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218 739-8200
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OTTER TAIL POWER COMPANY

July 31, 2014

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider Rate, Rate Schedule 13.08
Docket No. E017/M-14-___
Initial Filing

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") hereby submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval of its annual update ("update") to the Environmental Upgrades Cost Recovery Rider Rate under Otter Tail's Rate Schedule 13.08.

Otter Tail has electronically filed this document with the Commission. In compliance with Minn. Rule 7829.1300, subp. 2, Otter Tail is serving a copy of this filing on the Minnesota Department of Commerce- Division of Energy Resources and the Minnesota Office of Attorney General-Antitrust and Utilities Division. A Summary of the filing has been served on all persons on Otter Tail's general service list. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8607 or at pbeithon@otpco.com.

Sincerely,

/S/ PETE BEITHON
Pete Beithon, Manager
Regulatory Recovery

jce
Enclosures
By electronic filing
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider, Rate Schedule 13.08	Docket No. E017/M-14-____

SUMMARY OF FILING

Otter Tail Power Company ("Otter Tail") submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval of its annual update ("update") to the Environmental Upgrades Cost Recovery Rider ("ECR Rider") Rate under Otter Tail's Rate Schedule 13.08.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISION

In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider, Rate Schedule 13.08	Docket No. E017/M-14-____

PETITION

I. INTRODUCTION

Otter Tail Power Company ("Otter Tail") submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval of its annual update ("update") to the Environmental Upgrades Cost Recovery Rider ("ECR Rider") Rate under Otter Tail's Rate Schedule 13.08.

On December 18, 2013, the Commission approved Otter Tail's ECR Rider Tariff and adjustment rate for the Big Stone Plant's Air Quality Control System ("AQCS") in Docket No. E017/M-13-648. The ECR Rider allows Otter Tail rate recovery for its share of costs for the AQCS project. Otter Tail is now filing its annual update to the ECR rate, which includes actual AQCS project cost and revenue information through May 2014 and updated forecast cost and revenue information through September 2015.

The updated forecast cost and revenue information includes a new project budget which is a decrease in the budgeted costs for the project of approximately five percent. The initial budget for the AQCS project was $491 million. In the spring of 2013, that budget was decreased to $405 million. The new budget decreases the project cost again, to $384 million, an overall reduction from the initial budget of over 21 percent.

The proposed ECR Rider rate of 6.515 percent is an increase of 2.557 percent from the currently approved 3.958 percent. The percentage rate has been calculated based upon an expected annual recovery period of October 2014 through September 2015. The updated ECR rate has been calculated using the previously approved percent-of-bill rate design method.

The AQCS project is scheduled to be completed and in service in late 2015. The next update filed in 2015 for the period October 2015 through September 2016 is expected to increase the rate approximately three percent for a total of slightly less than ten percent (a decrease from the 12.5 percent expected at the time of last year's filing). The estimate is inclusive of recovery for the total estimated capital expenditures and plant related operation and maintenance expenses that commence when the project goes into service.

II. SUMMARY OF FILING

Pursuant to Minn. Rules 7829.1300, subp. 1, a one-paragraph summary of the filing accompanies this Petition.

III. GENERAL FILING INFORMATION

Pursuant to Minn. Rules 7829.1300, subp. 3, the following information is provided.

A. <u>Name, address, and telephone number of utility</u>

(Minn. Rules 7829.1300, subp. 3(A))

Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8200

B. <u>Name, address, and telephone number of utility attorney</u>

(Minn. Rules 7829-1300, subp. 3(B))

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8475

C. <u>Date of filing and proposed effective date of rates</u>

(Minn. Rules 7829.1300, subp. 3(C))

The date of the filing is July 31, 2014. Otter Tail proposes the updated rates to become effective October 1, 2014, or on the first day of the month following Commission approval, should its decision be thereafter.

D. Statutes controlling schedule for processing the filing
(Minn. Rules 7829.1300, subp. 3(D))

This filing is a "miscellaneous tariff filing" as defined by the Commission's rules at Minn. Rules 7829.0100, subp. 11. No determination of Otter Tail's overall revenue requirement is necessary (or required under the Statute). Minn. Rules 7829.1400, subps. 1 and 4 permit comments in response to a miscellaneous tariff filing to be filed within 30 days and reply comments to be filed no later than 10 days thereafter.

E. Title of utility employee responsible for filing
(Minn. Rules 7829.1300, subp. 3(E))

Pete Beithon
Manager, Regulatory Services
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, Minnesota 56538-0496
(218) 739-8607

F. Service List
(Minn. Rules 7829.0700)

Otter Tail requests that the following persons be placed on the Commission's official service list for this matter and that any trade secret comments, requests, or information be provided to the following on behalf of Otter Tail:

Pete Beithon
Manager, Regulatory Recovery
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8607
pbeithon@otpco.com

Bruce Gerhardson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56538-0496
(218) 739-8475
bgerhardson@otpco.com

G. **<u>Service on other parties</u>**
(Minn. Rules 7829.1300, subp. 2; Minn. Rules 7829.0600)

Otter Tail has served a copy of this Petition on the Division of Energy Resources of the Department of Commerce and the Residential Utilities Division of the Office of the Attorney General. A summary of the filing was served on all parties on the attached list.

IV. DESCRIPTION AND PURPOSE OF FILING

A. Background

On July 31, 2013, Otter Tail filed an ECR tariff and proposed rates in Docket No. E017/M-13-648 to recover the jurisdictional allocated costs incurred in complying with federal environmental mandates at the Big Stone generating station. On December 18, 2013, the Commission approved Otter Tail's ECR tariff and rate. The Company implemented the approved ECR rate of 3.958 percent (applied to base rates) effective with bills rendered on and after January 1, 2014.

In this annual update, Otter Tail is requesting to update its ECR rate to reflect actual costs incurred through May 2014 and projected costs through September 2015. The updated forecast of project costs over this period is based on a new project budget of $384 million. The original project budget was $491 million (inclusive of $40 million for a new baghouse and $2.1 million for ACI system, which are excluded from the ECR Rider). That budget was reduced to $405 million in March of 2013. The current budget has now been reduced to $384 million, a 21.8 percent reduction from the original budget.[1]

As shown in Attachment 1, the Revenue Requirements Summary, the revenue requirement allocated to Minnesota, is $9,654,962 with a projected under-recovery of the current period's costs of $553,628 and a carrying charge (in this case a <u>credit</u> to customers) during the collection period of $6,308 for a total revenue requirement of $10,202,283 to be recovered through the ECR rate over the period October 1, 2014 through September 30, 2015. The proposed ECR Rider rate from this update is 6.515

[1] The most recent Quarterly Report on the AQCS Project progress can be found in the Advance Determination of Prudence Docket No. E017/M-10-1082.

percent, an increase of 2.557 percent from the currently approved 3.958 percent using the currently approved percent-of-bill rate design method, for the period of October 2014 through September 2015.

B. 2014 ECR Rider Revenue Requirement Calculations

Our 2014 Environmental Upgrades Revenue Requirements Calculations (Attachment 2) includes calculations for the AQCS project. The revenue requirement for the project included in the Rider includes several components described below.

- *Rate base section*. Lines 1-22 of the tracker provide details on the amount of:
  - *Plant in service*. (When applicable)
  - *Accumulated Depreciation*. (When applicable)
  - *Construction Work in Progress*. ("CWIP"). Minn. Stat. §216B.1692 allows a current return on CWIP
  - *Allowance for Funds Used During Construction*. (" AFUDC"). Earned return prior to rate implementation
  - *Baghouse Exclusion*. Removal of costs associated with the baghouse and ACI construction.
  - *Accumulated Deferred Taxes*. (When Applicable)
  - *Average Rate Base*. This amount is based on a 13-month average calculation
  - *Return on Rate Base*. The return on investment utilizes the cost of capital approved in Otter Tail's most recent general rate case which is 8.61 percent.
  - *Available for Return*. This amount is the equity portion of the Return on Rate base.

- *Expense section*. The expenses applicable to the project are listed on lines 25-37 and include operation costs, property taxes, depreciation and income taxes.
  - *O&M Expenses*. Otter Tail will track O&M costs specifically related to the AQCS project.
  - *Property taxes*. The property tax calculation is based on Otter Tail's composite tax rate for South Dakota, the jurisdiction where Big Stone is located and will be calculated in accordance with the procedures specified by each state.
  - *Depreciation Expense*. Depreciation expense is calculated using Otter Tail's latest composite depreciation rate.
  - *Income Tax Expense*. Total income tax expense is based on the combined federal and MN tax rate.

- *Revenue requirement section*. Lines 41-53 show the components of the revenue requirements calculation. Included are the items computed from the sections previously mentioned, including expenses and return on rate base.
    - Jurisdictional allocator. Otter Tail applied jurisdictional allocators E1 and D1 as determined by the Commission in Otter Tail's most recent general rate case.

- *Baghouse and ACI exclusion*. The Commission's ADP approval did not include the new baghouse portion of the AQCS project or the ACI system that is being added to comply with the MATS rule. The baghouse was not part of the ADP approval because the Commission determined it to be beyond the scope of the ADP statute, not because it was found imprudent. The ACI system was not included in Otter Tail's ADP request, because it did not fit within the scope of the ADP statute. The construction of the baghouse is expected to cost $38 million in the revised budget (total project). The construction of the ACI system equipment is expected to cost approximately $2 million in the revised budget (total project). To remove these costs, a portion of the monthly CWIP balance, and AFUDC through 2013, is removed in the same ratio as the cost of the baghouse and ACI as compared to the total AQCS project cost. The ratio is found by dividing the total projected cost of the baghouse and ACI by the total projected cost of the AQCS project (inclusive of the baghouse and ACI). The ratio is approximately 10.40 percent and this amount is removed from the project costs to arrive at the AQCS costs excluding the baghouse and ACI. The AFUDC calculation does not exclude the baghouse directly. Rather, the baghouse exclusion is calculated in the CWIP calculation section (Attachment 2, pages 1-3, lines 13 and 14). Within that section, the baghouse portion of each month's CWIP and AFUDC amounts are removed from the totals.

<u>Corrections to the Tracker:</u> Otter Tail has made corrections to the tracker that has the impact of reducing revenue requirements by approximately $164,000.

The first set of corrections was discussed in Otter Tail's October 18, 2013 filing in Docket E017/M-13-648. At that time (the Department of Commerce's September 30, 2013 Comments, page 12) the corrections were determined to be small enough ($7,461) in impact to be corrected in this subsequent filing.

The second correction was discovered while preparing this filing. Otter Tail determined the CWIP balance dollar amounts contained a retention account. In this updated filing, Otter Tail has excluded any amounts from the CWIP balance that are related to retention accounts, going back to the date the amounts were first included. The impact of this correction, along with any carrying charge credit is a reduction in revenue requirements of approximately $180,000.

The third correction was also discovered in preparing this filing. Otter Tail found the monthly calculated *annual* AFUDC rate instead of the monthly true-up AFUDC rate (calculated to achieve the annual AFUDC rate) was used each month in the calculation. Attachment 6 shows the monthly AFUDC rate calculations. On the first page of the monthly AFUDC calculation, the annual rate is calculated (highlighted in gray). The rate is calculated each month to adjust for changing actual plus forecast: short-term, debt balances and construction work in progress (CWIP) balances for the remainder of the year. A true-up AFUDC rate is then calculated each month and applied to achieve the annual rate. In the initial filing, Otter Tail incorrectly used the annual rate from each month in the calculations instead of the appropriate monthly rate needed to achieve the forecast annual rate. The correct AFUDC rate for use in the calculation is highlighted in gray on the second page of each month's AFUDC calculation (in the section labeled "Year-to-date AFUDC loaded CWIP") on Attachment 6. Otter Tail has gone back to the start of the project and included any adjustments and recalculated AFUDC for each month. The net impact of applying the appropriate rates is an approximate increase $8,500 in revenue requirements. The application of the appropriate rates is reflected in Attachment 2, page 1 of 3, line 11. The monthly rate applied is rounded to four decimal places for accuracy.

The corrections discussed above of approximately $164,000 along with replacing forecast costs with actual costs (a decrease in revenue requirements of approximately $136,000) result in a <u>decreased</u> revenue requirement of approximately <u>$300,000</u> from the amounts in Docket E017/M-13-648.

C. Tracker Balance

Otter Tail maintains a tracker account worksheet and accounting system to track and account for retail revenue requirements associated with the project compared to the actual collections received through the billing and collections received under the Rider's approved rates. Project costs will remain in the tracker until all costs have either been fully recovered within the Rider, or the costs have been moved into rate base and reflected in base rates as part of a general rate case. The tracker account information compares Otter Tail's Minnesota jurisdictional costs and the amount recovered through Minnesota retail revenue. The tracker balance (either positive of negative) will accrue monthly carrying charges at a rate of 1/12 of Otter Tail's cost of capital times the tracker balance. Carrying charges on a negative tracker balance will accrue to the benefit of retail customers and carrying charges on a positive tracker balance will accrue to the benefit of Otter Tail. The Order in Docket E017/M-13-648 states: *"Approved OTP's overall proposed tracker recovery method, including a monthly 1/12 rate of return charged on any under or over recovery balance."*

The rate approved in Docket E017/M-13-648 was based on an assumed implementation date of October 1, 2013 but the rate actually became effective January 1, 2014, this delay resulted in an under collection (after all corrections and updates) of $553,628 as the approved rate was designed using 12 months of revenues and the collection period is only nine months.

Otter Tail will continue making annual filings to revise the Environmental Cost Recovery rates to reflect updated revenue requirements and additional new environmental measure projects which qualify for ECR Rider recovery, if any. When submitting annual filings, the tracker account is updated so that any over/under recovered amount at the end of the previous year will be reflected in the Rider adjustment for the upcoming year. This approach ensures that no under/over recovery occurs. The tracker balance detail is included in Attachment 3.

D. Rate Design

Otter Tail proposes to continue use of the "percent of bill" method to allocate costs to classes. This method appropriately matches the rate design with other baseload plant rate base and operating expenses by applying the percent to only base rates. The customer's rate charges in the bill are an appropriate reflection of energy and demand components in base rates and therefore, the percent of bill method provides a fair and suitably representative rate design for cost responsibility among and within classes.

Furthermore, this method is also simple to administer. The rate design is shown on Attachment 4.

E. Revenue Requirements, Rate Application and Impact

Otter Tail proposes that the Rider continue to be applicable to electric service under all of Otter Tail's retail rate schedules as defined in Rate Schedule 13.08 (Attachment 5). The charge will continue to be included as part of the Resource Adjustment line on customers' bills.

The total 2014 revenue requirement, as shown on line 4 in Attachment 1 is $10,202,283. The proposed rate is calculated in Attachment 4, based on the method defined in the Cost Recovery Factor section of Rate Schedule 13.08 (Attachment 5).

The estimated increase for a residential customer using 1,000 kWh will be 2.38% or $2.31 per month. The following table shows the estimated rate increase over the previous rate by individual rates:

	Average kWh's per month	Total Current Bill	Total Proposed Bill	Percent Increase
Residential (101 Rate)	1,000	$97.21	$99.52	2.38%
Commercial (404 Rate)	1,000	$100.24	$102.63	2.38%
Commercial (603 Rate)	400,000	$28,314.43	$28,982.07	2.36%

The above rate has been calculated based on an expected implementation date of October 1, 2014. Revenue Requirement calculations are based on October 2014 through September 2015 costs, assuming revenue collection occurs October 2014 through September 2015. If the effective date is significantly later than October 1, 2014, Otter Tail requests the option to recalculate the rate in order to recover all approved costs over the remainder of the proposed recovery period.

F. Customer notification and billing

Otter Tail plans to provide notice to customers regarding the 2014 Environmental Upgrades Rider reflected in their monthly electric bills. The following is our proposed language, to be included as a notice on customers' bills during the month that the 2014 Rider is implemented:

"Starting this month, the Environmental Cost Recovery Rider has been updated on your bill which recovers costs associated with new environmental controls, which reduce particulate matter and other pollutants, being installed at Otter Tail Power's Big Stone Power Plant. Questions? Contact us at 800-257-4044."

Consistent with past practice, Otter Tail is prepared to work with the Department of Commerce and Commission Staff regarding our proposed customer notice.

V. ENVIRONMENTAL COST RECOVERY RIDER RATE SCHEDULE

Otter Tail's updated rate schedule Section 13.08 is provided in Attachment 5 to this Petition in both redline and clean versions.

VI. CONCLUSION

Otter Tail respectfully requests the Commission approve the 2014 Update to its Environmental Upgrades Cost Recovery Rider effective October 1, 2014, as explained in this Petition.

