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## NORTHERN STATES POWER CO d/b/a XCEL ENERGY

## Charitable Contributions / Donations

YEAR ENDED 12-31-14

STATE OF MN - 50% INCLUSION

FERC 426.1 - JDE BU 500019

ELECTRIC	Total Co	MN	ND	SD
<i>Corporate Contributions</i>				
Arts and Culture	\$ 303,644	\$ 262,285	\$ 23,359	\$ 18,000
Economic Sustainability	\$ 595,312	\$ 504,453	\$ 52,159	\$ 38,700
Education	\$ 539,674	\$ 467,223	\$ 36,351	\$ 36,100
Environment	\$ 261,611	\$ 231,470	\$ 18,141	\$ 12,000
Total Focus Area Grants	\$ 1,700,241	\$ 1,465,431	\$ 130,010	\$ 104,800
Volunteering	\$ 277,077	\$ 268,283	\$ 6,649	\$ 2,146
United Way	\$ 896,279	\$ 863,849	\$ 21,007	\$ 11,423
Disaster Relief	\$ 1,260	\$ 1,170	\$ -	\$ 90
Higher Education	\$ 72,569	\$ 54,465	\$ 7,979	\$ 10,125
Non-Profit	\$ 164,781	\$ 161,797	\$ 1,959	\$ 1,025
Matching Grants	\$ 238,610	\$ 217,432	\$ 9,938	\$ 11,240
<b>Total Electric</b>	<b>\$ 3,112,207</b>	<b>\$ 2,814,994</b>	<b>\$ 167,604</b>	<b>\$ 129,609</b>
<b>Donations Non-Corp</b>	<b>\$ 599,729</b>	<b>\$ 460,898</b>	<b>\$ 67,889</b>	<b>\$ 70,942</b>
<b>MN 50% Electric Inclusion</b>	<b>\$1,637,946</b>	<b>\$1,637,946</b>	<b>\$0</b>	<b>\$0</b>
<b>ND &amp; SD 100% Excluded</b>				



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## INFORMATION SHEET CORPORATE CITIZENSHIP

# Focus Area Grants

## Our Mission

We know the success of our company is directly related to the health of the communities we serve. The mission of the Xcel Energy Foundation is to use the collective knowledge, resources and skills of our staff and colleagues to meet the needs of our communities and ensure that our service area is a highly desirable place for everyone to live, work or own a business.

Through our **focus area grants**, we support 501(c)(3) organizations that improve science, technology, economic and math **education**; improve and enhance the natural environment; help people achieve **economic self-sufficiency**; and provide access to **arts and culture**. Our grants range from \$2,500 to \$12,000 across all focus areas and our eight-state territory.

Arts and culture, economic sustainability and education proposals that have an environmental component will receive added consideration. We also look for opportunities to partner with organizations that share our commitment of promoting a culture of diversity and inclusion.

## Funding Restrictions

*The following are not eligible to receive grant funding from the Xcel Energy Foundation:*

- Organizations that are not designated 501(c)(3) by the Internal Revenue Service (IRS)
- Programs outside of our regulated service area
- Individuals or government agencies
- Political parties or national organizations
- Religious, political, veterans fraternal or other fraternal organizations
- Research programs and sponsorships
- Endowment campaigns
- Capital projects/campaigns
- Energy-efficiency projects or improvements
- Individual K-12 schools or public, private or religious schools

- Athletic or scholarship competitions or sports and athletic programs
- Benefits or fundraising activities
- Programs of individual organizations that receive more than 50 percent of their program budget from United Way
- Disease-specific organizations
- Multi-year grants or commitments
- Transitional and/or affordable housing

## Education Guidelines

We support math, science and economic education programs for students from kindergarten through college. *Programs in the following areas are preferred:*

- Nonprofit programs that enrich and improve student performance in math and science, in combination with core academic curricula;
- Scholarship endowments focused on mathematics, science, technical or environmental areas of study;
- Community education programs that provide students with economic education and practical business/technical skills to compete effectively in the job market;
- Nonprofit programs to support district, state and / or national education standards in math and science; and
- Programs involving participation and partnership among students, educators, business and nonprofit entities, that promote student participation in math and science curricula.



