Direct Testimony and Schedules
Gregory J. Robinson

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Northern States Power Company
for Authority to Increase Rates for Electric Service in Minnesota

Docket No. E002/GR-19-564
Exhibit___(GJR-1)

Budgeting

November 1, 2019

Table of Contents

Schedules

(Please note, due to size, the full Schedule 2 is provided on a CD in Volume 3)

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Gregory J. Robinson. I am the Director of Financial Performance and Reporting for Xcel Energy Services Inc. (XES or the Service Company), which provides services to the Xcel Energy operating companies including Northern States Power Company – Minnesota (NSPM or the Company).

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I have nearly twenty years of experience in various finance and accounting roles at large corporations. I have been employed by XES since 2011. In my current role, I am responsible for oversight and management of the corporate operation and maintenance (O&M) and capital budget and forecast processes, and for internal reporting and financial statement analysis for Xcel Energy Inc. (XEI or Xcel Energy) and its subsidiaries. I am also responsible for providing O&M and capital budget finance support for the business areas. Exhibit___(GJR-1), Schedule 1 summarizes my qualifications and experience.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. In my testimony, I:

- Describe Xcel Energy's budget governance processes that ensure the budgets for Northern States Power Company – Minnesota represent reasonable, representative and accurate forecasts of the costs necessary to provide safe and reliable service to our customers.
- Discuss how our budgeting and ongoing review and oversight processes are rigorous and provide necessary flexibility that allows the Company to reprioritize projects and spending as appropriate to

respond to changing circumstances. I also include information on the financial systems that support this process.

- Provide various analyses that compare actual operations and maintenance (O&M) expense and capital spending to the budgets of historical periods, which demonstrates that our overall budgets have been reasonable and accurate representations of our costs over time. I also provide analyses that compare our overall 2020 test year O&M budget to historical costs, to help explain the key drivers of variances.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. I present the remainder of my testimony in the following sections:

- Section II, *Budgeting and the Budget Governance Process*, explains our budgeting process for O&M costs and capital expenditures. The discussion identifies who is responsible for creation and approval of the budgets, details the steps in process, describes the financial systems that support this process, and explains the ongoing review and governance after budgets are established.
- Section III, *Capital and O&M Budget Analyses*, presents the results of various analyses that compare actual to budget O&M and capital results, and that compare the 2020 O&M budget to prior years.
- Section IV, *Conclusion*.

II. BUDGETING AND BUDGET GOVERNANCE PROCESS

Q. WHAT WILL THIS SECTION OF YOUR TESTIMONY ADDRESS?

A. In this section I:

- Provide an overview of our budgeting and budget governance process and identify roles and responsibilities;
- Describe Xcel Energy's O&M and capital budgeting process in detail, and discuss additional oversight required for certain capital projects.
- Explain the financial systems in place for our budgeting process, including information on our 2016 transition from the JD Edwards (JDE) General Ledger (GL) system to the SAP GL system.
- Discuss our ongoing financial review and oversight process once budgets are established.

A. Overview

Q. FOR WHAT PERIOD DOES XEI DEVELOP ITS BUDGETS?

A. Electric and gas utilities are long-term, capital intensive businesses. Every year, we prepare a five-year financial forecast that is used to anticipate the financial needs of each of the XEI operating utility subsidiaries, including NSPM. The five-year forecast provides the information necessary to make strategic and financial decisions to address these needs, and to develop supportable and attainable financial plans for each operating utility subsidiary and for XEI overall. Key components of the five-year financial forecast are the O&M and capital expenditure five-year budgets for each of XEI's operating utility subsidiaries, including NSPM, as well as ongoing monthly total budget reviews and quarterly review of particularly large capital projects included in the five-year budgets. My testimony describes the process to develop NSPM's O&M and capital expenditure budgets and our ongoing review and governance of expenditures after budgets are finalized.

Q. IF THE COMPANY DEVELOPS A FIVE-YEAR BUDGET EVERY YEAR, DOES THAT MEAN THAT BUDGETS FOR THE LATER YEARS IN THE PERIOD WILL EVOLVE OVER TIME?

A. Yes. When a five-year budget is created and approved, the first year budget is essentially locked in. However, budgets for the subsequent years 2-5 will be reevaluated in the next budgeting cycle, and will necessarily change in response to new developments and as business requirements change. As we get closer to when spending will occur, our forecasts become more refined, based on more relevant information for the upcoming period, and forecasted expenditures are adjusted accordingly.

Q. IS THE BUDGETING AND BUDGET GOVERNANCE PROCESS THE SAME FOR O&M AND CAPITAL EXPENDITURES?

A. To a large extent, yes. Overall, the O&M and capital budgeting and review processes are the same, and unless specified otherwise, the process I describe in my testimony applies to both O&M and capital expenditures. However, there are certain additional considerations for capital project budgeting and oversight.

Q. CAN YOU PROVIDE MORE INFORMATION ABOUT THE ADDITIONAL CONSIDERATIONS THAT FACTOR INTO THE DEVELOPMENT OF THE FIVE-YEAR CAPITAL EXPENDITURE BUDGET AS COMPARED TO THE O&M BUDGET?

A. Yes. The capital expenditure budget is a listing of specific projects and routine project construction work. Many large projects in the business areas are planned and completed over multiple calendar years. To capture total budgeted capital expenditures for these multi-year projects, each business area develops the capital budget for each project from a starting Construction

Work In Progress (CWIP) balance, where applicable, and forecasts future capital expenditures for the current "bridge" year (the remainder of the current year in which the budget is prepared) and for the next five years.

Capital expenditure budgets also identify specific in-service dates or, in the case of routine projects, apply a defined closing pattern, such as those included in the electric distribution budget, which defines and applies in-service dates. Once the five-year capital expenditure budget has been approved by the Financial Council (as described below), the Company performs all of the plant-related accounting activities needed to develop the cost of service analysis for the test year. This information includes moving capital expenditures from CWIP to Plant In-Service as projects are completed, calculating deferred taxes and depreciation expense, and other related costs. Company witness Ms. Laurie Wold describes this process in more detail in her Direct Testimony.

Q. CAN YOU EXPLAIN MORE ABOUT ROUTINE PROJECTS AND HOW THEIR OVERSIGHT IS HANDLED?

A. Routine projects are defined as those that are part of the normal course of business and occur each year. Examples of routine projects in the electric distribution area include the purchase of meters and transformers, and replacement of poles, or annual refresh projects in Business Systems that replace computing devices on a planned schedule. These types of transactions occur each year, with the only variables typically being the number and cost of units being purchased or replaced.

These routine project categories are then included as part of the annual capital budget review process and the monthly forecast review process discussed in the following sections of my testimony. Variances in planned purchase or activity levels are reviewed and approved as part of that process.

Q. ARE THERE DIFFERENT CAPITAL EXPENDITURE THRESHOLDS FOR PROJECTS THAT DICTATE THE GOVERNANCE REVIEW FOR THOSE PROPOSED CAPITAL EXPENDITURES?

A. Yes. There are different governance processes for projects at the greater than $10 million, $20 million, and $50 million thresholds.

Q. PLEASE DESCRIBE, AT A HIGH LEVEL, THE ADDITIONAL GOVERNANCE PROCESS FOR LARGE CAPITAL PROJECTS.

A. The capital budget process requires additional reviews for new capital projects with expenditures over $10 million. Likewise, new capital projects with expenditures over $20 million require further reviews, and projects over $50 million require the greatest number of reviews. I discuss these additional review and approval requirements in the next section of my testimony.

Q. ARE THE BUDGETING AND GOVERNANCE PROCESSES YOU DESCRIBE IN THIS TESTIMONY LARGELY THE SAME PROCESSES USED IN YOUR MOST RECENT RATE CASE?

A. Yes, it is the same general process with some noteworthy refinements. Since filing the last case, we have continued to refine our process so that there is an enhanced focus on O&M in general, and on the connection between capital investment and O&M expenses. We have further refined our review processes around larger projects, including by enhancing our focus on how to

fund key strategic priorities and keep base operations reliable while minimizing the impact on customer rates. Finally, we have enhanced communications and guidance to business areas around budget development.

Q. CAN YOU FURTHER DISCUSS THE RELATIONSHIP BETWEEN CAPITAL AND O&M?

A. Capital investments are a key driver of O&M for the Company. For example, when Business Systems made a capital investment in its new SAP General Ledger, it also changed the ongoing licensing and operations and maintenance costs to maintain the new system. Another example would be our investment in wind farms. Once the wind farms are constructed and commissioned, the Company commits to on-going costs to operate and maintain them, which increase O&M budgets for our wind resources. At the same time, some capital investments can reduce O&M costs over the long term, as the Company has seen in its nuclear operations area, discussed by Company witness Mr. Timothy J. O'Connor in his Direct Testimony. Understanding this relationship between capital investments and O&M expense is critical in controlling overall costs that will be passed on to customers.

Q. PLEASE DESCRIBE HOW THE COMPANY HAS APPROACHED THE FUNDING OF KEY STRATEGIC PRIORITIES WHILE MAINTAINING BASE OPERATIONS AND MINIMIZING THE IMPACT ON CUSTOMER RATES.

A. As has always been the case, the capital planning process involves a bottom-up analysis of needs and priorities on the part of the business areas as they develop capital budgets for review and approval. In this process, achieving the balance of funding key strategic priorities, maintaining base operations, and minimizing impacts on customer rates is important. Once proposed

project expenditures are identified and developed – both capital and O&M – they are then reviewed in the context of the Company's overall resources and discussed at planning meetings to determine how projects should be prioritized and which are ultimately included in an approved budget. We also assess overall cost levels in relation to inflation, which provides a helpful benchmark for reasonable increases. This allows us to ensure the most important priorities are met while keeping overall costs at reasonable levels.

Q. HOW HAS THE COMPANY ENHANCED COMMUNICATIONS ABOUT THE BUDGET PROCESS WITH BUSINESS AREAS?

A. Rather than focusing on form budget instructions, we have developed a more responsive and interactive process of weekly meetings and ongoing discussions with business areas while they develop their budgets, to help address individualized questions and issues as they arise but also to ensure consistency in the process across business areas.

Q. IS THERE ANYTHING ELSE YOU WOULD LIKE TO HIGHLIGHT RELATED TO THE COMPANY'S OVERALL BUDGETING AND FINANCIAL GOVERNANCE PROCESS AND YOUR TESTIMONY IN THIS CASE?

A. Yes. Like the last case we are requesting approval of a multi-year rate plan (MYRP). Accordingly, my testimony in this case provides additional detail on how we make decisions at the overall corporate level about business area budgets and how we manage overall Company expenditures on an ongoing basis once budgets are set.

The business area witnesses in this case discuss in detail how they prioritize projects, develop budgets, and manage ongoing spending. They describe how

they review and assess priorities and make necessary expenditure changes through trade-offs in spending – both within individual departments and between departments within their own business area on an ongoing basis. In my testimony, I discuss how this assessment and prioritization occurs at the corporate level between business areas, where there are generally more projects and work to be done than the Company has the capacity to fund. This overall prioritizing and balancing between business areas occurs both during the budgeting process and as ongoing monthly discussions. I describe the flexible and iterative nature of this process, as budgets are reviewed, refined, and reprioritized to meet overall operating company and customer needs, and respond to changing circumstances. This flexibility is necessary to manage our business, and is particularly critical under a multi-year rate plan construct.

B. Groups Overseeing Budget Processes

Q. BEFORE MOVING ON TO DESCRIBE THE BUDGETING PROCESS IN DETAIL, CAN YOU PROVIDE MORE INFORMATION ON WHICH GROUPS WITHIN XCEL ENERGY HAVE A ROLE IN THE COMPANY'S BUDGETING AND BUDGET GOVERNANCE PROCESSES.

A. My group, Financial Performance and Reporting (FP&R), various groups within each business area, and leadership at the operating company and corporate levels all play a role in the budgeting and budget governance process at Xcel Energy. At the corporate level, Xcel Energy's Investment Review Committee (IRC), Financial Council, and Board of Directors are responsible for various levels of review and approval of the business area budgets. In addition, the leadership and Boards of Directors for the operating companies

– including NSPM – also play a role in review and approval of the business area budgets.

