

R-1B

## Xcel Energy

## Annual Revenue Requirement

## Minnesota Remaining Life

## 2016 Test Year Minnesota Electric Rate Case

(\$'s)

Docket No. E002/GR-15-826

Exhibit (AEH-1) Schedule 26 Back-Up Workpaper

Page 1 of 1

Weighted Cost of Debt	2.24%	2.26%	2.26%	2.25%	2.28%
Weighted Cost of Equity (Last Authorized ROE)	5.10%	5.10%	5.10%	5.10%	5.10%
Required Rate of Return	7.34%	7.36%	7.36%	7.35%	7.38%
Composite Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%
Jurisdictional Demand	87.3461%	87.3461%	87.3461%	87.3461%	87.3461%
Wisconsin IA Demand	15.8651%	15.8651%	15.8651%	15.8651%	15.8651%

## Total Company

## Rate Analysis

	2015 Bridge	2016	2017	2018	2019	2020
Plant Investment		(5,602,267)	(16,880,749)	(30,113,866)	(48,478,341)	(71,497,213)
Depreciation Reserve						
CWIP		2,286,267	6,888,982	12,289,379	19,783,866	29,177,797
Accumulated Deferred Taxes	-	3,316,000	9,991,767	17,824,487	28,694,475	42,319,416
Average Rate Base	-	3,316,000	9,991,767	17,824,487	28,694,475	42,319,416
Debt Return	-	74,278	225,814	402,833	645,626	964,883
Equity Return	-	169,116	509,580	909,049	1,463,418	2,158,290
Current Income Tax Requirement	-	(4,560,282)	(4,381,820)	(5,670,895)	(7,995,040)	(8,677,268)
Book Depreciation		(11,204,532)	(11,352,437)	(15,113,797)	(21,615,151)	(24,422,593)
Annual Deferred Tax		4,572,536	4,632,895	6,167,895	8,821,078	9,966,787
ITC Flow Thru						
Tax Depreciation & Removal Expense						
AFUDC Expenditure						
Avoided Tax Interest						
Property Taxes						
Total Revenue Requirements	-	(10,948,884)	(10,365,967)	(13,304,915)	(18,680,068)	(20,009,902)

## MN Jurisdiction

## Rate Analysis

	2015 Bridge	2,016	2,017	2018	2019	2020
Plant Investment	-	-	-	-	-	-
Depreciation Reserve	-	(4,893,362)	(14,744,676)	(26,303,288)	(42,343,940)	(62,450,027)
CWIP	-	-	-	-	-	-
Accumulated Deferred Taxes	-	1,996,965	6,017,257	10,734,293	17,280,435	25,485,668
Average Rate Base	-	2,896,397	8,727,419	15,568,994	25,063,505	36,964,359
Debt Return	-	64,879	197,240	351,859	563,929	842,787
Equity Return	-	147,716	445,098	794,019	1,278,239	1,885,182
Current Income Tax Requirement	-	(3,983,229)	(3,827,349)	(4,953,306)	(6,983,355)	(7,579,255)
Book Depreciation	-	(9,786,721)	(9,915,911)	(13,201,312)	(18,879,991)	(21,332,183)
Annual Deferred Tax	-	3,993,932	4,046,653	5,387,416	7,704,868	8,705,600
ITC Flow Thru	-	-	-	-	-	-
Tax Depreciation & Removal Expense	-	-	-	-	-	-
AFUDC Expenditure	-	-	-	-	-	-
Avoided Tax Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Total Revenue Requirements	-	(9,563,423)	(9,054,268)	(11,621,324)	(16,316,311)	(17,477,869)
Other Revenues (Interchange)		(1,517,247)	(1,436,469)	(1,843,735)	(2,588,599)	(2,772,881)
Total Revenue Requirements Net of Interchange		(8,046,176)	(7,617,799)	(9,777,589)	(13,727,712)	(14,704,987)

R-1C

Xcel Energy  
Annual Revenue Requirement  
Minnesota Remaining Life  
2016 Test Year Minnesota Electric Rate Case  
(\$'s)

Docket No. E002/GR-15-826  
Exhibit\_\_\_\_(AEH-1) Schedule 26 Back-Up Workpaper  
Page 1 of 1