Date: July 31, 2014

Respectfully submitted:

OTTER TAIL POWERCOMPANY

By: */s/ PETE BEITHON*

Pete Beithon
Manager, Regulatory Recovery
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8607

OTTER TAIL POWER COMPANY
ENVIRONMENTAL COST RECOVERY RIDER FILING ATTACHMENTS

Attachment 1	Revenue Requirements Summary
Attachment 2	Revenue Requirements Calculations
Attachment 3	Environmental Cost Recovery Rider Tracker Report
Attachment 4	Rate Design
Attachment 5	Environmental Cost Recovery Rider, Rate Schedule 13.08 a. Redline b. Clean
Attachment 6	Monthly AFUDC rate calculations

Otter Tail Power Company
Environmental Cost Recovery Rider
Docket No. E017/M-14-_______

Summary of Revenue Requirements

Line No.	**Revenue Requirements**	**2014-2015**
1	Air Quality Control System	$9,654,962
2	Carrying Cost	(6,308)
3	True Up	553,628
4	Total	$10,202,283

Otter Tail Power Company
Environmental Cost Recovery Rider Revenue Requirement Calc
Docket No. E017/M-14-_______

Line No.	*Year>>*		2012 Actual Total	2013 Actual January	2013 Actual February	2013 Actual March	2013 Actual April	2013 Actual May	2013 Actual June	2013 Actual July	2013 Actual August	2013 Actual September	2013 Actual October	2013 Actual November	2013 Actual December	2013 Actual Total
	RATE BASE															
1	Plant Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Accumulated. Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Net Plant in Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	**CWIP Calculation**															
5	Eligible AFUDC CWIP			21,057,583	21,312,487	22,634,317	27,354,559	28,705,631	31,116,292	37,224,815	44,970,982	55,511,149	62,301,483	70,427,366	78,772,183	
6	Additional CWIP			254,904	1,321,829	4,720,242	1,351,072	2,410,661	6,108,524	7,746,167	10,540,167	6,790,335	8,125,883	8,344,818	7,038,696	
7	Ending Eligible AFUDC CWIP		21,057,583	21,312,487	22,634,317	27,354,559	28,705,631	31,116,292	37,224,815	44,970,982	55,511,149	62,301,483	70,427,366	78,772,183	85,810,879	85,810,879
8	AFUDC															
9	Additional AFUDC			133,819	137,920	158,007	161,640	172,088	208,725	261,280	314,216	367,428	472,238	542,328	615,308	
10	Ending AFUDC			133,819	271,739	429,745	591,386	763,473	972,198	1,233,478	1,547,694	1,915,122	2,387,360	2,929,688	3,544,995	3,544,995
11	AFUDC Rate			7.58%	7.53%	7.59%	6.92%	6.90%	7.33%	7.63%	7.50%	7.49%	8.54%	8.72%	8.97%	
12	Bag House Exclusion															
13	Additional Bag House Exclusion			(46,935)	(150,141)	(505,568)	(155,255)	(267,049)	(655,003)	(831,035)	(1,127,131)	(742,657)	(892,209)	(922,260)	(793,885)	
14	Total Bag House Exclusion		(1,914,879)	(1,961,815)	(2,111,956)	(2,617,524)	(2,772,779)	(3,039,827)	(3,694,830)	(4,525,866)	(5,652,996)	(6,395,653)	(7,287,862)	(8,210,122)	(9,004,007)	(9,004,007)
15	Accumulated Deferred Income Taxes Fedederal & State		0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Ending Rate Base		19,142,703	19,484,491	20,794,099	25,166,780	26,524,238	28,839,938	34,502,183	41,678,594	51,405,846	57,820,952	65,526,864	73,491,749	80,351,868	80,351,868
17																
18	Average Rate Base			3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	3,491,861	41,902,331
19				**2013 does not use a revenue requirments calculation, only the AFUDC accrual.**												
20	Return on Rate Base															
21																
22	Available for Return (equity portion of rate base)															
23																
24	*EXPENSES*															
25	*O&M and Depreciation*															
26	Operating Costs															
27	Property Tax															
28	Book Depreciation															
29	Total O&M and Depreciation Expense															
30																
31	Income before Taxes															
32	Available for Return (from above)															
33	Taxable Income (grossed up)	1.7056														
34																
35	Income Taxes															
36	Current and Def Income Taxes	41.37%														
37	Total Income Tax Expense															
38																
39																
40	*REVENUE REQUIREMENTS*															
41	Expenses															
42	Return on Rate Base															
43	Subtotal Revenue Requirements															
44	Adjustments															
45	Total Revenue Requirements															
46																
47	Base Demand Factor	75.29%														
48	Peak Demand Factor	24.71%														
49																
50	Minnesota share - E1 factor	51.5408%														
51	Minnesota share - D1 factor	48.3009%														
52																
53	Minnesota Revenue Requirements															

Line No.	*SUPPORTING INFORMATION / DATA*					
1						
2	MN Cap Structure with allowed ROE per order.					
3	Capital Structure	**Ratio**	**Cost**	**WA Cost**	**Property tax**	
4	Debt	48.28%	6.33%	3.06%	2013 composite rate	0.00%
5	Preferred equity	0.00%	0.00%	0.00%		
6	Common equity	51.72%	10.74%	5.55%		
7	Total	100.00%		8.61% Overall Return		
8						
9		**Book**	**Tax**			
10	Project life (years)	30	7-year MACRS			
11						
12			**Federal**	**State**		
13	Statutory Tax Rate	41.37%	31.57%	9.80%		
14	Tax conversion factor	1.70561				
15	Base Demand Factor	75.29%				
16	Peak Demand Factor	24.71%				
17	MN share - E1 factor	51.5408%				
18	MN share - D1 factor	48.3009%				
19						

Line No.			January	February	March	April	May	June	July	August	September	October	November	December	Total
20	**Deferred Tax**														
21	Book depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
22	Tax depreciation-Federal		0	0	0	0	0	0	0	0	0	0	0	0	0
23	Tax depreciation-State		0	0	0	0	0	0	0	0	0	0	0	0	0
24	Federal deferred income taxes	35.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
25	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0

Otter Tail Power Company
Environmental Cost Recovery Rider Revenue Requirement Calc
Docket No. E017/M-14-_______

Line No.		Year>>	2014 Actual January	2014 Actual February	2014 Actual March	2014 Actual April	2014 Actual May	2014 Projected June	2014 Projected July	2014 Projected August	2014 Projected September	2014 Projected October	2014 Projected November	2014 Projected December	2014 Projected Total
	RATE BASE														
1	Plant Balance		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Accumulated. Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
3	Net Plant in Service		0	0	0	0	0	0	0	0	0	0	0	0	0
4	**CWIP Calculation**														
5	Eligible AFUDC CWIP		85,810,879	92,180,069	97,913,992	102,895,506	106,952,334	111,322,508	117,712,138	123,353,328	128,694,019	134,199,708	139,157,757	143,563,860	
6	Additional CWIP		6,369,190	5,733,923	4,981,513	4,056,828	4,370,174	6,389,630	5,641,190	5,340,691	5,505,688	4,958,049	4,406,103	4,196,772	
7	Ending Eligible AFUDC CWIP		92,180,069	97,913,992	102,895,506	106,952,334	111,322,508	117,712,138	123,353,328	128,694,019	134,199,708	139,157,757	143,563,860	147,760,631	147,760,631
8	AFUDC														
9	Additional AFUDC		0	0	0	0	0	0	0	0	0	0	0	0	
10	Ending AFUDC		3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995
11	AFUDC Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
12	Bag House Exclusion														
13	Additional Bag House Exclusion		(662,377)	(595,735)	(518,083)	(421,954)	(454,507)	(664,534)	(586,695)	(555,443)	(572,603)	(515,647)	(458,244)	(436,473)	
14	Total Bag House Exclusion		(9,666,384)	(10,262,119)	(10,780,202)	(11,202,156)	(11,656,663)	(12,321,197)	(12,907,893)	(13,463,335)	(14,035,938)	(14,551,585)	(15,009,828)	(15,446,301)	(15,446,301)
15	Accumulated Deferred Income Taxes Fedederal & State		0	0	0	0	0	0	0	0	0	0	0	0	0
16	Ending Rate Base		86,058,680	91,196,868	95,660,299	99,295,173	103,210,840	108,935,936	113,990,431	118,775,679	123,708,765	128,151,167	132,099,027	135,859,325	135,859,325
17															
18	Average Rate Base		9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	9,085,218	109,022,620
19															
20	Return on Rate Base		782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	9,387,632
21															
22	Available for Return (equity portion of rate base)		504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	6,055,559
23															
24	*EXPENSES*														
25	*O&M and Depreciation*														
26	Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
27	Property Tax		0	0	0	0	0	0	0	0	0	0	0	0	0
28	Book Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
29	Total O&M and Depreciation Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
30															
31	Income before Taxes														
32	Available for Return (from above)		504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	504,630	6,055,559
33	Taxable Income (grossed up)	1.7056	860,703	860,703	860,703	860,703	860,703	860,703	860,703	860,703	860,703	860,703	860,703	860,703	10,328,430
34															
35	Income Taxes														
36	Current and Def Income Taxes	41.37%	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	4,272,872
37	Total Income Tax Expense		356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	4,272,872
38															
39															
40	*REVENUE REQUIREMENTS*														
41	Expenses		356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	356,073	4,272,872
42	Return on Rate Base		782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	782,303	9,387,632
43	Subtotal Revenue Requirements		1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	13,660,504
44	Adjustments														
45	Total Revenue Requirements		1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	1,138,375	13,660,504
46															
47	Base Demand Factor	75.29%	857,027	857,027	857,027	857,027	857,027	857,027	857,027	857,027	857,027	857,027	857,027	857,027	10,284,319
48	Peak Demand Factor	24.71%	281,349	281,349	281,349	281,349	281,349	281,349	281,349	281,349	281,349	281,349	281,349	281,349	3,376,184
49															
50	Minnesota share - E1 factor	51.5408%	441,718	441,718	441,718	441,718	441,718	441,718	441,718	441,718	441,718	441,718	441,718	441,718	5,300,622
51	Minnesota share - D1 factor	48.3009%	135,894	135,894	135,894	135,894	135,894	135,894	135,894	135,894	135,894	135,894	135,894	135,894	1,630,727
52															
53	Minnesota Revenue Requirements		577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	6,931,349

Line No.	*SUPPORTING INFORMATION / DATA*						
1							
2	MN Cap Structure with allowed ROE per order.						
3	Capital Structure	**Ratio**	**Cost**	**WA Cost**		**Property tax**	
4	Debt	48.28%	6.33%	3.06%		2014 composite rate	0.00%
5	Preferred equity	0.00%	0.00%	0.00%			
6	Common equity	51.72%	10.74%	5.55%			
7	Total	100.00%		8.61%	Overall Return		
8							
9		**Book**	**Tax**				
10	Project life (years)	30	7-year MACRS				
11							
12			**Federal**	**State**			
13	Statutory Tax Rate	41.37%	31.57%	9.80%			
14	Tax conversion factor	1.70561					
15	Base Demand Factor	75.29%					
16	Peak Demand Factor	24.71%					
17	MN share - E1 factor	51.5408%					
18	MN share - D1 factor	48.3009%					
19							

Line No.			January	February	March	April	May	June	July	August	September	October	November	December	Total
20	**Deferred Tax**														
21	Book depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
22	Tax depreciation-Federal		0	0	0	0	0	0	0	0	0	0	0	0	0
23	Tax depreciation-State		0	0	0	0	0	0	0	0	0	0	0	0	0
24	Federal deferred income taxes	35.00%	0	0	0	0	0	0	0	0	0	0	0	0	0
25	State deferred income taxes		0	0	0	0	0	0	0	0	0	0	0	0	0

Otter Tail Power Company
Environmental Cost Recovery Rider Revenue Requirement Calc
Docket No. E017/M-14-_______

Line No.		Year>>	2015 Projected January	2015 Projected February	2015 Projected March	2015 Projected April	2015 Projected May	2015 Projected June	2015 Projected July	2015 Projected August	2015 Projected September	2015 Projected October	2015 Projected November	2015 Projected December	2015 Projected Total
	RATE BASE														
1	Plant Balance		0	0	0	0	0	0	0	0	0	185,697,112	189,399,840	190,151,233	190,151,233
2	Accumulated. Depreciation		0	0	0	0	0	0	0	0	0	0	(515,309)	(1,040,894)	(1,040,894)
3	Net Plant in Service		0	0	0	0	0	0	0	0	0	185,697,112	188,884,531	189,110,339	189,110,339
4	**CWIP Calculation**														
5	Eligible AFUDC CWIP		147,760,631	153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	
6	Additional CWIP		5,574,050	8,456,409	7,840,706	7,217,746	6,917,301	5,590,204	2,828,037	2,820,693	2,373,658	(179,693,262)	106,365	87,217	
7	Ending Eligible AFUDC CWIP		153,334,681	161,791,090	169,631,796	176,849,542	183,766,843	189,357,047	192,185,084	195,005,777	197,379,435	17,686,173	17,792,538	17,879,756	
8	AFUDC														
9	Additional AFUDC		0	0	0	0	0	0	0	0	0	0	0	0	
10	Ending AFUDC		3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	3,544,995	
11	AFUDC Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
12	Bag House Exclusion														
13	Additional Bag House Exclusion		(579,712)	(879,484)	(815,449)	(750,660)	(719,413)	(581,392)	(294,122)	(293,358)	(246,865)	(624,412)	(106,365)	(87,217)	
14	Total Bag House Exclusion		(16,026,014)	(16,905,497)	(17,720,946)	(18,471,606)	(19,191,020)	(19,772,412)	(20,066,534)	(20,359,891)	(20,606,757)	(21,231,169)	(21,337,534)	(21,424,751)	
15	Accumulated Deferred Income Taxes Fedederal & State		0	0	0	0	0	0	0	0	0	(3,739,237)	(7,265,290)	(10,787,092)	(10,787,092)
16	Ending Rate Base		140,853,663	148,430,588	155,455,845	161,922,931	168,120,819	173,129,630	175,663,546	178,190,881	180,317,674	181,957,875	181,619,241	178,323,247	178,323,247
17															
18	Average Rate Base		13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	13,845,162	166,141,943
19															
20	Return on Rate Base		1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	14,306,017
21															
22	Available for Return (equity portion of rate base)		769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	9,228,198
23															
24	*EXPENSES*														1830912.391
25	*O&M and Depreciation*														
26	Operating Costs		0	0	0	0	0	0	0	0	0	125,610	125,610	125,610	376,830
27	Property Tax		0	0	0	0	0	0	0	0	0	0	0	0	0
28	Book Depreciation		0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
29	Total O&M and Depreciation Expense		0	0	0	0	0	0	0	0	0	125,610	640,919	651,195	1,417,724
30															
31	Income before Taxes														
32	Available for Return (from above)		769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	769,016	9,228,198
33	Taxable Income (grossed up)	1.7056	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	1,311,643	15,739,720
34															
35	Income Taxes														
36	Current and Def Income Taxes	41.37%	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
37	Total Income Tax Expense		542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	6,511,522
38															
39															
40	*REVENUE REQUIREMENTS*														
41	Expenses		542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	542,627	668,237	1,183,546	1,193,821	7,929,246
42	Return on Rate Base		1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	1,192,168	14,306,017
43	Subtotal Revenue Requirements		1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989	22,235,263
44	Adjustments														
45	Total Revenue Requirements		1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,734,795	1,860,405	2,375,714	2,385,989	22,235,263
46															
47	Base Demand Factor	75.29%	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,306,042	1,400,607	1,788,558	1,796,294	16,739,833
48	Peak Demand Factor	24.71%	428,753	428,753	428,753	428,753	428,753	428,753	428,753	428,753	428,753	459,798	587,156	589,696	5,495,430
49															
50	Minnesota share - E1 factor	51.5408%	673,144	673,144	673,144	673,144	673,144	673,144	673,144	673,144	673,144	721,884	921,837	925,824	8,627,846
51	Minnesota share - D1 factor	48.3009%	207,092	207,092	207,092	207,092	207,092	207,092	207,092	207,092	207,092	222,086	283,602	284,828	2,654,342
52															
53	Minnesota Revenue Requirements		880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	943,971	1,205,439	1,210,653	11,282,187

