

Category	Category Manager
Consulting Services, Environmental, Property Services, Revenue Cycle	William Hammel
Travel Services, IT and Telecom	Laura Hauschild
HR and Benefits, Marketing and Communication Services, Staff Augmentation	David Strautman
Chemicals, Gases and Lubes, Maintenance Repair Operations (MRO)Materials and Safety Materials	Craig Fied
Maintenance Services and other Plant Systems	Stephen Scholz
Boiler Systems, Turbine and Generator Systems	William Smith Jr.
Gas Materials, Steel Structures, Vegetation Management	Stacey Barajas
Aggregates	Kurtis Hornbecker
Construction and Engineering Services	Philip Humphreys
Logistics Integrator	Richard Pelletier
Electric Materials & Equipment, Fleet, Meters, Transportation Services, Wood Poles	Daniel Pendar
Cable and Wire, Circuit Breakers and Transformers	David Reitz

### Purchasing Rates

Each business area is responsible for budgeting for the purchasing overhead loading. A purchasing overhead loading rate of approximately 1.0% (actual allocation rates may differ slightly depending upon jurisdictional procurement activity and compliance with Corporate Policies) is to be applied to all purchases of material and services subject to a transactional limit. Purchasing overhead loads are subject to a cap of \$3,500 per purchase order, per invoice line. For example, an invoice of \$550,000 for material purchases for one purchase order would receive a purchasing overhead load of \$3,500. To avoid under/over clearing of costs, true-ups are posted quarterly. Purchasing overhead loads do not apply to nuclear purchases. For more information, contact Linda Richards at 303-571-3205 or Andre Duncan at 612-330-5886.

Business areas are also responsible for budgeting Supply Chain labor and expenses in instances where sourcing/purchasing employees are performing work for a specific capital project. Capital project codes must be supplied to the Supply Chain sourcing and purchasing personnel prior to commencing work on a project in order to accurately charge labor and any associated expenses.

### Warehouse Rates

Each business area is responsible for budgeting warehouse overhead loads within their materials object account. To avoid under/over clearing of costs, true-ups are posted quarterly. The warehouse overhead loads are used to offset costs incurred by storeroom personnel for receiving, handling, storing, and issuing materials, as well as to offset any costs incurred by the Logistics central support group.

Due to different charging methodologies and systems, different rates apply for the Distribution and Transmission business areas in comparison to the Energy Supply organization, as described below:

Energy Supply: The following rates will be applied to material purchases with the warehouse overhead load being limited to \$3,500 per purchase order. Hayden and Sherco are excluded from the warehouse overhead loading process as those costs are direct charged. For more information, contact Ken Heupel at 720-497-2040.

NSPM	4.50%
NSPW	0.65%
PSCo	4.50%
SPS	4.75%

Distribution and Transmission: The following rates will be applied to material purchases with the warehouse overhead load being limited to \$3,500 per purchase order, per invoice line. For more information, contact Linda Richards at 303-571-7443 or Ryan Hubbell at 303-571-3570.



NSPM	15%
NSPW	14%
PSCo	13%
SPS	8%

### Joint Ownership Share

Special accounting treatment may apply when budgeting costs to jointly owned facilities. For guidance, please contact:

Matthew Conger	303-294-2806	General joint ownership accounting
Chris Keiss	970-276-2226	Hayden Station (PSCo)
Stan Rogers	719-549-3752	Comanche Station (PSCo)
Annie Lord	719-549-0321	Comanche Unit 3 (PSCo)
Todd Griesert	763-261-3106	Sherco Station (NSPM)
Dan Mittelstaedt	612-330-6164	CAPX 2020 (O&M)

### Direct Support of Outages at Prairie Island or Monticello Nuclear Plants

The direct support of nuclear outage related expenses (i.e., labor and employee expenses) may be eligible to be amortized over the nuclear plant operating cycle. If you plan to support nuclear outages during this budget cycle, please contact Marcia Heigl for Monticello at 763-271-5899 and/or Deward Conner for Prairie Island at 651-388-1121 x7203 for a determination whether the work meets the outage accounting policy and for a subledger to use in the development of the budget.

## Requirements

### Budget Documentation and Workpapers

Budget Documentation is required for all business areas by operating company. This is a broad, resource based summary of budget activity for each business area. The format and level of detail required is consistent for all of the business areas and operating companies. See the [Budget Documentation & Workpaper Guidelines](#) published on the Corporate Budgeting Home Page for specific requirements and templates. A checklist is provided in the Budget Documentation & Workpaper Guidelines. Please use this in preparing your documentation. It is important to remember that maintaining well-documented budget assumptions and explanations to support your budget is a critical element of managing the business and may be used to support forecasted test year rate case filings.