Q. PLEASE DESCRIBE AT A HIGH LEVEL THE ROLE OF THE FP&R GROUP IN THE BUDGETING AND BUDGET GOVERNANCE PROCESS.

A. FP&R oversees and manages the creation of the five-year O&M budget and capital expenditure budget that flow into Xcel Energy's five-year financial forecast. FP&R facilitates Xcel Energy's capital and O&M budget development process and provides guidance and training to business areas as they develop their budgets. We also manage the process of rolling up the individual business area budgets for review and approval at the operating company and corporate levels. Once budgets are approved and finalized, we facilitate monthly budget variance reviews.

Q. PLEASE DESCRIBE AT A HIGH LEVEL THE ROLE OF BUSINESS AREA PERSONNEL IN THE BUDGETING AND BUDGET GOVERNANCE PROCESS.

A. Each business area has a dedicated finance team to facilitate budget development and ongoing review. These finance teams work with the project teams and leadership within each business area to develop budgets consistent with the corporate guidance provided by FP&R. Each business area witness in this case provides testimony discussing the specific budgeting and governance processes at the business area level and describes in detail how they prioritize work and projects for their business area. In my testimony, I discuss how the individual business area budgets develop, roll up, and are reviewed, prioritized, and approved at the corporate level.

Q. WHAT ARE THE RESPONSIBILITIES OF THE INVESTMENT REVIEW COMMITTEE IN THE BUDGETING AND BUDGET GOVERNANCE PROCESS?

A. The XEI IRC is responsible for reviewing any new capital projects having capital expenditures greater than $10 million. The primary objectives of the IRC review are to:

- develop potential risk management and hedging strategies for large projects and assess alternatives;
- ensure optimal investment timing consistent with regulatory plans;
- evaluate cash flow returns relative to the cost of capital;
- assess key modeling and analysis assumptions and ensure that the business area has evaluated the associated operational risks;
- coordinate specific accounting and tax research;
- identify regulatory recovery paths; and
- determine financing requirements and balance sheet impacts.

Q. WHAT IS THE MEMBERSHIP OF THE IRC?

A. Members of the IRC include:

- Karen Hyde, Vice President, Chief Risk and Audit Officer;
- Brian Van Abel, Senior Vice President, Finance and Corporate Development;
- Teresa Mogenson, Senior Vice President of Energy Supply;
- Sarah Soong, Vice President and Treasurer
- Christopher Haworth, Associate Vice President of Revenue Requirements.
- Jonathan Adelman, Associate Vice President of Strategic Resource and Business Planning

Q. HAS THIS IRC AND FINANCIAL COUNCIL REVIEW PROCESS CHANGED AT ALL SINCE THE COMPANY'S LAST RATE CASE ?

A. Yes, somewhat. As of filing our last rate case in 2015, the IRC reviewed new capital projects with capital expenditures greater than $10 million and then those projects were either sent back to the business area for more information or presented to the Financial Council. Since that time, however, the process changed somewhat so that the Financial Council only reviews projects of more than $20 million. This change was made to ensure that the review process is more iterative and helps focus more of the Financial Council's time on the larger projects. As discussed below, the IRC continues to review the projects above $10 million and approve or send back to the business areas, ensuring consistent review and oversight.

Q. WHAT OCCURS IN THE COMPANY'S BUDGETING PROCESS AFTER REVIEW OF A PROJECT BY THE IRC?

A. For projects having capital expenditures greater than $10 million but less than $20 million, the IRC may approve the project, seek more information, or request that the business area re-evaluate certain assumptions before the project is included in the Company's budget. For example, the IRC may request additional information regarding such questions as how the business area is optimizing spending and in-service plans, how proposals compare to business area priorities, seeking more information about alternatives, how proposals are consistent with overall business strategy, and risk issues. For projects having capital expenditures greater than $20 million, after review by the IRC, a project will either be recommended for presentation to the Financial Council for approval or the business area will be asked to re-evaluate various assumptions before proceeding in the budget governance process. In

addition, the IRC reviews projects with variances of more than 10 percent or 15 percent (depending on the size of the project) from their original approval.

Q. WHAT ARE THE RESPONSIBILITIES OF THE FINANCIAL COUNCIL IN THE BUDGETING AND BUDGET GOVERNANCE PROCESS?

A. The Financial Council is responsible for reviewing the overall five-year O&M Budget and Capital Expenditure Budget for each of the operating utility subsidiaries. The Financial Council is also responsible for determining whether to approve proposed projects having capital expenditures greater than $20 million and including them in the five-year capital budget. Projects having capital expenditures greater than $50 million must be presented to the XEI and NSPM Boards of Directors after approval by the Financial Council.

After budgets are established, the Financial Council is involved in the monthly O&M and capital expenditure reviews of current year spending and in monitoring the financial performance of NSPM (and the other XEI utility operating subsidiaries) and XEI during the course of the year.

Q. WHO ARE THE MEMBERS OF THE FINANCIAL COUNCIL?

A. The Financial Council is chaired by Robert Frenzel, Executive Vice President and Chief Financial Officer, and consists of the following senior executives:

- Ben Fowke, Chairman, President and Chief Executive Officer of XEI;
- Brett Carter, Executive Vice President and Chief Customer and Innovation Officer;
- David Eves, Executive Vice President, Group President – Utilities;
- Kent Larson, Executive Vice President and Group President of Operations;

- Judy Poferl, Senior Vice President and Corporate Secretary;
- Scott Wilensky, Executive Vice President and General Counsel;
- Darla Figoli, Senior Vice President and Chief Human Resources Officer
- Alice Jackson, President and Chief Executive Officer, Public Service Company of Colorado;
- Mark Stoering, President and Chief Executive Officer, Northern States Power Company-Wisconsin;
- David Hudson, President and Chief Executive Officer, Southwestern Public Service Company;
- Timothy O'Connor, Senior Vice President and Chief Nuclear Officer; and
- Christopher Clark, President and Chief Executive Officer Northern States Power Company – Minnesota.

Q. WHAT ARE THE RESPONSIBILITIES OF THE XEI AND NSPM BOARDS OF DIRECTORS?

A. The XEI and NSPM Boards of Directors are responsible for reviewing the five-year capital budget and approving the first year of that budget. They are also responsible for reviewing and approving all capital projects with total forecasted spend greater than $50 million.

C. Budgeting Process for O&M and Capital Expenditures

Q. WHAT ARE THE MAJOR STEPS OF THE ANNUAL FINANCIAL BUDGET PROCESS?

A. While I have separated the budgeting process into discrete steps for discussion purposes, I note that each of the first four steps encompasses multiple

activities. The work completed during these phases is fluid and the process is iterative, involving as much back-and-forth discussion as necessary – between FP&R, business area personnel, and corporate and operating company leadership – to ensure that the final approved O&M and capital budgets provide a reasonable estimate of the costs that will be incurred to provide customers with clean, safe, and reliable electric service. The steps in the process are:

1) Financial Planning and Guidance Development;
2) Business Area Budget Development;
3) Financial Council and Operating Company Review and Approval; and
4) XEI and NSPM Boards of Directors Approval.

1. Financial Planning and Guidance Development

Q. WHAT IS THE COMPANY'S PROCESS TO DEVELOP EACH BUSINESS AREA'S PROPOSED CAPITAL AND O&M SPEND?

A. The Company's process to understand each business area's proposed capital and O&M spend is initiated by asking each business area to provide its proposed spend for subsequent years. A business area's proposed spend is based on their bottom-up review of business needs and requirements, information from the prior year's overall budgeting process, and information learned during the ongoing reviews that have occurred during the year since the last budget was approved. These proposals are then rolled up for a subset of the Financial Council to examine in the context of other factors such as broader business priorities, credit metrics, customer affordability, and the like, to help develop spending guidance for each business area.

Q. WHY DOES THE FINANCIAL COUNCIL DEVELOP SPENDING GUIDANCE FOR EACH BUSINESS AREA?

A. In any budget process, there is typically more demand for O&M and capital budget dollars than there is financial capacity to fund. Therefore, the Company provides financial guidance to the business areas to set expectations for that area, making it clear that they will be expected to justify and explain any significant deviations from the guidance as part of the review and approval process.

Q. HOW IS THE FINANCIAL GUIDANCE DEVELOPED?

A. The starting point for developing the financial guidance is the most recent five-year financial forecast. Specifically, for the 2020 - 2024 budgets, the starting point is the most recent five-year (2019 - 2023) forecast. Beginning each February, the Financial Council reviews this information, considering Xcel Energy's business plans and a number of other factors. Of particular importance in this review are the five-year capital spending levels, which will drive the amount of financing needs, and a review of five-year capital additions. After considering this information and emergent business area needs, the Financial Council establishes financial guidance for the new five-year O&M and capital budgets.

Q. WHAT ELSE DOES THE FINANCIAL COUNCIL FACTOR IN WHEN DETERMINING INITIAL BUSINESS AREA FINANCIAL GUIDANCE?

A. The Financial Council also looks at any new legislation or regulatory requirements that may impact spending in the next five years. They assess the current portfolio of projects and how any expected changes will impact customer rates. In addition to reviewing changes related to new requirements

or that are necessary to maintain or improve reliability, safety, and satisfaction of regulatory requirements, the Financial Council assesses where there may be opportunities to mitigate risk or to work toward meeting state policy goals or advance priorities our customers or regulators have communicated.

Q. HOW DO BUSINESS AREAS KNOW HOW TO PLAN FOR THE WORK THEY WILL COMPLETE IN THE YEARS AHEAD?

A While the Company previously provided formulaic corporate budget instructions, since the last case, we re-assessed the value of Corporate Budget Instructions and determined that a more effective communication strategy is a series of weekly discussions between FP&R and business area finance representatives. These discussions cover topics such as the timing and expectations for business areas to develop draft and final budgets, problem-solving, and emerging issues. The results are spending guidance and other instructions such as corporate allocations, policy directions, and the like provided to the business areas via these ongoing communications that allow the business areas to incorporate this guidance when developing their work plans.

Q. IS THE SPENDING GUIDANCE THE ONLY INFORMATION THE BUSINESS AREAS USE IN DEVELOPING THEIR BUDGETS?

A. No. Because it is necessary for the business areas to factor their own strategic priorities and annual plans into their budgets, each business area may also provide additional instructions, guidance, or information specific to its organization. Business areas then review their current five-year forecast and re-evaluate spending priorities. This requires them to gather detailed

information on budget assumptions, support new assumptions, and in some cases perform additional detailed analyses.

2. Business Area Budget Development

Q. HOW DOES THE COMPANY ENSURE THAT EACH BUSINESS AREA FOLLOWS SIMILAR PROCEDURES TO DEVELOP A BUDGET?

A. Each five-year budgeting cycle is initiated with a two-day meeting where business areas, operating companies, and finance collaborate to align on initiatives and priorities that should be included in the next budget.

Q. HOW DO THE ATTENDEES INTERACT TO CREATE CONSISTENCY IN THE BUDGETING PROCESSES?

A. The meeting includes discussions on corporate strategy and other key initiatives in addition to a financial overview to guide the planning and budgeting process. Business areas and the operating companies are encouraged to share with the broad group specific priorities, unique opportunities, or challenges they are facing. Then, each business area and operating company meets to discuss the financial information, challenges, opportunities, and priorities in detail. Finance then begins its work with each business area to build a budget that takes the outcomes of these discussions into consideration.

Q. PLEASE DESCRIBE WHAT OCCURS DURING THE BUSINESS AREA BUDGET DEVELOPMENT PHASE.

A. Managers within each business area, in conjunction with managers from business area finance, develop their budgets for each of the next five years. The schedule during this phase is designed to provide sufficient time for

building the O&M and capital budgets, as well as allowing for internal reviews and checkpoints before the budgets are submitted for senior management review. During this phase, each business area assesses its operating needs and identifies potential capital projects. The scope, cost, and timing of these projects are evaluated and prioritized within the business area by operating company, resulting in an aggregate projection of recommended capital expenditures for each of the next five years. At the same time, the business areas forecast their labor, material, equipment, and other needs to build a projection of the O&M levels needed to support their area over the next five years. The business area's O&M and capital budgets are then consolidated by the corporate finance team along with preliminary information necessary to estimate the overall financial forecast and all this information is presented for internal review prior to the presentation to the Financial Council later in the fall.