## FOCUS AREA GRANTS

## INFORMATION SHEET

CO | MI | MN | ND | NM | SD | TX | WI

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## Environment Guidelines

Through our environmental leadership strategy, we strive to use natural resources wisely and reduce the impact of our business on the environment. We believe that a healthy environment is essential to thriving communities. Therefore, we strive to build partnerships that enhance the environment and foster an ethic of conservation and preservation. *Programs in the following areas are preferred:*

- **Environmental Education:** Teacher training workshops/seminars. Nonprofit programs to provide K-12 aged students with educational curricula focused on energy and the environment and/or that train and support K-12 educators in teaching curriculum focused on energy and the environment.
- **Environmental Awareness:** Exhibits at museums and other public community-based facilities, with an emphasis on interactive displays that build awareness for natural resource conservation and preservation.
- **Environmental Partnerships**
  - **Habitat and Park Projects:** Partnerships between nonprofit entities and Xcel Energy to preserve, restore, conserve and improve wildlife habitat, open lands, wetlands, parks, trail systems or recreational areas.
  - **Special Projects/Partnerships:** Projects designed to meet the stated goal of producing environmental improvement through neighborhood cleanup and beautification efforts that provide volunteer opportunities for Xcel Energy employees and retirees.

## Economic Sustainability Guidelines

The Xcel Energy Foundation works to assist communities in developing economic opportunities for all citizens. Our Economic Sustainability focus area grants target programs that assist individuals in obtaining employment, that create jobs and that help individuals become economically self-sufficient. *Programs in the following areas are preferred:*

- Programs that promote economic self-sufficiency with an emphasis on job creation and workforce readiness;
- Transitional housing programs that provide educational employment, and job placement services for low-income populations;

- Programs that promote personal skill development, including job entry skills and retraining of unemployed and underemployed workers; and
- Community development projects that improve the economic well-being and sustainability for underserved populations.

## Arts & Culture Guidelines

Artistic expression sparks the imagination and thrives on diversity, bringing communities together in shared experiences to foster understanding. The Xcel Energy Foundation supports efforts to increase accessibility to artistic and cultural activities. *Programs in the following areas are preferred:*

- Programs to provide free or reduced admission to artistic and cultural activities for people who otherwise could not afford to participate;
- Organizations whose programming engages the public in art and cultural events;
- Nonprofit programs to enhance music education/performing arts in schools by offering concerts, musician or performer visits, family workshops or teacher training; and
- Programming to addresses social issues, concerns and challenges facing communities.

For more information and application deadlines, visit [www.xcelenergy.com](http://www.xcelenergy.com)



### Incentive Pay Adjustment

The Company has various incentive programs as part of the overall compensation package. This adjustment removes certain types of incentive that have been deemed to be shareholder responsibility in past rate proceedings.

**2016 Test Year Base Incentive Compensation  
Adjustment Worksheet for Electric Utility  
Budgeted at 100% of target - Updated**

	NSPM	Minnesota Jurisdiction Net of Interchange Billings to NSPW
ELECTRIC		
Total Identified in Base Data as Incentive	39,846,435	32,038,651
Less Other Bonuses/Incentives	849,569	630,839
Less Performance Share Plan	3,725,900	3,182,440
Less All Restricted Stock Units	7,610,695	6,247,931
Less Over 15% Amount	2,958,385	2,584,090
Baseline Incentive In Test Year	24,701,885	19,393,351
Total Adjustment to Incentive Amount in Budget	(15,144,550)	(12,645,300)

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NSPM Incentive Compensation Expenses  
2016 Test Year

