

R-6E

Line No.	MN Jurisdiction - Electric	MN Electric 3-Year Ask					
		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	<b>Taxes:</b>						
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	131,398,726	98,922,346	67,049,745	64,884,087	50,256,327	(1,082,794)
83	Deferred Taxes - NOL	39,724,624	120,693,096				
84	Less Deferred State Tax Credits	(558,701)	558,701				
85	Less Deferred Federal Tax Credits	(26,047,263)	(31,842,924)	52,991,330	62,148,736	40,312,641	0
86	Deferred Income Tax & ITC	143,140,067	186,990,803	118,700,659	125,692,407	89,228,553	(2,421,567)
87	Payroll & Other Taxes	29,626,080	27,550,369	28,238,438	28,762,959	29,895,604	30,496,013
88	<b>Total Taxes Other Than Income</b>	<b>338,323,811</b>	<b>401,292,432</b>	<b>342,055,421</b>	<b>355,076,042</b>	<b>326,265,584</b>	<b>237,160,375</b>
89							
90	<b>Income Before Taxes</b>						
91	Total Operating Revenues	3,561,640,884	3,621,077,613	3,629,771,640	3,638,101,498	3,770,211,195	3,897,403,504
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>338,323,811</u>	<u>401,292,432</u>	<u>342,055,421</u>	<u>355,076,042</u>	<u>326,265,584</u>	<u>237,160,375</u>
96	<b>Total Before Tax Book Income</b>	<b>479,587,142</b>	<b>366,013,785</b>	<b>344,432,521</b>	<b>290,466,409</b>	<b>265,300,355</b>	<b>302,372,305</b>
97							
98	<b>Tax Additions</b>						
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	143,140,067	186,990,803	118,700,659	125,692,407	89,228,553	(2,421,567)
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	<b>Total Tax Additions</b>	<b>707,447,508</b>	<b>838,528,884</b>	<b>840,379,382</b>	<b>875,670,876</b>	<b>885,147,448</b>	<b>829,916,209</b>
106							
107	<b>Tax Deductions</b>						
108	Total Rate Base	7,533,584,222	7,836,114,747	7,739,687,833	7,681,159,093	7,707,083,860	7,827,130,988
109	Weighted Cost of Debt	2.24%	2.24%	2.26%	2.26%	2.25%	2.28%
110	Debt Interest Expense	168,752,287	175,528,970	174,916,945	173,594,196	173,409,387	178,458,587
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	827,268,517	830,104,035	780,386,096	838,640,617	816,046,832	760,641,811
113	NOL Generated						
114	NOL Utilized	97,341,132	295,746,100				
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	<b>Total Tax Deductions</b>	<b>1,150,933,239</b>	<b>1,350,522,304</b>	<b>1,041,439,860</b>	<b>1,064,919,043</b>	<b>1,077,497,351</b>	<b>991,608,793</b>
117							
118	<b>State Taxes</b>						
119	State Taxable Income	36,101,411	(145,979,635)	143,372,042	101,218,242	72,950,452	140,679,721
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	(14,306,004)	14,050,460	9,919,388	7,149,144	13,786,613
122	Less State Tax Credits	(558,701)	(559,000)	(559,000)	(559,000)	(559,000)	(559,000)
123	<u>Deferred State Tax Credits due to NOL</u>	<u>558,701</u>	<u>(558,701)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
124	<b>Total State Income Taxes</b>	<b>3,537,938</b>	<b>(15,423,705)</b>	<b>13,491,460</b>	<b>9,360,388</b>	<b>6,590,144</b>	<b>13,227,613</b>
125							
126	<b>Federal Taxes</b>						
127	Federal Sec 199 Production Deduction		3,425,905	31,435,296	34,023,749	39,400,470	50,840,746
128	Federal Taxable Income	32,563,472	(133,981,834)	98,445,286	57,834,106	26,959,838	76,611,363
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	(46,893,642)	34,455,850	20,241,937	9,435,943	26,813,977
131	Less Federal Tax Credits	(26,047,263)	(43,052,365)	(46,470,000)	(45,486,352)	(40,313,052)	(39,300,267)
132	<u>Deferred Federal Tax Credits due to NOL</u>	<u>26,047,263</u>	<u>31,842,924</u>	<u>(52,991,330)</u>	<u>(62,148,736)</u>	<u>(40,312,641)</u>	<u>0</u>
133	<b>Total Federal Income Taxes</b>	<b>11,397,215</b>	<b>(58,103,083)</b>	<b>(65,005,479)</b>	<b>(87,393,151)</b>	<b>(71,189,750)</b>	<b>(12,486,290)</b>
134							
135	<b>Total Taxes</b>						
136	Total Taxes Other than Income	338,323,811	401,292,432	342,055,421	355,076,042	326,265,584	237,160,375
137	<u>Total Federal and State Income Taxes</u>	<u>14,935,154</u>	<u>(73,526,788)</u>	<u>(51,514,019)</u>	<u>(78,032,763)</u>	<u>(64,599,606)</u>	<u>741,322</u>
138	<b>Total Taxes</b>	<b>353,258,964</b>	<b>327,765,644</b>	<b>290,541,402</b>	<b>277,043,279</b>	<b>261,665,978</b>	<b>237,901,698</b>
139							
140	<b>Total Operating Revenues</b>	<b>3,561,640,884</b>	<b>3,621,077,613</b>	<b>3,629,771,640</b>	<b>3,638,101,498</b>	<b>3,770,211,195</b>	<b>3,897,403,504</b>
141	<b>Total Expenses</b>	<b>3,096,988,896</b>	<b>3,181,537,041</b>	<b>3,233,825,100</b>	<b>3,269,602,326</b>	<b>3,440,311,234</b>	<b>3,595,772,522</b>
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	<b>Net Income</b>	<b>496,841,429</b>	<b>472,823,938</b>	<b>436,629,811</b>	<b>402,645,964</b>	<b>357,793,537</b>	<b>334,307,794</b>
147							



