

Proposed Test Year  
 13 Month Average for 2010  
 Composite Cost of Long-term Debt  
 (\$000's)

**ACTUAL YEAR 2010 1/**

Description	Coupon Rate	Issue Date	Maturity Date	13 Month Avg. Bal. Amount	Hedge/ Premium	Discount	Expense	/ 5		Total 4/						Moody's Utility A-Rated Bond Index	Weighted Moody's Utility A-Rated Bond Index
								Capital Employed	Interest Charge	Premium Amortization	Discount Amortization	Expense Amortization	Cost of Capital	Capital Cost %			
<b>First Mortgage Bonds</b>																	
Series Due August 1, 2010 (FMB) 2/	4.7500	Aug-03	Aug-10	107,692	-	262	983	106,447	4,849	-	37	140	5,026	4.72%	6.79%	0.23%	
Series Due August 28, 2012 (FMB)	8.0000	Aug-02	Aug-12	450,000	-	-	5,667	444,313	36,000	-	450	119	36,569	8.23%	7.17%	1.03%	
Becker (92A) due March 1, 2019 (PC) (FMB) Series N 1/	6.5430	Mar-92	Mar-19	27,900	-	-	993	26,907	1,825	-	-	52	1,878	6.98%	8.97%	0.08%	
Becker (93A) due September 1, 2019 (PC) (FMB) Series O 1/	6.5430	Sep-93	Sep-19	50,000	-	-	1,073	48,927	3,272	-	-	55	3,327	6.80%	7.04%	0.11%	
Becker (93B) due September 1, 2019 (PC) (FMB) Series P 1/	6.5430	Sep-93	Sep-19	50,000	-	-	1,057	48,943	3,272	-	-	55	3,326	6.80%	7.04%	0.11%	
City of Becker due April 1, 2030 (PC) 1/	6.5430	Apr-00	Apr-30	69,000	-	-	348	68,652	4,515	-	-	45	4,560	6.64%	8.29%	0.18%	
Series due July 1, 2026 (FMB)	7.1250	Jul-95	Jul-25	250,000	-	2,330	1,898	245,772	17,813	-	78	63	17,953	7.30%	7.70%	0.61%	
Series due March 1, 2028 (FMB)	6.5000	Mar-98	Mar-28	150,000	-	1,761	1,475	146,764	9,750	-	59	49	9,858	6.72%	7.16%	0.34%	
Series due July 15, 2035 (FMB)	5.2500	Jul-05	Jul-35	250,000	-	485	3,032	246,483	13,125	-	16	101	13,242	5.37%	5.51%	0.44%	
Series due June 1, 2036 (FMB)	6.2500	May-06	Jun-36	400,000	16,202	1,404	4,877	409,921	25,000	545	35	174	24,666	6.02%	6.42%	0.85%	
Series due March 1, 2018 (FMB)	6.2000	Jun-07	Jul-37	350,000	1,894	1,988	4,337	345,569	21,700	189	66	144	21,721	6.29%	6.30%	0.71%	
Series due November 1, 2039 (FMB)	5.2500	Mar-08	Mar-18	500,000	(5,167)	1,520	4,815	488,497	26,250	(518)	153	484	27,405	5.81%	6.21%	0.98%	
Series due August 15, 2015 (FMB) 3/	5.3500	Nov-09	Nov-39	300,000	(3,209)	570	4,154	292,067	16,050	(107)	19	139	16,315	5.59%	5.63%	0.53%	
Series due August 15, 2040 (FMB) 3/	1.8500	Aug-10	Aug-15	96,154	-	207	989	94,877	1,896	-	29	178	2,113	2.22%	5.01%	0.15%	
Series due August 15, 2040 (FMB) 3/	4.8500	Aug-10	Aug-40	96,154	-	295	1,256	94,603	4,715	-	9	38	4,763	5.03%	5.01%	0.15%	
Seeley & Right of Way Notes	var	var	var	43	-	-	-	43	1	-	-	-	1	2.33%			
<b>TOTAL DEBT</b>				<b>3,146,943</b>	<b>9,721</b>	<b>10,822</b>	<b>36,954</b>	<b>3,108,887</b>	<b>190,032</b>	<b>109</b>	<b>961</b>	<b>1,836</b>	<b>192,722</b>	<b>6.20%</b>			
Unamortized Loss on Recaptured Debt								(22,155)					2,417				
Fees on 5-year Credit Facility 4/								-					199				
<b>GRAND TOTAL</b>								<b>3,086,733</b>					<b>195,339</b>	<b>6.33%</b>		<b>6.53%</b>	
<b>COST OF DEBT</b>																	

1/ Long Term Debt not adjusted for MERP, Becker Bond Interest Rate adjusted from 8.500% to 6.543% (1.957% Adjustment).  
 2/ NSFM maturity on 8/1/2010 a \$175M First Mortgage Bond. The \$107.692MM balance represents 8 of 13 months average balance.  
 3/ NSFM issued two \$250M First Mortgage Bond tranches totaling \$500M on 8/1/2010. Average Balance represents 5 of 13 Months.  
 4/ Up Front Fees associated with the 5 Year Credit Facility are amortized over the life of the facility and are incorporated into the long-term debt rate.  
 5/ Capital Employed is based on the Premium / Discount / Expense Balances representing the initial balances. New and Maturing Debt averaged on number of months in the year.