Utility	Account Major	Posting Object Account	Jurisdictional Allocator	Interchange Allocator	BU Unallocated	Include / Exclude	NSPM Dec - 2016	NSPM Dec - 2016 NET OF IA	MN Jur Dec - 2016 NET OF IA	ND Jur Dec - 2016 NET OF IA	SD Jur Dec - 2016 NET OF IA
NSPM Electric	517-Nuc Oper Supervision&Eng	711231-Performance Share Plan	NSPM EDemandProd	Interchange	501000-Benefits NSP-MN	Exclude		-	-	-	-
NSPM Electric	517-Nuc Oper Supervision&Eng	711232-Restricted Stock Units	NSPM EDemandProd	Interchange	501000-Benefits NSP-MN	Exclude	2,885,100	2,427,376	2,120,218	150,745	156,413
NSPM Electric	524-Nuclear Power Misc Exp	711231-Performance Share Plan	NSPM EDemandProd	Interchange	501000-Benefits NSP-MN	Exclude	519,912	437,427	382,075	27,165	28,186
NSPM Electric	557-Purchased Power Other	711230-Incentive	NSPM EEnergy	Interchange	260007-OS Senior VP Operations	Exclude	801,754	674,555	589,074	44,249	41,232
NSPM Electric	920-A&G Salaries	711230-Incentive	NSPM ETwoFactorAlloc	No Interchange	260007-OS Senior VP Operations	Exclude	47,815	47,815	41,765	2,999	3,051
NSPM Electric	920-A&G Salaries	711231-Performance Share Plan	NSPM ETwoFactorAlloc	No Interchange	501000-Benefits NSP-MN	Exclude	84,481	84,481	73,792	5,298	5,390
NSPM Electric	920-A&G Salaries	711231-Performance Share Plan	NSPM ETwoFactorAlloc	No Interchange	501500-Benefits XS	Exclude	3,121,506	3,121,506	2,726,573	195,768	199,165
NSPM Electric	920-A&G Salaries	711232-Restricted Stock Units	NSPM ETwoFactorAlloc	No Interchange	501000-Benefits NSP-MN	Exclude	819,789	819,789	716,069	51,414	52,306
NSPM Electric	920-A&G Salaries	711232-Restricted Stock Units	NSPM ETwoFactorAlloc	No Interchange	501500-Benefits XS	Exclude	3,905,807	3,905,807	3,411,644	244,957	249,206
NSPM Gas	920-A&G Salaries	711160-Reg Labor Load-Incentive	NSPM GCustomers	No Interchange	260007-OS Senior VP Operations	Exclude	2,303	2,303	2,057	246	-
NSPM Gas	920-A&G Salaries	711230-Incentive	NSPM GCustomers	No Interchange	260007-OS Senior VP Operations	Exclude	4,024	4,024	3,595	429	-
NSPM Gas	920-A&G Salaries	711231-Performance Share Plan	NSPM GCustomers	No Interchange	501000-Benefits NSP-MN	Exclude	7,111	7,111	6,352	759	-
NSPM Gas	920-A&G Salaries	711231-Performance Share Plan	NSPM GCustomers	No Interchange	501500-Benefits XS	Exclude	262,728	262,728	234,691	28,037	-
NSPM Gas	920-A&G Salaries	711232-Restricted Stock Units	NSPM GCustomers	No Interchange	501000-Benefits NSP-MN	Exclude	68,999	68,999	61,636	7,363	-
NSPM Gas	920-A&G Salaries	711232-Restricted Stock Units	NSPM GCustomers	No Interchange	501500-Benefits XS	Exclude	328,741	328,741	293,659	35,082	-

	NSPM Dec - 2016	NSPM Dec - 2016 NET OF IA	MN Jur Dec - 2016 NET OF IA	ND Jur Dec - 2016 NET OF IA	SD Jur Dec - 2016 NET OF IA
NSPM Electric TOTAL	39,846,435	36,670,532	32,038,651	2,292,063	2,339,806
NSPM Gas TOTAL	2,138,097	2,138,097	1,908,563	229,534	
Electric EXCLUDED	12,186,165	11,518,756	10,061,210	722,595	734,949
Gas EXCLUDED	673,906	673,906	601,990	71,916	
260007-OS Senior VP Operations	849,569	722,370	630,839	47,248	44,283
711231-Performance Share Plan	3,725,900	3,643,414	3,182,440	228,231	232,741
711232-Restricted Stock Units	7,610,695	7,152,972	6,247,931	447,116	457,925
Total Electric EXCLUDED	12,186,165	11,518,756	10,061,210	722,595	734,949
260007-OS Senior VP Operations	6,327	6,327	5,652	675	
711231-Performance Share Plan	269,839	269,839	241,043	28,796	
711232-Restricted Stock Units	397,740	397,740	355,295	42,445	
Total Gas EXCLUDED	673,906	673,906	601,990	71,916	

