

DEFINITIONS, EXHIBITS AND SCHEDULES

Definitions List - Appendix 1

Exhibits

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- Exhibit B Base Year Amount and County Parcel Identification Numbers
for Property Stabilization

Schedules

- Schedule 5(c)(iv) – Example of Interest Calculations on Delayed Abatement Payments
- Schedule 5(c)(v)(1) – Tracking, payment and reconciliation principles
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NSP.
- Schedule 10(b)(iii) – Required filings, permits, authorizations, consents, approvals and notices of
Host Community.
- Schedule 10(b)(vi) – Host Community Tax Abatement Information

APPENDIX 1

DEFINITIONS

"**AAA Rules**" has the meaning set forth in Section 11(b) of this Agreement.

"**Abatement**" has the meaning set forth in Section 5(b)(ii) of this Agreement.

"**Abatement Payment**" has the meaning set forth in Section 5(b)(ii) of this Agreement.

"**Abatement Payment Threshold**" has the meaning set forth in Section 5(c)(ii) of this Agreement.

"**Abatement Statutes**" has the meaning set forth in the Recitals to this Agreement.

"**Agreement**" has the meaning set forth in the introductory paragraph of this Agreement.

"**Applicable Law**" or "**Applicable Laws**" shall mean any and all laws (including all statutory enactments and common law), ordinances, constitutions, regulations, statutes, treaties, rules, codes, standards, licenses, certificates, franchises, permits, requirements and injunctions that have been adopted, enacted, implemented, promulgated, ordered, issued, entered or deemed applicable by or under the authority of any governmental body having jurisdiction over a specified person or entity (or the properties or assets of such person or entity).

"**Base Year**" has the meaning set forth in Section 2(a) of this Agreement.

"**Base Year Amount**" has the meaning set forth in Section 2(b) of this Agreement.

"**CWIP**" has the meaning set forth in Section 7(b)(ii) of this Agreement.

"**City**" has the meaning set forth in the introductory paragraph of this Agreement.

"**County**" or "**Goodhue County**" has the meaning set forth in the "Purpose" statement to this Agreement.

"**DOR**" has the meaning set forth in the Recitals to this Agreement.

"**EI Year**" has the meaning set forth in Section 7(b) of this Agreement.

"**Excess Payments**" has the meaning set forth in Section 5(c)(iii) of this Agreement.

"**Extraordinary Investment**" has the meaning set forth in Section 7(a) of this Agreement.

"**Force Majeure**" shall mean fire, floods, explosion, catastrophe, accident, declared war, riot, Acts of God, insurrection, strike, and Applicable Laws that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the Party claiming

Force Majeure, and (ii) the Party claiming Force Majeure gives prompt written notice of the same to the other Party.

"Host Community" has the meaning set forth in the introductory paragraph of this Agreement.

"Market Value" is the DOR apportioned value attributable to Stabilization Property. Market Value may also be referred to in this Agreement as the "apportioned value", the "DOR market value", "apportioned by the DOR", "valued by the DOR", "valued by the State of Minnesota", "DOR assessed", and/or phrases of similar usage and import.

"Memorandum of Understanding" has the meaning set forth in the Recitals to this Agreement.

"NSP" has the meaning set forth in the introductory paragraph of this Agreement.

"Party" or **"Parties"** has the meaning set forth in the introductory paragraph of this Agreement.

"Rule" or **"Rules"** has the meaning set forth in the Recitals to this Agreement.

"Stabilization Payment" has the meaning set forth in Section 5(b)(i) of this Agreement.

"Stabilization Property" or **"Stabilized Property"** has the meaning set forth in Section 4(a)(i) of this Agreement.

"Term" has the meaning set forth in Section 3 of this Agreement.

EXHIBIT A

HOST COMMUNITY

**AUTHORIZATION AND ENACTMENT
(NSP PROPERTY TAXES)**

Exhibit A (1 of 1)

EXHIBIT B

**BASE YEAR AMOUNT
AND
COUNTY PARCEL IDENTIFICATION NUMBERS
FOR STABILIZATION PROPERTY**

[SEE ATTACHED EXHIBIT B DOCUMENTS]

EXHIBIT B

**EXAMPLE CALCULATION
OF
BASE YEAR AMOUNT
AND
COUNTY PARCEL IDENTIFICATION NUMBERS
FOR
STATE ASSESSED STABILIZATION PROPERTY**

<u>Parcel Identification Number ("PID")</u>	<u>Total Property Tax on Goodhue County Statements¹</u>	<u>(A) Total Property Tax Allocation Amount to City of Red Wing²</u>	<u>(B) Less: Tax Amount for Locally Assessed Property</u>	<u>2006 Base Year Amount⁴ (A)-(B)=(C) State Assessed Property Tax Allocation to Goodhue County</u>
55.705.0160	\$3,667,940	\$1,439,159 ²	\$(19,095) ³	\$1,420,064 ⁴
55.705.0161	3,669,226	1,439,566 ²	(19,503) ³	1,420,063 ⁴
55,705.0162	3,669,226	1,439,566 ²	(19,502) ³	1,420,064 ⁴
2006 Base Year Amount¹	<u>\$11,006,392</u>	<u>\$4,318,291²</u>	<u>\$(58,100)</u>	<u>\$4,260,191</u>

