

[Employee Expense Reimbursement Policy](#) also includes additional information. In addition to these items, there are specific requirements for the employee expenses addressed below.

Entertainment expenses are not considered employee expenses and should not be budgeted in the above accounts. Entertainment, including travel, meals and alcohol, should be budgeted in object account 723855-Other Deductions. Tickets for entertainment events should be budgeted in object account 723854-Deductions Corp Tickets. The [Company Travel and Employee Expense Reimbursement Policy](#) includes additional information on Entertainment expenses. The following are examples of entertainment accounts:

- 723854 – Entertainment - Tickets
- 723855 – Entertainment – Meals

Hotels

Carlson Wagonlit advises that hotel costs are expected to increase year over year by approximately 5%.

Air Travel

Use object account 721005-EE Airfare for all air travel costs. Budget air travel expenses in the JDE business unit that will be used when booking your flight.

Corporate Travel – There are no direct passenger charge backs for travel on the Xcel Energy corporate aircraft. Corporate aircraft expenses will reside in the Aviation Services' budget. Business areas are not responsible for budgeting for these expenses. Travel on corporate aircraft is limited. See the [Company Travel and Employee Expense Reimbursement Policy](#) for priority in using company aircraft. If you have any questions, contact Jennie Ator at 303-571-6728.

Commercial Travel – See table below for the fees that will be processed against the BMO card (last column). It is highly recommended to use the GetThere travel tool to book air/hotel/car to take advantage of corporate discounting and other benefits. Each area is responsible for budgeting the service fee in addition to their air travel costs. Carlson Wagonlit advises that airfare is expected to increase year over year by approximately 2.6%.

Rental Cars

Carlson Wagonlit advises that rental car rates are expected to increase year over year by approximately 2.6%.

<u>Description:</u>	<u>Base 2015 Fee Structure Point of Sale (charges that were on your BMO card for 2014)</u>	<u>Estimated 3% increase for 2015 (additional increases each year for 2016-2020)</u>
Unassisted online	\$11.21	\$11.55
Car/hotel only unassisted online	\$9.17	\$9.45
Assisted online - Domestic		
Minneapolis assisted	\$28.79	\$29.65
Automation assisted	\$28.79	\$29.65
Assisted online - International		
Minneapolis assisted	\$28.79	\$29.65
Automation assisted	\$28.79	\$29.65
Agent Initiated - Domestic	\$30.57	\$31.49

Agent Initiated- International	\$30.57	\$31.49
Car /hotel only - agent initiated	\$9.17	\$9.45
Car/hotel only assisted online	\$9.17	\$9.45

For additional information, please see [Company Travel and Employee Expense Reimbursement Policy](#).

Corporate Tickets

Tickets purchased for Nuggets/Timberwolves basketball games, Wild/Avalanche hockey games, Twins/Rockies baseball games, Broncos/Vikings football games, Opera, Orchestra Association and other social events should be budgeted to JDE object account 723854-Deductions Corp Tickets. Budget food and drinks purchased at these events to JDE object account 723855-Other Deductions.

Employee Move-Related Costs

Business areas are responsible for budgeting the costs associated with adds/moves/changes that relate to physically moving boxes or building/changing cube walls. The average cost of moving an employee is \$500. Budget these costs to object account 723040-Adds/Moves/Changes. Property Services will charge the costs to your JDE business unit as they occur. If you have any questions, contact the appropriate representative for your state (see [Project/Tenant Services Contacts](#)).

Spouse Expenses

Executive approval must be obtained before spouse expenses can be included as a company expense. Spouse expenses may include airfare, lodging and meals incurred on an approved business trip, or for attending company functions/festivities. Budget officer's spouse or delegated employee's spouse expenses to JDE object account 723855-Other Deductions. In addition, these costs must be billed to the Xcel Energy Holding Company. To ensure these costs are billed to the Holding Company use the JDE subledger "999101" with a subledger type "W."