Annual Incentive  
2016 Budget

		2016 at 100%		
		AIP Budget (100% of Target)	\$ of AIP greater than 15% of est Base Salaries	
Non-Union	MN (non nuclear)	\$ 5,604,057	\$ 274,437	
	MN (nuclear)	\$ 12,619,567	\$ 1,202,313	
	PSC	\$ 1,246,177	\$ 113,857	
	SPS	\$ 5,909,503	\$ 310,681	
	WI	\$ 2,968,134	\$ 174,113	
	XS	\$ 36,673,820	\$ 5,558,861	
	<b>Total (non-union)</b>	<b>\$ 65,021,258</b>	<b>\$ 7,634,262</b>	

27.04% 0.029672

0.922367 0.077633

Electric	Gas	Total
253,132	21,305	274,437
1,202,313	-	1,202,313
1,502,940	164,944	1,667,885
2,958,385	186,250	3,144,635

Allocated based upon 3 Factor  
Direct assigned to electric

Allocated based upon 3 Factor

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	2016 Budget
Total labor loaded costs in electric O&M	9,915,441
Total costs in labor loading account	36,673,820
Percent to electric O&M from XES labor loaded costs	27.04%

Year	Business Unit Hierarchy	Reg Legal Entity Cd	Posting Obj Acct	Posting Full Acct Desc	Utility Desc	Version Period Desc	YE Amt
2016	50	1010	618106	618106 Fuel Hand-Lab Load-Incentive	Electric	2016-2020 Budget	5,890
2016	50	1010	618426	618426 Fuel Proc-Lab Load-Incentive	Electric	2016-2020 Budget	90,231
2016	50	1010	711160	711160 Reg Labor Load-Incentive	Electric	2016-2020 Budget	9,819,319
						Sum:	9,915,441

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## FILTERED ON INCENTIVE PAY RECORD TYPE

