

CIP Budgeted Revenue and Expenses

Excludes CIP Incentive Budgeted Amounts

	2019 Fcst	Adjustment To Approved Level	Adjusted 2018
Retail Revenue			
Base CCRC	89,038,690	3,857,913	92,896,603
CIP Rider	0	-	-
	<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>

	2020 Fcst	Adjustment To Approved Level	Adjusted 2018
Retail Revenue			
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Incent Rev	-	-	-
	<u>89,038,690</u>	<u>3,857,913</u>	<u>92,896,603</u>

From: Barthol, Christopher
Sent: Wednesday, September 09, 2015 8:39 AM
To: Kramer, Thomas E
Cc: Petersen, Jeremy A; White, Shawn M; Hoffman, Howard S
Subject: CIP Approved Levels

Tom,

We don't have approved expenditures (budget) for 2016. As you may know we filed a one-year extension plan for 2016. This is currently under review by the DOC. In our plan we filed a budget of \$89,038,690. The DOC filed a proposed decision with a budget of \$92,896,603. The Deputy Commissioner of the DOC (DER) will rule on this and file an Order on October 12.

As for 2017 and 2018, we will be filing a triennial plan for 2017-2019 on June 1, 2016. The budgets in that plan will not be approved until late 2016.

Let me know if you need anything else. Thanks.