Total Company	2015 Bridge	2016	2017	2018	2019	2020
Angus Anson	-	(2,382,352)	(2,228,814)	(2,730,573)	(5,479,523)	(5,884,322)
Granite City	-	(212,671)	(198,593)	(184,473)	46,180	200,723
Sherco 1	-	(8,353,861)	(7,938,560)	(10,389,869)	(13,246,725)	(14,326,303)
Total	-	(10,948,884)	(10,365,967)	(13,304,915)	(18,680,068)	(20,009,902)
Check	-	-	-	-	-	-

  

MN Jurisdiction	2015 Bridge	2016	2017	2018	2019	2020
Angus Anson	-	(1,750,756)	(1,637,923)	(2,006,658)	(4,026,822)	(4,324,303)
Granite City	-	(156,289)	(145,943)	(135,566)	33,937	147,508
Sherco 1	-	(6,139,132)	(5,833,933)	(7,635,365)	(9,734,827)	(10,528,193)
Total	-	(8,046,176)	(7,617,799)	(9,777,589)	(13,727,712)	(14,704,987)
Check	-	-	-	-	-	-

R-1D

**Xcel Energy**  
**Annual Revenue Requirement**  
**Minnesota Remaining Life - Angus Anson**  
**2016 Test Year Minnesota Electric Rate Case**  
**(\$'s)**

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**Page 1 of 1**

Weighted Cost of Debt	2.24%	2.26%	2.26%	2.25%	2.28%
Weighted Cost of Equity (Last Authorized ROE)	5.10%	5.10%	5.10%	5.10%	5.10%
Required Rate of Return	7.34%	7.36%	7.36%	7.35%	7.38%
Composite Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%
Jurisdictional Demand	87.3461%	87.3461%	87.3461%	87.3461%	87.3461%
Wisconsin IA Demand	15.8651%	15.8651%	15.8651%	15.8651%	15.8651%

**Total Company**  
**Rate Analysis**

	2015 Bridge	2016	2017	2018	2019	2020
Plant Investment		(1,218,989)	(3,659,394)	(6,440,061)	(11,068,389)	(17,618,816)
Depreciation Reserve						
CWIP		497,465	1,493,387	2,628,169	4,516,976	7,190,185
Accumulated Deferred Taxes	-	721,524	2,166,007	3,811,892	6,551,413	10,428,631
Average Rate Base	-	721,524	2,166,007	3,811,892	6,551,413	10,428,631
Debt Return	-	16,162	48,952	86,149	147,407	237,773
Equity Return	-	36,798	110,466	194,406	334,122	531,860
Current Income Tax Requirement	-	(992,265)	(942,312)	(1,165,278)	(2,327,861)	(2,532,710)
Book Depreciation		(2,437,978)	(2,442,833)	(3,118,501)	(6,138,153)	(6,962,702)
Annual Deferred Tax		994,931	996,913	1,272,651	2,504,962	2,841,458
ITC Flow Thru						
Tax Depreciation & Removal Expense						
AFUDC Expenditure						
Avoided Tax Interest						
Property Taxes						
Total Revenue Requirements	-	(2,382,352)	(2,228,814)	(2,730,573)	(5,479,523)	(5,884,322)

**MN Jurisdiction**

**Rate Analysis**

	2015 Bridge	2,016	2,017	2018	2019	2020
Plant Investment	-	-	-	-	-	-
Depreciation Reserve	-	(1,064,739)	(3,196,338)	(5,625,142)	(9,667,806)	(15,389,349)
CWIP	-	-	-	-	-	-
Accumulated Deferred Taxes	-	434,516	1,304,415	2,295,603	3,945,402	6,280,346
Average Rate Base	-	630,223	1,891,923	3,329,539	5,722,404	9,109,002
Debt Return	-	14,117	42,757	75,248	128,754	207,685
Equity Return	-	32,141	96,488	169,806	291,843	464,559
Current Income Tax Requirement	-	(866,705)	(823,072)	(1,017,825)	(2,033,296)	(2,212,224)
Book Depreciation	-	(2,129,478)	(2,133,719)	(2,723,889)	(5,361,437)	(6,081,649)
Annual Deferred Tax	-	869,034	870,765	1,111,611	2,187,986	2,481,903
ITC Flow Thru	-	-	-	-	-	-
Tax Depreciation & Removal Expense	-	-	-	-	-	-
AFUDC Expenditure	-	-	-	-	-	-
Avoided Tax Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Total Revenue Requirements	-	(2,080,891)	(1,946,782)	(2,385,049)	(4,786,150)	(5,139,725)

