

FILTERED ON NONQUALIFIED EXPENSES

NSPM - 00 Complete Revenue Requirements by Jurisdiction, Syr	MN Electric		
	Dec - 2016	Dec - 2017	Dec - 2018
Expenses			
Operating Expenses:			
Fuel			
Deferred Fuel			
Variable IA Production Fuel			
Purchased Energy - Windsorce	0	0	0
Fuel & Purchased Energy Total			
Production - Fixed			
Production - Fixed IA Investment			
Production - Fixed IA O&M			
Production - Variable			
Production - Variable IA O&M			
Production - Purchased Demand	0	0	0
Production Total			
Regional Markets			
Transmission IA			
Transmission			
Distribution			
Customer Accounting			
Customer Service & Information			
Sales, Econ Dvlp & Other			
Administrative & General	(1,409,809)	(1,038,644)	(983,943)
Total Operating Expenses	(1,409,809)	(1,038,644)	(983,943)
Depreciation			
Amortization			
Total Taxes			
Total Taxes Other than Income			
Total Federal and State Income Taxes	583,238	429,687	407,057
Total Taxes	583,238	429,687	407,057
Total Operating Revenues			
Total Expenses	(826,571)	(608,957)	(576,885)
AFDC Debt			
AFDC Equity			
Net Income	826,571	608,957	576,885
Rate of Return (ROR)			
Total Operating Income	826,571	608,957	576,885
Total Rate Base	-	-	-
ROR (Operating Income / Rate Base)			
Return on Equity (ROE)			
Net Operating Income	826,571	608,957	576,885
Debt Interest (Rate Base * Weighted Cost of Debt)			
Earnings Available for Common	826,571	608,957	576,885
Equity Rate Base (Rate Base * Equity Ratio)	-	-	-
ROE (earnings for Common / Equity)			
Revenue Deficiency			
Required Operating Income (Rate Base * Required Return)			
Net Operating Income	826,571	608,957	576,885
Operating Income Deficiency	(826,571)	(608,957)	(576,885)
Revenue Conversion Factor (1/(1--Composite Tax Rate))	1.705611	1.705611	1.705611
Revenue Deficiency (Income Deficiency * Conversion Factor)	(1,409,809)	(1,038,644)	(983,943)
Total Revenue Requirements			
Total Retail Revenues			
Revenue Deficiency	(1,409,809)	(1,038,644)	(983,943)
Total Revenue Requirements	(1,409,809)	(1,038,644)	(983,943)

Northern States Power Company 2016 Test Year Aviation Expenses

PURPOSE: Remove 100% of Aviation O&M Costs

	Total NSPM Electric	MN Jurisdiction Electric
Aviation O&M Expenses	2,182,451	1,906,328
Aviation Payroll Taxes	21,815	19,055
Total Aviation Expenses	2,204,266	1,925,382
Aviation Adjustment	(2,204,266)	(1,925,382)
Total Aviation Expenses in Test Year	-	-