Chris Barthol

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R-6A

Line No.	MN Jurisdiction - Electric	MN Electric 3-Year Ask w Bonus Extension					
		Dec - 2015	Dec - 2016	Dec - 2017	Dec - 2018	Dec - 2019	Dec - 2020
1	Composite Income Tax Rate						
2	State Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%
3	Federal Statutory Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
4	<u>Federal Effective Tax Rate</u>	<u>31.57%</u>	<u>31.57%</u>	<u>31.57%</u>	<u>31.57%</u>	<u>31.57%</u>	<u>31.57%</u>
5	Composite Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%
6	Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.705611	1.705611	1.705611	1.705611	1.705611	1.705611
7							
8	Weighted Cost of Capital						
9	Active Rates and Ratios Version	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
10	Cost of Short Term Debt	0.98%	1.84%	3.57%	4.45%	4.31%	4.26%
11	Cost of Long Term Debt	4.84%	4.81%	4.81%	4.77%	4.75%	4.82%
12	Cost of Common Equity	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
13	Ratio of Short Term Debt	1.61%	1.26%	1.46%	1.09%	1.69%	1.94%
14	Ratio of Long Term Debt	45.89%	46.24%	46.04%	46.41%	45.81%	45.56%
15	Ratio of Common Equity	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%
16	Weighted Cost of STD	0.02%	0.02%	0.05%	0.05%	0.07%	0.08%
17	Weighted Cost of LTD	2.22%	2.22%	2.21%	2.21%	2.18%	2.20%
18	Weighted Cost of Debt	2.24%	2.24%	2.26%	2.26%	2.25%	2.28%
19	<u>Weighted Cost of Equity</u>	<u>5.25%</u>	<u>5.25%</u>	<u>5.25%</u>	<u>5.25%</u>	<u>5.25%</u>	<u>5.25%</u>
20	Required Rate of Return	7.49%	7.49%	7.51%	7.51%	7.50%	7.53%
21							
22	Rate Base						
23	Plant Investment	15,434,390	16,425,447	17,036,345	17,728,323	18,515,282	19,290,077
24	<u>Depreciation Reserve</u>	<u>6,852,615</u>	<u>7,267,758</u>	<u>7,809,137</u>	<u>8,386,448</u>	<u>8,998,007</u>	<u>9,656,689</u>
25	Net Utility Plant	8,581,775	9,157,689	9,227,208	9,341,875	9,517,275	9,633,387
26	CWIP	529,651	444,412	473,950	422,411	380,350	435,159
27							
28	Accumulated Deferred Taxes	2,126,997	2,399,477	2,503,027	2,538,097	2,568,677	2,584,266
29	DTA - NOL Average Balance	(193,282)	(285,739)	(183,533)	(24,763)	150	150
30	DTA - State Tax Credit Average Balance	(279)	(838)	(1,397)	(838)		
31	<u>DTA - Federal Tax Credit Average Balance</u>	<u>(110,586)</u>	<u>(145,136)</u>	<u>(189,897)</u>	<u>(179,054)</u>	<u>(93,473)</u>	<u>(20,985)</u>
32	Total Accum Deferred Taxes	1,822,850	1,967,763	2,128,200	2,333,441	2,475,355	2,563,432
33							
34	Cash Working Capital	(92,254)	(107,535)	(113,425)	(115,840)	(118,401)	(117,878)
35	Materials and Supplies	135,797	135,797	135,797	135,797	135,797	135,797
36	Fuel Inventory	73,476	73,476	73,476	73,476	73,476	73,476
37	Non-plant Assets and Liabilities	2,145	(3,716)	5,666	15,903	27,456	40,396
38	Customer Advances	(5,562)	(5,562)	(5,562)	(5,562)	(5,562)	(5,562)
39	Customer Deposits	(28,127)	(28,127)	(28,127)	(28,127)	(28,127)	(28,127)
