

NorthWestern Corporation, dba NorthWestern Energy
Class Cost of Service Study
Income Statement-Customer Component Claimed ROR
South Dakota Electric
Test Year Ended December 31, 2022

**CUSTOMER COMPONENT
CLAIMED ROR**

Line No.	Description (a)	Reference (b)	Total Service Area (c)	Total Residential (d)	Total Irrigation (e)	Total Commercial (f)	Total Comm & Ind (g)	Total Municipal (h)	Total Lighting (i)	Controlled Off-Peak 70 (j)
1	Rate Base Customer Costs:									
2	Gas Plant in Service		73,442,110	39,334,872	293,617	7,390,768	12,581,904	252,653	13,566,240	22,057
3	Less: Accumulated Reserve for Depreciation		27,186,247	11,103,578	92,574	1,466,940	5,639,861	59,825	8,813,403	10,065
4	Plus: Working Capital		385,641	175,951	1,979	24,843	72,199	958	109,557	156
5	Plus: Other Addition to Rate Base		8,152	4,775	29	1,002	1,223	33	1,088	2
6	Less: Deductions to Rate Base		1,455,246	831,043	6,566	151,326	272,787	5,229	187,798	496
7	Total Customer Component Rate Base		45,194,410	27,580,976	196,484	5,798,346	6,742,677	188,590	4,675,684	11,653
8										
9	Revenues:									
10	Elect Customer Sales Rev Required Claimed ROR		16,341,030	9,638,201	60,141	1,963,600	2,429,463	63,211	2,182,666	3,749
11	Wholesale Sales Revenues		0	0	0	0	0	0	0	0
12	Other Revenues		76,974	47,551	303	9,799	12,325	320	6,657	20
13	Total Revenues		16,418,005	9,685,751	60,443	1,973,399	2,441,788	63,531	2,189,323	3,769
14										
15	Expenses:									
16	Operations & maintenance expenses		7,879,321	4,756,589	23,481	1,015,240	1,193,730	32,768	855,856	1,657
17	Depreciation & amortization expense		4,521,917	2,448,672	17,140	497,429	675,268	16,459	865,808	1,141
18	Regulatory Credits		0	0	0	0	0	0	0	0
19	Taxes other than income taxes		299,794	174,396	996	36,916	48,999	1,212	37,203	71
20										
21	Total Expenses		12,701,033	7,379,657	41,617	1,549,585	1,917,997	50,439	1,758,867	2,870
22										
23	Operating Income Before Income Taxes		3,716,972	2,306,095	18,826	423,813	523,791	13,092	430,455	899
24										
25	Federal Income Taxes		435,604	310,139	3,943	(4,916)	5,979	(2,413)	122,767	104
26										
27	Adjustments to Taxes		(1,047,456)	(613,512)	(3,714)	(128,790)	(157,164)	(4,192)	(139,838)	(245)
28										
29	Net Operating Income		4,328,823	2,609,468	18,597	557,520	674,976	19,697	447,526	1,040
30										
31	Customer Component Return on Rate Base		9.58%	9.46%	9.46%	9.62%	10.01%	10.44%	9.57%	8.92%
32										
33										
34	Customer Component Revenue Requirement Line 9		16,341,030	9,638,201	60,141	1,963,600	2,429,463	63,211	2,182,666	3,749
35										
36	Number of Annual Customers		812,754	612,825	1,004	122,511	30,994	3,288	42,058	74
37										
38	Customer Charge - \$/Month/Customer		\$20.11	\$15.73	\$59.90	\$16.03	\$78.38	\$19.22	\$51.90	\$50.67