Q. WHAT REVIEWS OR DISCUSSIONS ARE COMPLETED DURING THE INTERNAL REVIEW?

A. The internal review includes a meeting of the business areas, operating companies, and finance to review each business area's preliminary O&M and capital budgets. Through an iterative process, further discussions are held that focus on ensuring the key priorities and opportunities discussed at the prior meetings have been adequately addressed, that spending levels align with the Company's ability to fund, and that any associated customer rate increases that result from the budgets are reasonable and necessary. This process allows Company leaders an opportunity to provide feedback to the business areas and finance for additional review, revisions, or optimization in mid- to late-

summer before the budgets are finalized and presented to the Financial Council later in the fall.

Q. WHO IS RESPONSIBLE FOR PREPARING THE O&M AND CAPITAL EXPENDITURE BUDGETS FOR EACH BUSINESS AREA?

A. Because each business area is different, each business area defines the scope of participation in, and the individuals responsible for, the development of O&M and capital expenditure budgets.

The assigned business area finance representative works with the designated employees in each business area compiling the budget, including gathering the required data and development of supporting assumptions. The information is consolidated and reviewed at various levels within the functional areas, and then reviewed and approved by the senior business area executive. After review and approval by the business area executive, the O&M and capital budgets are presented to the operating company Presidents and ultimately, the Financial Council.

Q. ARE THE BUSINESS AREA BUDGETS BASED ON ANALYSIS OF THE COSTS OF INDIVIDUAL ELEMENTS OR ON TOTAL PRIOR YEAR COSTS PLUS INFLATION?

A. Each business area determines the most accurate method for developing the budget amounts by category; and the budget is built from the bottom up by individual components, such as employee labor, contract labor, consulting costs, and materials expense while also considering, along the way, the spending guidance I previously discussed. In the example of labor, current salary and headcount data is fed from our payroll system to our budgeting system. Planned headcount additions or reductions over the five year period

are incorporated into the budget system based on current workforce plans; projected merit increases are applied by the corporate budgeting group based on assumptions provided and approved by Human Resources. In a separate example of materials, a business area may decide that the best way to accurately assess likely future spend is to apply an inflationary assumption to the trending of prior years' spend. Thus business areas are able to use judgment to determine the most appropriate means for developing budgets for each category of spend.

Q. PLEASE DESCRIBE THE BUSINESS AREA REVIEW PROCESS AND HOW IT RELATES TO THE OVERALL BUDGETING PROCESS.

A. Business area management reviews the developing budgets several times during the budget cycle. These reviews may consider:

- the analysis of long-term trends;
- discussion of what costs should be reduced based on process efficiencies or changing business requirements;
- identification of cost pressures and business risks;
- emerging regulatory requirements; and
- alignment with strategic objectives.

Each business area completes iterative reviews of its budget prior to finalizing the budget that is submitted to the Financial Council in late September. These reviews are intended to ensure that the budget is a reasonable and representative forecast of costs for the budget period and that cost components are well understood in preparation for the review meetings with the Financial Council. During this process, the business area meets on an as-needed basis with the operating company presidents, senior financial

executives, and senior operations leadership to discuss the preliminary budgets. The purpose of these meetings is to help prioritize projects within the area, as well as across the Company, and to understand how these preliminary budgets compare to the financial and spending guidance I previously discussed. Emergent cost pressures are discussed, along with how these preliminary budgets align with the regulatory priorities of each operating company and the Company's ability to finance the work. This process is designed to be iterative, giving each group ample opportunity to provide input into the budgets that are proposed to the Operating Company Presidents and the Financial Council.

3. Financial Council and Operating Company Review and Approval

Q. DO THE OPERATING COMPANY PRESIDENTS ALSO REVIEW THE PROPOSED BUDGETS AS THEY ARE BEING DEVELOPED?

A. Yes. As I mention above, business areas meet on an as-needed basis with operating company presidents and others to discuss preliminary budgets. Additionally, after the business areas have finalized their proposed budgets, business area leadership meets with the operating company president to present their finalized recommendations for the pending budget cycle. Each operating company president is responsible for reviewing the budgets for his or her operating company across all business areas and has the opportunity to recommend changes to the budgets before they are presented to Financial Council.

Because budget guidance is also developed on an operating company basis, the operating company president has a foundation on which to evaluate business area budgets that are either above or below the budget guidance, and

can evaluate the reasons for each business area coming in over or under this guidance. Based on needs within the operating company, its president may request changes either within a business area budget or across the business areas.

Q. WHAT FACTORS DO THE OPERATING COMPANY PRESIDENTS AND LATER THE FINANCIAL COUNCIL CONSIDER AS THEY ARE REVIEWING THE PROPOSED BUDGETS?

A. These reviews take into consideration rate and customer impacts, cost pressures, emergent issues, priorities presented by the business areas, and areas of strategic and business risk to our stakeholders. They also consider regulatory requirements and operational needs at the state level, the financial position of the operating company, and key strategic decisions that need to be made in the near future. These overall reviews of expenditures at the corporate level are conducted to balance needs across business areas and develop and approve budgets necessary to support an appropriate portfolio of projects from an operating company perspective, and the work necessary to continue to provide safe reliable service to customers.

Q. WHAT OCCURS AFTER THE OPERATING COMPANY PRESIDENTS REVIEW THE BUDGETS?

A. After incorporating any modifications by the operating company presidents, the O&M and capital expenditure budgets are presented to the Financial Council. The same iterative process used up to this point is repeated at the Financial Council, meaning additional research and analysis may be required and/or budget adjustments made. The FP&R group continues the cross-functional review process. Additional review sessions are held with the

business areas, and information necessary for the Financial Council review is gathered and summarized for presentation. At the conclusion of the Financial Council review sessions, the business areas make any resulting adjustments, the budgets are considered final, and the final budgets are presented to the Boards of Directors for approval.

4. XEI and NSPM Boards of Directors Approval

Q. PLEASE DESCRIBE THE APPROVAL OF BUDGETS BY THE XEI AND NSPM BOARDS OF DIRECTORS.

A. After Financial Council review and approval, the five-year capital budget is presented to the Xcel Energy Board of Directors. This review is focused around the upcoming year, as well as major changes compared to the previous year's five-year budget. The Board of Directors also reviews and determines whether to approve any new projects with total project spend in excess of $50 million, and any previously-approved project that is seeking re-approval because of significant changes to overall spend.

As part of a separate process, the NSPM Board of Directors approves the upcoming year's total capital budget, all new projects greater than $50 million, and the upcoming year's O&M budget. Because NSPM's Board of Directors also hold seats on the Financial Council as well, they also review and approve the full five-year O&M and capital budgets as part of that separate process. Thus the NSPM Board of Directors has multiple opportunities to review, question, and ultimately approve the Company's budget.

D. Financial Systems

Q. HAS THE COMPANY MADE ANY CHANGES TO ITS FINANCIAL SYSTEMS SINCE ITS LAST RATE CASE?

A. Yes. The Company has made changes to its financial systems through the implementation of our Productivity Through Technology (PTT) initiative. The PTT initiative included replacement of the Company's GL system and implementation of a new Work and Asset Management (WAM) system, both of which were discussed in depth in our last rate case. The new SAP GL system was placed in service at the end of 2015, shortly after the Company filed its last rate case. The GL serves as a foundation for implementation of the WAM system, which was placed in service in phases through the fourth quarter of 2017.

Q. PLEASE DESCRIBE THE OTHER FINANCIAL SYSTEMS USED BY XCEL ENERGY TO DEVELOP ITS BUDGETS AND FORECASTS.

A. Xcel Energy uses several financial systems as part of its budgeting and forecasting process. O&M and capital budget data is initially input into FMS. This allows budget managers in every business area to enter projected monthly capital expenditures for the next five-year period.

Monthly capital budget data in FMS is then loaded into our PowerPlan system. PowerPlan is used by Capital Asset Accounting to maintain actual and budget capital expenditure data along with actual and budget in-service dates for determining plant in-service. Allowance for Funds Used During Construction (AFUDC) and depreciation expense associated with all budgeted capital project work orders are calculated within PowerPlan. PowerPlan is then used

to generate the projected plant and CWIP balances for the thirteen-month roll forward for each year of a multi-year rate plan.

Q. PLEASE DESCRIBE HOW THE SAP GL SYSTEM ACCOMPLISHES UTILITY REPORTING REQUIREMENTS.

A. The majority of all business costs are either incurred directly by the Company or billed to the Company from XES. Regardless of the transaction origination, each transaction is coded and posted to the SAP GL system with the information necessary to identify the operating company or affiliate that incurred the cost, as well as the operating company or affiliate that is responsible for the cost. Additionally, each transaction is identified with the utility, the functional group, and the type of cost. The SAP GL system uses these transaction details to report the information by FERC account, as required by state and federal regulators.

Company witness Ms. Melissa Schmidt discusses further how the transition to SAP accounting and reporting is reflected in the Company's Cost Assignment and Allocation Manual (CAAM).

Q. HOW HAS THE SAP GL AND WAM IMPLEMENTATION CHANGED THE WAY THE COMPANY IS PRESENTING FINANCIAL BUDGETING DATA?

A. There are two main ways the SAP GL system is different from the JDE GL system. First, the SAP GL system replaces the old JDE Generally Accepted Accounting Principles (GAAP)-based "object accounts" with GAAP-based "cost elements." Second, with WAM implemented, we have an additional dimension that can be used to track and analyze data, known as Work Breakdown Structures (WBS). This second change provides the Company

with an additional way to analyze data that provides insight into the types of activities that each business area in the Company undertakes.

Q. PLEASE EXPLAIN THE CHANGE FROM "OBJECT ACCOUNTS" TO GAAP-BASED "COST ELEMENTS."

A. The primary difference is that GAAP O&M and capital accounts were referred to as "object accounts" in the JDE GL system, whereas they are referred to as "cost elements" in the SAP GL system. Some of the cost elements are comparable, but most are different or new when compared to the JDE GL. This is largely a function of changing to a more streamlined and simplified chart of accounts.

Under the old JDE GL system, there were also separate sets of object accounts for O&M and capital costs. Within the SAP GL system, O&M and capital share the same cost elements and the type of cost is distinguished using other reporting attributes. This does change how our cost elements are mapped to FERC accounts, as I describe below.

Q. HAVE THERE BEEN ANY CHANGES IN THE WAY THE COMPANY PRESENTS ITS FINANCIAL DATA WITH RESPECT TO THE NEW WBSS THAT ARE PART OF THE SAP GL SYSTEM?

A. Yes. The SAP GL system facilitates the tracking of work activities using WBS to drive productivity improvements. Through the WBSs in SAP, we are able to budget, track, and analyze financial data by various activities such as "Electric Locates" in addition to being able to analyze data using FERC accounts, GAAP-based cost elements, and business areas within the

Company's organizational hierarchy. This additional way of analyzing data helps support cost-management efforts of the Company.

Q. WITH THIS CHANGE IN FINANCIAL SYSTEMS, IS THE COMPANY ABLE TO PROVIDE AN AUDIT TRAIL MAP?

A. Yes. With my testimony, I am providing the Audit Trail map that allows review of expenses and tracking from "cost element" to FERC account as Exhibit___(GJR-1), Schedule 2 to my Direct Testimony.

Q. PLEASE EXPLAIN THE AUDIT TRAIL MAP.

A. The Audit Trail map provides a breakdown of 2020 O&M costs by cost category and GAAP cost element. It also includes the information by FERC account and grouping. Finally, it provides the business area, sub-area, and cost center where the cost originated, along with the applicable business area witness to support that cost. Along with this information, the Audit Trail map includes summaries showing the following:

- Total 2020 O&M by FERC account
- Total 2020 O&M by GAAP cost element
- 2020 FERC O&M by Company witness
- 2020 GAAP-based cost element O&M by Company witness

These data can then be filtered, and also support the expenses presented in Company witness Benjamin C. Halama's revenue requirements study. The data by business areas on the audit trail map may be slightly different than data shown in witness testimony. This is primarily due to minor differences in the way that costs are assigned to a business area in GAAP and FERC reporting. In total across all business areas, there is no difference.