Other Revenues (Interchange)		(330,135)	(308,859)	(378,390)	(759,327)	(815,423)
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Total Revenue Requirements Net of Interchange		(1,750,756)	(1,637,923)	(2,006,658)	(4,026,822)	(4,324,303)
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R-IE

**Xcel Energy**  
**Annual Revenue Requirement**  
**Minnesota Remaining Life - Granite City**  
**2016 Test Year Minnesota Electric Rate Case**  
**(\$'s)**

Docket No. E002/GR-15-826  
 Exhibit (AEH-1) Schedule 26 Back-Up  
 Page 1 of 1

Weighted Cost of Debt	2.24%	2.26%	2.26%	2.25%	2.28%
Weighted Cost of Equity (Last Authorized ROE)	5.10%	5.10%	5.10%	5.10%	5.10%
Required Rate of Return	7.34%	7.36%	7.36%	7.35%	7.38%
Composite Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%
Jurisdictional Demand	87.3461%	87.3461%	87.3461%	87.3461%	87.3461%
Wisconsin IA Demand	15.8651%	15.8651%	15.8651%	15.8651%	15.8651%

**Total Company**

**Rate Analysis**

	2015 Bridge	2016	2017	2018	2019	2020
Plant Investment						
Depreciation Reserve		(108,819)	(326,481)	(544,171)	(651,040)	(567,932)
CWIP		44,409	133,236	222,075	265,688	231,771
Accumulated Deferred Taxes	-	64,410	193,245	322,096	385,352	336,161
Average Rate Base	-	64,410	193,245	322,096	385,352	336,161
Debt Return	-	1,443	4,367	7,279	8,670	7,664
Equity Return	-	3,285	9,855	16,427	19,653	17,144
Current Income Tax Requirement	-	(88,579)	(83,965)	(79,328)	15,518	79,868
Book Depreciation		(217,637)	(217,690)	(217,690)	3,951	162,266
Annual Deferred Tax		88,817	88,838	88,838	(1,612)	(66,220)
ITC Flow Thru						
Tax Depreciation & Removal Expense						
AFUDC Expenditure						
Avoided Tax Interest						
Property Taxes						
Total Revenue Requirements	-	(212,671)	(198,593)	(184,473)	46,180	200,723

**MN Jurisdiction**

**Rate Analysis**

	2015 Bridge	2,016	2,017	2018	2019	2020
Plant Investment	-	-	-	-	-	-
Depreciation Reserve	-	(95,049)	(285,168)	(475,312)	(568,658)	(496,066)
CWIP	-	-	-	-	-	-
Accumulated Deferred Taxes	-	38,790	116,376	193,974	232,068	202,443
Average Rate Base	-	56,260	168,792	281,338	336,590	293,624
Debt Return	-	1,260	3,815	6,358	7,573	6,695
Equity Return	-	2,869	8,608	14,348	17,166	14,975
Current Income Tax Requirement	-	(77,370)	(73,340)	(69,290)	13,554	69,762
Book Depreciation	-	(190,097)	(190,143)	(190,143)	3,451	141,733
Annual Deferred Tax	-	77,578	77,597	77,597	(1,408)	(57,841)
ITC Flow Thru	-	-	-	-	-	-
Tax Depreciation & Removal Expense	-	-	-	-	-	-
AFUDC Expenditure	-	-	-	-	-	-
Avoided Tax Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Total Revenue Requirements	-	(185,760)	(173,463)	(161,130)	40,336	175,323
Other Revenues (Interchange)		(29,471)	(27,520)	(25,563)	6,399	27,815
Total Revenue Requirements Net of Interchange		(156,289)	(145,943)	(135,566)	33,937	147,508

R-1F

**Xcel Energy**  
**Annual Revenue Requirement**  
**Minnesota Remaining Life - Sherco 1**  
**2016 Test Year Minnesota Electric Rate Case**  
**(\$'s)**

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**Exhibit\_\_\_(AEH-1) Schedule 26 Back-Up**  
**Page 1 of 1**

