February 21, 2017



Daniel P. Wolf 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-16-373 Reply Comments

Dear Mr. Wolf:

Otter Tail Power Company hereby submits to the Minnesota Public Utilities Commission its Reply Comments in the above described matter.

If you have any questions regarding this filing, please contact me at 218-739-8564 or at <u>aharris@otpco.com</u>. A Certificate of Service is enclosed.

Sincerely,

/s/ ANTHONY HARRIS Anthony Harris, Rates Analyst Regulatory Administration

jch 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, Rate Schedule 13.08 Docket No. E017/M-16-373

OTTER TAIL POWER COMPANY REPLY COMMENTS

I. INTRODUCTION

On February 1, 2017, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed Comments in the above captioned docket. In these Reply Comments, Otter Tail Power Company (OTP or Otter Tail) responds to the Department's request for further information, which primarily focuses on tax-related items associated with the treatment and impact of Otter Tail's 2015 tax Net Operating Loss (NOL) in this rider. Otter Tail also responds to the Department's comments about Otter Tail's proposal to roll the Big Stone Plant Air Quality Control System (AQCS) project out of this Rider and into base rates in Otter Tail's current General Rate Case (Docket No. E017/GR-15-1033). Finally, Otter Tail provides details on some minor formula errors in Attachment 2 to the Initial Filing that do not impact the revenue requirement and are corrected in the revised attachments included with these Reply Comments.

II. OTTER TAIL RESPONSES

Otter Tail provides responses to the following questions or requests for information raised by the Department in its Comments filed on February 1, 2017:

Why it's reasonable to charge ratepayers for current income taxes when it's clear that the Company will not be paying any current income taxes due to its NOL;

In the Initial Filing, the total tax expense provision in the rider did not reflect the appropriate breakdown of income tax expense between current income taxes and deferred income taxes. Otter Tail determined that the classification of current and deferred income tax expense should be detailed separately. Specifically, the tax expense, described as "Current and

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Def Income Taxes," reflected on Line 39 of Attachment 2 of the Initial Filing should be separated into two categories to clarify the portion of the tax provision that represents current income tax expense and the portion that represents deferred income tax expense. Otter Tail includes Attachment 2 to these Comments revising Attachment 2 to the Initial Petition to include Line 39 for Current Income Taxes and Line 40 for Deferred Income Taxes. The Total Income Tax Expense (on Line 41) does not change from the Initial Filing in this proceeding.

Income tax expense is computed based on book income and generally has two components: current income tax expense and deferred income tax expense. Current income tax expense is the income tax effect resulting from the current year's results. Deferred income taxes are the taxes included in the test year that will be paid in the future due to book/tax timing differences for certain costs such as depreciation, which is the most common cause of deferred income taxes. Otter Tail's tax NOL originated in 2015 as a result of significant levels of bonus tax depreciation attributable to plant investments going into service. The tax NOL resulted in the creation of a Deferred Tax Asset (DTA) which is added to rate base. In subsequent years when Otter Tail is carrying forward the DTA, that NOL carryforward balance is reduced by the current year's taxable income amount, lowering rate base, and reducing the corresponding revenue requirement attributable to the DTA balance. The benefit of the NOL carryforward is used to offset current taxable income. The recognition of current and deferred taxes within the tax provision appropriately reflects timing and utilization of the tax benefits over the life of the asset.

Why OTP's proposed 2016 DTA in its ECRR (which only includes the AQCS project) appears to be much higher than the Company's proposed 2016 DTA in its 2015 Rate Case which includes all projects;

There are two primary reasons for the difference in the DTA amounts provided in this proceeding and Otter Tail's Rate Case. The first is the timing of the filings and the associated information available at the time of those filings. The Rate Case test year uses forecasted amounts beginning in November 2015. The ECRR filing includes actual costs through March 2016 and updated forecasts thereafter. Second, based on Otter Tail's understanding of the application of the proration of ADIT at the time of the filings, the reversal of the DTA is prorated in the ECRR calculations, resulting in a higher forecasted DTA than the amount used in the Rate Case test year which was not prorated.

The calculations OTP used to determine its total DTA and the portion of the DTA (\$17,769,693) that was attributable to the ECRR;

The Tables below reflect the process Otter Tail used to compute and allocate the DTA that resulted from the tax NOL, to the AQCS project, transmission projects and other projects not recovered in any Minnesota riders. Column B of Table 1 displays each project categories' 2015 tax depreciation amount and Column C of Table 1 shows the corresponding percentage of the 2015 tax depreciation for each category. At the time the ECRR filing was made, Otter Tail's estimated tax NOL amount was \$28,634,274. Table 2 shows the allocation of that NOL amount to each project category based on the percentages calculated in Column C of Table 1.

Α	В	С
	2015 Tax Depreciation	Share of Tax Depreciation
AQCS Project	\$98,745,038	62.06%
Transmission Projects	\$37,473,648	23.55%
Other Projects	\$22,900,127	14.39%
Total	\$159,118,812	100%

Table 1

Table 2

Α	В	С
Projects	Share of Tax Depreciation	NOL Allocation
AQCS Project	62.06%	\$17,769,693
Transmission Projects	23.55%	\$6,743,582
Other Projects	14.39%	\$4,120,999
Total	100%	\$28,634,274

Based on the methodology reflected in the tables above, 62.06 percent, or \$17,769,693 of the company NOL was allocated to the ECRR and reflected as a DTA on Line 15 of Attachment

2, appropriately offsetting the amount of accumulated deferred income taxes (ADIT) calculated in the ECRR.

How long OTP expects to remain in a NOL carryforward position;

At the time the ECRR update was filed, Otter Tail expected to utilize the entire DTA by 2018. This utilization, or reversal, is shown on Line 16 of Attachment 2 to these Reply Comments. The utilization of NOL's at a company level is allocated to the ECRR using the same 62.06 percent allocation factor that originated the ECRR DTA amount. As Otter Tail updates its tracker with actual results and completes actual tax returns, the NOL balance and DTA reversal will be updated in the tracker to reflect actual utilization of the NOL carryforward.

Why the Deferred Tax Expense in the ECRR for any given year does not match the change in deferred tax balances (ADIT and DTA) in the ECRR for any given year;

In 2016, the difference between the actual monthly deferred tax expenses shown on Lines 80 and 81 of Attachment 2 within the Initial Filing and the change in ADIT balance shown on Line 18 is the result of monthly proration of ADIT. Attachment 1 to these Reply Comments illustrates the impact of proration comparing the 2016 prorated monthly balances (Lines 1-6) with corresponding non-prorated balances (Lines 7-12). Line 1 is multiplied by Line 2 calculating the prorated amount that is to be added to the cumulative balance on Line 6. As actual results replace projected amounts, the effect of proration is eliminated and the actual, non-prorated ADIT amounts will be reflected in the ECRR.

The effect on the NOL and DTA of using a rider Stand-Alone basis, which uses only rider revenues, expenses, depreciation, and related accelerated depreciation to determine the NOL and related DTA;

As noted above, the DTA amount from the 2015 tax NOL was allocated to the ECRR based on the AQCS project's proportionate share of total tax depreciation expense for 2015. For discussion purposes, this allocation will be referred to as the "Total-Company Method." The Department requested Otter Tail provide in these Reply Comments, an analysis of what the DTA amount would be if Otter Tail calculated a tax NOL based solely on the rider revenues, expenses, and associated book and tax depreciation amounts in the rider. Attachment 3 to these Reply Comments is a revised ECRR Attachment 2 which calculates a Stand-Alone tax NOL amount

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(Stand-Alone Method) and associated DTA amount based only on costs and revenues included in the rider. As shown on Line 15 of Attachment 3, the Stand-Alone DTA balance as of December 2015 is \$23,817,332, as compared to the allocated DTA amount of \$17,769,693 reflected on Line 15 of Attachment 2. Table 3 below summarizes the differences in the DTA balances between the two methods. The values shown are the sums of Lines 15 and 16 in the respective attachments.

Table 3
Comparison of Estimated DTA Balances as of 12/31

	2015	2016	2017
Stand-Alone Method	\$23,817,332	\$21,789,117	\$19,735,956
Total-Company Method	17,769,693	11,519,333	11,056,091
Increase (Decrease) in DTA Balance	\$6,047,639	\$10,269,784	\$8,679,865

Table 4 below summarizes the difference in the total ECRR Revenue Requirement between the two methods.

Table 4

Comparison of Total ECRR Revenue Requirement

	2015	2016	2017
Stand-Alone Method	\$10,307,465	\$13,625,152	\$12,905,832
Total-Company Method	10,277,888	12,757,749	12,318,543
Increase (Decrease) in Revenue Requirement	\$29,577	\$867,403	\$587,289

The results of the analysis reflected in Tables 3 and 4 above show that allocating the NOL to the ECRR under the Total-Company Method results in a lower DTA amount being included in the ECRR, which corresponds to a lower revenue requirement than those amounts calculated on a Stand-Alone basis. Otter Tail projects a much faster utilization of NOL's under the Total-Company Method vs. the Stand-Alone Method. Otter Tail's current approach utilizing

the Total-Company Method, as initially filed, is more beneficial to customers than the Stand-Alone Method.

