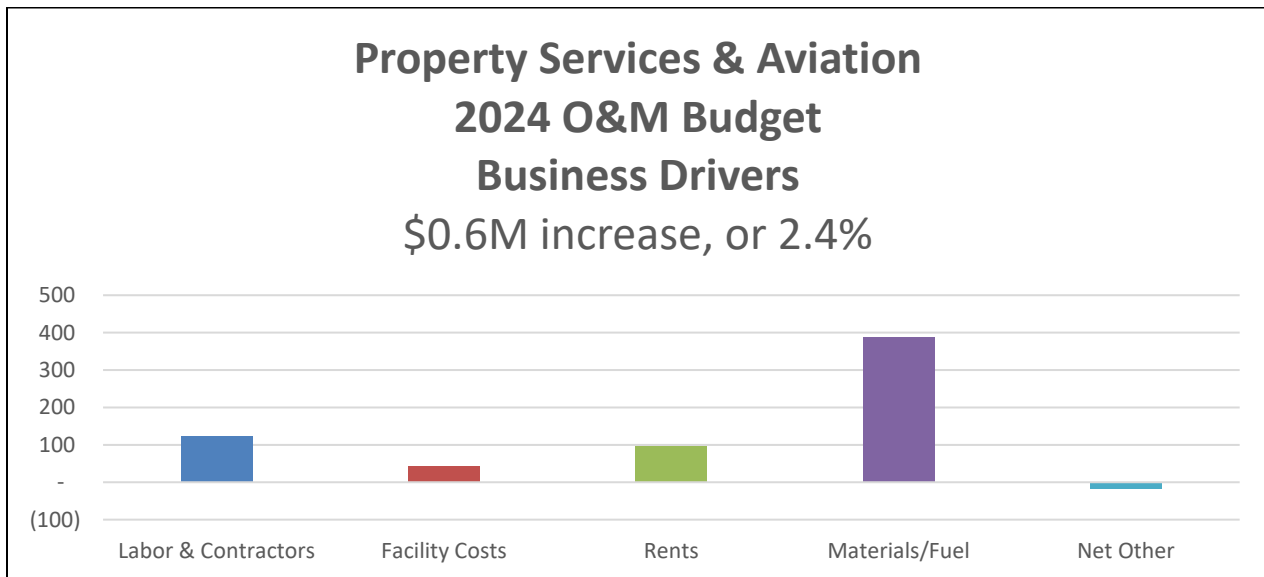
Facilities Costs – Property management and maintenance for buildings, generators, elevators, forklifts, compactors, fire systems, janitorial services, parking lot sweeping, snow removal and window and floor washing. Also, it includes all utility and use costs such as electric, gas, water, sewer, and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

2024 NSPM Walk Forward of Major Cost Drivers

Property Services & Aviation 2023 O&M Budget Chart	
(Dollars in thousands)	
2023 O&M Budget	\$26,139
Labor	124
Company Labor with merit increase	123
Contract Labor for Staff Aug	1
Facility Costs	42
Rents	97
Materials/Fuel	387
Net Other	(17)
2024 O&M Budget	\$26,772



2024 NSPM Walk Forward of Major Cost Drivers

The major cost drivers from an organizational perspective are:

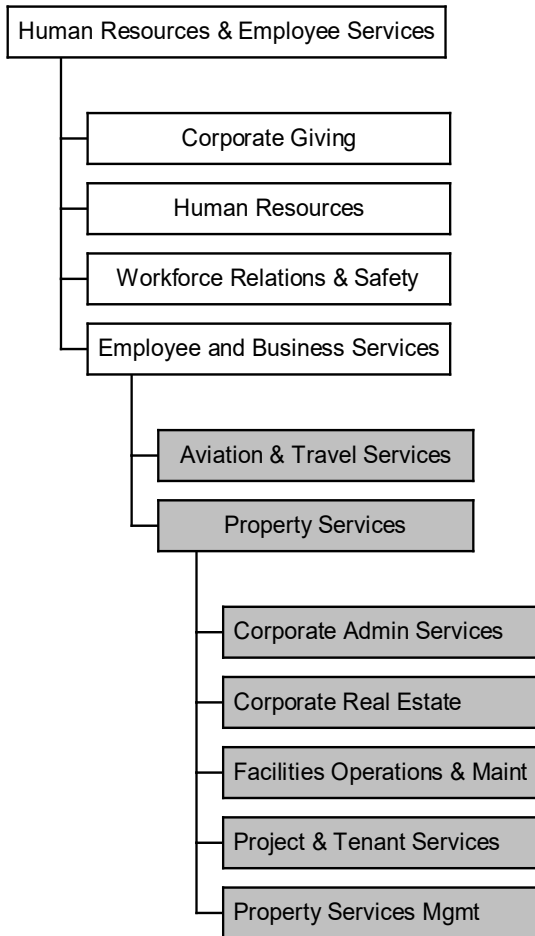
Labor & Contractors: The increase in labor is due to an assumed three percent annual merit increase

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.

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

Materials/Fuel – Increase driven by planned aircraft maintenance and engine overhauls coupled with escalation of assumed fuel prices.

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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	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.
200164	198	Payroll	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.
200165	515; 521; 552	Employee Management Systems	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)	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

Cost Allocation Methodologies

			plans (development) and government audit management (compliance).
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Approvals

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

Prepared By: _____ /s/ _____

Date: 10/17/2021

Jack Haggard

Manager, Shared Services Finance

Approved By: _____ /s/ _____

Date: 10/13/2021

Adam Dietenberger

Director, Shared Services Finance

Approved By: _____ /s/ _____

Date: 10/11/2021

Richard Schrubbe

AVP, Financial Analysis and Planning

2022 – 2024 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.

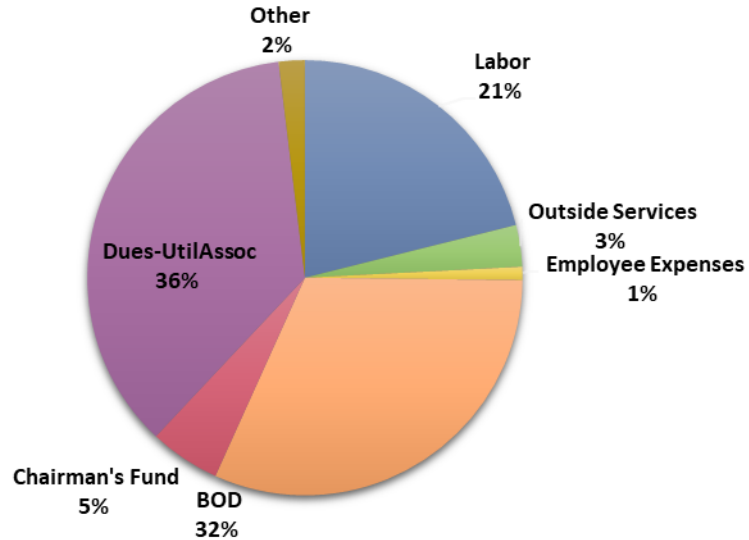
Strategic Priorities

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 – NSPM Total 2022 O&M Budget Major Cost Drivers

2022 NSPM O&M Budget \$5.0 M



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

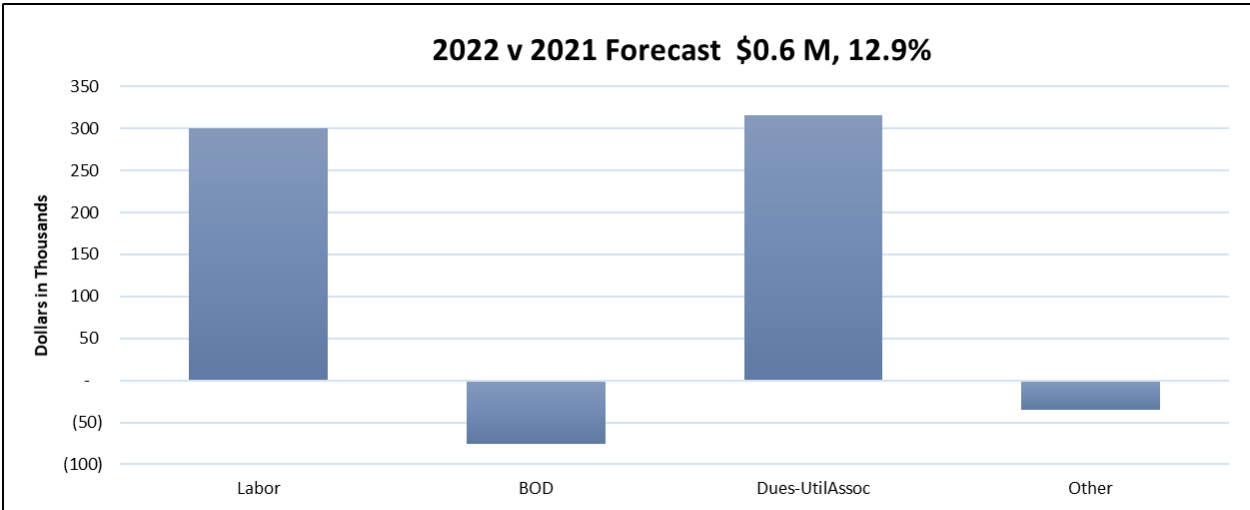
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

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 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	4,464
Labor	300
BOD	(76)
Chairman's Fund	70
Dues-UtilAssoc	316
Other	(35)
2022 Budget	5,041

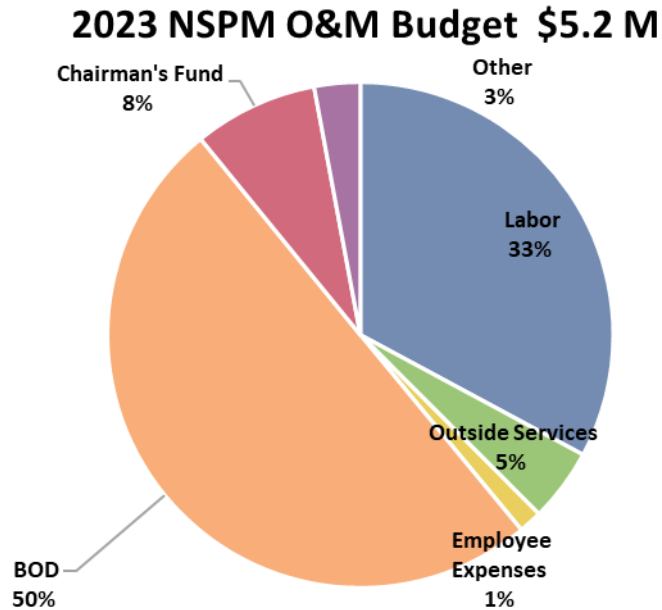


Labor: Budget includes funding for a new Executive Chairman of the Board position.

Board of Directors: The decrease is driven reduced search firm expenses.

Utility Association Dues: The increase is driven by anticipated renewable energy commitments.

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



Utility Association Dues: Corporate dues include the EEI, AGA, ACP, and AREA. The portion of corporate dues used for lobbying is not recovered from ratepayers.

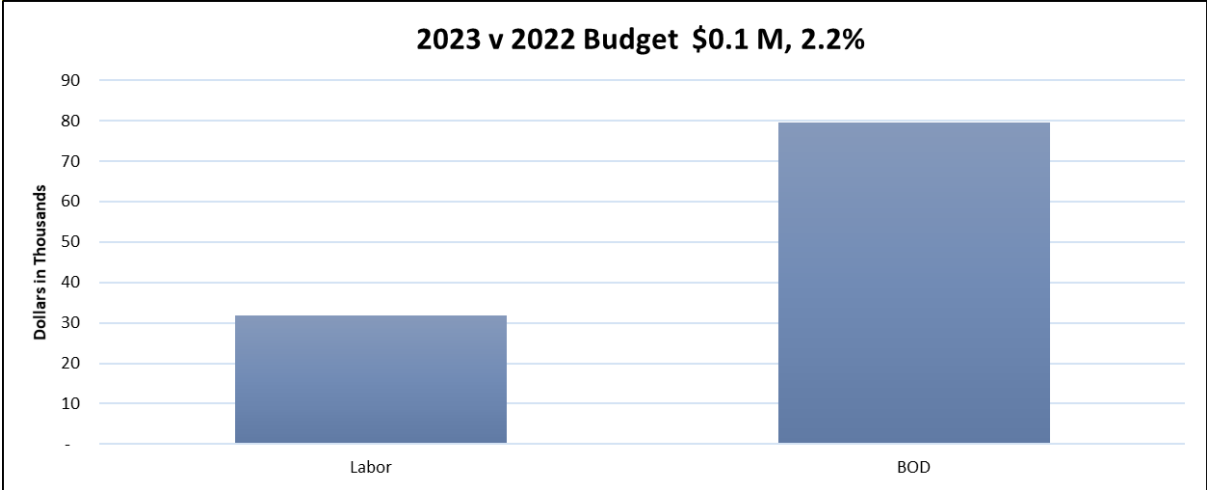
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

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	5,041
Labor	32
BOD	80
2023 Budget	5,152

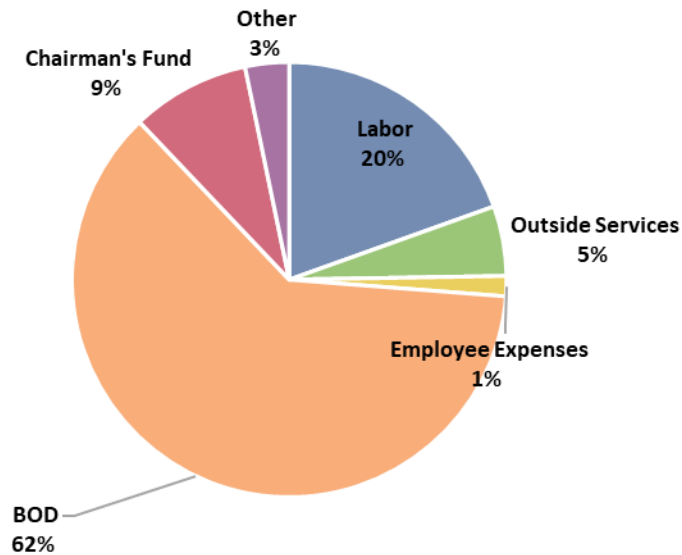


Labor: Base productive and non-productive labor costs are increased based on three percent merit increases.

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 – NSPM Total 2024 O&M Budget Major Cost Drivers

2024 NSPM O&M Budget \$4.8 M



Utility Association Dues: Corporate dues include the EEI, AGA, ACP, and AREA. The portion of corporate dues used for lobbying is not recovered from ratepayers.

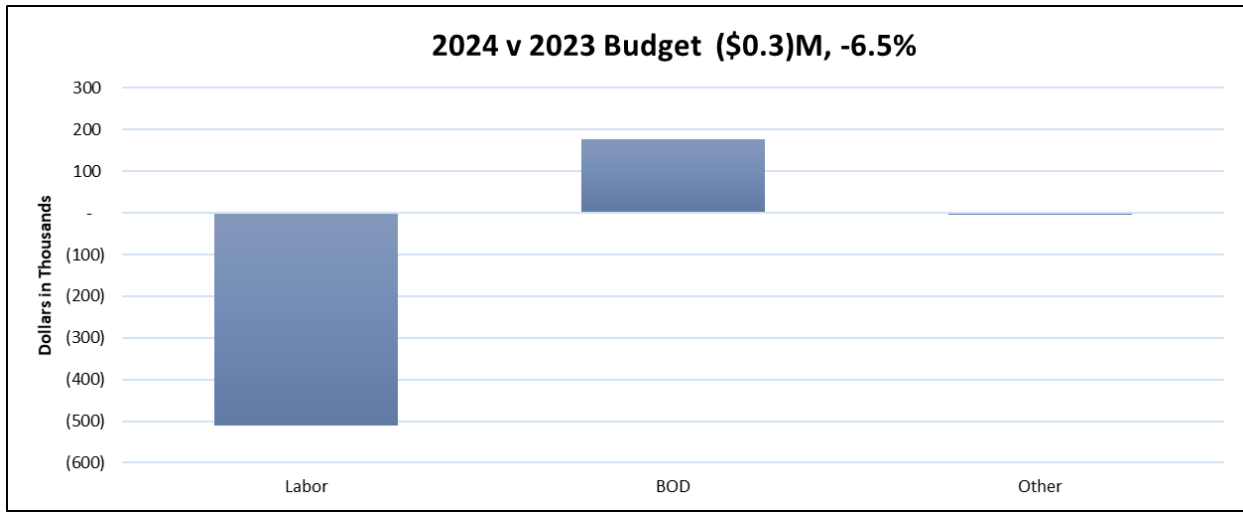
Chairman's Fund: Contributions and sponsorships are not recovered from ratepayers.

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.

2024 Walk Forward of Major Cost Drivers

2023 Budget to 2024 Budget	
2023 Budget	5,152
Labor	(510)
BOD	178
Other	(5)
2024 Budget	4,815



Labor: Base productive and non-productive labor costs are increased based on three percent merit increases. The decrease is driven by the lower budgeted headcount in 2023.

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.

Chairman, President and Chief
Executive Officer

Cost Allocation Methodologies

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

Operating Company Direct Charges:

Direct Charges are costs incurred directly by a particular operating company. 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:

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:

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.
200075	114	Board of Directors - Corporate Governance	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.
200088	127; 133	Accounting, Reporting, Tax & Audit Services - Regulated Electric	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).
200101	164	Legal Gas	Legal Gas services include the labor and non-labor costs for operating companies gas utility legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate and contracts. This is primarily used by the General Counsel area.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/13/2021
Raynard Gray
Manager, Business Area Finance

Approved By: _____ /s/ _____ Date: 10/13/2021
Adam Dietenberger
Director, Business Area Finance

Approved By: _____ /s/ _____ Date: 10/11/2021
Rick Schrubbe
AVP, Financial Analysis and Planning

2022 – 2024 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

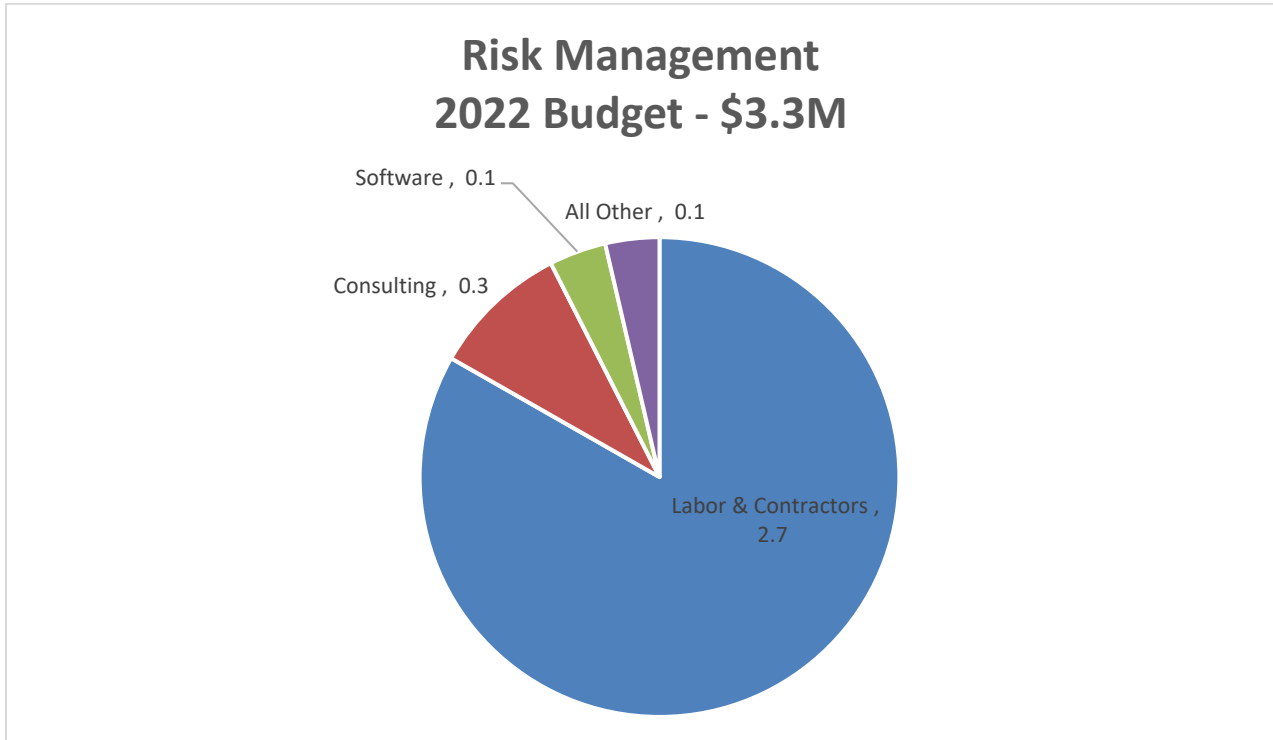
The Vice President and Chief Risk Officer (CRO) provides leadership and oversight to the Risk Management organization, as well as facilitating and serving as a member of quarterly meetings of the Corporate Risk Management Oversight Committee and the Risk Management Committee. The CRO also participates 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 – 2022 NSPM O&M Budget Major Cost Drivers



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

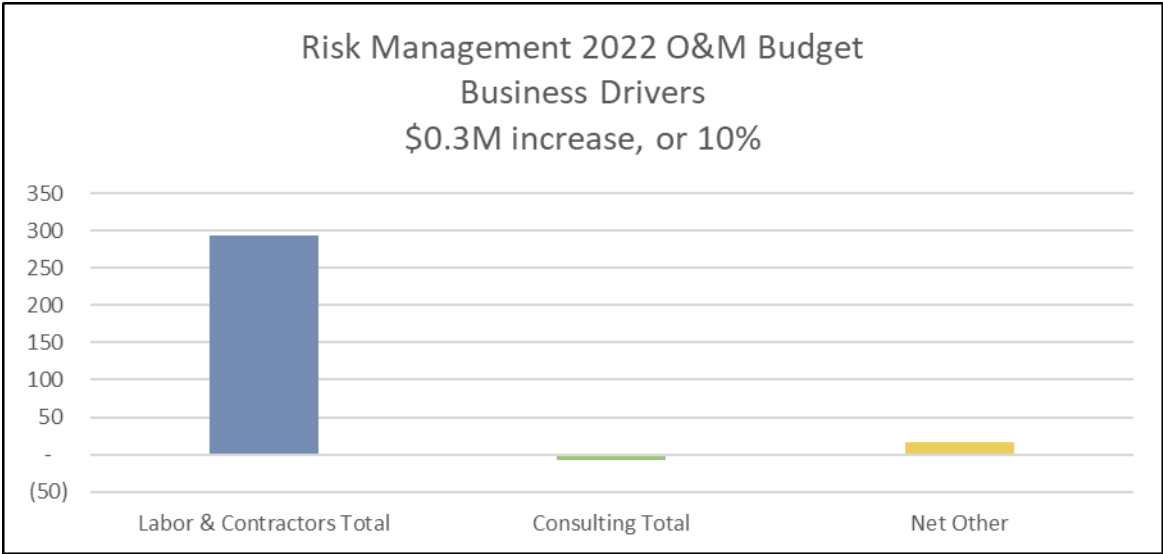
Software – Online information services subscription.

All Other – Primarily employee related expenses.

2022 Walk Forward of Major NSPM Cost Drivers

Risk Management 2021 NSPM O&M Budget Chart	
(Dollars in thousands)	
2021 July Year-End O&M Forecast	\$2,962
Labor	293
Company Labor with merit increase	363
Contract Labor for Staff Aug	(66)
Other	(3)
Consulting	(7)
Consulting Professional Services - Accounting	51
Consulting Professional Services - Other	(57)
Net Other	17
2022 O&M Budget	\$3,265

2022 Walk Forward of Major NSPM O&M Cost Drivers (continued)

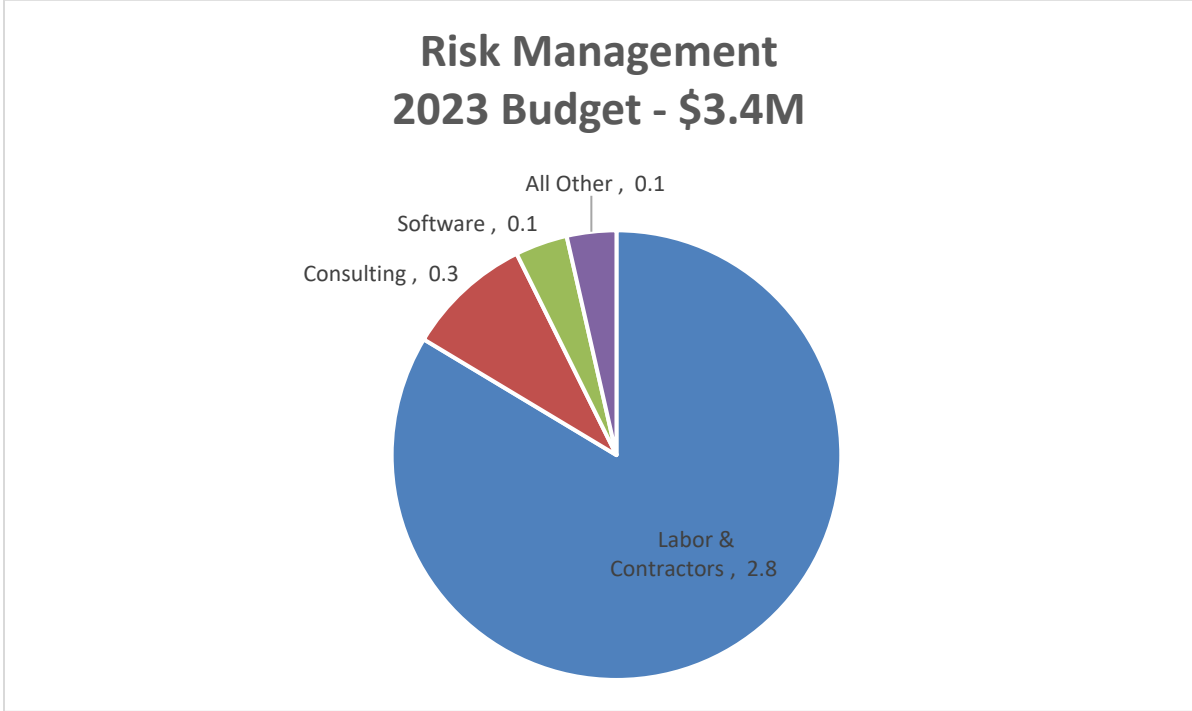


Labor: Primarily driven by three percent merit increases for internal labor offset by decreased reliance on contract labor

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

Other: Increase primarily in employee expenses in 2022 due to employee return to work and assumed increased travel.