Office Supplies Expense

Use object account 721500-Office Supplies to budget for office supplies. Office supplies include pens, pencils, paperclips, paper (copier, tablets, etc.), staplers, staples, toner cartridges, calculators, holders and containers for any of the above items, calendars, hole punches, desk cleaning supplies (Clorox wipes, canned air for blowing off dust and dirt, etc.), folders/binders (3-ring, report, etc.), tape (scotch, duct, masking, etc.), tape dispensers, computer accessories (mouse pads, wrist pads, monitor risers, etc.), envelopes, Post-Its, glue, phone headsets, and similar items. *Note: Keyboards and mice must be coded to IT Hardware Purchases.*

Do not code office supplies to Employee Expenses or Materials.

Transportation

Fleet Vehicle and Equipment Rates

To facilitate budgeting, all fleet vehicles and equipment for 2016-2020 will be charged by the hour. This approach works best to accommodate the use of the Passport Work Management System, and will enable fleet costs to flow to projects on a daily basis.

In order to comply with Corporate accounting guidelines, rates are reviewed each month and adjusted periodically as needed.

Each business area is responsible for budgeting both the O&M and Capital components for owned and rented vehicles and equipment charged through Fleet Focus. A list of units assigned under each manager area will be provided to the business areas for validation as part of this budget cycle.

Fleet costs are required to be budgeted at a detailed level in the appropriate JDE object, see list below. Any capital object account (73XXXX or 74XXXX) should use the 99999997 subledger with a type of W. Your transportation costs should be budgeted 100%, similar to the labor 100% utilization of labor.

- 618305 – Fuel Handling Fleet
- 681023 – COGS Transportation Fleet (HomeSmart only)
- 722000 – O&M Transportation Fleet Cost
- 732700 – CWIP Transportation Fleet Cost
- 742700 – RWIP Transportation Fleet Cost
- 747810 – Clearing Transportation Fleet Cost
- 748195 – Deferred Transportation Fleet Cost

The rates are designed to cover all of the costs associated with the vehicle or equipment. If you have any additional questions, please JT Sullivan at 612-330-7972 or Vicky Earnest at 612-630-4457.

Pool Cars

Pool vehicles are available in the following locations:

- Colorado: Lipan Distribution Center (LDC), Materials Distribution Center (MDC), 1800 Larimer, Boulder Service Center, Grand Junction Service Center
- Texas: Amarillo Tower, Amarillo I-40 Garage, Amarillo Southwest, Lubbock
- New Mexico: Roswell
- Minnesota: Chestnut Service Center, 414 Nicollet, Maple Grove Service Center, Rice Street Service Center, St. Cloud Service Center, Newport Service Center, White Bear Lake Service Center, Faribault Service Center, Mankato Service Center
- North Dakota: Fargo
- Wisconsin: Sky Park, Rice Lake Service Center, Menomonie Service Center, Ashland Service Center, Abbotsford Service Center, Amery Service Center, Hudson Service Center, La Crosse Service Center, Eau Claire Western Ave. Service Center
- Michigan: Ironwood Service Center

Pool vehicles are supported by the Fleet organization. Each business area is responsible for budgeting for pool car usage. These costs will be charged back to each user's JDE business unit.

Casual Use Rate

Employees using their personal vehicles for company business are reimbursed via SumTotal at the IRS Standard Mileage rate (2015 = \$0.575 per mile). This expense must be budgeted under Employee Expenses as in the past. Casual Mileage is analyzed quarterly, and employees consistently averaging over 1,000 miles per month in Casual Mileage should be transitioned to an assigned company vehicle. Please contact Gary Tucker at 612-630 4481 if this is the case.

Capital Non-labor Transportation Costs

To further support the Operations Finance analysis for supply chain, we are asking this year that the business areas not only budget 100% of labor with splits to O&M and Capital, but also ***budget 100% of transportation costs with splits to O&M and capital, as well. When identifying the capital component, please use the 99999997 subledger, with a type W.*** Please note that we should not budget costs to transportation for labor or travel-related transportation expenses (such as car rental, taxi, or bus). The transportation objects (72xxxx, 73xxxx, or 74xxxx) should be used for Fleet supported costs only (bucket trucks, pool cars, etc).