Identify offsetting revenues OTP received, such as those related to emission allowances or revenues or credits (such as tax credits), and indicate whether these revenues have been included in the ECRR;

To date, Otter Tail has not received any offsetting revenues, such as those related to emissions allowances or revenues or credits, such as tax credits. In the event Otter Tail does receive any applicable revenues or credits while the rider remains in effect, they will be included in the ECRR.

III. ROLLING RIDER INTO BASE RATES

As part of Otter Tail's current General Rate Case (Docket No. E017/GR-15-1033), the AQCS project, which is the only project included in the ECRR, is proposed to be rolled into base rates. Otter Tail agrees with the Department recommendation to use the actual rate of return and actual jurisdictional allocation factors approved by the Commission in Otter Tail's General Rate Case to recalculate its ECRR revenue requirement. Otter Tail will update any forecasted project spend with actuals as well as update the DTA and NOL amounts based on actual tax return data available at the time of roll-in. Any true-up and remaining tracker balance will be charged or returned to ratepayers through the ECRR over the subsequent 12 months following implementation of final rates, or through the appropriate mechanism as determined by the Commission in the Rate Case.

IV. CORRECTIONS TO ATTACHMENT 2 FROM THE INITIAL FILING

While preparing these Reply Comments, Otter Tail identified and corrected some minor formula errors that were included in Attachment 2 of the Initial Filing and <u>did not</u> impact the revenue requirement calculation. These formula errors were incorrectly calculating the annual sum totals in 2015, 2016 and 2017 for lines 23, 25, 35, 36, 39, and 40. These corrections are included in the revised Attachment 2 to these Reply Comments and do not impact the revenue requirement.

V. CONCLUSION

Otter Tail appreciates the opportunity to provide these Reply Comments in this Docket in response to the Comments of the Department regarding Otter Tail's 2016 Annual Rate Adjustment to its Environmental Cost Recovery Rider Rate and requests Commission approval of the proposed revenue requirements.

Dated: February 21, 2017

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: <u>/s/ANTHONY HARRIS</u> Anthony Harris Rates Analyst Otter Tail Power Company 215 S. Cascade Street Fergus Falls, MN 56537 (218) 739-8564

Comparison of Prorated and Non Prorated ADIT Example - 2016

	Prorated (Forecast)		2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
		Reference in Attachment 2 to these Reply													
Line		Comments	Actual	Actual	Actual	Actual	Projected								
No.			December	January	February	March	April	May	June	July	August	September	October	November	December
1	Federal Deferred Income Taxes	Line 90		(73,797)	(73,710)	(73,575)	(73,693)	(72,025)	(71,718)	(71,501)	(71,457)	(71,436)	(71,428)	(71,392)	(71,135)
2	Proration Factor	Line 17		1.00000	1.00000	1.00000	0.67397	0.58904	0.50685	0.42192	0.33699	0.25479	0.16986	0.08767	0.00274
3	Pro-Rated Federal ADIT	Line 108		(73,797)	(73,710)	(73,575)	(49,667)	(42,426)	(36,350)	(30,168)	(24,080)	(18,201)	(12,133)	(6,259)	(195)
4	State ADIT	Line 109		(126,247)	(126,220)	(126,178)	(126,215)	(125,697)	(125,602)	(125,534)	(125,521)	(125,514)	(125,512)	(125,501)	(125,421)
5	Total Accumulated Deferred Income		_												
	Taxes	Line 110		(200,044)	(199,930)	(199,753)	(175,882)	(168,123)	(161,952)	(155,702)	(149,601)	(143,715)	(137,645)	(131,760)	(125,616)
6	Cumulative Balance	Lines 18 & 111	(30,703,260)	(30,903,304)	(31,103,234)	(31,302,987)	(31,478,869)	(31,646,992)	(31,808,944)	(31,964,646)	(32,114,246)	(32,257,962)	(32,395,607)	(32,527,366)	(32,652,982)
	Non Prorated (Actual)		2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
			Actual												
_			December	January	February	March	April	May	June	July	August	September	October	November	December
7	Federal Deferred Income Taxes			(73,797)	(73,710)	(73,575)	(73,693)	(72,025)	(71,718)	(71,501)	(71,457)	(71,436)	(71,428)	(71,392)	(71,135)
8	Proration Factor			1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
9	Federal ADIT			(73,797)	(73,710)	(73,575)	(73,693)	(72,025)	(71,718)	(71,501)	(71,457)	(71,436)	(71,428)	(71,392)	(71,135)
	State ADIT		-	(126,247)	(126,220)	(126,178)	(126,215)	(125,697)	(125,602)	(125,534)	(125,521)	(125,514)	(125,512)	(125,501)	(125,421)
11	Total Accumulated Deferred Income														
	Taxes		=	(200,044)	(199,930)	(199,753)	(199,908)	(197,722)	(197,319)	(197,035)	(196,978)	(196,950)	(196,940)	(196,893)	(196,556)
12	Cumulative Balance		(30,703,260)	(30,903,304)	(31,103,234)	(31,302,987)	(31,502,895)	(31,700,618)	(31,897,937)	(32,094,972)	(32,291,950)	(32,488,900)	(32,685,840)	(32,882,733)	(33,079,289)

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Total Company Method

	Year>>	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Projected
LineNo.		January	February	March	April	Мау	June	July	August	September	October	November	December	Total
	RATE BASE													
1 2	Plant Balance	0	0	0	0	0	0	0	0	0	0	0	175,040,234	175,040,234
2	Accumulated. Depreciation Net Plant in Service	0	0	0	0	0	0	0	0	0	0	0	175.040.234	175.040.234
4	CWIP Calculation	0	0	0	0	0	0	0	0	0	0	0	175,040,234	175,040,234
5	Eligible AFUDC CWIP	145,912,059	152,773,012	158,274,700	167,625,714	176,176,890	183,752,391	187,487,263	189,307,398	186,198,536	189,777,732	190,165,144	190,719,857	
6	Additional CWIP	6,860,953	5,501,688	9,351,014	8,551,176	7,575,501	3,734,872	1,820,136	(3,108,863)	3,579,196	387,412	554,713	(174,271,215)	
7	Ending Eligible AFUDC CWIP	152,773,012	158,274,700	167,625,714	176,176,890	183,752,391	187,487,263	189,307,398	186,198,536	189,777,732	190,165,144	190,719,857	16,448,641	
8	AFUDC	_			_	_								
9 10	Additional AFUDC	0 3,544,995	0	0 3,544,995	0 3,544,995	0	0	0 3,544,995	0	0	0	0 3,544,995	0 3,544,995	
10	Ending AFUDC AFUDC Rate	3,544,995	3,544,995 0.00%	3,544,995	3,544,995 0.00%	3,544,995	3,544,995							
12	Bag House Exclusion	0.0078	0.0078	0.00 /8	0.0078	0.0078	0.0078	0.0078	0.0078	0.0078	0.0078	0.00 /8	0.0078	
13	Additional Bag House Exclusion	(713,551)	(571,925)	(972,524)	(889,291)	(787,863)	(388,430)	(189,286)	323.332	(372,238)	(40,288)	(57,653)	(79,968)	
14	Total Bag House Exclusion	(15,967,503)	(16,539,428)	(17,511,952)	(18,401,243)	(19,189,107)	(19,577,537)	(19,766,822)	(19,443,491)	(19,815,728)	(19,856,016)	(19,913,669)	(19,993,636)	
15	Deferred Tax Asset												17,769,693	17,769,693
16	Reversal of Deferred Tax Asset												0	0
17	ADIT Pro-Rated		0	0	0	0	0	0	0	0		0	(00 700 000)	(00 700 000)
18 19	Accumulated Deferred Income Taxes Federal & State Ending Rate Base	0 140.350.504	0 145,280,267	0 153,658,757	0 161,320,642	0 168,108,280	0 171,454,721	0 173,085,571	0 170,300,041	0 173,506,999	0 173,854,123	0 174,351,183	(30,703,260) 162,106,666	(30,703,260) 162,106,666
20	Ending Rate base	140,330,304	145,200,207	155,050,757	101,320,042	100,100,200	171,434,721	173,065,571	170,300,041	173,300,999	173,034,123	174,331,103	102,100,000	102,100,000
21	Average Rate Base	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	13,471,672	161,660,066
22	ů –													
23	Return on Rate Base	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	13,920,095
24														
25 26	Available for Return (equity portion of rate base)	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	8,979,256
26	EXPENSES													
28	O&M and Depreciation													
29	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Book Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
32 33	Total O&M and Depreciation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
33 34	Income before Taxes													
35	Available for Return (from above)	748,271	748,271	748,271	748,271	748.271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	8,979,256
36	Taxable Income (grossed up)	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	15,315,122
37														
38	Income Taxes													
39	Current Income Tax	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	(30,175,272)	(24,367,394)
40 41	Def Income Taxes Total Income Tax Expense	0 527.989	0 527,989	0 527,989	0 527.989	0 527.989	0 527.989	0 527.989	0 527.989	0 527.989	0 527,989	0 527,989	30,703,260 527,989	30,703,260 6,335,866
41	Total moome Tax Expense	521,309	521,309	521,309	521,909	521,909	521,969	521,569	521,909	521,969	521,309	521,309	521,909	0,333,000
43														
44	REVENUE REQUIREMENTS													
45	Expenses	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	6,335,866
46	Return on Rate Base	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	1,160,008	13,920,095
47	Subtotal Revenue Requirements	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	20,255,961
48 49	Adjustments Total Revenue Requirements	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	1,687,997	20,255,961
		1,007,397	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,337	1,007,397	20,200,901
50		4 070 000	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	1,270,809	15,249,714
50 51	Base Demand Factor	1,270,809					417,187	417,187	417,187	417,187	417,187	417,187	417,187	5,006,247
51 52	Base Demand Factor Peak Demand Factor	417,187	417,187	417,187	417,187	417,187	417,107							
51 52 53	Peak Demand Factor	417,187	417,187											
51 52 53 54	Peak Demand Factor Minnesota share - E1 factor	417,187 654,986	417,187 654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986	7,859,826
51 52 53 54 55	Peak Demand Factor	417,187	417,187									654,986 201,505		7,859,826 2,418,062
51 52 53 54	Peak Demand Factor Minnesota share - E1 factor	417,187 654,986	417,187 654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986	654,986		654,986	