Risk, Audit and Compliance – 2023 NSPM O&M Budget Major Cost Drivers



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

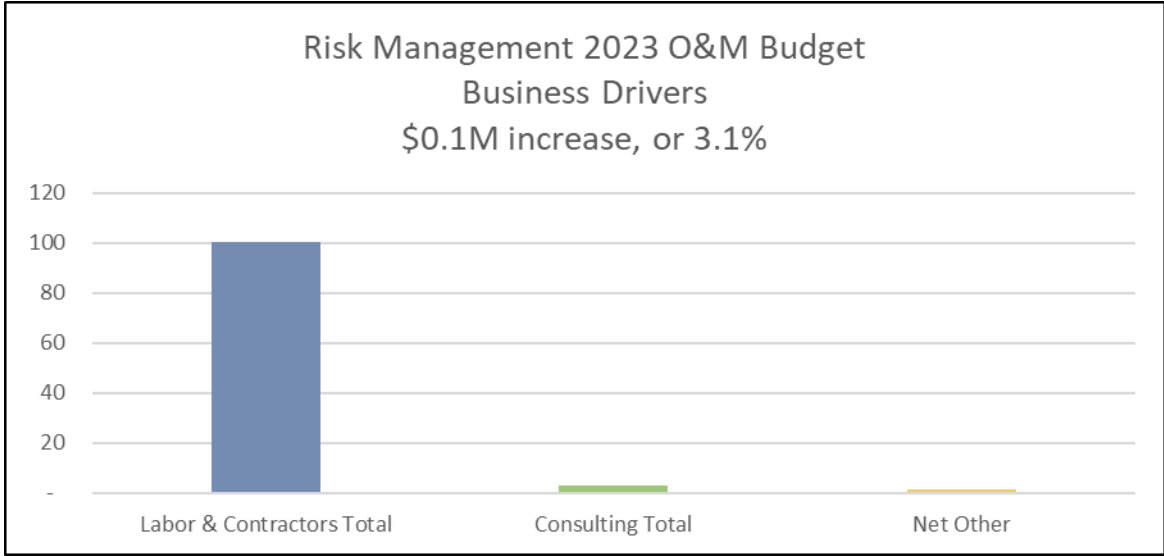
Software – Online information services.

All Other – Primarily employee related expenses.

2023 Walk Forward of Major NSPM Cost Drivers

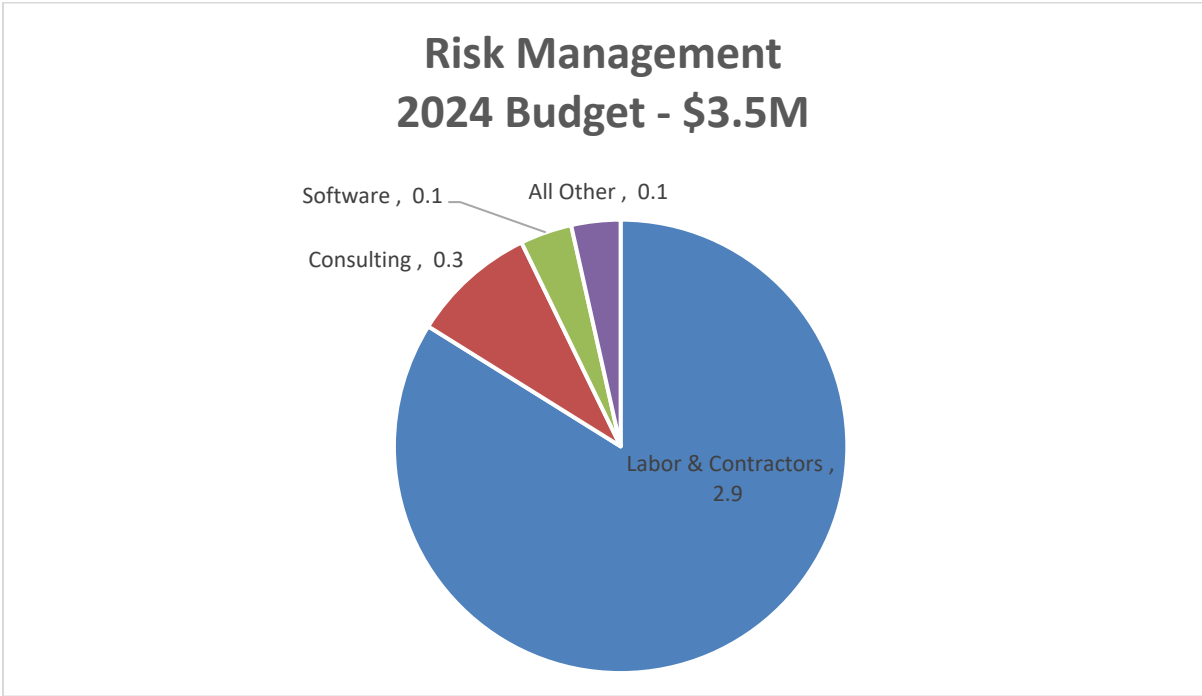
Risk Management 2023 NSPM O&M Budget Chart	
(Dollars in thousands)	
2022 O&M Budget	\$3,265
Labor	100
Company Labor with merit increase	100
Net Other	5
2023 O&M Budget	\$3,370

2023 Walk Forward of Major NSPM Cost Drivers (continued)



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

Risk, Audit and Compliance – 2024 NSPM O&M Budget Major Cost Drivers



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

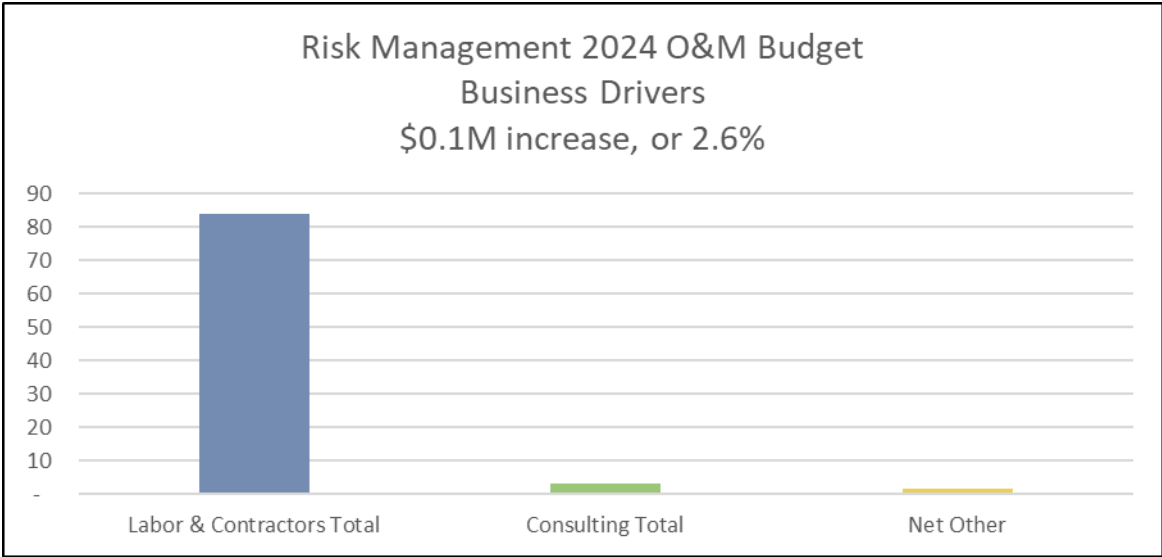
Software – Online information services.

All Other – Primarily employee related expenses.

2024 Walk Forward of Major Cost Drivers

Risk Management 2023 NSPM O&M Budget Chart	
(Dollars in thousands)	
2023 O&M Budget	\$3,370
Labor	84
Labor	84
Net Other	6
2024 O&M Budget	\$3,460

2024 Walk Forward of NSPM Major Cost Drivers (continued)



Labor: This year-over-year increase is primarily due to an assumed three 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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.
200067	131	Audit Services - Corporate Governance	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 an 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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200069	143	Risk Management - Corporate Governance	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.
200088	127; 133	Accounting, Reporting, Tax & Audit Services - Regulated Electric	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).
200089	132	Audit Services - OpCo's & TransCo's	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	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).
200100	134	Accounting, Reporting, Tax & Audit Services – Regulated Gas	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).

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200134	144	Proprietary Trading - Front/Mid Office FERC 557	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.
200174	145	Generation Trading/Native Hedge - Mid Office FERC 557	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.

Approvals

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

Prepared By: _____ /s/ _____ Date: 10/17/2021
Jack Haggard
Manager, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/13/2021
Adam Dietenberger
Director, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/11/2021
Rick Schrubbe
AVP Financial Planning & Analysis

**2022 – 2024 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 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.

Strategy, Planning and External Affairs 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.

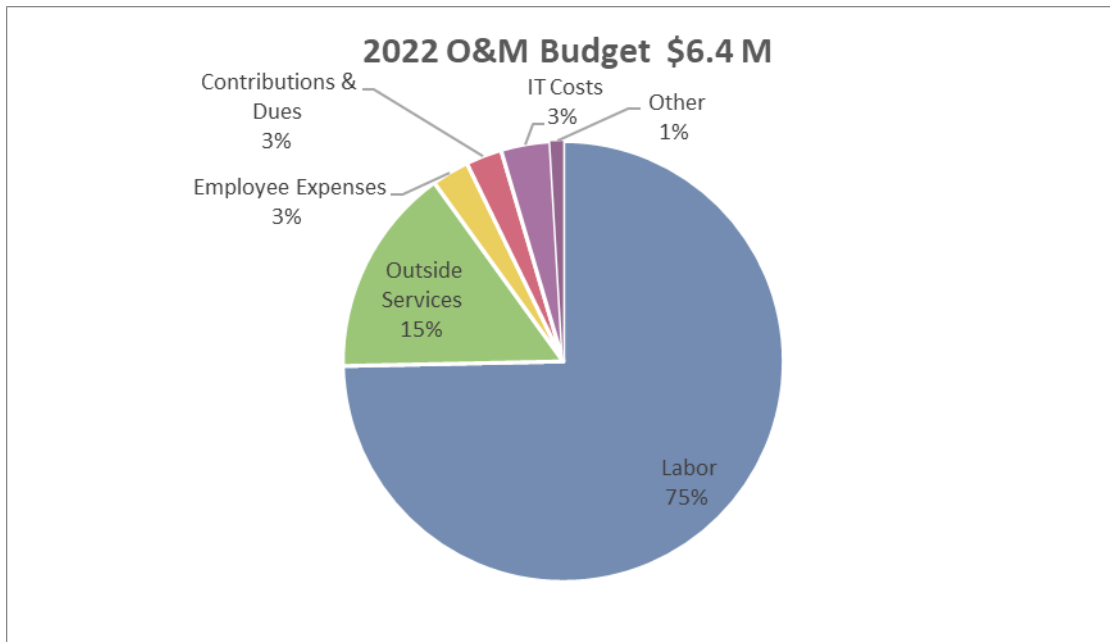
Strategy and Planning group helps facilitate corporate strategy and ensure that our goals, metrics, resource plans, and business plans focus on the long-term stability and direction of our organization. This team provides insight and analysis on competitive intelligence analysis, industry assessments and benchmarking studies. The group also oversees Company's long-term strategic planning activities for all operating companies, which includes facilitating and developing asset and financial plans for the Operating Companies. Resource plans developed 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, Strategy and Planning 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.

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. This team also supports communication on AGIS initiative across jurisdictions. They provide communications services support to major business areas including writing, graphic design, video production, senior leadership meeting and event

Major Business Functions and Key Activities

planning as well as supporting the internal communications channels. They also provide executive-level support in CEO communications, investor relations and messaging and branding around our growth efforts.

2022 NSPM 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 spend is primarily related to the contract labor and consulting for the AGIS initiative and Consulting services related to meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses for internal and external business travel, training, and professional conferences.

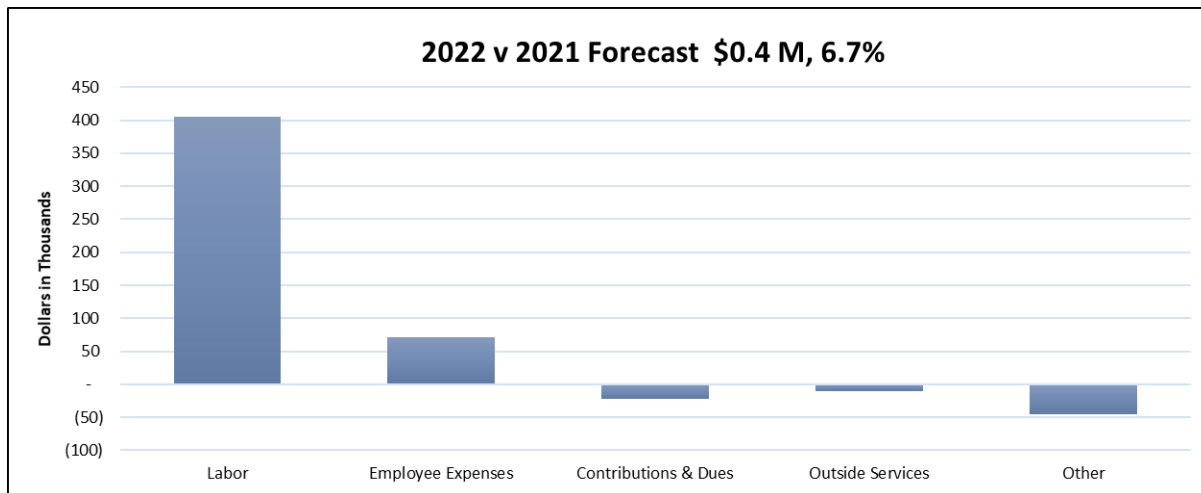
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

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 and corporate responsibility report.

2022 NSPM Walk Forward of Major Cost Drivers

2021 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	5,952
Labor	405
Employee Expenses	71
Contributions & Dues	(22)
Outside Services	(11)
Other	(45)
2022 Budget	6,350



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases. The budget includes an updated workforce plan and full staffing levels.

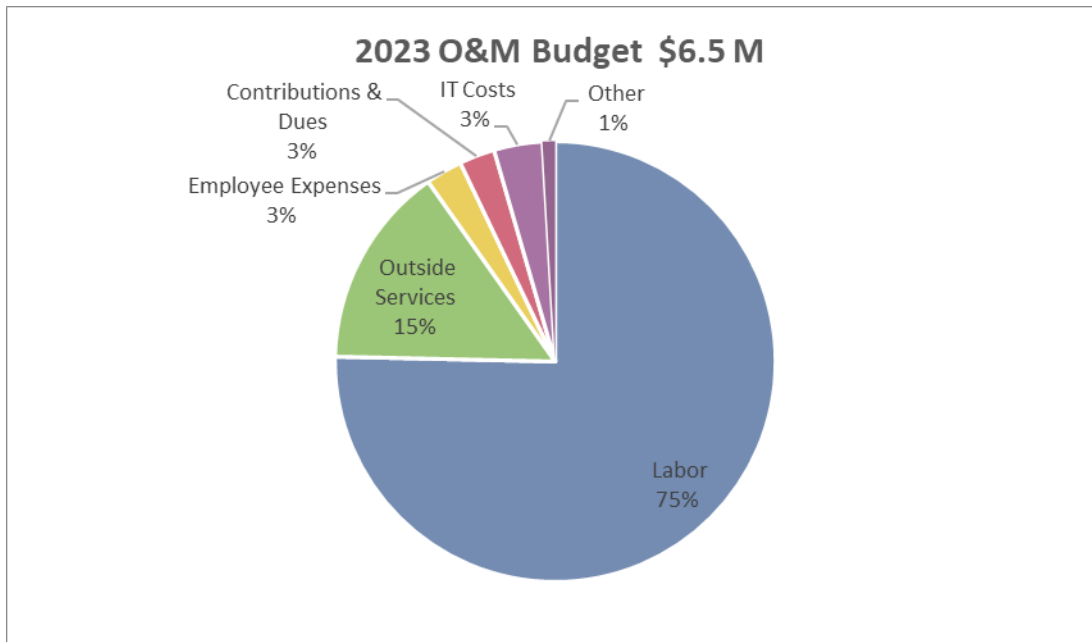
Employee Expenses – Increased year-over-year expenses are driven by reduced activity in 2021 due to companywide travel restrictions. 2022 is budgeted at 70 percent of 2019 levels with a marginal increase compared to 2021 in expected activity levels for the organization to achieve its objectives.

Contributions & Dues – Year-over-year decrease in Lobbying-Dues due to one-time additional contributions in 2021 to support political associations affiliated with the company's strategic plan. The additional contribution will not continue in 2022.

Outside Services – Year-over-year decrease is due to additional spend on tax consulting in 2021 which will not continue in 2022, (\$0.2M). The decrease was offset by increases for: (1) general consulting supporting Senior Management's long-term strategy development, \$0.1M and (2) spend on environmental federal policy strategy, \$0.1M. Contract labor and consulting spend for AGIS initiative communications is flat to 2021.

Other – Decrease in annual printing expenses for the annual report and corporate responsibility report.

2023 NSPM 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 spend is primarily related to the contract labor and consulting for the AGIS initiative and Consulting services for meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses internal and external business travel, training, and professional conferences.

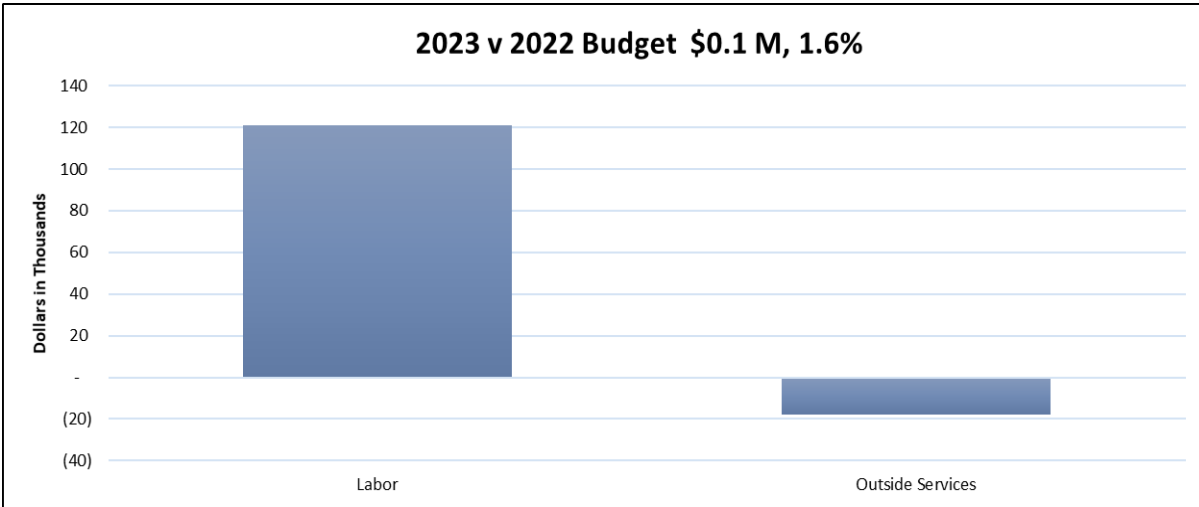
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

Contributions & Dues - 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 and corporate responsibility report.

2023 NSPM Walk Forward of Major Cost Drivers

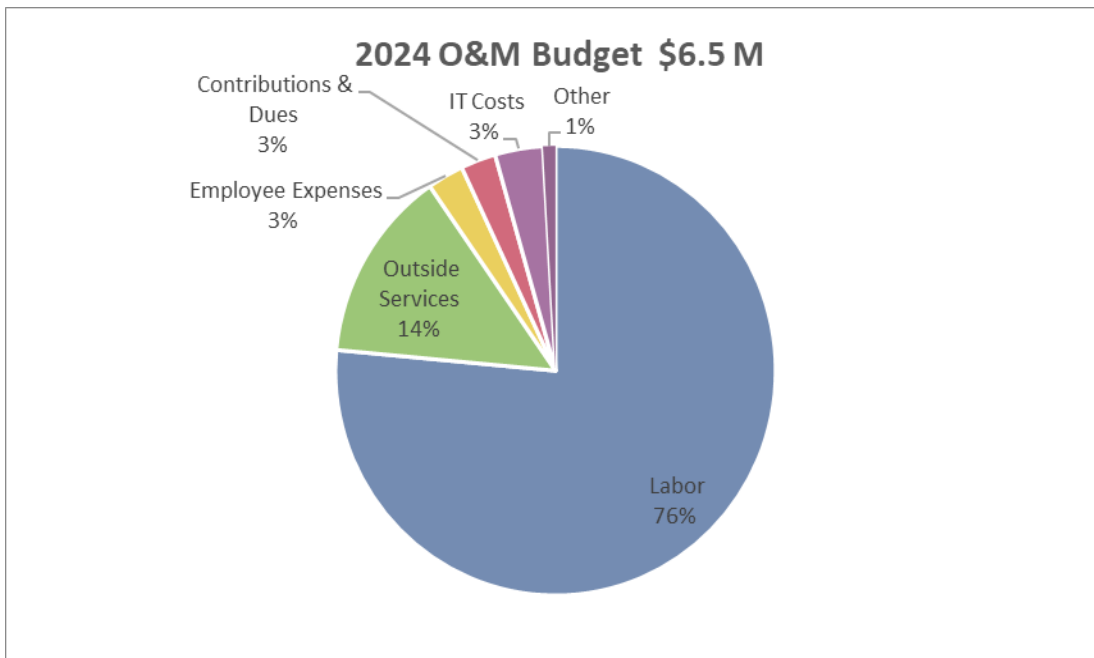
2022 Budget to 2023 Budget	
2022 Budget	6,350
Labor	121
Outside Services	(18)
2023 Budget	6,453



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases, \$0.1M. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Decrease in AGIS consulting and contract labor spend as the program roll-out progresses.

2024 NSPM 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 spend is primarily related to the contract labor and consulting for the AGIS initiative and Consulting services related to meeting the strategic priorities of the organization.

Employee Expenses – Employee expenses internal and external business travel, training, and professional conferences.

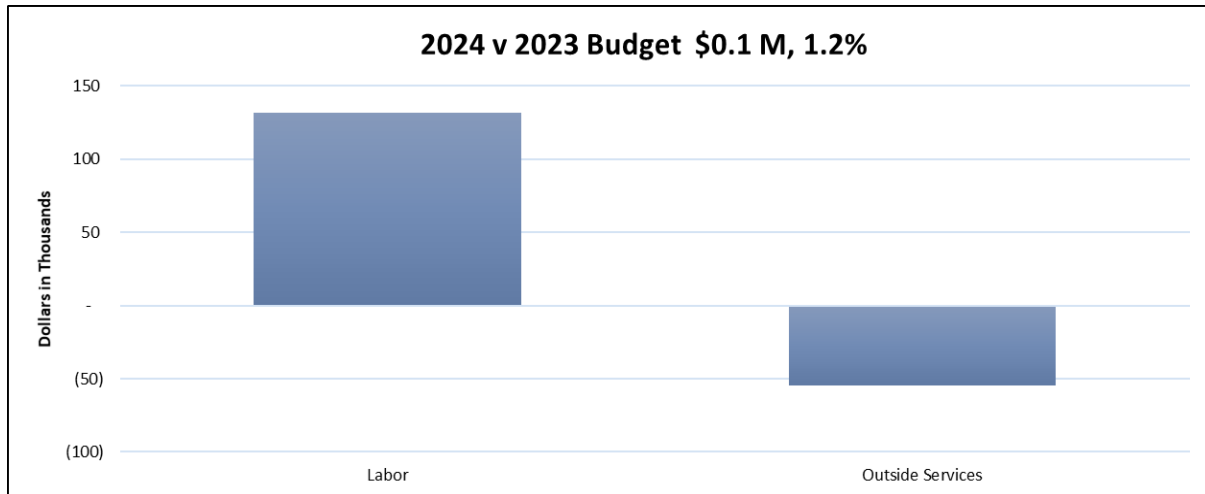
IT Costs - Includes annual subscription fees to various corporate financial resources, including S&P Global Market Intelligence, and Bloomberg Finance.

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 and corporate responsibility report.

2024 NSPM Walk Forward of Major Cost Drivers

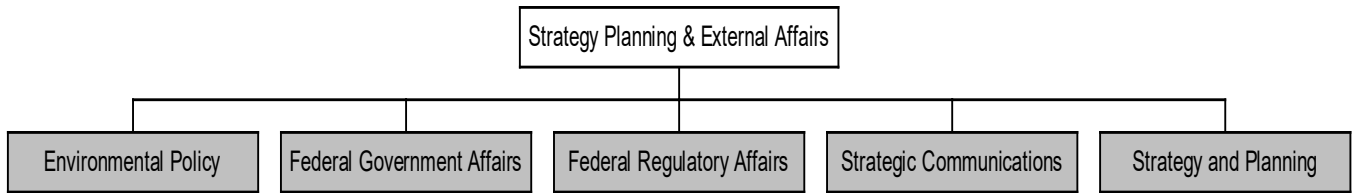
2023 Budget to 2024 Budget	
2023 Budget	6,453
Labor	132
Outside Services	(54)
2024 Budget	6,531



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases, \$0.1M. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Decrease in AGIS consulting and contract labor spend as the program roll-out progresses.

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. Strategy Planning and External Affairs 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, Strategy Planning and External Affairs 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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200070	161	Corporate Strategy & Business Development - Corporate Governance	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.
200072	180	Communications - Corporate Governance	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.
200078	410	Governmental Affairs	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.
200079	409	Federal Lobbying	Federal Lobbying services includes the labor and non-labor costs for federal and state lobbying activities and the federal Political Action Committee (PAC).
200136	415	Energy Markets - Fuel	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

Cost Allocation Methodologies

			nuclear) and resource planning and acquisition including purchase power and account management.
200163	181	Employee Communications	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.
200177	418	Rates & Regulation - Electric	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: 10/13/2021 _____

Raynard Gray

Manager, Business Area Finance

Approved By: _____ /s/ _____

Date: 10/13/2021 _____

Adam Dietenberger

Director, Business Area Finance

_____/s/ _____

Date: 10/11/2021 _____

Rick Schrubbe

AVP, Financial Analysis & Planning



2022 - 2024 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.

Credit Card Rebates: The credit rebates we receive from our credit card vendors for rebates earned by using the credit cards. These credits offset NSPM expenses within Corporate Other.

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.

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.

2022 Corporate Other Budget

Corporate Other: NSPM 2022 O&M Budget Chart	
<i>(Dollars in Thousands)</i>	
Transmission Interchange	127,820
Company Use Credits	(5,898)
Non-Regulated OH Allocation	(1,659)
A&G to Capital	(860)
Credit Card rebates	(522)
Other	(806)
2022 O&M Budget	\$ 118,075

2022 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2022 O&M Budget Chart	
<i>(Dollars in Thousands)</i>	
2021 July Year-End O&M Forecast	\$ 111,288
Transmission Interchange	7,458
Other	(672)
2022 O&M Budget	\$ 118,075

2022 Walk Forward of Major Cost Drivers

Transmission Interchange (\$7.5M increase in 2022): 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 Second Circuit).