Budget Workpapers are also an integral part of the budget process for all business areas. Budget Workpapers should provide detailed information to support budget dollars and budget documentation.

### IT O&M Requests

All requests for IT products and services (adds/moves/changes, hardware, software, IT support, systems access, security updates, etc.) must be submitted through [Mercury](#), the company's IT request system. Business areas that expect to need new IT products and services for the 2016-2020 budget years should communicate this to the Business Systems Business Technology Executives (BTEs) (see [Business Systems Contacts](#).) The BTEs need to incorporate these expenses in the Business Systems budget, and the BTE's need to prioritize and approve these IT initiatives.

### Monthly Budgets

For the budget to be useful in managing the company's business and monitoring financial performance, it is critical that the monthly budget accurately reflects when users expect to incur expenses during the year. Best estimates of when planned costs will be charged to a JDE business unit should be used in the development of the monthly budget, as this provides support for estimating cash flow requirements. The monthly budget is as important as the annual budget. The monthly budget deviations (and forecast updates), which are reported throughout the year, are a primary indicator used to monitor financial performance throughout the year. The monthly budget estimates may also be used in the event of a rate



case filing in which the test period crosses two calendar years. Do not budget the same amount for each month unless the budgeted expense is anticipated to be incurred in this manner. Any escalation of costs should be based on known factors such as historical costs or anticipated increases. Your basis for increase should be well documented as part of your budget workpapers. For general inflation increase estimates refer to the [Corporate Escalation Rates](#) published on the Corporate Budgeting Home Page.

### **Third-Party Billings**

Business areas must include in their O&M budget all expenses that are billed to third parties (i.e., parties outside of the Xcel Energy holding company system). Examples of third-party billings include: relocating distribution and transmission facilities for the accommodations of others, repairing damages to company property and working on customer owned electric distribution facilities. The proceeds from third-party billings must be accounted for in the revenue accounts, so do NOT net the proceeds with the O&M expenses, and do NOT enter the revenue into FMS. Revenues for billing work orders in JDE will automatically be calculated in ALS and then sent to CFM. Business areas do NOT need to send their revenue information to Financial Forecasting for input into CFM since the revenues will automatically be calculated. However, revenues related to billings NOT set up as billing work orders in JDE, need to be submitted to Financial Forecasting for inclusion in CFM.

For example, if NSPM incurs \$2,000 in O&M expense for right-of-way maintenance of a transmission line that is billed to another utility company (not part of the Xcel Energy holding company system), the \$2,000 expense is budgeted in O&M expense, Blake Amundson at 612-337-2156 if you have billings outside of the JDE billing work order process.

Capital billings should not be included in the O&M budget, but rather as capital expenditures using the appropriate object account for such billing.

Xcel Energy Services (the Service Company or XES) must bill all O&M costs to another Xcel Energy company. Once the O&M costs are billed to the appropriate Xcel Energy company, they can then be billed to the third party. Generally, the Service Company expenses are billed to one of the operating companies, unless the third party billing is for additional expenses incurred for an Xcel Energy company that has been sold. In that case, Service Company bills the intermediate or parent holding company of the sold company, and then the intermediate or parent holding company bills the third party. Revenue is recorded on the company (operating or holding company) that billed the third party and not on the Service Company.

## **Employee Incentives and Other Compensation**

### **Incentives**

Any business area specific incentive cost that is in addition to, or different from, executive officer or corporate incentive plan programs must be budgeted within each business area in object account 711230-Incentive. Costs budgeted to this object account must be for incentive plans that have been pre-approved by Human Resources.

### **Bonuses**

Any business area specific bonuses above and beyond the corporate incentive plan program must be budgeted within each business area to object account 711270-Other Compensation. The Spot-On Bonus Program is budgeted at the corporate level and should not be included in business area budgets.

### **Employee Performance Recognition**

This includes employee performance recognition such as Thank You's, Above & Beyond awards, Premiere Choice awards, company store items and recognition meals presented to acknowledge employees for a specific business related action or result. This should not be budgeted by individual business areas as it is budgeted corporately in object 721850.

### **Safety Recognition**

Safety Recognition is the responsibility of individual business areas. Object account 721800 should be used to budget for any safety related recognition.

### **Life Events**



Life events include promotions, retirements or special occasions. These should be budgeted by individual business areas in object 721810.