SUPPORTING INFORMATION / DATA													
	MN Cap Structure Capital Structure	with allowed ROI		0	W/A 0					Deserved a terr			
	Debt	_	Ratio 48.28%	Cost 6.33%	WA Cost 3.06%					Property tax 015 composite ra	to	0.00%	
	Preferred equity		48.28%	0.00%	0.00%				2	to 15 composite ra	lle	0.00 %	
	Common equity		51.72%	10.74%	5.55%								
	Total	-	100.00%			verall Return							
			Book	Tax									
	Project life (years)		30 2	0-year MACRS									
				Federal	State								
		utory Tax Rate	41.37%	31.57%	9.80%								
		oversion factor Demand Factor	1.70561 75.29%										
		emand Factor	24.71%										
		are - E1 factor	51.5408%										
		are - D1 factor	48.3009%										
Income Tax Calculation													
Book Operating Income	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	15
Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	
Income Tax Expense	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	6
Net Income (Book)	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	748,271	8
Federal Tax Calculation													
Timing Difference Book Income	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	15
+Book Depreciation	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,270,200	1,276,260	1,276,260	1,276,260	1,270,200	1,276,260	1,270,200	15
-Tax Depreciation Federal	0	0	0	0	0	0	0	0	0	0	0	(90,802,121)	(90
Taxable Income	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	(89,525,861)	(75
Tax Rate	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	
Income Tax - Current	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	4
Income Tax - Deferred	0	0	0	0	0	0	0	0	0	0	0	(28,666,230)	(28
Net Income (Tax)	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	402,915	(28,263,314)	(23
State Tax Calculation													
Timing Difference	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	4 070 000	
Book Income	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260 0	1,276,260	15
+Book Depreciation -Tax Depreciation State	0	0	0	0	0	0	0	0	0	0	0	(20,786,028)	(20
Taxable Income	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	1,276,260	(19,509,768)	(20
Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	(0
Income Tax - Current	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	1
Income Tax - Deferred	0	0	0	0	0	0	0	0	0	0	0	(2,037,031)	(2
Net Income (Tax)	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	125,073	(1,911,957)	
Net of State and Federal													
Tax Expense													
Book Tax Expense	527,989	527,989	527,989	527,989 0	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	6
Deferred Tax Expense	0	627.080	627.080	v	627.090	<u> </u>	627.090	627.090	627.080	6	627.090	(30,703,260)	(30
Current Tax Expense	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	527,989	(30,175,272)	(24
Federal ADIT Balance (Prorated where applicable)												(28,666,230)	(28
State ADIT Balance												(2,037,031)	(20
Monthly ADIT Balance (Prorated where applicable)												(30,703,260)	(30
Cummulative ADIT Balance												(30,703,260)	(30,

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Total Company Method

	Year>>	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
_ineNo.		Actual January	Actual February	Actual March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Projected Total
	RATE BASE	oundary	1 conduity	Maron	April	indy	oune	ouly	August	ocptember	Outobel	November	December	Total
1	Plant Balance	175,150,273	175,320,412	175,171,397	177,279,599	177,668,414	177,942,426	177,998,162	178,025,129	178,034,227	178,079,728	178,404,994	178,413,933	178,413,933
2	Accumulated. Depreciation	(438,592)	(877,461)	(1,316,755)	(1,755,676)	(2,199,880)	(2,645,058)	(3,090,922)	(3,536,926)	(3,982,998)	(4,429,092)	(4,875,301)	(5,322,324)	(5,322,324)
3	Net Plant in Service	174,711,681	174,442,951	173,854,642	175,523,923	175,468,534	175,297,369	174,907,240	174,488,203	174,051,229	173,650,636	173,529,694	173,091,609	173,091,609
4	CWIP Calculation													
5	Eligible AFUDC CWIP													
6 7	Additional CWIP Ending Eligible AFUDC CWIP													
8	AFUDC													
9	Additional AFUDC													
10	Ending AFUDC													
11	AFUDC Rate													
12	Bag House Exclusion													
13	Additional Bag House Exclusion													
14	Total Bag House Exclusion													
15	Deferred Tax Asset	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693
16	Reversal of Deferred Tax Asset	(1,034,171)	(2,068,342)	(3,102,513)	(3,799,516)	(4,408,685)	(4,932,854)	(5,369,189)	(5,717,691)	(5,981,192)	(6,156,859)	(6,247,526)	(6,250,360)	(6,250,360)
17	ADIT Pro-Rated Accumulated Deferred Income Taxes Federal & State	1.000000	1.000000	1.000000	0.673973	0.589041	0.506849	0.421918	0.336986	0.254795	0.169863	0.087671	0.002740 (32,652,982)	(32,652,982)
18 19	Ending Rate Base	(30,903,304) 160,543,899	(31,103,234) 159,041,068	(31,302,987) 157,218,835	(31,478,869) 158,015,230	(31,646,992) 157,182,550	(31,808,944) 156,325,264	(31,964,646) 155,343,098	(32,114,246) 154,425,959	(32,257,962) 153,581,768	(32,395,607) 152,867,863	(32,527,366) 152,524,494	(32,652,982)	(32,652,982)
20	Linding Nate Dase	100,545,055	133,041,000	137,210,033	130,013,230	137,102,330	130,323,204	155,545,030	134,423,333	155,501,700	152,007,005	152,524,434	131,337,300	131,337,300
21	Average Rate Base	13,020,094	13.020.094	13,020,094	13,020,094	13,020,094	13.020.094	13,020,094	13,020,094	13.020.094	13.020.094	13.020.094	13,020,094	156,241,127
22														
23	Return on Rate Base	1,121,124	1,121,124	1,121,124	1,085,779	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	13,453,486
24														
	Available for Return (equity portion of rate base)	723,189	723,189	723,189	717,050	710,911	710,911	710,911	710,911	710,911	710,911	710,911	710,911	8,678,266
26														
27	EXPENSES													
28 29	O&M and Depreciation	0	0	0	0	0	0		0				0	0
29 30	Operating Costs Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Book Depreciation	438.592	438,868	439,295	438,921	444.204	445.178	445,864	446.004	446,072	446,094	446,208	447.023	5,322,324
32	Total O&M and Depreciation Expense	438,592	438,868	439,295	438,921	444,204	445,178	445,864	446.004	446,072	446,094	446,208	447,023	5,322,324
33	Potal Ball and Boprosidition Expense	100,002	100,000	100,200	100,021	111,201	110,110	110,001	110,001	110,012	110,001	110,200	111,020	0,022,021
34	Income before Taxes													
35	Available for Return (from above)	723,189	723,189	723,189	717,050	710,911	710,911	710,911	710,911	710,911	710,911	710,911	710,911	8,573,902
36	Taxable Income (grossed up)	1,233,479	1,233,479	1,233,479	1,223,008	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	14,623,745
37														
38	Income Taxes													
39	Current Income Tax	310,247	310,361	310,537	306,051	303,904	304,307	304,591	304,649	304,677	304,686	304,734	305,071	3,673,815
40 41	Def Income Taxes Total Income Tax Expense	200,044 510,290	199,930 510,290	199,753 510,290	199,908 505,959	197,722 501,627	197,319 501,627	197,035 501,627	196,978 501,627	196,950 501,627	196,940 501,627	196,893 501,627	196,556 501,627	2,376,029 6,049,843
42	Total income Tax Expense	510,230	510,230	510,230	303,333	301,027	301,027	501,027	301,027	501,027	501,027	501,027	501,027	0,043,043
43														
44	REVENUE REQUIREMENTS													
45	Expenses	948,883	949,159	949,585	944,880	945,830	946,805	947,491	947,631	947,698	947,721	947,835	948,650	11,372,167
46	Return on Rate Base	1,121,124	1,121,124	1,121,124	1,085,779	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	1,050,435	12,852,631
47	Subtotal Revenue Requirements	2,070,007	2,070,282	2,070,709	2,030,659	1,996,265	1,997,240	1,997,926	1,998,066	1,998,133	1,998,156	1,998,270	1,999,085	24,224,798
48	Adjustments	0.070.007	0.070.007	0.070.707	0.000.057	4 000 007	4 007 0 12	1 007 057	1 000 077	1 000 155	1 000 177	4 000 077	4 000 577	04 00 4 777
49	Total Revenue Requirements	2,070,007	2,070,282	2,070,709	2,030,659	1,996,265	1,997,240	1,997,926	1,998,066	1,998,133	1,998,156	1,998,270	1,999,085	24,224,798
50 51	Base Demand Factor	1,558,406	1,558,613	1,558,934	1,492,383	1,431,322	1,432,021	1,432,513	1,432,613	1,432,662	1,432,678	1,432,760	1,433,344	17,628,249
52	Peak Demand Factor	511,601	511,669	511,774	538,276	564,943	565,219	565,413	565,453	565,472	565,478	565,510	565,741	6,596,549
53	r our bomand r actor	511,001	311,009	511,774	550,270	504,545	505,219	505,415	505,455	303,472	303,478	505,510	505,741	0,000,049
54	Minnesota share - E1 factor	803,215	803,322	803,487	791,995	781,466	781,847	782,116	782,171	782,197	782,206	782,251	782,570	9,458,842
55	Minnesota share - D1 factor	247,108	247,141	247,192	266,322	286,160	286,299	286,398	286,418	286,428	286,431	286,447	286,564	3,298,907
56														
57	Minnesota Revenue Requirements	1,050,323	1,050,463	1,050,679	1,058,317	1,067,626	1,068,147	1,068,514	1,068,588	1,068,625	1,068,637	1,068,698	1,069,134	12,757,749