40	Prepays and Other	95,592	89,307	86,772	86,374	85,941	83,773
41	<u>Regulatory Amortizations</u>	<u>64,128</u>	<u>60,741</u>	<u>57,353</u>	<u>53,966</u>	<u>50,579</u>	<u>47,192</u>
42	Total Other Rate Base Items	245,194	214,380	211,951	215,987	221,160	229,067
43							
44	Total Rate Base	7,533,770	7,848,717	7,784,909	7,646,832	7,643,430	7,734,182
45							
46	Operating Revenues						
47	Retail	2,971,036,182	3,033,284,546	3,031,799,628	3,030,365,725	3,125,155,815	3,233,275,925
48	Interdepartmental	762,855	808,739	808,212	807,704	816,263	846,548
49	<u>Other Operating Rev - Non-Retail</u>	<u>588,018,702</u>	<u>584,420,590</u>	<u>594,827,369</u>	<u>604,983,587</u>	<u>642,674,647</u>	<u>661,959,460</u>
50	Total Operating Revenues	3,559,817,739	3,618,513,875	3,627,435,209	3,636,157,017	3,768,646,726	3,896,081,933
51							
52	Expenses						
53	Operating Expenses:						
54	Fuel	998,181,465	995,512,882	995,512,882	995,512,882	1,119,414,671	1,242,772,102
55	Deferred Fuel	(3,328,397)					
56	Variable IA Production Fuel	3,387,592	5,000,561	5,039,857	5,103,556	5,260,574	5,414,722
57	<u>Purchased Energy - Windsource</u>	<u>578,568</u>	<u>582,992</u>	<u>582,992</u>	<u>582,992</u>	<u>608,758</u>	<u>583,771</u>
58	Fuel & Purchased Energy Total	998,819,228	1,001,096,435	1,001,135,731	1,001,199,429	1,125,284,003	1,248,770,596
59	Production - Fixed	382,724,336	390,602,168	397,866,092	405,820,417	399,183,668	418,126,861
60	Production - Fixed IA Investment	39,786,553	46,810,818	47,094,170	48,043,656	53,713,833	60,960,125
61	Production - Fixed IA O&M	7,324,261	(4,214,987)	(4,245,507)	(4,557,484)	(7,823,285)	(13,063,998)
62	Production - Variable	112,148,460	106,638,673	108,902,662	109,660,918	116,440,509	105,644,606
63	Production - Variable IA O&M	2,023,691					
64	<u>Production - Purchased Demand</u>	<u>145,972,284</u>	<u>134,635,212</u>	<u>130,369,311</u>	<u>126,376,919</u>	<u>128,526,595</u>	<u>129,073,395</u>
65	Production Total	689,979,585	674,471,884	679,986,729	685,344,426	690,041,320	700,740,988
66	Regional Markets	8,559,381	7,049,125	7,171,854	7,316,072	7,270,440	7,313,519
67	Transmission IA	82,423,121	97,467,926	98,993,539	104,040,842	130,144,241	139,608,219
68	Transmission	110,750,027	107,718,425	110,799,655	113,370,383	114,296,759	116,927,025
69	Distribution	99,053,891	108,023,311	110,119,939	112,783,958	111,185,528	112,100,310
70	Customer Accounting	48,859,708	49,314,960	49,955,642	50,820,456	50,555,073	51,413,341
71	Customer Service & Information	91,643,157	91,110,303	91,125,498	91,140,365	91,208,597	91,240,613
72	Sales, Econ Dvlp & Other	108,322	68,502	69,693	71,189	69,009	69,189
73	<u>Administrative & General</u>	<u>205,938,415</u>	<u>206,579,399</u>	<u>211,296,067</u>	<u>217,057,636</u>	<u>224,708,636</u>	<u>228,312,386</u>
74	Total Operating Expenses	2,336,134,835	2,342,900,271	2,360,654,347	2,383,144,756	2,544,763,608	2,696,496,187