¹ / 2005 Assessment/2006 Payment Year

² / Includes State and Locally Assessed Property – Data from 2006 Goodhue County Property Tax Statement

³ / Based on Payable Year 2006 Estimated Market Value of Land (Locally Assessed) Published by Goodhue County

⁴ / Based on Calculations set forth below in the Attachments to this **Exhibit B**

EXHIBIT B
ATTACHMENTS

<u>Tax Statements</u>	<u>Attachment Page</u>
2006 Goodhue County Property Tax Statement for PID Number 55.705.0160.....	1
2006 Goodhue county Property Tax Statement for PID Number 55.705.0161.....	2
2006 Goodhue County Property Tax Statement for PID Number 55.705.0162.....	3
<u>Tax Information Statements</u>	
2006 Goodhue County Property Tax Information Statement for PID Number 55.705.0160.....	4
2006 Goodhue County Property Tax Information Statement for PID Number 55.705.0161.....	5
2006 Goodhue County Property Tax Information Statement for PID Number 55.705.0162.....	6
<u>Calculations for Statement Locally Assessed Property Taxes.....</u>	7-9

JUL 17 2006 2:33PM PRXCEL ENERGY TAX DEPT IN 2006

STATE FILING NO. 640A TOP, 2
To ensure prompt processing attach a copy of this page and submit with form M1PR.

GOODHUE COUNTY
Box 408
Red Wing, MN 55066-0408

PARCEL IDENTIFICATION NO. **R55.705.0160**

If this box is checked, you owe delinquent taxes.

8630

TAXPAYER

NORTHERN STATES POWER COMPANY
ATTN: PROPERTY TAX DEPT
414 NICOLLETT MALL
MINNEAPOLIS MN 55401

	2005	2006
Estimated Market Value:	113,390,300	132,437,300
*New Improvements/ Expired Exclusions:		
Taxable Market Value:	113,390,300	132,437,300
M-1PR Line 1 Amount:	\$	\$
M-1PR Line 2 Amount:	\$	\$
Line 6 Amount:	3,487,008.00	3,687,840.00
Property Class:	PUBLIC UTILITY	PUBLIC UTILITY

TO ENSURE PROMPT PROCESSING MAKE A COPY OF THIS PAGE AND SUBMIT WITH FORM M1PR WHEN FILING FOR A REFUND FROM THE MINNESOTA DEPARTMENT OF REVENUE

STATEMENT OF PROPERTY TAXES PAYABLE IN 2006

GOODHUE COUNTY

11334
NORTHERN STATES POWER COMPANY
ATTN: PROPERTY TAX DEPT
414 NICOLLETT MALL
MINNEAPOLIS MN 55401

Box 408
Red Wing, MN 55066-0408
651-385-3032

PARCEL IDENTIFICATION NO. **R55.705.0160**

DESC: SECTION 5
252.00 AO
ID# 27-0030-02400 THAT PT OF
SEC 5 113 15 LYING NLY & ELY
OF COR'D 18 EX 50/100AO SCH

	1994	11334	2005	2006
*New Improvements/ Expired Exclusions:				
Estimated Market Value:			113,390,300	132,437,300
Taxable Market Value:			113,390,300	132,437,300
Property Class:			PUBLIC UTILITY	PUBLIC UTILITY

1. Use this amount on Form M1PR to see if you're eligible for a property tax refund. File by August 15. If box is checked, you owe delinquent taxes and are not eligible.			\$	0.00	\$	0.00
2. Use this amount for the special property tax refund on schedule 1 of Form M1PR.			\$	0.00	\$	0.00
Your property tax and how it is reduced by the State of Minnesota						
3. Your property tax before reduction by state-paid aids and credits.	\$	5,630,822.27	\$	6,081,957.28		
4. Aid paid by the State of Minnesota to reduce your property tax.	\$	2,163,814.27	\$	2,304,017.28		
5. Homestead and Agricultural credits paid by the State of Minnesota to reduce your property tax.						
A. Homestead and Agricultural Credits		0.00		0.00		
B. Other Credits		0.00		0.00		
6. Your property tax after reduction by state-paid aids and credits.	\$	3,467,008.00	\$	3,687,840.00		
Where Your Property Tax Dollars Go						
7. County	GOODHUE COUNTY	\$	1,211,808.88	\$	1,248,847.85	
8. City or Town	RED WING CITY	\$	0.00	\$	0.00	
9. State General Tax		\$	1,923,287.92	\$	1,430,169.88	
10. School District	0256	\$	272,880.40	\$	239,899.67	
A. Voter approved levies		\$	418,020.59	\$	436,867.75	
B. Other local levies		\$	184,448.19	\$	222,822.18	
11. Special Taxing Districts		\$	23,010.61	\$	24,782.22	
A. RWIIRA		\$	22,578.89	\$	25,870.92	
B. RWPORT		\$	0.00	\$	0.00	
C.		\$	0.00	\$	0.00	
D.		\$	0.00	\$	0.00	
12. Non-school voter approved referenda levies		\$	0.00	\$	0.00	
13. Total property taxes before special assessments	\$	3,467,008.00	\$	3,687,840.00		
14. Special assessments added to the property tax bill		\$	0.00	\$	0.00	

B - RES TO PAGE 1

15. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$	3,467,008.00	\$	3,687,840.00
Taxes of \$50.00 or less must be paid in full. If you pay your taxes late, you will be charged a penalty. See back for rules.				
Pay this amount no later than:	MAY 15	\$	1,883,870.00	
Pay this amount no later than:	OCTOBER 15	\$	1,833,870.00	

JUL 17 2006 2:33PM PRXCEL ENERGY TAX DEPT IN 2006

STATE FILING INFO. 640ATOP. 3
To ensure prompt processing make a copy of this page and submit with form M1PR.