2023 Corporate Other Budget

Corporate Other: NSPM 2023 O&M Budget Chart	
<i>(Dollars in Thousands)</i>	
Transmission Interchange	138,563
Company Use Credits	(5,898)
Non-Regulated OH Allocation	(1,659)
A&G to Capital	(860)
Credit Card rebates	(522)
Other	(334)
2023 O&M Budget	\$ 129,290

2023 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2023 O&M Budget Chart	
<i>(Dollars in Thousands)</i>	
2022 O&M Budget	\$ 118,075
Transmission Interchange	10,744
Other	472
2023 O&M Budget	\$ 129,290

Transmission Interchange (\$10.7M increase in 2023): 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 St. Croix River to Eau Claire line as well as the NSPW major line rebuild).

2024 Corporate Other Budget

Corporate Other: NSPM 2024 O&M Budget Chart <i>(Dollars in Thousands)</i>	
Transmission Interchange	143,662
Company Use Credits	(5,898)
Non-Regulated OH Allocation	(1,659)
A&G to Capital	(860)
Credit Card rebates	(522)
Other	(305)
2024 O&M Budget	\$ 134,418

2024 Walk Forward of Major Cost Drivers

Corporate Other: NSPM 2024 O&M Budget Chart <i>(Dollars in Thousands)</i>	
2023 O&M Budget	\$ 129,290
Transmission Interchange	5,099
Other	29
2024 O&M Budget	\$ 134,418

Transmission Interchange (\$5.1M increase in 2024): 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 Jim Falls to Holcombe line and the St. Croix River to Eau Claire 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>Allocating Cost Center</u>	<u>JDE Subledger Code</u>	<u>Allocating Cost Center Name</u>	<u>Description</u>
200087	123	Accounting, Reporting & Tax - Regulated	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.

Approvals

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

Prepared By: _____ /s/ _____ Date: _____ 10/13/2021 _____

Andy List
Manager, O&M and Capital Reporting & Analysis

Approved By: _____ /s/ _____ Date: _____ 10/13/2021 _____

Melissa Ostrom
Director, Financial Forecasting and Reporting



2022 – 2024 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, 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.

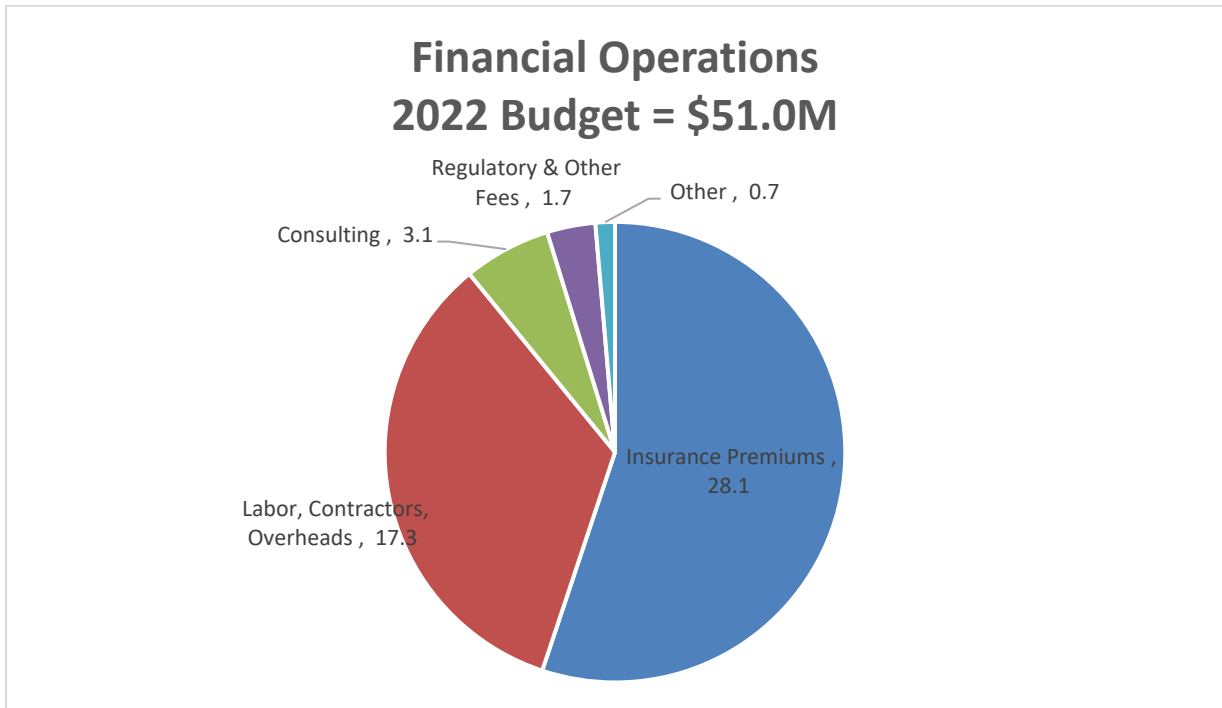
Treasurer

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.

2022 NSPM 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

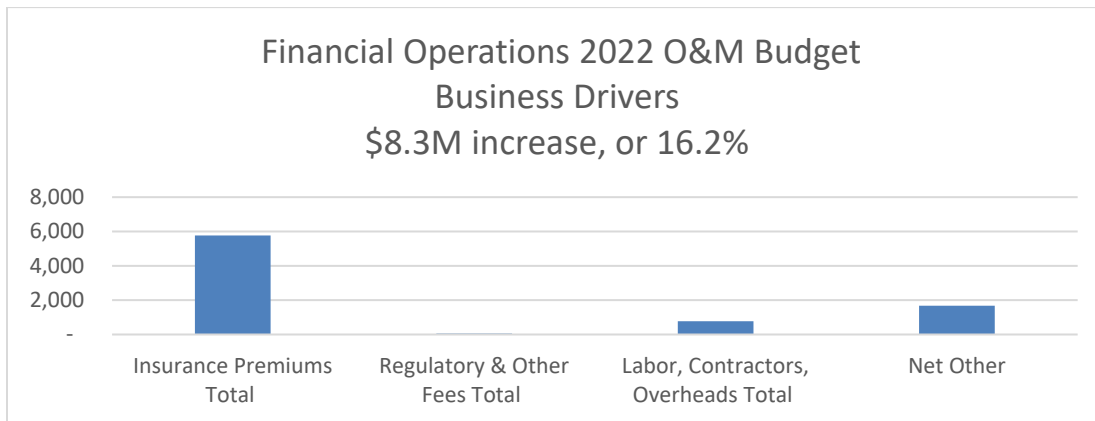
Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

Other – Primarily employee related expenses.

2022 NSPM Walk Forward of Major Cost Drivers

Financial Operations NSPM 2022 O&M Budget Chart	
(Dollars in thousands)	
2021 July Year-End O&M Forecast	\$43,466
Insurance	5,275
Insurance - Surplus	1,867
Insurance - Property	1,309
Ins-General Liability	(72)
Ins-Excess Liability	1,705
Misc. Other Insurance	466
Regulatory & Other Fees	(28)
Shareholder Related Expenses	76
Bank Charges	(136)
Other Fees	33
Labor	736
Company Labor with merit incr	800
Contract Labor for Staff Aug	(64)
Net Other	1,565
2022 O&M Budget	\$51,013

2022 NSPM Walk Forward of Major Cost Drivers



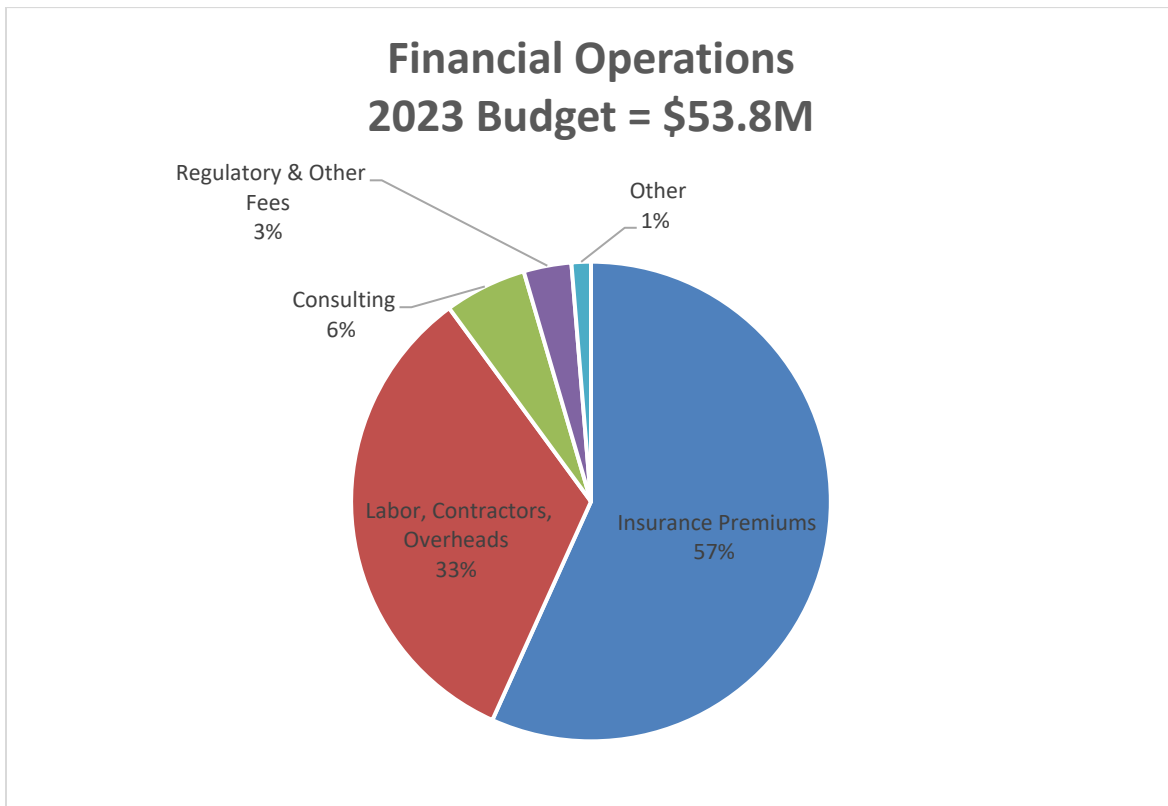
Insurance: Primarily driven by increases in premiums for property and excess liability policies. Factors for the increase include the company's total asset base, recent loss history, as well as general insurance market conditions.

Regulatory & Other Fees: Bank charges, licenses fees and permits, and ratemaking fees.

Labor: Increased costs for internal labor due to three percent 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 2021 coupled with increased employee expenses related to return to office post pandemic.

2023 NSPM 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

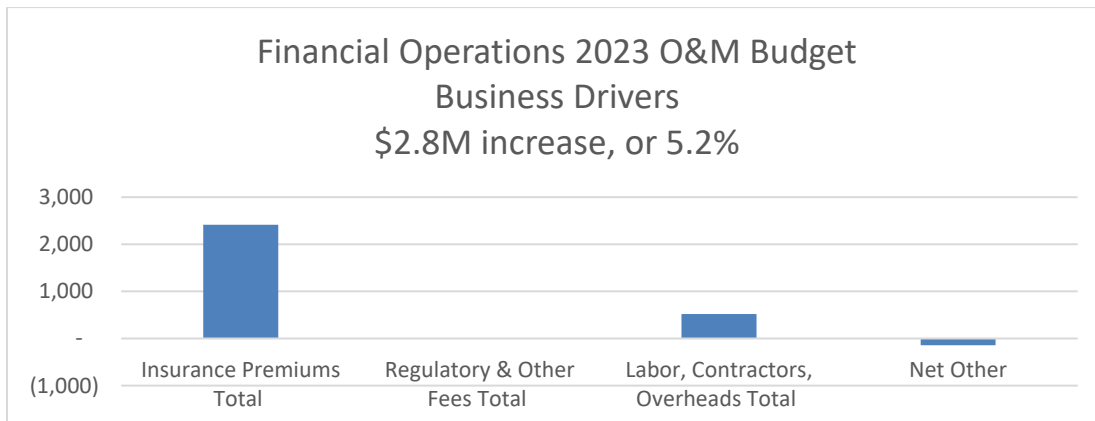
Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

Other – Primarily employee related expenses.

2023 NSPM Walk Forward of Major Cost Drivers

Financial Operations NSPM 2023 O&M Budget Chart	
(Dollars in thousands)	
2022 O&M Budget	\$51,013
Insurance	2,416
Insurance - Property	869
Ins-General Liability	314
Ins-Excess Liability	1,156
Misc Other Insurance	76
Labor	519
Company Labor with merit incr	518
Contract Labor for Staff Aug	2
Net Other	(141)
2023 O&M Budget	\$53,807

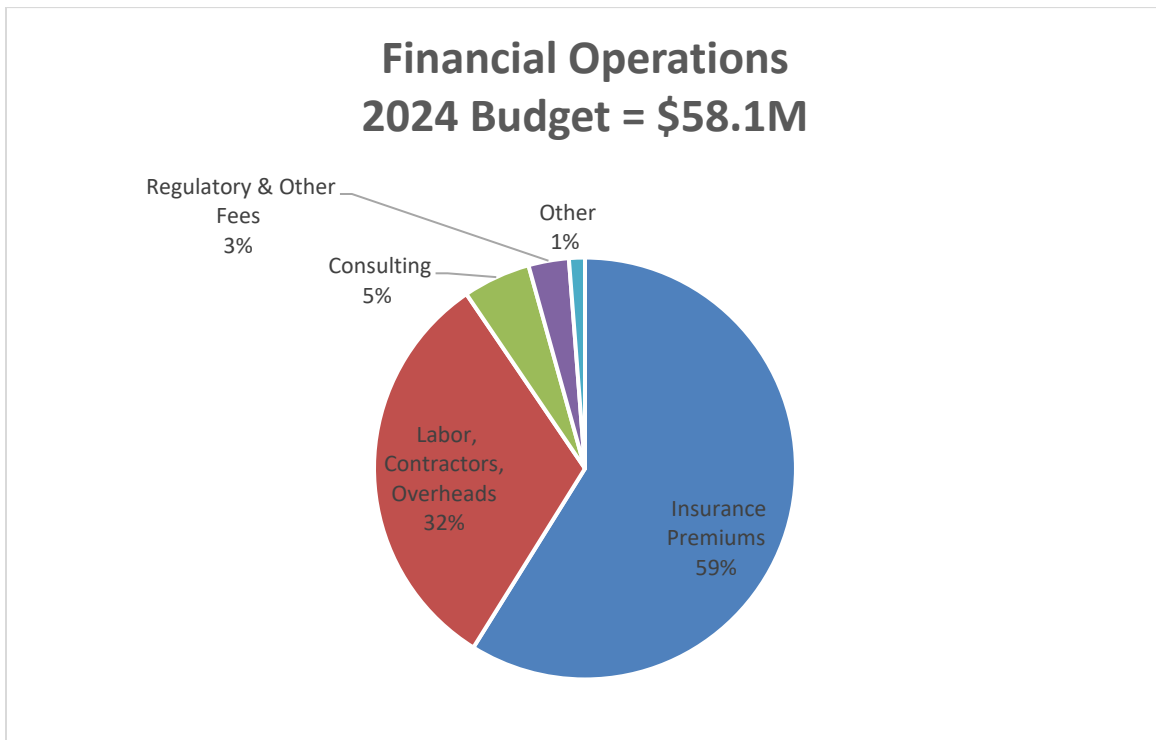
2023 NSPM Walk Forward of Major Cost Drivers



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

2024 NSPM 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

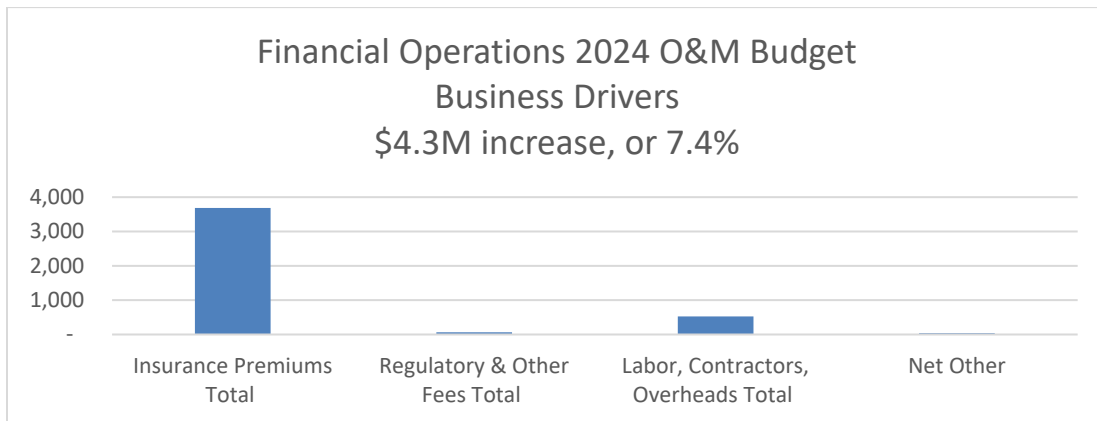
Regulatory & Other Fees – Bank charges, licenses fees and permits, and ratemaking fees.

Other – Primarily employee related expenses.

2024 NSPM Walk Forward of Major Cost Drivers

Financial Operations NSPM 2024 O&M Budget Chart		
(Dollars in thousands)		
2023 O&M Budget		\$53,807
Insurance		3,687
Insurance - Surplus	1,500	
Insurance - Property	743	
Ins-General Liability	340	
Ins-Excess Liability	843	
Misc Other Insurance	261	
Regulatory & Other Fees		67
Bank Charges	29	
Other Fees	38	
Labor		528
Labor	527	
Company Labor with merit incr	2	
Net Other		37
2024 O&M Budget		\$58,126

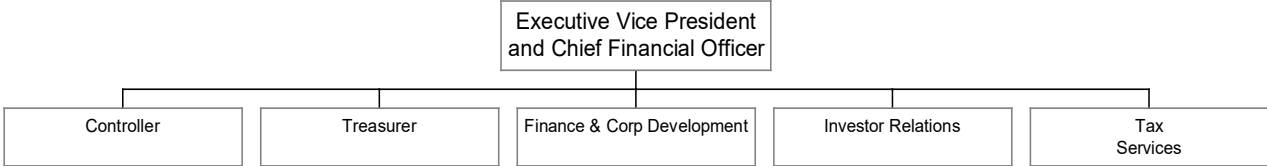
2024 NSPM Walk Forward of Major Cost Drivers



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

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200065	116	Investor Relations - Corporate Governance	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	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.
200068	141	Corporate Finance, Treasury & Cash Management - Corporate Governance	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 mutual 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.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200069	143	Risk Management - Corporate Governance	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	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	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	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	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).
200090	146	Risk Management - OpCo's & TransCo's	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	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.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200096	431	Energy Markets - Business Services	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	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	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).
200102	470	Gas Distribution FERC 880	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	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.
200126	423; 440; 525	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.
200132	413	Payment & Reporting	Payment & Reporting services includes the labor and non-labor costs associated with processing payments to vendors, providing audit research and reconciliation support for Accounts Payable transactions, preparing statistical and 1099 reporting, and administering the purchase card programs.

Cost Allocation Methodologies

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200133	128	Proprietary Trading - Back Office	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.
200178	417	Rates & Regulation	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: 10/17/2021

Jack Haggard
Manager, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/13/2021

Adam Dietenberger
Director, Shared Services Finance

Approved By: _____ /s/ _____ Date: 10/11/2021

Richard Schrubbe
AVP, Financial Analysis and Planning

2022 – 2024 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 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 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 on legislative bills championed or opposed, to protect the interests of our customers.

The Large Account Management department is responsible for working with the 1,500 largest business customers in the jurisdiction. The department's focus is to be a strategic resource to key customers on rates, reliability, energy efficiency, and project management. Account Managers are a single point of contact for both large regional and national customers to assist in customer extensions, reliability improvements, and project support while 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.

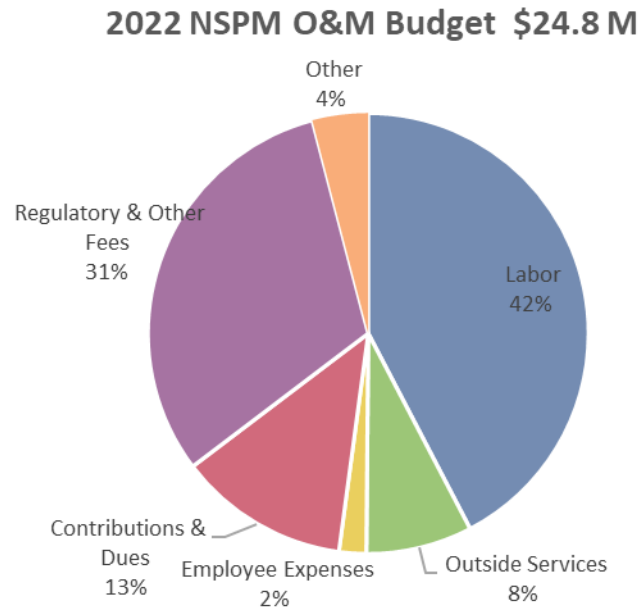
Regulatory & Government Affairs

- The lead 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.

2022 Total NSPM O&M Budget Major Cost Drivers



Costs are categorized as Labor, Regulatory & Other Fees, Contributions & Dues and Outside Services.

Labor – Labor 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 NSPM 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.

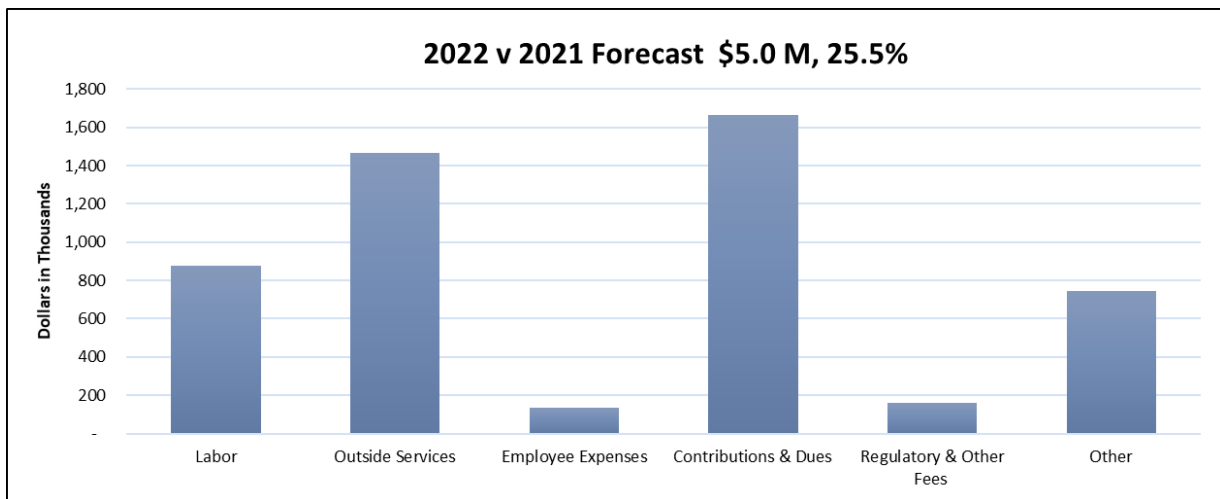
Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

Other – Primarily consists of funding for strategic planning initiatives. Materials expenses to support daily operations and communication with customers and Advertising to support strategic priorities such as customer acquisition are also included.

2022 Total NSPM Walk Forward of Major Cost Drivers

2021 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	19,786
Labor	876
Outside Services	1,465
Employee Expenses	137
Contributions & Dues	1,662
Regulatory & Other Fees	159
Other	742
2022 Budget	24,827



Labor – Increase is primarily due to the annual merit cycle and increased total headcount of eight to support the NSPM President’s priorities in Regulatory, Account Management and Community Relations organizations. The timing of hiring open positions and the budget representing a fully staffed organization, less normal attrition also contributes to the year-over-year increase.

Outside Services – Increased Consulting spend in: (1) Community Relations due to expanded scope with an existing consultant Rapp Strategies who supports public affairs strategy, \$0.9M, (2) supporting the extension of nuclear fleet, \$0.1M, (3) and general legislative matters and lobbying support, \$0.4M.

Employee Expenses – Increased year-over-year expenses are driven by reduced activity in 2021 due to companywide travel restrictions. 2022 is budgeted at 2021 activity levels with a marginal increase in expected activity levels for the organization to achieve its objectives.

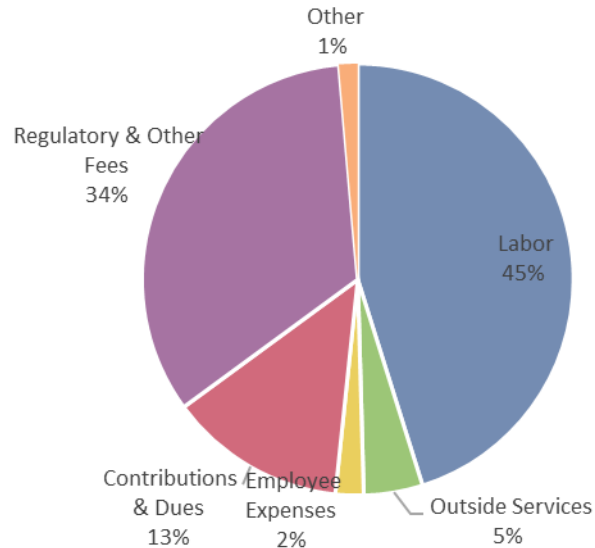
Contributions & Dues – Increase is driven by reduced activity in 2020 and 2021 due to economic impact of COVID 19. 2022 is budgeted to return to normal activity levels for the organization to achieve its objectives. Drivers include costs not recovered from rate payers associated with community sponsorships, association dues and corporate sponsored tickets.

Regulatory & Other Fees – Indirect and direct fees are increased based upon anticipated revenue changes and case filings.

Other – Primarily consists of funding for strategic planning initiatives.

2023 Total NSPM O&M Budget Major Cost Drivers

2023 NSPM O&M Budget \$23.5 M



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 NSPM 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.