NSPM Electric Aviation O&M Expenses
2016 TEST YEAR

PURPOSE: Remove 100% of Aviation O&M Costs

	NSPM MN Electric		NSPM ND Electric		NSPM SD Electric	
	Total		Retail		Retail	
	Dec - 2016	Dec - 2016	Dec - 2016	Dec - 2016	Dec - 2016	Dec - 2016
Base OM						
Labor						
711142-Productive Labor	246,539	215,347	15,462	15,730		
711143-Reg Labor Loading-NonProductiv	50,418	44,039	3,162	3,217		
711144-Reg Labor Loading-Pension&401K	37,465	32,725	2,350	2,390		
711145-Reg Labor Loading-Insurance	42,089	36,764	2,640	2,685		
711146-Prod Lab-Attrit (frmly taxes)	(9,862)	(8,614)	(618)	(629)		
711149-Reg Labor Loading-Inj & Dam	483	422	30	31		
711160-Reg Labor Load-Incentive	33,928	29,635	2,128	2,165		
711190-Overtime	1,130	987	71	72		
764000-Payroll Taxes	21,815	19,055	1,368	1,392		
Sub-Total Labor	424,005	370,360	26,592	27,053		
Non-Labor						
712110-Contract Labor	33,947	29,652	2,129	2,166		
713050-Contract LT Outside Vendor	418,881	365,884	26,271	26,726		
714000-Materials						
714100-Print/Copy-Other	567,540	495,734	35,594	36,211		
714500-Equipment Maintenance	2,687	2,347	169	171		
715600-Personal Communication Devices	2,239	1,956	140	143		
721005-EE Exp Airfare	1,194	1,043	75	76		
721010-EE Exp Car Rental	24,989	21,827	1,567	1,594		
721015-EE Exp Taxi/Bus	63	55	4	4		
721020-EE Exp Mileage	38,090	33,271	2,389	2,430		
721025-EE Exp Conf/Semrns/Trng	12,965	11,324	813	827		
721030-EE Exp Hotel	5,434	4,746	341	347		
721035-EE Exp Meals/EE's						
721040-EE Exp Meals/Incl.Non-EE's	317	277	20	20		
721045-EE Exp Parking	23,442	20,476	1,470	1,496		
721060-EE Exp Other						
721500-Office Supplies						
721810-Life Events/Career Events	602,816	526,548	37,806	38,462		
722000-Transportation Fleet Cost						
723040-Moves/Adds/Changes	10,421	9,103	654	665		
723130-Equipment Rental	2,020	1,764	127	129		
723400-Postage	15,762	13,767	989	1,006		
723535-Auto Liab/Physical Damage	1,250	1,092	78	80		
723810-Professional Association Dues	7,301	6,377	458	466		
723895-License Fees & Permits						
725000-Other	8,903	7,777	558	568		
725005-Online Information Services	1,780,261	1,555,022	111,651	113,588		
Sub-Total Non-Labor	2,204,266	1,925,382	138,243	140,641		
Sub-Total Base OM						
NSPM-Aviation						
Labor						
711142-Productive Labor	(246,539)	(215,347)	(15,462)	(15,730)		
711143-Reg Labor Loading-NonProductiv	(50,418)	(44,039)	(3,162)	(3,217)		
711144-Reg Labor Loading-Pension&401K	(37,465)	(32,725)	(2,350)	(2,390)		
711145-Reg Labor Loading-Insurance	(42,089)	(36,764)	(2,640)	(2,685)		
711146-Prod Lab-Attrit (frmly taxes)	9,862	8,614	618	629		
711149-Reg Labor Loading-Inj & Dam	(483)	(422)	(30)	(31)		
711160-Reg Labor Load-Incentive	(33,928)	(29,635)	(2,128)	(2,165)		
711190-Overtime	(1,130)	(987)	(71)	(72)		
764000-Payroll Taxes	(21,815)	(19,055)	(1,368)	(1,392)		
Sub-Total Labor	(424,005)	(370,360)	(26,592)	(27,053)		
Non-Labor						
712110-Contract Labor	(33,947)	(29,652)	(2,129)	(2,166)		
713050-Contract LT Outside Vendor	(418,881)	(365,884)	(26,271)	(26,726)		
714000-Materials						
714100-Print/Copy-Other	(567,540)	(495,734)	(35,594)	(36,211)		
714500-Equipment Maintenance	(2,687)	(2,347)	(169)	(171)		
715600-Personal Communication Devices	(2,239)	(1,956)	(140)	(143)		
721005-EE Exp Airfare	(1,194)	(1,043)	(75)	(76)		
721010-EE Exp Car Rental	(24,989)	(21,827)	(1,567)	(1,594)		
721015-EE Exp Taxi/Bus	(63)	(55)	(4)	(4)		
721020-EE Exp Mileage	(38,090)	(33,271)	(2,389)	(2,430)		
721025-EE Exp Conf/Semrns/Trng	(12,965)	(11,324)	(813)	(827)		
721030-EE Exp Hotel	(5,434)	(4,746)	(341)	(347)		
721035-EE Exp Meals/EE's						
721040-EE Exp Meals/Incl.Non-EE's	(317)	(277)	(20)	(20)		
721045-EE Exp Parking	(23,442)	(20,476)	(1,470)	(1,496)		
721060-EE Exp Other						
721500-Office Supplies						
721810-Life Events/Career Events	(602,816)	(526,548)	(37,806)	(38,462)		
722000-Transportation Fleet Cost						
723040-Moves/Adds/Changes	(10,421)	(9,103)	(654)	(665)		
723130-Equipment Rental	(2,020)	(1,764)	(127)	(129)		
723400-Postage	(15,762)	(13,767)	(989)	(1,006)		
723535-Auto Liab/Physical Damage	(1,250)	(1,092)	(78)	(80)		
723810-Professional Association Dues	(7,301)	(6,377)	(458)	(466)		
723895-License Fees & Permits						
725000-Other	(8,903)	(7,777)	(558)	(568)		
725005-Online Information Services	(1,780,261)	(1,555,022)	(111,651)	(113,588)		
Sub-Total Non-Labor	(2,204,266)	(1,925,382)	(138,243)	(140,641)		
Sub-Total NSPM-Aviation						