	1													
Line														
No.														
	SUPPORTING INFORMATION / DATA													
58								MN Cap Structure	with					
59		MN Cap Structure	with allowed RO					Implementation of						
60		Capital Structure	_	Ratio	Cost	WA Cost	_	Ratio	Cost	WA Cost		Property tax		
61		Debt		48.28%	6.33%	3.06%		47.50%	5.49%	2.61%	2	2016 composite	0.00%	
62		Preferred equity		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%				
63		Common equity	-	51.72%	10.74%	5.55%	-	52.50%	10.40%	5.46% 8.07%				
64 65		Total		100.00%		8.61% Overall Return		100.00%	C	8.07% Overall Return				
66				Book	Tax	Verall Keturn			C C					
67		Project life (years)			20-year MACRS									
68		r reject me (jeare)		00 1										
69					Federal	State		MN Allocation Fac	tors with					
70		Sta	tutory Tax Rate	41.37%	31.57%	9.80%		Implementation of	Interim Rates Ap	ril 16, 2016				
71		Tax co	nversion factor	1.70561										
72			Demand Factor	75.29%					Demand Factor	71.70%				
73			Demand Factor	24.71%					Demand Factor	28.30%				
74			nare - E1 factor	51.5408%					hare - E1 factor	54.5975%				
75		MN si	nare - D1 factor	48.3009%				MN s	nare - D1 factor	50.6528%				
76 77	Income Tax Calculation													
	Book Operating Income	1.233.479	1,233,479	1.233.479	1,223,008	1,212,537	1,212,537	1,212,537	1,212,537	1.212.537	1,212,537	1,212,537	1,212,537	14,623,745
79	Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	14,023,743
80	Income Tax Expense	510.290	510.290	510.290	505.959	501.627	501.627	501.627	501.627	501.627	501.627	501.627	501.627	6.049.843
81	Net Income (Book)	723,189	723,189	723,189	717,050	710,911	710.911	710.911	710.911	710,911	710.911	710,911	710,911	8,573,902
82	Federal Tax Calculation	.,												
83	Timing Difference													
84	Book Income	1,233,479	1,233,479	1,233,479	1,223,008	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	14,623,745
85	+Book Depreciation	438,592	438,868	439,295	438,921	444,204	445,178	445,864	446,004	446,072	446,094	446,208	447,023	5,322,324
86	-Tax Depreciation Federal	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(8,068,184)
87 88	Taxable Income Tax Rate	999,723	999,999	1,000,425 31,57%	989,581	984,392	985,367	986,053	986,193 31,57%	986,260 31,57%	986,283	986,397	987,212	11,877,885
88 89	Income Tax - Current	31.57% 315,613	31.57% 315,700	31.57%	31.57% 312,411	31.57% 310,773	31.57% 311,080	31.57% 311,297	31.57%	31.57%	31.57% 311,370	31.57% 311,406	31.57% 311,663	3,749,848
90	Income Tax - Deferred	(73,797)	(73,710)	(73,575)	(73,693)	(72,025)	(71,718)	(71,501)	(71,457)	(71,436)	(71,428)	(71,392)	(71,135)	(866,868
91	Net Income (Tax)	241,816	241,990	242,259	238,718	238,747	239,362	239,796	239,884	239,927	239,941	240,013	240,528	2,882,981
92	State Tax Calculation	,510	,	,_50			0		,			,	,.20	_,,001
93	Timing Difference													
94	Book Income	1,233,479	1,233,479	1,233,479	1,223,008	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	1,212,537	14,623,745
95	+Book Depreciation	438,592	438,868	439,295	438,921	444,204	445,178	445,864	446,004	446,072	446,094	446,208	447,023	5,322,324
96	-Tax Depreciation State	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(1,726,827)	(20,721,923
97	Taxable Income	(54,755)	(54,479)	(54,053)	(64,897)	(70,086)	(69,112)	(68,425)	(68,285)	(68,218)	(68,195)	(68,081)	(67,266)	(775,854)
98 99	Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	(76,034
99 100	Income Tax - Current Income Tax - Deferred	(5,366) (126,247)	(5,339) (126,220)	(5,297) (126,178)	(6,360) (126,215)	(6,868) (125,697)	(6,773) (125,602)	(6,706) (125,534)	(6,692) (125,521)	(6,685) (125,514)	(6,683) (125,512)	(6,672) (125,501)	(6,592) (125,421)	(1,509,161)
100	Net Income (Tax)	(120,247)	(120,220) (131,559)	(120,178) (131,475)	(132,575)	(132,566)	(132,375)	(123,334)	(132,213)	(132,199)	(132,195)	(123,301) (132,173)	(132,013)	(1,585,194)
102	Net of State and Federal	(101,010)	(101,000)	(101,410)	(102,070)	(102,000)	(102,010)	(102,240)	(102,210)	(102,100)	(102,130)	(102,170)	(102,010)	(1,000,104)
103	Tax Expense													
104	Book Tax Expense	510,290	510,290	510,290	505,959	501,627	501,627	501,627	501,627	501,627	501,627	501,627	501,627	6,049,843
105	Deferred Tax Expense	(200,044)	(199,930)	(199,753)	(199,908)	(197,722)	(197,319)	(197,035)	(196,978)	(196,950)	(196,940)	(196,893)	(196,556)	(2,376,029
106	Current Tax Expense	310,247	310,361	310,537	306,051	303,904	304,307	304,591	304,649	304,677	304,686	304,734	305,071	3,673,815
107														
108	Federal ADIT Balance (Prorated where applicable)	(73,797)	(73,710)	(73,575)	(49,667)	(42,426)	(36,350)	(30,168)	(24,080)	(18,201)	(12,133)	(6,259)	(195)	(440,561
109 110	State ADIT Balance	(126,247)	(126,220)	(126,178)	(126,215)	(125,697)	(125,602)	(125,534)	(125,521)	(125,514)	(125,512)	(125,501)	(125,421)	(1,509,161)
110 111	Monthly ADIT Balance (Prorated where applicable) Cummulative ADIT Balance	(200,044) (30,903,304)	(199,930) (31,103,234)	(199,753) (31,302,987)	(175,882) (31,478,869)	(168,123) (31,646,992)	(161,952) (31,808,944)	(155,702) (31,964,646)	(149,601) (32,114,246)	(143,715) (32,257,962)	(137,645) (32,395,607)	(131,760) (32,527,366)	(125,616) (32,652,982)	(1,949,722) (35,029,011)
	Cummulative ADTI Dalatice	(30,903,304)	(51,103,234)	(01,002,907)	(31,470,009)	(51,040,992)	(31,000,344)	(31,304,040)	(52,114,240)	(32,231,302)	(32,395,007)	(32,321,300)	(32,002,302)	100,029,011