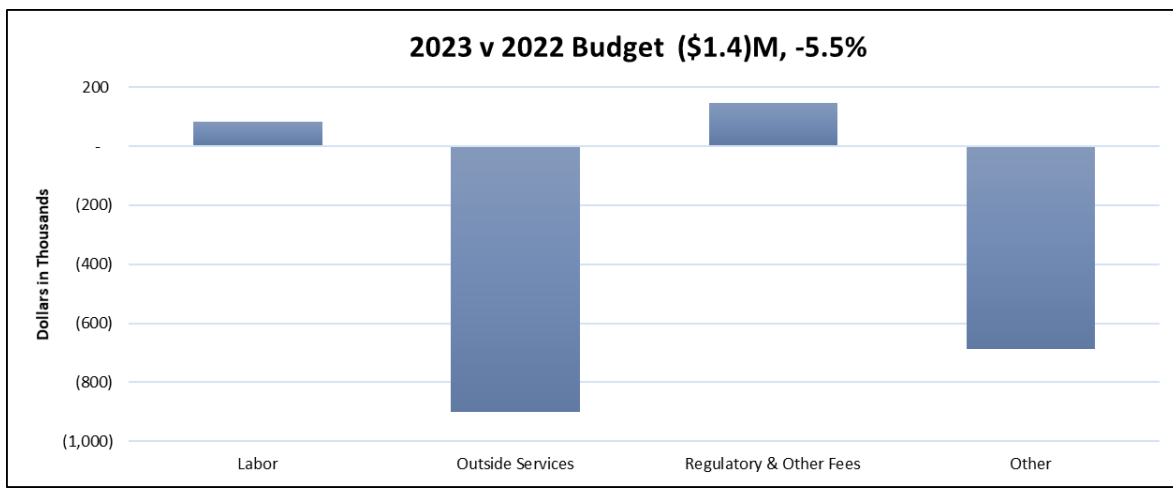
Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

Other – Primarily consists of Materials expenses to support daily operations and communication with customers and Advertising to support strategic priorities such as customer acquisition.

2023 Total NSPM Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	24,827
Labor	83
Outside Services	(900)
Regulatory & Other Fees	147
Other	(687)
2023 Budget	23,471



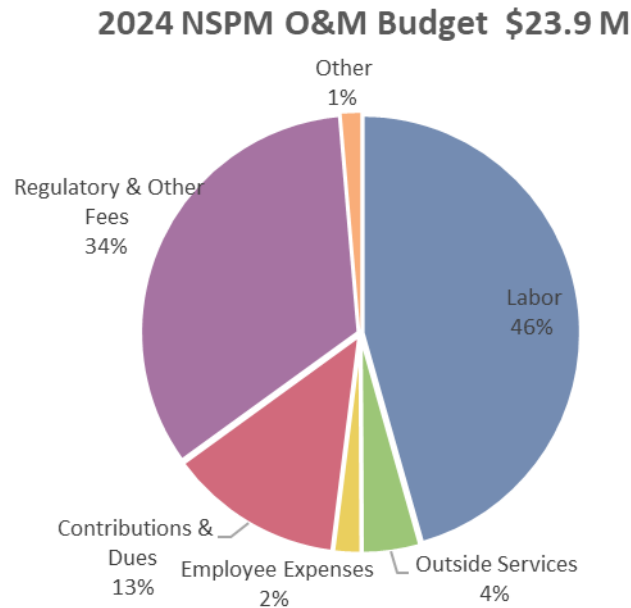
Labor – Base productive and non-productive labor costs are increased based on three percent merit increases. The budget includes an updated workforce plan and full staffing levels.

Outside Services – Return to normal Consulting spend in Community Relations from 2022, (\$0.9M).

Regulatory & Other Fees – Indirect and direct fees are increased based upon anticipated revenue changes and case filings.

Other – Reduced funding for strategic planning initiatives.

2024 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 NSPM dockets. Indirect fees are an allocation of agency costs that are not captured through direct assessments.

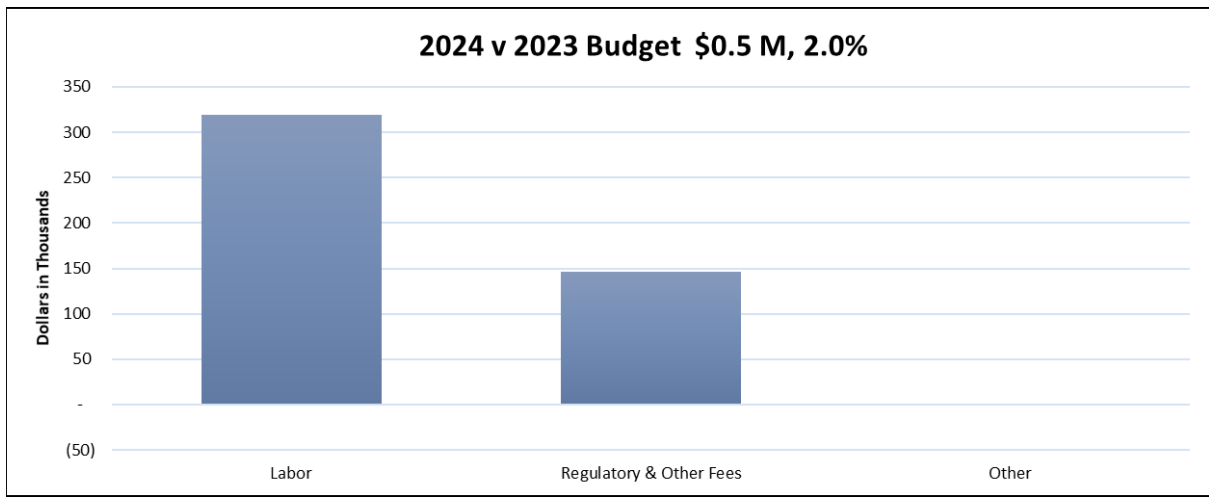
Contributions & Dues – Contributions & Dues includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

Outside Services – Consulting services related to organizational, regulatory and community efforts focused on meeting the strategic priorities of the NSPM President organization.

Other – Primarily consists of Materials expenses to support daily operations and communication with customers and Advertising to support strategic priorities such as customer acquisition.

2024 Total NSPM Walk Forward of Major Cost Drivers

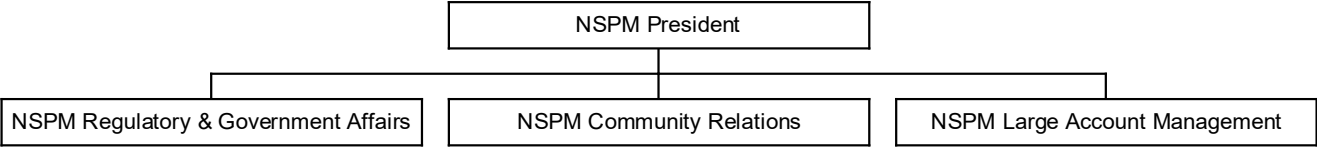
2023 Budget to 2024 Budget	
2023 Budget	23,471
Labor	320
Regulatory & Other Fees	146
Other	(0)
2024 Budget	23,936



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases. The budget includes an updated workforce plan and full staffing levels.

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: _____ 10/13/21 _____

Raynard Gray

Manager, Business Area Finance

Approved By: _____ /s/ _____

Date: _____ 10/13/20/21 _____

Adam Dietenberger

Director, Business Area Finance

Approved By: _____ /s/ _____

Date: _____ 10/15/2021 _____

Rich Schrubbe

AVP, Financial Analysis and Planning

2022 – 2024 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 Directors, 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 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

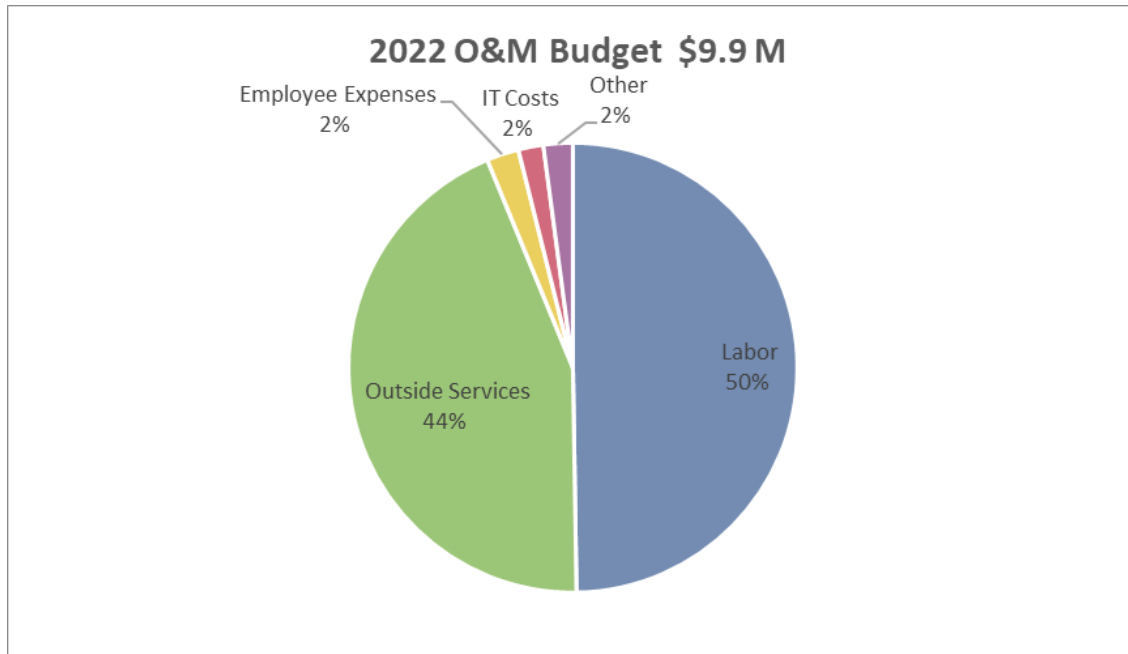
- Provides effective, efficient and professional 24 x 7 claims services for Xcel Energy's matters related to casualty, public and legal entity claims against the company; ranging from simple liability claims to investigations of catastrophic loss investigations. Pursues indemnification or compensation 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

2022 NSPM 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.

Outside Services – Expenses for outside legal costs (outside law firms, experts, court reporters, etc.).

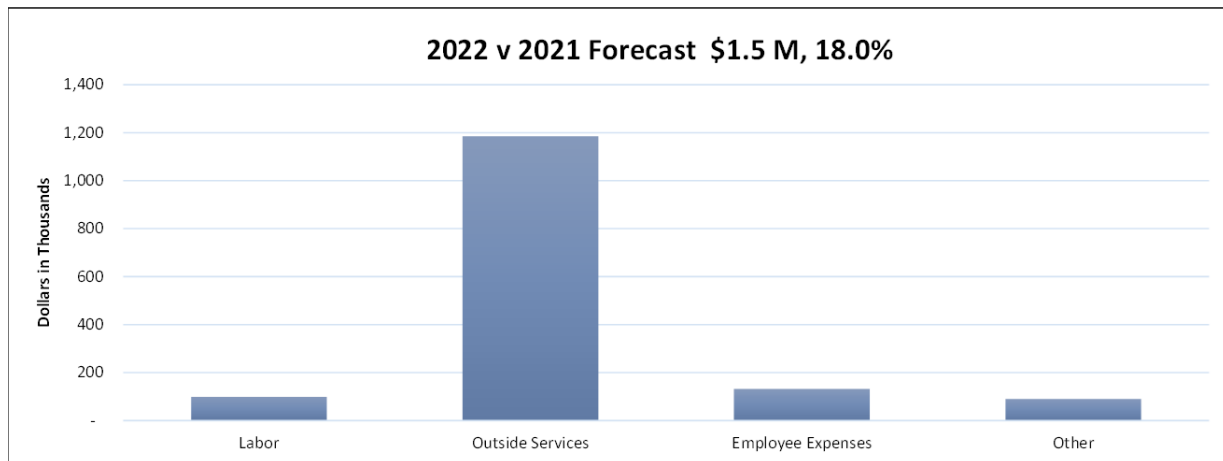
Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

IT Costs – IT costs are primarily for software support and maintenance costs associated with Legal Services' software applications.

Other – Consists primarily of Contributions and Dues which 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 July Year End Forecast to 2022 Budget	
2021 July Year End Forecast	8,359
Labor	98
Outside Services	1,185
Employee Expenses	131
Other	90
2022 Budget	9,864



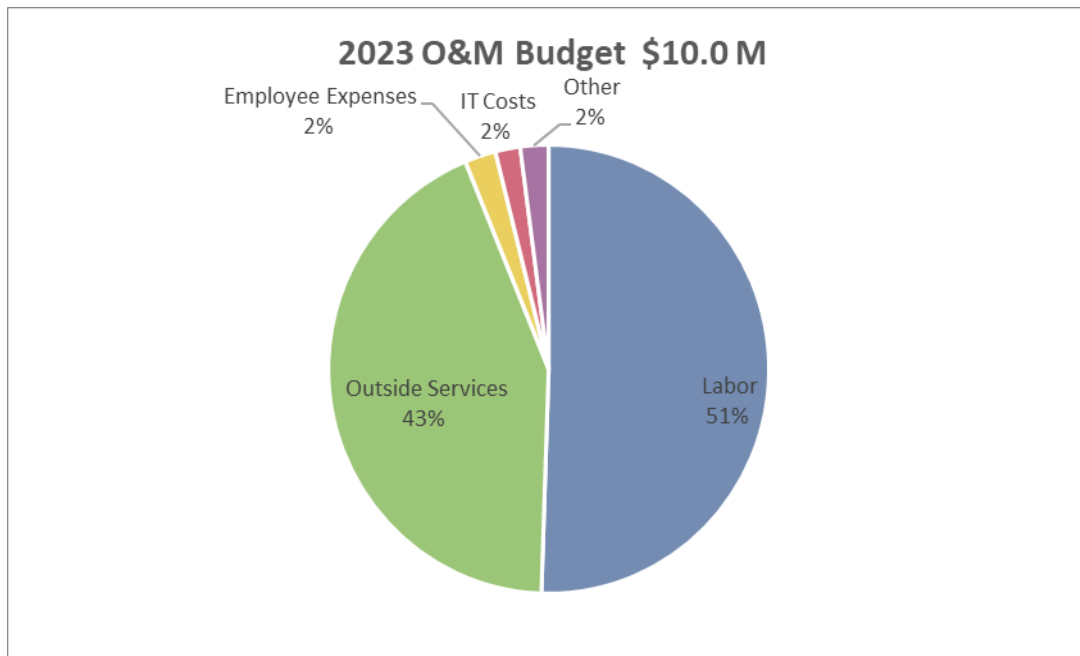
Labor – Base productive and non-productive labor costs are increased based on three percent merit increases. The budget includes an updated workforce plan and full staffing levels.

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. The increase consists of: (1) additional support in Corporate and Employment legal practice areas, \$0.8M, (2) anticipated litigation, \$0.5M, and (3) asset transactions and other increases, \$0.7M. The increases are offset by: (1) decreases in Transmission related Real Estate and Federal Regulatory legal practice areas, (\$0.1M), (2) decrease in Regulatory Commission expenses in a non-rate filing year (\$0.3M), (3) miscellaneous matters spend (\$0.3M).

Employee Expenses – Increased year-over-year expenses are driven by reduced activity in 2021 due to companywide travel restrictions. 2022 is budgeted at 2021 activity levels with a marginal increase in expected activity levels for the organization to achieve its objectives.

Other – Incremental increase for normal activity in IT Costs, \$18K and Insurance Premiums, \$30K.

2023 NSPM O&M Budget Major Cost Drivers



Labor – Base productive and non-productive labor costs are increased based on three 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.

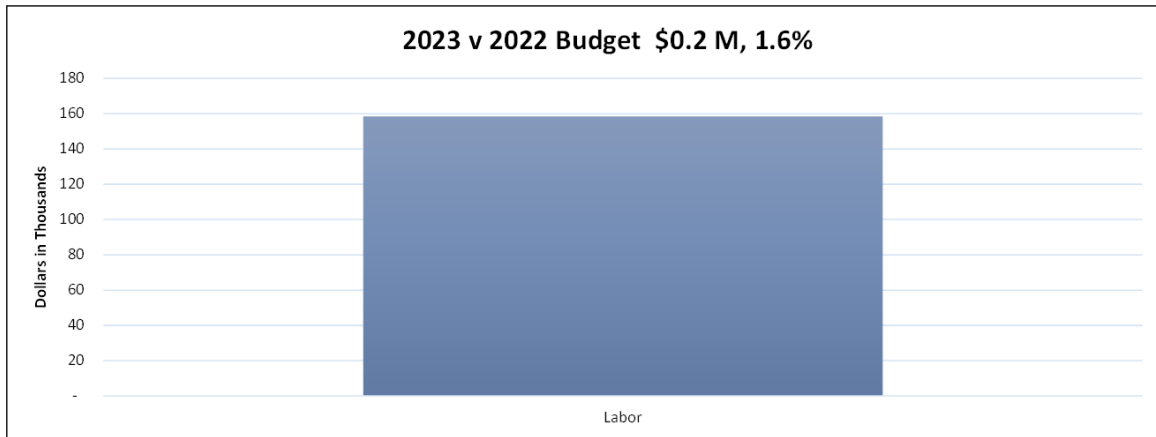
Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

IT Costs – IT costs are primarily for software support and maintenance costs associated with Legal Services' software applications.

Other – Consists primarily of Contributions and Dues which includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

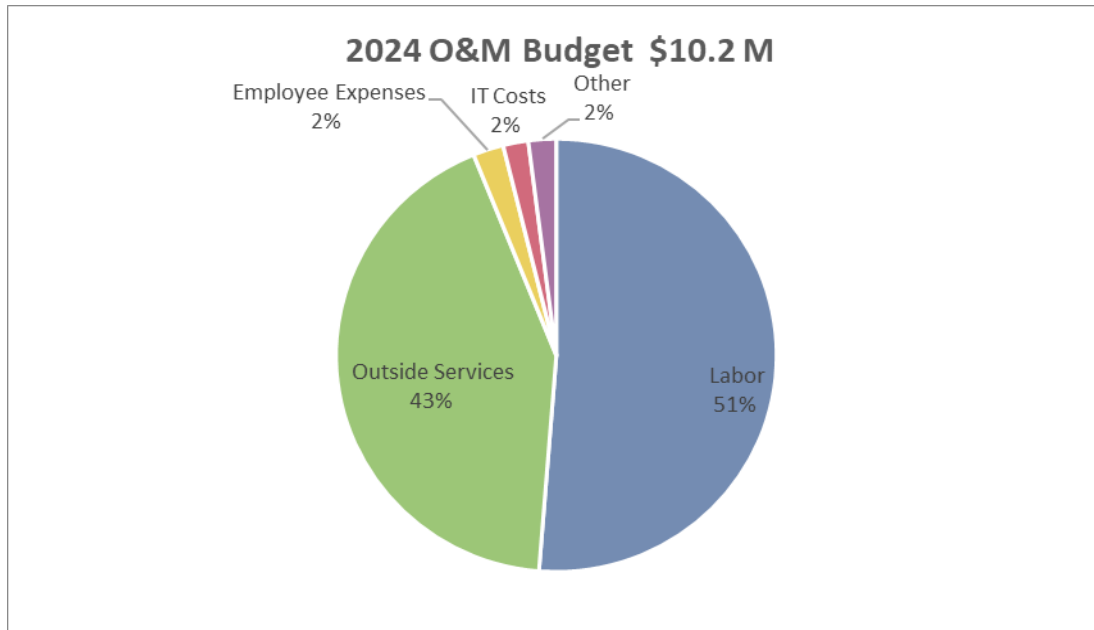
2023 Walk Forward of Major Cost Drivers

2022 Budget to 2023 Budget	
2022 Budget	9,864
Labor	158
Other	2
2023 Budget	10,025



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases, \$0.2M.

2024 NSPM O&M Budget Major Cost Drivers



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases. The budget includes an updated workforce plan and full staffing levels.

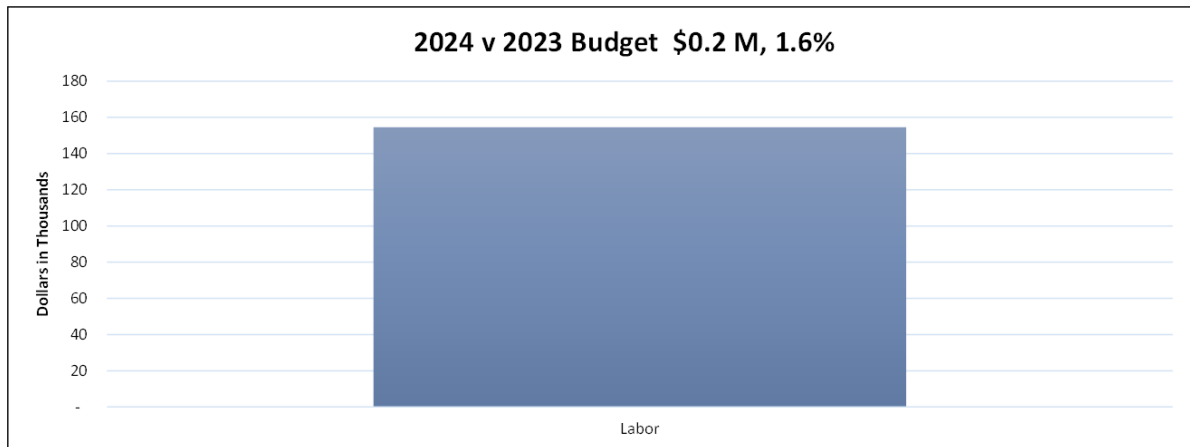
Outside Services – Expenses for outside legal costs fluctuate year-to-year due to the number, type, and magnitude of legal matters or increase/decrease in outside legal fees.

Employee Expenses – Employee expenses for travel, continued legal education, professional association dues, training and professional conferences.

Other – Consists primarily of Contributions and Dues which includes items such as professional association dues, community sponsorships, civic and political activity, utility associations, charitable contributions, and other deductions.

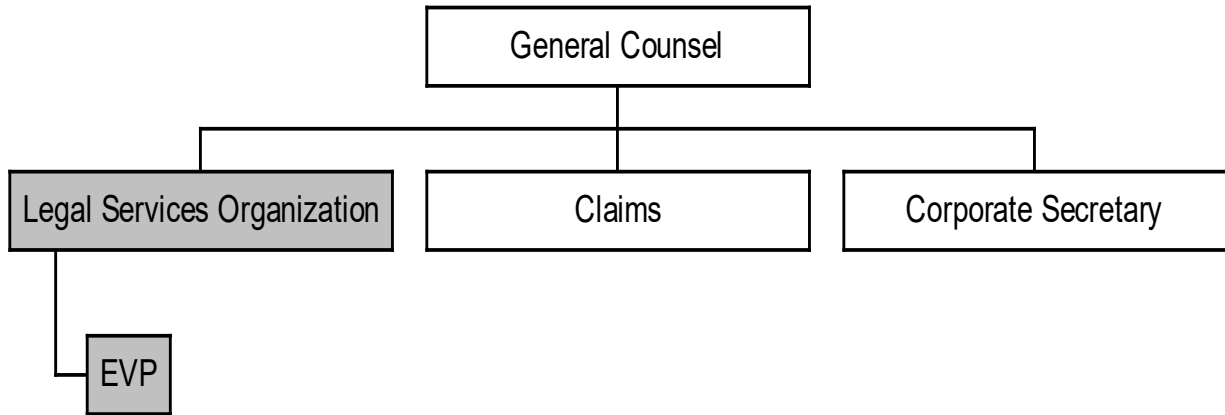
2024 Walk Forward of Major Cost Drivers

2023 Budget to 2024 Budget	
2023 Budget	10,025
Labor	155
Other	2
2024 Budget	10,182



Labor – Base productive and non-productive labor costs are increased based on three percent merit increases, \$0.2M.

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.

Allocating Cost Center	JDE Subledger Code	Allocating Cost Center Name	Description
200063	110	Executive - Corporate Governance	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.
200071	171	Legal - Corporate Governance	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	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.
200093	174	Legal - OpCo's & TransCo's	Legal - OpCo's & TransCo's services include the labor and non-labor costs for operating companies legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate and contracts.
200101	164	Legal Gas	Legal Gas services include the labor and non-labor costs for operating companies gas utility legal services related to: labor and employment law, litigation, rates and regulation, environmental matters, real estate and contracts. 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: 10/15/2021

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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-21-630

IHS Markit Guideline Analysis

October 2021

TABLE OF CONTENTS

- I. Overview of Comparison of Certain 2022 NSPM Budgeted Operating Expenses to IHS Markit-Inflated 2020 Actual Expenses
- II. Explanations of 2022 Deviations from IHS Markit Guidelines
- III. Computation of 2022 IHS Markit Guideline Amounts and Comparison to 2022 NSPM Budget

OVERVIEW OF COMPARISON OF 2022 NSPM BUDGETED OPERATING EXPENSES TO IHS-INFLATED 2020 ACTUAL EXPENSES

Background

In its final order for NSPM's 1991 electric rate case, 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. Global Insights (GI) acquired DRI which then merged with IHS to form IHS Markit. IHS Markit now maintains the quarterly indexes for many utility industry FERC accounts.

As required, the Company has prepared an analysis comparing budgeted 2022 operating expenses to 2020 actual expenses, inflated to 2022 levels using IHS indexing.

Analysis Provided

The analysis consists of two parts: (1) analytical explanations (by FERC account number) for significant differences between the 2022 budget amounts and the expected levels based on IHS-Inflated 2020 actuals; and (2) a numeric summary of the inflated 2020 amounts in comparison to 2022 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 indexing.

Use of Indexing

The corresponding 2020 and 2022 IHS index for each FERC account was applied to the 2020 actual costs to create a guideline expectation for 2022 for comparison to 2022 budget amounts included in NSPM's 2022 test year rate filing.

For amounts that did not have an IHS index available, the 2020 actual costs were not inflated in determining a 2022 expectation.

Budgeting by FERC Account

NSPM 2022 expenses have been budgeted by FERC account. In addition to this comparison of IHS guideline expenses to 2022 budget accounts, the Budget Documentation filed with this case (Volume 6) includes a summary of operating and maintenance expenses by FERC account and cost object account for 2022 budget and 2020 actual amounts. Finally, budget work papers that provide additional support for this documentation are available for review upon request.

Explanations of Deviations

Explanations were provided for all significant deviations between the 2022 budgeted expense and the IHS escalated 2020 amounts. These explanations are on a FERC account-by-account basis within the attached exhibit NSPM O&M IHS Analysis. We have also attempted to provide an overall explanation of the aggregate deviation for each major expense category (production, transmission, etc.) as summarized below. 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 2020 to 2022.