Q. HAS THE MOVE TO THE SAP GL IMPACTED ANY OTHER BUDGET DOCUMENTATION THAT THE COMPANY PROVIDES IN ITS RATE CASES?

A. To a certain extent, yes. The outputs of the SAP GL in Volumes 5 and 6 of this case are slightly different in appearance from the JDE GL, which was used to provide the Company's budget documentation in Volumes 5, 6A, and 6B in our last rate case (Docket No. E002/GR-15-826). While we continued to utilize JDE alongside SAP in 2016 (because our 2016 budget was loaded in JDE), our first full year of budgeting and tracking in SAP in 2017 required additional mapping work. In our current case, the Company has worked to provide all budget documentation that parties have previously found helpful, including some that is no longer required, although the reports themselves will appear somewhat different than in prior cases given this systems change.

E. Ongoing Financial Governance

Q. PLEASE DESCRIBE MORE FULLY THE COMPANY'S ONGOING FINANCIAL GOVERNANCE PROCESS.

A. The financial governance process consists of a monthly financial forecast process and the processes to monitor Xcel Energy's and the operating companies' performance in comparison to the budget. Once the Financial Council approves the five-year budget for each of the utility operating companies, it is locked down to prevent further changes. This facilitates the monitoring and update processes during the first budget year (the year following the year in which the budget is prepared) to reflect changes in business conditions and operations that were not anticipated at the time the budget was approved.

Once the final O&M and capital budgets are established, and the financial year begins, the monthly forecast process also begins. Financial Performance and Reporting compares actual results to the O&M and capital budgets by business area and by Operating Company, and requires the business areas to explain variances and update their forecasts as appropriate. This monthly variance analysis and forecast updating process is an integral part of our overall budget governance.

This ongoing financial governance process allows us to adjust, on a continuing basis, our business plans and financial forecasts. For example, a business area may face cost increases or new projects not anticipated at the time the budget was created, or may need to reduce, delay, or accelerate spending in response to unforeseen or changed circumstances. The monthly forecasting process allows us to evaluate whether an increase above original budget levels for a business area is needed, to consider such changes in the context of overall Company needs and demands, and then to properly reflect any necessary and appropriate changes in our business plans and forecasts.

Q. HOW DO THE OPERATING COMPANIES USE THIS ONGOING MONITORING AND REVIEW PROCESS?

A. Updated O&M and capital forecasts are reviewed at monthly Financial Performance Team meetings led by the FP&R group. Each business area finance representative discusses variances between actual and budgeted expenditures and whether the variances are timing-related. The business area representative will also discuss any unplanned items that have arisen and whether they can be absorbed, or if they will require an adjustment to the year-end forecast. Each business area is responsible for managing to their

original budget as approved, so when unforeseen costs occur, the business area makes every attempt to absorb these within their budget by reprioritizing other work. If they are unable to do so, the business area can request to increase their forecast. Variances and updated forecasts are reviewed monthly with the Financial Council.

F. Summary

Q. OVERALL, WHY DOES XCEL ENERGY PLACE SUCH AN EMPHASIS ON BUDGET ACCURACY?

A. The budgeting process must produce a reasonable and representative reflection of the O&M and capital expenditures we expect to make because we use the resulting budgets both for financial management purposes and for development of test year costs. As a result, our budgets are essential to maintaining the utility operating companies' credibility with customers, regulators, and the investment community. That, in turn, requires each of the utility Operating Companies, including NSPM, to have in place a budget process that is transparent, understandable, and that reasonably reflects O&M and capital expenditures during the budget period.

Q. DOES BUDGET ACCURACY MEAN THAT ACTUAL RESULTS WILL ALWAYS MATCH BUDGETS?

A. No. The O&M and capital budgets are intended to reflect a reasonable and representative prediction of costs to be incurred by each business area to allow the utility Operating Companies to deliver services to their customers. Budget accuracy does not mean that every budgeted dollar is spent in exactly the same way that it was forecast to be spent, because circumstances will inevitably arise that will require deviations, both upward and downward, from planned levels.

Likewise, it is not uncommon for actual capital expenditures to deviate from their budgeted levels for individual projects. Deviations from budget such as these do not mean that the budget was not reasonable and accurate.

What is important is that, overall, the budgets reflect a reasonable and representative prediction of costs to be incurred and that will allow the utility operating companies to deliver services to their customers. The ongoing monitoring of actual expenditures and analysis of variances to budgeted levels discussed previously, help maintain an appropriate business area focus on expenditures, and facilitate any necessary adjustments to respond to changing circumstances.

III. CAPITAL AND O&M BUDGET ANALYSES

Q. PLEASE DESCRIBE THE BUDGET ANALYSES THE COMPANY HAS COMPLETED TO SUPPORT ITS MULTI-YEAR RATE PLAN REQUEST.

A. As for our capital investments, the Company has compared its actual to budget capital performance for 2016 through 2018. For O&M, we have compared actual to budget performance for a three-year period, and completed analyses comparing our overall 2020 test year O&M budget to actual and forecasted costs for various periods. As shown below in Table 1, these analyses and their supporting details can be found in this Application and my testimony as follows:

Table 1

Testimony Section	Analysis	Other Information
III.A	NSPM Total Company capital budget expenditures to actual costs for the previous three years, including the most recent fiscal year forecast (2016-2018).	Table 2 below.
III.B.1	NSPM Total Company and NSPM Electric O&M budget to actual costs for the previous three years, including the most recent fiscal year forecast (2016 - 2018).	Tables 3 and 4 below; Volume 6, Budget Documentation, Supplemental Reports Tab.
III.B.2	NSPM Electric 2020 test year O&M budget to 2018 actuals.	Volume 5, Budget Summary, Summary Reports Tab; Volume 6, Budget Documentation, Variance Explanations Tab
III.B.3	NSPM Electric 2020 test year O&M budget to 2019 forecast.	Exhibit___(GJR-1), Schedule 3

Q. PLEASE PROVIDE AN OVERVIEW OF YOUR CONCLUSIONS ABOUT THE 2020 TEST YEAR BUDGET, BASED ON THESE ANALYSES.

A. We believe that these analyses show that our 2020 test year budget is a reasonable and representative estimate of the costs to be incurred to provide our customers with reliable electric service. Although we work to manage within our budgets, we exceed these budgets when investments are needed or work is required to provide reliable service to our customers, even when we are not able to re-prioritize initiatives to absorb unforeseen cost increases. Where budgets exceed actuals and such deviation is within the Company's control, we learn and adjust to better-prepare our budgets for the following year. In addition, through the various period-to-period analyses that we have completed, we provide a clear illustration of the major cost drivers in the 2020 test year budget. Company witnesses Mr. Halama will further discuss how

our budget information supports our multi-year rate plan request, from a revenue requirement perspective.

Q. DOES THE COMPANY PROVIDE ANY OTHER ANALYSES WITH ADDITIONAL INFORMATION IN THIS RATE CASE?

A. Yes. Volume 6, Budget Documentation provides a comparison of NSPM 2018 actuals to the 2020 budget by FERC account with variance explanations. I also note that Company witness Ms. Benjamin C. Halama discusses the drivers between the 2016 and 2020 test years. In Volume 3, Required Information, we provide various historical comparisons of our FERC Form 1 and general ledger accounts.

A. Capital Budget Analysis

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS ABOUT THE 2020 TEST YEAR CAPITAL BUDGET, BASED ON YOUR ANALYSIS.

A. Table 2 below shows that on average over the past three years, our actual capital spending has trailed budgets by approximately (5.4) percent for the total NSPM Company. This variance average has been driven primarily by a wind resource-related outlier year (2017) in our budgeting process, the reasons for which have been beyond the Company's control. If that outlier year is removed, the Company's actual spending has only varied from the budgets by approximately (1.6) percent. This demonstrates that our capital budgets are a reasonable estimate of the capital spending necessary to provide our customers with reliable electric service.

Table 2

NSPM Total Company Actual versus Budget Capital Expenditures ($millions)

Year	Budget Amount	Actual Amount	$ Variance	% Variance
2018	$1,373.8	$1,333.5	($40.2)	(2.9%)
2017	$1,104.7	$946.2	($158.5)	(14.3%)
2016	$1,184.1	$1,184.2	$0.1	0.0%
2016-2018 Total	**$3,662.5**	**$3,463.9**	**($198.6)**	**(5.4%)**

Q. CAN YOU PROVIDE ADDITIONAL EXPLANATION FOR THE VARIANCE IN 2017?

A. Yes. Approximately $157 million of the $158.5 million underrun was the result of the timing of spend on wind farms. The original budget assumed that wind projects that used safe harbor turbines would take possession of them upon approval of the projects. However, possession of the turbines was taken upon delivery, which resulted in a shift of costs from 2017 into later years. These costs were ultimately paid by the Company, and were not part of our base rates in any event; they were addressed in the RES rider.

B. O&M Budget Analyses

1. Budget to Actual Costs for Previous Three Years (2016-2018)

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS ABOUT THE COMPANY'S O&M BUDGETS OVER THE LAST THREE FISCAL YEARS, BASED ON YOUR ANALYSES.

A. Our analyses demonstrate that our O&M budgets, which over the past three years have been nearly equal to actual results on average for the Total NSPM Company (and only 1.2) percent below budget for the NSPM Electric Utility), are a reasonable estimate of the costs to be incurred to provide our customers with reliable electric service. These conclusions are borne out by Tables 3 and 4, below:

Table 3

NSPM Total Company Actual versus Budget O&M ($millions)

Year	Budget Amount	Actual Amount	$ Variance	% Variance
2018	$1,204.9	$1,223.3	$18.4	1.5%
2017	$1,209.0	$1,213.1	$4.1	0.3%
2016	$1,268.4	$1,247.0	($21.4)	(1.7%)
Three-Year Total	**$3,682.3**	**$3,683.4**	**$1.1**	**0.0%**

Table 4

NSPM Electric Utility Actual versus Budget O&M ($millions)

Year	Budget Amount	Actual Amount	$ Variance	% Variance
2018	$1,117.2	$1,115.4	($1.8)	(0.2%)
2017	$1,119.7	$1,113.5	($6.2)	(0.6%)
2016	$1,172.3	$1,140.0	($32.3)	(2.8%)
Three-Year Total	**$3,409.2**	**$3,368.9**	**($40.3)**	**(1.2%)**

2. Test Year Budget to Most Recent Year of Actuals (2018 to 2020)

Q. WHERE DO YOU PROVIDE AN ANALYSIS OF 2018 ACTUALS TO THE 2020 TEST YEAR BUDGET?

A. This analysis is contained in the Variances Explanations tab in Volume 6 of this filing. We provide this analysis in each rate case filing, including the current case.

Q. PLEASE DISCUSS THE PURPOSE OF THIS ANALYSIS.

A. This analysis provides additional information regarding year to year FERC account variances similar to that identified in Order Point 47 of the Commission's September 3, 2013 Order in our 2013 rate case (Docket No. E002/GR-12-961) and provided in Volume 3, Required Information. This information is part of the analysis the Financial Performance and Reporting group performs in its review of the preliminary budgets. The analysis compares NSPM electric utility's O&M cost structure between the most recent complete fiscal year (2018) and the 2020 test year budget on a FERC account basis. It also provides explanations of the major drivers of the cost increases / decreases for those areas that are changing by +/- 5 percent and + /- $500,000.00.

Q. WHAT ARE THE RESULTS OF THIS ANALYSIS?

A. This analysis shows that NSPM electric utility's costs increase by $39.5 million, or 3.5 percent, between 2018 and the 2020 budget. This works out to an annual increase of approximately 1.75 percent. The largest driver of this increase is Transmission, accounting for $30.4 million, or approximately 75 percent of the increase, and can be found in FERC Account 565. NSPM and NSP Wisconsin (NSPW) share production and transmission costs across the NSP system, and the transmission portion of these shared costs are included as part of operating and maintenance costs. While other costs are increasing as well, there are also offsetting cost reductions.