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Total Company Method

	Year>>	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
		Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
LineNo.		January	February	March	April	Мау	June	July	August	September	October	November	December	Total
	RATE BASE	470 404 005	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500
1	Plant Balance	178,424,635	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528	178,455,528
2 3	Accumulated. Depreciation	(5,769,370) 172,655,265	(6,216,443) 172,239,085	(6,663,593) 171,791,935	(7,110,743)	(7,557,893) 170,897,635	(8,005,043)	(8,452,193) 170,003,335	(8,899,343)	(9,346,493) 169,109,035	(9,793,643) 168,661,885	(10,240,793) 168,214,735	(10,687,943)	(10,687,943) 167,767,585
3	Net Plant in Service CWIP Calculation	172,655,265	172,239,085	171,791,935	171,344,785	170,897,635	170,450,485	170,003,335	169,556,185	169,109,035	168,661,885	168,214,735	167,767,585	167,767,585
4 5	Eligible AFUDC CWIP													
6	Additional CWIP													
7	Ending Eligible AFUDC CWIP													
8	AFUDC													
9	Additional AFUDC													
10	Ending AFUDC													
11	AFUDC Rate													
12	Bag House Exclusion													
13	Additional Bag House Exclusion													
14	Total Bag House Exclusion													
15	Deferred Tax Asset	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693	17,769,693
16	Reversal of Deferred Tax Asset	(6,326,844)	(6,396,935)	(6,459,949)	(6,516,113)	(6,565,200)	(6,607,437)	(6,642,597)	(6,670,679)	(6,691,912)	(6,706,067)	(6,713,373)	(6,713,602)	(6,713,602)
17	ADIT Pro-Rated	0.917808	0.841096	0.756164	0.673973	0.589041	0.506849	0.421918	0.336986	0.254795	0.169863	0.087671	0.002740	
18	Accumulated Deferred Income Taxes Federal & State	(32,789,525)	(32,924,802)	(33,058,663)	(33,191,180)	(33,322,310)	(33,452,095)	(33,580,493)	(33,707,502)	(33,833,169)	(33,957,446)	(34,080,381)	(34,201,927)	(34,201,927)
	Ending Rate Base	151,308,589	150,687,041	150,043,017	149,407,185	148,779,819	148,160,646	147,549,938	146,947,696	146,353,647	145,768,064	145,190,673	144,621,749	144,621,749
20 21	Average Rate Base	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	12,351,128	148,213,540
21	Average Rale base	12,331,120	12,351,120	12,351,120	12,331,120	12,331,120	12,331,120	12,351,120	12,351,120	12,351,120	12,351,120	12,351,120	12,351,120	146,213,340
	Return on Rate Base	996,464	996,464	996,464	996,464	996,464	996.464	996.464	996,464	996,464	996,464	996,464	996,464	11,957,571
23	Retuin on Rate base	990,404	990,404	990,404	990,404	990,404	990,404	990,404	990,404	990,404	990,404	990,404	990,404	11,957,571
	Available for Return (equity portion of rate base)	674,384	674,384	674,384	674,384	674,384	674,384	674,384	674,384	674,384	674,384	674,384	674,384	8,092,613
26	, trailable for rectarri (equity perior of face bace)	01 1,001	01 1,001	01 1,00 1	01 1,00 1	01 1,00 1	01 1,00 1	01 1,00 1	07 1,00 1	01 1,00 1	01 1,00 1	01 1,00 1	01 1,00 1	0,002,010
27	EXPENSES													
28	O&M and Depreciation													
29	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Book Depreciation	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
32	Total O&M and Depreciation Expense	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
33														
34	Income before Taxes	074 004												
35 36	Available for Return (from above)	674,384	674,384	674,384	674,384	674,384	674,384 1.150.238	674,384	674,384 1,150,238	674,384	674,384	674,384	674,384	8,092,613
36 37	Taxable Income (grossed up)	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	13,802,854
37	Income Taxes													
39	Current Income Tax	337,964	337,975	338,007	338,007	338,007	338,007	338,007	338,007	338.007	338,007	338,007	338,007	4,056,012
40	Def Income Taxes	137,889	137,878	137,846	137,846	137.846	137,846	137,846	137,846	137,846	137,846	137,846	137.846	1,654,229
41	Total Income Tax Expense	475,853	475,853	475,853	475,853	475,853	475,853	475.853	475,853	475,853	475.853	475,853	475,853	5,710,241
42				,										•,• ••,= ••
43														
44	REVENUE REQUIREMENTS													
45	Expenses	922,899	922,926	923,003	923,003	923,003	923,003	923,003	923,003	923,003	923,003	923,003	923,003	11,075,860
46	Return on Rate Base	996,464	996,464	996,464	996,464	996,464	996,464	996,464	996,464	996,464	996,464	996,464	996,464	11,957,571
47	Subtotal Revenue Requirements	1,919,363	1,919,390	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	23,033,431
48	Adjustments	1 0 1 0 0 5 7	1 0 1 0 0 5 -	1 0 1 0 1 5 -	1 0 1 0 1 5 -	1.010.157	1 010 15-	1 0 1 0 1 5 -	1 0 1 0 1	1 0 1 0 1	1 0 1 0 1 5 -	1 0 1 0 1 5 -	1 0 1 0 1	00.000.121
49 50	Total Revenue Requirements	1,919,363	1,919,390	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	1,919,468	23,033,431
50 51	Base Demand Factor	1,376,184	1,376,203	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	1,376,258	16,514,970
52	Peak Demand Factor	543,180	543,187	543,209	543,209	543,209	543,209	543,209	543,209	543,209	543,209	543,209	543,209	6,518,461
52 53	r cak Demand FdGlUI	543,160	545,167	040,209	040,209	040,209	040,209	040,209	040,209	543,209	040,209	040,209	040,209	0,010,401
53 54	Minnesota share - E1 factor	751,362	751,372	751,402	751,402	751,402	751,402	751,402	751,402	751,402	751,402	751,402	751,402	9,016,757
55	Minnesota share - D1 factor	275,136	275,140	275,151	275,151	275,151	275,151	275,151	275,151	275,151	275,151	275,151	275,151	3,301,786
56		2.0,.00	2.0,.10	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	2.0,.01	0,001,700
	Minnesota Revenue Requirements	1,026,498	1,026,512	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	1,026,553	12,318,543
57														

Line														
No.														
110.	SUPPORTING INFORMATION / DATA													
58		MN Cap Structure	with											
59		Implementation of	Interim Rates Ap	oril 16, 2016										
60		Capital Structure	_	Ratio	Cost	WA Cost					Property tax			
61		Debt		47.50%	5.49%	2.61%				:	2017 composite ra	ate	0.00%	
62		Preferred equity		0.00%	0.00%	0.00%								
63		Common equity	_	52.50%	10.40%	5.46%								
64		Total		100.00%		8.07%	Overall Return							
65 66				Book	Тах									
67		Project life (years)			0-year MACRS									
68		r toject nie (years)		50 2	Jo-year MACINO									
69					Federal	State								
70		Sta	tutory Tax Rate	41.37%	31.57%	9.80%								
71			nversion factor	1.70561										
72			Demand Factor	71.70%										
73		Peak I	Demand Factor	28.30%										
74			hare - E1 factor	54.5975%										
75		MN st	nare - D1 factor	50.6528%										
76														
77	Income Tax Calculation	4 450 000			4 450 000						4 450 000		4 4 5 9 9 9 9	
78	Book Operating Income	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	13,802,854
79 80	Tax Rate Income Tax Expense	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	41.37% 475,853	5,710,241
81	Net Income (Book)	674,384	674.384	674,384	674.384	674.384	674.384	674.384	674.384	674,384	674.384	674.384	674,384	8,092,613
82	Federal Tax Calculation	074,504	074,304	074,504	074,004	074,304	074,304	074,304	074,004	074,304	074,304	074,504	074,504	0,032,013
83	Timing Difference													
84	Book Income	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	13,802,854
85	+Book Depreciation	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
86	-Tax Depreciation Federal	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(5,987,069
87	Taxable Income	1,098,361	1,098,388	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	1,098,465	13,181,404
88	Tax Rate	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	
89	Income Tax - Current	346,753	346,761	346,786	346,786	346,786	346,786	346,786	346,786	346,786	346,786	346,786	346,786	4,161,369
90	Income Tax - Deferred	(16,377)	(16,369)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(196,192
91 92	Net Income (Tax) State Tax Calculation	330,375	330,392	330,441	330,441	330,441	330,441	330,441	330,441	330,441	330,441	330,441	330,441	3,965,178
92	Timing Difference													
94	Book Income	1,150,238	1,150,238	1,150,238	1.150.238	1.150.238	1.150.238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	1,150,238	13.802.854
95	+Book Depreciation	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
96	-Tax Depreciation State	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(20,243,546
97	Taxable Income	(89,678)	(89,652)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(89,574)	(1,075,072
98	Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	
99	Income Tax - Current	(8,788)	(8,786)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(8,778)	(105,357
100	Income Tax - Deferred	(121,512)	(121,509)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(1,458,037
101	Net Income (Tax)	(130,300)	(130,295)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(130,280)	(1,563,394
102 103	Net of State and Federal Tax Expense													
103	Book Tax Expense	475,853	475,853	475,853	475,853	475,853	475,853	475,853	475,853	475,853	475,853	475,853	475,853	5,710,241
104	Deferred Tax Expense	(137,889)	(137,878)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(1,654,229
105	Current Tax Expense	337,964	337,975	338,007	338,007	338,007	338,007	338,007	338,007	338,007	338,007	338,007	338,007	4,056,012
107		001,004	001,070	000,001	000,007	000,001	000,001	000,001	000,001	000,007	000,001	000,001	000,007	1,000,012
108	Federal ADIT Balance (Prorated where applicable)	(15,031)	(13,768)	(12,359)	(11,016)	(9,628)	(8,284)	(6,896)	(5,508)	(4,164)	(2,776)	(1,433)	(45)	(90,908
109	State ADIT Balance	(121,512)	(121,509)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(1,458,037
110	Monthly ADIT Balance (Prorated where applicable)	(136,543)	(135,277)	(133,861)	(132,517)	(131,129)	(129,786)	(128,398)	(127,009)	(125,666)	(124,278)	(122,935)	(121,546)	(1,548,945
111	Cummulative ADIT Balance	(35,165,554)	(35,300,831)	(35,434,692)	(35,567,209)	(35,698,338)	(35,828,124)	(35,956,521)	(36,083,531)	(36,209,197)	(36,333,475)	(36,456,409)	(36,577,956)	(38,232,184