	Weighted Cost of Debt	2.24%	2.26%	2.26%	2.25%	2.28%
	Weighted Cost of Equity (Last Authorized ROE)	5.10%	5.10%	5.10%	5.10%	5.10%
	Required Rate of Return	7.34%	7.36%	7.36%	7.35%	7.38%
	Composite Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%
	Jurisdictional Demand	87.3461%	87.3461%	87.3461%	87.3461%	87.3461%
	Wisconsin IA Demand	15.8651%	15.8651%	15.8651%	15.8651%	15.8651%
<b>Total Company</b>						
<b>Rate Analysis</b>	2015 Bridge	2016	2017	2018	2019	2020
Plant Investment						
Depreciation Reserve		(4,274,459)	(12,894,874)	(23,129,634)	(36,758,912)	(53,310,465)
CWIP						
Accumulated Deferred Taxes		1,744,393	5,262,359	9,439,135	15,001,202	21,755,841
	-	2,530,066	7,632,515	13,690,499	21,757,710	31,554,624
Average Rate Base	-	2,530,066	7,632,515	13,690,499	21,757,710	31,554,624
Debt Return	-	56,673	172,495	309,405	489,548	719,445
Equity Return	-	129,033	389,258	698,215	1,109,643	1,609,286
Current Income Tax Requirement	-	(3,479,438)	(3,355,544)	(4,426,290)	(5,682,696)	(6,224,426)
Book Depreciation		(8,548,917)	(8,691,914)	(11,777,606)	(15,480,949)	(17,622,158)
Annual Deferred Tax		3,488,788	3,547,144	4,806,406	6,317,729	7,191,550
ITC Flow Thru						
Tax Depreciation & Removal Expense						
AFUDC Expenditure						
Avoided Tax Interest						
Property Taxes						
Total Revenue Requirements	-	(8,353,861)	(7,938,560)	(10,389,869)	(13,246,725)	(14,326,303)

**MN Jurisdiction**

<b>Rate Analysis</b>		2015 Bridge	2,016	2,017	2018	2019	2020
Plant Investment	-	-	-	-	-	-	-
Depreciation Reserve	-	(3,733,573)	(11,263,170)	(20,202,833)	(32,107,476)	(46,564,612)	
CWIP	-	-	-	-	-	-	-
Accumulated Deferred Taxes	-	1,523,659	4,596,465	8,244,716	13,102,965	19,002,879	
	-	2,209,914	6,666,704	11,958,117	19,004,511	27,561,733	
Average Rate Base	-	2,209,914	6,666,704	11,958,117	19,004,511	27,561,733	
Debt Return	-	49,502	150,668	270,253	427,602	628,408	
Equity Return	-	112,706	340,002	609,864	969,230	1,405,648	
Current Income Tax Requirement	-	(3,039,154)	(2,930,936)	(3,866,192)	(4,963,614)	(5,436,793)	
Book Depreciation	-	(7,467,146)	(7,592,048)	(10,287,279)	(13,522,005)	(15,392,267)	
Annual Deferred Tax	-	3,047,320	3,098,292	4,198,208	5,518,290	6,281,538	
ITC Flow Thru	-	-	-	-	-	-	-
Tax Depreciation & Removal Expense	-	-	-	-	-	-	-
AFUDC Expenditure	-	-	-	-	-	-	-
Avoided Tax Interest	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-
Total Revenue Requirements	-	(7,296,772)	(6,934,023)	(9,075,146)	(11,570,498)	(12,513,467)	
Other Revenues (Interchange)		(1,157,640)	(1,100,090)	(1,439,781)	(1,835,671)	(1,985,274)	
Total Revenue Requirements Net of Interchange		(6,139,132)	(5,833,933)	(7,635,365)	(9,734,827)	(10,528,193)	



R-2A

**Xcel Energy**  
**Annual Revenue Requirement**  
**Hollydale - 11353556 Removal**  
**2016 Test Year Minnesota Electric Rate Case**  
**(000's)**

**Rate Analysis**

	Total Company	MN Jurisdiction
Plant Investment	-	-
Depreciation Reserve	16	14
CWIP	(2,553)	(2,230)
Accumulated Deferred Taxes	30	26
	(2,599)	(2,270)
 Average Rate Base	 (2,599)	 (2,270)
 Debt Return	 (58)	 (51)
Equity Return	(133)	(116)
Current Income Tax Requirement	(34)	(29)