GOODHUE COUNTY
Box 408
Red Wing, MN 55066-0408

PARCEL IDENTIFICATION NO.: **R55.705.0161**

If this box is checked, you owe delinquent taxes.

8630

TAXPAYER

NORTHERN STATES POWER COMPANY
ATTN: PROPERTY TAX DEPT
414 NICOLLET MALL
MINNEAPOLIS MN 55401

	2005	2006
Estimated Market Value:	113,390,200	132,437,200
*New Improvements/ Expired Exclusions:		
Taxable Market Value:	113,390,200	132,437,200
M-1PR Line 1 Amount:		
M-1PR Line 2 Amount:	\$ 3,460,404.00	3,660,228.00
Property Class:	PUBLIC UTILITY	PUBLIC UTILITY

TO ENSURE PROMPT PROCESSING MAKE A COPY OF THIS PAGE AND SUBMIT WITH FORM M1PR WHEN FILING FOR A REFUND FROM THE MINNESOTA DEPARTMENT OF REVENUE

STATEMENT OF PROPERTY TAXES PAYABLE IN 2006

GOODHUE COUNTY

Box 408
Red Wing, MN 55066-0408
651-985-3032

11934
NORTHERN STATES POWER COMPANY
ATTN: PROPERTY TAX DEPT
414 NICOLLET MALL
MINNEAPOLIS MN 55401

	18350 11934	2005	2006
*New Improvements/ Expired Exclusions:			
Estimated Market Value:	113,390,200	132,437,200	
Taxable Market Value:	113,390,200	132,437,200	
Property Class:	PUBLIC UTILITY	PUBLIC UTILITY	

PARCEL IDENTIFICATION NO.: **R55.705.0161**

DESC: SECTION 5
PORTION OF PARCEL 55-705-0160

1. Use this amount on Form M1PR to see if you're eligible for a property tax refund. File by August 15. If box is checked, you owe delinquent taxes and are not eligible		\$ 0.00	\$ 0.00
2. Use this amount for the special property tax refund on schedule 1 of Form M1PR			
Your property tax and how it is reduced by the State of Minnesota			
3. Your property tax before reduction by state-paid aids and credits	\$	6,692,932.21	\$ 6,063,918.71
4. Aid paid by the State of Minnesota to reduce your property tax		2,164,528.21	2,384,080.71
5. Homestead and Agricultural credits paid by the State of Minnesota to reduce your property tax			
A. Homestead and Agricultural Credits		0.00	0.00
B. Other Credits		0.00	0.00
6. Your property tax after reduction by state-paid aids and credits		3,460,404.00	3,660,228.00
Where Your Property Tax Dollars Go			
7. County	\$	1,212,211.13	\$ 1,249,203.39
8. City or Town		0.00	0.00
RED WING CITY		1,323,894.52	1,439,005.88
9. State General Tax		279,270.40	276,013.60
10. School District			
0255		418,112.59	438,990.39
A. Voter approved levies		184,539.88	222,676.39
B. Other local levies		23,018.21	24,793.27
11. Special Taxing Districts		22,567.93	25,878.29
A. RWHJRA		0.00	0.00
B. RWPORT		0.00	0.00
C.		0.00	0.00
D.		0.00	0.00
12. Non-school voter approved referendum levies		0.00	0.00
13. Total property taxes before special assessments	\$	3,460,404.00	\$ 3,660,228.00
14. Special assessments added to the property tax bill		0.00	0.00

B- DEC TO PAGE 1

15. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS

Taxes of \$30.00 or less must be paid in full. If you pay your taxes late, you will be charged a penalty. See back for rate.	Pay this amount no later than:	MAY 15	\$ 1,834,615.00
	Pay this amount no later than:	OCTOBER 15	\$ 1,834,615.00

JUL 17 2006 2:33 PM FAXCEL ENERGY TAX DEPT IN 2006

STATE FILING NO. 640.A1117 of this pt. 4 returns with form MPR.

GOODHUE COUNTY
 Box 408
 Red Wing, MN 55066-0408

8630

TAXPAYER

NORTHERN STATES POWER COMPANY
 ATTN: PROPERTY TAX DEPT
 414 NICOLLET MALL
 MINNEAPOLIS MN 55401-1898

PARCEL IDENTIFICATION NO. **R65.705.0162**

If this box is checked, you owe delinquent taxes.