R-DE

Line No.	MN Jurisdiction - Electric	MN Electric 3-Year Ask					
		Dec - 2015	Dec - 2016	Dec - 2017	Dec - 2018	Dec - 2019	Dec - 2020
148	<b>Rate of Return (ROR)</b>						
149	Total Operating Income	496,841,429	472,823,938	436,629,811	402,645,964	357,793,537	334,307,794
150	<u>Total Rate Base</u>	<u>7,533,584,222</u>	<u>7,836,114,747</u>	<u>7,739,687,833</u>	<u>7,681,159,093</u>	<u>7,707,083,860</u>	<u>7,827,130,988</u>
151	ROR (Operating Income / Rate Base)	6.60%	6.03%	5.64%	5.24%	4.64%	4.27%
152							
153	<b>Return on Equity (ROE)</b>						
154	Net Operating Income	496,841,429	472,823,938	436,629,811	402,645,964	357,793,537	334,307,794
155	Debt Interest (Rate Base * Weighted Cost of Debt)	(168,752,287)	(175,528,970)	(174,916,945)	(173,594,196)	(173,409,387)	(178,458,587)
156	Earnings Available for Common	328,089,143	297,294,968	261,712,866	229,051,769	184,384,150	155,849,208
157	<u>Equity Rate Base (Rate Base * Equity Ratio)</u>	<u>3,955,131,716</u>	<u>4,113,960,242</u>	<u>4,063,336,112</u>	<u>4,032,608,524</u>	<u>4,046,219,027</u>	<u>4,109,243,769</u>
158	ROE (earnings for Common / Equity)	8.30%	7.23%	6.44%	5.68%	4.56%	3.79%
159							
160	<b>Revenue Deficiency</b>						
161	Required Operating Income (Rate Base * Required Return)	564,265,458	586,924,995	581,250,556	576,855,048	578,031,290	589,382,963
162	<u>Net Operating Income</u>	<u>496,841,429</u>	<u>472,823,938</u>	<u>436,629,811</u>	<u>402,645,964</u>	<u>357,793,537</u>	<u>334,307,794</u>
163	Operating Income Deficiency	67,424,029	114,101,057	144,620,745	174,209,084	220,237,753	255,075,169
164							
165	Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.705611	1.705611	1.705611	1.705611	1.705611	1.705611
166	<u>Revenue Deficiency (Income Deficiency * Conversion Factor)</u>	<u>114,999,197</u>	<u>194,612,070</u>	<u>246,666,801</u>	<u>297,133,010</u>	<u>375,640,035</u>	<u>435,059,132</u>
167							
168	<b>Total Revenue Requirements</b>						
169	Total Retail Revenues	2,971,799,037	3,034,093,285	3,032,607,840	3,031,173,429	3,125,972,078	3,234,122,474
170	<u>Revenue Deficiency</u>	<u>114,999,197</u>	<u>194,612,070</u>	<u>246,666,801</u>	<u>297,133,010</u>	<u>375,640,035</u>	<u>435,059,132</u>
171	Total Revenue Requirements	3,086,798,233	3,228,705,355	3,279,274,641	3,328,306,439	3,501,612,114	3,669,181,606
172							
	<b>Incremental Deficiency</b>		194,612,070	52,054,731	50,466,209	78,507,025	59,419,097
	<b>Percentage Increase</b>		6.41%	1.72%	1.66%	2.51%	1.84%