Book Depreciation	-	-
Amortization/Tax Addition	-	-
Annual Deferred Tax	18	15
ITC Flow Thru	-	-
Tax Depreciation & Removal Expense	-	-
AFUDC Expenditure	(165)	(144)
Avoided Tax Interest	(98)	(85)
Property Taxes	-	-
Rev Req before Interchange	(42)	(36)
Interchange Offset		6
MN JUR Revenue Requirement		(31)

Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.8100%	46.2400%	2.2200%
Short Term Debt	1.8400%	1.2600%	0.0200%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.7200%	52.5000%	5.1000%
Required Rate of Return			7.3400%
PT Rate		0.0000%	
Tax Rate (MN)	41.3700%		
MN Jur Direct after IA		87.3461%	
Interchange Factor		15.8651%	

R-2 B

**Xcel Energy**  
**Annual Revenue Requirement**  
**Hollydale - 11353556 Removal**  
**2017 Plan Year Minnesota Electric Rate Case**  
**(000's)**

**Rate Analysis**

	Total Company	MN Jurisdiction
Plant Investment	(1,359)	(1,187)
Depreciation Reserve	1	1
CWIP	(1,318)	(1,151)
Accumulated Deferred Taxes	22	19
	<u>(2,699)</u>	<u>(2,358)</u>
Average Rate Base	(2,699)	(2,358)
Debt Return	(61)	(53)
Equity Return	(138)	(120)
Current Income Tax Requirement	(30)	(26)

Book Depreciation	(31)	(27)
Amortization/Tax Addition	-	-
Annual Deferred Tax	(33)	(29)
ITC Flow Thru	-	-
Tax Depreciation & Removal Expense	(123)	(108)
AFUDC Expenditure	(81)	(71)
Avoided Tax Interest	(46)	(40)
Property Taxes	-	-
Rev Req before Interchange	<u>(212)</u>	<u>(185)</u>
Interchange Offset		29
MN JUR Revenue Requirement		<u>(156)</u>

Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.8100%	46.0400%	2.2100%
Short Term Debt	3.5700%	1.4600%	0.0500%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.7200%	52.5000%	5.1000%
Required Rate of Return			7.3600%
PT Rate		0.0000%	
Tax Rate (MN)	41.3700%		
MN Jur Direct after IA		87.3461%	
Interchange Factor		15.8651%	



R-2C

**Xcel Energy**  
**Annual Revenue Requirement**  
**Hollydale - 11353556**  
**2018 Plan Year Minnesota Electric Rate Case**  
**(000's)**

**Rate Analysis**

	Total Company	MN Jurisdiction
Plant Investment	(2,717)	(2,373)
Depreciation Reserve	(44)	(38)
CWIP	-	-
Accumulated Deferred Taxes	(32)	(28)
	(2,641)	(2,307)
 Average Rate Base	 (2,641)	 (2,307)
 Debt Return	 (60)	 (52)
Equity Return	(135)	(118)
Current Income Tax Requirement	(23)	(20)

Book Depreciation	(57)	(50)
Amortization/Tax Addition	-	-
Annual Deferred Tax	(75)	(66)
ITC Flow Thru	-	-
Tax Depreciation & Removal Expense	(235)	(205)
AFUDC Expenditure	-	-
Avoided Tax Interest	-	-
Property Taxes	-	-
Rev Req before Interchange	(351)	(306)
Interchange Offset		49
MN JUR Revenue Requirement		(258)

Capital Structure	Rate	Ratio	Weighted Cost
Long Term Debt	4.7700%	46.4100%	2.2100%
Short Term Debt	4.4500%	1.0900%	0.0500%
Preferred Stock	0.0000%	0.0000%	0.0000%
Common Equity	9.7200%	52.5000%	5.1000%
Required Rate of Return			7.3600%
PT Rate		0.0000%	
Tax Rate (MN)	41.3700%		
MN Jur Direct after IA		87.3461%	