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Stand-Alone Method

	Year>>	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Actual	2015 Projected							
LineNo.		January	February	March	April	May	June	July	August	September	October	November	December	Total
	RATE BASE													
1	Plant Balance	0	0	0	0	0	0	0	0	0	0	0	175,040,234	175,040,234
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	175,040,234	175,040,234
4	CWIP Calculation													
5 6	Eligible AFUDC CWIP Additional CWIP	145,912,059 6,860,953	152,773,012 5,501,688	158,274,700	167,625,714 8,551,176	176,176,890	183,752,391	187,487,263	189,307,398	186,198,536	189,777,732 387,412	190,165,144	190,719,857 (174,271,215)	
6 7	Ending Eligible AFUDC CWIP	152,773,012	158,274,700	9,351,014 167,625,714	176,176,890	7,575,501 183,752,391	3,734,872 187,487,263	1,820,136 189,307,398	(3,108,863) 186,198,536	3,579,196 189,777,732	190,165,144	554,713 190,719,857	16,448,641	
8	AFUDC	152,775,012	156,274,700	107,023,714	170,170,090	103,752,391	107,407,203	109,307,390	100, 190, 550	109,111,132	190,105,144	190,7 19,007	10,440,041	
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	(713,551)	(571,925)	(972,524)	(889,291)	(787,863)	(388,430)	(189,286)	323,332	(372,238)	(40,288)	(57,653)	(79,968)	
14	Total Bag House Exclusion	(15,967,503)	(16,539,428)	(17,511,952)	(18,401,243)	(19,189,107)	(19,577,537)	(19,766,822)	(19,443,491)	(19,815,728)	(19,856,016)	(19,913,669)	(19,993,636)	
15	Deferred Tax Asset												23,817,332	23,817,332
16	Reversal of Deferred Tax Asset												0	0
17 18	ADIT Pro-Rated Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	0	0	(30,703,260)	(30,703,260)
	Ending Rate Base	140.350.504	145.280.267	153.658.757	161.320.642	168.108.280	171.454.721	173.085.571	170.300.041	173,506,999	173.854.123	174.351.183	(30,703,260)	(30,703,260) 168,154,306
20	Linding Nate Dase	140,330,304	143,200,207	155,050,757	101,320,042	100,100,200	171,434,721	175,005,571	170,300,041	175,500,555	175,054,125	174,001,100	100,134,300	100,134,300
	Average Rate Base	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	13,510,439	162,125,269
22			,,				,,	,,						,,
	Return on Rate Base	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	13,960,152
24														
25	Available for Return (equity portion of rate base)	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	9,005,095
26														
	EXPENSES													
	O&M and Depreciation													
29 30	Operating Costs Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Book Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Total O&M and Depreciation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
33	rotal oaw and Depresiation Expense	0	0	0	0	0	0	0	0	0	0	0	0	
	Income before Taxes													
35	Available for Return (from above)	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	9,005,095
36	Taxable Income (grossed up)	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	15,359,194
37														
38	Income Taxes													
39	Current Income Tax	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	(30,173,752)	(24,349,162)
40	Def Income Taxes	0	0	0	0	0	0	0	0	0	0	0	30,703,260	30,703,260
41 42	Total Income Tax Expense	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	6,354,098
42														
43	REVENUE REQUIREMENTS													
45	Expenses	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	6,354,098
46	Return on Rate Base	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	1,163,346	13,960,152
47	Subtotal Revenue Requirements	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	20,314,251
48	Adjustments													
49	Total Revenue Requirements	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	1,692,854	20,314,251
50				4 074 467										45 000 5
51	Base Demand Factor	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	1,274,466	15,293,597
52 53	Peak Demand Factor	418,388	418,388	418,388	418,388	418,388	418,388	418,388	418,388	418,388	418,388	418,388	418,388	5,020,654
53 54	Minnesota share - E1 factor	656,870	656,870	656,870	656,870	656,870	656,870	656,870	656.870	656,870	656,870	656,870	656,870	7,882,444
	Minnesota share - D1 factor	202,085	202,085	202,085	202,085	202,085	202,085	202,085	202,085	202,085	202,085	202,085	202,085	2,425,020
55				202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	202,000	2,420,020
55 56														
56	Minnesota Revenue Requirements	858,955	858,955	858,955	858,955	858,955	858,955	858,955	858,955	858,955	858,955	858,955	858,955	10,307,465

SUPPORTING INFORMATION / DATA													
	MN Cap Structure	with allowed RO		- · ·									
	Capital Structure	_	Ratio	Cost	WA Cost					Property tax		0.000/	
	Debt Preferred equity		48.28% 0.00%	6.33% 0.00%	3.06% 0.00%				2	2015 composite ra	ate	0.00%	'
	Common equity		51.72%	10.74%	5.55%								
	Total	-	100.00%	10.74%		verall Return							
	TOLAI		100.00 %		0.01%	Werall Keturn							
			Book	Tax									
	Project life (years)			20-year MACRS									
	.,,			.,									
				Federal	State								
	Stat	utory Tax Rate	41.37%	31.57%	9.80%								
		nversion factor	1.70561										
		emand Factor	75.29%										1
		emand Factor	24.71%										
		are - E1 factor	51.5408%										
	MN sh	are - D1 factor	48.3009%										
Income Tax Calculation													1
Book Operating Income	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	15,3
Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	15,
Income Tax Expense	529.508	529,508	529,508	529,508	529.508	529,508	529,508	529,508	529.508	529,508	529,508	529.508	6.3
Net Income (Book)	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	750,425	0,1
Timing Difference													
Book Income	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	15,3
+Book Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	(00.0
-Tax Depreciation Federal	0	0	0	0	0	0	0	0	0	0	0	(90,802,121)	(90,8
Taxable Income Tax Rate	1,279,933 31.57%	1,279,933	1,279,933	1,279,933	1,279,933 31.57%	1,279,933	1,279,933	1,279,933 31.57%	1,279,933	1,279,933	1,279,933	(89,522,188) 31.57%	(75,4
Income Tax - Current	404,075	31.57% 404,075	31.57% 404,075	31.57% 404,075	404,075	31.57% 404,075	31.57% 404,075	404,075	31.57% 404,075	31.57% 404,075	31.57% 404,075	404,075	4,8
Income Tax - Deferred	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	(28,666,230)	(28,6
Net Income (Tax)	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	404,075	(28,262,155)	(23,8
												,	• •
Federal NOL Balance	(404,075)	(808,150)	(1,212,224)	(1,616,299)	(2,020,374)	(2,424,449)	(2,828,524)	(3,232,598)	(3,636,673)	(4,040,748)	(4,444,823)	23,817,332	23,8
Timing Difference													
Book Income	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	15,3
+Book Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	
-Tax Depreciation State	0	0	0	0	0	0	0	0	0	0	0	(20,786,028)	(20,7
Taxable Income	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	1,279,933	(19,506,095)	(5,4
Tax Rate	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	۱
Income Tax - Current Income Tax - Deferred	125,433	125,433 0	125,433	125,433 0	125,433 0	125,433 0	125,433 0	125,433 0	125,433 0	125,433	125,433 0	125,433 (2,037,031)	1,5
Net Income (Tax)	125,433	125,433	125,433	125,433	125,433	125,433	125,433	125,433	125,433	125,433	125,433	(1,911,597)	(2,0
	,	-,	,>		-,	-,		-,			,>	(,,	
Tax Expense													
Book Tax Expense	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	6,3
Deferred Tax Expense	0	0	0	0	0	0	0	0	0	0	0	(30,703,260)	(30,
Current Tax Expense	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	529,508	(30,173,752)	(24,3
Federal ADIT Balance (Prorated where applicable)												(28,666,230)	
State ADIT Balance												(2,037,031)	(2,0
Monthly ADIT Balance (Prorated where applicable)												(30,703,260)	(30,7
Cummulative ADIT Balance												(30,703,260)	(30,7