In this regard, it is important to understand that the IHS 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 2021). 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 2022 electric utility O&M budget to the respective projected cost based on the Company's 2020 actual costs escalated to their 2022 levels, as calculated by applying IHS-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 2022 budgeted operating and maintenance (O&M) costs compared to IHS - inflated actuals are as follows:

	Power Production	Transmission	Regional Market	Distribution	Cust. Accts	Cust Serv & Inform	Sales	A&G	Total
IHS-Inflated 2020 Guideline	498,181,612	152,403,041	324,286	116,464,664	91,340,769	2,255,864	2,634,756	290,109,558	1,153,714,551
2022 NSPM Budget	483,863,464	171,449,308	358,802	140,849,054	69,842,764	2,265,068	8,512,574	297,221,112	1,174,362,146
Deviation	(14,318,148)	19,046,267	34,515	24,384,390	(21,498,005)	9,204	5,877,818	7,111,554	20,647,595
Normalization Adjustment									
Nuclear Outage Amortization	8,906,907								8,906,907
Transmission I/A bill from NSPW		(14,592,093)							(14,592,093)
Normalized Deviation	(5,411,241)	4,454,173	34,515	24,384,390	(21,498,005)	9,204	5,877,818	7,111,554	14,962,409
% Deviation	-2.9%	12.5%	10.6%	20.9%	-23.5%	0.4%	223.1%	2.5%	1.8%
Normalized % Deviation	-1.1%	2.9%	10.6%	20.9%	-23.5%	0.4%	223.1%	2.5%	1.3%

NSPM's total budgeted O&M levels are greater than the escalated levels by \$20,648K. Two adjustments, as described below, have been made to reflect a more normalized view between the 2022 budget and the 2020 actuals inflated to 2022. After normalization the O&M levels are greater than the escalated levels by \$14,962K.

The following adjustments have been made to normalize the variance between the 2022 budget and the 2020 actuals inflated to 2022. The normalization adjustments were calculated as the difference between the 2020 actual costs for the specific item, escalated to the 2022 level, compared to the Company's 2022 budgeted amount.

The first normalization adjustment relates to decreased nuclear outage amortization costs of (\$8,907K) between 2020 and 2022. Nuclear outage amortization expense was higher in 2020 than 2022. Higher outage amortization expense in 2020 was due to larger scale outages in 2019 at PI Unit 2 and Monticello (MT) and in both 2018 and 2020 at PI Unit 1. Nuclear outages at PI Unit 2 and Monticello (MT) forecast for 2021 and at PI Unit 1 forecast for 2022 were smaller in scale. Therefore, amortization expense in 2022 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 \$14,592K from 2020 to 2022 driven primarily by higher fixed transmission charges in 2022. The Interchange Agreement billing is a revenue requirement calculation including fixed charges, such as return on rate base, depreciation and property tax.

***EXPLANATIONS OF 2022 DEVIATIONS
FROM IHS MARKIT GUIDELINES¹***

POWER PRODUCTION EXPENSES

The 2022 budget for Power Production expenses is (\$14,318K) lower than 2022 projections using IHS Markit (IHS) indexes. This decrease is primarily the result of lower Steam Power Generation Expenses (\$13,082K) and Nuclear Generation Expenses (\$30,982K) offset by increased Other Power Generation Expenses (\$30,878), primarily for new wind resources.

STEAM POWER GENERATION – Total IHS Adjusted Deviation = (\$13,082K)

FERC 500 – Operation Supervision and Engineering

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.

FERC 501 – Fuel

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.

FERC 502 – Steam Expenses

The costs included within this account consist of labor, materials used and expenses incurred in production of steam for electric generation.

FERC 505 – Electric Expense

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.

FERC 506 - Miscellaneous Steam Power Expenses

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.

¹ These explanations on a FERC account-by-account basis are included within the attached exhibit NSPM O&M IHS Analysis.

FERC 507 - Rents

The costs included within this account consist of rents of property used, occupied or operated in connection with steam power generation.

FERC 509 – Allowances

This account includes the cost of allowances expensed concurrent with the monthly emission of sulfur dioxide.

FERC 510 – Maintenance Supervision and Engineering

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.

FERC 511 – Maintenance of Structures

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of steam structures.

FERC 512 – Maintenance of Boiler Plant

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of steam boiler plant.

FERC 513 – Maintenance of Electric Plant

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

The costs included within this account consist of labor, materials used, and expenses incurred in maintenance of miscellaneous steam generation plant.

NUCLEAR POWER GENERATION –Total IHS Adjusted Deviation = (\$30,982K)

FERC 517 – Nuclear Operation Supervision and Engineering

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.

FERC 519 – Nuclear Coolants and Water

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

The costs included within this account consist primarily of labor, materials used and expenses incurred in production of steam through nuclear processes.

FERC 523 – Nuclear Electric Expenses

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.

FERC 524 – Miscellaneous Nuclear Power Expenses

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.

FERC 525 – Rents

The costs included within this account consist of rents of property used, occupied or operated in connection with nuclear generation.

FERC 528 – Maintenance Supervision and Engineering

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

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

The costs included within this account consist of labor materials used and expenses incurred in the maintenance of reactor plant.

FERC 531 – Maintenance of Electric Plant

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of electric plant.

FERC 532 – Maintenance of Miscellaneous Electric Plant

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of miscellaneous electric generating plant.

HYDRAULIC POWER GENERATION – Total IHS Adjusted Deviation = (\$557K)

FERC 535 – Operation Supervision and Engineering

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

The cost included within this account is the water used for hydraulic power generation.

FERC 537 – Hydraulic Expenses

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

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

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

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

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

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

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of reservoirs, dams and waterways.

FERC 544 Maintenance of Electric Plant

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of hydraulic electric plant.

FERC 545 Maintenance of Miscellaneous Hydraulic Plant

The costs included in the account consist of labor, materials used and expenses incurred in maintenance of hydraulic plant.

OTHER POWER GENERATION – Total IHS Adjusted Deviation = \$30,878K

FERC 546 – Operation Supervision and Engineering

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.

FERC 548 – Generation Expenses

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.

FERC 549 – Miscellaneous Other Power Generation Expenses

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.

FERC 550 - Rents

The costs included within this account consist of rents of property used, occupied or operated in connection with other power generation.

FERC 551 – Maintenance Supervision and Engineering

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

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of structures used in other power generation.

FERC 553 – Maintenance of Generating and Electric Plant

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of plant.

FERC 554 – Maintenance of Miscellaneous Other Power Generation Plant

The costs included in this account consist of labor, materials used and expenses incurred in maintenance of other power generation plant.

OTHER POWER SUPPLY EXPENSE –Total IHS Adjusted Deviation = (\$575K)

FERC 556 – System Control and Load Dispatching

The costs included in this account consist of labor and expenses incurred in load dispatching activities for system control.

FERC 557 – Other Expenses

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.

TRANSMISSION EXPENSES

The 2022 Budget for Transmission Expenses is 19,046K more than 2022 projections using IHS Markit indexes. This is primarily due to an increase in Transmission Interchange expenses, which 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.

FERC 560 - Operation Supervision and Engineering

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.

FERC 561 – Load Dispatching

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

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

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.

FERC 561.3 – Load Dispatch-Transmission Service and Scheduling

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

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

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

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

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

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

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

The costs included within this account consist of labor, materials used and expenses incurred in the operation of overhead transmission lines.

FERC 564 – Underground Line Expenses

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

This account includes costs payable to others for the transmission of the utility's electricity over transmission facilities owned by others.

FERC 566 – Miscellaneous Transmission

The costs included in this account consist of labor, materials used and other transmission expenses incurred not provided for elsewhere.

FERC 567 – Rents

The costs included within this account consist of rents of property used, occupied or operated in connection with the transmission system.

FERC 568 – Maintenance Supervision and Engineering

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

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

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

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of overhead transmission plant.

FERC 572 – Maintenance of Underground Lines

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

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 \$35K from 2020 actual costs to the 2022 budget.

FERC 575.1 – Operation Supervision

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

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

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

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

The costs included within this account consist of labor, materials used and expenses incurred to manage all other ancillary services market functions.

FERC 575.6 – Market Monitoring and Compliance

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

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

The 2022 budget for Distribution Expenses is \$24,384K higher than 2022 projections using IHS Markit indexes. This increase is primarily related to work that is growing faster than inflation, including damage prevention locates and vegetation management.

FERC 580 – Operation Supervision and Engineering

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

The costs included within this account consist of labor, materials used and expenses incurred in load dispatching operations pertaining to the distribution of electricity.

FERC 582 – Station Expenses

The costs included in this account consist of labor, materials used and expenses incurred in the operation of distribution substations.

FERC 583 – Overhead Line Expenses

The costs included within this account consist of labor, materials used and expenses incurred in the operation of overhead distribution lines.

FERC 584 – Underground Line Expenses

The costs included within this account consist of labor, materials used and expenses incurred in the operation of underground distribution lines.

FERC 585 – Street Lighting & Signal System Expenses

The costs included within this account consist of labor, materials used and expenses incurred in the operation of street lighting and signal system plant.

FERC 586 - Meter Expenses

The costs included within this account consist of labor, materials used and expenses incurred in the operation of customer meters.

FERC 587 – Customer Installations Expenses

The costs included within this account consist of labor, materials used and expenses incurred in work on customer installations.

FERC 588 – Miscellaneous Distribution Expenses

The costs included within this account consist of labor, materials used and expenses incurred in the distribution system operation not provided for elsewhere.

FERC 589 – Rents

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

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

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

The costs included within this account consist of labor, materials used and expenses incurred in maintenance of distribution substation equipment.

FERC 593 – Maintenance of Overhead Lines

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of overhead distribution line facilities.

FERC 594 – Maintenance of Underground Lines

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of underground distribution line facilities.

FERC 595 - Maintenance of Line Transformers

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of distribution line transformers.

FERC 596 – Maintenance of Street Lighting and Signal Systems

The costs included within this account consist of labor, materials used and expenses incurred in the maintenance of street lighting and signal plant.

FERC 597 – Maintenance of Meters

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

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

The 2022 budget amount for Customer Accounts Expenses is (\$21,498K) greater than 2022 projections using IHS Markit indexes. This is primarily related to a one-time payment in 2020 related to the MN Residential Rate Relief Credit Program.

FERC 901 – Supervision

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

The costs included within this account consist of labor and materials used and expenses incurred in reading customer meters.

FERC 903 – Customer Records and Collection Expenses

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

The costs included within this account consist of amounts to provide for losses from uncollectible utility accounts.

FERC 905 – Miscellaneous Customer Accounts Expenses

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

The 2022 budget amount for Customer Service and Informational Expenses is \$9K higher than 2022 projections using IHS Markit indexes.

FERC 908 – Customer Assistance Expenses

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.

FERC 909 – Informational and Instructional Expenses

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 – Miscellaneous Customer Service and Informational Expenses

The costs included within this account consist of labor, materials used, and expenses incurred in connection with customer service and informational activities.

SALES EXPENSES

The 2022 budget amount for Sales Expenses is \$5,878K greater than 2022 projections using IHS Markit indexes. The increase is driven by \$6,000K increase in costs to support current and future Electric Vehicle programs.

FERC 912 – Demonstration and Selling Expenses

This account includes the cost of labor, materials used, and expenses incurred in promotional, demonstrating, and selling activities associated with electric marketing programs.

FERC 916 – Miscellaneous Sales Expenses

This account includes the cost of labor, materials used, and expenses incurred in connection with sales activities, except merchandising.

ADMINISTRATIVE AND GENERAL EXPENSES

Administrative and General The 2022 budget amount for Administrative and General Expenses is \$7,112K greater than 2022 projections using IHS Markit indexes, primarily related to increased investments in information technology, including software maintenance and network data.

FERC 920 – Administrative and General Salaries

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.

FERC 921 – Office Supplies and Expenses

The costs included within this account consist of office supplies and expenses incurred in connection with the general administration of the Company's operation.

FERC 922 – Administrative Expenses Transferred – Credit

This account includes a credit for administrative expenses recorded in FERC accounts 920 and 921 which are transferred to construction and non-utility accounts.

FERC 923 – Outside Services Employed

The 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.

FERC 924 – Property Insurance

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.

FERC 925 – Injuries and Damages

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.

FERC 926 – Employee Pension and Benefits

The costs included within this account primarily consist of employee medical and pension costs.

FERC 928 – Regulatory Commission Expenses

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

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

This account includes the cost of labor, materials used and expenses incurred in advertising and related activities.

FERC 930.2 – Miscellaneous General Expenses

This account includes the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

FERC 931 – Rents

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.

FERC 935 – Maintenance of General Plant

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.

	Power Production	Transmission	Regional Market	Distribution	Cust. Accts	Cust Serv & Inform	Sales	A&G	Total
IHS-Inflated 2020 Guideline	498,181,612	152,403,041	324,286	116,464,664	91,340,769	2,255,864	2,634,756	290,109,558	1,153,714,551
2022 NSPM Budget	483,863,464	171,449,308	358,802	140,849,054	69,842,764	2,265,068	8,512,574	297,221,112	1,174,362,146
Deviation	(14,318,148)	19,046,267	34,515	24,384,390	(21,498,005)	9,204	5,877,818	7,111,554	20,647,595
Normalization Adjustment									
Nuclear Outage Amortization	8,906,907								8,906,907
Transmission I/A bill from NSPW		(14,592,093)							(14,592,093)
Normalized Deviation	(5,411,241)	4,454,173	34,515	24,384,390	(21,498,005)	9,204	5,877,818	7,111,554	14,962,409
% Deviation	-2.9%	12.5%	10.6%	20.9%	-23.5%	0.4%	223.1%	2.5%	1.8%
Normalized % Deviation	-1.1%	2.9%	10.6%	20.9%	-23.5%	0.4%	223.1%	2.5%	1.3%

**Northern States Power Company Minnesota
 Electric O&M Comparison
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	2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
POWER PRODUCTION EXPENSES								
A. Steam Power Generation								
Operation								
[PROTECTED DATA BEGINS]								
500	Operation Supervision & Engineering	3,743,604			4,013,722	3,212,550	(801,172)	-19.96%
501	Fuel - COGS Excluded	(1,347,340)			(1,520,237)	-	1,520,237	0.00%
502	Steam Expenses	18,130,663			19,802,434	18,157,131	(1,645,303)	-8.31%
505	Electric Expenses	3,303,932			3,602,826	805,673	(2,797,153)	-77.64%
506	Miscellaneous Steam Power Expenses	14,413,994			15,221,071	15,248,813	27,742	0.18%
507	Rents	1,906,451			1,998,655	2,650,061	651,406	32.59%
509	Allowances	-			-	-	-	0.00%
	Total Operation	40,151,305			43,118,472	40,074,228	(3,044,244)	-7.06%
Maintenance								
510	Maintenance Supervision & Engineering	1,685,793			1,824,951	1,783,249	(41,701)	-2.29%
511	Maintenance of Structures	4,793,012			5,383,663	3,177,386	(2,206,277)	-40.98%
512	Maintenance of Boiler Plant	21,090,323			22,469,288	21,114,265	(1,355,023)	-6.03%
513	Maintenance of Electric Plant	5,815,433			6,241,810	3,959,188	(2,282,622)	-36.57%
514	Maintenance of Miscellaneous Steam Plant	9,070,250			9,532,813	5,380,951	(4,151,862)	-43.55%
	Total Maintenance	42,454,811			45,452,525	35,415,039	(10,037,485)	-22.08%
	Total Steam Power Generation	82,606,116			88,570,997	75,489,267	(13,081,730)	-14.77%
B. Nuclear Power Generation								
Operation								
517	Operation Supervision & Engineering	42,626,097			45,701,763	40,166,259	(5,535,504)	-12.11%
518	Fuel - COGS Excluded	-			-	-	-	0.00%
519	Coolants and Water	7,517,716			8,156,623	7,474,299	(682,324)	-8.37%
520	Steam Expenses	48,337,462			52,051,902	48,383,250	(3,668,652)	-7.05%
523	Electric Expenses	2,797,631			3,005,939	1,900,951	(1,104,989)	-36.76%
524	Miscellaneous Nuclear Power Expenses - COGS Excluded	129,157,891			136,389,774	128,505,110	(7,884,665)	-5.78%
525	Rents	8,509,009			8,920,541	8,778,324	(142,217)	-1.59%
	Total Operation	238,945,805			254,226,543	235,208,192	(19,018,351)	-7.48%

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**Northern States Power Company Minnesota
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	2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
Maintenance								
528 Maintenance Supervision & Engineering	8,157,881				8,831,292	7,572,974	(1,258,318)	-14.25%
529 Maintenance of Structures	-				-	-	-	0.00%
530 Maintenance of Reactor Plant Equipment	36,338,283				39,237,100	34,775,446	(4,461,654)	-11.37%
531 Maintenance of Electric Plant	13,215,647				14,184,595	12,308,682	(1,875,913)	-13.22%
532 Maintenance of Miscellaneous Electric Plant	26,910,909				28,663,730	24,295,624	(4,368,106)	-15.24%
Total Maintenance	84,622,720				90,916,716	78,952,726	(11,963,990)	-13.16%
Total Nuclear Power Generation	323,568,525				345,143,259	314,160,918	(30,982,341)	-8.98%
C. Hydraulic Power Generation								
Operation								
535 Operation Supervision & Engineering	24,273				26,025	93,819	67,794	260.50%
536 Water for Power	-				-	-	-	0.00%
537 Hydraulic Expenses	-				-	-	-	0.00%
538 Electric Expenses	523,108				570,035	139,090	(430,945)	-75.60%
539 Miscellaneous Hydraulic Power Generation Expenses	310,612				329,888	125,182	(204,706)	-62.05%
540 Rents	59,870				62,766	60,731	(2,035)	-3.24%
Total Operation	917,864				988,714	418,822	(569,893)	-57.64%
Maintenance								
541 Maintenance Supervision & Engineering	739				800	168,312	167,512	20934.96%
542 Maintenance of Structures	29,164				32,758	18,810	(13,948)	-42.58%
543 Maintenance of Reservoirs, Dams and Waterways	126,204				136,883	-	(136,883)	0.00%
544 Maintenance of Electric Plant	151,124				162,207	-	(162,207)	0.00%
545 Maintenance of Miscellaneous Hydraulic Plant	2,894				3,032	161,129	158,097	5214.70%
Total Maintenance	310,125				335,680	348,251	12,571	3.74%
Total Hydraulic Power Generation	1,227,990				1,324,394	767,073	(557,322)	-42.08%
D. Other Power Generation								
Operation								
546 Operation Supervision & Engineering	3,494,429				3,746,567	3,760,117	13,550	0.36%
547 Fuel - COGS Excluded	-				-	-	-	0.00%
548 Generation Expenses	6,021,095				6,532,335	5,017,450	(1,514,885)	-23.19%
549 Miscellaneous Other Power Generation Expenses	11,771,663				12,523,826	20,577,115	8,053,289	64.30%
550 Rents	7,265,247				7,616,626	15,558,449	7,941,823	104.27%
Total Operation	28,552,434				30,419,354	44,913,131	14,493,777	47.65%
Maintenance								
551 Maintenance Supervision & Engineering	1,949,100				2,109,993	2,099,930	(10,063)	-0.48%
552 Maintenance of Structures	5,776,245				6,488,062	4,756,329	(1,731,733)	-26.69%

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	2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
553 Maintenance of Generating and Electric Plant	9,492,999				9,998,981	16,261,564	6,262,584	62.63%
554 Maintenance of Miscellaneous Other Power Generation Plant	6,266,881				6,586,478	18,450,311	11,863,833	180.12%
Total Maintenance	23,485,225				25,183,514	41,568,135	16,384,621	65.06%
Total Other Power Generation	52,037,660				55,602,868	86,481,266	30,878,398	55.53%
E. Other Power Supply Expenses								
555 Purchased Power - COGS Excluded	-				-	-	-	0.00%
556 System Control and Load Dispatching	1,442,425				1,442,425	1,623,058	180,633	12.52%
557 Other Expenses -Excluding Cost of Goods Sold and I/A	6,097,669				6,097,669	5,341,882	(755,787)	-12.39%
Total Other Power Supply Expenses	7,540,094				7,540,094	6,964,940	(575,153)	-7.63%
TOTAL POWER PRODUCTION EXPENSES (Excluding COGS included in Accounts 501, 518, 547, 555 and 557)	466,980,384				498,181,612	483,863,464	(14,318,148)	-2.87%
TRANSMISSION EXPENSES								
Operation								
560 Operation Supervision & Engineering	10,169,049				11,007,020	10,390,233	(616,786)	-5.60%
561 Load Dispatching	-				-	-	-	0.00%
561.1 Load Dispatch-Reliability	-				-	-	-	0.00%
561.2 Load Dispatch-Monitor and Operate Transmission System	4,720,501				4,844,316	5,194,744	350,428	7.23%
561.3 Load Dispatch- Transmission Service and Scheduling	-				-	-	-	0.00%
561.4 Scheduling, System Control and Dispatch Services - COGS excluded	-				-	-	-	0.00%
561.5 Reliability, Planning and Standards Development	13,108				13,452	178,665	165,213	1228.17%
561.6 Transmission Service Studies	56,917				58,410	-	(58,410)	0.00%
561.7 Generation Interconnection Studies	894,233				917,688	583,638	(334,050)	-36.40%
561.8 Reliability, Planning and Standards Development Services	2,496,145				2,561,616	2,243,130	(318,487)	-12.43%
562 Station Expenses	3,441,285				3,699,200	2,581,213	(1,117,987)	-30.22%
563 Overhead Line Expenses	829,768				892,655	1,208,897	316,242	35.43%
564 Underground Line Expenses	6,747				7,258	-	(7,258)	0.00%
565 Transmission of Electricity by Others - Includes Transmission I/A - COGS excluded	109,147,471				109,147,471	127,819,663	18,672,192	17.11%
566 Misc. Transmission Expenses	8,264,037				8,572,959	9,310,610	737,651	8.60%
567 Rents	1,168,489				1,225,002	1,150,834	(74,168)	-6.05%
Total Operation	141,207,749				142,947,046	160,661,626	17,714,580	12.39%
Maintenance								
568 Maintenance Supervision & Engineering	7,611				8,239	-	(8,239)	0.00%
569 Maintenance of Structures	-				-	-	-	0.00%
570 Maintenance of Station Equipment	3,927,656				4,207,763	4,629,682	421,919	10.03%

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**Northern States Power Company Minnesota
Electric O&M Comparison
2022 Budget vs. 2020 Actual**

	2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
571 Maintenance of Overhead Lines	4,732,302				5,082,453	6,158,000	1,075,547	21.16%
572 Maintenance of Underground Lines	83,419				90,798	-	(90,798)	0.00%
573 Maintenance of Miscellaneous Transmission Plant	62,930				66,743	-	(66,743)	0.00%
Total Maintenance	8,813,919				9,455,995	10,787,682	1,331,686	14.08%
TOTAL TRANSMISSION (Excluding COGS included in Accounts 565)	150,021,668				152,403,041	171,449,308	19,046,267	12.50%
REGIONAL MARKET EXPENSES								
Operation								
575.1 Operation Supervision	186,874				186,874	246,499	59,624	31.91%
575.2 Day-Ahead and Real-Time Market Facilitation	121,069				121,069	94,209	(26,860)	-22.19%
575.3 Transmission Rights Market Facilitation	-				-	-	-	0.00%
575.4 Capacity Market Facilitation	-				-	-	-	0.00%
575.5 Ancillary Services Market Facilitation	234				234	505	271	115.59%
575.6 Market Monitoring and Compliance	-				-	-	-	0.00%
575.7 Market Facilitation, Monitoring and Compliance Services- COGS exclude	-				-	-	-	0.00%
575.8 Rents	16,109				16,109	17,589	1,480	9.19%
Total Operation	324,286				324,286	358,802	34,515	
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	324,286				324,286	358,802	34,515	10.64%
DISTRIBUTION EXPENSES								
Operation								
580 Operation Supervision & Engineering	11,066,496				11,837,356	11,989,628	152,272	1.29%
581 Load Dispatching	671,930				715,338	765,482	50,143	7.01%
582 Station Expenses	2,535,205				2,710,434	2,750,240	39,806	1.47%
583 Overhead Line Expenses	501,534				539,916	(882,426)	(1,422,342)	-263.44%
584 Underground Line Expenses	8,278,227				8,911,751	18,037,236	9,125,485	102.40%
585 Street Lighting and Signal System Expenses	622,345				668,897	840,073	171,175	25.59%
586 Meter Expenses	730,273				784,999	1,912,817	1,127,818	143.67%
587 Customer Installations Expenses	2,839,184				3,044,549	2,693,126	(351,423)	-11.54%
588 Miscellaneous Distribution Expenses	27,251,382				28,532,736	27,199,335	(1,333,401)	-4.67%
589 Rents	4,104,362				4,302,866	4,022,229	(280,637)	-6.52%
Total Operation	58,600,937				62,048,843	69,327,739	7,278,896	11.73%
Maintenance								
590 Maintenance Supervision & Engineering	33,428				36,085	191	(35,894)	-99.47%

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**Northern States Power Company Minnesota
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2022 Budget vs. 2020 Actual**

		2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
591	Maintenance of Structures	0				0	-	(0)	0.00%
592	Maintenance of Station Equipment	3,629,713				3,885,194	3,807,873	(77,321)	-1.99%
593	Maintenance of Overhead Lines	37,466,889				40,194,096	57,634,446	17,440,349	43.39%
594	Maintenance of Underground Lines	7,692,326				8,352,851	7,179,638	(1,173,213)	-14.05%
595	Maintenance of Line Transformers	132,106				139,794	30,554	(109,240)	-78.14%
596	Maintenance of Street Lighting and Signal Systems	1,319,279				1,405,133	1,088,833	(316,300)	-22.51%
597	Maintenance of Meters	151,472				160,300	888,639	728,339	454.36%
598	Maintenance of Miscellaneous Distribution Plant	224,611				242,367	891,142	648,774	267.68%
	Total Maintenance	50,649,822				54,415,821	71,521,315	17,105,494	31.43%
TOTAL DISTRIBUTION		109,250,759				116,464,664	140,849,054	24,384,390	20.94%
CUSTOMER ACCOUNTS EXPENSES									
	Operation								
901	Supervision	120,461				129,598	130,321	723	0.56%
902	Meter Reading Expenses	28,680,430				30,578,644	29,859,425	(719,219)	-2.35%
903	Customer Records and Collection Expenses	20,848,510				22,422,876	23,962,810	1,539,934	6.87%
904	Uncollectible Accounts	19,909,049				19,909,049	15,790,188	(4,118,862)	-20.69%
905	Miscellaneous Customer Accounts Expenses	17,646,104				18,300,602	100,021	(18,200,581)	-99.45%
	Total	87,204,554				91,340,769	69,842,764	(21,498,005)	-23.54%
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES									
	Operation								
907	Supervision	-				-	-	-	0.00%
908	Customer Assistance Expenses- CIP O&M excluded	1,086,966				1,177,450	919,746	(257,704)	-21.89%
909	Informational and Instructional Expenses	902,758				932,169	1,058,829	126,660	13.59%
910	Miscellaneous Customer Service and Informational Expenses	142,448				146,246	286,493	140,247	95.90%
	Total	2,132,172				2,255,864	2,265,068	9,204	0.41%
SALES EXPENSES									
	Operation								
911	Supervision	-				-	-	-	0.00%
912	Demonstrating and Selling Expenses	2,403,900				2,604,305	8,468,366	5,864,060	225.17%
913	Advertising Expenses	-				-	-	-	0.00%
916	Miscellaneous Sales Expenses	29,350				30,451	44,208	13,758	45.18%
	Total	2,433,250				2,634,756	8,512,574	5,877,818	223.09%
ADMINISTRATIVE AND GENERAL EXPENSES									
	Operation								
920	Administrative and General Salaries	108,409,356				114,545,468	107,189,171	(7,356,297)	-6.42%

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2022 Budget vs. 2020 Actual**

	2020 Actual	IHS Index	IHS Markit 2021 Inflated	IHS Index	IHS Markit 2022 Inflated	2022 Budget	2022 Budget Compared to IHS Deviation	% Deviation
921 Office Supplies and Expenses	53,310,954				56,034,433	72,210,116	16,175,683	28.87%
922 Administrative Expenses Transferred-Credit	(53,958,443)				(53,958,443)	(65,800,273)	(11,841,830)	21.95%
923 Outside Services Employed	20,505,925				21,531,606	23,538,181	2,006,575	9.32%
924 Property Insurance	2,056,266				2,179,477	8,675,382	6,495,905	298.05%
925 Injuries and Damages - fuel handling O&M excluded	14,898,526				15,628,451	19,324,472	3,696,020	23.65%
926 Employee Pension and Benefits - non service P&B O&M excluded	73,874,406				78,502,264	77,392,980	(1,109,284)	-1.41%
927 Franchise Requirements	-				-	-	-	0.00%
928 Regulatory Commission Expenses - Amortization expense excluded	11,694,771				12,627,976	7,149,683	(5,478,293)	-43.38%
929 Duplicate Charges-Credit	(5,091,443)				(5,091,443)	(5,581,716)	(490,273)	9.63%
930.1 General Advertising Expenses	3,830,009				3,949,851	3,897,922	(51,929)	-1.31%
930.2 Miscellaneous General Expenses	3,387,060				3,505,557	4,658,422	1,152,865	32.89%
931 Rents	38,797,494				40,458,203	43,309,359	2,851,155	7.05%
935 Maintenance of General Plant	186,064				196,158	1,257,414	1,061,256	541.02%
Total (Excluding non departmental O&M costs in Accts. 925, 926 & 928)	271,900,946				290,109,558	297,221,112	7,111,554	2.45%
GRAND TOTAL - All Expenses	1,090,248,020				1,153,714,551	1,174,362,146	20,647,595	1.79%

PROTECTED DATA END]

Note:

N/A in IHS Index column means the IHS Index is not available

PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

IHS Markit Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Steam and Nuclear Expenses Table A22

Second Quarter 2021 Forecast

	2020	2021	2022
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			
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 END]

* This account receives no weight in forming the total operation and total operation and maintenance cost indexes

PUBLIC DOCUMENT - NOT PUBLIC DATA HAS BEEN EXCISED

IHS Markit Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services
Hydraulic and Other Expenses Table A23
Second Quarter 2021 Forecast

	2020	2021	2022
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			
OTHER PRODUCTION PLANT			
Total Operation and Maintenance: JEOM			
Percent Change			
Operation: JEEO			
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			
	[PROTECTED DATA ENDS]		

* This account receives no weight in forming the total operation and total operation and maintenance cost indexes

IHS Markit Inc.