Line No.															
	SUPPORTING INFORMATION / DATA														
1															
2			MN Cap Structure with allowed ROE per order.												
3			Capital Structure		**Ratio**	**Cost**	**WA Cost**					**Property tax**			
4			Debt		48.28%	6.33%	3.06%					2015 composite rate		0.00%	
5			Preferred equity		0.00%	0.00%	0.00%								
6			Common equity		51.72%	10.74%	5.55%								
7			Total		100.00%		8.61%	Overall Return							
8															
9					**Book**	**Tax**									
10			Project life (years)		30	7-year MACRS									
11															
12						**Federal**	**State**								
13				Statutory Tax Rate	41.37%	31.57%	9.80%								
14				Tax conversion factor	1.70561										
15				Base Demand Factor	75.29%										
16				Peak Demand Factor	24.71%										
17				MN share - E1 factor	51.5408%										
18				MN share - D1 factor	48.3009%										
19															
20	**Deferred Tax**														
21	Book depreciation		0	0	0	0	0	0	0	0	0	0	515,309	525,585	1,040,894
22	Tax depreciation-Federal		0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
23	Tax depreciation-State		0	0	0	0	0	0	0	0	0	9,038,522	9,038,522	9,038,522	27,115,566
24	Federal deferred income taxes	35.00%	0	0	0	0	0	0	0	0	0	(2,853,461)	(2,690,778)	(2,687,534)	(8,231,774)
25	State deferred income taxes		0	0	0	0	0	0	0	0	0	(885,775)	(835,275)	(834,268)	(2,555,318)

Otter Tail Power Company
Environmental Cost Recovery Rider Tracker
Docket No. E017/M-14-________

Line No.	*TRACKER SUMMARY* *Requirements Compared to Billed:*	2013 January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	2013 December Actual	2014 January Actual	February Actual	March Actual	April Actual	May Actual	June Projected	July Projected	August Projected	September Projected	Collection Period
	Revenue Requirements																						
1	Air Quality Control System	0	0	0	0	0	0	0	0	0	0	0	0	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	577,612	5,198,512
2																							
3	Billed (forecast kWh x adj factor)	0	0	0	0	0	0	0	0	0	0	0	0	641,917	619,350	558,128	531,915	473,531	424,980	451,134	477,685	471,700	4,650,341
4																							
5	Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(41,738)	19,484	45,698	104,082	152,632	126,478	99,927	105,912	
6	Carrying Charge		0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	
7	Cummulative Difference	0	0	0	0	0	0	0	0	0	0	0	0	(64,305)	(106,504)	(87,784)	(42,716)	61,059	214,129	342,144	444,526	553,628	
8																							
9	Carrying Charge Calculation	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(764)	(630)	(307)	438	1,537	2,455	3,190	3,973	9,430
10	Cumulative Carrying Charge	0	0	0	0	0	0	0	0	0	0	0	0	(461)	(1,226)	(1,856)	(2,162)	(1,724)	(187)	2,268	5,457	9,430	
11	Carrying cost	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	
12																							
13																							
14	Forecasted Sales (MWh)																		157,400	167,087	176,920	174,704	676,111

Approved in Docket E017/M-13-648

SUMMARY	**Oct 2013 - Sept 2014**
Revenue Requirements	$6,173,838
Carrying Charge	(38,914)
Total Revenue Requirements	$6,134,924
Dec 2013 - Sept 2014 projected sales in mWh	2,272,477
Average Rate	$0.00270

Otter Tail Power Company
Environmental Cost Recovery Rider Tracker
Docket No. E017/M-14-________

Line No.	***TRACKER SUMMARY*** ***Requirements Compared to Billed:***	**2014** October Projected	**2014** November Projected	**2014** December Projected	YE Projected	**2015** January Projected	**2015** February Projected	**2015** March Projected	**2015** April Projected	**2015** May Projected	**2015** June Projected	**2015** July Projected	**2015** August Projected	**2015** September Projected	Collection Period
	Revenue Requirements														
1	Air Quality Control System	577,612	577,612	577,612	6,931,349	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	880,236	9,654,962
2															
3	Billed (forecast kWh x adj factor)	725,469	814,233	904,652	7,094,695	1,010,629	996,655	904,956	824,555	748,945	741,674	788,106	875,416	866,993	10,202,283
4															
5	Difference	(147,857)	(236,621)	(327,040)		(130,393)	(116,419)	(24,720)	55,681	131,291	138,562	92,130	4,821	13,243	
6	Carrying Charge	3,973	2,940	1,263		(1,074)	(2,018)	(2,867)	(3,065)	(2,688)	(1,765)	(783)	(128)	(94)	(6,308)
7	Cummulative Difference	409,744	176,064	(149,713)		(281,180)	(399,617)	(427,204)	(374,588)	(245,985)	(109,188)	(17,841)	(13,149)	(0)	
8															
9	Carrying Charge Calculation	2,940	1,263	(1,074)		(2,018)	(2,867)	(3,065)	(2,688)	(1,765)	(783)	(128)	(94)	(0)	
10	Cumulative Carrying Charge	12,370	13,634	12,559		10,542	7,674	4,609	1,921	156	(628)	(756)	(850)	(850)	
11	Carrying cost	8.61%	8.61%	8.61%		8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	8.61%	
12															
13															
14	Forecasted Sales (MWh)	163,847	183,894	204,315	1,904,279	228,250	225,094	204,384	186,226	169,149	167,507	177,993	197,712	195,810	2,304,183

SUMMARY	**Oct 2014 - Sept 2015**
Revenue Requirements	$9,654,962
Carrying Charge	(6,308)
2014 True Up	553,628
Total Revenue Requirements	$10,202,283
Oct 2014 - Sept 2015 projected sales in mWh	2,304,183
Average Rate	$0.00443

Rate Design

Minnesota Revenue Requirements **$10,202,283**

Percent of Revenue

Forecasted Retail Sales, all classes (Oct 2014 - Sept 2015)	$156,589,216
12 Month Revenue Requirement	$10,202,283
Percentage of revenue rate	6.515%

ENVIRONMENTAL COST RECOVERY RIDER ~~N~~

DESCRIPTION	RATE CODE
Environmental Cost Recovery Rider	31-570

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy).

COST RECOVERY FACTOR: There shall be included on each Minnesota Customer's monthly bill an Environmental Cost Recovery ("ECR") charge based on the applicable cost recovery factor multiplied by the Customer's monthly bill. The Customer's monthly bill shall be based on all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy). The Environmental Cost Recovery Charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company's electric service. The Environmental Cost Recovery charge will be included in the Resource Adjustment line item on the Customer's bill.

The Environmental Cost Recovery Factor is 6.515~~43.958~~ percent. C

DETERMINATION OF ECR ADJUSTMENT FACTOR: An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker account by the forecasted retail revenue for the upcoming year (or such other period as may be approved by the Minnesota Public Utilities Commission ("Commission")). The ECR Adjustment Factor shall be rounded to the nearest 0.001%. The ECR Adjustment Factor may be adjusted annually (or other approved periods) with approval of the Commission.

Recoverable Environmental Measures Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under MN Statute 216B.1692 that are determined by the Commission to be eligible for recovery under this ECR Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the ECR Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the ECR Tracker account.

ENVIRONMENTAL COST RECOVERY RIDER

DESCRIPTION	RATE CODE
Environmental Cost Recovery Rider	31-570

RULES AND REGULATIONS: Terms and conditions of this electric rate schedule and the General Rules and Regulations govern use of this rider.

APPLICATION OF RIDER: This rider is applicable to electric service under all of the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy).

COST RECOVERY FACTOR: There shall be included on each Minnesota Customer's monthly bill an Environmental Cost Recovery ("ECR") charge based on the applicable cost recovery factor multiplied by the Customer's monthly bill. The Customer's monthly bill shall be based on all applicable charges and credits under the Company's retail rate schedules in Sections 9, 10, 11, 12 and 14, except for Section 14.09 (TailWinds) and Section 14.11 (Released Energy). The Environmental Cost Recovery Charge will not apply to any Mandatory Riders or sales tax and any local assessments as provided in the General Rules and Regulations for the Company's electric service. The Environmental Cost Recovery charge will be included in the Resource Adjustment line item on the Customer's bill.

The Environmental Cost Recovery Factor is 6.515 percent. **C**

DETERMINATION OF ECR ADJUSTMENT FACTOR: An ECR Adjustment Factor shall be determined by dividing the forecasted balance of the ECR Tracker account by the forecasted retail revenue for the upcoming year (or such other period as may be approved by the Minnesota Public Utilities Commission ("Commission")). The ECR Adjustment Factor shall be rounded to the nearest 0.001%. The ECR Adjustment Factor may be adjusted annually (or other approved periods) with approval of the Commission.

Recoverable Environmental Measures Costs shall be the annual revenue requirements associated with environmental measures eligible for recovery under MN Statute 216B.1692 that are determined by the Commission to be eligible for recovery under this ECR Rider. A standard model will be used to calculate the total forecasted revenue requirements for eligible measures for the designated period. All costs appropriately charged to the ECR Tracker account shall be eligible for recovery through this Rider, and all revenues recovered from the ECR Adjustment shall be credited to the ECR Tracker account.

Year - 2011

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2011

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)		S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 16,087		s	1.50%	×	0.33	=	0.50% (C)		
						1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 296,215	46.84%	×d	6.35%	×	0.67	=	1.99% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00%	×	0.67	=	0.00% (D)		
Common Equity Beginning of Year"C"	336,246	53.16%	×c	10.57%	×	0.67	=	3.76% (D)		
Total Capitalization	$ 632,461	100.0%								
AFUDC Rate:								6.25% (B)		
Compounded on semi-annual basis								6.35%		
Maximum (+.25%)								6.60%		
RATE TO USE								6.46% (A)		
Margin to apply to equity "other" portion								0.00% (D)		
Margin to apply to debt "borrowed" portion						(A) - (B)		0.21% (C)	Ratio	
AFUDC Debt						sum of (C)		2.70%	42%	
AFUDC Equity						sum of (D)		3.76%	58%	
								6.46%	100%	

Average of 13 monthly balances:				
Account 107 CWIP	$ 48,651	AFUDC Actually Capitalized	$	
Account 120.1	-	AFUDC Amount by Order 561		
Total "W"	$ 48,651	Difference		$

Formulas:
Semi-annual compounding = (6.25÷2)+((100+(6.25÷2))×.0625)÷2 = 6.35%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2011

Month		in Month	Balance	Daily Cum. Debt	Days Paid	Rate
Jan	Actual	31	$ 23,809,373	$ 738,090,573	$ 15,623.89	0.77%
Feb	Actual	28	25,996,811	$ 727,910,712	$ 15,581.68	0.78%
Mar	Actual	31	23,304,715	$ 722,446,151	$ 34,045.78	1.72%
Apr	Actual	30	15,220,302	$ 456,609,073	$ 22,071.27	1.76%
May	Actual	31	12,140,372	$ 376,351,521	$ 17,813.64	1.73%
Jun	Actual	30	18,589,319	$ 557,679,571	$ 26,192.04	1.71%
Jul	Actual	31	13,114,072	$ 406,536,218	$ 19,050.96	1.71%
Aug	Actual	31	11,984,983	$ 371,534,462	$ 17,597.97	1.73%
Sep	Actual	30	17,663,193	$ 529,895,777	$ 25,401.06	1.75%
Oct	Actual	31	17,006,711	$ 527,208,028	$ 25,469.99	1.76%
Nov	Actual	30	13,579,389	$ 407,381,675	$ 19,778.93	1.77%
Dec	Actual	31	1,612,903	$ 50,000,000	$ 2,427.47	1.77%
		365		$ 5,871,643,761	$ 241,054.68	

Weighted Average Short-Term Debt Balance	$ 16,086,695
Weighted Average Cost of Debt 365 day/yr	1.50%
Weighted Average Cost of Debt 360 day/yr	1.48%

Projected 13 Month Average Balance for CWIP - 2011

Monthly Estimated CWIP not subject to AFUDC $ 6,000,000
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC
2010							
December	Actual			$ 27,787,706			
2011							
January	Actual	$ 1,565,196	$ -	29,352,902	$ 28,570,304	43.6%	$ 16,113,698
February	Actual	$ 2,289,762	-	31,642,664	30,497,783	41.8%	17,744,801
March	Actual	$ 10,389,407	-	42,032,071	36,837,368	43.1%	20,951,653
April	Actual	$ 3,370,280	-	45,402,351	43,717,211	41.1%	25,748,431
May	Actual	$ 3,190,777	-	48,593,128	46,997,740	40.6%	27,905,201
June	Actual	$ 351,783	-	48,944,911	48,769,020	42.3%	28,119,243
July	Actual	$ 4,609,857	-	53,554,768	51,249,840	43.5%	28,952,282
August	Actual	$ 4,195,120	-	57,749,888	55,652,328	46.3%	29,904,355
September	Actual	$ 2,319,237	-	60,069,125	58,909,507	45.5%	32,105,626
October	Actual	$ 6,842,216	-	66,911,341	63,490,233	47.3%	33,485,221
November	Actual	$ 6,269,992	-	73,181,333	70,046,337	47.3%	36,900,664
December	Actual	$ (25,934,099)	-	47,247,234	60,214,283	52.1%	28,842,320
		$ 19,459,528	$ -	$ 632,469,422			

13 Month Average Balance for CWIP	$ 48,651,494		S/W=	0.33
			1-S/W=	0.67

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.49%		0.21%	2.70%	0.43
AFUDC Equity =	3.76%		-0.11%	3.65%	0.57
Total	6.25%	6.35%		6.35%	

Year-to-date AFUDC loaded CWIP - 2011

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan			0.45%	2.48%	2.93%	3.76%	2.70%	6.46%
Feb			0.45%	2.48%	2.93%			
Mar			0.45%	2.48%	2.93%			
Apr			3.21%	2.75%	5.96%			
May			3.83%	2.79%	6.62%			
Jun			4.01%	2.26%	6.27%			
Jul			4.59%	2.40%	6.99%			
Aug			4.59%	2.40%	6.99%			
Sept			3.82%	2.37%	6.19%			
Oct			4.42%	2.67%	7.09%			
Nov			5.46%	2.97%	8.43%			
Dec			4.40%	3.82%	8.22%			
Jan	actual	$ 12,456,606.14	$ 4,671.24	$ 25,743.64	$ 30,414.88	$ 39,030.70	$ 28,027.36	$ 67,058.06
Adjustments			$ -	$ (80.53)	(80.53)	-	(80.53)	(80.53)
Feb	actual	$ 12,752,981.57	$ 4,782.35	$ 26,356.18	31,138.53	39,959.34	28,694.21	68,653.55
Adjustments			$ (723.44)	$ (1,252.12)	(1,975.56)	(723.44)	(1,252.12)	(1,975.56)
Mar	actual	$ 15,885,714.68	$ 5,957.22	$ 32,830.40	38,787.62	49,775.24	35,742.86	85,518.10
Adjustments			$ 101,568.08	$ 69,303.89	170,871.97	101,568.08	69,303.89	170,871.97
Apr	actual	$ 17,968,779.87	$ 48,066.41	$ 41,178.53	89,244.94	56,302.18	40,429.75	96,731.93
Adjustments			$ (457.86)	$ (2,523.24)	(2,981.10)	(457.86)	(2,523.24)	(2,981.10)
May	actual	$ 19,092,538.37	$ 60,937.05	$ 44,390.12	105,327.17	59,823.29	42,958.21	102,781.50
Adjustments			$ (1,513.54)	$ (2,147.86)	(3,661.40)	(1,513.54)	(2,147.86)	(3,661.40)
Jun	actual	$ 20,649,776.08	$ 69,003.04	$ 38,892.04	107,895.08	64,702.63	46,462.00	111,164.63
Adjustments			$ (47.99)	$ (34.96)	(82.95)	(47.99)	(34.96)	(82.95)
Jul	actual	$ 22,297,557.08	$ 85,288.20	$ 44,595.07	129,883.27	69,865.68	50,169.50	120,035.18
Adjustments			$ (180.02)	$ (152.95)	(332.97)	(180.02)	(152.95)	(332.97)
Aug	actual	$ 25,747,972.53	$ 98,485.96	$ 51,495.98	149,981.94	80,676.98	57,932.94	138,609.92
Adjustments			$ 15,254.66	$ 25,170.32	40,424.98	15,254.66	25,170.32	40,424.98
Sep	actual	$ 26,803,880.45	$ 85,325.66	$ 52,937.69	138,263.35	83,985.49	60,308.73	144,294.22
Adjustments			$ (246.15)	$ (128.71)	(374.86)	(246.15)	(128.71)	(374.86)
Oct	actual	$ 30,005,011.57	$ 110,518.42	$ 66,761.19	177,279.61	94,015.70	67,511.28	161,526.98
Adjustments			$ (2,247.99)	$ (1,423.22)	(3,671.21)	(2,247.99)	(1,423.22)	(3,671.21)
Nov	actual	$ 33,145,672.60	$ 150,812.79	$ 82,035.56	232,848.35	103,856.44	74,577.76	178,434.20
Adjustments			$ (19,221.16)	$ (16,118.62)	(35,339.78)	(19,221.16)	(16,118.62)	(35,339.78)
Dec	actual	$ 31,371,963.38	$ 115,030.53	$ 99,867.42	214,897.95	98,298.82	70,586.92	168,885.74
Adjustments					-	-	-	-
Totals		$ 268,178,454.30	931,063.46	677,695.82	1,608,759.28	$ 932,477.08	$ 674,013.52	$ 1,606,490.60
	2011 Budget		100,277.55	94,320.44	194,597.99	Adjustments Needed:		
	2011 Variance from Budget		$ 830,785.91	$ 583,375.38	$ 1,414,161.29	$ 1,413.62	$ (3,682.30)	$ (2,268.68)
	Annual CWIP balance to which AFUDC is applied				$ 25,299,064.57			
	Annual percent of CWIP balance to which AFUDC is applied				52.00%			
Total current year AFUDC, not including adjustments			$ 838,878.87	$ 607,083.82	$ 1,445,962.69	$ 840,292.49	$ 603,401.52	$ 1,443,694.01
Annual AFUDC rate achieved			3.75%	2.72%	6.47%	3.76%	2.70%	6.46%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2012