	2005	2006
Estimated Market Value:	113,390,200	132,437,200
*New Improvements/Expired Exclusions:		
Taxable Market Value:	113,390,200	132,437,200
M-1PR Line 1 Amount:		\$
M-1PR Line 2 Amount:	\$ 3,468,402.00	3,669,226.00
Line 6 Amount:		
Property Class:	PUBLIC UTILITY	PUBLIC UTILITY

TO ENSURE PROMPT PROCESSING MAKE A COPY OF THIS PAGE AND SUBMIT WITH FORM MPR WHEN FILING FOR A REFUND FROM THE MINNESOTA DEPARTMENT OF REVENUE

STATEMENT OF PROPERTY TAXES PAYABLE IN 2006

GOODHUE COUNTY

Box 408
 Red Wing, MN 55066-0408
 651-385-3032

11334
 NORTHERN STATES POWER COMPANY
 ATTN: PROPERTY TAX DEPT
 414 NICOLLET MALL
 MINNEAPOLIS MN 55401-1898

0107
 19999

|||||

PARCEL IDENTIFICATION NO. **R65.705.0162**

DESC: SECTION 5
 PORTION OF PARCEL 55-705-0160

	2005	2006
*New Improvements/Expired Exclusions:		
Estimated Market Value:	113,390,200	132,437,200
Taxable Market Value:	113,390,200	132,437,200
Property Class:	PUBLIC UTILITY	PUBLIC UTILITY

1. Use this amount on Form MPR to use if you're eligible for a property tax refund. File by August 15. If box is checked, you owe delinquent taxes and are not eligible	<input type="checkbox"/>	\$ 0.00	\$ 0.00
2. Use this amount for the special property tax refund on schedule 3 of Form MPR			
Your property tax and how it is reduced by the State of Minnesota			
3. Your property tax before reduction by state-paid aids and credits	\$	5,652,930.21	\$ 6,059,916.71
4. Aid paid by the State of Minnesota to reduce your property tax		2,184,829.31	2,394,690.71
5. Homestead and Agricultural credits paid by the State of Minnesota to reduce your property tax			
A. Homestead and Agricultural Credits		0.00	0.00
B. Other Credits		0.00	0.00
8. Your property tax after reduction by state-paid aids and credits		3,468,402.00	3,669,226.00
Where Your Property Tax Dollars Go			
7. County GOODHUE COUNTY	\$	1,212,210.17	\$ 1,249,201.41
8. City or Town RED WING CITY		0.00	0.00
9. State General Tax		1,823,894.52	1,438,898.89
10. School District 0258		278,269.36	270,012.60
A. Voter approved levies		419,112.83	436,950.27
B. Other local levies		194,509.89	222,876.95
11. Special taxing districts		23,018.21	24,739.27
A. RWVIRA		22,637.93	20,878.22
B. RWPOBY		0.00	0.00
C.		0.00	0.00
D.		0.00	0.00
12. Non-school voter approved referendum levies		0.00	0.00
13. Total property taxes before special assessments	\$	3,468,402.00	\$ 3,669,226.00
14. Special assessments added to the property tax bill		0.00	0.00

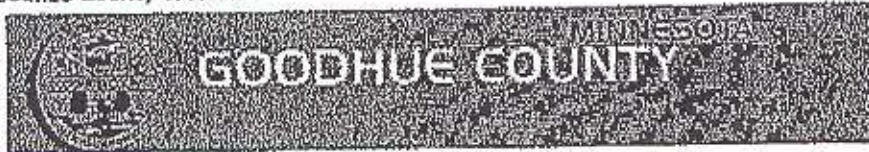
B - DES TO PAGE 1.

15. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS. \$ 3,468,402.00 \$ 3,669,226.00

Taxes of \$50.00 or less must be paid in full. If you pay your taxes late, you will be charged a penalty. See back for rules.

Pay this amount no later than **MAY 15** \$ 1,834,613.00
 Pay this amount no later than **OCTOBER 15** \$ 1,834,613.00

Goodhue County Website



BACK | PROPERTY SEARCH

Property Information	
Parcel Number 55.705.0160	Payable Year: 2006
Property Address NOT ON FILE	Tax Roll Type: Real Estate Jurisdiction: RED WING CITY School District: 266 P
PRINT BILL	

Owner Information
Primary Taxpayer/Owner NORTHERN STATES POWER COMPANY ATTN:PROPERTY TAX DEPT 414 NICOLLET MALL MINNEAPOLIS MN 55401

Legal Description
ID# 27-0000-02400 THAT PT OF SEC 5 113 16 LYING NLY & ELY OF CO RD 18 EX 60/100AC SCH PROP Plat 55705 SECTION 5

Real Estate and Personal Property Taxes are determined using the previous year assessment value. Mobile Home Taxes are determined using the current year assessment value.