Electric Utility Operations and Maintenance Costs: Combined Labor, Materials and Services

Transmission and Distribution Expenses Table A24

Second Quarter 2021 Forecast

2020

2021

2022

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

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

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]

IHS Markit 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 2021 Forecast

2020

2021

2022

CUSTOMER ACCOUNTS

{PROTECTED DATA BEGINS

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

ADMINISTRATIVE and GENERAL

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

PROTECTED DATA ENDS]

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 2022 test year for each business area. Schedule 3 includes a breakdown of the 2022 budgeted cost for each business area by cost elements. Schedule 4 provides a breakdown of the 2022 budgeted cost for each business area by FERC account. Both schedules also provide a comparison to 2020 actual costs. Explanations for significant changes between 2020 actual and 2022 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 2022 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**

<u>Object Account</u>	<u>Business Area</u>	<u>Additional Description of Cost/Credit</u>	<u>2022 Budget</u>
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.	(\$28,584,509)
5600871 Other	All other miscellaneous costs across many Business Areas	Miscellaneous charges across many Business Areas that were not included in other cost elements.	\$392,670
5600871 Other	Customer and Innovation	Budgeted costs related to electric transportation for advisory-fleet	\$700,000
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.	(\$712,568)
5600781 O and M Credits - Other	Corporate Other	NSP Transmission Joint Ventures credits (\$0.5M) 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 (\$1.6M) in the 2022 Budget.	(\$2,006,277)
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.	(\$1,081,671)
5600781 O and M Credits - Other	Financial Operations	System generated credits reflecting a reimbursement from captive insurance	(\$342,871)

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-1990s, 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.

The Company’s current 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 projects that were budgeted and not executed in 2020, and those that were not funded, but spent in 2020.

NSP Minnesota Emergent Projects
By Plant and Project
Updated through December 2020 YTD Actuals

Summary			
	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Total Actuals/Fcst	10,980,963	12,562,199	(1,581,236)
Adjusted Forecast for Actual Projects	10,980,963	12,562,199	(1,581,236)
Total Emergent Projects Budget	4,885,284		
Approved Offsets	884,200		
Adjusted Emergent Budget Dollars	5,769,484	12,562,199	(6,792,715)
PVW Transformer Budget	130,000		
Granite City Demo Budget	18,000		
Corp Tools Budget (less 71K for lab instrument which is being counted in offsets)	192,340		
2020 Available Budget Dollars	6,109,824	12,562,199	(6,452,375)
Variance Actuals to Budget	4,871,139		

Project Definition - Tex	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved 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.0001561.500.001.018	IVHOC Emerg ESC Stk Vision upgrade	114,504	55,000	59,504
		A.0001561.500.001.019	IVHOC Emerg CR HVAC Contr Rplc	7,879		7,879
			IVH1 - Fuel Gas Transmitter Upgrade	7,187	4,458	2,729
			IVH2 - Fuel Gas Transmitter Upgrade	7,043	4,458	2,586
			IVH3 - Fuel Gas Transmitter Upgrade	7,187	4,458	2,729
			IVH4 - Fuel Gas Transmitter Upgrade	7,043	4,458	2,586
			IVH5 - Fuel Gas Transmitter Upgrade	7,187	4,458	2,729
			IVH6 - Fuel Gas Transmitter Upgrade	7,307	4,458	2,849
IVH_Inver Hills Total Forecast				186,321	81,746	104,575
Inver Hills 2020 Budget				-	81,746	(81,746)
Variance				186,321		

Project Definition - Tex	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
REW_Red Wing	A.0001562.500	A.0001562.500.001.001	REW Emergent Fund -Steam prod	-		-
		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	REWO ADF LEACHATE SYSTEM	138,754	250,000	(111,247)
		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	REWO C9 BUBBLER PUMP	33,752	37,000	(3,248)
		A.0001562.500.001.021	REWO CHEM FEED PUMP	5,046	4,500	546
		A.0001562.500.001.022	REWO #2 BFWP Motor	14,842	4,300	10,542
		A.0001562.500.001.023	REWO FP Underground Water Main	33,588	24,000	9,588
		A.0001562.500.001.024	TDL Platform	27,944	19,500	8,444
		A.0001562.500.001.026	REWOC ADF EAST CELL LEACHATE PUMP	9,939	7,000	2,939
		A.0001562.500.001.027	LabUSA Demo & Land/Building Sale	204,331	265,000	(60,669)
		A.0001562.500.001.028	REWO - Pump Room Sump Covers	73,894	45,000	28,894
		A.0001562.500.001.012	REWOC #1 BFWP SEAL COOLING REDESIGN	466		466
			REWOC SCRUBBER PUMP EMERG FUND	-		-
			U2 Turbine Front Standard Spring OH	-		-
			REW2 - 2102 Screwfeeder Motor	-	5,650	(5,650)
REW_Red Wing Total Forecast				651,073.40	716,950	(65,877)
Red Wing 2020 Budget				50,000	716,950	(666,950)
Variance				601,073		

Project Definition - Tex	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved 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 Mtn Shop Fume Extractor	25,592	20,000	5,592
		A.0001565.500.001.024	New Leachate Flowmeter CWIP	16,487		16,487
		A.0001565.500.001.025	BCWP WLM Lime Pebble Vol Feeder	14,186	11,400	2,786
		A.0001565.500.001.026	New U1 Slurry Density Meter	11,319	10,938	381
		A.0001565.500.001.027	Unit 1 Sootblower Stop Valve Replacement	3,807	3,500	307
		A.0001565.500.001.028	Unit 2 Sootblower Stop Valve Replacement	5,930	3,500	2,430
		A.0001565.500.001.029	Replace Unit 2 Slurry Pump VFD	395	3,509	(3,114)
		A.0001565.500.001.030	WLM1 Scrubber Atomizing Lance and Nozzle Replaceme	14,274	10,171	4,103
		A.0001565.500.001.031	WLM2 Scrubber Atomizing Lance and Nozzle Replaceme	21,582	10,171	11,411
		A.0001565.500.001.032	WLM1 - Replace U1 Hotwell Pump Flow Meter	9,436	13,214	(3,778)
		A.0001565.500.001.033	WLM U1 SB Control Valve Repl	13,122	11,210	1,913
		A.0001565.500.001.034	WLM U2 SB Control Valve Repl	13,122	11,210	1,913
		A.0001565.500.001.035	WLM0- Replace City Water Backflow Prevention Valve T	8,475	8,100	375
		A.0001565.500.001.036	WLM0 No2 Traveling Screen Repl	289,884	202,951	86,933
		A.0001565.500.001.038	WLM1 Windswept Spouts	127,937	127,400	537
		A.0001565.500.001.039	WLM Repl 280 Sq Ft Grating/Platform	24,144	48,000	(23,856)
		A.0001565.500.001.040	WLM1 HP FWH Valves	21,324		21,324
		A.0001565.500.001.041	WLM2 HP FWH Valves	21,356		21,356
		A.0001565.500.001.043	WLM2 Static Exciter Firing	6,145	7,500	(1,355)
		A.0001565.500.001.044	WLM0 New Inverter Lght System	8,987	10,000	(1,013)
		A.0001565.500.001.045	WLM0 New Ash Room Heater	347	18,000	(17,653)
		A.0001565.500.001.046	WLM2 Repl Static Exciter	17,452	4,500	12,952
		A.0001565.500.001.050	Replace Unit 2 Windswept Spouts and Pant Legs	245,876	197,338	48,538
			WLM1 - Replace U1 Hotwell Pump Flow Meter	-		-
			Substation Demo	-	15,000	(15,000)
			WLM0 - New CEMS Shack HVAC	-	19,000	(19,000)
			WLM0 - New Package Boiler Control Panel	-	15,500	(15,500)
			WLM0 - DeltaV Room HVAC System	-	14,500	(14,500)
			WLM0 - Slurry Building Doors	-	9,100	(9,100)
				-		-
				-		-
WLM_Wilmarth Total Forecast				1,132,706.25	921,211	211,495
Wilmarth 2020 Budget				100,000	921,211	(821,211)
Variance				1,032,706		

Project Definition - Tex SAP Parent (WBS Lev SAP WBS Lev 4		SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects			
ASK_Allen S King	A.0001572.500	A.0001572.500.001.001	ASK Emergent Fund -Steam prod	-		-	
		A.0001572.500.001.013	ASK1C 2017 Lime Slaker Mechanical Seal	26,337		26,337	
		A.0001572.500.001.044	Front End Loader Transmission	40,643	41,000		(357)
		A.0001572.500.001.045	Fire Protection System Replacement	43,233	41,000		2,233
		A.0001572.500.001.046	ASK1 Emergency Lighting Repl	15,516			15,516
		A.0001572.500.001.047	ASK1 13FWH Limitorque Repl	20,759			20,759
		A.0001572.500.001.048	King Plow Feeder VFD Replacement	12,350	23,300		(10,950)
		A.0001572.500.001.049	King TH5 Fan Motor Replacement	13,000	12,800		200
		A.0001572.500.001.051	KING LP2 Expansion Joint Replacement	1,434			1,434
		A.0001572.500.001.052	ASK 1 ID Fan Bldg Sump Pump Repl	6,091			6,091
		A.0001572.500.001.053	ASK1 Feedwater O2 injection replacement	27,507	14,300		13,207
		A.0001572.500.001.054	ASK1 Ammonia Injection Pump Replacement	7,343	10,300		(2,957)
		A.0001572.500.001.055	King Aux Cooling Water Disch Flowmeter Replacement	24,887	26,700		(1,813)
		A.0001572.500.001.056	ASK1 Op Area HVAC Repl	15,989	16,500		(511)
		A.0001572.500.001.057	ASK99 Coal Crusher Overhaul	70,090	45,457		24,633
		A.0001572.500.001.058	ASK1 IKW Pump Repl	27,129	31,300		(4,171)
		A.0001572.500.001.059	ASK Booster Pump Basement Sump Pump Repl	31,934	38,675		(6,741)
		A.0001572.500.001.061	Turbine Bypass Valve Internals Replacement	101,757	148,800		(47,043)
		A.0001572.500.001.062	Ammertap Pump Replacement	15,641	37,200		(21,559)
		A.0001572.500.001.063	ASK1 Deluge Vlv Repl	15,519	21,750		(6,231)
		A.0001572.500.001.064	ASK1 Flame Scanner Repl	18,646	17,378		1,268
							-
							-
					-		
ASK_Allen S King Total Forecast			535,805.14	526,460		9,345	
ASK 2020 Budget			350,287	526,460		(176,173)	
Variance			185,518				

Project Definition - Tex SAP Parent (WBS Lev SAP WBS Lev 4		SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects			
BDS_Black Dog	A.0001573.500	A.0001573.500.001.001	BDS Emergent Fund -Other prod	90,500		90,500	
		A.0001573.500.001.001	High Water Gate Fiber Replacement	10,000	44,000		(34,000)
		A.0001573.500.001.022	BDS0C Instl Insulation on Weld Shop	(2)			(2)
		A.0001573.500.001.028	BDS0C 31/32 Sewage Pumps	13,333			13,333
		A.0001573.500.001.036	BDS0C No. 32 Cooling Water Pump	24,797			24,797
		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	BDS0 Replace 5/2 Bilge CV-1183	6,718			6,718
		A.0001573.500.001.043	Process Network Firewall Replacement	6,533	7,000		(467)
		A.0001573.500.001.044	BDS0 Install South Berm Rip Rap	17,564	14,000		3,564
		A.0001573.500.001.045	BDS5C Repl 5 CT Gas Flowmeter	17,574			17,574
		A.0001573.500.001.046	BDS0 Repl 3-4 Bilge Mkup Lvl CV	11,360	10,000		1,360
		A.0001573.500.001.047	BDS6 HMI Replacement	70,026	65,479		4,547
		A.0001573.500.001.048	1-2 UPS Internals Replacement	75,737	62,838		12,899
		A.0001573.500.001.049	BDS5 FW to LP Drum Bypass Valve replacement	43,551	24,500		19,051
		A.0001573.500.001.050	Dilution Air Heater Replacement	12,385	14,758		(2,373)
		A.0001573.500.001.051	U5 Speed Card Redundancy Install	6,832	12,388		(5,556)
		A.0001573.500.001.052	BDS0 River Bank Stabilization	84,644	90,000		(5,356)
		A.0001573.500.001.053	BDS0 Bromicide Isol Vlv Repl	8,577	8,112		465
		A.0001573.500.001.054	BDS2 Bentley TDI Card Repl	5,000	5,050		(50)
			U5 HGP with Flex	-	100,000		(100,000)
			BDS- 2GSU Bushing Replacement	-	145,738		(145,738)
			BDS5 - Gas Turbine PLP Controls	-	195,000		(195,000)
		-			-		
		-			-		
		-			-		
		-			-		
BDS_Black Dog Total Forecast			505,667	798,863		(293,196)	
Black Dog 2020 Budget			400,000	798,863		(398,863)	
Variance			105,667				

Project Definition - Tex SAP Parent (WBS Lev SAP WBS Lev 4		SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance		
HBR_High Bridge	A.0001575.500	A.0001575.500.001.001	HBR Emergent Fund -Other prod	-		-	
		A.0001575.500.001.034	HBC0C Process NW Server Visualization	8,751		8,751	
		A.0001575.500.001.036	HBC7C MS Block Valve (7MS-MOV-0004)	9,649	206,584		(196,935)
		A.0001575.500.001.037	HBC8C MS Block Valve (8MS-MOV-0004)	9,106	206,584		(197,478)
		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 Internals with CESP	3,939	7,160		(3,221)
		A.0001575.500.001.043	HBC8- MS Bypass Vlv Internals with CESP	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	90,682	5,000		85,682
		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	65,555	202,318		(136,763)
		A.0001575.500.001.051	HBC8 MS-AOV-0003 DRAIN VALVE RPLC	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 CONDENSATE MOV REPLC-24036	27,679			27,679
		A.0001575.500.001.055	HBC U7 CONDENSATE MOV REPLC-24032	20,725			20,725
		A.0001575.500.001.056	HBC0 Replc Emerg Stop Gas Vlv	46,494	49,551		(3,057)
		A.0001575.500.001.057	HBC 92 Hotwell Pump Motor and Cable Repl	80,446	89,020		(8,574)
		A.0001575.500.001.058	HBC0 Seal Water Pump Replc	6,275	7,250		(975)
		A.0001575.500.001.059	HBC 7 HP IP Econ Drain Vlv RPLC	32,312	38,469		(6,156)
		A.0001575.500.001.060	HBC 8 HP IP Econ Drain Vlv RPLC	45,611	38,470		7,142
		A.0001575.500.001.061	HBC 7 Electronic Flame Detection	27,989	26,781		1,207
		A.0001575.500.001.062	HBC 8 Electronic Flame Detection	25,899	26,781		(882)
A.0001575.500.001.063	HBC7 BFW Dissolved O2 Analyzer	6,611			6,611		
A.0001575.500.001.064	HBC0 No 1 Inst Air comp Replc	91,866	87,380		4,486		
	BCWP HBC Repl Stop Gas Valve	-			-		
	HBC8- Unit 8 Fuel Nozzle Install	-	30,000		(30,000)		
	HBC8 - Unit 8 Fuel Nozzle Install	-	30,000		(30,000)		
		-			-		
		-			-		
		-			-		
HBR_High Bridge Total Forecast			888,618.02	1,245,808		(357,190)	
High Bridge 2020 Budget			1,894,023	1,245,808		648,215	
Variance			(1,005,405)				

Project Definition - Text	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
RIV_Riverside	A.0001579.500	A.0001579.500.001.001	RIV Emergent Fund -Other prod	-		-
		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	71,675	71,500	175
		A.0001579.500.001.033	RIV0C - Rpl 72 Instr Air Comp Oil Cooler	15,256	13,500	1,756
		A.0001579.500.001.034	RIV7C - 6 Circ Water Pmp Exp Joint Rpl	11,446	10,500	946
		A.0001579.500.001.035	RIV7 GSU MOD/Switch Replace	21,728	115,000	(93,272)
		A.0001579.500.001.036	RIV U10 Aux Lube Oil Pump Motor Repl	33,624	38,120	(4,496)
		A.0001579.500.001.037	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	16,445	15,000	1,445
		A.0001579.500.001.041	Repl Unit 10 MS Stop Valve Actuator	14,519	13,500	1,019
		A.0001579.500.001.042	RIV9 #7 Combustion Dynamics Xmtr Repl	12,547	17,306	(4,759)
		A.0001579.500.001.043	RIV10 Lub Oil Pump Repl	42,631		42,631
		A.0001579.500.001.046	RIV9 CESP HP Bypass Valve Internals	105,614	5,562	100,052
		A.0001579.500.001.047	RIV0 Deep Well PMP	22,334	9,857	12,477
		A.0001579.500.001.048	RIV0 Repl Warming Pump	26,916	105,957	(79,041)
		A.0001579.500.001.049	RIV99 North Site Security Fence	32,267	25,000	7,267
		A.0001579.500.001.052	RIV U10 #2 MUA Contractor	6,752	25,000	(18,248)
		A.0001579.500.001.055	RIV0 1200 Gallon Electric Wtr Htr	10,630		10,630
			RIV99 - Riverside North Site Security Fence	-	56,515	(56,515)
			RIV0 - 1200 Gallon Electric Water Heater	-	12,417	(12,417)
			RIV10 - U10 Pegging Steam Digital Valve Controller	-	9,867	(9,867)
			RIV9 - Rplc 91 Dilution Air Blower Motor Starter	-	5,588	(5,588)
				-		-
				-		-
RIV_Riverside Total Forecast				553,804	630,488	(76,684)
Riverside 2020 Budget				1,400,000	630,488	769,512
Variance				(846,196)		

Project Definition - Text	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
BLL_Blue Lake	A.0001559.500	A.0001559.500.001.018	BLL8C Emg hyd anlzr E one contr pan rplc	4,298		4,298
		A.0001559.500.001.019	BLL Emg U8 ignition sys upgr	12,211	12,000	211
		A.0001559.500.001.020	BLL0C Emrg Fire Well Pump Rplc	65,031	58,812	6,219
		A.0001559.500.001.021	BLL7 Generator Fixator Repl	282,908	225,900	57,008
		A.0001559.500.001.022	BLL8 Generator Fixator Repl	263,903	225,900	38,003
		A.0001559.500.001.023	BLL8 SRV Repl	7,883		7,883
				-		-
				-		-
BLL_Blue Lake Total				636,235.07	522,612	113,623
Blue Lake 2020 Budget				-	522,612	(522,612)
Variance				636,235		

Project Definition - Text	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
ANS_Angus Anson	A.0001571.500	A.0001571.500.001.001	ANS Emergent Fund -Other prod	-		-
		A.0001571.500.001.028	U3 Water Injection Throttle Valve	48,889	48,169	720
		A.0001571.500.001.029	ANS4C Emrg CT4 HIM Rplc	7,630		7,630
		A.0001571.500.001.030	Angus Anson Sulfuric Acid Bulk Tank & Fill Line Replacen	36,414	36,765	(351)
		A.0001571.500.001.032	CT2 LO Heater Contactor/Fault Interrupter	8,755	4,933	3,822
		A.0001571.500.001.034	ANS4C Emg U4 Natural gas viv rplc	-		-
		A.0001571.500.001.033	HIM Controler Screen	17,394	8,890	8,504
		A.0001571.500.001.031	ANS0 - Clear Well Pump Replacement	34,353	24,846	9,507
			ANS4 Bard Unit Replacement CT4 PEECC	-	17,965	(17,965)
			ANS4 - CT 4 N Gas Isolation Valve Replacement	-	7,780	(7,780)
				-		-
				-		-
ANS_Angus Anson Total Forecast				153,435.06	149,348	4,087
Anson 2020 Budget				200,000	149,348	50,652
Variance				(46,565)		

Project Definition - Text	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
PVW - Emergent Fund	A.0001611.011	A.0001611.011.001.001	BUD PVW1-Transformer Replacements	-		-
		A.0001611.011.001.004	PVW1 086 Generator Replacement	129,866	120,000	9,866
		A.0001611.011.001.002	PVW1 - Transformer Repl 2020 - 23123	106,410		106,410
		A.0001611.011.001.003	PVW0 Rpl Potl Transfmr Units VOY-20G	5,930		5,930
		A.0001611.501.001.002	PVW1 - Replace T085 Blade	5,648		5,648
				-		-
PVW - Emergent Fund Total Fcst				247,853.39	120,000	127,853
PVW 2020 Budget				130,000	120,000	10,000
Variance				117,853		

Project Definition - Text	SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Borders Wind - Emergen	A.0001610.500	A.0001610.500.001.002	Border Emergent Fund	-		-
			BWF Blade Replacement Turbine 18	449,151	475,000	(25,849)
				-		-
				-		-
				-		-
Borders Wind - Emergent Fund				449,150.78	475,000	(25,849)
Border Wind 2020 Budget					475,000	(475,000)
Variance				449,151		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Courtenay Wind - Emerg	A.0001580.500.	A.0001580.500.	CWF0 Poseiden Sensing Project	-	300,000	(300,000)
			Asset Recovery	-	(20,000)	20,000
				-		-
				-		-
Borders Wind - Emergent Fund				-	280,000	(280,000)
Border Wind 2020 Budget				-	280,000	(280,000)
Variance				-		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Grand Meadows	A.0001576.005	A.0001576.005.001.001	GDM0 - Gearbox replacements	-		-
	A.0001576.005	A.0001576.005.001.002	GDM0 - Rplc T148 Gearbox	(4,252)	38,000	(42,252)
	A.0001576.013	A.0001576.005.001.003	GDM - Gearbox Replc T131	342,204		342,204
		A.0001576.005.001.004	GDM - Gearbox Replc T119	318,228	304,735	13,493
		A.0001576.005.001.005	GDM0C - Replc T115 Gearbox	345,567		345,567
			GDM-106 Generator Replacement	-	89,760	(89,760)
				-		-
				-		-
GRM - Emergent Fund Total Fcst				1,001,747.82	432,495	569,253
GDM 2020 Budget				-	432,495	1,571,001
Variance				(1,001,748)		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Granite City	A.0001570.016	A.0001570.016.001.001	GRCDC Demo Phase 1 - decoupling	18,669	15,000	3,669
				-		-
				-		-
				-		-
				-		-
Granite City - Emergent Fund Total Fcst				18,669	15,000	3,669
Granite City 2020 Budget				18,000	15,000	3,000
Variance				669		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Hennepin Island	A.0001564.500	A.0001564.500.001.005	Replace Transfer Switch for Canal Headgates	16,971	21,519	(4,548)
		A.0001564.500.001.006	HNI Construct Operator Control Office	21,563		21,563
		A.0001564.500.001.007	HNI0 Exterior Lighting Upgrade	759	10,000	(9,241)
				-		-
				-		-
Hennepin Isl - Emergent Fund Total Fcst				39,292.52	31,519	7,774
Hennepin Isl 2020 Budget				-	31,519	(31,519)
Variance				39,293		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
				-	42,000	(42,000)
				-		-
				-	20,000	(20,000)
				-		-
				-		-
Corporate Tools Total Fcst				-	62,000	(62,000)
Tools 2020 Budget				263,340	62,000	201,340
Variance				(263,340)		