	Amount (000,s) (1)	Capitalization Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 4,593		s	1.94% ×	0.07083	=	0.14% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,695,000	49.72%	×d	5.67% ×	0.92917	=	2.62% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.92917	=	0.00% (D)		
Common Equity Beginning of Year"C"	339,440,594	50.28%	×c	10.75% ×	0.92917	=	5.02% (D)		
Total Capitalization	$ 675,135,594	100.0%							
AFUDC Rate:							7.77% (B)		
Compounded on semi-annual basis							7.92%		
Maximum (+.25%)							8.17%		
RATE TO USE							7.92% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.15% (C)	Ratio	
AFUDC Debt					sum of (C)		2.90%	37%	
AFUDC Equity					sum of (D)		5.02%	63%	
							7.92%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 64,843	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 64,843	Difference	$

Formulas:
Semi-annual compounding = (7.77÷2)+((100+(7.77÷2))×.0777)÷2 = 7.92%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2012

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
December			0			
Jan	Actual	31	$ 1,318,350	$ 40,868,850	$ 2,017.97	1.80%
Feb	Actual	28	1,903,851	$ 53,307,828	$ 2,585.06	1.77%
Mar	Actual	31	2,193,227	$ 67,990,037	$ 3,297.05	1.77%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	-	$ -	$ -	0.00%
Jun	Actual	30	8,985,513	$ 269,565,403	$ 13,072.08	1.77%
Jul	Actual	31	9,123,506	$ 282,828,683	$ 13,715.25	1.77%
Aug	Actual	31	11,307,544	$ 350,533,864	$ 16,998.49	1.77%
Sep	Actual	30	12,416,668	$ 372,500,040	$ 17,885.51	1.75%
Oct	Actual	31	5,463,870	$ 169,379,970	$ 9,281.09	1.72%
Nov	Actual	30	7,000,000	$ 210,000,000	$ 10,068.49	1.75%
Dec	Actual	31	-	$ -	$ -	0.00%
		13 Month Average	4593271.487	$ 1,816,974,675	$ 88,920.99	

Weighted Average Short-Term Debt Balance	$ 4,593,271
Weighed Average Cost of Debt 365 day/yr	1.94%
Weighed Average Cost of Debt 360 day/yr	1.91%

Projected 13 Month Average Balance for CWIP - 2012

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

Month		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC
2011							
December	Actual			$ 47,247,234			
2012							
January	Actual	$ 2,961,097	$ -	50,208,331	$ 50,208,331	39.1%	$ 30,564,738
February	Actual	$ 937,002	-	51,145,333	51,145,333	31.2%	35,208,890
March	Actual	$ 5,885,512	-	57,030,845	57,030,845	25.7%	42,400,402
April	Actual	$ 2,600,457	-	59,631,302	59,631,302	26.8%	43,625,365
May	Actual	$ 8,753,660	-	68,384,962	68,384,962	26.1%	50,529,716
June	Actual	$ 6,932,622	-	75,317,584	75,317,584	20.5%	59,898,811
July	Actual	$ 5,159,153	-	80,476,737	80,476,737	20.9%	63,651,794
August	Actual	$ (12,822,374)	-	67,654,363	67,654,363	25.2%	50,596,832
September	Actual	$ (987,257)	-	66,667,106	66,667,106	26.9%	48,745,901
October	Actual	$ 5,943,332	-	72,610,438	72,610,438	27.7%	52,520,747
November	Actual	$ 949,321	-	73,559,759	73,559,759	28.5%	52,594,781
December	Actual	$ (540,604)	-	73,019,155	73,019,155	44.8%	40,322,420
		$ 25,771,921	$ -	$ 842,953,149			

		S/W=	0.07
13 Month Average Balance for CWIP	$ 64,842,550	1-S/W=	0.93

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.76%		0.15%	2.91%	0.37
AFUDC Equity =	5.02%		0.00%	5.02%	0.63
Total	7.78%	7.93%		7.93%	

Year-to-date AFUDC loaded CWIP - 2012

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan			4.34%	2.78%	7.1200%	5.02%	2.90%	7.92%
Feb			4.34%	2.78%	7.1200%			
Mar			5.79%	3.21%	9.0000%			
Apr			5.7690%	3.2560%	9.0250%			
May			5.3300%	3.2680%	8.5980%			
Jun			5.6480%	3.4370%	9.0850%			
Jul			5.1860%	3.0890%	8.2750%			
Aug			5.1970%	3.1270%	8.3240%			
Sept			5.5440%	3.2300%	8.7740%			
Oct			6.3400%	3.4400%	9.7800%			
Nov			6.1450%	3.3600%	9.5050%			
Dec			6.0000%	3.2950%	9.2950%			
		before AQCS ND porton						
Jan	actual	$ 19,643,593	$ 79,139	$ 50,637	$ 129,776	$ 82,176	$ 47,472	$ 129,648
Feb	actual	$ 15,936,443	$ 19,901	$ 12,776	$ 32,677	$ 66,667	$ 38,513	$ 105,181
Mar	actual	$ 14,630,443	$ 62,822	$ 33,754	$ 96,576	$ 61,204	$ 35,357	$ 96,561
Apr	actual	$ 16,005,937	$ 67,134	$ 36,718	$ 103,852	$ 66,958	$ 38,681	$ 105,639
May	actual	$ 17,855,246	$ 79,146	$ 48,655	$ 127,801	$ 74,694	$ 43,150	$ 117,845
Jun	actual	$ 15,418,773	$ 70,001	$ 42,524	$ 112,525	$ 64,502	$ 37,262	$ 101,764
Jul	actual	$ 16,824,943	$ 61,253	$ 36,327	$ 97,580	$ 70,384	$ 40,660	$ 111,045
Aug	actual	$ 17,057,531	$ 58,345	$ 33,601	$ 91,945	$ 71,357	$ 41,222	$ 112,580
Sep	actual	$ 17,921,205	$ 62,472	$ 39,184	$ 101,656	$ 74,970	$ 43,310	$ 118,280
Oct	actual	$ 20,089,691	$ 106,078	$ 57,431	$ 163,509	$ 84,042	$ 48,550	$ 132,592
Nov	actual	$ 20,964,978	$ 109,538	$ 59,725	$ 169,263	$ 87,703	$ 50,665	$ 138,369
		AQCS ND and SD Portion Add back Adjustment made in Dec						
Jan-Nov	actual		$ 275,116	$ 159,381	$ 434,497	$ 275,116	$ 159,381	$ 434,497
			$ -	$ -	$ -			
Dec	actual	$ 32,696,735	$ 158,862	$ 87,337	$ 246,199	$ 136,781	$ 79,017	$ 215,798
Totals		$ 225,045,519	$ 1,209,807	$ 698,050	$ 1,907,856	$ 1,216,557	$ 703,241	$ 1,919,798
		On Income Statement	1,167,824	656,067		Adjustments Needed:		
		Differnce is prior period AFUDC	41,983	41,983		$ 6,750	$ 5,191	$ 11,942

Annual CWIP balance to which AFUDC is applied	$ 24,209,301.64
Annual percent of CWIP balance to which AFUDC is applied	37.34%

	Actual Rate Achieved			Forecasted Rate		
Total current year AFUDC, not including adjustments	$ 934,690	$ 538,669	$ 1,473,359	$ 941,440	$ 543,860	$ 1,485,300
Annual AFUDC rate achieved	4.98%	2.87%	7.86%	5.02%	2.90%	7.92%

**COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013**

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 18,249		s	2.00% ×	0.13796	=	0.28% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.86204	=	2.35% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.86204	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,242,478	51.98%	×c	10.75% ×	0.86204	=	4.82% (D)		
Total Capitalization	$ 698,877,478	100.0%							
AFUDC Rate:							7.44% (B)		
Compounded on semi-annual basis							7.58%		
Maximum (+.25%)							7.83%		
RATE TO USE							7.58% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.14% (C)	Ratio	
AFUDC Debt					sum of (C)		2.76%	36%	
AFUDC Equity					sum of (D)		4.82%	64%	
							7.58%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 132,276	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 132,276	Difference	$

Formulas:
Semi-annual compounding = (7.44÷2)+((100+(7.44÷2))×.0744)÷2 = 7.58%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Forecast	28	-	$ -	$ -	0.00%
Mar	Forecast	31	-	$ -	$ -	0.00%
Apr	Forecast	30	-	$ -	$ -	0.00%
May	Forecast	31	-	$ -	$ -	0.00%
Jun	Forecast	30	14,105,951	$ 423,178,530	$ 23,187.86	2.00%
Jul	Forecast	31	22,436,773	$ 695,539,963	$ 38,111.78	2.00%
Aug	Forecast	31	34,605,138	$ 1,072,759,278	$ 58,781.33	2.00%
Sep	Forecast	30	49,334,588	$ 1,480,037,640	$ 81,097.95	2.00%
Oct	Forecast	31	55,587,209	$ 1,723,203,479	$ 94,422.11	2.00%
Nov	Forecast	30	61,165,921	$ 1,834,977,630	$ 100,546.72	2.00%
Dec	Forecast	31	-	$ -	$ -	0.00%
		365		$ 7,229,696,520	$ 396,147.75	

Weighted Average Short-Term Debt Balance	$ 19,807,388	not used
Weighted Average Cost of Debt 365 day/yr	2.00%	
Weighted Average Cost of Debt 360 day/yr	1.97%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Forecast	$ 6,779,283	$ -	79,798,438	$ 79,798,438	34.8%	$ 51,992,868	$ 51,992,868
February	Forecast	$ 8,141,362	-	87,939,800	87,939,800	33.3%	58,615,252	58,615,252
March	Forecast	$ 7,702,904	-	95,642,704	95,642,704	34.0%	63,084,675	63,084,675
April	Forecast	$ 13,359,564	-	109,002,268	109,002,268	34.2%	71,686,799	71,686,799
May	Forecast	$ 14,400,327	-	123,402,595	123,402,595	35.0%	80,153,890	80,153,890
June	Forecast	$ 8,657,233	-	132,059,828	132,059,828	36.5%	83,827,702	83,827,702
July	Forecast	$ 14,873,953	-	146,933,781	146,933,781	36.0%	93,968,543	93,968,543
August	Forecast	$ 10,952,930	-	157,886,711	157,886,711	37.3%	98,917,992	98,917,992
September	Forecast	$ 12,175,799	-	170,062,510	170,062,510	37.7%	105,943,442	105,943,442
October	Forecast	$ 14,231,462	-	184,293,972	184,293,972	37.5%	115,161,624	115,161,624
November	Forecast	$ 14,033,438	-	198,327,410	198,327,410	37.4%	124,104,632	124,104,632
December	Forecast	$ (37,103,981)	-	161,223,429	161,223,429	43.0%	91,968,759	91,968,759
		$ 88,204,274	$ -	$ 1,719,592,601				

		S/W=	0.15
13 Month Average Balance for CWIP	$ 132,276,354	1-S/W=	0.85

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.63%		0.14%	2.77%	0.36
AFUDC Equity =	4.82%		0.00%	4.82%	0.64
Total	7.45%	7.59%		7.59%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan			4.82%	2.76%	7.5800%	4.82%	2.76%	7.58%
Feb			4.82%	2.76%	7.5800%			
Mar			4.82%	2.76%	7.5800%			
Apr			4.82%	2.76%	7.5800%			
May			4.82%	2.76%	7.5800%			
Jun			4.82%	2.76%	7.5800%			
Jul			4.82%	2.76%	7.5800%			
Aug			4.82%	2.76%	7.5800%			
Sept			4.82%	2.76%	7.5800%			
Oct			4.82%	2.76%	7.5800%			
Nov			4.82%	2.76%	7.5800%			
Dec			4.82%	2.76%	7.5800%			
Jan	forecast	$ 27,805,570	$ 111,686	$ 63,953	$ 175,639	$ 111,686	$ 63,953	$ 175,639
Feb	forecast	$ 29,324,548	$ 117,787	$ 67,446	$ 185,233	$ 117,787	$ 67,446	$ 185,233
Mar	forecast	$ 32,558,029	$ 130,775	$ 74,883	$ 205,658	$ 130,775	$ 74,883	$ 205,658
Apr	forecast	$ 37,315,469	$ 149,884	$ 85,826	$ 235,709	$ 149,884	$ 85,826	$ 235,709
May	forecast	$ 43,248,705	$ 173,716	$ 99,472	$ 273,188	$ 173,716	$ 99,472	$ 273,188
Jun	forecast	$ 48,232,126	$ 193,732	$ 110,934	$ 304,666	$ 193,732	$ 110,934	$ 304,666
Jul	forecast	$ 52,965,238	$ 212,744	$ 121,820	$ 334,564	$ 212,744	$ 121,820	$ 334,564
Aug	forecast	$ 58,968,719	$ 236,858	$ 135,628	$ 372,486	$ 236,858	$ 135,628	$ 372,486
Sep	forecast	$ 64,119,068	$ 257,545	$ 147,474	$ 405,019	$ 257,545	$ 147,474	$ 405,019
Oct	forecast	$ 69,132,348	$ 277,682	$ 159,004	$ 436,686	$ 277,682	$ 159,004	$ 436,686
Nov	forecast	$ 74,222,778	$ 298,128	$ 170,712	$ 468,841	$ 298,128	$ 170,712	$ 468,841
Dec	forecast	$ 69,254,670	$ 278,173	$ 159,286	$ 437,459	$ 278,173	$ 159,286	$ 437,459
Totals		$ 607,147,268	$ 2,438,708	$ 1,396,439	$ 3,835,147	$ 2,438,708	$ 1,396,439	$ 3,835,147
						Adjustments Needed:		
						$ (0)	$ 0	$ 0
Annual CWIP balance to which AFUDC is applied					$ 50,528,944.80			
Annual percent of CWIP balance to which AFUDC is applied					38.20%			
Total current year AFUDC, not including adjustments			$ 2,438,708	$ 1,396,439	$ 3,835,147	$ 2,438,708	$ 1,396,439	$ 3,835,147
Annual AFUDC rate achieved			4.82%	2.76%	7.58%	4.82%	2.76%	7.58%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 19,007		s	2.00% ×	0.14375	=	0.29% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.85625	=	2.33% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.85625	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.85625	=	4.78% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.39% (B)		
Compounded on semi-annual basis							7.53%		
Maximum (+.25%)							7.78%		
RATE TO USE							7.53% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.14% (C)	Ratio	
AFUDC Debt					sum of (C)		2.75%	37%	
AFUDC Equity					sum of (D)		4.78%	63%	
							7.53%	100%	

Average of 13 monthly balances:				
Account 107 CWIP	$ 132,222	AFUDC Actually Capitalized	$	
Account 120.1	-	AFUDC Amount by Order 561		
Total "W"	$ 132,222	Difference		$

Formulas:
Semi-annual compounding = (7.39÷2)+((100+(7.39÷2))×.0739)÷2 = 7.53%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Forecast	31	-	$ -	$ -	0.00%
Apr	Forecast	30	-	$ -	$ -	0.00%
May	Forecast	31	-	$ -	$ -	0.00%
Jun	Forecast	30	13,009,181	$ 390,275,430	$ 21,384.96	2.00%
Jul	Forecast	31	22,737,321	$ 704,856,951	$ 38,622.30	2.00%
Aug	Forecast	31	36,217,121	$ 1,122,730,751	$ 61,519.49	2.00%
Sep	Forecast	30	52,595,925	$ 1,577,877,750	$ 86,459.05	2.00%
Oct	Forecast	31	57,322,723	$ 1,777,004,413	$ 97,370.10	2.00%
Nov	Forecast	30	65,211,221	$ 1,956,336,630	$ 107,196.53	2.00%
Dec	Forecast	31	-	$ -	$ -	0.00%
		365		$ 7,529,081,925	$ 412,552.43	