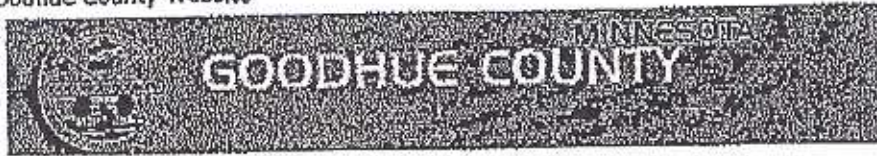
Property Classification: PUB UTIL EL GEN MACH PUB UTIL EL GEN MACH

Assessment Year		Payable Year	
Est. Market Value - Building A	\$23,424,900.00	Total Tax	\$3,667,940.00
Est. Market Value - Land A	\$1,794,200.00	<hr/>	
Est. Market Value - Mach A	\$107,218,200.00	Total Tax/Asmts	\$3,667,940.00
Est. Market Value - Total A	\$132,437,300.00	Paid To Date	\$1,833,970.00
Taxable Market Total	\$132,437,300.00		

Installments	Due Date	Due Amount
Taxes/Assessments 1st Half	5/15/2006	PAID
Taxes/Assessments 2nd Half	10/15/2006	\$1,833,970.00

**Additional reductions in taxable value may apply due to special tax deferrals, This Old House, Plat Laws, etc.

Goodhue County Website



BACK | PROPERTY SEARCH

Property Information	
Parcel Number 55.705.0161	Payable Year: 2006
Property Address NOT ON FILE	Tax Roll Type: Real Estate Jurisdiction: RED WING CITY School District: 256 P
PRINT BILL	

Owner Information
Primary Taxpayer/Owner NORTHERN STATES POWER COMPANY ATTN:PROPERTY TAX DEPT 414 NICOLLET MALL MINNEAPOLIS MN 55401

Legal Description
PORTION OF PARCEL 55-705-0160 Plat 66705 SECTION 6

Real Estate and Personal Property Taxes are determined using the previous year assessment value. Mobile Home Taxes are determined using the current year assessment value.

Property Classification: PUB UTIL EL GEN MACH PUB UTIL EL GEN MACH

Assessment Year		Payable Year	
Est. Market Value - Building A	\$23,424,800.00	Total Tax	\$3,669,226.00
Est. Market Value - Land A	\$1,794,200.00		
Est. Market Value - Mach A	\$107,218,200.00	Total	\$3,669,226.00
Est. Market Value - Total A	\$132,437,200.00	Tax/Asmts	
Taxable Market Total	\$132,437,200.00	Paid To Date	\$1,834,613.00

Installments	Due Date	Due Amount
Taxes/Assessments 1st Half	5/15/2006	PAID
Taxes/Assessments 2nd Half	10/15/2006	\$1,834,613.00

**Additional reductions in taxable value may apply due to special tax deferrals, This Old House, Plat Laws, etc.

Goodhue County Website



BACK | PROPERTY SEARCH

Property Information	
Parcel Number 55.705.0162	Payable Year: 2006
Property Address NOT ON FILE	Tax Roll Type: Real Estate Jurisdiction: RED WING CITY School District: 256 P
PRINT BILL	

Owner Information
Primary Taxpayer/Owner NORTHERN STATES POWER COMPANY ATTN:PROPERTY TAX DEPT 414 NICOLLET MALL MINNEAPOLIS MN 55401

Legal Description
PORTION OF PARCEL 55-705-0180 Plat: 55705 SECTION 5

Real Estate and Personal Property Taxes are determined using the previous year assessment value. Mobile Home Taxes are determined using the current year assessment value.

Property Classification: PUB UTIL EL GEN MACH PUB UTIL EL GEN MACH

Assessment Year		Payable Year	
Est. Market Value - Building A	\$23,424,800.00	Total Tax	\$3,669,226.00
Est. Market Value - Land A	\$1,794,100.00	<hr/>	
Est. Market Value - Mach A	\$107,218,300.00	Total	\$3,669,226.00
Est. Market Value - Total A	\$132,437,200.00	Tax/Asmts	
Taxable Market Total	\$132,437,200.00	Paid To Date	\$1,834,613.00

Installments	Due Date	Due Amount
Taxes/Assessments 1st Half	5/15/2006	PAID
Taxes/Assessments 2nd Half	10/15/2006	\$1,834,613.00

**Additional reductions in taxable value may apply due to special tax deferrals, This Old House, Plat Laws, etc.

SOURCE: FINAL TAX RATES FOR PAY 2006 PROVIDED BY GOODHUE COUNTY

TC#SD/SPEC DISTRICT	COUNTY RATE	TWP/CITY RATE	SCHOOL RATE	SEMMC HRA	SPECIAL DISTRICT	TOTAL RATE	MV RATE
5501256/URBAN	47.162%	54.349%	18.559%	0.934%	0.977%	121.981%	9.12704%

PROOF TO PROPERTY TAX STATEMENTS

NORTHERN STATES POWER COMPANY PARCELS (PROOF TO PROPERTY TAX STATEMENT)

