

Budget Documentation (continued)

Supporting Schedules

The following budget schedules are included for each business area:

Schedule 1 – Analysis of Billings

This schedule summarizes business area total O&M expenses by Operating Company direct billed, Service Company direct billed, and Service Company allocated charges. The purpose of this schedule is to provide a breakdown of the amount of budgeted O&M expenses of each business area that originated in the Operating Company, the amount directly assigned to the Operating Company from the Service Company, and the amount that was assigned to the Operating Company from the Service Company through an allocation. Note: The Service Company total on Schedule 1 equals the NSPM total from Schedule 2, Service Company Billings.

Schedule 2 – Service Company Billings Only

This schedule summarizes the amount of billings from each business area that manages Service Company costs to NSPM and the other Xcel Energy subsidiaries. This schedule is intended to provide the amount of budgeted billings from each business area that manages Service Company costs, how much of those costs are billed to each Xcel Energy utility legal entity, and the amount billed to other non-regulated subsidiaries of Xcel Energy. Note: The NSPM total from Schedule 2, Service Company Billings, equals the Service Company total on Schedule 1.

Schedule 3 – NSPM O&M by Object Account (All Utilities)

The purpose of this schedule is to provide comparisons of actual O&M expenses recorded in 2014 by cost object account to the 2016 expense budget, the 2016 expense budget to the 2017 budget, and the 2017 expense budget to the 2018 budget for the total NSPM Company and by business area. This schedule summarizes and compares the O&M expenses by cost object account for the total NSPM Company, combining the costs of all utilities. The first report set aggregates the expenses over all business areas. The second report set provides this comparison separated and subtotaled for each business area, including the grand total amount for the NSPM Company.

Schedule 3A – NSPM O&M by Object Account (By Utility)

This schedule summarizes and compares the 2014 actual and 2016 budget, the 2016 and 2017 budgets, and the 2017 and 2018 budgeted O&M expenses by cost object account for the total NSPM Company separately by each utility (e.g. electric, gas, and non-utility). The first report set aggregates the expenses over all business areas. The second report set provides this comparison separated and subtotaled for each business area, including the NSPM Company utility subtotals, followed by the grand total amount for the NSPM Company.

Budget Documentation (continued)

Supporting Schedules

Schedule 4 – NSPM O&M by FERC Account (All Utilities)

The purpose of this schedule is to provide comparisons of actual O&M expenses recorded in 2014 by FERC account to the 2016 expense budget, the 2016 expense budget to the 2017 budget, and the 2017 expense budget to the 2018 budget for the total NSPM Company and by business area. This schedule summarizes and compares the O&M expenses by FERC account for the total NSPM Company, combining the costs of all utilities. The first report set aggregates the expenses over all business areas. The second report set provides this comparison separated and subtotaled for each business area, including the grand total amount for the NSPM Company.

Schedule 4A – NSPM O&M by FERC Account (By Utility)

This schedule summarizes and compares the 2014 actual and 2016 budget, the 2016 and 2016 budgets, and the 2017 and 2018 budgeted O&M expenses by FERC account for the total NSPM Company separately by each utility (e.g. electric, gas, and non-utility). The first report set aggregates the expenses over all business areas. The second report set provides this comparison separated and subtotaled for each business area, including the NSPM Company utility subtotals, followed by the grand total amount for the NSPM Company.

Schedule 5 – NSPM 2016 - 2018 Capital Budgets (All Utilities)

The purpose of these schedules is to provide a listing of the NSPM capital projects by business area and the amounts that are included in the 2016, 2017 and 2018 capital expenditure budgets. This schedule is not applicable for all business areas. If a business area has no capital expenditures budgeted they are not included on Schedule 5.

Schedule 5A – NSPM 2016 - 2018 Capital Budgets (By Utility)

These schedules categorize NSPM capital expenditures by utility (e.g. electric, gas, and common), by business area and the amounts that are included in the 2016, 2017 and 2018 capital expenditure budgets. This schedule is not applicable for all business areas. If a business area has no capital expenditures budgeted they are not included on Schedule 5A.

Supplemental Reports

2010 - 2014 Financial Performance Team (FPT) Reports

This section contains explanations for significant differences between the NSPM Company's year end actual and budget business area departmental O&M expenses for the previous five years. The purpose of these schedules is to provide the reports that were reviewed and used each month by executives to govern the companies' O&M expenditures. Together, these reports indicate the Company's historical actual versus budget performance and provide explanations for variances.

The FPT Reports provided in this section are those referenced by Company witness Gregory J. Robinson within his direct testimony discussion regarding the accuracy of the Company's budgets to its actual costs. These reports are consistent with the values shown in Table 1 – Total NSPM Company Actual vs. Budget O&M within his testimony.

The total O&M amounts summarized on the FPT reports include NSPM Company electric, gas and non-utility expenditures. Therefore, they do not match the total O&M expenses identified on the NSPM Company's five historical electric utility O&M expense schedules described in the following section.