Interchange Factor 15.8651%



Original Forecast  
Rate Case Impact - Plant & Plant Related Items

Hollydale - Pom Hollydale Dist.115 kV Electric Transmission Plant

2015	December						2,470,634													
2016	January	2,470,634	-	4,395	8,954	-	2,483,983	-	-	-	-	-	0	-	-	-	-	-	-	-
	February	2,483,983	-	4,419	9,002	-	2,497,404	-	-	-	-	-	0	-	-	-	-	-	-	-
	March	2,497,404	-	4,443	9,051	-	2,510,898	-	-	-	-	-	0	-	-	-	-	-	-	-
	April	2,510,898	-	4,467	9,099	-	2,524,464	-	-	-	-	-	0	-	-	-	-	-	-	-
	May	2,524,464	-	4,491	9,149	-	2,538,104	-	-	-	-	-	0	-	-	-	-	-	-	-
	June	2,538,104	-	4,515	9,198	-	2,551,817	-	-	-	-	-	0	-	-	-	-	-	-	-
	July	2,551,817	-	4,540	9,248	-	2,565,605	-	-	-	-	-	0	-	-	-	-	-	-	-
	August	2,565,605	-	4,564	9,298	-	2,579,467	-	-	-	-	-	0	-	-	-	-	-	-	-
	September	2,579,467	-	4,589	9,348	-	2,593,403	-	-	-	-	-	0	-	-	-	-	-	-	-
	October	2,593,403	-	4,614	9,398	-	2,607,416	-	-	-	-	-	0	-	-	-	-	-	-	-
	November	2,607,416	-	4,639	9,449	-	2,621,503	-	-	-	-	-	0	-	-	-	-	-	-	-
	December	2,621,503	-	4,664	9,500	-	2,635,667	-	-	-	-	-	0	-	-	-	-	-	-	-
2016	2016 Total		-	54,339	110,694	-		-	-	-	-			-	-	-	-	-	-	-
	2016 Beg/End Avg						2,553,151					-								-
	2016 13 Mo Avg						2,552,336					-								-
2016	December						2,635,667													-
2017	January	2,635,667	-	5,472	9,140	-	2,650,280	-	-	-	-	-	0	-	-	-	-	-	-	-
	February	2,650,280	-	5,502	9,191	-	2,664,973	-	-	-	-	-	0	-	-	-	-	-	-	-
	March	2,664,973	-	5,532	9,242	-	2,679,747	-	-	-	-	-	0	-	-	-	-	-	-	-
	April	2,679,747	-	5,563	9,293	-	2,694,604	-	-	-	-	-	0	-	-	-	-	-	-	-
	May	2,694,604	-	5,594	9,345	-	2,709,543	-	-	-	-	-	0	-	-	-	-	-	-	-
	June	2,709,543	-	2,813	4,698	(2,717,054)	-	-	2,717,054	-	-	2,717,054	0	-	2,392	-	-	-	-	2,392
	July	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	2,392	4,783	-	-	-	-	7,175
	August	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	7,175	4,783	-	-	-	-	11,958
	September	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	11,958	4,783	-	(16,150)	-	-	592
	October	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	592	4,783	-	-	-	-	5,375
	November	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	5,375	4,783	-	-	-	-	10,159
	December	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	10,159	4,783	-	-	-	-	14,942
2017	2017 Total		-	30,476	50,910	(2,717,054)			2,717,054	-	-			31,092			(16,150)	-	-	-
	2017 Beg/End Avg						1,317,834					1,358,527								7,471
	2017 13 Mo Avg						1,233,447					1,463,029								4,046
2017	December						-					2,717,054								14,942
2018	January	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	14,942	4,783	-	-	-	-	19,725
	February	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	19,725	4,783	-	-	-	-	24,509
	March	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	24,509	4,783	-	-	-	-	29,292
	April	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	29,292	4,783	-	-	-	-	34,075
	May	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	34,075	4,783	-	-	-	-	38,859
	June	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	38,859	4,783	-	-	-	-	43,642
	July	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	43,642	4,783	-	-	-	-	48,425
	August	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	48,425	4,783	-	-	-	-	53,209
	September	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	53,209	4,783	-	-	-	-	57,992
	October	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	57,992	4,783	-	-	-	-	62,776
	November	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	62,776	4,783	-	-	-	-	67,559
	December	-	-	-	-	-	-	2,717,054	-	-	-	2,717,054	0	67,559	4,783	-	-	-	-	72,342
2018	2018 Total		-	-	-	-		-	-	-			57,400			-	-	-	-	-
	2018 Beg/End Avg						-					2,717,054								43,642
	2018 13 Mo Avg						-					2,717,054								43,642