R-66

Line No.	MN Jurisdiction - Electric	MN Electric - DIFFERENCE					
		Dec - 2015	Dec - 2016	Dec - 2017	Dec - 2018	Dec - 2019	Dec - 2020
1	<b>Composite Income Tax Rate</b>						
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	<b>Composite Tax Rate</b>	<b>41.37%</b>	<b>41.37%</b>	<b>41.37%</b>	<b>41.37%</b>	<b>41.37%</b>	<b>41.37%</b>
6	Revenue Conversion Factor (1/(1-Composite Tax Rate))	1.705611	1.705611	1.705611	1.705611	1.705611	1.705611
7							
8	<b>Weighted Cost of Capital</b>						
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	<b>Required Rate of Return</b>	<b>7.49%</b>	<b>7.49%</b>	<b>7.51%</b>	<b>7.51%</b>	<b>7.50%</b>	<b>7.53%</b>
21							
22	<b>Rate Base</b>						
23	Plant Investment						
24	<u>Depreciation Reserve</u>	-	-	-	-	-	-
25	Net Utility Plant						
26	CWIP						
27							
28	Accumulated Deferred Taxes	42,043	187,305	199,259	167,620	136,574	113,628
29	DTA - NOL Average Balance	(42,215)	(193,151)	(183,683)	(24,914)		
30	DTA - State Tax Credit Average Balance		(559)	(1,397)	(838)		
31	<u>DTA - Federal Tax Credit Average Balance</u>	<u>-</u>	<u>(5,605)</u>	<u>(60,940)</u>	<u>(107,667)</u>	<u>(73,317)</u>	<u>(20,985)</u>
32	Total Accum Deferred Taxes	(173)	(12,009)	(46,762)	34,201	63,257	92,643
33							
34	Cash Working Capital	13	593	(1,541)	(126)	(397)	(306)
35	Materials and Supplies						
36	Fuel Inventory						
37	Non-plant Assets and Liabilities						
38	Customer Advances						
39	Customer Deposits						
40	Prepays and Other						
41	<u>Regulatory Amortizations</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
42	Total Other Rate Base Items	13	593	(1,541)	(126)	(397)	(306)
43							
44	<b>Total Rate Base</b>	<b>186</b>	<b>12,603</b>	<b>45,221</b>	<b>(34,327)</b>	<b>(63,654)</b>	<b>(92,949)</b>
45							
46	<b>Operating Revenues</b>						
47	Retail						
48	Interdepartmental						
49	<u>Other Operating Rev - Non-Retail</u>	<u>(1,823,145)</u>	<u>(2,563,738)</u>	<u>(2,336,431)</u>	<u>(1,944,481)</u>	<u>(1,564,469)</u>	<u>(1,321,571)</u>
50	<b>Total Operating Revenues</b>	<b>(1,823,145)</b>	<b>(2,563,738)</b>	<b>(2,336,431)</b>	<b>(1,944,481)</b>	<b>(1,564,469)</b>	<b>(1,321,571)</b>
51							
52	<b>Expenses</b>						
53	Operating Expenses:						
54	Fuel						
55	Deferred Fuel						
56	Variable IA Production Fuel						
57	<u>Purchased Energy - Windsource</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
58	Fuel & Purchased Energy Total						
59	Production - Fixed						
60	Production - Fixed IA Investment						
61	Production - Fixed IA O&M						
62	Production - Variable						
63	Production - Variable IA O&M						
64	<u>Production - Purchased Demand</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
65	Production Total						
66	Regional Markets						
67	Transmission IA						
68	Transmission						
69	Distribution						
70	Customer Accounting						
71	Customer Service & Information						
72	Sales, Econ Dvlp & Other						
73	<u>Administrative &amp; General</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
74	<b>Total Operating Expenses</b>						