FILTERED ON AVIATION ADJUSTMENT

NSPM - 00 Complete Revenue Requirements by Jurisdiction, Yr 2 - DRAFT		Dec - 2016
		MN Electric
Operating Revenues		
Retail		
Interdepartmental		
Other Operating Rev - Non-Retail		
Total Operating Revenues		
Expenses		
Operating Expenses:		
Fuel		
Deferred Fuel		
Variable IA Production Fuel		
Purchased Energy - Windsource		0
Fuel & Purchased Energy Total		
Production - Fixed		
Production - Fixed IA Investment		
Production - Fixed IA O&M		
Production - Variable		
Production - Variable IA O&M		
Production - Purchased Demand		0
Production Total		
Regional Markets		
Transmission IA		
Transmission		
Distribution		
Customer Accounting		
Customer Service & Information		
Sales, Econ Dvlp & Other		
Administrative & General		(1,906,328)
Total Operating Expenses		(1,906,328)
Depreciation		
Amortization		
Taxes:		
Property Taxes		
ITC Amortization		
Deferred Taxes		
Deferred Taxes - NOL		
Less Deferred State Tax Credits		
Less Deferred Federal Tax Credits		0
Deferred Income Tax & ITC		
Payroll & Other Taxes		(19,055)
Total Taxes Other Than Income		(19,055)
Income Before Taxes		
Total Operating Revenues		
less: Total Operating Expenses		(1,906,328)
Book Depreciation		
Amortization		
Taxes Other than Income		(19,055)
Total Before Tax Book Income		1,925,382
State Taxes		
State Taxable Income	1,925,382	
State Income Tax Rate	9.80%	
State Taxes before Credits	188,687	
Less State Tax Credits		
Deferred State Tax Credits due to NOL		0
Total State Income Taxes	188,687	
Federal Taxes		
Federal Sec 199 Production Deduction		
Federal Taxable Income	1,736,695	
Federal Income Tax Rate	35.00%	
Federal Tax before Credits	607,843	
Less Federal Tax Credits		
Deferred Federal Tax Credits due to NOL		0
Total Federal Income Taxes	607,843	
Total Taxes		(19,055)
Total Taxes Other than Income		(19,055)
Total Federal and State Income Taxes		796,531
Total Taxes		777,476
Total Operating Revenues		
Total Expenses		(1,128,852)
AFDC Debt		
AFDC Equity		
Net Income		1,128,852
Rate of Return (ROR)		
Total Operating Income	1,128,852	
Total Rate Base		
ROR (Operating Income / Rate Base)		
Return on Equity (ROE)		
Net Operating Income	1,128,852	
Debt Interest (Rate Base * Weighted Cost of Debt)		
Earnings Available for Common	1,128,852	
Equity Rate Base (Rate Base * Equity Ratio)		
ROE (Earnings for Common / Equity)		
Revenue Deficiency		
Required Operating Income (Rate Base * Required Return)		
Net Operating Income	1,128,852	
Operating Income Deficiency		(1,128,852)
Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.705611	
Revenue Deficiency (Income Deficiency * Conversion Factor)		(1,925,382)
Total Revenue Requirements		
Total Retail Revenues		
Revenue Deficiency		(1,925,382)
Total Revenue Requirements		(1,925,382)

Bad Debt Update Adjustment

This adjustment updates bad debt expenses to reflect the latest forecast commodity revenues for 2016 through 2020.