Project Definition - Text	SAP Parent (WBS Lev 2)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Tools		A.0003000.214.001.002	C100C PMO Tool Blanket-New	130,120		130,120
		A.0003000.313.001.002	SER CSC Tool Blanket	2,374		2,374
		A.0003000.657.001.001	ANSCO Misc Tools and Equi	7,733		7,733
		A.0003000.658.001.001	ASK0C- Tool Blanket	27,743		27,743
		A.0003000.659.001.001	BLLCO Misc Tools and Equi	10,525		10,525
		A.0003000.661.001.001	BDSOC Tool Blanket	3,722		3,722
		A.0003000.667.001.001	GDMCO Misc Tools and Equi	40,415		40,415
		A.0003000.669.001.001	HBCOC Tool Blanket	45,880		45,880
		A.0003000.679.001.001	RIVOC-Tool Blanket	16,123		16,123
		A.0003000.680.001.001	REWOC RED WING TOOLS	42,679		42,679
		A.0003000.682.001.001	SHCJC Tools & Equipment	162,258		162,258
		A.0003000.683.001.001	SAFCO small tools & equip	2,200		2,200
		A.0003000.685.001.001	WLMOC Tools & Equipment B	27,263		27,263
		A.0003000.698.001.001	SEROC CHM Misc Tools-MN	157,390		157,390
		A.0003000.699.001.001	SEROC SMC Misc Tools Blanket	15,383		15,383
		A.0003000.709.001.001	G100C PVW Eagle Take Permit-21488	(295)		(295)
		A.0003000.738.001.001	LBW Capital Tools and Equipment	4,949		4,949
		A.0003000.745.001.001	FTW Capital Tools and Equipment	632		632
		A.0003000.749.001.001	CRWO-Crowned Ridge Tools-Equip	32,441		32,441
			REW Screw Auger	-	35,000	(35,000)
			Corporate - GE RVI (XLPD A6160)	-	23,671	(23,671)
			HBCO - Borescope Tool	-	44,000	(44,000)
			Revised Lab Instrument	-	42,000	(42,000)
			Rescue Retrieval System	-	20,000	(20,000)
			WLM0 - John Deere 344J Front end Loader Bucket	-	9,066	(9,066)
			WLM0 - Vadmire Cabinet TOOL	-	35,000	(35,000)
			MAB 1300 Magnetic Drill	-	5,335	(5,335)
			Cmap On Digital Electric Meter	-	1,617	(1,617)
			Hydraulic Press	-	2,200	(2,200)
			High Precision Transmitter Calibration Tool	-	3,800	(3,800)
			REWO - Grease Pump Tool	-	2,963	(2,963)
			REWO - Plasma Cutter Tool	-	1,415	(1,415)
			RIV10 - 2 Hart TREX Communicators TOOL	-	17,500	(17,500)
			SHCO - 2 Impact Wrenches Tool	-	2,308	(2,308)
			SHCO Various Plant Computers	-	18,400	(18,400)
			SHC99 - LUDECA Easy-Laser System Tool	-	19,120	(19,120)
			SHC99 - Scissor Cart TOOL	-	2,238	(2,238)
			SHC99 - Maintenance Tool Cabinets	-	11,034	(11,034)
			SHC99 - Rigging Tools Cabinets	-	1,224	(1,224)
			SHC99 - Rigging Tools Cabinets Tool	-	5,350	(5,350)
			SHC99 - Floor Cleaning Machine TOOL	-	16,978	(16,978)
			SHC99 - Portable HVAC units	-	19,200	(19,200)
			REWO - Scrubber Cart Tool	-	4,130	(4,130)
			ASK Valve Actuator Tool	-	18,140	(18,140)
			WLM0 - Aluminum Welder Tool	-	7,500	(7,500)
			WLM0 - Panel Saw Tool	-	1,654	(1,654)
			WLM0 - Table Saw Tool	-	2,530	(2,530)
Corporate Tools Total Fcst				729,534.32	373,372	356,162
Tools 2020 Budget				263,340	373,372	(110,032)
Variance				466,194		

Project Definition - Tex SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Sherco Unit 3	A.0001574.173	A.0001574.173.001.001	-	-	-
		A.0001574.173.001.009	30,355	-	30,355
		A.0001574.173.001.010	303,600	-	303,600
		A.0001574.173.001.013	(8,402)	-	(8,402)
		A.0001574.173.001.014	60,435	-	60,435
		A.0001574.173.001.016	8,402	-	8,402
		A.0001574.173.001.017	13,737	-	13,737
		A.0001574.173.001.018	(853)	349,600	(350,453)
		A.0001574.173.001.019	7,652	349,600	(341,948)
		A.0001574.173.001.021	254,599	215,787	38,812
		A.0001574.173.001.023	11,551	10,443	1,108
		A.0001574.173.001.032	16,311	24,461	(8,151)
		A.0001574.173.001.034	16,311	24,461	(8,151)
		A.0001574.173.001.036	30,195	-	30,195
		A.0001574.173.001.037	11,330	11,210	120
		A.0001574.173.001.041	3,057	-	3,057
		A.0001574.173.001.042	5,950	-	5,950
		51 to 52 Chute Work	-	337,480	(337,480)
		Replace Unit 3 Landfill garage HVAC Compressor	-	4,425	(4,425)
		Portable HVAC units	-	19,200	(19,200)
		SHC3 - Angled Air Wrench - Nut Runners	-	3,806	(3,806)
		Spare SDA Motor	-	36,000	(36,000)
		SHC3 - elevator Stack Power Cable replacement	-	27,808	(27,808)
		SHCO - Sales State Tax from 2013	-	357,256	(357,256)
		SHC Rep Lime Receiving Building Heaters	-	6,490	(6,490)
		SHC3- Bottom Ash Jet Pump Supply Valve	-	4,720	(4,720)
		SHC3 - Replace (QIR) 32 IADD	-	5,900	(5,900)
		SHC3- ACI - 32-3 Eductor Vacuum Pressure Transmitter	-	3,245	(3,245)
		SHC3- ACI - 32-2 Eductor Vacuum Pressure Transmitter	-	3,245	(3,245)
			-	-	-
Total Forecast			764,229	1,795,137	(1,030,908)
Sherco Unit 3 2020 Budget			186,974	1,795,137	(1,608,163)
Variance			577,255		577,255

Project Definition - Tex SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Sherco Common	A.0001574.198	A.0001574.198.001.001	-	-	-
		A.0001574.198.001.007	84,844	-	84,844
		A.0001574.198.001.008	13,605	-	13,605
		A.0001574.198.001.009	30,195	-	30,195
		A.0001574.198.001.011	27,218	20,800	6,418
		SHCO - Rigging Tools Cabinets Tool	-	5,350	(5,350)
		Replace River Water Valve	-	65,000	(65,000)
		Rplc HVAC Chiller compressor, 33 CL6 HAQ	-	10,443	(10,443)
		SHCO - Sherco Land Special Assessment	-	1,508,411	(1,508,411)
		SHCO - Rplc 32 Demineralizer Degassifier Xnsfer Pump	-	13,400	(13,400)
			-	-	-
			-	-	-
Total Forecast			155,862	1,623,404	(1,467,542)
Sherco Common 2020 Budget			80,000	1,623,404	(1,543,404)
Variance			75,862		75,862

Project Definition - Tex SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Sherco JV Common	A.0001574.252	A.0001574.252.001.001	-	-	-
		A.0001574.252.001.013	14,336	65,000	(50,664)
		A.0001574.252.001.014	11,304	-	11,304
		A.0001574.252.001.015	44,867	-	44,867
		A.0001574.252.001.017	43,996	-	43,996
		A.0001574.252.001.018	123,909	240,000	(116,091)
		A.0001574.252.001.020	129	192,000	(191,871)
		A.0001574.252.001.021	63,254	72,000	(8,746)
		A.0001574.252.001.022	459,849	156,000	303,849
		A.0001574.252.001.023	7,979	9,320	(1,341)
		A.0001574.252.001.024	217,937	160,000	57,937
		A.0001574.252.001.025	87,771	60,000	27,771
		A.0001574.252.001.027	12,138	20,000	(7,862)
		Rplc Warehouse #1 high bay lighting with LED	-	11,200	(11,200)
		ERC Slurry Pump	-	52,000	(52,000)
		A.0001574.252.001.016	-	72,000	(72,000)
		SHC99 - Fugitive Dust Fence	-	9,320	(9,320)
		SHC99- 2 Nut Runners	-	4,629	(4,629)
			-	-	-
Total Forecast			1,087,470	1,123,469	(35,999)
Sherco JV Common 2020 Budget			64,000	1,123,469	(1,059,469)
Variance			1,023,470		1,023,470

Project Definition - Tex SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Sherco U2	A.0001574.269	A.0001574.269.001.001	-	-	-
		A.0001574.269.001.001	-	-	-
		A.0001574.269.001.007	30,143	40,250	(10,107)
		A.0001574.269.001.008	40,110	85,000	(44,890)
		A.0001574.269.001.009	5,843	10,266	(4,423)
		A.0001574.269.001.010	69,780	65,000	4,780
			-	-	-
Total Forecast			145,876	200,516	(54,640)
Sherco U2 2020 Budget			80,000	200,516	(120,516)
Variance			65,876		65,876

Project Definition - Tex SAP Parent (WBS Lev)	SAP WBS Lev 4	SAP WBS Lev 4 Desc	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
Sherco Unit 1	A.0001574.268	A.0001574.268.001.001	-	-	-
		A.0001574.268.001.003	-	-	-
		A.0001574.268.001.005	5,555	-	5,555
		A.0001574.268.001.006	13,439	-	13,439
		A.0001574.268.001.007	86,812	-	86,812
		A.0001574.268.001.008	30,699	-	30,699
		A.0001574.268.001.009	76,908	70,000	6,908
		U1 Scrubber Power Supply Replacement	-	54,000	(54,000)
		BCWP SHC1 110 Module's Reheater Bundle	-	237,800	(237,800)
		BCWP Repl Valve and Actuator RWCV1005	-	65,000	(65,000)
			-	10,000	(10,000)
		SHC1- Replace Scrubber Module 106 make-up valve	-	-	-
Total Forecast			213,413.06	436,800	(223,387)
Sherco Unit 1 2020 Budget			80,000	436,800	(356,800)
Variance			133,413		133,413

Approved Offsets	YTD Actuals/YTD Budget	Committed/Approved Projects	Variance
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	-	884,200
Total 2020 Budget	884,200	-	884,200

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 2020, and those that were not funded, but spent in 2020.

Distribution Operations Capital - NSPM - MN Jurisdiction

Budgeted Projects with No Actuals			
WBS L2	Description	2020 Actuals	2020 Budget
A.0010019.009	MN - Line Asset Health WCF Blanket	-	11,432,000
A.0010011.004	MN - Mandate WCF Blanket	-	5,000,000
A.0010133.075	SUB C Reinforce Green Isle TR1	-	1,800,000
A.0010077.022	T Rebuild West St Cloud to Millwood	-	1,500,000
A.0010151.001	Rebuild Yellow Medicine YLM211 & YLM212	-	1,450,000
A.0010077.012	Rebuild Clara City CLC221	-	800,000
A.0010093.087	LINE Install Hiawatha West HWW Feeder	-	700,000
A.0010133.072	SUB Install Hiawatha West HWW Feeder	-	500,000
A.0010167.002	VAULT Relocation Hennepin Ave Rd Project	-	410,000
A.0010093.024	LINE Reinforce Fair Park FAP TR1 & Fdr	-	400,000
A.0010094.002	Extend Nordic NOR033	-	400,000
A.0010093.038	Reinforce Osseo OSS062	-	300,000
A.0010133.007	SUB Reinforce Westgate WSG Feeders	-	300,000
		-	24,992,000

Projects with No Budgets			
WBS L2	Description	2020 Actuals	2020 Budget
A.0005585.001	MINNESOTA MAJOR STORM RECOVERY	11,418,286	-
A.0010077.032	Rebuild Downtown St Paul Manholes	2,376,300	-
A.0005560.002	VAR Network Devices	872,100	-
A.0010077.041	Rebuild WRR052 Feeder and Ductline	841,945	-
A.0010069.019	Relocate Belle Plaine BEL061 Feeder	698,651	-
A.0010148.001	LAND Install Raptor RPO Sub	644,961	-
A.0010069.021	Relocate Poles Bailey Road	629,306	-
A.0010093.099	VAULT Install Vault at 34 S 3rd	507,726	-
A.0010143.007	COMP Relocation MPLS SWLRT Road Project	483,358	-
A.0010077.035	Convert OH-UG Pine View Lane	481,037	-
A.0010071.003	8th Street Bridge Relocation	449,544	-
A.0010061.005	Extend UG Service Gateway Develop	449,543	-
A.0010069.029	Relocate Hassan HSN321 Main St	439,612	-
A.0005587.001	SOUTH DAKOTA MAJOR STORM RECOVERY	369,338	-
A.0010069.007	SCL 33rd South Improvements	363,166	-
A.0010093.092	Install 406 S 6th St Vault	352,396	-
A.0010071.005	Relocate Minnehaha MHA063 Feeder	351,702	-
A.0010077.043	Convert Elliot Park ELP082	320,926	-
A.0010069.023	Relocate Poles Hwy 212	314,598	-
A.0010061.007	Extend Elm Creek 1/0 Boston Scientific	300,405	-
	Projects less than \$300,000	3,432,803	-
		26,097,703	-

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 Transmission Base Capital Review meeting to determine whether funding should be approved. All projects that are greater than \$10 million are also 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.

Please see the attached exhibit for overview of the emergent Transmission projects approved for funding during 2020.

Month	Opc	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 Hills	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 MPA Dean Lake Upgrade	F115/A698 MPA Dean Lake Meter Upgrade	YES	Yes	12/30/2019	No	301,000				301,000	MPMA 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 Refurbishment	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 Ln5537	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	Opc	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	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%. 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.
May	NSPM	Approved	3/13/2019	Not yet created: AirGas interconnect (Jamaica)	AirGas liquified air products retail customer interconnect	No	A small increme	9/15/2020	No	250,000	2,750,000			3,000,000	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.
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									-	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
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	See email approval from Tony Jandro 5/22/19; funds currently anticipated in 2020 pending 5-yr Budget Approval
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	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. 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.
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	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.
June	NSPM	Approved	6/10/2019		Medford 4E257 Circuit Switcher	No	No	9/1/2019		65,000				65,000	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.
June	NSPM	Approved	6/12/2019	Synchrophasor Upgrades	Synchrophasors Upgrades - Substation	NO	NO	12/15/2019	NO	40,000	-			40,000	Without the required equipment install on the existing synchrophasor at Riverside, North Star and Buffalo Ridge the conversion will not work.
June	Total									1,327,000	1,020,000	0		2,347,000	
July	NSPM	Approved, 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	

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
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	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	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 Interc	J512/J569/J587/J590 HLN-SCO - Rebuild Line 0982 from Helena sut	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
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	0	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. Approved, confirmed with CAA this meets Cap Policy as Control System.	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 ttle, 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	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

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
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.
November	Total									173,000	1,534,000	0	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, Plant Managers, Director of Innovation, Maintain Equipment Reliability General Manager of Nuclear Fleet Operations and Maintain Resources General Manager of Nuclear 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 2020.

Nuclear Generation 2020 Spend Details

Company Code (Allocated)	WBS Level 2 - Key	WBS Level 2	Major Category	Cost Ownership Level 3	Spend - Actuals YTD	Spend - Budget YTD	Spend - YTD Variance
Northern States Power MN	A.0000016.002	MT 2026 ISFSI Expansion	DRY CASK STORAGE	VP Eng. & Projects	56,449		56,449
Northern States Power MN	A.0000019.001	PI-9 TN-40 Casks(39-47)	DRY CASK STORAGE	VP Eng. & Projects	6,067,814	9,009,581	(2,941,767)
Northern States Power MN	A.0000042.007	PI ISFSI Expansion	DRY CASK STORAGE	VP Eng. & Projects	1,193,799	2,941,454	(1,747,655)
Northern States Power MN	A.0000045.001	PI TN-40 Casks (48-64)	DRY CASK STORAGE	VP Eng. & Projects	9,286,424	10,344,026	(1,057,602)
DRY CASK STORAGE Total					16,604,486	22,295,061	(5,690,575)
Northern States Power MN	A.0000024.012	PI ETAP Software Upgrade	FACILITIES & OTHER	VP Eng. & Projects	1,164,609	1,500,000	(335,391)
Northern States Power MN	A.0000027.006	PI Facilities Infrastruct Upgr	FACILITIES & OTHER	VP Eng. & Projects		100,000	(100,000)
Northern States Power MN	A.0000027.020	PI Warehouse 1 Heating	FACILITIES & OTHER	VP Eng. & Projects	83,426		83,426
Northern States Power MN	A.0000027.021	PI Paint Storage Shed Heating	FACILITIES & OTHER	VP Eng. & Projects	44,189		44,189
Northern States Power MN	A.0000027.022	PI Paint Storage Room Heating	FACILITIES & OTHER	VP Eng. & Projects	34,127		34,127
Northern States Power MN	A.0000027.023	PI Paint Room Heating	FACILITIES & OTHER	VP Eng. & Projects	32,567		32,567
Northern States Power MN	A.0000027.024	PI Carpenter Shop Heating	FACILITIES & OTHER	VP Eng. & Projects	47,303		47,303
Northern States Power MN	A.0000027.025	PI Steel Fabrication Shop Heating	FACILITIES & OTHER	VP Eng. & Projects	27,308		27,308
Northern States Power MN	A.0000027.027	PI Green Warehouse Heating	FACILITIES & OTHER	VP Eng. & Projects	78,697		78,697
Northern States Power MN	A.0000033.019	MNGP2019 Facilities Infrastru	FACILITIES & OTHER	VP Eng. & Projects	8,817		8,817
Northern States Power MN	A.0000033.021	MT Rplc PAB Stairs & Ramp	FACILITIES & OTHER	VP Eng. & Projects	1,256,190	409,023	847,167
Northern States Power MN	A.0000033.022	MT SAB to SAF Water	FACILITIES & OTHER	VP Eng. & Projects	8,732	1,000	7,732
Northern States Power MN	A.0000033.023	MNGP 2020 Facilities Infrastru	FACILITIES & OTHER	VP Eng. & Projects	144,786	420,000	(275,214)
Northern States Power MN	A.0000033.025	MT PA Asphalt Rplc	FACILITIES & OTHER	VP Eng. & Projects	457,855		457,855
Northern States Power MN	A.0000033.032	MTC Roof Replacement	FACILITIES & OTHER	VP Eng. & Projects	115,255		115,255
Northern States Power MN	A.0000033.034	MT Sally Port Drainage Repairs	FACILITIES & OTHER	VP Eng. & Projects	30		30
Northern States Power MN	A.0000033.036	MT Jib Crane & Monorail	FACILITIES & OTHER	VP Eng. & Projects	411,422		411,422
Northern States Power MN	A.0000033.038	MT 2021 Turbine Deck Outage Power	FACILITIES & OTHER	VP Eng. & Projects	49,265		49,265
Northern States Power MN	A.0000033.043	MT 2020 Scaffold Manlift Init	FACILITIES & OTHER	VP Eng. & Projects	226,239		226,239
Northern States Power MN	A.0000033.044	MT Intake Structure Roof Rplc	FACILITIES & OTHER	VP Eng. & Projects	77,302		77,302
Northern States Power MN	A.0000069.001	PI Misc Office Furniture	FACILITIES & OTHER	VP Eng. & Projects	122,638		122,638
Northern States Power MN	A.0000070.001	MT Misc Office Furniture	FACILITIES & OTHER	VP Eng. & Projects	76,665		76,665
FACILITIES & OTHER Total					4,467,419	2,430,023	2,037,396
Northern States Power MN	A.0000017.223	MT Equipment Sensors	IMPROVEMENTS	VP Eng. & Projects	380,132	450,000	(69,868)
Northern States Power MN	A.0000017.224	MT Automation/Innovation	IMPROVEMENTS	VP Eng. & Projects		362,513	(362,513)
Northern States Power MN	A.0000024.014	PI Robotics	IMPROVEMENTS	VP Eng. & Projects		75,000	(75,000)
Northern States Power MN	A.0000024.015	PI 3D Printing	IMPROVEMENTS	VP Eng. & Projects		10,000	(10,000)
Northern States Power MN	A.0000024.017	PI Scaffold and Man Lift Purch	IMPROVEMENTS	VP Eng. & Projects	268,988		268,988
Northern States Power MN	A.0000024.018	PI Avert Tabletop Software	IMPROVEMENTS	VP Eng. & Projects	149,500		149,500
Northern States Power MN	A.0000031.036	MNGP 2019 Plant Computer Blank	IMPROVEMENTS	VP Eng. & Projects	311		311
Northern States Power MN	A.0000031.045	MT Risk Informed Completion Times	IMPROVEMENTS	VP Eng. & Projects	798,580	309,393	489,187
Northern States Power MN	A.0000031.048	MNGP 2020 Plant Computer Blank	IMPROVEMENTS	VP Eng. & Projects		300,000	(300,000)
Northern States Power MN	A.0000031.049	MNGP HWC Mod	IMPROVEMENTS	VP Eng. & Projects	122,273	1,043,101	(920,828)
Northern States Power MN	A.0000031.054	MT Robotics	IMPROVEMENTS	VP Eng. & Projects		65,000	(65,000)
Northern States Power MN	A.0000031.060	MT Replace X-ray's	IMPROVEMENTS	VP Eng. & Projects	512,400	23,531	488,869
Northern States Power MN	A.0000031.064	MT Surveillance Test Interval Prg	IMPROVEMENTS	VP Eng. & Projects	3,339		3,339
Northern States Power MN	A.0000031.066	MT Risk Informed Eng Prgm	IMPROVEMENTS	VP Eng. & Projects	834,885	832,691	2,194
Northern States Power MN	A.0000031.073	MT Rplc Telex Radios	IMPROVEMENTS	VP Eng. & Projects	266,096		266,096
Northern States Power MN	A.0000031.074	MT 2020 All Metal Filter Modules	IMPROVEMENTS	VP Eng. & Projects	464,639		464,639
Northern States Power MN	A.0000035.359	PI Simulator Windows 10 Upgrade	IMPROVEMENTS	VP Eng. & Projects	2,593		2,593
Northern States Power MN	A.0000035.363	PI Mechanical Hogger 2R31	IMPROVEMENTS	VP Eng. & Projects	341,226	433,410	(92,184)
Northern States Power MN	A.0000035.364	PI 2R31 Purification Modification	IMPROVEMENTS	VP Eng. & Projects	1,617,198	1,776,203	(159,005)
Northern States Power MN	A.0000035.367	PI Equipment Sensors (A/I)	IMPROVEMENTS	VP Eng. & Projects	608,573	450,000	158,573
Northern States Power MN	A.0000035.426	PI EQ Rosemount Transmitter Repl 2020	IMPROVEMENTS	VP Eng. & Projects	265,400		265,400
Northern States Power MN	A.0000040.013	PI PRA Model Revision-SFCP	IMPROVEMENTS	VP Eng. & Projects	(2,120)		(2,120)
Northern States Power MN	A.0000040.056	PI Security Protective Strategy	IMPROVEMENTS	VP Eng. & Projects	8,273,484	6,048,849	2,224,635
Northern States Power MN	A.0000040.062	PI 10CFR5069 Risk Informed Eng Prog	IMPROVEMENTS	VP Eng. & Projects	897,103	832,691	64,412
Northern States Power MN	A.0000040.063	PI Risk Informed Completion Times	IMPROVEMENTS	VP Eng. & Projects	796,592	309,393	487,199
Northern States Power MN	A.0000040.065	PI RCP Seal LAR	IMPROVEMENTS	VP Eng. & Projects	(36,334)	50,000	(86,334)
Northern States Power MN	A.0000040.067	PI ILRT Interval Ext LAR	IMPROVEMENTS	VP Eng. & Projects	42,925	100,000	(57,075)
Northern States Power MN	A.0000040.068	PI Thermal Weapon Sights	IMPROVEMENTS	VP Eng. & Projects	73		73
Northern States Power MN	A.0000040.071	PI Operating Cycle	IMPROVEMENTS	VP Eng. & Projects	162,855		162,855
Northern States Power MN	A.0000040.072	PI Common Emergency Plan	IMPROVEMENTS	VP Eng. & Projects	134,658		134,658
Northern States Power MN	A.0000053.006	PI Wireless Network Expansion	IMPROVEMENTS	VP Eng. & Projects	2,683,660	2,778,930	(95,270)
Northern States Power MN	A.0000054.005	MT Misc IT Purchases	IMPROVEMENTS	VP Eng. & Projects	125,280		125,280
Northern States Power MN	A.0000054.006	MT Wireless Network Expansion	IMPROVEMENTS	VP Eng. & Projects	1,209,139	1,912,604	(703,465)
IMPROVEMENTS Total					20,923,447	18,163,309	2,760,138
Northern States Power MN	A.0000023.001	MNGP Cyber Security 08-09	MANDATED COMPLIANCE	VP Eng. & Projects	(335)		(335)
Northern States Power MN	A.0000029.011	MNGP NEI 09-05 Security Compli	MANDATED COMPLIANCE	VP Eng. & Projects	1,359,456	700,000	659,456
Northern States Power MN	A.0000029.014	MNGP 316/B Ruling Implementati	MANDATED COMPLIANCE	VP Eng. & Projects	510		510
Northern States Power MN	A.0000029.029	MNGP Fukushima Phase II	MANDATED COMPLIANCE	VP Eng. & Projects	36,156	66,000	(29,844)
Northern States Power MN	A.0000029.038	MT 2nd License Renewal	MANDATED COMPLIANCE	VP Eng. & Projects	137,419	1,000,000	(862,581)
Northern States Power MN	A.0000040.021	PI NFPA 805-01 U1 Train A AFW	MANDATED COMPLIANCE	VP Eng. & Projects	(2)		(2)
Northern States Power MN	A.0000040.025	PI NFPA 805-10 Loss OCT 4KV Br	MANDATED COMPLIANCE	VP Eng. & Projects	1,822,248	1,830,000	(7,752)
Northern States Power MN	A.0000040.046	PI U1 Rx Control Cluster Assemblies	MANDATED COMPLIANCE	VP Eng. & Projects	3,068,475	3,464,954	(396,479)
Northern States Power MN	A.0000040.047	PI U2 Rx Control Cluster Assemblies	MANDATED COMPLIANCE	VP Eng. & Projects	182,087	15,000	167,087