Weighted Average Short-Term Debt Balance	$ 20,627,622	not used
Weighted Average Cost of Debt 365 day/yr	2.00%	
Weighted Average Cost of Debt 360 day/yr	1.97%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Forecast	$ 7,012,936	-	82,417,650	82,417,650	34.2%	54,221,112	54,221,112
March	Forecast	$ 6,197,031	-	88,614,681	88,614,681	33.6%	58,853,709	58,853,709
April	Forecast	$ 14,225,523	-	102,840,204	102,840,204	33.7%	68,163,812	68,163,812
May	Forecast	$ 15,442,491	-	118,282,695	118,282,695	34.9%	76,989,738	76,989,738
June	Forecast	$ 11,842,616	-	130,125,311	130,125,311	36.4%	82,767,202	82,767,202
July	Forecast	$ 16,104,427	-	146,229,738	146,229,738	36.6%	92,738,214	92,738,214
August	Forecast	$ 12,680,060	-	158,909,798	158,909,798	38.3%	97,984,479	97,984,479
September	Forecast	$ 13,905,396	-	172,815,194	172,815,194	39.1%	105,218,383	105,218,383
October	Forecast	$ 12,423,538	-	185,238,732	185,238,732	39.7%	111,710,523	111,710,523
November	Forecast	$ 16,213,745	-	201,452,477	201,452,477	39.7%	121,492,318	121,492,318
December	Forecast	$ (17,913,736)	-	183,538,741	183,538,741	42.1%	106,236,040	106,236,040
		$ 110,519,586	$ -	$ 1,718,889,090				

		S/W=	0.16
13 Month Average Balance for CWIP	$ 132,222,238	1-S/W=	0.84

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.62%		0.14%	2.76%	0.37
AFUDC Equity =	4.78%		0.00%	4.78%	0.63
Total	7.40%	7.54%		7.54%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.82%	2.76%	7.5800%	4.78%	2.75%	7.53%
Feb		Forecast	4.78%	2.75%	7.5320%			
Mar			4.78%	2.75%	7.5320%			
Apr			4.78%	2.75%	7.5320%			
May			4.78%	2.75%	7.5320%			
Jun			4.78%	2.75%	7.5320%			
Jul			4.78%	2.75%	7.5320%			
Aug			4.78%	2.75%	7.5320%			
Sept			4.78%	2.75%	7.5320%			
Oct			4.78%	2.75%	7.5320%			
Nov			4.78%	2.75%	7.5320%			
Dec			4.78%	2.75%	7.5320%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 93,529	$ 53,808	$ 147,337
Feb	forecast	$ 28,196,538	$ 112,340	$ 64,852	$ 177,192	$ 112,316	$ 64,617	$ 176,933
Mar	forecast	$ 29,760,972	$ 118,573	$ 68,227	$ 186,800	$ 118,548	$ 68,202	$ 186,750
Apr	forecast	$ 34,676,392	$ 138,157	$ 79,496	$ 217,652	$ 138,128	$ 79,467	$ 217,594
May	forecast	$ 41,292,957	$ 164,518	$ 94,664	$ 259,182	$ 164,484	$ 94,630	$ 259,113
Jun	forecast	$ 47,358,109	$ 188,683	$ 108,568	$ 297,251	$ 188,643	$ 108,529	$ 297,172
Jul	forecast	$ 53,491,524	$ 213,119	$ 122,629	$ 335,748	$ 213,075	$ 122,585	$ 335,659
Aug	forecast	$ 60,925,319	$ 242,737	$ 139,671	$ 382,408	$ 242,686	$ 139,621	$ 382,306
Sep	forecast	$ 67,596,811	$ 269,317	$ 154,966	$ 424,283	$ 269,261	$ 154,909	$ 424,170
Oct	forecast	$ 73,528,209	$ 292,949	$ 168,563	$ 461,512	$ 292,887	$ 168,502	$ 461,390
Nov	forecast	$ 79,960,159	$ 318,575	$ 183,309	$ 501,883	$ 318,508	$ 183,242	$ 501,750
Dec	forecast	$ 77,302,701	$ 307,987	$ 177,216	$ 485,203	$ 307,922	$ 177,152	$ 485,074
Totals		$ 617,569,759	$ 2,460,111	$ 1,415,490	$ 3,875,601	$ 2,459,986	$ 1,415,264	$ 3,875,250
					Adjustments Needed:	$ (125)	$ (226)	$ (351)
Annual CWIP balance to which AFUDC is applied					$ 51,395,891.78			
Annual percent of CWIP balance to which AFUDC is applied					38.87%			
Total current year AFUDC, not including adjustments			$ 2,460,111	$ 1,415,490	$ 3,875,601	$ 2,459,986	$ 1,415,264	$ 3,875,250
Annual AFUDC rate achieved			4.78%	2.75%	7.53%	4.78%	2.75%	7.53%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 16,500		s	2.00% ×	0.13646	=	0.27% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.86354	=	2.35% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.86354	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.86354	=	4.83% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.45% (B)		
Compounded on semi-annual basis							7.58%		
Maximum (+.25%)							7.83%		
RATE TO USE							7.58% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.13% (C)	Ratio	
AFUDC Debt					sum of (C)		2.75%	36%	
AFUDC Equity					sum of (D)		4.83%	64%	
							7.58%	100%	

Average of 13 monthly balances:				
Account 107 CWIP	$ 120,917	AFUDC Actually Capitalized	$	
Account 120.1	-	AFUDC Amount by Order 561		
Total "W"	$ 120,917	Difference		$

Formulas:
Semi-annual compounding = (7.45÷2)+((100+(7.45÷2))×.0745)÷2 = 7.58%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Forecast	30	-	$ -	$ -	0.00%
May	Forecast	31	4,382,919	$ 135,870,486	$ 7,444.96	2.00%
Jun	Forecast	30	9,674,593	$ 290,237,787	$ 15,903.44	2.00%
Jul	Forecast	31	18,299,914	$ 567,297,349	$ 31,084.79	2.00%
Aug	Forecast	31	29,095,862	$ 901,971,716	$ 49,423.11	2.00%
Sep	Forecast	30	44,789,537	$ 1,343,686,100	$ 73,626.64	2.00%
Oct	Forecast	31	50,466,726	$ 1,564,468,508	$ 85,724.30	2.00%
Nov	Forecast	30	56,514,484	$ 1,695,434,508	$ 92,900.52	2.00%
Dec	Forecast	31	-	$ -	$ -	0.00%
		365		$ 6,538,365,771	$ 358,266.63	

Weighted Average Short-Term Debt Balance $ 17,913,331 not used

Weighted Average Cost of Debt 365 day/yr 2.00%
Weighted Average Cost of Debt 360 day/yr 1.97%

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Forecast	$ 1,663,848	-	78,564,012	78,564,012	34.9%	51,117,263	51,117,263
April	Forecast	$ 11,452,210	-	90,016,223	90,016,223	31.3%	61,804,751	61,804,751
May	Forecast	$ 16,880,044	-	106,896,266	106,896,266	32.2%	72,449,994	72,449,994
June	Forecast	$ 12,238,953	-	119,135,219	119,135,219	34.3%	78,224,303	78,224,303
July	Forecast	$ 15,085,326	-	134,220,546	134,220,546	35.1%	87,158,629	87,158,629
August	Forecast	$ 9,299,497	-	143,520,043	143,520,043	37.1%	90,246,126	90,246,126
September	Forecast	$ 12,006,683	-	155,526,726	155,526,726	37.7%	96,857,841	96,857,841
October	Forecast	$ 12,915,489	-	168,442,215	168,442,215	38.4%	103,720,782	103,720,782
November	Forecast	$ 13,969,031	-	182,411,246	182,411,246	39.2%	110,973,962	110,973,962
December	Forecast	$ (14,548,112)	-	167,863,134	167,863,134	41.5%	98,123,024	98,123,024
		$ 94,843,979	$ -	$ 1,571,919,663				

S/W= 0.15

13 Month Average Balance for CWIP $ 120,916,897 1-S/W= 0.85

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.62%		0.13%	2.75%	0.36
AFUDC Equity =	4.83%		0.01%	4.84%	0.64
Total	7.45%	7.59%		7.59%	

Year-to-date AFUDC loaded CWIP - 2013

			Was			Revised Would Be		
Month		Avg. Balance	Equity	Debt	Total	Equity	Debt	Total
Jan		Actual	4.82%	2.76%	7.5800%	4.83%	2.75%	7.58%
Feb		Actual	4.78%	2.75%	7.5320%			
Mar		Forecast	4.84%	2.75%	7.5860%			
Apr			4.84%	2.75%	7.5860%			
May			4.84%	2.75%	7.5860%			
Jun			4.84%	2.75%	7.5860%			
Jul			4.84%	2.75%	7.5860%			
Aug			4.84%	2.75%	7.5860%			
Sept			4.84%	2.75%	7.5860%			
Oct			4.84%	2.75%	7.5860%			
Nov			4.84%	2.75%	7.5860%			
Dec			4.84%	2.75%	7.5860%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 94,507	$ 53,808	$ 148,316
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 97,532	$ 55,531	$ 153,063
Mar	forecast	$ 27,446,749	$ 110,588	$ 62,922	$ 173,509	$ 110,473	$ 62,899	$ 173,372
Apr	forecast	$ 28,211,472	$ 113,669	$ 64,675	$ 178,344	$ 113,551	$ 64,651	$ 178,202
May	forecast	$ 34,446,273	$ 138,790	$ 78,968	$ 217,758	$ 138,646	$ 78,939	$ 217,586
Jun	forecast	$ 40,910,916	$ 164,837	$ 93,788	$ 258,625	$ 164,666	$ 93,754	$ 258,421
Jul	forecast	$ 47,061,917	$ 189,620	$ 107,889	$ 297,510	$ 189,424	$ 107,850	$ 297,274
Aug	forecast	$ 53,273,917	$ 214,649	$ 122,130	$ 336,780	$ 214,428	$ 122,086	$ 336,514
Sep	forecast	$ 58,668,884	$ 236,387	$ 134,498	$ 370,885	$ 236,142	$ 134,450	$ 370,592
Oct	forecast	$ 64,721,433	$ 260,773	$ 148,374	$ 409,147	$ 260,504	$ 148,320	$ 408,824
Nov	forecast	$ 71,437,284	$ 287,833	$ 163,770	$ 451,603	$ 287,535	$ 163,710	$ 451,246
Dec	forecast	$ 69,740,110	$ 280,995	$ 159,879	$ 440,874	$ 280,704	$ 159,821	$ 440,525
Totals		$ 543,630,610	$ 2,188,087	$ 1,245,896	$ 3,433,983	$ 2,188,113	$ 1,245,820	$ 3,433,933
						Adjustments Needed:		
						$ 26	$ (76)	$ (50)

Annual CWIP balance to which AFUDC is applied $ 45,242,863.77
Annual percent of CWIP balance to which AFUDC is applied 37.42%

Total current year AFUDC, not including adjustments	$ 2,188,087	$ 1,245,896	$ 3,433,983	$ 2,188,113	$ 1,245,820	$ 3,433,933
Annual AFUDC rate achieved	4.83%	2.75%	7.58%	4.83%	2.75%	7.58%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 27,162		s	2.00% ×	0.22571	=	0.45% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.77429	=	2.11% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.77429	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.77429	=	4.33% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							6.88% (B)		
Compounded on semi-annual basis							7.00%		
Maximum (+.25%)							7.25%		
RATE TO USE							7.00% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.12% (C)	Ratio	
AFUDC Debt					sum of (C)		2.68%	38%	
AFUDC Equity					sum of (D)		4.33%	62%	
							7.00%	100%	

Average of 13 monthly balances:				
Account 107 CWIP	$ 120,339	AFUDC Actually Capitalized	$	
Account 120.1	-	AFUDC Amount by Order 561		
Total "W"	$ 120,339	Difference		$

Formulas:
Semi-annual compounding = (6.88÷2)+((100+(6.88÷2))×.0688)÷2 = 7.00%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Forecast	31	3,871,002	$ 120,001,076	$ 6,575.40	2.00%
Jun	Forecast	30	23,282,648	$ 698,479,443	$ 38,272.85	2.00%
Jul	Forecast	31	30,927,221	$ 958,743,852	$ 52,533.91	2.00%
Aug	Forecast	31	41,463,042	$ 1,285,354,287	$ 70,430.37	2.00%
Sep	Forecast	30	55,876,662	$ 1,676,299,867	$ 91,852.05	2.00%
Oct	Forecast	31	62,393,670	$ 1,934,203,755	$ 105,983.77	2.00%
Nov	Forecast	30	68,059,783	$ 2,041,793,494	$ 111,879.10	2.00%
Dec	Forecast	31	65,964,150	$ 2,044,888,660	$ 112,048.69	2.00%
		365		$ 10,799,163,751	$ 591,735.01	

Weighted Average Short-Term Debt Balance	$ 29,586,750	not used
Weighted Average Cost of Debt 365 day/yr	2.00%	
Weighted Average Cost of Debt 360 day/yr	1.97%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	30.9%	58,025,957	58,025,957
April	Forecast	$ 7,859,453	-	91,849,456	91,849,456	30.8%	63,553,025	63,553,025
May	Forecast	$ 17,656,747	-	109,506,203	109,506,203	29.3%	77,432,609	77,432,609
June	Forecast	$ 8,850,580	-	118,356,783	118,356,783	32.3%	80,170,918	80,170,918
July	Forecast	$ 13,926,401	-	132,283,184	132,283,184	32.5%	89,350,818	89,350,818
August	Forecast	$ 8,784,534	-	141,067,719	141,067,719	34.1%	92,929,989	92,929,989
September	Forecast	$ 9,850,334	-	150,918,053	150,918,053	34.6%	98,702,830	98,702,830
October	Forecast	$ 13,512,182	-	164,430,235	164,430,235	34.9%	107,048,145	107,048,145
November	Forecast	$ 13,850,080	-	178,280,315	178,280,315	35.9%	114,192,659	114,192,659
December	Forecast	$ (9,877,517)	-	168,402,798	168,402,798	38.3%	103,893,559	103,893,559
		$ 95,383,643	$ -	$ 1,564,408,781				

		S/W=	0.25
13 Month Average Balance for CWIP	$ 120,339,137	1-S/W=	0.75

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.56%		0.12%	2.68%	0.38
AFUDC Equity =	4.33%		0.00%	4.33%	0.62
Total	6.89%	7.01%		7.01%	

Year-to-date AFUDC loaded CWIP - 2013

			Was			Revised Would Be		
Month		Avg. Balance	Equity	Debt	Total	Equity	Debt	Total
Jan		Actual	4.82%	2.76%	7.5800%	4.33%	2.68%	7.01%
Feb		Actual	4.78%	2.75%	7.5320%			
Mar		Actual	4.84%	2.75%	7.5860%			
Apr			4.25%	2.67%	6.9200%			
May			4.25%	2.67%	6.9200%			
Jun			4.25%	2.67%	6.9200%			
Jul			4.25%	2.67%	6.9200%			
Aug			4.25%	2.67%	6.9200%			
Sept			4.25%	2.67%	6.9200%			
Oct			4.25%	2.67%	6.9200%			
Nov			4.25%	2.67%	6.9200%			
Dec			4.25%	2.67%	6.9200%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 84,724	$ 52,439	$ 137,163
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 87,436	$ 54,117	$ 141,553
Mar	Actual	$ 25,964,046	$ 103,058	$ 58,630	$ 161,688	$ 93,687	$ 57,986	$ 151,673
Apr	forecast	$ 28,296,431	$ 100,311	$ 64,870	$ 165,180	$ 102,103	$ 63,195	$ 165,298
May	forecast	$ 32,073,594	$ 113,701	$ 71,257	$ 184,958	$ 115,732	$ 71,631	$ 187,363
Jun	forecast	$ 38,185,866	$ 135,369	$ 84,836	$ 220,205	$ 137,787	$ 85,282	$ 223,069
Jul	forecast	$ 42,932,366	$ 152,195	$ 95,381	$ 247,577	$ 154,914	$ 95,882	$ 250,797
Aug	forecast	$ 48,137,729	$ 170,648	$ 106,946	$ 277,594	$ 173,697	$ 107,508	$ 281,205
Sep	forecast	$ 52,215,222	$ 185,103	$ 116,005	$ 301,108	$ 188,410	$ 116,614	$ 305,024
Oct	forecast	$ 57,382,090	$ 203,420	$ 127,484	$ 330,903	$ 207,054	$ 128,153	$ 335,207
Nov	forecast	$ 64,087,655	$ 227,191	$ 142,381	$ 369,572	$ 231,250	$ 143,129	$ 374,379
Dec	forecast	$ 64,509,239	$ 228,685	$ 143,318	$ 372,003	$ 232,771	$ 144,071	$ 376,841
Totals		$ 501,495,894	$ 1,809,628	$ 1,120,110	$ 2,929,738	$ 1,809,564	$ 1,120,008	$ 2,929,572
						Adjustments Needed:		
						$ (63)	$ (103)	$ (166)