Utility		CFR	CFR FERC Desc		Bus Area Desc CC1	YE Amt	MN Juris	ND Juris	SD Juris	Computed Allocator	FERC Group	Funct Class Cd Desc		Lvl 0 Desc BC24	Lvl 2 Desc BC26	Acct Desc	Posting Full Acct Desc	Business Unit Allocated	Bus Unit Full Desc
Year	Desc	FERC Cd	AC22									CC5							
2016	Electric	904	Cust Acct Uncollect	Corporate Services	A	10,990,811	10,990,811	-	-	EDirectMN	CAcct	Customer Accounting		Bad Debt	Bad Debt	Cust Acct Uncollect Accts NL E	723055-Energy	432816-CC-R-BAD DEBT-UNCOLL-NSPM	
2016	Electric	904	Cust Acct Uncollect	Corporate Services	B	729,731	-	729,731	-	EDirectND	CAcct	Customer Accounting		Bad Debt	Bad Debt	Cust Acct Uncollect Accts NL E	723055-Energy	432816-CC-R-BAD DEBT-UNCOLL-NSPM	
2016	Electric	904	Cust Acct Uncollect	Corporate Services	C	702,657	-	-	702,657	EDirectSD	CAcct	Customer Accounting		Bad Debt	Bad Debt	Cust Acct Uncollect Accts NL E	723055-Energy	432816-CC-R-BAD DEBT-UNCOLL-NSPM	
2016	Electric	904	Cust Acct Uncollect	Corporate Services	D	51,770	45,223	3,328	3,220	ECustomerMN/SD/ND	CAcct	Customer Accounting	A&G	Bad Debt	Bad Debt	Non-Commodity Bad Debt NL E	723060-Non-Energy	432883-CC-Bad Debt-NonComm-MN	801598-NSP MN SS GNL
2016	Electric	904	Cust Acct Uncollect	Distribution Operations	E	199,931	199,931	-	-										

12,674,900	11,235,965	733,059	705,877
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2016	Gas	904	Cust Acct Uncollect	Corporate Services	F	2,008,964	2,008,964	-	-	GDirectMN	CAcct	Customer Accounting		Bad Debt	Bad Debt	Cust Acct Uncollect Accts NL G	723055-Energy	432816-CC-R-BAD DEBT-UNCOLL-NSPM	
2016	Gas	904	Cust Acct Uncollect	Corporate Services	G	255,481	-	255,481	-	GDirectND	CAcct	Customer Accounting		Bad Debt	Bad Debt	Cust Acct Uncollect Accts NL G	723055-Energy	432816-CC-R-BAD DEBT-UNCOLL-NSPM	
2016	Gas	904	Cust Acct Uncollect	Corporate Services	H	12,965	11,581	1,384	-	GCustomerMN/SD/ND	CAcct	Customer Accounting	A&G	Bad Debt	Bad Debt	Non-Commodity Bad Debt NL G	723060-Non-Energy	432883-CC-Bad Debt-NonComm-MN	801598-NSP MN SS GNL
2016	Gas	904	Cust Acct Uncollect	Distribution Operations	I	50,069	50,069	-	-										
2016	Gas	904	Cust Acct Uncollect	Distribution Operations	J	75,000	75,000	-	-	GDirectMN	CAcct		A&G	Distribution Operations	VP Distribution Operations	Non-Commodity Bad Debt NL G	723060-Non-Energy	801598-NSP MN SS GNL	

2,402,479	2,145,614	256,865	-
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Total Adjusted Bad Debt Exp	15,077,379	13,381,579	989,923	705,877
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Updated Commodity Bad Debts		Total	Mn	ND	SD	Commodity %
Mn Electric	A	10,990,811	10,990,811	-	-	74.8%
ND Electric	B	729,731	-	729,731	-	5.0%
SD Electric	C	702,657	-	-	702,657	4.8%
Mn Gas	F	2,008,964	2,008,964	-	-	13.7%
ND Gas	G	255,481	-	255,481	-	1.7%
Total Commodity Bad Debt		14,687,648	12,999,775	985,212	702,657	100.0%