### **Non-Recoverable Recognition**

This object account 721851 is for year-end celebrations, which is only to be used if there is corporate approval and notification from management that funds are available. This will be evaluated each year and is at the discretion of the Company. This should not be budgeted by individual business areas, or used for actuals without corporate approval.

## **Consulting Services and Contract Labor**

### **Legal Consulting Expenses**

The General Counsel Business area is responsible for managing all legal matters, including engaging and approving the use of outside legal vendors. Internal business clients and in-house counsel may reach an agreement that business areas will bear the cost of certain legal matters. General Counsel will relay this information to the appropriate finance person in the particular business area. During the budget process, business areas must contact General Counsel to convey information related to projects that are anticipated during the 2016-2020 budget years that require assistance from General Counsel.

Contact Deb Meuwissen at 612-215-4545 or Raynard Gray at 303-294-2488 if you have any extraordinary projects that will require significant legal services, so the General Counsel budget can be planned.

### **Other Consulting Expenses**

For additional guidance on budgeting consulting and professional services in JDE object accounts please see the document [O&M Object Account Description](#) published on the Corporate Budgeting Home Page.

### **Contract Labor**

Object account 712110-Contract Labor should only be used for expenses for persons who are engaged in short-term (less than a year), temporary or special purpose work that is supervised by a company employee. It includes temporary labor payable to a third party that replaces company labor for routine daily activities. It does not include expenses for employees of the company.

### **Contract LT Outside Services**

Object account 713050-Contract LT Outside Services, should include expenses for persons who are engaged in long-term (more than a year) special purpose work. It includes, but is not limited to, the following services: tree trimming, meter reading, construction crews, scanning and imaging invoices or professional outside services that have material costs. It does not include: facilities operations and maintenance, printing, copying, office machine maintenance, cell phones, office supplies or expenses for employees of the company.

## **IT-Personal Communication Devices and IT Supplies**

Each business area is responsible for budgeting Mobile Devices and consumable supplies for their business area. Budget Mobile Device costs in object account 715600-Personal Communication Devices.

### **Monthly Stipends for Services:**

• Mobile Voice/Text Service	\$50
• Mobile Voice/Text and Data Service	\$75
• Tablet Mobile Data Services (company owned)	\$30
• Tablet Mobile Data Services (employee owned)	\$20
• WIFI Datacard/Hot Spot	\$20

### **Reimbursement maximum for devices every two years:**

• Mobile Devices	\$100
• Accessories	\$70
• Activation/upgrade	\$30

For information on Mobile Devices, refer to [Mobile Device Standard](#)

Budget fax machine leases in your business area in object account 723130-Equipment Rental. Fax machine leases should be budgeted by the business area primarily using the machine, unless otherwise covered by Property Services.

Budget other IT supplies (printer cartridges, pager batteries, projectors, etc.) in your business area using object account 714000-Materials.

Budget other printing service costs (e.g., Kinko's) in your business area using object account 714100-Print/Copy-Other.

Note that the following JDE object accounts can only be used by IT:

- 715100 - IT Hardware Maintenance
- 715200 - IT Hardware Purchases
- 715300 - Software Purchases
- 715400 - Software Licenses
- 715500 - Software Maintenance
- 715700 - Network Services
- 715710 - Network Voice
- 715720 - Network Data
- 715730 - Network Telecom
- 715740 - Network Radio/Pgr/MW
- 715800 - Mainframe Services
- 715810 - Distributed Systems Services
- 715820 - App Dev & Maint
- 715830 - Project Office
- 715900 - Application Service Provider

## Employee Expenses

Employee Expenses include non-office supplies, reimbursable expenses incurred on the job, individual training, and similar items. When traveling, this includes meals, food items (including catering for onsite/offsite meeting refreshments), offsite meeting/events, lodging, parking, telephone calls, tolls and other transportation expenses.

The following sample object accounts are available to accurately account for employee expenses: Also refer to [the Sum Total Expense Report Object Account Codes](#) for a complete list including definitions of expense types and their corresponding JDE object accounts.

- 721005 - Airfare
- 721010 - Car Rental
- 721015 - Taxi/Bus
- 721020 - Mileage
- 721025 - Conferences/Seminars/Training
- 721030 - Hotel
- 721035 - Meals – Employees
- 721040 - Meals – Including Non-Employees
- 721045 - Parking
- 721050 - Per Diem
- 721055 - Safety Equipment
- 723850 – Recognition - Entertainment
- 721060 - Other

All employees are expected to use sound judgment and plan business travel to minimize costs. In addition, Xcel Energy has negotiated discount or contract rates with its preferred vendors. As budgets are developed for employee expenses, take this information into consideration. The [Company Travel and](#)