

Revenue Requirements in Rate Case 2017 Test Year for Transfers of Loaders

Amounts required to be included in regulatory liability to be returned to Minnesota retail rate payers in next rate case after the rate case filed 11/1/2019.

Transfer of Loader from Laskin Energy Center (LEC) to Rapids Energy Center (REC)

Average plant balance 12/31/16 and 12/31/17	=	\$	267,787	
Average accumulated depreciation balance 12/31/16 and 12/31/17	+		<u>(101,813)</u>	
Average net plant balance 12/31/16 and 12/31/17	=		165,974	
Authorized rate of return	x		7.064%	
Gross-up for revenue requirement	x		<u>1.40335</u>	
Return on Investment	=		16,453	
Depreciation expense	+		<u>22,980</u>	
Total revenue requirements	=		<u>39,433</u>	
Minnesota jurisdictional allocator (general plant)	x		87.0129%	Monthly
Annual Minnesota jurisdictional revenue requirements	=	\$	<u>34,312</u>	\$ 2,859

Transfer of Loader from REC to Taconite Harbor Energy Center (THEC)

Average plant balance 12/31/16 and 12/31/17	=	\$	122,238	
Average accumulated depreciation balance 12/31/16 and 12/31/17	+		<u>(16,844)</u>	
Average net plant balance 12/31/16 and 12/31/17	=		105,394	
Authorized rate of return	x		7.064%	
Gross-up for revenue requirement	x		<u>1.40335</u>	
Return on Investment	=		10,448	
Depreciation expense	+		<u>22,980</u>	
Total revenue requirements	=		<u>33,428</u>	
Minnesota jurisdictional allocator (general plant)	x		87.0129%	Monthly
Annual Minnesota jurisdictional revenue requirements	=	\$	<u>29,087</u>	\$ 2,424

Annual Minnesota jurisdictional revenue requirements for transfer of loader from LEC to REC - Regulated to Non-regulated	\$	34,312	
Less annual Minnesota jurisdictional revenue requirements for transfer of loader from REC to THEC - Non-regulated to Regulated		<u>(29,087)</u>	Monthly
	\$	<u>5,225</u>	\$ 435

Monthly entry - transfers occurred Aug. 2018 so the entry should be recorded from Aug. 2018-Dec. 2019 - 17 months	\$	435
Number of Months		<u>17</u>
Total entry amount	\$	<u>7,395</u>

Monthly entry will debit MP revenue account 45690.0250 and credit MP regulated liability account 25400.0250