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Stand-Alone Method

	Year>>	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
		Actual	Actual	Actual	Projected									
LineNo.	DATE DADE	January	February	March	April	Мау	June	July	August	September	October	November	December	Total
1	RATE BASE Plant Balance	175,150,273	175,320,412	175,171,397	177,279,599	177,668,414	177,942,426	177,998,162	178,025,129	178,034,227	178,079,728	178,404,994	178,413,933	178,413,933
2	Accumulated. Depreciation	(438,592)	(877,461)	(1,316,755)	(1,755,676)	(2,199,880)	(2,645,058)	(3,090,922)	(3,536,926)	(3,982,998)	(4,429,092)	(4,875,301)	(5,322,324)	(5,322,324)
3	Net Plant in Service	174,711,681	174,442,951	173,854,642	175,523,923	175,468,534	175,297,369	174,907,240	174,488,203	174,051,229	173,650,636	173,529,694	173,091,609	173,091,609
4	CWIP Calculation	174,711,001	174,442,951	173,034,042	175,525,925	175,406,554	175,297,309	174,907,240	174,400,203	174,051,229	173,030,030	173,529,094	173,091,009	173,091,009
5	Eligible AFUDC CWIP													
6	Additional CWIP													
7	Ending Eligible AFUDC CWIP													
8	AFUDC													
9	Additional AFUDC													
10	Ending AFUDC													
11	AFUDC Rate													
12	Bag House Exclusion													
13	Additional Bag House Exclusion													
14	Total Bag House Exclusion													
15	Deferred Tax Asset	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332
16	Reversal of Deferred Tax Asset	(337,811)	(675,710)	(1,013,742)	(1,239,133)	(1,435,045)	(1,603,776)	(1,744,325)	(1,856,596)	(1,941,490)	(1,998,086)	(2,027,301)	(2,028,215)	(2,028,215)
17	ADIT Pro-Rated	1.000000	1.000000	1.000000	0.673973	0.589041	0.506849	0.421918	0.336986	0.254795	0.169863	0.087671	0.002740	
18	Accumulated Deferred Income Taxes Federal & State	(30,903,304)	(31,103,234)	(31,302,987)	(31,478,869)	(31,646,992)	(31,808,944)	(31,964,646)	(32,114,246)	(32,257,962)	(32,395,607)	(32,527,366)	(32,652,982)	(32,652,982)
	Ending Rate Base	167,287,898	166,481,340	165,355,245	166,623,253	166,203,830	165,701,981	165,015,602	164,334,692	163,669,110	163,074,275	162,792,359	162,227,745	162,227,745
20	Autore Data Data	40 700 040	40 700 040	40 700 040	40 700 040	40 700 040	40 700 040	40 700 040	40 700 010	40 700 040	40 700 040	40 700 040	40 700 010	405 447 649
	Average Rate Base	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	13,762,318	165,147,818
22			4 405 005	1 105 005	4 4 47 075									
23 24	Return on Rate Base	1,185,035	1,185,035	1,185,035	1,147,675	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	14,220,416
	Available for Return (equity portion of rate base)	764.415	764,415	764,415	757,926	751,437	751,437	751,437	751,437	751,437	751,437	751,437	751,437	9,172,980
25 26	Available for Return (equity portion of rate base)	764,415	764,415	764,415	151,920	751,437	751,437	751,437	751,437	751,437	751,437	751,437	751,437	9,172,960
20	EXPENSES													
	O&M and Depreciation													
29	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Book Depreciation	438,592	438,868	439,295	438,921	444,204	445,178	445,864	446,004	446,072	446,094	446,208	447,023	5,322,324
32	Total O&M and Depreciation Expense	438,592	438,868	439,295	438,921	444,204	445,178	445,864	446,004	446,072	446,094	446,208	447,023	5,322,324
33														
	Income before Taxes													
35	Available for Return (from above)	764,415	764,415	764,415	757,926	751,437	751,437	751,437	751,437	751,437	751,437	751,437	751,437	9,062,666
36	Taxable Income (grossed up)	1,303,795	1,303,795	1,303,795	1,292,727	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	15,457,387
37														
38	Income Taxes													
39	Current Income Tax	339,336	339,450	339,627	334,893	332,500	332,903	333,187	333,245	333,273	333,282	333,329	333,667	4,018,692
40	Def Income Taxes	200,044	199,930	199,753	199,908	197,722	197,319	197,035	196,978	196,950	196,940	196,893	196,556	2,376,029
41	Total Income Tax Expense	539,380	539,380	539,380	534,801	530,222	530,222	530,222	530,222	530,222	530,222	530,222	530,222	6,394,721
42 43														
43 44	REVENUE REQUIREMENTS													
45	Expenses	977,972	978,248	978,674	973,722	974,426	975,400	976,087	976,227	976,294	976,317	976,431	977,246	11,717,045
46	Return on Rate Base	1,185,035	1,185,035	1,185,035	1,147,675	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	1,110,316	13,585,309
47	Subtotal Revenue Requirements	2,163,007	2,163,283	2,163,709	2,121,398	2,084,742	2,085,716	2,086,403	2,086,543	2,086,610	2,086,633	2,086,747	2,087,562	25,302,354
48	Adjustments	-,,	_,,	_,,	_,,.50	_,	_,,	_,,	_,,. 10	_,,	_,,	_,,	_,,	
49	Total Revenue Requirements	2,163,007	2,163,283	2,163,709	2,121,398	2,084,742	2,085,716	2,086,403	2,086,543	2,086,610	2,086,633	2,086,747	2,087,562	25,302,354
50														
51	Base Demand Factor	1,628,421	1,628,629	1,628,950	1,559,069	1,494,760	1,495,459	1,495,951	1,496,051	1,496,100	1,496,116	1,496,198	1,496,782	18,412,485
52	Peak Demand Factor	534,586	534,654	534,759	562,329	589,982	590,258	590,452	590,492	590,511	590,517	590,549	590,780	6,889,869
53														
54	Minnesota share - E1 factor	839,302	839,409	839,574	827,385	816,101	816,483	816,751	816,806	816,833	816,842	816,886	817,205	9,879,576
55	Minnesota share - D1 factor	258,210	258,243	258,293	278,223	298,843	298,982	299,081	299,101	299,110	299,114	299,130	299,247	3,445,577
56														
57	Minnesota Revenue Requirements	1,097,511	1,097,651	1,097,867	1,105,607	1,114,944	1,115,465	1,115,832	1,115,907	1,115,943	1,115,955	1,116,016	1,116,452	13,325,152

Line														
No.														
	SUPPORTING INFORMATION / DATA													
58								MN Cap Structure						
59		MN Cap Structure	with allowed RO					Implementation of						
60		Capital Structure	_	Ratio	Cost	WA Cost	-	Ratio	Cost	WA Cost		Property tax		
61		Debt		48.28%	6.33%	3.06%		47.50%	5.49%	2.61%	2	2016 composite	0.00%	
62		Preferred equity		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%				
63		Common equity	_	51.72%	10.74%	5.55%	-	52.50%	10.40%	5.46%				
64 65		Total		100.00%		8.61%		100.00%		8.07%				
66				Beek	Tax	Overall Return			(Overall Return				
67		Project life (years)		Book 30 2	20-year MACRS									
68		r toject nie (years)		50 2	Jo-year MACINO									
69					Federal	State		MN Allocation Fac	tors with					
70		Stat	tutory Tax Rate	41.37%	31.57%	9.80%		Implementation of		oril 16 2016				
71			nversion factor	1.70561	01.0170	0.0070			intoinin reacoo / q					
72			Demand Factor	75.29%				Base	Demand Factor	71.70%				
73		Peak I	Demand Factor	24.71%					Demand Factor	28.30%				
74		MN st	hare - E1 factor	51.5408%				MN s	hare - E1 factor	54.5975%				
75		MN sł	nare - D1 factor	48.3009%				MN s	hare - D1 factor	50.6528%				
76														
77	Income Tax Calculation													
78	Book Operating Income	1,303,795	1,303,795	1,303,795	1,292,727	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	15,457,387
79	Tax Rate	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	41.37%	
80	Income Tax Expense	539,380	539,380	539,380	534,801	530,222	530,222	530,222	530,222	530,222	530,222	530,222	530,222	6,394,721
81 82	Net Income (Book)	764,415	764,415	764,415	757,926	751,437	751,437	751,437	751,437	751,437	751,437	751,437	751,437	9,062,666
82 83	Timing Difference													
84	Book Income	1,303,795	1,303,795	1,303,795	1,292,727	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	15,457,387
85	+Book Depreciation	438,592	438,868	439,295	438.921	444.204	445,178	445,864	446,004	446,072	446,094	446,208	447,023	5,322,324
86	-Tax Depreciation Federal	(672,349)	(672,349)	(672,349)	(672.349)	(672.349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672,349)	(672.349)	(8,068,184)
87	Taxable Income	1,070,039	1,070,315	1,070,741	1,059,300	1,053,514	1,054,489	1,055,175	1,055,315	1,055,382	1,055,405	1,055,519	1,056,334	12,711,527
88	Tax Rate	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	12,111,021
89	Income Tax - Current	337,811	337,898	338,033	334,421	332,594	332,902	333,119	333,163	333,184	333,191	333,227	333,485	4,013,029
90	Income Tax - Deferred	(73,797)	(73,710)	(73,575)	(73,693)	(72,025)	(71,718)	(71,501)	(71,457)	(71,436)	(71,428)	(71,392)	(71,135)	(866,868)
91	Net Income (Tax)	264,014	264,189	264,458	260,728	260,569	261,184	261,618	261,706	261,749	261,763	261,835	262,350	3,146,161
92														
93	Federal NOL Balance	23,479,521	23,141,623	22,803,590	22,469,169	22,136,574	21,803,672	21,470,554	21,137,391	20,804,206	20,471,015	20,137,788	19,804,303	19,804,303
94														
95	Timing Difference													
96	Book Income	1,303,795	1,303,795	1,303,795	1,292,727	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	1,281,659	15,457,387
97 98	+Book Depreciation -Tax Depreciation State	438,592 (1,726,827)	438,868 (1,726,827)	439,295 (1,726,827)	438,921 (1,726,827)	444,204 (1,726,827)	445,178 (1,726,827)	445,864 (1,726,827)	446,004 (1,726,827)	446,072 (1,726,827)	446,094 (1,726,827)	446,208 (1,726,827)	447,023 (1,726,827)	5,322,324 (20,721,923)
98 99	Taxable Income	15,561	15,836	16,263	4,821	(1,726,827) (964)	(1,726,827)	(1,726,827) 697	(1,726,827) 837	904	927	1,041	1,856	(20,721,923) 57,788
99 100	Tax Rate	9.80%	9.80%	9.80%	4,821 9.80%	(964) 9.80%	9.80%	9.80%	9.80%	904 9.80%	9.80%	9.80%	9.80%	57,788
100	Income Tax - Current	1,525	1,552	1,594	9.80 %	(94)	3.00 %	9.80%	9.80%	9.80%	9.80 %	102	9.80%	5,663
102	Income Tax - Deferred	(126,247)	(126,220)	(126,178)	(126,215)	(125,697)	(125,602)	(125,534)	(125,521)	(125,514)	(125,512)	(125,501)	(125,421)	(1,509,161)
103	Net Income (Tax)	(124,722)	(124,668)	(124,584)	(125,742)	(125,792)	(125,601)	(125,466)	(125,439)	(125,425)	(125,421)	(125,399)	(125,239)	(1,503,497)
104		, ,/	(, , , , , , , , , , , , , , , , , , ,	(,,	· · · · · · · · · · · · · · · · · · ·	(., ,-)	(· · · · · · · · · · · · · · · · · · ·	(.,)	(-,)	,,	(-,)	(.,)	(
105	Tax Expense													
106	Book Tax Expense	539,380	539,380	539,380	534,801	530,222	530,222	530,222	530,222	530,222	530,222	530,222	530,222	6,394,721
107	Deferred Tax Expense	(200,044)	(199,930)	(199,753)	(199,908)	(197,722)	(197,319)	(197,035)	(196,978)	(196,950)	(196,940)	(196,893)	(196,556)	(2,376,029)
108	Current Tax Expense	339,336	339,450	339,627	334,893	332,500	332,903	333,187	333,245	333,273	333,282	333,329	333,667	4,018,692
109	Fadaral ADIT Dalaras (Departs doubless analis, 11.)	(70 707)	(70.74.0)	(70 575)	(40.007)	(40,400)	(00.050)	(00.400)	(04.000)	(40.001)	(40,400)	(0.050)	(405)	(440 504)
110	Federal ADIT Balance (Prorated where applicable)	(73,797)	(73,710)	(73,575)	(49,667)	(42,426)	(36,350)	(30,168)	(24,080)	(18,201)	(12,133)	(6,259)	(195)	(440,561)
111 112	State ADIT Balance Monthly ADIT Balance (Prorated where applicable)	(126,247) (200,044)	(126,220) (199,930)	(126,178) (199,753)	(126,215) (175,882)	(125,697) (168,123)	(125,602) (161,952)	(125,534) (155,702)	(125,521) (149,601)	(125,514) (143,715)	(125,512) (137,645)	(125,501) (131,760)	(125,421) (125,616)	(1,509,161) (1,949,722)
112	Cummulative ADIT Balance	(200,044)	(31,103,234)	(31,302,987)	(31,478,869)	(31,646,992)	(31,808,944)	(155,702) (31,964,646)	(32,114,246)	(143,715) (32,257,962)	(32,395,607)	(32,527,366)	(32,652,982)	(1,949,722) (35,029,011)
113	Cummulative ADTE Dalatice	(30,903,304)	(01,100,204)	(31,302,907)	(31,470,009)	(31,040,992)	(31,000,944)	(31,304,040)	(32,114,240)	(32,201,302)	(32,395,007)	(32,321,300)	(32,002,902)	(30,029,011)