<u>55.705.0160</u>				REFERENCE	
STATE ASSESSED MARKET VALUE - BUILDING			23,424,000	PAGE 4	
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,200	PAGE 4	
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,200	PAGE 4	
TOTAL MARKET VALUE			<u>132,437,300</u>	PAGE 4 & 5	
TAX CAPACITY PROOF			2,647,996		*
CITY OF RED WING TAX PROOF	TAX RATE 54.349%		1,439,159.35	PAGE 5	WITH (\$.01) ROUNDING ERROR
GOODHUE COUNTY TAX PROOF	TAX RATE 47.162%		1,248,847.87	PAGE 5	WITH (\$.00) ROUNDING ERROR
<u>55.705.0161</u>					
STATE ASSESSED MARKET VALUE - BUILDING			23,424,800	PAGE 6	
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,200	PAGE 6	
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,200	PAGE 6	
TOTAL MARKET VALUE			<u>132,437,200</u>	PAGE 6 & 7	
TAX CAPACITY PROOF			2,648,744		
CITY OF RED WING TAX PROOF	TAX RATE 54.349%		1,439,565.88	PAGE 7	
GOODHUE COUNTY TAX PROOF	TAX RATE 47.162%		1,249,200.65	PAGE 7	WITH (\$.76) ROUNDING ERROR
<u>55.705.0162</u>					
STATE ASSESSED MARKET VALUE - BUILDING			23,424,800	PAGE 8	
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,300	PAGE 8	
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,100	PAGE 8	
TOTAL MARKET VALUE			<u>132,437,200</u>	PAGE 8 & 9	
TAX CAPACITY PROOF			2,648,744		
CITY OF RED WING TAX PROOF	TAX RATE 54.349%		1,439,565.88	PAGE 9	
GOODHUE COUNTY TAX PROOF	TAX RATE 47.162%		1,249,200.65	PAGE 9	WITH (\$.78) ROUNDING ERROR
<u>TOTALS</u>					
STATE ASSESSED MARKET VALUE - BUILDING			70,274,500		
STATE ASSESSED MARKET VALUE - MACHINERY			321,654,700		
LOCALLY ASSESSED MARKET VALUE - LAND			5,382,500		
TOTAL MARKET VALUE			<u>397,311,700</u>		
TAX CAPACITY PROOF			7,845,484		
CITY OF RED WING TAX PROOF	TAX RATE 54.349%		4,313,291.10		
GOODHUE COUNTY TAX PROOF	TAX RATE 47.162%		3,747,249.10		

* - FIRST 150,000 @ C/I RATE OF .015, BALANCE AT C/I RATE OF .02

PROPERTY TAX ON STATE ASSESSED PROPERTY

NORTHERN STATES POWER COMPANY PARCELS					
ALTERNATIVE 1					
55.705.0160					
		INTER-SHEET		SOURCE DOCUMENT	
		REFERENCES		REFERENCE	
STATE ASSESSED MARKET VALUE - BUILDING			23,424,900		PAGE 4
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,200		PAGE 4
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,200		PAGE 4
LOCALLY ASSESSED MARKET VALUE - LAND			<u>(1,794,200)</u>		PAGE 4
STATE ASSESSED TOTAL MARKET VALUE			<u>130,643,100</u>		
STATE ASSESSED TAX CAPACITY			2,812,862	@ CR RATE OF .02	
CITY OF RED WING PT ON STATE ASSESSED	TAX RATE 54.349%	B	1,420,064		
GOODHUE COUNTY PT ON STATE ASSESSED	TAX RATE 47.162%	D	1,232,278		
55.705.0161					
STATE ASSESSED MARKET VALUE - BUILDING			23,424,800		PAGE 8
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,200		PAGE 8
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,200		PAGE 8
LOCALLY ASSESSED MARKET VALUE - LAND			<u>(1,794,200)</u>		PAGE 8
STATE ASSESSED TOTAL MARKET VALUE			<u>130,643,000</u>		
STATE ASSESSED TAX CAPACITY			2,812,880		
CITY OF RED WING PT ON STATE ASSESSED	TAX RATE 54.349%	F	1,420,063		
GOODHUE COUNTY PT ON STATE ASSESSED	TAX RATE 47.162%	H	1,232,277		
55.705.0162					
STATE ASSESSED MARKET VALUE - BUILDING			23,424,800		PAGE 8
STATE ASSESSED MARKET VALUE - MACHINERY			107,218,300		PAGE 8
LOCALLY ASSESSED MARKET VALUE - LAND			1,794,100		PAGE 8
LOCALLY ASSESSED MARKET VALUE - LAND			<u>(1,794,100)</u>		PAGE 8
STATE ASSESSED TOTAL MARKET VALUE			<u>130,643,100</u>		
STATE ASSESSED TAX CAPACITY			2,812,862		
CITY OF RED WING PT ON STATE ASSESSED	TAX RATE 54.349%	J	1,420,064		
GOODHUE COUNTY PT ON STATE ASSESSED	TAX RATE 47.162%	K	1,232,278		
TOTALS					
STATE ASSESSED MARKET VALUE - BUILDING			70,274,500		
STATE ASSESSED MARKET VALUE - MACHINERY			321,654,700		
LOCALLY ASSESSED MARKET VALUE - LAND		M	5,382,500		
LOCALLY ASSESSED MARKET VALUE - LAND			<u>(5,382,500)</u>		
STATE ASSESSED TOTAL MARKET VALUE			<u>391,929,200</u>		
STATE ASSESSED TAX CAPACITY			7,838,684		
CITY OF RED WING PT ON STATE ASSESSED	TAX RATE 54.349%	P	4,260,182		
GOODHUE COUNTY PT ON STATE ASSESSED	TAX RATE 47.162%	R	3,698,633		