Q. PLEASE PROVIDE MORE INFORMATION ABOUT THE VARIANCES BETWEEN 2018 AND 2020.

A. The Transmission cost increase is driven by the completion and in-servicing of Wisconsin's $175 million share of the La Crosse – Madison transmission line in December 2018, which resulted in increased depreciation and increased Interchange Agreement billings from NSPW to NSPM when the line was in service for full years in 2019 and 2020.

The second largest driver of the cost increase is in Administrative and General Expenses, which is increasing by $27.3 million or 10.2 percent over the two year period. Approximately $21 million of this increase is driven by Business Systems spending to replace aging infrastructure, to address cyber security threats and requirements, to enhance the capabilities of the business and its ability to serve customers, and to address emergent technology demands (addressed in the Direct Testimony of Company witness Mr. David Harkness). This can be seen in FERC Accounts 920, 921, 922, 923 and 931. An additional $5 million of this increase is driven by investment in customer initiatives (referenced in the Direct Testimony of Mr. Harkness, Ms. Kelly Bloch, and Mr. Michael Gersack). This increase impacts FERC Account 923.

Further, property insurance costs are also increasing by $5.9 million (FERC Account 924). Other drivers of the increase include two years of employee compensation merit increases, which flow through a number of different FERC accounts. Company witness Ms. Ruth Lowenthal discusses employee compensation in detail in her Direct Testimony.

These increases are partially offset by a $10.8 million decrease in Nuclear (FERC Accounts 517 to 532), which is primarily driven by lower non-outage costs that are resulting from site improvement projects and other cost savings initiatives. Company witness Mr. Timothy O'Connor discusses these changes in greater detail in his Direct Testimony. Finally, costs in the Production and Power Supply Expense area (other than Nuclear) are decreasing by approximately $5.7 million, driven by reductions in labor, contractors and materials expense at the Minnesota coal plants; partially offset by increased O&M expense for the wind farms and for the Mankato Energy Center (which has been removed from the cost of service, but is still part of the Company's budget documentation). These reductions are referenced in the Direct Testimony of Company witness Mr. Randy Capra.

3. Test Year Budget to Current Year Forecast (2019 Forecast to 2020)

Q. PLEASE DISCUSS THE PURPOSE OF THE 2019 FORECAST TO 2020 TEST YEAR COMPARISON.

A. This analysis provides a comparison of the 2020 budget to forecasted O&M costs for the current year (2019) which shows how costs change between 2019 and the 2020 test year and helps identify major incremental cost drivers for the test year. When reviewed in the context of the analysis of 2018 and 2020 test year costs discussed above, this analysis also shows in more detail how much of the 2018 to 2020 test year cost increases occur between 2019 and 2020. Finally, this analysis helps us to see how these cost changes align across the FERC chart of accounts. Exhibit___(GJR-1), Schedule 3 provides further detail.

Q. PLEASE DISCUSS THE RESULTS OF THIS ANALYSIS.

A. This analysis shows that NSPM electric utility's costs increase by $42.9 million, or 3.9 percent between 2019 and 2020. As expected, many of the same drivers of the increases between 2018 and the 2020 budget are causing the increase between 2019 and 2020. The largest individual driver of increasing O&M between 2019 and the 2020 budget is the increase in Business Systems costs, which are increasing by approximately $13 million. Similar to the 2018 to 2020 increase, this is driven by investment to replace aging infrastructure, to address cyber security threats and requirements, to enhance the capabilities of the business and its ability to serve customers, to address emergent technology demands (addressed in the Direct Testimony of Mr. David Harkness). The business systems increase is a major driver of spending in FERC Accounts 920, 921, 922, 923 and 931.

Also driving the year over year increase is higher insurance expense in 2020, as our 2019 insurance forecast assumes one-time insurance proceed distributions that are not expected to recur in 2020. These changes are reflected in FERC Accounts 924 and 925. Higher transmission interchange expense is also anticipated in 2020, and is driving a $5.4 million year over year increase that is reflected in FERC Account 565. The growth in revenue requirements that is driven by the interchange is discussed in the testimony of Mr. Halama. Annual merit increases, which are reflected in various FERC accounts, are also a driver of part of the year over year increase.

Finally, the last major driver of year-over-year O&M increases is the Production and Power Supply Expense FERC grouping. Costs in this grouping are increasing $5.4 million, or 1.1 percent. The increase is driven by

O&M spending to support the new wind farms that will go online in 2019 and 2020. There is also an increase of approximately $5 million for O&M at the Mankato Energy Center. These costs have been adjusted out of the rate case cost of service, but are still part of our base budget included in the budget documentation. As with the 2018 to 2020 comparison, these Production and Power Supply increases are partially offset by reduced labor, maintenance, and contractor costs at the King and Sherco coal plants. These overall increases are also partially offset by a $7 million decrease in the Nuclear FERC Accounts (517 through 532), which is primarily driven by lower non-outage costs resulting from site improvement and other cost reduction initiatives. Mr. O'Connor discusses these changes in greater detail in his testimony.

IV. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY

A. Our budgeting processes are designed to ensure that the Company's capital and O&M budgets provide reasonable and representative forecasts of the costs necessary to provide safe and reliable service to our customers. Our processes emphasize the importance of accuracy, facilitate business area accountability, and ensure executive involvement and oversight. After budgets are established, the Company's ongoing financial governance process allows us to adjust, on a continuing basis, our business plans and financial forecasts. This ongoing monitoring provides flexibility and facilitates any necessary adjustments to spending to respond to changing circumstances. Finally, our budgeting variance analyses demonstrate our robust overall governance and budget management.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

Statement of Qualifications

Gregory J. Robinson

I received my Masters of Business Administration degree in Finance in 2003 from the Carlson School of Management at the University of Minnesota. I also have a Bachelor's Degree in accounting from Gustavus Adolphus College in Saint Peter, Minnesota, and have an Inactive CPA certificate from the State of Minnesota.

My current position with Xcel Energy Services Inc. ("XES") is Director of Financial Performance and Reporting. I am responsible for the internal reporting and financial statement analysis for Xcel Energy Inc., and its subsidiaries. I am also responsible for coordinating the O&M and Capital budgeting and forecasting processes, as well as the monthly analysis of actual results against these budgets and forecasts. I have been employed by XES since April 2011, first as the Manager of O&M and Capital Reporting and Analysis. I was promoted to my current role as Director of Financial Performance and Reporting in August 2013.

Before working at Xcel Energy, I worked as a divisional finance manager at Ecolab, and in various accounting and finance roles at Jostens.

Please note, due to size, the full Schedule 2 is provided on a CD in Volume 3.