R-2 D

RWIP				Tax Depreciation				Deferred Taxes		
Beg Bal	Spend	Closing	End Bal	Tax Composite	Federal Tax Depreciation (5)	State Tax Depreciation (32)	Avoided Tax	Beg Bal	Annual	End Bal

R-2 E

Original Forecast
Rate Case Impact - Plant & Plant Related Items

Hollydale - Pomc Hollydale Dist.115 kV Electric Transmission Plant

2015	December			16,150								(21,148)
2016	January	16,150	-	16,150	-	-	-	7,999	(21,148)	(1,476)		(22,624)
	February	16,150	-	16,150	-	-	-	8,025	(22,624)	(1,476)		(24,100)
	March	16,150	-	16,150	-	-	-	8,052	(24,100)	(1,476)		(25,576)
	April	16,150	-	16,150	-	-	-	8,078	(25,576)	(1,476)		(27,052)
	May	16,150	-	16,150	-	-	-	8,105	(27,052)	(1,476)		(28,529)
	June	16,150	-	16,150	-	-	-	8,131	(28,529)	(1,476)		(30,005)
	July	16,150	-	16,150	-	-	-	8,158	(30,005)	(1,476)		(31,481)
	August	16,150	-	16,150	-	-	-	8,185	(31,481)	(1,476)		(32,957)
	September	16,150	-	16,150	-	-	-	8,212	(32,957)	(1,476)		(34,433)
	October	16,150	-	16,150	-	-	-	8,239	(34,433)	(1,476)		(35,909)
	November	16,150	-	16,150	-	-	-	8,266	(35,909)	(1,476)		(37,385)
2016	December	16,150	-	16,150	-	-	-	8,293	(37,385)	(1,476)		(38,861)
	2016 Total		-		-	-	-	97,742		(17,713)		
	2016 Beg/End Avg			16,150								(30,005)
	2016 13 Mo Avg			16,150								(30,005)
												(0)
												(38,861)
2016	December			16,150								(38,861)
2017	January	16,150	-	16,150	10,287	10,287	10,287	8,247	(38,861)	2,768		(36,093)
	February	16,150	-	16,150	10,287	10,287	10,287	8,274	(36,093)	2,768		(33,326)
	March	16,150	-	16,150	10,287	10,287	10,287	8,301	(33,326)	2,768		(30,558)
	April	16,150	-	16,150	10,287	10,287	10,287	8,328	(30,558)	2,768		(27,790)
	May	16,150	-	16,150	10,287	10,287	10,287	8,355	(27,790)	2,768		(25,022)
	June	16,150	-	16,150	10,287	10,287	10,287	4,191	(25,022)	2,768		(22,255)
	July	16,150	-	16,150	10,287	10,287	10,287	-	(22,255)	2,768		(19,487)
	August	16,150	-	16,150	10,287	10,287	10,287	-	(19,487)	2,768		(16,719)
	September	16,150	-	-	10,287	10,287	10,287	-	(16,719)	2,768		(13,951)
	October	-	-	-	10,287	10,287	10,287	-	(13,951)	2,768		(11,184)
	November	-	-	-	10,287	10,287	10,287	-	(11,184)	2,768		(8,416)
2017	December	-	-	-	10,287	10,287	10,287	-	(8,416)	2,768		(5,648)
	2017 Total		-	(16,150)	123,444	123,444	123,444	45,695		33,213		
	2017 Beg/End Avg			8,075								(22,255)
	2017 13 Mo Avg			11,181								(22,255)
												(0)
												(5,648)
2017	December			-								(5,648)
2018	January	-	-	-	19,545	19,545	19,545	-	(5,648)	6,291		643
	February	-	-	-	19,545	19,545	19,545	-	643	6,291		6,934
	March	-	-	-	19,545	19,545	19,545	-	6,934	6,291		13,225
	April	-	-	-	19,545	19,545	19,545	-	13,225	6,291		19,517
	May	-	-	-	19,545	19,545	19,545	-	19,517	6,291		25,808
	June	-	-	-	19,545	19,545	19,545	-	25,808	6,291		32,099
	July	-	-	-	19,545	19,545	19,545	-	32,099	6,291		38,390
	August	-	-	-	19,545	19,545	19,545	-	38,390	6,291		44,682
	September	-	-	-	19,545	19,545	19,545	-	44,682	6,291		50,973
	October	-	-	-	19,545	19,545	19,545	-	50,973	6,291		57,264
	November	-	-	-	19,545	19,545	19,545	-	57,264	6,291		63,555
2018	December	-	-	-	19,545	19,545	19,545	-	63,555	6,291		69,846
	2018 Total		-	-	234,543	234,543	234,543	-		75,495		
	2018 Beg/End Avg			-								32,099
	2018 13 Mo Avg			-								32,099