PROPERTY TAX ON STATE ASSESSED PROPERTY

NORTHERN STATES POWER COMPANY PARCELS

ALYERNATIVE 2

55.705.0160

LOCALLY ASSESSED MARKET VALUE - LAND 1,794,200 PAGE 4
 TAX CAPACITY OF LOCALLY ASSESSED MARKET VALUE - LAND 35,134 *

LOCALLY ASSESSED PROPERTY TAXES

CITY OF RED WING TAX RATE 54.349% A 19,095
 GOODHUE COUNTY TAX TAX RATE 47.162% C 18,570

CITY OF RED WING PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES A 1,439,159 PAGE 6
 STATE ASSESSED PROPERTY TAXES B (19,095)
 1,420,064

GOODHUE COUNTY PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES C 1,248,848 PAGE 5
 STATE ASSESSED PROPERTY TAXES D (18,570)
 1,232,278

55.705.0181

LOCALLY ASSESSED MARKET VALUE - LAND 1,794,200 PAGE 6
 TAX CAPACITY OF LOCALLY ASSESSED MARKET VALUE - LAND 36,864

LOCALLY ASSESSED PROPERTY TAXES

CITY OF RED WING TAX RATE 54.349% E 19,503
 GOODHUE COUNTY TAX TAX RATE 47.182% G 18,924

CITY OF RED WING PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES E 1,439,583 PAGE 7
 STATE ASSESSED PROPERTY TAXES F (19,503)
 1,420,083

GOODHUE COUNTY PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES G 1,249,200 PAGE 7
 STATE ASSESSED PROPERTY TAXES H (18,924)
 1,232,277

55.706.0162

LOCALLY ASSESSED MARKET VALUE - LAND 1,794,100 PAGE 8
 TAX CAPACITY OF LOCALLY ASSESSED MARKET VALUE - LAND 35,882

LOCALLY ASSESSED PROPERTY TAXES

CITY OF RED WING TAX RATE 54.349% I 19,502
 GOODHUE COUNTY TAX TAX RATE 47.182% K 18,923

CITY OF RED WING PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES I 1,439,585 PAGE 9
 STATE ASSESSED PROPERTY TAXES J (19,502)
 1,420,084

GOODHUE COUNTY PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES K 1,249,201 PAGE 9
 STATE ASSESSED PROPERTY TAXES L (18,923)
 1,232,278

TOTALS

LOCALLY ASSESSED MARKET VALUE - LAND M 5,382,500
 TAX CAPACITY OF LOCALLY ASSESSED MARKET VALUE - LAND 106,900

LOCALLY ASSESSED PROPERTY TAXES

CITY OF RED WING O 58,099
 GOODHUE COUNTY TAX Q 50,416

CITY OF RED WING PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES O 4,318,291
 STATE ASSESSED PROPERTY TAXES P (58,099)
 4,260,192

GOODHUE COUNTY PROPERTY TAX PER TAX STATEMENT

LOCALLY ASSESSED PROPERTY TAXES Q 3,747,250
 STATE ASSESSED PROPERTY TAXES R (50,416)
 3,696,834

* - FIRST \$10,000 @ CR RATE OF .016, BALANCE AT CR RATE OF .02

SCHEDULE 5(c)(iv)

Example of Interest Calculations on Delayed Abatement Payments

Interest on Abatement Payments that are delayed for a period of one (1) year or more will be calculated in accordance with the following example:

In 2010 utility property taxes payable by NSP to the Host Community are \$120. The Base Year Amount is \$100. The difference of \$20 between the 2010 amount payable and the Base Year Amount is subject to Abatement. There are no previous accumulated Abatements and the Abatement did not arise from an Extraordinary Investment. Based on the foregoing, there is an Abatement amount of \$20. The Abatement Payment Threshold is \$15 ($\$100 \times 15\%$), therefore \$15 is not currently payable; however, the \$5 difference between the Abatement amount and the Abatement Payment Threshold is payable by the Host Community in two (2) equal installments of \$2.50 on or before July 31, 2011 and December 31, 2011.

Interest on the \$15 Abatement Payment Threshold amount, if it remains unpaid until July 31, 2019 (\$7.50) and December 31, 2019 (\$7.50) (assumed dates after termination of the Agreement on December 31, 2017), and with the further assumption that the payment is made by the Host Community to NSP as Reconciliation Payments in 2019), would accrue as follows:

	Amount
• August 1, 2011 – July 31, 2012 ($\$15.00 \times 0\%$) ¹	\$ -0-
• August 1, 2012 – December 31, 2012 ($\$7.50 \times 5\% \times 153/365$) + ($\$7.50 \times 0\%$) ¹	.157
• January 1, 2013 – July 31, 2019 ($\$15.00 \times 5\% \times 2343/365$)	4.814
• August 1, 2019 – December 31, 2019 ($\$7.50 \times 5\% \times 153/365$)	.157
	<hr/>
Total Interest on Delayed Abatement Payment Amount ²	\$5.13 (rounded)
	<hr/>

¹ / No interest for a one (1) year period after the normal Abatement payment date(s) pursuant to Section 5(c)(iv) of the Agreement. The payment due dates for Abatement Payments are July 31 and December 31 of the year following the accrual of the Abatement.