Northern States Power Company
Audit Trail Map

Line No.	Cost Category	Original Cost Element	Original Cost Element Description	FERC	FERC Desc	FERC Grouping	Source Requesting Party Cost Center - Key (Not Compounded)	Witness	BA	SubBA	2020 NSPM Electric
1	ilication Development & Maintena	5600176	pplication Development and Maintenan	9506000	Miscellaneous steam power expenses	Production	102015	Harkness	Customer and Innovation	Business Systems	303,748.50
2	ilication Development & Maintena	5600176	pplication Development and Maintenan	9506000	Miscellaneous steam power expenses	Production	103028	Harkness	Customer and Innovation	Business Systems	212,459.88
3	ilication Development & Maintena	5600176	pplication Development and Maintenan	9539000	Miscellaneous hydraulic power generation expenses	Production	102015	Harkness	Customer and Innovation	Business Systems	1,187.04
4	ilication Development & Maintena	5600176	pplication Development and Maintenan	9539000	Miscellaneous hydraulic power generation expenses	Production	103028	Harkness	Customer and Innovation	Business Systems	830.25
5	ilication Development & Maintena	5600176	pplication Development and Maintenan	9549000	Miscellaneous other power generation expenses	Production	102015	Harkness	Customer and Innovation	Business Systems	50,224.69
6	ilication Development & Maintena	5600176	pplication Development and Maintenan	9549000	Miscellaneous other power generation expenses	Production	103028	Harkness	Customer and Innovation	Business Systems	35,130.12
7	ilication Development & Maintena	5600176	pplication Development and Maintenan	9556000	System control and load dispatching	Production	102015	Harkness	Customer and Innovation	Business Systems	8,589.36
8	ilication Development & Maintena	5600176	pplication Development and Maintenan	9556000	System control and load dispatching	Production	103028	Harkness	Customer and Innovation	Business Systems	6,072.72
9	ilication Development & Maintena	5600176	pplication Development and Maintenan	9561200	Load dispatch-Monitor and operate transmiss system	Transmission	102015	Harkness	Customer and Innovation	Business Systems	296,338.40
10	ilication Development & Maintena	5600176	pplication Development and Maintenan	9561200	Load dispatch-Monitor and operate transmiss system	Transmission	103028	Harkness	Customer and Innovation	Business Systems	209,512.20
11	ilication Development & Maintena	5600176	pplication Development and Maintenan	9581000	Load dispatching	Distribution	102015	Harkness	Customer and Innovation	Business Systems	89,429.26
12	ilication Development & Maintena	5600176	pplication Development and Maintenan	9581000	Load dispatching	Distribution	103028	Harkness	Customer and Innovation	Business Systems	63,226.78
13	ilication Development & Maintena	5600176	pplication Development and Maintenan	9588000	Miscellaneous distribution expenses	Distribution	102015	Harkness	Customer and Innovation	Business Systems	543,655.89
14	ilication Development & Maintena	5600176	pplication Development and Maintenan	9588000	Miscellaneous distribution expenses	Distribution	103028	Harkness	Customer and Innovation	Business Systems	380,265.50
15	ilication Development & Maintena	5600176	pplication Development and Maintenan	9902000	Meter reading expenses	Customer	102015	Harkness	Customer and Innovation	Business Systems	736,463.31
16	ilication Development & Maintena	5600176	pplication Development and Maintenan	9902000	Meter reading expenses	Customer	103028	Harkness	Customer and Innovation	Business Systems	189,357.80
17	ilication Development & Maintena	5600176	pplication Development and Maintenan	9903000	Customer records and collection expenses	Customer	102015	Harkness	Customer and Innovation	Business Systems	1,422,248.66
18	ilication Development & Maintena	5600176	pplication Development and Maintenan	9903000	Customer records and collection expenses	Customer	103028	Harkness	Customer and Innovation	Business Systems	185,833.14
19	ilication Development & Maintena	5600176	pplication Development and Maintenan	9921000	Office supplies and expenses	Admin & General	101989	Robinson	Customer and Innovation	Enterprise Security	905.06
20	ilication Development & Maintena	5600176	pplication Development and Maintenan	9921000	Office supplies and expenses	Admin & General	102015	Harkness	Customer and Innovation	Business Systems	2,923,313.44
21	ilication Development & Maintena	5600176	pplication Development and Maintenan	9921000	Office supplies and expenses	Admin & General	103028	Harkness	Customer and Innovation	Business Systems	1,594,364.21
22	Contract Labor/Consulting	5600001	Contract Labor	9500000	Operation supervision and engineering	Production	103112	Capra	Energy Supply	ES Service Org	9,270.00
23	Contract Labor/Consulting	5600001	Contract Labor	9500000	Operation supervision and engineering	Production	103118	Capra	Energy Supply	ES Service Org	2,821.32
24	Contract Labor/Consulting	5600001	Contract Labor	9500000	Operation supervision and engineering	Production	103129	Capra	Energy Supply	ES Service Org	4,433.52
25	Contract Labor/Consulting	5600001	Contract Labor	9500000	Operation supervision and engineering	Production	103133	Capra	Energy Supply	ES Service Org	3,627.36
26	Contract Labor/Consulting	5600001	Contract Labor	9500000	Operation supervision and engineering	Production	301270	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	150,000.00
27	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100550	Capra	Energy Supply	ES Service Org	1,020.72
28	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100551	Robinson	Operations Services	OS Chief of Staff	22,960.68
29	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100560	Capra	Energy Supply	ES Service Org	15,000.00
30	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100562	Capra	Energy Supply	ES Service Org	24,999.96
31	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100563	Capra	Energy Supply	ES Service Org	18,000.00
32	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	100567	Capra	Energy Supply	ES Service Org	6,500.04
33	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	102059	Robinson	Operations Services	OS Chief of Staff	181.32
34	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	102761	Capra	Energy Supply	ES Service Org	16,096.08
35	Contract Labor/Consulting	5600001	Contract Labor	9506000	Miscellaneous steam power expenses	Production	301254	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	950,000.00
36	Contract Labor/Consulting	5600001	Contract Labor	9511000	Maintenance of structures	Production	100082	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	5,000.00
37	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	100097	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	123,000.00
38	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	102787	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	131,000.00
39	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	102791	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	91,000.00
40	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	102798	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	5,257,119.00
41	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	103132	Capra	Energy Supply	ES Service Org	17,008.68
42	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	301186	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	198,400.00
43	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	301270	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	(61,500.00)
44	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	301283	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	24,240.00
45	Contract Labor/Consulting	5600001	Contract Labor	9512000	Maintenance of boiler plant	Production	301284	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	30,660.00
46	Contract Labor/Consulting	5600001	Contract Labor	9513000	Maintenance of electric plant	Production	100097	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	50,000.00
47	Contract Labor/Consulting	5600001	Contract Labor	9513000	Maintenance of electric plant	Production	301185	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	15,000.00
48	Contract Labor/Consulting	5600001	Contract Labor	9513000	Maintenance of electric plant	Production	301284	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	22,945.00
49	Contract Labor/Consulting	5600001	Contract Labor	9514000	Maintenance of miscellaneous steam plant	Production	100097	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	25,000.00
50	Contract Labor/Consulting	5600001	Contract Labor	9514000	Maintenance of miscellaneous steam plant	Production	301093	Capra	Energy Supply	ES Service Org	36,999.96
51	Contract Labor/Consulting	5600001	Contract Labor	9514000	Maintenance of miscellaneous steam plant	Production	301185	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	11,900.00
52	Contract Labor/Consulting	5600001	Contract Labor	9517000	Operation supervision and engineering	Production	100607	O'Connor	Nuclear Generation	Site VP, Monticello Plant	170,057.00
53	Contract Labor/Consulting	5600001	Contract Labor	9517000	Operation supervision and engineering	Production	100612	O'Connor	Nuclear Generation	Site VP, Monticello Plant	24,999.96
54	Contract Labor/Consulting	5600001	Contract Labor	9517000	Operation supervision and engineering	Production	100626	O'Connor	Nuclear Generation	VP Eng. & Projects	1,872.00
55	Contract Labor/Consulting	5600001	Contract Labor	9517000	Operation supervision and engineering	Production	100681	O'Connor	Nuclear Generation	VP Eng. & Projects	1,872.00
56	Contract Labor/Consulting	5600001	Contract Labor	9524000	Miscellaneous nuclear power expenses	Production	100599	O'Connor	Nuclear Generation	VP Reg., Security & Training	28,000.00
57	Contract Labor/Consulting	5600001	Contract Labor	9524000	Miscellaneous nuclear power expenses	Production	100631	O'Connor	Nuclear Generation	VP Reg., Security & Training	87,839.02
58	Contract Labor/Consulting	5600001	Contract Labor	9524000	Miscellaneous nuclear power expenses	Production	100645	O'Connor	Nuclear Generation	VP Org. Effective, NOS, Fleet Ops	42,840.00
59	Contract Labor/Consulting	5600001	Contract Labor	9530000	Maintenance of reactor plant equipment	Production	103082	O'Connor	Nuclear Generation	Site VP, Prairie Island Plant	160,000.00
60	Contract Labor/Consulting	5600001	Contract Labor	9532000	Maintenance of miscellaneous nuclear plant	Production	102919	O'Connor	Nuclear Generation	Site VP, Monticello Plant	1,500,000.00
61	Contract Labor/Consulting	5600001	Contract Labor	9535000	Operation supervision and engineering	Production	103112	Capra	Energy Supply	ES Service Org	42.84
62	Contract Labor/Consulting	5600001	Contract Labor	9535000	Operation supervision and engineering	Production	103118	Capra	Energy Supply	ES Service Org	13.08
63	Contract Labor/Consulting	5600001	Contract Labor	9535000	Operation supervision and engineering	Production	103129	Capra	Energy Supply	ES Service Org	20.52
64	Contract Labor/Consulting	5600001	Contract Labor	9535000	Operation supervision and engineering	Production	103133	Capra	Energy Supply	ES Service Org	16.80
65	Contract Labor/Consulting	5600001	Contract Labor	9539000	Miscellaneous hydraulic power generation expenses	Production	100550	Capra	Energy Supply	ES Service Org	4.68
66	Contract Labor/Consulting	5600001	Contract Labor	9539000	Miscellaneous hydraulic power generation expenses	Production	100551	Robinson	Operations Services	OS Chief of Staff	106.08
67	Contract Labor/Consulting	5600001	Contract Labor	9539000	Miscellaneous hydraulic power generation expenses	Production	102059	Robinson	Operations Services	OS Chief of Staff	0.84
68	Contract Labor/Consulting	5600001	Contract Labor	9546000	Operation supervision and engineering	Production	103106	Capra	Energy Supply	ES Wind	6,540.75
69	Contract Labor/Consulting	5600001	Contract Labor	9546000	Operation supervision and engineering	Production	103112	Capra	Energy Supply	ES Service Org	6,428.16
70	Contract Labor/Consulting	5600001	Contract Labor	9546000	Operation supervision and engineering	Production	103118	Capra	Energy Supply	ES Service Org	1,956.36
71	Contract Labor/Consulting	5600001	Contract Labor	9546000	Operation supervision and engineering	Production	103129	Capra	Energy Supply	ES Service Org	3,074.28

72	Contract Labor/Consulting	5600001	Contract Labor	9546000	Operation supervision and engineering	Production	103133	Capra	Energy Supply	ES Service Org	2,515.32
73	Contract Labor/Consulting	5600001	Contract Labor	9549000	Miscellaneous other power generation expenses	Production	100550	Capra	Energy Supply	ES Service Org	707.76
74	Contract Labor/Consulting	5600001	Contract Labor	9549000	Miscellaneous other power generation expenses	Production	100551	Robinson	Operations Services	OS Chief of Staff	15,921.61
75	Contract Labor/Consulting	5600001	Contract Labor	9549000	Miscellaneous other power generation expenses	Production	102059	Robinson	Operations Services	OS Chief of Staff	125.64
76	Contract Labor/Consulting	5600001	Contract Labor	9549000	Miscellaneous other power generation expenses	Production	103049	Capra	Energy Supply	ES Wind	3,000.00
77	Contract Labor/Consulting	5600001	Contract Labor	9549000	Miscellaneous other power generation expenses	Production	301247	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	3,569.00
78	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	100010	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	70,000.00
79	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	100023	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	112,240.00
80	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	100032	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	15,500.00
81	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	102774	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	17,000.00
82	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	103049	Capra	Energy Supply	ES Wind	17,550.00
83	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	103127	Capra	Energy Supply	ES Service Org	15,118.80
84	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301091	Capra	Energy Supply	ES Wind	33,120.00
85	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301190	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	59,200.00
86	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301219	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	5,000.00
87	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301226	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	315,000.00
88	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301247	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	17,276.00
89	Contract Labor/Consulting	5600001	Contract Labor	9553000	Maintenance of generating and electric plant	Production	301262	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	445,000.00
90	Contract Labor/Consulting	5600001	Contract Labor	9554000	Maint of miscellaneou other power generation plant	Production	103050	Capra	Energy Supply	ES Wind	67,831.96
91	Contract Labor/Consulting	5600001	Contract Labor	9554000	Maint of miscellaneou other power generation plant	Production	301224	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	132,000.00
92	Contract Labor/Consulting	5600001	Contract Labor	9556000	System control and load dispatching	Production	103067	Harkness	Customer and Innovation	Business Systems	1,905.61
93	Contract Labor/Consulting	5600001	Contract Labor	9557000	Other expenses	Production	102860	Robinson	Financial Operations	Finance & Corp Development	3,040.00
94	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	100835	Bloch	Distribution Operations	Dist Operations NSP	214.00
95	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101321	Benson	Transmission	Transm Portfolio Del & Eng/Des	3,109.96
96	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101322	Benson	Transmission	Substation Ops and Maintenance	28,727.23
97	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101323	Benson	Transmission	Transmission Investment	2,665.44
98	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101326	Benson	Transmission	Transm Portfolio Del & Eng/Des	10,751.50
99	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101327	Benson	Transmission	Transm Portfolio Del & Eng/Des	51,547.82
100	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101332	Benson	Transmission	Transm System Sustainability	53,991.32
101	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101334	Benson	Transmission	Transm System Sustainability	28,969.46
102	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101335	Benson	Transmission	Transm System Sustainability	3,127.46
103	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101336	Benson	Transmission	Transm Portfolio Del & Eng/Des	859.13
104	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101337	Benson	Transmission	Transm Portfolio Del & Eng/Des	103,921.44
105	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101340	Benson	Transmission	Transm Portfolio Del & Eng/Des	32,990.60
106	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101343	Benson	Transmission	Transm Portfolio Del & Eng/Des	7,270.08
107	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101344	Benson	Transmission	Transm Portfolio Del & Eng/Des	3,288.72
108	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101349	Benson	Transmission	Transm Portfolio Del & Eng/Des	53,609.67
109	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101352	Benson	Transmission	Transmission Vice President	189.00
110	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101353	Benson	Transmission	Transmission Business Ops	232,165.26
111	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101357	Benson	Transmission	Transmission Strategy & Planning	20,000.00
112	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	101358	Benson	Transmission	Transm Portfolio Del & Eng/Des	822.24
113	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	102091	Harkness	Customer and Innovation	Business Systems	343.66
114	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	102726	Benson	Transmission	Transm Portfolio Del & Eng/Des	1,096.24
115	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	102728	Benson	Transmission	Transm Portfolio Del & Eng/Des	1,781.40
116	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	102761	Capra	Energy Supply	ES Service Org	7,419.84
117	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	102817	Bloch	Distribution Operations	Dist Operations NSP	25.00
118	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	103014	Benson	Transmission	Substation Ops and Maintenance	2,800.00
119	Contract Labor/Consulting	5600001	Contract Labor	9560000	Operation supervision and engineering	Transmission	103035	Benson	Transmission	Transm Portfolio Del & Eng/Des	8,247.60
120	Contract Labor/Consulting	5600001	Contract Labor	9561200	Load dispatch-Monitor and operate transmiss system	Transmission	103067	Harkness	Customer and Innovation	Business Systems	65,708.13
121	Contract Labor/Consulting	5600001	Contract Labor	9561700	Generation interconnection studies	Transmission	300125	Benson	Transmission	Transmission General Corp	2,083.51
122	Contract Labor/Consulting	5600001	Contract Labor	9562000	Station expenses	Transmission	102749	Benson	Transmission	Substation Ops and Maintenance	12,600.00
123	Contract Labor/Consulting	5600001	Contract Labor	9563000	Overhead line expenses	Transmission	101238	Benson	Transmission	Transm Construction & Line Ops	36,828.00
124	Contract Labor/Consulting	5600001	Contract Labor	9563000	Overhead line expenses	Transmission	101337	Benson	Transmission	Transm Portfolio Del & Eng/Des	25,980.33
125	Contract Labor/Consulting	5600001	Contract Labor	9566000	Miscellaneous transmission expenses	Transmission	101238	Benson	Transmission	Transm Construction & Line Ops	9,207.00
126	Contract Labor/Consulting	5600001	Contract Labor	9566000	Miscellaneous transmission expenses	Transmission	101239	Benson	Transmission	Transm Construction & Line Ops	16,759.45
127	Contract Labor/Consulting	5600001	Contract Labor	9566000	Miscellaneous transmission expenses	Transmission	101240	Benson	Transmission	Transm Construction & Line Ops	3,884.77
128	Contract Labor/Consulting	5600001	Contract Labor	9569000	Maintenance of structures	(blank)	101235	Benson	Transmission	Transm Construction & Line Ops	7,379.90
129	Contract Labor/Consulting	5600001	Contract Labor	9570000	Maintenance of station equipment	Transmission	102749	Benson	Transmission	Substation Ops and Maintenance	14,400.00
130	Contract Labor/Consulting	5600001	Contract Labor	9571000	Maintenance of overhead lines	Transmission	101238	Benson	Transmission	Transm Construction & Line Ops	46,035.00
131	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100775	Bloch	Distribution Operations	Dist Operations NSP	23,664.00
132	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100777	Bloch	Distribution Operations	Dist Operations NSP	4,965.00
133	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100793	Bloch	Distribution Operations	Dist Business Operations	3,386.00
134	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100818	Bloch	Distribution Operations	Dist Operations NSP	9,988.00
135	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100833	Bloch	Distribution Operations	Dist Operations NSP	2,596.00
136	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100841	Bloch	Distribution Operations	Dist Operations NSP	8,160.00
137	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	100847	Bloch	Distribution Operations	Dist Operations NSP	7,695.00
138	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	101124	Bloch	Distribution Operations	Dist Electric Engineering	2,470.63
139	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	102826	Bloch	Distribution Operations	Dist Operations NSP	15,914.00
140	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	102876	Bloch	Distribution Operations	Dist Operations NSP	2,640.00
141	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	102877	Bloch	Distribution Operations	Dist Operations NSP	2,709.00
142	Contract Labor/Consulting	5600001	Contract Labor	9580000	Operation supervision and engineering	Distribution	102948	Bloch	Distribution Operations	Dist Electric Engineering	8,604.00
143	Contract Labor/Consulting	5600001	Contract Labor	9581000	Load dispatching	Distribution	103067	Harkness	Customer and Innovation	Business Systems	19,829.07
144	Contract Labor/Consulting	5600001	Contract Labor	9582000	Station expenses	Distribution	102748	Benson	Transmission	Substation Ops and Maintenance	19,295.28
145	Contract Labor/Consulting	5600001	Contract Labor	9583000	Overhead line expenses	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	59.00