					MANDATED COMPLIANCE Total		
					6,606,014	7,075,954	(469,940)
Northern States Power MN	A.0006010.001	Nuclear Enrichment Fuel Commod	NUCLEAR FUEL	VP Eng. & Projects	(2,575,417)	(6,610,443)	4,035,026
Northern States Power MN	A.0006010.003	Nuclear Conversion Fuel Commod	NUCLEAR FUEL	VP Eng. & Projects	650,248	(85,589)	735,837
Northern States Power MN	A.0006010.006	PI Unit 1 Reload 30(C31)	NUCLEAR FUEL	VP Eng. & Projects	-		-
Northern States Power MN	A.0006010.009	Monticello Reload 30 (C31)	NUCLEAR FUEL	VP Eng. & Projects	1,047,846	915,367	132,479
Northern States Power MN	A.0006010.012	PI Unit 2 Reload 30 (C31)	NUCLEAR FUEL	VP Eng. & Projects	(0)		(0)
Northern States Power MN	A.0006010.013	PI Unit 2 Reload 31 (C32)	NUCLEAR FUEL	VP Eng. & Projects	159,513	245,599	(86,086)
Northern States Power MN	A.0006010.016	PI Unit 1 Reload 31 (C32)	NUCLEAR FUEL	VP Eng. & Projects	68,615,734	82,046,223	(13,430,489)
Northern States Power MN	A.0006010.017	PI Unit 1 Reload 32 (C33)	NUCLEAR FUEL	VP Eng. & Projects		237,089	(237,089)
Northern States Power MN	A.0006010.019	Nuclear Uranium Fuel Commodity	NUCLEAR FUEL	VP Eng. & Projects	(17,397,472)	(25,382,524)	7,985,052
Northern States Power MN	A.0006010.021	Monticello Reload 31 (C32)	NUCLEAR FUEL	VP Eng. & Projects	1,691,874	4,450,000	(2,758,126)
					52,192,326	55,815,722	(3,623,396)
					NUCLEAR FUEL Total		
Northern States Power MN	A.0000015.001	PI Misc Tools & Equipment	RELIABILITY	VP Eng. & Projects	822,214	400,000	422,214
Northern States Power MN	A.0000017.001	MNGP Long Range Plan Basic Bud	RELIABILITY	VP Eng. & Projects		220,179	(220,179)
Northern States Power MN	A.0000017.003	MNGP DAS & PPCS Rplc	RELIABILITY	VP Eng. & Projects	669,494	311,346	358,148
Northern States Power MN	A.0000017.004	MT 12 EDG Voltage Regulator	RELIABILITY	VP Eng. & Projects	(398,507)	740,108	(1,138,615)
Northern States Power MN	A.0000017.013	MNGP Off-Gas H2 & O2 Monitorin	RELIABILITY	VP Eng. & Projects	229,231	766,411	(537,180)
Northern States Power MN	A.0000017.059	MNGP Off-Gas & Recombiner CAMS	RELIABILITY	VP Eng. & Projects	162,484	300,000	(137,516)
Northern States Power MN	A.0000017.082	MNGP RPS MG Set Generator Rplc	RELIABILITY	VP Eng. & Projects	62,725	638,841	(576,116)
Northern States Power MN	A.0000017.091	MNGP Generator Condition Monit	RELIABILITY	VP Eng. & Projects	71,248	30,516	40,732
Northern States Power MN	A.0000017.127	MNGP 2020/2021 Position Ind Pr	RELIABILITY	VP Eng. & Projects	2,342	18,682	(16,340)
Northern States Power MN	A.0000017.129	MNGP CPSTR Piping Rplc	RELIABILITY	VP Eng. & Projects	23,433	466,903	(443,470)
Northern States Power MN	A.0000017.130	MNGP RX Bldg Piping Modificati	RELIABILITY	VP Eng. & Projects	91,717	1,225,350	(1,133,633)
Northern States Power MN	A.0000017.132	MNGP 2020 Cap Emergent Blkt	RELIABILITY	VP Eng. & Projects		2,092,718	(2,092,718)
Northern States Power MN	A.0000017.140	MT AMAG Crossflow Rplc	RELIABILITY	VP Eng. & Projects	561,571	596,800	(35,229)
Northern States Power MN	A.0000017.143	MT 16 250V DC Battery Rplc	RELIABILITY	VP Eng. & Projects	306,058	585,853	(279,795)
Northern States Power MN	A.0000017.148	MT 2021 Maintenance Blanket	RELIABILITY	VP Eng. & Projects	12,881		12,881
Northern States Power MN	A.0000017.157	MT Rplc CV1729 Valve Body	RELIABILITY	VP Eng. & Projects	43,114	105,969	(62,855)
Northern States Power MN	A.0000017.164	MT Rplc Refueling Bridge Hoist Drive	RELIABILITY	VP Eng. & Projects	80		80
Northern States Power MN	A.0000017.168	MT CRD Rebuild and Rplc (RFO30)	RELIABILITY	VP Eng. & Projects	882,213	943,722	(61,509)
Northern States Power MN	A.0000017.170	MT Rplc 11 125VDC Battery	RELIABILITY	VP Eng. & Projects	204,232	465,040	(260,809)
Northern States Power MN	A.0000017.174	MT SRM/IRM Undervessel Cbl Ph III	RELIABILITY	VP Eng. & Projects	34,306	129,939	(95,633)
Northern States Power MN	A.0000017.176	MT Cooling Tower Upgrades Ph II	RELIABILITY	VP Eng. & Projects	4,324,673	2,880,000	1,444,673
Northern States Power MN	A.0000017.179	MT 11 EDG Voltage Regulator	RELIABILITY	VP Eng. & Projects	866,892	140,621	726,271
Northern States Power MN	A.0000017.180	MT Rplc OTB MSIV D Internals (1R31)	RELIABILITY	VP Eng. & Projects	26,509	47,959	(21,450)
Northern States Power MN	A.0000017.184	MT Rplc RLC DFCS Controllers	RELIABILITY	VP Eng. & Projects	3,002		3,002
Northern States Power MN	A.0000017.189	MT SRM/IRM Undervessel Cbl Ph IV	RELIABILITY	VP Eng. & Projects	83,136	109,515	(26,379)
Northern States Power MN	A.0000017.197	MT Rplc B RHRSW Flow Controller	RELIABILITY	VP Eng. & Projects	213,374	75,000	138,374
Northern States Power MN	A.0000017.198	MT Obsolete EQ RFO30	RELIABILITY	VP Eng. & Projects	(329,449)	920,244	(1,249,693)
Northern States Power MN	A.0000017.207	MT Rplc FAC Damaged Pipe	RELIABILITY	VP Eng. & Projects	199		199
Northern States Power MN	A.0000017.213	MT Rplc Div 1 FSW Pipe	RELIABILITY	VP Eng. & Projects	119,009	261,708	(142,699)
Northern States Power MN	A.0000017.214	MT Rplc Div 2 FSW Pipe	RELIABILITY	VP Eng. & Projects	7,856	301,000	(293,144)
Northern States Power MN	A.0000017.231	MT ATWS Level Trip Units	RELIABILITY	VP Eng. & Projects	198,150	200,000	(1,850)
Northern States Power MN	A.0000017.232	MT Rosemount Obsolescence Part II	RELIABILITY	VP Eng. & Projects	956,803	262,266	694,537
Northern States Power MN	A.0000017.233	MT Rplc MO-2076 Valve	RELIABILITY	VP Eng. & Projects	159,765	118,765	41,000
Northern States Power MN	A.0000017.234	MT Gamma TIP Monitoring System	RELIABILITY	VP Eng. & Projects	217,878	1,202,778	(984,900)
Northern States Power MN	A.0000017.235	MT FAC Damaged Pipe Phase II	RELIABILITY	VP Eng. & Projects	173,331	100,000	73,331
Northern States Power MN	A.0000017.236	MT Stator Cooler HX Replc	RELIABILITY	VP Eng. & Projects	111,775	347,946	(236,171)
Northern States Power MN	A.0000017.237	MT Rplc 2RS / 3N4 Control Cables	RELIABILITY	VP Eng. & Projects	395,721	423,764	(28,043)
Northern States Power MN	A.0000017.240	MT 2020 Capital Maintenance Blanket	RELIABILITY	VP Eng. & Projects	438,415		438,415
Northern States Power MN	A.0000017.241	MT 2020 HVAC Chiller Rplc	RELIABILITY	VP Eng. & Projects	191,493		191,493
Northern States Power MN	A.0000017.242	MT 2020 Rplc Whole Body Counting Sys	RELIABILITY	VP Eng. & Projects	96,453		96,453
Northern States Power MN	A.0000017.243	MT 2020 1ARS LV & H0 Bushing Rplc	RELIABILITY	VP Eng. & Projects	112,116		112,116
Northern States Power MN	A.0000017.246	MT 2021 MS-13-1 Valve Rplc	RELIABILITY	VP Eng. & Projects	7,158		7,158
Northern States Power MN	A.0000017.247	MT 2021 MO-1180-1183 Valve Rplc	RELIABILITY	VP Eng. & Projects	44,262		44,262
Northern States Power MN	A.0000017.249	MT 2021 AN2 Relief Valves	RELIABILITY	VP Eng. & Projects	220		220
Northern States Power MN	A.0000024.003	PI 2020 Misc Minor Improvement	RELIABILITY	VP Eng. & Projects	220,307	512,503	(292,196)
Northern States Power MN	A.0000031.016	MNGP A509-X301/1Cable Replc	RELIABILITY	VP Eng. & Projects	33,251	48,112	(14,861)
Northern States Power MN	A.0000031.035	MNGP 2019 Capital Emergent Bla	RELIABILITY	VP Eng. & Projects	20,783		20,783
Northern States Power MN	A.0000031.037	MNGP 2019 Site Blanket	RELIABILITY	VP Eng. & Projects	(55,721)		(55,721)
Northern States Power MN	A.0000031.047	MNGP 2020 Site Blanket	RELIABILITY	VP Eng. & Projects	279,837	1,113,999	(834,162)
Northern States Power MN	A.0000035.079	PI Proc Controls Repl	RELIABILITY	VP Eng. & Projects	4,085,104	5,091,356	(1,006,252)
Northern States Power MN	A.0000035.184	PI 11 RCP Motor Replacement	RELIABILITY	VP Eng. & Projects	(409)		(409)
Northern States Power MN	A.0000035.186	PI CT11,CT12 Transformer Repl	RELIABILITY	VP Eng. & Projects	157,847	100,000	57,847
Northern States Power MN	A.0000035.192	PI Capital Emergent Work	RELIABILITY	VP Eng. & Projects		1,444,441	(1,444,441)
Northern States Power MN	A.0000035.240	PI Spare RHR Pump Motor	RELIABILITY	VP Eng. & Projects	(48)		(48)
Northern States Power MN	A.0000035.248	PI 11 SI Pump Motor Replacemnt	RELIABILITY	VP Eng. & Projects	(48)		(48)
Northern States Power MN	A.0000035.249	PI 12 SI Pump Motor Replacemnt	RELIABILITY	VP Eng. & Projects	(9,814)		(9,814)
Northern States Power MN	A.0000035.266	PI 2019 Misc Minor Improvement	RELIABILITY	VP Eng. & Projects	(19,562)		(19,562)
Northern States Power MN	A.0000035.288	PI 2017 Misc Minor Improvement	RELIABILITY	VP Eng. & Projects	(10,263)		(10,263)
Northern States Power MN	A.0000035.294	PI 31 Battery Replacement	RELIABILITY	VP Eng. & Projects		210,000	(210,000)
Northern States Power MN	A.0000035.295	PI 33 Battery Replacement	RELIABILITY	VP Eng. & Projects		210,000	(210,000)
Northern States Power MN	A.0000035.300	PI NUS Proc Controls Foxboro Mod Repl	RELIABILITY	VP Eng. & Projects	174,387	473,000	(298,613)
Northern States Power MN	A.0000035.304	PI Capital Maintenance Work	RELIABILITY	VP Eng. & Projects	(0)	2,000,598	(2,000,598)

Northern States Power MN	A.0000035.313	PI 121-128 Intake Travelling Screens	RELIABILITY	VP Eng. & Projects	62,204		62,204
Northern States Power MN	A.0000035.318	PI 121 Hydrogen Recombiner Analyzers	RELIABILITY	VP Eng. & Projects	411,345	100,000	311,345
Northern States Power MN	A.0000035.326	PI Security X-Ray Replacement	RELIABILITY	VP Eng. & Projects	470,041	276,000	194,041
Northern States Power MN	A.0000035.330	PI Nuclear Instrumentation Display Repl	RELIABILITY	VP Eng. & Projects	12	4,000	(3,988)
Northern States Power MN	A.0000035.347	PI Beacon Server Repl	RELIABILITY	VP Eng. & Projects		198,000	(198,000)
Northern States Power MN	A.0000035.348	PI Aux Bldg Crane Control Sys Repl	RELIABILITY	VP Eng. & Projects	1,507,253	2,178,280	(671,027)
Northern States Power MN	A.0000035.350	PI U1 Condenser Expansion Joint Repl	RELIABILITY	VP Eng. & Projects		427,000	(427,000)
Northern States Power MN	A.0000035.354	PI 1H1,1H3 Breaker Replacement	RELIABILITY	VP Eng. & Projects	13,823		13,823
Northern States Power MN	A.0000035.355	PI 1H5 Breaker Replacement	RELIABILITY	VP Eng. & Projects	(2,277)		(2,277)
Northern States Power MN	A.0000035.356	PI U1 Condenser Steam Bellow Repl	RELIABILITY	VP Eng. & Projects		250,000	(250,000)
Northern States Power MN	A.0000035.357	PI 1H2, 1H4 Breaker Replacement	RELIABILITY	VP Eng. & Projects	13,548	65,000	(51,452)
Northern States Power MN	A.0000035.368	PI CL Chemical Treatment Upgrade	RELIABILITY	VP Eng. & Projects	1,188,815	600,000	588,815
Northern States Power MN	A.0000035.382	PI Analog Proc Controls Repl-Ph II	RELIABILITY	VP Eng. & Projects	766,848		766,848
Northern States Power MN	A.0000035.395	PI 121 MDFP Panel Replacement	RELIABILITY	VP Eng. & Projects	46		46
Northern States Power MN	A.0000035.396	PI Cathodic Protection GB JB-3,JB-4	RELIABILITY	VP Eng. & Projects	(0)	44,989	(44,989)
Northern States Power MN	A.0000035.398	PI CL Supply Header Piping Repl	RELIABILITY	VP Eng. & Projects	374,489	750,000	(375,511)
Northern States Power MN	A.0000035.399	PI EEQ Cntmt Dome Recirc Mtr Repl	RELIABILITY	VP Eng. & Projects		570,000	(570,000)
Northern States Power MN	A.0000035.401	PI 2020 Capital Maintenance	RELIABILITY	VP Eng. & Projects	2,797,726		2,797,726
Northern States Power MN	A.0000035.402	PI 2021 Capital Maintenance	RELIABILITY	VP Eng. & Projects	241,271		241,271
Northern States Power MN	A.0000035.428	PI NI Channel Bypass Panel	RELIABILITY	VP Eng. & Projects	54,335		54,335
Northern States Power MN	A.0000040.048	PI SR Inverter Replacement	RELIABILITY	VP Eng. & Projects		50,000	(50,000)
Northern States Power MN	A.0000040.064	PI OBN Namco Limit Switch EQ Repl-2R31	RELIABILITY	VP Eng. & Projects	5	5,000	(4,995)
Northern States Power MN	A.0000053.005	PI IT Capital Blanket	RELIABILITY	VP Eng. & Projects		100,000	(100,000)
Northern States Power MN	A.0000067.001	MT Misc Tools & Equipment	RELIABILITY	VP Eng. & Projects	996,356	400,000	596,356
Northern States Power MN	A.0000073.005	PI 122 Cooling Tower Rebuild	RELIABILITY	VP Eng. & Projects		5,366,414	(5,366,414)
Northern States Power MN	A.0000073.007	PI 121 Cooling Tower Rebuild	RELIABILITY	VP Eng. & Projects	6,504,652		6,504,652
			RELIABILITY Total		32,475,720	40,018,635	(7,542,915)
			Grand Total		133,269,412	145,798,704	(12,529,292)
					133,269,412	145,798,704	(12,529,292)

Business Systems

Capital Project Substitution and Change Process

Technology Funding Process

The Technology Investment 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 Technology Investment Governance process stated above. If an existing project changes in scope, size, timing, etc., the forecast is updated to reflect the new budgeted amount.

The Business Systems exhibit provided lists projects by Unifier ID, which is the project ID used by the organization based on its data strategy. Each SAP work breakdown structure (WBS) is tied to a Unifier project ID. Exhibit 1 is a list of projects that were budgeted and not executed in 2020, and those that were not funded, but spent in 2020.

**Business Systems Capital
2020 NSPM Actual vs. Budget**

Project ID	Description	Actual	Budget	Variance	Reference
BSPRJ000051	ADMS - Advanced Distribution Management System	8,214,330	4,460,207	3,754,122	
BSPRJ000410	IT Blanket		(15,501,432)	15,501,432	A
BSPRJ000751	Enterprise Synchrophaser Expansion Project	175,165		175,165	
BSPRJ000865	AMI	4,092,320	11,415,654	(7,323,334)	
BSPRJ000924	New Wind Farms	2,039,616	1,986,110	53,506	
BSPRJ000929	IT Service Request Automation	(13,199)		(13,199)	
BSPRJ000933	DEMS Upgrade AKA Dynamic EMS (DEMS) Environment Phase 4	4,507,698	16,182,367	(11,674,669)	
BSPRJ000934	CIP Substation Compliance Reporting Work Stream 2	504,310	858,240	(353,930)	
BSPRJ000947	Core HR Application (Payroll Benefits)	502,027	8,102,461	(7,600,434)	
BSPRJ000954	Next Generation Desktop	3,400,930	1,917,180	1,483,750	
BSPRJ000965	SAP Continuous Improvements Placeholder	732,233	2,262,000	(1,529,767)	
BSPRJ000967	Facility IT Investments	206,275	1,116,913	(910,638)	
BSPRJ000973	TWR Replacement	571,929	405,679	166,250	
BSPRJ000985	NSP- MN System Replacement	887,480		887,480	
BSPRJ000986	2018 CRS Tech Stack Upgrade and Win 10	494,618	176,240	318,378	
BSPRJ000995	IT Blanket-Security		7,965,000	(7,965,000)	A
BSPRJ001014	Customer Care IVR Upgrades	2,180,824	1,870,510	310,314	
BSPRJ001034	2019 IT INFS Network Refresh	(1,010,719)	5,002	(1,015,721)	
BSPRJ001035	2019 Planned PC Refresh	120,747		120,747	
BSPRJ001036	2019 Planned Server Refresh	319,614		319,614	
BSPRJ001037	2019 Storage Project	191,056		191,056	
BSPRJ001045	2020 EMS Infrastructure Refresh	94,071	125,000	(30,929)	
BSPRJ001050	2020 IT INFS Network Refresh	5,853,692	1,893,750	3,959,942	
BSPRJ001051	2020 Planned PC Refresh	2,566,745	2,669,651	(102,906)	
BSPRJ001052	2020 Planned Server Refresh	481,377	750,000	(268,623)	
BSPRJ001053	2020 Storage Project	4,159,679	1,700,000	2,459,679	
BSPRJ001071	CRS Tech Stack Upgrade	446,962		446,962	
BSPRJ001074	eGRC Phase IV - SOx and Corp Compliance	373,105	379,403	(6,298)	
BSPRJ001103	Security Services Upgrade	293,709	51,530	242,179	
BSPRJ001111	Teradata-Hadoop HW Purchase	952,515	785,228	167,287	
BSPRJ001118	Diagnostic Center Ph 5		328,890	(328,890)	
BSPRJ001130	Cash Management System Replacement	221,881	586,108	(364,227)	
BSPRJ001131	PowerPlan App Upgrade 2018	115,888		115,888	
BSPRJ001144	Enterprise Database Security Phase II	362,020	176,802	185,218	
BSPRJ001157	Customer Service Console - Single Screen	(126,003)		(126,003)	
BSPRJ001167	WAN NSPMN	4,624,086	11,240,000	(6,615,914)	
BSPRJ001191	2020 Oracle Licenses	1,852,250	1,420,703	431,547	
BSPRJ001195	Safety Observations & Predictive Analytics	80,517	279,560	(199,043)	
BSPRJ001200	Host Intrusion Prevention for Servers	148,528	254,348	(105,820)	
BSPRJ001240	Meridium Upgrade	701,069	1,902,040	(1,200,971)	
BSPRJ001265	Video Conferencing Enablement	675,460	906,560	(231,100)	
BSPRJ001266	Active Directory Refresh 2020		386,840	(386,840)	
BSPRJ001267	Internet Explorer Refresh 2019		773,690	(773,690)	
BSPRJ001273	Remote Branch Office		814,944	(814,944)	
BSPRJ001286	VDI Refresh	37,607	1,289,472	(1,251,865)	
BSPRJ001290	Data Center Refresh	113,148	742,810	(629,662)	
BSPRJ001291	Windows Server OS Refresh	1,299,976		1,299,976	
BSPRJ001309	Cyber Ark (Support and Services Account)	252,669		252,669	
BSPRJ001321	Active Directory Upgrade 2016	796,640	375,870	420,770	
BSPRJ001323	Emptoris Contract Management Replacement	1,011,739	2,015,520	(1,003,781)	
BSPRJ001329	Security Camera Upgrade	184,550		184,550	
BSPRJ001351	NMS 2.X Upgrade Project	824,190	2,348,040	(1,523,850)	
BSPRJ001353	SubTran Portal Upgrade	1,789	625,450	(623,661)	
BSPRJ001362	Purchase Power Agreement Contract Management	118,621	688,900	(570,279)	
BSPRJ001365	PI Data Integrations	141,172	88,030	53,142	
BSPRJ001370	MT Security Computer System Upgrade	5,508	1,028,780	(1,023,272)	
BSPRJ001375	Knowledge Relay, Primavera Reporting	627,946		627,946	
BSPRJ001392	Security Camera Upgrade 2019	104,972		104,972	
BSPRJ001393	Security Camera Upgrade 2020	112,358	175,000	(62,642)	
BSPRJ001418	Site Scope and BSM Replacement	1	240,648	(240,647)	
BSPRJ001422	Rugged Tablets Refresh		500,000	(500,000)	
BSPRJ001423	Planned Printer Refresh 2020	513,316		513,316	
BSPRJ001432	Mobile Application Modernization		354,600	(354,600)	
BSPRJ001435	VoIP Refresh	1,042,449	375,000	667,449	
BSPRJ001437	TRIRIGA Mobile		452,400	(452,400)	
BSPRJ001439	DRMS Phase II (Demand Response Management System) Phase II		1,939,320	(1,939,320)	
BSPRJ001441	Technology License 2020	3,843,586	491,700	3,351,886	
BSPRJ001447	Unifier Upgrade	221,187		221,187	
BSPRJ001448	Transmission Asset Health Analytics	2,013,301	2,242,470	(229,169)	
BSPRJ001460	Multi-Factor Authentication - maturation	290,531		290,531	
BSPRJ001468	SailPoint Phase 5	498,942		498,942	
BSPRJ001469	Software Asset Management	419,907	406,969	12,938	
BSPRJ001471	SharePoint - Nuclear	1,043,871	200,000	843,871	
BSPRJ001480	Network Automation Platform Implementation	(3,573,163)		(3,573,163)	
BSPRJ001483	Strategic Fiber Deployment	6,997,326		6,997,326	
BSPRJ001493	Cyber Security Data Lake	382,793	68,661	314,132	
BSPRJ001498	UI FMS Stabilization	283,949		283,949	
BSPRJ001504	Virtual Emergency Operations Center (EOC)	272,763	152,396	120,367	
BSPRJ001505	Voice Agent Project Idea	152,707	152,604	103	
BSPRJ001506	Gas Plant SCADA Replacement	983,212		983,212	
BSPRJ001516	AutoSys Refresh 2019	153,174		153,174	
BSPRJ001520	UI CREV and RIS with PlannerDash	707,811		707,811	
BSPRJ001522	General Counsel Document Management	674,767		674,767	
BSPRJ001525	ISO Interface & Settlement Replacement	113,994		113,994	
BSPRJ001538	Mankato Plant On-Boarding	81,684	499,999	(418,315)	
BSPRJ001539	Bentley OpenUtilities Designer (BUD) Upgrade	959,260		959,260	
BSPRJ001554	Upgrade XpressRequest	501,109		501,109	
BSPRJ001559	Enterprise Purge Archive	250,712		250,712	
BSPRJ001566	Documentum 16.4 Upgrade	120,391		120,391	
BSPRJ001568	Upgrade Corporate Financial Model (CFM)	347,579		347,579	
BSPRJ001574	Primavera Upgrade	262,963		262,963	
BSPRJ001579	PTT Phase 3 (WAM)	486,673		486,673	
BSPRJ001580	Unmanned Aircraft Systems Program	255,410		255,410	
BSPRJ001584	Data Discovery	290,342		290,342	

**Business Systems Capital
2020 NSPM Actual vs. Budget**

Project ID	Description	Actual	Budget	Variance	Reference
BSPRJ001586	MRAS Upgrade to 64 Bit Operating System	136,112		136,112	
BSPRJ001589	OT Shared Services	1,601,878	587,750	1,014,128	
BSPRJ001593	Avaya Cloud Voice Deployment	5,956,623		5,956,623	
BSPRJ001595	Monitoring and Diagnostics (M&D) Center On-line Thermal Performance	601,731		601,731	
BSPRJ001596	Legal Hold Custodian Management	117,416		117,416	
BSPRJ001612	Cloud - SAST_DAST	301,602		301,602	
BSPRJ001615	OT Monitoring 2020	624,053		624,053	
BSPRJ001616	Email Advanced Threat Protection	2,660,890		2,660,890	
BSPRJ001621	Nuclear Meridium APM Implementation	2,071,278		2,071,278	
BSPRJ001623	Archer 2020	121,589		121,589	
BSPRJ001624	Risk Assessment as a Service	427,557		427,557	
BSPRJ001625	Application Performance Monitoring	1,566,072		1,566,072	
BSPRJ001627	PI for Wind farms	377,276		377,276	
BSPRJ001635	Oracle Exadata Refresh	2,923,125		2,923,125	
BSPRJ001658	Adobe Flash Remediation	434,700		434,700	
BSPRJ001663	Planned PC Refresh	5,365,595		5,365,595	
BSPRJ001664	Printer Refresh	186,336		186,336	
BSPRJ001667	ServiceNow	2,549,305		2,549,305	
BSPRJ001669	Business Systems Resiliency Project	1,572,875		1,572,875	
BSPRJ001670	Kafka Data Streaming	1,645,896		1,645,896	
BSPRJ001684	Blue Prism Licenses	109,891		109,891	
BSPRJ001694	F5 Renewal	2,522,121		2,522,121	
BSPRJ001696	Motorola LMR Core Upgrade	2,378,505		2,378,505	
BSPRJ001709	Oracle Java 3 licensing 3 year	755,216		755,216	
BSPRJ001721	Rational License Purchase 2020	775,449		775,449	
BSPRJ001724	Ansible Automation and Licensing	1,236,552		1,236,552	
BSPRJ001730	Digital Ops Factory	294,739		294,739	
BSPRJ001731	Digital Ops Factory - Nuclear Lighthouse	595,474		595,474	
BSPRJ001772	Field Area Network (FAN)	575,294	12,516,776	(11,941,482)	
BSPRJ001774	Distribution Load Planning and Forecast Tool	3,188,653	1	3,188,652	
BSPRJ000990	XpressNET and PowerSource Productivity Enhancements		250,970	(250,970)	
BSPRJ001011	2018 EMS Infrastructure Refresh		247,000	(247,000)	
BSPRJ001057	2020 Planned Mobile (MDT) Refresh		2,434,870	(2,434,870)	
BSPRJ001388	SAP Purge Archive		1,315,770	(1,315,770)	
(blank)	FLISR		362,692	(362,692)	
	Projects with actuals or budget between \$100K/(\$100K)	1,373,021	562,091	810,930	
Total		123,267,057	106,379,737	16,887,321	

Notes:

A: "Blanket" structures are used to fund projects from a budget and forecast perspective. These structures will not contain actuals.