## 2016 Test Year Rebuttal Adjustment Prairie Island Tribal Payment Reallocation

Purpose: The Company included in the 2016 test year the costs associated with the 2003 Settlement Agreement between the Company and the Prairie Island Indian Community. However, these costs should have been direct assigned to the Minnesota Electric Jurisdiction, but were allocated to all NSPM jurisdictions. This adjustment reallocates the PI Tribal Payments to Minnesota Jurisdiction.

	Account	Jurisdictional Allocator	2016		2017		2018	
			Total	MN Electric	FERC Escalator	Plan Year Amount	FERC Escalator	Plan Year Amount
As Originally Filed	52400-Nuclear Power Misc Exp	NSPM EDemandProd	2,500,000	2,183,652	1.015467	2,217,426	1.017963	2,257,259
Reallocation	52400-Nuclear Power Misc Exp	NSPM EDirectMN	2,500,000	2,500,000	1.015467	2,538,667	1.017963	2,584,270
	REALLOCATION ADJUSTMENT			316,347		321,240		327,011
	INTERCHANGE REVENUE OFFSET			(346,439)		(351,797)		(358,116)
	Total Impact on Deficiency			662,786		673,037		685,127

R-3



**R-4. Economic Development  
Administration**

## NSPM Economic Development Administrative Expenses

Purpose: Original adjustment intended to remove 50% of non-recoverable Economic Development Administrative expenses from the test year. However, the adjustment was incorporated with the incorrect sign, and inadvertently increased test year expenses. This Rebuttal adjustments removes the original increase, and further reduces the test year by the intended amount.

### Adjustment Calculation

		2017 Plan Year		2018 Plan Year	
		FERC 912 Escalation Factor	Estimated Escalated Adjustment	FERC 912 Escalation Factor	Estimated Escalated Adjustment
a	Total ED O&M Expenses from BU 811203	16,130			
b = a * 50%	50% of Non-Recoverable ED Expenses	8,065			
c = a - b	Intended ED O&M Rate Case Adjustment	(8,065)	1.017392	1.021465	(8,381)
	Remove original adjustment	(8,065)	(8,205)		(8,381)
	<b>TOTAL REBUTTAL ADJUSTMENT</b>	<b>(16,130)</b>	<b>(16,411)</b>		<b>(16,763)</b>

Non-Recoverable expenses include Professional Consulting fees recorded in Object Account 713150

R-4



Rebuttal Adjustment to bring CIP Rev & Expense to Authorized Level

Purpose of this adjustment is to increase CIP expense and revenues in base rates to the \$92.897M level approved October 12, 2015 in Docket E,G 002/CIP-12-447.

## CIP Budgeted Revenue and Expenses

Excludes CIP Incentive Budgeted Amounts

	2016 Test Year Level	Adjustment To Approved Level	Adjusted 2016
Retail Revenue			
Base CCRC	88,837,095		88,837,095
CIP Rider	201,595	3,857,913	4,059,508
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

Expense			
Exp per FL	89,038,690	3,857,913	92,896,603
Incent Rev	-	-	-
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

CIP in Interdepartmental \$10,618

	2017 Plan Year	Adjustment To Approved Level	Adjusted 2017
Retail Revenue			
Base CCRC	88,928,346		88,928,346
CIP Rider	110,344	3,857,913	3,968,257
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

Expense			
Exp per FL	89,038,690	3,857,913	92,896,603
Incent Rev	-	-	-
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

	2018 Plan Year	Adjustment To Approved Level	Adjusted 2018
Retail Revenue			
Base CCRC	88,914,352		88,914,352
CIP Rider	124,338	3,857,913	3,982,251
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

Expense			
Exp per FL	89,038,690	3,857,913	92,896,603
Incent Rev	-	-	-
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>