Northern States Power Company
Audit Trail Map

146	Contract Labor/Consulting	5600001	Contract Labor	9583000	Overhead line expenses	Distribution	102817	Bloch	Distribution Operations	Dist Operations NSP	22.00
147	Contract Labor/Consulting	5600001	Contract Labor	9584000	Underground line expenses	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	44.00
148	Contract Labor/Consulting	5600001	Contract Labor	9587000	Customer installations expenses	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	1,624.00
149	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	100813	Bloch	Distribution Operations	Dist Operations NSP	851.00
150	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	242.00
151	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	101121	Bloch	Distribution Operations	AGIS-Distribution AGIS	63,228.00
152	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	101212	Bloch	Gas Systems	Geospatial and Asset Data	16,704.00
153	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	101991	Harkness	Customer and Innovation	AGIS-Business Systems	2,114,457.96
154	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	102817	Bloch	Distribution Operations	Dist Operations NSP	25.00
155	Contract Labor/Consulting	5600001	Contract Labor	9588000	Miscellaneous distribution expenses	Distribution	103013	Robinson	Customer and Innovation	AGIS-Enterprise Security	22,128.00
156	Contract Labor/Consulting	5600001	Contract Labor	9592000	Maintenance of station equipment	Distribution	102748	Benson	Transmission	Substation Ops and Maintenance	12,863.54
157	Contract Labor/Consulting	5600001	Contract Labor	9592000	Maintenance of station equipment	Distribution	102749	Benson	Transmission	Substation Ops and Maintenance	9,000.00
158	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	2,146.00
159	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	101132	Bloch	Distribution Operations	Dist Business Operations	350,004.00
160	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	101235	Benson	Transmission	Transm Construction & Line Ops	7,379.90
161	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	102817	Bloch	Distribution Operations	Dist Operations NSP	193.00
162	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	102820	Bloch	Distribution Operations	Dist Operations NSP	28.00
163	Contract Labor/Consulting	5600001	Contract Labor	9593000	Maintenance of overhead lines	Distribution	102826	Bloch	Distribution Operations	Dist Operations NSP	27,099.00
164	Contract Labor/Consulting	5600001	Contract Labor	9594000	Maintenance of underground lines	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	22,093.00
165	Contract Labor/Consulting	5600001	Contract Labor	9594000	Maintenance of underground lines	Distribution	102817	Bloch	Distribution Operations	Dist Operations NSP	1,938.00
166	Contract Labor/Consulting	5600001	Contract Labor	9594000	Maintenance of underground lines	Distribution	102830	Bloch	Distribution Operations	Dist Operations NSP	89,478.00
167	Contract Labor/Consulting	5600001	Contract Labor	9594000	Maintenance of underground lines	Distribution	102841	Bloch	Distribution Operations	Dist Operations NSP	592.00
168	Contract Labor/Consulting	5600001	Contract Labor	9595000	Maintenance of line transformers	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	524.00
169	Contract Labor/Consulting	5600001	Contract Labor	9596000	Maintenance of street lighting and signal systems	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	6.00
170	Contract Labor/Consulting	5600001	Contract Labor	9597000	Maintenance of meters	Distribution	100835	Bloch	Distribution Operations	Dist Operations NSP	2,467.00
171	Contract Labor/Consulting	5600001	Contract Labor	9597000	Maintenance of meters	Distribution	102817	Bloch	Distribution Operations	Dist Operations NSP	115.00
172	Contract Labor/Consulting	5600001	Contract Labor	9902000	Meter reading expenses	Customer	101566	Cardenas	Customer and Innovation	Customer Care	1,594.33
173	Contract Labor/Consulting	5600001	Contract Labor	9902000	Meter reading expenses	Customer	301581	Cardenas	Customer and Innovation	Customer Care	39,535.45
174	Contract Labor/Consulting	5600001	Contract Labor	9903000	Customer records and collection expenses	Customer	102074	Cardenas	Customer and Innovation	Customer Care	12,151.91
175	Contract Labor/Consulting	5600001	Contract Labor	9903000	Customer records and collection expenses	Customer	103064	Harkness	Customer and Innovation	Business Systems	8,468.36
176	Contract Labor/Consulting	5600001	Contract Labor	9908000	Customer assistance expenses	Customer	101929	Cardenas	Customer and Innovation	Customer Care	398.61
177	Contract Labor/Consulting	5600001	Contract Labor	9908000	Customer assistance expenses	Customer	102338	Robinson	Group President - Utility	OpCo President - NSPM	34,456.01
178	Contract Labor/Consulting	5600001	Contract Labor	9910000	Miscell customer service and informational expense	Customer	101902	Robinson	Customer and Innovation	Comml & Industrial Cust Solutions	464.64
179	Contract Labor/Consulting	5600001	Contract Labor	9910000	Miscell customer service and informational expense	Customer	101908	Robinson	Customer and Innovation	Comml & Industrial Cust Solutions	652.92
180	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101523	Robinson	Operations Services	OS Supply Chain	187,135.97
181	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101901	Robinson	Customer and Innovation	Customer & Brand Strategy	27,157.89
182	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101905	Robinson	Customer and Innovation	Res & Small Bus Cust Solutions	20,926.04
183	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101910	Robinson	Customer and Innovation	Res & Small Bus Cust Solutions	377.21
184	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101913	Robinson	Customer and Innovation	Res & Small Bus Cust Solutions	47,645.43
185	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101916	Harkness	Customer and Innovation	Business Systems	13,383.44
186	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101932	Robinson	Customer and Innovation	Res & Small Bus Cust Solutions	980.70
187	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101952	Robinson	Corp Secretary & Exec Srvs	Corp Communications	49,088.19
188	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101978	Harkness	Customer and Innovation	Business Systems	158,402.04
189	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101986	Harkness	Customer and Innovation	Business Systems	47,964.09
190	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101989	Robinson	Customer and Innovation	Enterprise Security	65,161.09
191	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101996	Robinson	HR and Employee Services	Human Resources	21,451.54
192	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	101999	Harkness	Customer and Innovation	Business Systems	95,183.75
193	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102000	Harkness	Customer and Innovation	Business Systems	247,860.76
194	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102007	Harkness	Customer and Innovation	Business Systems	13,219.97
195	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102008	Harkness	Customer and Innovation	Business Systems	156,103.50
196	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102009	Harkness	Customer and Innovation	Business Systems	1,429,272.06
197	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102015	Harkness	Customer and Innovation	Business Systems	1,872,520.94
198	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102027	Harkness	Customer and Innovation	Business Systems	32,124.58
199	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102047	Robinson	HR and Employee Services	Human Resources	134,071.49
200	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102052	Robinson	HR and Employee Services	Human Resources	21,451.54
201	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102066	Robinson	HR and Employee Services	Human Resources	10,725.72
202	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102068	Robinson	HR and Employee Services	Human Resources	12,513.25
203	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102071	Harkness	Customer and Innovation	Business Systems	362.14
204	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102293	Robinson	Financial Operations	Risk Management & Audit Services	9,048.91
205	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102303	Robinson	Financial Operations	Controller	9,048.93
206	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102305	Robinson	Financial Operations	Controller	72,401.48
207	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102308	Robinson	Financial Operations	Tax Services	20,339.25
208	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102340	Robinson	Group President - Utility	OpCo President - NSPM	5,492.26
209	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102344	Robinson	Group President - Utility	OpCo President - NSPM	18,000.00
210	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102450	Robinson	General Counsel	Legal Services	108,602.21
211	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102741	Robinson	HR and Employee Services	Human Resources	16,290.44
212	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	102742	Robinson	Financial Operations	Finance & Corp Development	36,200.90
213	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	103038	Harkness	Customer and Innovation	Business Systems	100,556.29
214	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	103044	Harkness	Customer and Innovation	Business Systems	1,298,813.09
215	Contract Labor/Consulting	5600001	Contract Labor	9923000	Outside services employed	Admin & General	103064	Harkness	Customer and Innovation	Business Systems	102,544.54
216	Contract Labor/Consulting	5600006	Consulting Professional Services Other	9500000	Operation supervision and engineering	Production	100082	Capra	Energy Supply	ES Gen Mgr MN/WI Generation	15,359.04
217	Contract Labor/Consulting	5600006	Consulting Professional Services Other	9500000	Operation supervision and engineering	Production	100516	Capra	Energy Supply	ES Service Org	8,838.85
218	Contract Labor/Consulting	5600006	Consulting Professional Services Other	9500000	Operation supervision and engineering	Production	103112	Capra	Energy Supply	ES Service Org	1,722.24
219	Contract Labor/Consulting	5600006	Consulting Professional Services Other	9500000	Operation supervision and engineering	Production	103118	Capra	Energy Supply	ES Service Org	524.16

Electric O&M, Customer & Sales, & A&G Expenses - Summary of 2020 Budget versus 2019 Forecast

		July Forecast 2019		Budget 2020		Change	Change %
Production and Power Supply Expenses	$	494,602,879	$	500,001,653	$	5,398,774	1.1%
Transmission Expenses	$	161,927,839	$	171,797,121	$	9,869,282	6.1%
Distribution Expenses	$	129,865,956	$	130,995,859	$	1,129,903	0.9%
Total Electric Functional O&M	**$**	**786,396,673**	**$**	**802,794,633**	**$**	**16,397,959**	**2.1%**
Total Customer & Sales Expense	$	57,908,031	$	58,263,324	$	355,293	0.6%
Total Administrative & General Expenses	$	267,809,977	$	293,928,283	$	26,118,306	9.8%
Total Customer & Sales & Administrative & General	**$**	**325,718,008**	**$**	**352,191,607**	**$**	**26,473,599**	**8.1%**
Total	**$**	**1,112,114,681**	**$**	**1,154,986,240**	**$**	**42,871,558**	**3.9%**