Annual CWIP balance to which AFUDC is applied			$ 41,791,324.54			
Annual percent of CWIP balance to which AFUDC is applied			34.73%			
Total current year AFUDC, not including adjustments	$ 1,809,628	$ 1,120,110	$ 2,929,738	$ 1,809,564	$ 1,120,008	$ 2,929,572
Annual AFUDC rate achieved	4.33%	2.68%	7.01%	4.33%	2.68%	7.01%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)		S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 27,297		s	2.00%	×	0.22880	=	0.46% (C)		
						1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67%	×	0.77120	=	2.10% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00%	×	0.77120	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75%	×	0.77120	=	4.31% (D)		
Total Capitalization	$ 698,977,478	100.0%								

AFUDC Rate:		6.87% (B)	
Compounded on semi-annual basis		6.99%	
Maximum (+.25%)		7.24%	
RATE TO USE		6.98% (A)	
Margin to apply to equity "other" portion		0.00% (D)	
Margin to apply to debt "borrowed" portion	(A) - (B)	0.11% (C)	Ratio
AFUDC Debt	sum of (C)	2.67%	38%
AFUDC Equity	sum of (D)	4.31%	62%
		6.98%	100%

Average of 13 monthly balances:

Account 107 CWIP	$ 119,304	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 119,304	Difference	$

Formulas:
Semi-annual compounding = (6.87÷2)+((100+(6.87÷2))×.0687)÷2 = 6.99%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,469.26	2.00%
Jun	Forecast	30	22,619,039	$ 678,571,170	$ 37,181.98	2.00%
Jul	Forecast	31	31,451,156	$ 974,985,836	$ 53,423.88	2.00%
Aug	Forecast	31	42,717,533	$ 1,324,243,523	$ 72,561.29	2.00%
Sep	Forecast	30	57,573,850	$ 1,727,215,500	$ 94,641.95	2.00%
Oct	Forecast	31	62,809,348	$ 1,947,089,788	$ 106,689.85	2.00%
Nov	Forecast	30	68,640,867	$ 2,059,226,010	$ 112,834.30	2.00%
Dec	Forecast	31	66,320,061	$ 2,055,921,891	$ 112,653.25	2.00%
		365		$ 10,851,717,084	$ 594,614.63	

Weighted Average Short-Term Debt Balance	$ 29,730,732	not used
Weighted Average Cost of Debt 365 day/yr	2.00%	
Weighted Average Cost of Debt 360 day/yr	1.97%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	30.9%	58,025,957	58,025,957
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.5%	64,654,728	64,654,728
May	Forecast	$ 16,143,108	-	105,262,277	105,262,277	30.7%	72,949,103	72,949,103
June	Forecast	$ 11,031,357	-	116,293,634	116,293,634	31.8%	79,368,477	79,368,477
July	Forecast	$ 15,249,350	-	131,542,984	131,542,984	32.6%	88,675,238	88,675,238
August	Forecast	$ 9,487,538	-	141,030,522	141,030,522	34.6%	92,185,974	92,185,974
September	Forecast	$ 10,067,958	-	151,098,480	151,098,480	35.3%	97,702,795	97,702,795
October	Forecast	$ 12,060,477	-	163,158,957	163,158,957	35.5%	105,190,193	105,190,193
November	Forecast	$ 13,982,024	-	177,140,981	177,140,981	36.1%	113,272,632	113,272,632
December	Forecast	$ (10,145,628)	-	166,995,353	166,995,353	38.4%	102,934,038	102,934,038
		$ 93,976,198	$ -	$ 1,550,956,393				

		S/W=	0.25
13 Month Average Balance for CWIP	$ 119,304,338	1-S/W=	0.75

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.56%		0.11%	2.67%	0.38
AFUDC Equity =	4.31%		0.01%	4.32%	0.62
Total	6.87%	6.99%		6.99%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.82%	2.76%	7.5800%	4.31%	2.67%	6.98%
Feb		Actual	4.78%	2.75%	7.5320%			
Mar		Actual	4.84%	2.75%	7.5860%			
Apr		Actual	4.25%	2.67%	6.9200%			
May		Forecast	4.24%	2.67%	6.9040%			
Jun			4.24%	2.67%	6.9040%			
Jul			4.24%	2.67%	6.9040%			
Aug			4.24%	2.67%	6.9040%			
Sept			4.24%	2.67%	6.9040%			
Oct			4.24%	2.67%	6.9040%			
Nov			4.24%	2.67%	6.9040%			
Dec			4.24%	2.67%	6.9040%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 84,333	$ 52,243	$ 136,576
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 87,032	$ 53,915	$ 140,947
Mar	Actual	$ 25,964,046	$ 103,058	$ 58,630	$ 161,688	$ 93,254	$ 57,770	$ 151,024
Apr	Actual	$ 24,464,441	$ 83,294	$ 52,376	$ 135,670	$ 87,868	$ 54,433	$ 142,302
May	forecast	$ 32,313,174	$ 114,146	$ 71,789	$ 185,935	$ 116,058	$ 71,897	$ 187,955
Jun	forecast	$ 36,925,157	$ 130,438	$ 82,005	$ 212,443	$ 132,623	$ 82,158	$ 214,781
Jul	forecast	$ 42,867,746	$ 151,430	$ 95,202	$ 246,632	$ 153,967	$ 95,381	$ 249,347
Aug	forecast	$ 48,844,548	$ 172,543	$ 108,476	$ 281,019	$ 175,433	$ 108,679	$ 284,112
Sep	forecast	$ 53,395,685	$ 188,620	$ 118,583	$ 307,203	$ 191,780	$ 118,805	$ 310,585
Oct	forecast	$ 57,968,764	$ 204,775	$ 128,739	$ 333,514	$ 208,204	$ 128,981	$ 337,185
Nov	forecast	$ 63,868,349	$ 225,615	$ 141,841	$ 367,456	$ 229,394	$ 142,107	$ 371,501
Dec	forecast	$ 64,061,315	$ 226,297	$ 142,270	$ 368,566	$ 230,087	$ 142,536	$ 372,623
Totals		$ 498,384,880	$ 1,790,164	$ 1,108,912	$ 2,899,075	$ 1,790,032	$ 1,108,906	$ 2,898,939
						Adjustments Needed:		
						$ (131)	$ (5)	$ (137)

Annual CWIP balance to which AFUDC is applied			$ 41,472,656.80				
Annual percent of CWIP balance to which AFUDC is applied			34.76%				
Total current year AFUDC, not including adjustments	$ 1,790,164	$ 1,108,912	$ 2,899,075	$ 1,790,032	$ 1,108,906	$ 2,898,939	
Annual AFUDC rate achieved	4.31%	2.67%	6.98%	4.31%	2.67%	6.98%	

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 20,853		s	1.93% ×	0.17978	=	0.35% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.82022	=	2.23% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.82022	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.82022	=	4.58% (D)		
Total Capitalization	$ 698,977,478	100.0%							

AFUDC Rate:			
		7.16% (B)	
Compounded on semi-annual basis		7.29%	
Maximum (+.25%)		7.54%	
RATE TO USE		7.29% (A)	
Margin to apply to equity "other" portion		0.00% (D)	
Margin to apply to debt "borrowed" portion	(A) - (B)	0.13% (C)	Ratio
AFUDC Debt	sum of (C)	2.71%	37%
AFUDC Equity	sum of (D)	4.58%	63%
		7.29%	100%

Average of 13 monthly balances:			
Account 107 CWIP	$ 115,991	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 115,991	Difference	$

Formulas:
Semi-annual compounding = (7.16÷2)+((100+(7.16÷2))×.0716)÷2 = 7.29%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Forecast	31	17,281,858	$ 535,737,598	$ 28,328.04	1.93%
Aug	Forecast	31	31,741,063	$ 983,972,953	$ 52,029.25	1.93%
Sep	Forecast	30	48,411,178	$ 1,452,335,340	$ 76,794.72	1.93%
Oct	Forecast	31	54,579,818	$ 1,691,974,358	$ 89,466.04	1.93%
Nov	Forecast	30	62,556,331	$ 1,876,689,930	$ 99,233.19	1.93%
Dec	Forecast	31	52,671,071	$ 1,632,803,201	$ 86,337.27	1.93%
		365		$ 8,291,500,996	$ 438,502.87	

Weighted Average Short-Term Debt Balance	$ 22,716,441	not used
Weighted Average Cost of Debt 365 day/yr	1.93%	
Weighted Average Cost of Debt 360 day/yr	1.90%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	30.9%	58,025,957	58,025,957
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.5%	64,654,728	64,654,728
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.1%	65,848,689	65,848,689
June	Forecast	$ 7,471,315	-	100,388,951	100,388,951	33.3%	66,991,187	66,991,187
July	Forecast	$ 23,496,535	-	123,885,486	123,885,486	31.3%	85,088,190	85,088,190
August	Forecast	$ 13,815,683	-	137,701,169	137,701,169	35.0%	89,549,636	89,549,636
September	Forecast	$ 10,344,345	-	148,045,514	148,045,514	36.4%	94,104,402	94,104,402
October	Forecast	$ 15,658,144	-	163,703,658	163,703,658	35.8%	105,039,437	105,039,437
November	Forecast	$ 15,038,096	-	178,741,753	178,741,753	36.2%	114,013,170	114,013,170
December	Forecast	$ (14,673,015)	-	164,068,738	164,068,738	39.2%	99,760,743	99,760,743
		$ 91,049,583	$ -	$ 1,507,886,110				

			S/W=	0.20
13 Month Average Balance for CWIP		$ 115,991,239	1-S/W=	0.80

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.58%		0.13%	2.71%	0.37
AFUDC Equity =	4.58%		0.00%	4.58%	0.63
Total	7.16%	7.29%		7.29%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was: Equity	Was: Debt	Was: Total	Revised Would Be: Equity	Revised Would Be: Debt	Revised Would Be: Total
Jan		Actual	4.82%	2.76%	7.5800%	4.58%	2.71%	7.29%
Feb		Actual	4.78%	2.75%	7.5320%			
Mar		Actual	4.84%	2.75%	7.5860%			
Apr		Actual	4.25%	2.67%	6.9200%			
May		Actual	4.24%	2.67%	6.9040%			
Jun		Forecast	4.60%	2.73%	7.3300%			
Jul			4.60%	2.73%	7.3300%			
Aug			4.60%	2.73%	7.3300%			
Sept			4.60%	2.73%	7.3300%			
Oct			4.60%	2.73%	7.3300%			
Nov			4.60%	2.73%	7.3300%			
Dec			4.60%	2.73%	7.3300%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 89,616	$ 53,026	$ 142,641
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 92,484	$ 54,723	$ 147,207
Mar	Actual	$ 25,964,046	$ 103,058	$ 58,630	$ 161,688	$ 99,096	$ 58,635	$ 157,732
Apr	Actual	$ 24,464,441	$ 83,294	$ 52,376	$ 135,670	$ 93,373	$ 55,249	$ 148,621
May	Actual	$ 27,068,947	$ 94,518	$ 59,453	$ 153,971	$ 103,313	$ 61,131	$ 164,444
Jun	forecast	$ 33,397,763	$ 128,108	$ 74,171	$ 202,279	$ 127,468	$ 75,423	$ 202,891
Jul	forecast	$ 38,797,296	$ 148,820	$ 88,167	$ 236,987	$ 148,076	$ 87,617	$ 235,694
Aug	forecast	$ 48,151,534	$ 184,701	$ 109,424	$ 294,126	$ 183,778	$ 108,742	$ 292,521
Sep	forecast	$ 53,941,111	$ 206,909	$ 122,581	$ 329,490	$ 205,875	$ 121,817	$ 327,692
Oct	forecast	$ 58,664,220	$ 225,026	$ 133,314	$ 358,341	$ 223,902	$ 132,483	$ 356,385
Nov	forecast	$ 64,728,583	$ 248,288	$ 147,096	$ 395,384	$ 247,047	$ 146,179	$ 393,226
Dec	forecast	$ 64,307,995	$ 246,675	$ 146,140	$ 392,815	$ 245,442	$ 145,229	$ 390,671
Totals		$ 487,197,592	$ 1,859,345	$ 1,100,354	$ 2,959,699	$ 1,859,471	$ 1,100,255	$ 2,959,725
						Adjustments Needed:		
						$ 126	$ (100)	$ 26
Annual CWIP balance to which AFUDC is applied					$ 40,599,799.31			
Annual percent of CWIP balance to which AFUDC is applied					35.00%			
Total current year AFUDC, not including adjustments			$ 1,859,345	$ 1,100,354	$ 2,959,699	$ 1,859,471	$ 1,100,255	$ 2,959,725
Annual AFUDC rate achieved			4.58%	2.71%	7.29%	4.58%	2.71%	7.29%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitalization Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 18,102		s	1.93% ×	0.15573	=	0.30% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.84427	=	2.30% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.84427	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.84427	=	4.72% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.32% (B)		
Compounded on semi-annual basis							7.45%		
Maximum (+.25%)							7.70%		
RATE TO USE							7.45% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.13% (C)	Ratio	
AFUDC Debt					sum of (C)		2.73%	37%	
AFUDC Equity					sum of (D)		4.72%	63%	
							7.45%	100%	

Average of 13 monthly balances:				
Account 107 CWIP	$ 116,242	AFUDC Actually Capitalized	$	
Account 120.1	-	AFUDC Amount by Order 561		
Total "W"	$ 116,242	Difference		$

Formulas:
Semi-annual compounding = (7.32÷2)+((100+(7.32÷2))×.0732)÷2 = 7.45%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Forecast	31	26,216,237	$ 812,703,347	$ 42,973.08	1.93%
Sep	Forecast	30	43,089,598	$ 1,292,687,940	$ 68,353.09	1.93%
Oct	Forecast	31	49,516,974	$ 1,535,026,194	$ 81,167.14	1.93%
Nov	Forecast	30	56,146,719	$ 1,684,401,570	$ 89,065.62	1.93%
Dec	Forecast	31	47,024,248	$ 1,457,751,688	$ 77,081.12	1.93%
		365		$ 7,194,937,269	$ 380,520.20	

Weighted Average Short-Term Debt Balance	$ 19,712,157	not used
Weighted Average Cost of Debt 365 day/yr	1.93%	
Weighted Average Cost of Debt 360 day/yr	1.90%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	30.9%	58,025,957	58,025,957
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.5%	64,654,728	64,654,728
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.1%	65,848,689	65,848,689
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	26.8%	74,894,785	74,894,785
July	Forecast	$ 22,755,266	-	125,125,834	125,125,834	32.2%	84,858,950	84,858,950
August	Forecast	$ 15,009,811	-	140,135,646	140,135,646	34.2%	92,182,654	92,182,654
September	Forecast	$ 7,492,320	-	147,627,966	147,627,966	36.4%	93,950,892	93,950,892
October	Forecast	$ 16,067,111	-	163,695,077	163,695,077	35.6%	105,370,476	105,370,476
November	Forecast	$ 13,872,977	-	177,568,054	177,568,054	35.9%	113,802,174	113,802,174
December	Forecast	$ (14,290,599)	-	163,277,454	163,277,454	38.7%	100,065,081	100,065,081
		$ 90,258,299	$ -	$ 1,511,151,441				

		S/W=	0.17
13 Month Average Balance for CWIP	$ 116,242,419	1-S/W=	0.83

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.60%		0.13%	2.73%	0.37
AFUDC Equity =	4.72%		0.00%	4.72%	0.63
Total	7.32%	7.45%		7.45%	