NSPM - 00 Complete Revenue Requirements by Jurisdiction, Sys	Dec - 2016		
	Total	MN Electric	Other
<b>Operating Revenues</b>			
Retail			
Interdepartmental			
Other Operating Rev - Non-Retail			
<b>Total Operating Revenues</b>			
<b>Expenses</b>			
Operating Expenses:			
Fuel	(674,555)	(589,074)	(85,481)
Deferred Fuel			
Variable IA Production Fuel			
Purchased Energy - Windsource	0	0	0
Fuel & Purchased Energy Total	(674,555)	(589,074)	(85,481)
Production - Fixed	(2,864,803)	(2,502,294)	(362,509)
Production - Fixed IA Investment			
Production - Fixed IA O&M			
Production - Variable			
Production - Variable IA O&M			
Production - Purchased Demand	0	0	0
Production Total	(2,864,803)	(2,502,294)	(362,509)
Regional Markets			
Transmission IA			
Transmission			
Distribution			
Customer Accounting			
Customer Service & Information			
Sales, Econ Dvlp & Other			
Administrative & General	(10,017,282)	(9,553,933)	(1,381,858)
<b>Total Operating Expenses</b>	(14,477,141)	(12,645,302)	(1,831,839)
Depreciation			
Amortization			
<b>Taxes</b>			
Property Taxes			
ITC Amortization			
Deferred Taxes			
Deferred Taxes - NOL			
Less Deferred State Tax Credits			
Less Deferred Federal Tax Credits	0	0	0
Deferred Income Tax & ITC			
Payroll & Other Taxes			
<b>Total Taxes Other Than Income</b>			
<b>Income Before Taxes</b>			
Total Operating Revenues			
less: Total Operating Expenses	(14,477,141)	(12,645,302)	(1,831,839)
Book Depreciation			
Amortization			
Taxes Other than Income			
<b>Total Before Tax Book Income</b>	14,477,141	12,645,302	1,831,839
<b>Tax Additions</b>			
Book Depreciation			
Deferred Income Taxes and ITC			
Nuclear Fuel Burn (ex. D&O)			
Nuclear Outage Accounting			
Avoided Tax Interest			
Other Book Additions			
<b>Total Tax Additions</b>			
<b>Tax Deductions</b>			
Total Rate Base			
Weighted Cost of Debt	2.24%	2.24%	2.24%
Debt Interest Expense			
Nuclear Outage Accounting			
Tax Depreciation and Removals			
NOL Generated			
NOL Utilized			
Other Tax / Book Timing Differences	0	0	0
<b>Total Tax Deductions</b>			
<b>State Taxes</b>			
State Taxable Income	14,477,141	12,645,302	1,831,839
State Income Tax Rate	9.80%	9.80%	9.80%
State Taxes before Credits	1,418,760	1,239,240	179,520
Less State Tax Credits			
Deferred State Tax Credits due to NOL	0	0	0
<b>Total State Income Taxes</b>	1,418,760	1,239,240	179,520
<b>Federal Taxes</b>			
Federal Sec 199 Production Deduction			
Federal Taxable Income	13,058,381	11,406,063	1,652,318
Federal Income Tax Rate	35.00%	35.00%	35.00%
Federal Tax before Credits	4,570,433	3,992,122	578,311
Less Federal Tax Credits			
Deferred Federal Tax Credits due to NOL	0	0	0
<b>Total Federal Income Taxes</b>	4,570,433	3,992,122	578,311
<b>Total Taxes</b>			
Total Taxes Other than Income			
<b>Total Federal and State Income Taxes</b>	5,989,193	5,231,362	757,832
<b>Total Taxes</b>	5,989,193	5,231,362	757,832
<b>Total Operating Revenues</b>			
<b>Total Expenses</b>	(6,487,948)	(7,413,941)	(1,074,007)
AFDC Debt			
AFDC Equity			
<b>Net Income</b>	<b>8,487,948</b>	<b>7,413,941</b>	<b>1,074,007</b>
<b>Rate of Return (ROR)</b>			
Total Operating Income	8,487,948	7,413,941	1,074,007
<b>Total Rate Base</b>			
ROR (Operating Income / Rate Base)			
<b>Return on Equity (ROE)</b>			
Net Operating Income	8,487,948	7,413,941	1,074,007
Debt Interest (Rate Base * Weighted Cost of Debt)			
Earnings Available for Common	8,487,948	7,413,941	1,074,007
Equity Rate Base (Rate Base * Equity Ratio)			
ROE (Earnings for Common / Equity)			
<b>Revenue Deficiency</b>			
Required Operating Income (Rate Base * Required Return)			
<b>Net OPERATING INCOME</b>	<b>8,487,948</b>	<b>7,413,941</b>	<b>1,074,007</b>
Operating Income Deficiency	(8,487,948)	(7,413,941)	(1,074,007)
Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.705611	1.705611	1.705611
<b>Revenue Deficiency (Income Deficiency * Conversion Factor)</b>	<b>(14,477,141)</b>	<b>(12,645,302)</b>	<b>(1,831,839)</b>
<b>Total Revenue Requirements</b>			
Total Retail Revenues			
Revenue Deficiency	(14,477,141)	(12,645,302)	(1,831,839)
<b>Total Revenue Requirements</b>	<b>(14,477,141)</b>	<b>(12,645,302)</b>	<b>(1,831,839)</b>



2016-2020 Investor / Shareholder O&M Expenses  
Calculation of Investor Relation/Shareholder Adjustment

Purpose: This adjustment removes 50% of the Investor Relation/Shareholders costs from the Test Year.

	NSPM Electric Utility	Minnesota Jurisdiction
	2016	2016
<b><u>O&amp;M Adjustment Calculation</u></b>		
Total O&M from Cost Summary	1,073,940	938,065
Allowed Recovery of 50%	536,970	469,032
Disallowed O&M	A (536,970)	(469,032)
<b><u>Payroll Tax adjustment Calculation</u></b>		
Total Payroll Taxes from Cost Summary	13,687	11,955
Allowed Recovery of 50%	6,843	5,978
Disallowed Payroll Tax	B (6,843)	(5,978)
Total Disallowance	Sum A + B (543,813)	(475,010)

ETwoFactorAlloc 87.3480%

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