FERC-Based Electric O&M Analysis

		July Forecast 2019	Budget 2020	Change	% Change
	Power Production Expenses				
500	Operation Supervision & Engineering	3,441,419	3,769,931	328,512	9.5%
501	Stm Gen Fuel	96,340	89,022	(7,318)	-7.6%
502	Steam Expenses	22,022,103	23,748,015	1,725,911	7.8%
503	Steam from Other Sources	-	-	-	0.0%
504	Steam Transferred-Cr.	-	-	-	0.0%
505	Electric Expenses	2,727,665	1,878,154	(849,510)	-31.1%
506	Misc. Steam Power Expenses	14,284,615	16,764,910	2,480,295	17.4%
507	Rents	3,287,338	3,305,629	18,290	0.6%
508	Steam Oper Supplies & Expense	-	-	-	0.0%
509	Allowances	-	-	-	0.0%
510	Maintenance Supervision & Engineering	4,055,629	1,280,412	(2,775,217)	-68.4%
511	Maintenance of Structures	5,026,960	2,726,892	(2,300,068)	-45.8%
512	Maintenance of Boiler Plant	18,007,767	19,301,110	1,293,343	7.2%
513	Maintenance of Electric Plant	7,232,123	5,149,740	(2,082,382)	-28.8%
514	Maintenance of Misc. Steam Plant	11,921,232	10,452,661	(1,468,571)	-12.3%
515	Steam Maintenance of Steam Prod Plant	-	-	-	0.0%
	Total Production & Power Supply Expenses	**92,103,192**	**88,466,477**	**(3,636,715)**	**-3.9%**
	Nuclear				
517	Nuc Oper Super & Eng	56,254,773	49,396,675	(6,858,098)	-12.2%
519	Nuclear coolants & Wtr	8,004,581	8,214,230	209,649	2.6%
520	Nuclear Steam Expense	49,866,516	50,045,225	178,709	0.4%
523	Nuclear Electric Expense	2,913,664	2,646,136	(267,527)	-9.2%
524	Nuclear Power Misc Exp	131,814,965	130,795,216	(1,019,749)	-0.8%
525	Nuclear Gen Rents	12,368,342	12,792,460	424,118	3.4%
528	Nuc Maint Super & Eng	7,400,376	7,853,753	453,378	6.1%
529	Nuc Maint of Structures	24,683	-	(24,683)	-100.0%
530	Nuc Mtc of React Plt Equip	37,452,890	39,731,409	2,278,519	6.1%
531	Nuc Maint of Elect Plant	10,727,803	10,715,163	(12,640)	-0.1%
532	Nuc Mtc of Misc Nuc Plant	27,764,863	25,320,561	(2,444,302)	-8.8%

FERC-Based Electric O&M Analysis

		July Forecast 2019	Budget 2020	Change	% Change
	Total Nuclear	**344,593,455**	**337,510,829**	**(7,082,626)**	**-2.1%**
	Hydraulic Power Generation				
535	Operation Supervision & Engineering	55,200	72,857	17,656	32.0%
536	Water for Power	-	-	-	0.0%
537	Hydraulic Expenses	-	-	-	0.0%
538	Electric Expenses	186,934	120,000	(66,934)	-35.8%
539	Misc. Hydraulic Power Generation Expenses	707,006	377,908	(329,097)	-46.5%
540	Rents	68,160	81,367	13,207	19.4%
541	Maintenance of Supervision & Engineering	84,533	173,217	88,684	104.9%
542	Maintenance of Structures	23,582	22,893	(689)	-2.9%
543	Maintenance of Reservoirs, Dams, & Waterways	30,573	-	(30,573)	-100.0%
544	Maintenance of Electric Plant	70,433	-	(70,433)	-100.0%
545	Maintenance of Misc. Hydraulic Plant	86,413	168,126	81,713	94.6%
	Other Power Generation				
546	Operation Supervision & Engineering	1,958,960	2,300,012	341,052	17.4%
547	Oth Oper Fuel	25,935	-	(25,935)	-100.0%
548	Generation Expenses	11,721,976	16,146,357	4,424,381	37.7%
549	Misc. Other Power Generation Expenses	9,507,377	16,704,690	7,197,314	75.7%
550	Rents	6,723,095	10,612,216	3,889,120	57.8%
551	Maintenance Supervision & Engineering	1,053,684	827,728	(225,956)	-21.4%
552	Maintenance of Structures	6,053,362	2,641,478	(3,411,884)	-56.4%
553	Maintenance of Generating & Electric Plant	9,468,553	9,949,750	481,196	5.1%
554	Maintenance of Misc. Other Power Generation Plant	4,101,073	9,696,030	5,594,956	136.4%
	Other Power Supply Expenses	-			
556	System Control & Load Dispatching	1,336,472	934,811	(401,661)	-30.1%
557	Other Expenses	4,642,911	3,194,908	(1,448,003)	-31.2%
	Total Production & Power Supply Expenses	**494,602,879**	**500,001,653**	**5,398,774**	**1.1%**
	Transmission Expenses				
560	Operation Supervision & Engineering	10,775,086	12,048,700	1,273,614	11.8%
561	Load Dispatching	-	-	-	0.0%
561.1	Load Dispatch-Reliability	-	-	-	0.0%

FERC-Based Electric O&M Analysis

		July Forecast 2019	Budget 2020	Change	% Change
561.2	Load Dispatch-Monitor and Operate Transmission System	4,935,031	5,386,844	451,813	9.2%
561.3	Load Dispatch-Transmission Service & Scheduling	-	-	-	0.0%
561.4	Scheduling, System control & Dispatching Services	-	-	-	0.0%
561.5	Reliability, Planning, and Standard Development	33,451	24,383	(9,067)	-27.1%
561.6	Transmission Service Studies	-	-	-	0.0%
561.7	Generation Interconnection Studies	160,477	208,356	47,879	29.8%
561.8	Rel/Plan/Standards Development Services	2,179,507	2,763,132	583,625	26.8%
562	Station Expenses	1,964,717	3,947,894	1,983,176	100.9%
563	Overhead Lines Expense	385,834	772,239	386,405	100.1%
564	Underground Lines Expense	7,901	-	(7,901)	
565	Transmission of Electricity by Others	117,887,762	123,274,348	5,386,586	4.6%
566	Misc. Transmission Expenses	5,662,323	7,147,525	1,485,202	26.2%
567	Rents	2,204,454	1,884,120	(320,334)	-14.5%
568	Maintenance Supervision & Engineering	36,045	-	(36,045)	-100.0%
569	Maintenance of Structures	-	112,165	112,165	#DIV/0!
570	Maintenance of Station Equipment	7,829,257	5,636,512	(2,192,745)	-28.0%
571	Maintenance of Overhead Lines	7,244,078	7,655,703	411,625	5.7%
572	Maintenance of Underground Lines	20,963	-	(20,963)	-100.0%
573	Maintenance of Misc. Transmission Plant	5,807	-	(5,807)	-100.0%
575.1	Operation Supervision	190,771	227,626	36,856	19.3%
575.2	Day-Ahead & Real-Time Market Admin	258,716	422,887	164,171	63.5%
575.3	Transmission Rights Market Admin	-	-	-	0.0%
575.5	Ancillary Serv Mkt Admin	102,941	211,964	109,022	105.9%
575.6	Mkt Monitoring/Compliance	25,863	53,251	27,388	105.9%
575.7	Market Administration Monitoring & Compl Srvc	-	-	-	0.0%
575.8	Rents	16,854	19,472	2,618	15.5%
	Total Transmission Expenses	**161,927,839**	**171,797,121**	**9,869,282**	**6.1%**
	Distribution Expenses				
580	Operation Supervision & Engineering	11,968,059	7,175,938	(4,792,120)	-40.0%
581	Load Dispatching	4,381,504	8,158,352	3,776,848	86.2%
582	Station Expenses	3,501,673	4,395,080	893,408	25.5%
583	Overhead Lines Expense	3,829,215	3,092,914	(736,300)	-19.2%
584	Underground Lines Expense	6,366,444	7,008,654	642,210	10.1%

FERC-Based Electric O&M Analysis

		July Forecast 2019	Budget 2020	Change	% Change
585	Street Lighting & Signal System Expenses	1,322,151	1,824,376	502,225	38.0%
586	Meter Expenses	1,619,042	2,633,260	1,014,219	62.6%
587	Customer Installations Expenses	3,526,911	4,302,891	775,980	22.0%
588	Misc. Expenses	21,770,295	24,090,586	2,320,291	10.7%
589	Rents	3,652,755	3,770,732	117,977	3.2%
590	Maintenance Supervision & Engineering	140,580	227,044	86,463	61.5%
591	Maintenance of Structures	0	-	(0)	-100.0%
592	Maintenance of Station Equipment	5,778,008	5,768,058	(9,950)	-0.2%
593	Maintenance of Overhead Lines	49,639,718	43,557,324	(6,082,394)	-12.3%
594	Maintenance of Underground Lines	10,282,039	12,636,298	2,354,259	22.9%
595	Maintenance of Line Transformers	714,186	1,388,545	674,359	94.4%
596	Maintenance of Street Lighting & Signal Systems	1,251,059	1,059,205	(191,854)	-15.3%
597	Maintenance of Meters	94,115	(194,896)	(289,011)	-307.1%
598	Maintenance of Misc. Distribution Plant	28,203	101,498	73,295	259.9%
	Total Distribution Expenses	**129,865,956**	**130,995,859**	**1,129,903**	**0.9%**
	Total Electric Functional O&M	**786,396,673**	**802,794,633**	**16,397,959**	**2.1%**

FERC-Based Electric O&M Analysis

		July Forecast 2019	Budget 2020	Change	% Change
	Customer Accounts Expenses				
901	Supervision	118,170	125,468	7,299	6.2%
902	Meter Reading Expenses	21,681,600	21,474,187	(207,413)	-1.0%
903	Customer Records & Collection Expenses	20,483,831	20,893,870	410,040	2.0%
904	Uncollectible Accounts	11,867,563	12,807,645	940,081	7.9%
905	Misc. Customer Accounts Expenses	(476)	245,067	245,543	-51560.9%
	Customer Service & Informational Expenses				
907	Supervision	-	-	-	0.0%
908	Customer Assistance Expenses	1,686,685	1,297,020	(389,665)	-23.1%
909	Informational & Instructional Expenses	1,348,472	1,200,785	(147,686)	-11.0%
910	Misc. Customer Service & Informational Expenses	722,136	219,282	(502,854)	-69.6%
	Sales Expenses				
911	Supervision	-	-	-	0.0%
912	Demonstrating & Selling Expenses	51	-	(51)	-100.0%
913	Advertising Expenses	-	-	-	0.0%
916	Misc. Sales Expenses	-	-	-	0.0%
	Total Customers & Sales Expenses	**57,908,031**	**58,263,324**	**355,293**	**0.6%**
	A&G Expenses				
920	Administrative & General Salaries	96,877,157	99,986,932	3,109,775	3.2%
921	Office Supplies & Expenses	50,359,552	59,301,105	8,941,552	17.8%
922	Administrative Expenses Transferred-Credit	(42,297,846)	(47,617,377)	(5,319,531)	12.6%
923	Outside Services Employed	31,498,059	27,346,575	(4,151,485)	-13.2%
924	Property Insurance	2,310,539	6,603,484	4,292,945	185.8%
925	Injuries & Damages	8,071,841	13,535,611	5,463,770	67.7%
926	Employee Pension & Benefits	73,093,299	76,840,396	3,747,098	5.1%
927	Franchise Requirements	-	-	-	0.0%
928	Regulatory Commission Expenses	5,725,585	5,721,379	(4,206)	-0.1%
929	Duplicate Charges-Credit	(5,647,455)	(5,327,088)	320,367	-5.7%
930.1	General Advertising Expenses	3,744,350	3,587,422	(156,928)	-4.2%
930.2	Misc. General Expenses	3,341,069	3,640,762	299,692	9.0%
931	Rents	39,956,101	48,825,567	8,869,466	22.2%
935	Maintenance of General Plant	777,725	1,483,515	705,790	90.8%
	Total A&G	**267,809,977**	**293,928,283**	**26,118,306**	**9.8%**
	Total Customers & Sales & A&G	**325,718,008**	**352,191,607**	**26,473,599**	**8.1%**