2010 - 2014 NSPM Company Electric Utility O&M Expenses

This section contains summaries of the most recent five years of historical O&M expenses for the NSPM Company electric utility. Five annual schedules provide the actual and budget expenditures, including the variance and percent variance for the periods of 2010 through 2014. The expenses are summarized by FERC functional class and listed by FERC account. The expenses summarized in these schedules reflect the departmental expenses incurred by the Company's business areas as well as the NSP transmission interchange agreement charges from NSPW to NSPM. These summaries do not include non-utility below the line FERC accounts. The purpose of these schedules is to enable comparison of the NSPM Company's annual actual and budget electric utility O&M expenses by FERC account over the most recent five historical years.

The schedules in this section are consistent with those shown in Table 2 – NSPM Company Electric Utility Actual vs. Budget O&M within Company witness Gregory J. Robinson's direct testimony discussion regarding the accuracy of the Company's budgets to its actual costs.

2010 - 2014 Financial Performance Team (FPT) Capital Expenditure Reports

This section contains explanations for significant differences between the NSPM Company's yearend actual and budget business area departmental capital expenditures for the previous five years. The purpose of these schedules is to provide the reports that were reviewed and used each month by the executives of Xcel Energy Financial Council to govern the companies' capital expenditures. Together, these reports indicate the Company's historical actual versus budget performance and provide explanations for variances.

Supplemental Reports (continued)

The FPT schedules provided in this section are those referenced by Company witness Gregory J. Robinson within his direct testimony discussion regarding the accuracy of the Company's budgets to its actual cost. These reports are consistent with the values shown in Table 3 – Total NSPM Company Actual vs. Budget Capital within his testimony.

The total capital expenditure amounts summarized on the FPT reports include NSPM Company electric, gas and common utility expenditures.

Summary Reports

There are three summary reports for NSP-MN Electric:

Summary Report

- 1 Operating and Maintenance expense comparisons with variance explanations by FERC function between 2014 Actual and 2016 Budget for NSP-MN Electric
- 2 Operating and Maintenance expense comparison by cost component between: (A) 2014 Actual and 2016 Budget, (B) 2016 Budget and 2017 Budget, and (C) 2017 Budget and 2018 Budget for NSP-MN Electric
- 3 Operating and Maintenance expense comparison by FERC account between: (A) 2014 Actual and 2016 Budget, (B) 2016 Budget and 2017 Budget, and (C) 2017 Budget and 2018 Budget for NSP-MN Electric

Summary Report 1
2014 Actual vs. 2016 Budget
O&M by Function

Northern States Power - MN

Electric

(Thousands of Dollars)

Function	2014 Actual	2016 Budget	2014 - 2016 Variance	2014 - 2016 % Change	Avg Annual % Change
Steam Power Generation	129,845	124,180	(5,665)	-4.4%	-2.2% (1)
Nuclear Power Generation	409,893	390,555	(19,338)	-4.7%	-2.4% (2)
Hydraulic Power Generation	656	554	(102)	-15.5%	-8.1%
Other Power Generation	34,316	50,278	15,962	46.5%	21.0% (3)
Other Power Supply Expenses	4,656	5,095	439	9.4%	4.6%
Total Power Production	579,366	570,662	(8,704)	-1.5%	-0.8%
Transmission	121,903	159,538	37,635	30.9%	14.4% (4)
Regional Market Expenses	276	832	556	201.4%	73.6%
Distribution	121,169	125,169	4,000	3.3%	1.6% (5)
Customer Accounts	58,047	58,676	629	1.1%	0.5%
Customer Service	3,235	2,729	(506)	-15.6%	-8.2%
Sales	9	7	(2)	-22.2%	-11.8%
Administrative & General	251,913	257,129	5,216	2.1%	1.0% (6)
Non-Operating	7,882	7,790	(92)	-1.2%	-0.6%
Sum:	1,143,800	1,182,532	38,732	3.4%	1.7%

The variances are primarily made up of the following costs:

(1) Steam Power Generation

2016 Original Variance	(5,665)	-4.4%	-2.2%
Closure of Black Dog coal units 3 and 4, partly offset by shift to Other Generation.	8,725		
Higher chemical costs at Sherco and A. S. King plants primarily due to increased usage.	(2,813)		
Remaining Variance	247	0.2%	0.1%

(2) Nuclear Power Generation

2016 Original Variance	(19,338)	-4.7%	-2.4%
Decreased outage amortization expense due to larger scale outages in 2013 at both Monticello and Prairie Island Unit 2 being amortized in 2014 while the 2015 outages at both plants were smaller in scale resulting in reduced 2016 outage amortization.	19,067		
Increased payments of \$1,050K to the Prairie Island tribal community as well as a \$1,450K shift of the payments to Nuclear from A&G.	(2,500)		
Remaining Variance	(2,771)	-0.7%	-0.3%