R-6B

Line No.	MN Jurisdiction - Electric	MN Electric 3-Year Ask w Bonus Extension					
		Dec - 2015	Dec - 2016	Dec - 2017	Dec - 2018	Dec - 2019	Dec - 2020
75							
76	Depreciation	384,846,950	471,285,710	543,043,935	569,828,873	612,764,933	643,851,316
77	Amortization	22,748,146	39,585,417	39,585,417	39,585,417	21,116,715	17,523,321
78							
79	Taxes:						
80	Property Taxes	165,557,664	186,751,259	195,116,324	200,620,676	207,141,428	209,085,930
81	ITC Amortization	(1,377,319)	(1,340,416)	(1,340,416)	(1,340,416)	(1,340,416)	(1,338,772)
82	Deferred Taxes	312,914,041	123,920,849	35,727,594	32,194,517	24,660,559	(15,234,685)
83	Deferred Taxes - NOL	(142,536,412)	73,674,994	196,855,493	32,423,646		
84	Less Deferred State Tax Credits	(558,701)	(559,000)	(559,000)	1,676,701		
85	Less Deferred Federal Tax Credits	(26,047,263)	(43,052,365)	(46,470,000)	68,156,155	103,005,958	41,970,035
86	Deferred Income Tax & ITC	142,394,346	152,644,062	184,213,671	133,110,602	126,326,101	25,396,578
87	Payroll & Other Taxes	29,626,080	27,550,369	28,238,438	28,762,959	29,895,604	30,496,013
88	Total Taxes Other Than Income	337,578,090	366,945,691	407,568,433	362,494,237	363,363,132	264,978,520
89							
90	Income Before Taxes						
91	Total Operating Revenues	3,559,817,739	3,618,513,875	3,627,435,209	3,636,157,017	3,768,646,726	3,896,081,933
92	less: Total Operating Expenses	2,336,134,835	2,342,900,271	2,360,654,347	2,383,144,756	2,544,763,608	2,696,496,187
93	Book Depreciation	384,846,950	471,285,710	543,043,935	569,828,873	612,764,933	643,851,316
94	Amortization	22,748,146	39,585,417	39,585,417	39,585,417	21,116,715	17,523,321
95	<u>Taxes Other than Income</u>	<u>337,578,090</u>	<u>366,945,691</u>	<u>407,568,433</u>	<u>362,494,237</u>	<u>363,363,132</u>	<u>264,978,520</u>
96	Total Before Tax Book Income	478,509,717	397,796,787	276,583,078	281,103,733	226,638,338	273,232,589
97							
98	Tax Additions						
99	Book Depreciation	384,846,950	471,285,710	543,043,935	569,828,873	612,764,933	643,851,316
100	Deferred Income Taxes and ITC	142,394,346	152,644,062	184,213,671	133,110,602	126,326,101	25,396,578
101	Nuclear Fuel Burn (ex. D&D)	94,208,187	104,144,373	102,850,462	108,047,052	109,566,162	112,895,161
102	Nuclear Outage Accounting	70,062,405	60,902,205	60,187,617	58,184,012	59,424,838	58,738,801
103	Avoided Tax Interest	11,802,690	11,818,585	12,209,501	10,531,323	10,775,754	13,465,289
104	<u>Other Book Additions</u>	<u>3,387,209</u>	<u>3,387,209</u>	<u>3,387,209</u>	<u>3,387,209</u>	<u>3,387,209</u>	<u>3,387,209</u>
105	Total Tax Additions	706,701,788	804,182,144	905,892,394	883,089,071	922,244,996	857,734,354
106							
107	Tax Deductions						
108	Total Rate Base	7,533,770,246	7,848,717,460	7,784,908,793	7,646,831,702	7,643,430,246	7,734,181,977
109	Weighted Cost of Debt	2.24%	2.24%	2.26%	2.26%	2.25%	2.28%
110	Debt Interest Expense	168,756,454	175,811,271	175,938,939	172,818,396	171,977,181	176,339,349
111	Nuclear Outage Accounting	78,659,734	39,735,841	76,284,279	41,290,619	75,452,695	38,374,514
112	Tax Depreciation and Removals	1,272,053,250	891,360,312	703,634,366	758,538,165	753,327,017	725,964,050
113	NOL Generated	(349,270,914)					
114	NOL Utilized		180,533,044	482,374,271	79,450,830		
115	<u>Other Tax / Book Timing Differences</u>	<u>(21,088,430)</u>	<u>9,407,358</u>	<u>9,852,541</u>	<u>11,393,612</u>	<u>12,588,436</u>	<u>14,133,882</u>
116	Total Tax Deductions	1,149,110,094	1,296,847,827	1,448,084,394	1,063,491,623	1,013,345,329	954,811,794
117							
118	State Taxes						
119	State Taxable Income	36,101,411	(94,868,896)	(265,608,923)	100,701,181	135,538,005	176,155,149
120	State Income Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%
121	State Taxes before Credits	3,537,938	(9,297,152)	(26,029,674)	9,868,716	13,282,724	17,263,205
122	Less State Tax Credits	(558,701)	(559,000)	(559,000)	(559,000)	(559,000)	(559,000)
123	Deferred State Tax Credits due to NOL	558,701	559,000	559,000	(1,676,701)	0	0
124	Total State Income Taxes	3,537,938	(9,297,152)	(26,029,674)	7,633,015	12,723,724	16,704,205
125							
126	Federal Taxes						
127	Federal Sec 199 Production Deduction				35,740,327	45,324,076	54,161,232
128	Federal Taxable Income	32,563,472	(85,571,744)	(239,579,248)	57,327,839	77,490,204	105,289,712
129	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
130	Federal Tax before Credits	11,397,215	(29,950,111)	(83,852,737)	20,064,744	27,121,572	36,851,399
131	Less Federal Tax Credits	(26,047,263)	(43,052,365)	(46,470,000)	(45,486,352)	(40,313,052)	(39,300,267)
132	Deferred Federal Tax Credits due to NOL	26,047,263	43,052,365	46,470,000	68,156,155	103,005,958	41,970,035
133	Total Federal Income Taxes	11,397,215	(29,950,111)	(83,852,737)	(93,577,763)	(116,197,438)	(44,418,903)
134							
135	Total Taxes						
136	Total Taxes Other than Income	337,578,090	366,945,691	407,568,433	362,494,237	363,363,132	264,978,520
137	<u>Total Federal and State Income Taxes</u>	<u>14,935,154</u>	<u>(39,247,262)</u>	<u>(109,882,411)</u>	<u>(85,944,748)</u>	<u>(103,473,714)</u>	<u>(27,714,698)</u>
138	Total Taxes	352,513,244	327,698,428	297,686,022	276,549,489	259,889,418	237,263,822
139							
140	Total Operating Revenues	3,559,817,739	3,618,513,875	3,627,435,209	3,636,157,017	3,768,646,726	3,896,081,933
141	Total Expenses	3,096,243,175	3,181,469,825	3,240,969,720	3,269,108,536	3,438,534,674	3,595,134,646
142							
143	AFDC Debt	10,476,994	10,958,931	15,234,212	14,270,858	11,849,642	13,607,712
144	AFDC Equity	21,712,447	22,324,434	25,449,059	19,875,934	16,043,934	19,069,099
145							
146	Net Income	495,764,005	470,327,415	427,148,760	401,195,273	358,005,628	333,624,099
147							