Non-Commodity Bd Debts		Total	Mn	ND	SD
Mn Electric	D+E	245,154	245,154	-	-
ND Electric	D+E	3,328	-	3,328	-
SD Electric	D+E	3,220	-	-	3,220
Mn Gas	H + I + J	136,650	136,650	-	-
ND Gas	H+ I + J	1,384	-	1,384	-
Total Non Commodity		389,735	381,804	4,711	3,220

Updated Total Bad Debts		Total	Mn	ND	SD
Mn Electric		11,235,965	11,235,965	-	-
ND Electric		733,059	-	733,059	-
SD Electric		705,877	-	-	705,877
Mn Gas		2,145,614	2,145,614	-	-
ND Gas		256,865	-	256,865	-
Total Bad Debts		15,077,379	13,381,579	989,923	705,877

Original Budget Bad Debts		Total	Mn	ND	SD
Mn Electric		11,964,825	11,964,825	-	-
ND Electric		781,445	-	781,445	-
SD Electric		752,457	-	-	752,457
Mn Gas		2,278,850	2,278,850	-	-
ND Gas		273,802	-	273,802	-
Total Bad Debts		16,051,380	14,243,675	1,055,247	752,457

Adjustment to Bad Debts		Total	Mn	ND	SD
Mn Electric		(728,860)	(728,860)	-	-
ND Electric		(48,386)	-	(48,386)	-
SD Electric		(46,580)	-	-	(46,580)
Mn Gas		(133,236)	(133,236)	-	-
ND Gas		(16,938)	-	(16,938)	-

Commodity Revenues
2016 Updated Revenue and Total Bad Debt Calc

Updated
Year 2016

NSPM Electric Revenue

A	Residential	1,177,535
A	Residential w/Space Heat (NSPM Only)	74,534
A	Commerical & Industrial - Small	1,492,199
A	Commerical & Industrial - Large	695,476
	Public Street & Highway Light (PSHL)	26,284
	Other Sales to Public Authorities (OSPA)	9,593
	Interdepartmental	812
	Total NSPM	\$ 3,476,433

NSPM Gas Revenue

B	Residential	279,247
B	Small Commercial & Industrial	84,531
B	Large Commerical & Industrial	143,589
B	Interruptible	48,536
	Generation	2,286
	Interdepartmental	53
	Transport Firm	14,850
	Transport Interruptible	-
	Transport Interdepartmental	-
	Total NSPM	\$ 573,092

Electric

Sum A	NSP Minnesota Co Consolidated	3,439,744
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Gas

Sum B	NSP Minnesota Co Consolidated	555,904
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Total Electric & Gas

	NSP Minnesota Co Consolidated	3,995,648
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Write-Offs/Revenue Percentages
NSP Minnesota Co Consolidated

0.37%

	NSP Minnesota Co Consolidated (x 1,000)	14,687,648
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Estimated Total Commodity Revenues to be Billed

	Mn Huso (Base and Fuel)	Riders *	Less MN Asset Margin	ND	SD	Total Elec Rev
Residential (w/o space htg)	1,011,137	30,699	(5,925)	58,585	83,039	1,177,535
Residential (w space htg)	39,686	1,473	(233)	26,041	7,567	74,534
Small C&I	1,245,673	50,883	(7,299)	103,275	99,667	1,492,199
Large C&I	612,280	31,369	(3,588)	25,975	29,440	695,476
Public St & Highway Lgt	22,196	551	(130)	1,777	1,890	26,284
Other Sales to Public Auth	7,970	266	(47)	1,404	0	9,593
Interdptmntl	777	35		0	0	812
	<u>2,939,720</u>	<u>115,274</u>	<u>(17,221)</u>	<u>217,057</u>	<u>221,603</u>	<u>3,476,433</u>

Rider Rev Split Per Huso Present Rev	Class Allocation of Rider Rev
9,397	30,699
451	1,473
15,576	50,883
9,602	31,369
169	551
81	266
11	35
<u>35,287</u>	<u>115,273</u>

Need to include all rider revenue in this calculation as that revenue will be billed and subject to collection.