Year-to-date AFUDC loaded CWIP - 2013

			Was			Revised Would Be		
Month		Avg. Balance	Equity	Debt	Total	Equity	Debt	Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.72%	2.73%	7.45%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Forecast	6.2790%	1.3500%	7.6290%			
Aug			4.8430%	2.5500%	7.3930%			
Sept			4.8430%	2.5500%	7.3930%			
Oct			4.8430%	2.5500%	7.3930%			
Nov			4.8430%	2.5500%	7.3930%			
Dec			4.8430%	2.5500%	7.3930%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 92,355	$ 53,417	$ 145,772
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 95,311	$ 55,127	$ 150,438
Mar	Actual	$ 25,964,046	$ 103,058	$ 58,630	$ 161,688	$ 102,125	$ 59,068	$ 161,193
Apr	Actual	$ 24,464,441	$ 83,294	$ 52,376	$ 135,670	$ 96,227	$ 55,657	$ 151,883
May	Actual	$ 27,068,947	$ 94,518	$ 59,453	$ 153,971	$ 106,471	$ 61,582	$ 168,053
Jun	Actual	$ 27,475,784	$ 48,089	$ 96,206	$ 144,295	$ 108,071	$ 62,507	$ 170,579
Jul	forecast	$ 40,266,885	$ 210,696	$ 154,356	$ 365,053	$ 158,383	$ 91,607	$ 249,990
Aug	forecast	$ 47,952,992	$ 193,530	$ 53,947	$ 247,477	$ 188,615	$ 109,093	$ 297,708
Sep	forecast	$ 53,677,074	$ 216,632	$ 114,064	$ 330,696	$ 211,130	$ 122,115	$ 333,245
Oct	forecast	$ 58,324,601	$ 235,388	$ 123,940	$ 359,328	$ 229,410	$ 132,688	$ 362,099
Nov	forecast	$ 63,765,879	$ 257,348	$ 135,502	$ 392,851	$ 250,812	$ 145,067	$ 395,880
Dec	forecast	$ 63,212,374	$ 255,115	$ 134,326	$ 389,441	$ 248,635	$ 143,808	$ 392,443
Totals		$ 479,884,679	$ 1,887,616	$ 1,091,803	$ 2,979,419	$ 1,887,546	$ 1,091,738	$ 2,979,284
						Adjustments Needed:		
						$ (70)	$ (65)	$ (135)
Annual CWIP balance to which AFUDC is applied					$ 39,990,389.80			
Annual percent of CWIP balance to which AFUDC is applied					34.40%			
Total current year AFUDC, not including adjustments			$ 1,887,616	$ 1,091,803	$ 2,979,419	$ 1,887,546	$ 1,091,738	$ 2,979,284
Annual AFUDC rate achieved			4.72%	2.73%	7.45%	4.72%	2.73%	7.45%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitalization Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 17,705		s	1.93% ×	0.15440	=	0.30% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.84560	=	2.30% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.84560	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.84560	=	4.73% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.33% (B)		
Compounded on semi-annual basis							7.46%		
Maximum (+.25%)							7.71%		
RATE TO USE							7.46% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.13% (C)	Ratio	
AFUDC Debt					sum of (C)		2.73%	37%	
AFUDC Equity					sum of (D)		4.73%	63%	
							7.46%	100%	

Average of 13 monthly balances:	
Account 107 CWIP	$ 114,668
Account 120.1	-
Total "W"	$ 114,668

AFUDC Actually Capitalized	$	
AFUDC Amount by Order 561		
Difference		$

Formulas:
Semi-annual compounding = (7.33÷2)+((100+(7.33÷2))×.0733)÷2 = 7.46%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Actual	31	19,180,832	$ 594,605,792	$ 31,440.80	1.93%
Sep	Forecast	30	37,810,009	$ 1,134,300,270	$ 59,978.07	1.93%
Oct	Forecast	31	47,799,372	$ 1,481,780,532	$ 78,351.68	1.93%
Nov	Forecast	30	59,759,514	$ 1,792,785,420	$ 94,796.60	1.93%
Dec	Forecast	31	52,278,459	$ 1,620,632,229	$ 85,693.70	1.93%
		365		$ 7,036,470,773	$ 372,141.00	

Weighted Average Short-Term Debt Balance	$ 19,278,002	not used
Weighted Average Cost of Debt 365 day/yr	1.93%	
Weighted Average Cost of Debt 360 day/yr	1.90%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.1%	$ 51,924,646	$ 51,924,646
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	30.9%	58,025,957	58,025,957
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.5%	64,654,728	64,654,728
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.1%	65,848,689	65,848,689
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	26.8%	74,894,785	74,894,785
July	Actual	$ 14,322,197	-	116,692,766	116,692,766	27.0%	85,151,972	85,151,972
August	Forecast	$ 15,588,876	-	132,281,642	132,281,642	34.3%	86,947,120	86,947,120
September	Forecast	$ 8,254,251	-	140,535,892	140,535,892	35.3%	90,928,992	90,928,992
October	Forecast	$ 19,986,052	-	160,521,944	160,521,944	34.0%	105,960,108	105,960,108
November	Forecast	$ 18,500,377	-	179,022,321	179,022,321	34.4%	117,454,234	117,454,234
December	Forecast	$ (11,110,942)	-	167,911,379	167,911,379	37.5%	105,021,426	105,021,426
		$ 94,892,224	$ -	$ 1,490,687,353				

			S/W=	0.17
13 Month Average Balance for CWIP		$ 114,668,258	1-S/W=	0.83

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.60%		0.13%	2.73%	0.37
AFUDC Equity =	4.73%		0.00%	4.73%	0.63
Total	7.33%	7.46%		7.46%	

Year-to-date AFUDC loaded CWIP - 2013

			Was			Revised Would Be		
Month		Avg. Balance	Equity	Debt	Total	Equity	Debt	Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.73%	2.73%	7.46%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Actual	6.2790%	1.3500%	7.6290%			
Aug		Forecast	4.8250%	2.6800%	7.5050%			
Sept			4.8250%	2.6800%	7.5050%			
Oct			4.8250%	2.6800%	7.5050%			
Nov			4.8250%	2.6800%	7.5050%			
Dec			4.8250%	2.6800%	7.5050%			
Jan	Actual	$ 23,480,068	$ 93,159	$ 53,328	$ 146,487	$ 92,551	$ 53,417	$ 145,968
Feb	Actual	$ 24,231,587	$ 96,788	$ 55,674	$ 152,462	$ 95,513	$ 55,127	$ 150,640
Mar	Actual	$ 25,964,046	$ 103,058	$ 58,630	$ 161,688	$ 102,342	$ 59,068	$ 161,410
Apr	Actual	$ 24,464,441	$ 83,294	$ 52,376	$ 135,670	$ 96,431	$ 55,657	$ 152,087
May	Actual	$ 27,068,947	$ 94,518	$ 59,453	$ 153,971	$ 106,697	$ 61,582	$ 168,279
Jun	Actual	$ 27,475,784	$ 48,089	$ 96,206	$ 144,295	$ 108,300	$ 62,507	$ 170,808
Jul	Actual	$ 31,540,794	$ 185,605	$ 54,800	$ 240,405	$ 124,323	$ 71,755	$ 196,079
Aug	forecast	$ 45,334,522	$ 182,283	$ 101,247	$ 283,530	$ 178,694	$ 103,136	$ 281,830
Sep	forecast	$ 49,606,900	$ 199,461	$ 110,789	$ 310,250	$ 195,534	$ 112,856	$ 308,390
Oct	forecast	$ 54,561,836	$ 219,384	$ 121,855	$ 341,239	$ 215,065	$ 124,128	$ 339,193
Nov	forecast	$ 61,568,087	$ 247,555	$ 137,502	$ 385,057	$ 242,681	$ 140,067	$ 382,748
Dec	forecast	$ 62,889,953	$ 252,870	$ 140,454	$ 393,324	$ 247,891	$ 143,075	$ 390,966
Totals		$ 458,186,965	$ 1,806,064	$ 1,042,314	$ 2,848,378	$ 1,806,020	$ 1,042,375	$ 2,848,396
						Adjustments Needed:		
						$ (43)	$ 61	$ 18
Annual CWIP balance to which AFUDC is applied					$ 38,182,246.92			
Annual percent of CWIP balance to which AFUDC is applied					33.30%			
Total current year AFUDC, not including adjustments			$ 1,806,064	$ 1,042,314	$ 2,848,378	$ 1,806,020	$ 1,042,375	$ 2,848,396
Annual AFUDC rate achieved			4.73%	2.73%	7.46%	4.73%	2.73%	7.46%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 19,453		s	1.93% ×	0.17087	=	0.33% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.82913	=	2.26% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.82913	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.82913	=	4.63% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.22% (B)		
Compounded on semi-annual basis							7.35%		
Maximum (+.25%)							7.60%		
RATE TO USE							7.35% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.13% (C)	Ratio	
AFUDC Debt					sum of (C)		2.72%	37%	
AFUDC Equity					sum of (D)		4.63%	63%	
							7.35%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 113,845	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 113,845	Difference	$

Formulas:
Semi-annual compounding = (7.22÷2)+((100+(7.22÷2))×.0722)÷2 = 7.35%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Actual	31	19,180,832	$ 594,605,792	$ 31,440.80	1.93%
Sep	Actual	30	40,335,456	$ 1,210,063,680	$ 63,984.19	1.93%
Oct	Forecast	31	52,630,079	$ 1,631,532,449	$ 86,270.07	1.93%
Nov	Forecast	30	67,065,627	$ 2,011,968,810	$ 106,386.30	1.93%
Dec	Forecast	31	60,335,268	$ 1,870,393,308	$ 98,900.25	1.93%
		365		$ 7,730,930,569	$ 408,861.76	

Weighted Average Short-Term Debt Balance $ 21,180,632 not used

Weighted Average Cost of Debt 365 day/yr 1.93%
Weighted Average Cost of Debt 360 day/yr 1.90%

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.5%	$ 51,636,432	$ 51,636,432
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.9%	52,332,557	52,332,557
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	31.3%	57,668,253	57,668,253
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.9%	64,283,990	64,283,990
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.5%	65,465,527	65,465,527
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	27.2%	74,479,250	74,479,250
July	Actual	$ 14,322,197	-	116,692,766	116,692,766	29.3%	82,474,600	82,474,600
August	Actual	$ 18,098,317	-	134,791,083	134,791,083	30.6%	93,502,454	93,502,454
September	Forecast	$ (3,693)	-	134,787,390	134,787,390	36.9%	85,006,109	85,006,109
October	Forecast	$ 21,695,087	-	156,482,477	156,482,477	33.9%	103,425,468	103,425,468
November	Forecast	$ 20,343,027	-	176,825,504	176,825,504	34.6%	115,688,731	115,688,731
December	Forecast	$ (10,146,353)	-	166,679,151	166,679,151	38.1%	103,193,502	103,193,502
		$ 93,659,996	$ -	$ 1,479,979,781				

S/W= 0.19

13 Month Average Balance for CWIP $ 113,844,599 1-S/W= 0.81

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.59%		0.13%	2.72%	0.37
AFUDC Equity =	4.63%		0.00%	4.63%	0.63
Total	7.22%	7.35%		7.35%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.63%	2.72%	7.35%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Actual	6.2790%	1.3500%	7.6290%			
Aug		Actual	4.8250%	2.6800%	7.5050%			
Sept		Forecast	4.8760%	2.6090%	7.4850%			
Oct			4.8760%	2.6090%	7.4850%			
Nov			4.8760%	2.6090%	7.4850%			
Dec			4.8760%	2.6090%	7.4850%			
Jan	Actual	$ 23,768,282	$ 93,159	$ 53,328	$ 146,487	$ 91,706	$ 53,875	$ 145,581
Feb	Actual	$ 24,567,607	$ 96,788	$ 55,674	$ 152,462	$ 94,790	$ 55,687	$ 150,477
Mar	Actual	$ 26,321,750	$ 103,058	$ 58,630	$ 161,688	$ 101,558	$ 59,663	$ 161,221
Apr	Actual	$ 24,835,179	$ 83,294	$ 52,376	$ 135,670	$ 95,822	$ 56,293	$ 152,115
May	Actual	$ 27,452,109	$ 94,518	$ 59,453	$ 153,971	$ 105,919	$ 62,225	$ 168,144
Jun	Actual	$ 27,891,319	$ 48,089	$ 96,206	$ 144,295	$ 107,614	$ 63,220	$ 170,834
Jul	Actual	$ 34,218,166	$ 185,605	$ 54,800	$ 240,405	$ 132,025	$ 77,561	$ 209,586
Aug	Actual	$ 41,288,629	$ 137,535	$ 112,736	$ 250,271	$ 159,305	$ 93,588	$ 252,893
Sep	forecast	$ 49,781,281	$ 202,278	$ 108,233	$ 310,511	$ 192,073	$ 112,838	$ 304,910
Oct	forecast	$ 53,057,009	$ 215,588	$ 115,355	$ 330,943	$ 204,712	$ 120,263	$ 324,974
Nov	forecast	$ 61,136,773	$ 248,419	$ 132,922	$ 381,341	$ 235,886	$ 138,577	$ 374,463
Dec	forecast	$ 63,485,649	$ 257,963	$ 138,028	$ 395,992	$ 244,949	$ 143,901	$ 388,850
Totals		$ 457,803,753	$ 1,766,295	$ 1,037,740	$ 2,804,035	$ 1,766,360	$ 1,037,689	$ 2,804,048
					Adjustments Needed:	$ 65	$ (52)	$ 13

Annual CWIP balance to which AFUDC is applied $ 38,150,313.06
Annual percent of CWIP balance to which AFUDC is applied 33.51%

		Was Equity	Was Debt	Was Total	Revised Equity	Revised Debt	Revised Total
Total current year AFUDC, not including adjustments		$ 1,766,295	$ 1,037,740	$ 2,804,035	$ 1,766,360	$ 1,037,689	$ 2,804,048
Annual AFUDC rate achieved		4.63%	2.72%	7.35%	4.63%	2.72%	7.35%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 16,990		s	1.93% ×	0.14461	=	0.28% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.85539	=	2.33% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.85539	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.85539	=	4.78% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.39% (B)		
Compounded on semi-annual basis							7.53%		
Maximum (+.25%)							7.78%		
RATE TO USE							7.53% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.14% (C)	Ratio	
AFUDC Debt					sum of (C)		2.74%	36%	
AFUDC Equity					sum of (D)		4.78%	64%	
							7.52%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 117,486	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 117,486	Difference	$

Formulas:
Semi-annual compounding = (7.39÷2)+((100+(7.39÷2))×.0739)÷2 = 7.53%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Actual	31	19,180,832	$ 594,605,792	$ 31,440.80	1.93%
Sep	Actual	30	40,335,456	$ 1,210,063,680	$ 63,984.19	1.93%
Oct	Forecast	31	40,726,666	$ 1,262,526,646	$ 66,758.26	1.93%
Nov	Forecast	30	56,117,965	$ 1,683,538,950	$ 89,020.00	1.93%
Dec	Forecast	31	51,175,680	$ 1,586,446,080	$ 83,886.05	1.93%
		365		$ 6,749,547,678	$ 356,969.45	

Weighted Average Short-Term Debt Balance $ 18,491,911 not used

Weighted Average Cost of Debt 365 day/yr 1.93%
Weighted Average Cost of Debt 360 day/yr 1.90%

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.5%	$ 51,636,432	$ 51,636,432
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.9%	52,332,557	52,332,557
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	31.3%	57,668,253	57,668,253
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.9%	64,283,990	64,283,990
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.5%	65,465,527	65,465,527
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	27.2%	74,479,250	74,479,250
July	Actual	$ 14,322,197	-	116,692,766	116,692,766	29.3%	82,474,600	82,474,600
August	Actual	$ 18,098,317	-	134,791,083	134,791,083	30.6%	93,502,454	93,502,454
September	Actual	$ 18,458,755	-	153,249,838	153,249,838	31.2%	105,456,609	105,456,609
October	Forecast	$ 14,488,567	-	167,738,405	167,738,405	34.1%	110,489,764	110,489,764
November	Forecast	$ 21,351,014	-	189,089,419	189,089,419	33.1%	126,521,758	126,521,758
December	Forecast	$ (17,059,659)	-	172,029,760	172,029,760	37.6%	107,264,691	107,264,691
		$ 99,010,605	$ -	$ 1,527,312,681				