(3) Other Power Generation

2016 Original Variance	15,962	46.5%	21.0%
Increased wind farm costs related to Pleasant Valley and Borders (operational at the end of 2015) and Courtenay (operational in 2016). In addition, the Nobles warranty period expired at the end of 2014 increasing maintenance costs.	(13,463)		
Increased Black Dog costs due to a partial shift from Steam to Other Generation due to closure of coal units 3 and 4.	(2,982)		
Remaining Variance	(483)	-1.4%	-0.7%

(4) Transmission

2016 Original Variance	37,635	30.9%	14.4%
Increased transmission Interchange Agreement billing from NSPW due to increased plant investment and business area expenses	(35,189)		
Remaining Variance	2,446	2.0%	1.0%

(5) Distribution

2016 Original Variance	4,000	3.3%	1.6%
Increased damage prevention costs due to an increase in ticket volume	(1,128)		
Remaining Variance	2,872	2.4%	1.2%

(6) Administrative & General

2016 Original Variance	5,216	2.1%	1.0%
Higher 401k match costs	(674)		
Higher active healthcare costs	(4,066)		
Lower retiree medical costs	1,670		
Increased shared asset net credits associated with sharing network equipment capital additions with all operating companies	4,500		
Shift of Prairie Island tribal community payments from A&G to Nuclear	1,450		
Reduced O&M credits from CapX 2020 3rd party partners	(2,378)		
Remaining Variance	5,718	2.3%	1.1%

Summary Report 2A



NSP-MN
Total Company - Electric Utility
2014 Actual vs. 2016 Budget
O&M by Cost Component
(\$000's)

Account	2014 Actual	2016 Budget	Variance	% Variance
711100 Company Labor	514,009	520,892	6,883	1.3%
712100 Non-Company Labor	30,531	29,936	(595)	-1.9%
713000 Consulting/Prof Svcs-Other	55,013	60,254	5,242	9.5%
713005 NMC Consult & Professnl Fees	(119)	0	119	-100.0%
713050 Contract LT Outside Vendor	108,823	116,656	7,833	7.2%
713055 Outside Svcs-Cust Care	21,589	20,644	(944)	-4.4%
713100 Consulting/Prof Svcs-Legal	4,036	4,042	6	0.2%
713101 Partner Invoicing - CapX-O&M	53	180	127	238.5%
713120 Consult/Legal - Regulatory	3,088	1,223	(1,864)	-60.4%
713150 Consulting/Prof Svcs-Acctg	3,077	3,317	240	7.8%
714000 Materials	67,594	55,747	(11,847)	-17.5%
714000.90 Materials-S3	(2,156)	(1,450)	706	-32.8%
714050 M&S Inventory Adj-Obsolete Mat	33	180	147	443.0%
714070 Chemicals - Other Chemicals	945	2,038	1,093	115.7%
714075 Chemicals - Lime	3,859	5,349	1,490	38.6%
714080 Chemicals - Mercury Sorbent	323	1,255	931	288.1%
714082 Chemicals - Ammonia	3,311	3,600	289	8.7%
714084 Chemicals - Sulfuric Acid	842	725	(116)	-13.8%
714100 Print/Copy-Other	1,195	576	(618)	-51.8%
714100.90 Print/Copy-Other-S3	(1)	0	1	-100.0%
714200 Print/Copy-SEC Filings	79	50	(28)	-36.0%
714300 Legal-Other	33	170	137	419.3%
714500 Equipment Maintenance	1,247	1,799	551	44.2%
714501 Equip Maint-Cust Care	118	133	14	12.0%
715100 IT Hardware Maintenance	683	1,246	564	82.5%
715200 IT Hardware Purchases	484	284	(200)	-41.2%
715300 Software Purchases	3,048	964	(2,085)	-68.4%
715400 Software - term lic purch	779	2,307	1,528	196.3%
715500 Software Maintenance	14,706	18,685	3,979	27.1%
715600 Personal Communication Devices	1,617	1,916	299	18.5%
715700 Network Services	407	321	(86)	-21.1%
715710 Network Voice	4,295	4,131	(164)	-3.8%
715720 Network Data	4,359	4,774	416	9.5%
715730 Network Telecom	6,190	6,669	479	7.7%
715740 Network Radio/Pgr/MW	1,898	1,991	93	4.9%
715800 Mainframe Services	806	806	0	0.0%
715810 Distributed Systems Services	10,795	11,169	374	3.5%
715820 App Dev & Maint	9,654	10,045	391	4.0%
715830 Project Office	1,200	0	(1,200)	-100.0%
715900 Software - ASP	832	943	111	13.4%
721000 Employee Expenses	18,524	17,477	(1,046)	-5.6%
721500 Office Supplies	1,063	1,190	127	11.9%
721500.90 Office Supplies - S3	(15)	(5)	10	-63.5%
721700 Workforce Admin Expense	706	786	80	11.3%
721800 Safety Recognition	579	806	227	39.2%
721800.90 Safety Recognition S-3	(14)	(35)	(21)	147.1%