Difference:	79,987
Rider RC Adjustments	(38,907)
CIP Base Rev Adjustment	<u>(41,080)</u>
	<u>0</u>

Huso Present revenues excludes
certain riders that are removed
from rate case as RC adjustments

3,054,994 Total Retail Mn Elec in COSS before Adjustments

	Per 2016 Rev File
RES	17,262
TCR	21,646
CIP	41,281
RDF	35,085
	<u>35,287</u>
	<u>115,273</u>

TY	SUM	WIN	ANN
2016	Total Revenue - Present		

AllRes	407,024	653,647	1,060,671
RES	395,535	624,999	1,020,534
RSH	11,489	28,648	40,137
SCI	484,208	777,042	1,261,249
LCI	235,596	386,286	621,883
LTG	7,113	15,251	22,364
OPA	3,505	4,547	8,052
Retail	1,137,445	1,836,773	2,974,218
ID	349	439	788
Ret+ID	1,137,794	1,837,212	2,975,006

SUM	WIN	ANN
Fuel - Present		

AllRes	90,469	144,930	235,399
RES	88,005	136,702	224,707
RSH	2,464	8,228	10,692
SCI	130,664	234,864	365,528
LCI	79,620	143,405	223,025
LTG	791	2,158	2,948
OPA	794	1,128	1,922
Retail	302,339	526,485	828,823
ID	111	139	250
Ret+ID	302,449	526,624	829,073

Base & Fuel

RES	1,011,137
RSH	39,686
SCI	1,245,673
LCI	612,280
LTG	22,196
OPA	7,970
Retail	2,938,942
ID	777
Ret+ID	2,939,720

Base Revenue - Present

AllRes	312,890	502,533	815,423
RES	303,966	482,464	786,430
RSH	8,924	20,069	28,994
SCI	347,990	532,155	880,145
LCI	152,555	236,700	389,255
LTG	6,277	12,970	19,247
OPA	2,677	3,371	6,048
Retail	822,389	1,287,730	2,110,119
ID	233	294	527
Ret+ID	822,622	1,288,024	2,110,646

Riders - Present

AllRes	3,665	6,183	9,848
RES	3,565	5,832	9,397
RSH	100	351	451
SCI	5,553	10,023	15,576
LCI	3,422	6,181	9,602
LTG	45	124	169
OPA	33	48	81
Retail	12,718	22,558	35,276
ID	5	6	11
Ret+ID	12,723	22,564	35,287

GWH Sales

AllRes	3,187,189	5,377,917	8,565,106
RES	3,100,387	5,072,666	8,173,053
RSH	86,803	305,251	392,054
SCI	4,829,795	8,716,946	13,546,742
LCI	2,975,847	5,375,555	8,351,402
LTG	39,366	107,430	146,796
OPA	29,135	41,571	70,706
Retail	11,061,332	19,619,420	30,680,751
ID	4,087	5,148	9,235
Ret+ID			30,689,986

Residential Total
 Residential Regular
 Residential Space Heating
 Small C&I
 Large C&I
 Street Lighting
 Other Sales to Public Authorities
 Retail
 Interdepartmental

Northern States Power Company
Summary of Asset Based Trading Margins
(\$ - 000's)

		Budget				
		2016	2017	2018	2019	2020
NSPM						
Total Revenue		89,254	88,381	77,644	85,277	108,134
Total Cost		65,816	65,840	54,830	60,234	84,513
Margin		23,438	22,541	22,813	25,044	23,620
Less: RP Sharing		19,532	18,744	18,905	20,718	19,516
Net Margin		3,906	3,797	3,908	4,326	4,104
NSPM						
		2016	2017	2018	2019	2020
Total Revenue		89,254	88,381	77,644	85,277	108,134
Total Cost (incl Margin Sharing)		65,816	65,840	54,830	60,234	84,513
Net Margin		23,438	22,541	22,813	25,044	23,620
Interchange Demand Allocator		84.1349%	84.1349%	84.1349%	84.1349%	84.1349%
Minnesota Jurisdictional Energy Allocator		87.3278%	87.3278%	87.3278%	87.3278%	87.3278%
Minnesota Electric Jurisdiction Net of Interchange						
		2016	2017	2018	2019	2020
Total Revenue		65,578	64,936	57,047	62,656	79,449
Total Cost (incl Margin Sharing)		48,357	48,375	40,286	44,256	62,095
Net Margin		17,221	16,562	16,762	18,400	17,355