- The Distribution business area should use subledger 99999993 (Gas Transportation) and 99999994 (Electric Transportation) in place of 99999997 to identify the split between Electric and Gas Transportation costs.

Dues, Contributions and Sponsorships

A company policy has been implemented regarding dues, contributions and sponsorships to ensure that the company remains in compliance with reporting and regulatory requirements.

See the document called [Dues and Other Guidelines](#) on the Corporate Budgeting Home Page for the policy related to each type of expense.

- A new object for Dues-Lobbying (723823) has been added to the *Dues and Other Guidelines* document this year. This should be used for the portion of dues, including CPA dues, which support lobbying. The object was set up because not every business area can be set up with the lobbying Service Company allocator and we need to report this amount on various regulatory

filings. Corporate Accounting set the object up for certain BU types, including all Service Company BU's. Please contact Corporate Accounting if you need this object set up for your specific BU.

Please contact Julie Rushton at 612-330-2809 for questions related to due, contributions and sponsorships and contact Mary Pope 612-330-6574 regarding regulatory treatment.

O&M Projects with Special Rate Treatment

All eligible O&M projects and/or eligible expenditures associated with rate riders or other special rate treatment must be updated with the most accurate estimates for the budget, as well as monthly forecast updates. Each project should be budgeted separately to facilitate identification. Examples of such projects/expenditures include the various distribution initiatives associated with the Central Corridor project.

Legal Settlement Expenses

Xcel Energy business areas are responsible for bearing the costs of legal settlements not covered by insurance. Allowance for settlements should be budgeted under object account 723480-Injuries & Damages by the business areas at a high level, not specific to any particular matter, based on the business area's three-year historical average settlements paid. Verify that you've budgeted to the correct utility (electric, gas, common) as well. During the budget process, business areas should contact the General Counsel business area to coordinate information and budgets for settlements anticipated during the 2016-2020 budget years. Contact Deb Meuwissen at 612-215-4545 or Raynard Gray at 303-294-2488.

Capital Budgeting

The budgeting of capital expenditures and additions to plant in service includes identifying and prioritizing resources to support operations and future plant investments. The capital forecast, maintained and periodically updated in FMS, covers a minimum six-year (72 month) planning horizon including the year to date actuals (Jan-Mar 2015) and the current year's forecast (Apr-Dec 2015), often referred to as the bridge year (see diagram below). The company uses the comparison of capital budgets to actual performance to help determine if projects are on schedule and are consistent with on-going business planning requirements. **Thus providing good estimated in-service dates or closing patterns for projects is important and drives the change in rate base and impacts the income statement forecast of Allowance for Funds Used During Construction (AFUDC) and depreciation expense. In summary, your capital forecast must be verified against the "Checklist for Capital Forecasts", which includes the following and more:**

- Capital expenditures separated into object accounts for CWIP, Removal Work In Progress (RWIP), and Customer Contributions in Aid of Construction (CIAC). (If replacing an asset, then RWIP must be forecast.)
- Estimated in-service date or closing pattern aligned with the expenditure pattern
- Forecast for all parent work orders including those with a CWIP/RWIP balance after March 2015 accounting close

What is a Capital Budget?

The capital budget is a combination of: CWIP expenditures (spend to install an asset); RWIP expenditures (spend to remove an asset); and estimated in-service dates (or closing patterns), to arrive at the budgeted plant in-service (a major component of rate base). The budgeted plant in-service and related items (depreciation, AFUDC, etc) is an important input to cost of service studies used to support rate filings before various Commissions. More than likely the budget forecast will be used to support various filings with the state commissions. If this data is sent to a commission, you may be called upon to answer questions about your forecast from the commission staff and other outside parties.