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Line No.	Description	Reference	Residential Basic 10	Residential w/Sp Htg 11	Residential Sp Htg & Cooling 14	Residential Dual-Fuel 15	Irrigation Interr Irr 16 & 18	Irrigation Irr 17
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Rate Base Customer Costs:							
2	Gas Plant in Service		27,303,604	11,576,063	451,962	3,243	270,980	22,637
3	Less: Accumulated Reserve for Depreciation		6,876,401	4,198,183	28,815	180	85,358	7,216
4	Plus: Working Capital		107,935	67,287	722	6	1,846	133
5	Plus: Other Addition to Rate Base		3,493	1,211	70	0	26	2
6	Less: Deductions to Rate Base		569,034	253,220	8,726	63	6,071	495
7	Total Customer Component Rate Base		<u>19,969,596</u>	<u>7,193,159</u>	<u>415,214</u>	<u>3,007</u>	<u>181,423</u>	<u>15,061</u>
8								
9	Revenues:							
10	Elect Customer Sales Rev Required Claimed ROR		6,995,295	2,490,664	151,159	1,082	55,548	4,593
11	Wholesale Sales Revenues		0	0	0	0	0	0
12	Other Revenues		34,489	12,390	667	5	278	25
13	Total Revenues		<u>7,029,785</u>	<u>2,503,053</u>	<u>151,827</u>	<u>1,087</u>	<u>55,826</u>	<u>4,618</u>
14								
15	Expenses:							
16	Operations & maintenance expenses		3,540,811	1,144,259	71,023	497	21,306	2,175
17	Depreciation & amortization expense		1,752,404	661,829	34,193	246	15,802	1,339
18	Regulatory Credits		0	0	0	0	0	0
19	Taxes other than income taxes		127,822	43,857	2,698	19	910	86
20								
21	Total Expenses		<u>5,421,037</u>	<u>1,849,944</u>	<u>107,914</u>	<u>761</u>	<u>38,018</u>	<u>3,599</u>
22								
23	Operating Income Before Income Taxes		1,608,748	653,109	43,912	326	17,808	1,018
24								
25	Federal Income Taxes		167,899	128,075	14,057	108	4,125	(182)
26								
27	Adjustments to Taxes		(448,767)	(155,647)	(9,035)	(64)	(3,405)	(309)
28								
29	Net Operating Income		<u>1,889,615</u>	<u>680,681</u>	<u>38,890</u>	<u>282</u>	<u>17,087</u>	<u>1,510</u>
30								
31	Customer Component Return on Rate Base		<u>9.46%</u>	<u>9.46%</u>	<u>9.37%</u>	<u>9.38%</u>	<u>9.42%</u>	<u>10.02%</u>
32								
33								
34	Customer Component Revenue Requirement Line 9		6,995,295	2,490,664	151,159	1,082	55,548	4,593
35								
36	Number of Annual Customers		469,611	130,750	12,380	84	817	187
37								
38	Customer Charge - \$/Month/Customer		\$14.90	\$19.05	\$12.21	\$12.88	\$67.99	\$24.56
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CUSTOMER COMPONENT CLAIMED ROR												
Line No.	Description	Reference	Commercial Gen Serv 21	Commercial Sep Mtr Water Htg 23	Commercial Comm Sp Htg & Cooling 24	Commercial All-Inclusive Comm 25	Comm & Ind 33	Comm & Ind Lg Comm & Ind 34	Municipal Pumping 41	Lighting Reddy-Guard Ltg 19	Lighting Hwy Str & Area Ltg 56	Controlled Off-Peak 70
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Rate Base Customer Costs:											
2	Gas Plant in Service		5,571,544	27,141	406,740	1,385,343	3,975,796	8,606,108	252,653	2,149,452	11,416,788	22,057
3	Less: Accumulated Reserve for Depreciation		995,836	1,359	42,682	427,063	1,254,588	4,385,274	59,825	1,335,580	7,477,822	10,065
4	Plus: Working Capital		17,106	55	178	7,504	19,822	52,377	958	14,087	95,470	156
5	Plus: Other Addition to Rate Base		780	4	66	153	449	774	33	201	887	2
6	Less: Deductions to Rate Base		113,342	531	7,539	29,914	84,779	188,008	5,229	29,755	158,043	496
7	Total Customer Component Rate Base		4,480,252	25,310	356,762	936,021	2,656,700	4,085,977	188,590	798,405	3,877,279	11,653
8												
9	Revenues:											
10	Elect Customer Sales Rev Required Claimed ROR		1,500,511	8,697	140,481	313,912	861,978	1,567,485	63,211	393,822	1,788,844	3,749
11	Wholesale Sales Revenues		0	0	0	0	0	0	0	0	0	0
12	Other Revenues		7,609	40	607	1,543	4,486	7,839	320	1,334	5,323	20
13	Total Revenues		1,508,119	8,736	141,088	315,455	866,464	1,575,324	63,531	395,156	1,794,167	3,769
14												
15	Expenses:											
16	Operations & maintenance expenses		799,703	4,092	70,285	141,160	430,702	763,028	32,768	188,250	667,606	1,657
17	Depreciation & amortization expense		381,389	2,057	30,619	83,365	240,006	435,262	16,459	139,074	726,734	1,141
18	Regulatory Credits		0	0	0	0	0	0	0	0	0	0
19	Taxes other than income taxes		28,506	157	2,674	5,579	16,870	32,129	1,212	7,473	29,731	71
20												
21	Total Expenses		1,209,598	6,306	103,578	230,104	687,577	1,230,419	50,439	334,796	1,424,071	2,870
22												
23	Operating Income Before Income Taxes		298,521	2,431	37,510	85,351	178,887	344,904	13,092	60,360	370,096	899
24												
25	Federal Income Taxes		(27,943)	543	10,619	11,866	(28,256)	34,235	(2,413)	4,038	118,729	104
26												
27	Adjustments to Taxes		(100,231)	(534)	(8,419)	(19,606)	(57,717)	(99,447)	(4,192)	(25,807)	(114,031)	(245)
28												
29	Net Operating Income		426,696	2,422	35,310	93,091	264,860	410,116	19,697	82,129	365,398	1,040
30												
31	Customer Component Return on Rate Base		9.52%	9.57%	9.90%	9.95%	9.97%	10.04%	10.44%	10.29%	9.42%	8.92%
32												
33												
34	Customer Component Revenue Requirement Line 9		1,500,511	8,697	140,481	313,912	861,978	1,567,485	63,211	393,822	1,788,844	3,749
35												
36	Number of Annual Customers		105,155	708	7,028	9,620	25,139	5,855	3,288	40,359	1,699	74
37												
38	Customer Charge - \$/Month/Customer		\$14.27	\$12.28	\$19.99	\$32.63	\$34.29	\$267.72	\$19.22	\$9.76	\$1,052.88	\$50.67
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