				S/W=	0.16
13 Month Average Balance for CWIP			$ 117,485,591	1-S/W=	0.84
		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.61%		0.14%	2.75%	0.37
AFUDC Equity =	4.78%		0.00%	4.78%	0.63
Total	7.39%	7.53%		7.53%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.78%	2.74%	7.52%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Actual	6.2790%	1.3500%	7.6290%			
Aug		Actual	4.8250%	2.6800%	7.5050%			
Sept		Actual	4.8760%	2.6090%	7.4850%			
Oct		Forecast	5.6470%	2.8920%	8.5390%			
Nov			5.6470%	2.8920%	8.5390%			
Dec			5.6470%	2.8920%	8.5390%			
Jan	Actual	$ 23,768,282	$ 93,159	$ 53,328	$ 146,487	$ 94,677	$ 54,271	$ 148,948
Feb	Actual	$ 24,567,607	$ 96,788	$ 55,674	$ 152,462	$ 97,861	$ 56,096	$ 153,957
Mar	Actual	$ 26,321,750	$ 103,058	$ 58,630	$ 161,688	$ 104,848	$ 60,101	$ 164,950
Apr	Actual	$ 24,835,179	$ 83,294	$ 52,376	$ 135,670	$ 98,927	$ 56,707	$ 155,634
May	Actual	$ 27,452,109	$ 94,518	$ 59,453	$ 153,971	$ 109,351	$ 62,682	$ 172,033
Jun	Actual	$ 27,891,319	$ 48,089	$ 96,206	$ 144,295	$ 111,100	$ 63,685	$ 174,786
Jul	Actual	$ 34,218,166	$ 185,605	$ 54,800	$ 240,405	$ 136,302	$ 78,131	$ 214,434
Aug	Actual	$ 41,288,629	$ 137,535	$ 112,736	$ 250,271	$ 164,466	$ 94,276	$ 258,742
Sep	Actual	$ 47,793,229	$ 596,871	$ 337,673	$ 934,544	$ 190,376	$ 109,128	$ 299,504
Oct	forecast	$ 57,248,641	$ (194,874)	$ (131,143)	$ (326,017)	$ 228,040	$ 130,718	$ 358,758
Nov	forecast	$ 62,567,661	$ 294,433	$ 150,788	$ 445,221	$ 249,228	$ 142,863	$ 392,091
Dec	forecast	$ 64,765,069	$ 304,774	$ 156,084	$ 460,857	$ 257,981	$ 147,880	$ 405,861
Totals		$ 462,717,641	$ 1,843,249	$ 1,056,605	$ 2,899,854	$ 1,843,159	$ 1,056,539	$ 2,899,697
						Adjustments Needed:		
						$ (91)	$ (66)	$ (157)
Annual CWIP balance to which AFUDC is applied					$ 38,508,595.22			
Annual percent of CWIP balance to which AFUDC is applied					32.78%			
Total current year AFUDC, not including adjustments			$ 1,843,249	$ 1,056,605	$ 2,899,854	$ 1,843,159	$ 1,056,539	$ 2,899,697
Annual AFUDC rate achieved			4.78%	2.74%	7.52%	4.78%	2.74%	7.52%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 16,051		s	1.93% ×	0.13726	=	0.26% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.86274	=	2.35% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.86274	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.86274	=	4.82% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.43% (B)		
Compounded on semi-annual basis							7.57%		
Maximum (+.25%)							7.82%		
RATE TO USE							7.57% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.14% (C)	Ratio	
AFUDC Debt					sum of (C)		2.75%	36%	
AFUDC Equity					sum of (D)		4.82%	64%	
							7.57%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 116,937	AFUDC Actually Capitalized $	
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 116,937	Difference	$

Formulas:
Semi-annual compounding = (7.43÷2)+((100+(7.43÷2))×.0743)÷2 = 7.57%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Actual	31	19,180,832	$ 594,605,792	$ 31,440.80	1.93%
Sep	Actual	30	40,335,456	$ 1,210,063,680	$ 63,984.19	1.93%
Oct	Actual	31	40,726,666	$ 1,262,526,646	$ 66,758.26	1.93%
Nov	Actual	30	40,000,000	$ 1,200,000,000	$ 63,452.05	1.93%
Dec	Forecast	31	55,076,925	$ 1,707,384,675	$ 90,280.89	1.93%
		365		$ 6,386,947,323	$ 337,796.34	

Weighted Average Short-Term Debt Balance	$ 17,498,486	not used
Weighted Average Cost of Debt 365 day/yr	1.93%	
Weighted Average Cost of Debt 360 day/yr	1.90%	

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.5%	$ 51,636,432	$ 51,636,432
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.9%	52,332,557	52,332,557
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	31.3%	57,668,253	57,668,253
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.9%	64,283,990	64,283,990
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.5%	65,465,527	65,465,527
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	27.2%	74,479,250	74,479,250
July	Actual	$ 14,322,197	-	116,692,766	116,692,766	29.3%	82,474,600	82,474,600
August	Actual	$ 18,098,317	-	134,791,083	134,791,083	30.6%	93,502,454	93,502,454
September	Actual	$ 18,458,755	-	153,249,838	153,249,838	31.2%	105,456,609	105,456,609
October	Actual	$ 16,636,491	-	169,886,329	169,886,329	30.8%	117,510,846	117,510,846
November	Forecast	$ 13,551,084	-	183,437,413	183,437,413	35.2%	118,776,229	118,776,229
December	Forecast	$ (15,034,571)	-	168,402,842	168,402,842	37.8%	104,703,966	104,703,966
		$ 95,383,687	$ -	$ 1,520,181,681				

		S/W=	0.15
13 Month Average Balance for CWIP	$ 116,937,052	1-S/W=	0.85

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.61%		0.14%	2.75%	0.36
AFUDC Equity =	4.82%		0.00%	4.82%	0.64
Total	7.43%	7.57%		7.57%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.82%	2.75%	7.57%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Actual	6.2790%	1.3500%	7.6290%			
Aug		Actual	4.8250%	2.6800%	7.5050%			
Sept		Actual	4.8760%	2.6090%	7.4850%			
Oct		Actual	5.6470%	2.8920%	8.5390%			
Nov			5.8051%	2.9187%	8.7238%			
Dec			5.8051%	2.9187%	8.7238%			
Jan	Actual	$ 23,768,282	$ 93,159	$ 53,328	$ 146,487	$ 95,469	$ 54,469	$ 149,938
Feb	Actual	$ 24,567,607	$ 96,788	$ 55,674	$ 152,462	$ 98,680	$ 56,301	$ 154,981
Mar	Actual	$ 26,321,750	$ 103,058	$ 58,630	$ 161,688	$ 105,726	$ 60,321	$ 166,046
Apr	Actual	$ 24,835,179	$ 83,294	$ 52,376	$ 135,670	$ 99,755	$ 56,914	$ 156,669
May	Actual	$ 27,452,109	$ 94,518	$ 59,453	$ 153,971	$ 110,266	$ 62,911	$ 173,177
Jun	Actual	$ 27,891,319	$ 48,089	$ 96,206	$ 144,295	$ 112,030	$ 63,918	$ 175,948
Jul	Actual	$ 34,218,166	$ 185,605	$ 54,800	$ 240,405	$ 137,443	$ 78,417	$ 215,860
Aug	Actual	$ 41,288,629	$ 137,535	$ 112,736	$ 250,271	$ 165,843	$ 94,620	$ 260,462
Sep	Actual	$ 47,793,229	$ 596,871	$ 337,673	$ 934,544	$ 191,969	$ 109,526	$ 301,496
Oct	Actual	$ 52,375,483	$ 384,298	$ 198,443	$ 582,741	$ 210,375	$ 120,027	$ 330,402
Nov	forecast	$ 64,661,184	$ 312,803	$ 157,273	$ 470,076	$ 259,722	$ 148,182	$ 407,904
Dec	forecast	$ 63,698,876	$ (292,883)	$ (185,011)	$ (477,894)	$ 255,857	$ 145,977	$ 401,834
Totals		$ 458,871,813	$ 1,843,135	$ 1,051,581	$ 2,894,716	$ 1,843,135	$ 1,051,581	$ 2,894,716
						Adjustments Needed:		
						$ -	$ -	$ -
Annual CWIP balance to which AFUDC is applied					$ 38,239,317.97			
Annual percent of CWIP balance to which AFUDC is applied					32.70%			
Total current year AFUDC, not including adjustments			$ 1,843,135	$ 1,051,581	$ 2,894,716	$ 1,843,135	$ 1,051,581	$ 2,894,716
Annual AFUDC rate achieved			4.82%	2.75%	7.57%	4.82%	2.75%	7.57%

COMPUTATION OF AFUDC RATE
BY ORDER NO. 561
FOR THE YEAR 2013

	Amount (000,s) (1)	Capitali-zation Ratio (2)		Cost Rates (3)	S ÷ W (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor (1-) (6)	Weighted Cost Rates for Net-of-Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	$ 15,752		s	1.93% ×	0.13552	=	0.26% (C)		
					1-(S/W)				
Long-Term Debt Beginning of Year"D"	$ 335,635,000	48.02%	×d	5.67% ×	0.86448	=	2.35% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	×p	0.00% ×	0.86448	=	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	×c	10.75% ×	0.86448	=	4.83% (D)		
Total Capitalization	$ 698,977,478	100.0%							
AFUDC Rate:							7.44% (B)		
Compounded on semi-annual basis							7.58%		
Maximum (+.25%)							7.83%		
RATE TO USE							7.58% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion					(A) - (B)		0.14% (C)	Ratio	
AFUDC Debt					sum of (C)		2.75%	36%	
AFUDC Equity					sum of (D)		4.83%	64%	
							7.58%	100%	

Average of 13 monthly balances:			
Account 107 CWIP	$ 116,238	AFUDC Actually Capitalized	$
Account 120.1	-	AFUDC Amount by Order 561	
Total "W"	$ 116,238	Difference	$

Formulas:
Semi-annual compounding = (7.44÷2)+((100+(7.44÷2))×.0744)÷2 = 7.58%
Ai= s(S/W) + {d[D/(D+P+C)]×(1-S/W)}
Ae= (1-S/W) × {p[P/(D+P+C)]+c[C/(D+P+C)]}

Ai=Rate for gross allowance for borrowed funds used during construction
Ae=Rate for allowance for other funds used during construction.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate
C=Common equity.
c=Common equity cost rate
W=Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication.

Weighted Average Short-Term Debt - 2013

Month		Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate
Dec	Actual					
Jan	Actual	31	$ -	$ -	$ -	0.00%
Feb	Actual	28	-	$ -	$ -	0.00%
Mar	Actual	31	1,270,946	$ 39,399,317	$ 2,158.87	2.00%
Apr	Actual	30	-	$ -	$ -	0.00%
May	Actual	31	1,453,679	$ 45,064,049	$ 2,382.84	1.93%
Jun	Actual	30	1,117,475	$ 33,524,250	$ 1,772.65	1.93%
Jul	Actual	31	9,496,094	$ 294,378,914	$ 15,565.79	1.93%
Aug	Actual	31	19,180,832	$ 594,605,792	$ 31,440.80	1.93%
Sep	Actual	30	40,335,456	$ 1,210,063,680	$ 63,984.19	1.93%
Oct	Actual	31	40,726,666	$ 1,262,526,646	$ 66,758.26	1.93%
Nov	Actual	30	40,000,000	$ 1,200,000,000	$ 63,452.05	1.93%
Dec	Actual	31	51,194,606	$ 1,587,032,786	$ 83,917.08	1.93%
		365		$ 6,266,595,434	$ 331,432.53	

Weighted Average Short-Term Debt Balance $ 17,168,755 not used

Weighted Average Cost of Debt 365 day/yr 1.93%
Weighted Average Cost of Debt 360 day/yr 1.90%

Projected 13 Month Average Balance for CWIP - 2013

Monthly Estimated CWIP not subject to AFUDC $ -
(not including CAPX 2020 projects)

		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	Construction projects not subject to AFUDC
2012								
December	Actual			$ 73,019,155				
2013								
January	Actual	$ 2,385,559	$ -	75,404,714	$ 75,404,714	31.5%	$ 51,636,432	$ 51,636,432
February	Actual	$ 1,495,450	-	76,900,164	76,900,164	31.9%	52,332,557	52,332,557
March	Actual	$ 7,089,839	-	83,990,003	83,990,003	31.3%	57,668,253	57,668,253
April	Actual	$ 5,129,166	-	89,119,169	89,119,169	27.9%	64,283,990	64,283,990
May	Actual	$ 3,798,467	-	92,917,636	92,917,636	29.5%	65,465,527	65,465,527
June	Actual	$ 9,452,933	-	102,370,569	102,370,569	27.2%	74,479,250	74,479,250
July	Actual	$ 14,322,197	-	116,692,766	116,692,766	29.3%	82,474,600	82,474,600
August	Actual	$ 18,098,317	-	134,791,083	134,791,083	30.6%	93,502,454	93,502,454
September	Actual	$ 18,458,755	-	153,249,838	153,249,838	31.2%	105,456,609	105,456,609
October	Actual	$ 16,636,491	-	169,886,329	169,886,329	30.8%	117,510,846	117,510,846
November	Actual	$ 8,891,359	-	178,777,688	178,777,688	33.2%	119,368,676	119,368,676
December	Forecast	$ (14,802,517)	-	163,975,171	163,975,171	38.5%	100,806,142	100,806,142
		$ 90,956,016	$ -	$ 1,511,094,285				

S/W= 0.15
13 Month Average Balance for CWIP $ 116,238,022 1-S/W= 0.85

		Compounded	Margin	Total	Ratio
AFUDC Debt =	2.61%		0.14%	2.75%	0.36
AFUDC Equity =	4.83%		0.00%	4.83%	0.64
Total	7.44%	7.58%		7.58%	

Year-to-date AFUDC loaded CWIP - 2013

Month		Avg. Balance	Was Equity	Was Debt	Was Total	Revised Would Be Equity	Revised Would Be Debt	Revised Would Be Total
Jan		Actual	4.8200%	2.7600%	7.5800%	4.83%	2.75%	7.58%
Feb		Actual	4.7810%	2.7510%	7.5320%			
Mar		Actual	4.8350%	2.7510%	7.5860%			
Apr		Actual	4.2540%	2.6660%	6.9200%			
May		Actual	4.2390%	2.6650%	6.9040%			
Jun		Actual	2.7300%	4.6000%	7.3300%			
Jul		Actual	6.2790%	1.3500%	7.6290%			
Aug		Actual	4.8250%	2.6800%	7.5050%			
Sept		Actual	4.8760%	2.6090%	7.4850%			
Oct		Actual	5.6470%	2.8920%	8.5390%			
Nov		Actual	5.8051%	2.9187%	8.7238%			
Dec			6.0149%	2.9577%	8.9726%			
Jan	Actual	$ 23,768,282	$ 93,159	$ 53,328	$ 146,487	$ 95,667	$ 54,469	$ 150,136
Feb	Actual	$ 24,567,607	$ 96,788	$ 55,674	$ 152,462	$ 98,885	$ 56,301	$ 155,185
Mar	Actual	$ 26,321,750	$ 103,058	$ 58,630	$ 161,688	$ 105,945	$ 60,321	$ 166,266
Apr	Actual	$ 24,835,179	$ 83,294	$ 52,376	$ 135,670	$ 99,962	$ 56,914	$ 156,876
May	Actual	$ 27,452,109	$ 94,518	$ 59,453	$ 153,971	$ 110,495	$ 62,911	$ 173,406
Jun	Actual	$ 27,891,319	$ 48,089	$ 96,206	$ 144,295	$ 112,263	$ 63,918	$ 176,180
Jul	Actual	$ 34,218,166	$ 185,605	$ 54,800	$ 240,405	$ 137,728	$ 78,417	$ 216,145
Aug	Actual	$ 41,288,629	$ 137,535	$ 112,736	$ 250,271	$ 166,187	$ 94,620	$ 260,807
Sep	Actual	$ 47,793,229	$ 596,871	$ 337,673	$ 934,544	$ 192,368	$ 109,526	$ 301,894
Oct	Actual	$ 52,375,483	$ 384,298	$ 198,443	$ 582,741	$ 210,811	$ 120,027	$ 330,838
Nov	Actual	$ 59,409,012	$ 431,425	$ 216,945	$ 648,370	$ 239,121	$ 136,146	$ 375,267
Dec	forecast	$ 63,169,029	$ (430,954)	$ (257,933)	$ (688,887)	$ 254,255	$ 144,762	$ 399,018
Totals		$ 453,089,794	$ 1,823,686	$ 1,038,331	$ 2,862,017	$ 1,823,686	$ 1,038,331	$ 2,862,017
					Adjustments Needed:	$ -	$ -	$ -
	Annual CWIP balance to which AFUDC is applied				$ 37,757,482.98			
	Annual percent of CWIP balance to which AFUDC is applied				32.48%			
Total current year AFUDC, not including adjustments			$ 1,823,686	$ 1,038,331	$ 2,862,017	$ 1,823,686	$ 1,038,331	$ 2,862,017
Annual AFUDC rate achieved			4.83%	2.75%	7.58%	4.83%	2.75%	7.58%

CERTIFICATE OF SERVICE

RE: In the Matter of Otter Tail Power Company's Petition for Approval of the Annual Rate Update to its Environmental Upgrades Cost Recovery Rider Rate, Rate Schedule 13.08
Docket No. E017/M-14-___

I, Jana Emery, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class mail.

Otter Tail Power Company
Initial Filing

Dated this **31st** day of **July**, **2014**

/s/ JANA EMERY

Jana Emery
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8879

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	Suite 4800 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Gary	Chesnut	gchesnut@agp.com	AG Processing Inc. a cooperative	12700 West Dodge Road PO Box 2047 Omaha, NE 681032047	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St Superior, WI 54880-4421	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Bruce	Gerhardson	bgerhardson@otpco.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Debra	Opatz	dopatz@otpco.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
David G.	Prazak	dprazak@otpco.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	12 S 6th St Ste 1137 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	GEN_SL_Otter Tail Power Company_General Service List - Tariff Filing