² / 5% is an assumed mid-term Applicable Federal Rate ("AFR") on the payment due date. This rate will change based on the AFR rates published from time to time by the Internal Revenue Service.

SCHEDULE 5(c)(v)(1)

Tracking, payment and reconciliation principles

TECHNICAL CALCULATIONS/IMPACT MEMORANDUM (Base Amount=100)

Year	Prop Tax Pd ¹		Credit to ² NSP (cumulative)		Payment ³ by LGUs		Payment ⁴ by NSP		Tracking ⁵ Credit % Base (cumulative)	
	A	B	A	B	A	B	A	B	A	B
1	70	120	0	20	0	5	30	0	0	15
2	80	115	0	30	0	15	20	0	0	15
3	90	110	0	25	0	10	10	0	0	15
4	95	105	0	20	0	5	5	0	0	15
5	100	100	0	15	0	0	0	0	0	15
6	100	100	0	15	0	0	0	0	0	15
7	105	95	5	10	0	0	0	0	5	10
8	110	90	15	0	0	0	0	0	15	0
9	115	80	30	0	15	0	0	20	15	0
10	120	100	35	0	20	0	0	0	15	0
	<u>985</u>	<u>1015</u>	<u>N/A</u>	<u>N/A</u>	<u>35</u>	<u>35</u>	<u>65</u>	<u>20</u>	<u>N/A</u>	<u>N/A</u>

Reconciliation Payment (LGU)

	<u>A</u>	<u>B</u>
Reconciliation Payment (LGU)	15	0
Proof		
Tax Paid	985	1015
NSP Stabilization Payment	65	20
LGU Abatement Payment	(35)	(35)
LGU Reconciliation Payment	(15)	
10 (x) 100 (Aggregate Base Year Amount)	<u>1000</u>	<u>1000</u>

- ¹ Per property tax statement
- ² Tracking Provision
- ³ Abatement Payment (Lag Year concept)
- ⁴ Stabilization Payment (Lag Year concept)
- ⁵ Assumes 115% Abatement Payment Threshold

SCHEDULE 5(c)(v)(2)

**EXAMPLE PROOF
OF
EXTRAORDINARY INVESTMENT RECONCILIATION
FOR
REVENUE STABILIZATION AGREEMENT
SECTION 5(c)(iii)**

	Stabilization Property Tax Paid	Abatement Payment by LGU	Stabilization Payment by NSP	Abatement Tracking Credit	Tracking EI Abatement
10 th Year Results	\$985	\$35	\$65	\$15 ¹	
Year 11 (EI) ⁴	120	-0-	-0-	15 ¹	\$20 ²
Year 12 (Stabilization) ⁴	90	-0-	-0 ³	15 ¹	10 ³
Totals	\$1,195	\$35	\$65	\$15¹	\$10

Proof of Calculations Per Section 5(c)(iii)

Utility Property Tax Paid	\$1,195
Stabilization Payments	65
Total	<u>1,260</u>
Less: Aggregate Base Year Amount (12 x \$100)	<u>1,200</u>
Excess Payments	60
Less: Net EI Abatement/ Stabilization (\$20 - \$10)	(10)
Less: Abatement Payments	<u>(35)</u>
Reconciliation Payment Amount Due	<u>\$15</u>

- ¹ / \$15 tracking of pre-EI Abatement is deferred and payable per Section 7(b)(iii)(A)
- ² / \$20 tracked EI Abatement not payable but used for offset against future stabilization (See Section 7(b)(iii)(B))
- ³ / \$10 stabilization amount (\$100 - \$90) offset against the \$20 tracked EI Abatement (See Section 7(b)(iii)(A)); \$10 is deferred (See Section 7(b)(iii)(B))
- ⁴ / For example purposes only: Assuming extended Agreement and no termination of the Agreement under Section 7(B)(3)(c)

SCHEDULE 10(a)(iii)

Required filings, permits, authorizations, consents, approvals and notices of NSP.

NONE

SCHEDULE 10(b)(iii)

**Required filings, permits, authorizations, consents, approvals and notices of
Host Community.**

NONE

SCHEDULE 10(b)(vi)

Host Community Tax Abatement Information

CUMULATIVE TAX ABATEMENT OBLIGATIONS

Resolution Number 5365 dated March 28, 2005 - Central Park Condominiums LLC

15 Year abatement term.

Total tax abatement over term of abatement not to exceed \$780,742.

<u>Property Tax Pay Year</u>	<u>Property Tax Levy</u>	<u>Annual Estimated Abatement</u>	<u>Annual Estimated Abatements as a Percentage of the 2006 Property Tax Levy</u>
2006	11,398,151	-	0.0000%
2007		-	0.0000%
2008		40,462	0.3550%
2009		41,272	0.3621%
2010		42,097	0.3693%
2011		42,939	0.3767%
2012		43,798	0.3843%
2013		44,674	0.3919%
2014		45,567	0.3998%
2015		46,479	0.4078%
2016		47,408	0.4159%
2017		48,356	0.4242%
2018		49,323	0.4327%
2019		50,310	0.4414%
2020		51,316	0.4502%
2021		52,342	0.4592%
2022		53,389	0.4684%
Total Estimated Abatement Payments		<u>699,733</u>	