Revised Attachment 2 NOL Tax Asset Allocated to ECRR Stand-Alone Method

	Year>>	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	104177	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
LineNo.		January	February	March	April	May	June	July	August	September	October	November	December	Total
	RATE BASE	470 404 005	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	470 455 500	170 455 500	470 455 500
1 2	Plant Balance	178,424,635	178,455,528	178,455,528 (6,663,593)	178,455,528	178,455,528	178,455,528	178,455,528 (8,452,193)	178,455,528 (8,899,343)	178,455,528	178,455,528	178,455,528	178,455,528 (10,687,943)	178,455,528 (10,687,943)
23	Accumulated. Depreciation Net Plant in Service	(5,769,370) 172,655,265	(6,216,443) 172,239,085	171,791,935	(7,110,743) 171,344,785	(7,557,893) 170,897,635	(8,005,043) 170,450,485	(8,452,193)	(8,899,343)	(9,346,493) 169,109,035	(9,793,643) 168,661,885	(10,240,793) 168,214,735	167,767,585	167,767,585
3	CWIP Calculation	172,000,200	172,239,065	1/1,/91,935	171,344,765	170,697,635	170,450,465	170,003,335	109,000,100	169,109,035	100,001,000	100,214,735	107,707,505	107,707,505
5	Eligible AFUDC CWIP													
6	Additional CWIP													
7	Ending Eligible AFUDC CWIP													
8	AFUDC													
9	Additional AFUDC													
10	Ending AFUDC													
11	AFUDC Rate													
12	Bag House Exclusion													
13	Additional Bag House Exclusion													
14	Total Bag House Exclusion													
15	Deferred Tax Asset	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332	23,817,332
16 17	Reversal of Deferred Tax Asset ADIT Pro-Rated	(2,367,182)	(2,677,825)	(2,957,118) 0.756164	(3,206,054) 0.673973	(3,423,619)	(3,610,827)	(3,766,665) 0.421918	(3,891,132) 0.336986	(3,985,242) 0.254795	(4,047,982)	(4,080,364) 0.087671	(4,081,376) 0.002740	(4,081,376)
17	ADIT Pro-Rated Accumulated Deferred Income Taxes Federal & State	0.917808 (32.789.525)	0.841096 (32.924.802)	(33,058,663)	(33.191.180)	0.589041 (33,322,310)	0.506849 (33.452.095)	(33,580,493)	(33,707,502)	(33.833.169)	0.169863 (33,957,446)	(34,080,381)	(34.201.927)	(34,201,927)
	Ending Rate Base	161.315.890	160.453.790	159.593.486	158,764,883	157.969.038	157.204.895	156.473.510	155.774.882	155.107.956	154.473.789	153.871.322	153.301.614	153.301.614
20	Linding Nate Dase	101,515,050	100,433,730	133,333,400	130,704,003	137,303,030	137,204,033	130,473,310	133,774,002	155,107,550	134,473,703	155,071,522	133,301,014	133,301,014
	Average Rate Base	13.118.800	13.118.800	13,118,800	13,118,800	13,118,800	13.118.800	13,118,800	13,118,800	13,118,800	13.118.800	13.118.800	13,118,800	157,425,600
22	nonago nato Babo	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	10,110,000	101,120,000
	Return on Rate Base	1.058.398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	12,700,781
24		1	1	/ /	/ /	1	/****	/ /	1 1	1 1	1	/ /	1 1	1 1 -
	Available for Return (equity portion of rate base)	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	8,595,601
26														
	EXPENSES													
	O&M and Depreciation													
29	Operating Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Property Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
31 32	Book Depreciation Total O&M and Depreciation Expense	447,046 447,046	447,073 447,073	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	447,150 447,150	5,365,619 5,365,619
32	Total Oxivi and Depreciation Expense	447,040	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
33	Income before Taxes													
35	Available for Return (from above)	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	716,300	8,595,601
36	Taxable Income (grossed up)	1.221.730	1,221,730	1,221,730	1,221,730	1,221,730	1.221.730	1.221.730	1,221,730	1.221.730	1.221.730	1,221,730	1,221,730	14,660,756
37	· (g	.,,	.,,	.,,	.,,	.,,	.,,	.,,	.,,	.,,	.,,	.,,	.,,	,,
	Income Taxes													
39	Current Income Tax	367,540	367,551	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	4,410,926
40	Def Income Taxes	137,889	137,878	137,846	137,846	137,846	137,846	137,846	137,846	137,846	137,846	137,846	137,846	1,654,229
41	Total Income Tax Expense	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	6,065,155
42														
43														
44	REVENUE REQUIREMENTS													
45	Expenses	952,475	952,502	952,580	952,580	952,580	952,580	952,580	952,580	952,580	952,580	952,580	952,580	11,430,774
46	Return on Rate Base	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	1,058,398	12,700,781
47 48	Subtotal Revenue Requirements	2,010,874	2,010,901	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	24,131,555
48 49	Adjustments Total Revenue Requirements	2,010,874	2,010,901	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	2,010,978	24,131,555
49 50		2,010,074	2,010,301	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	2,010,370	24,131,333
51	Base Demand Factor	1,441,797	1,441,816	1,441,871	1,441,871	1,441,871	1,441,871	1,441,871	1.441.871	1,441,871	1,441,871	1,441,871	1,441,871	17,302,325
52	Peak Demand Factor	569,077	569,085	569,107	569,107	569,107	569,107	569,107	569,107	569,107	569,107	569,107	569,107	6,829,230
53		_ 30,077	200,000	- 30, 107	230,101	200,101	230,107	230,107	230,107	- 30,.07		200,.07	200,107	2,520,200
54	Minnesota share - E1 factor	787,185	787,195	787,225	787,225	787,225	787,225	787,225	787,225	787,225	787,225	787,225	787,225	9,446,633
55	Minnesota share - D1 factor	288,254	288,258	288,269	288,269	288,269	288,269	288,269	288,269	288,269	288,269	288,269	288,269	3,459,200
56														
57	Minnesota Revenue Requirements	1,075,438	1,075,453	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	1,075,494	12,905,832

r		-												
Line														
No.														
INU.	SUPPORTING INFORMATION / DATA													
58		MN Cap Structure	with											
59		Implementation of		ril 16, 2016										
60		Capital Structure	interim reates / a	Ratio	Cost	WA Cost					Property tax			
61		Debt	-	47.50%	5.49%	2.61%					2017 composite ra	ate	0.00%	
62		Preferred equity		0.00%	0.00%	0.00%				-	to in composito it		0.0070	
63		Common equity		52.50%	10.40%	5.46%								
64		Total	-	100.00%			Overall Return							
65														
66				Book	Tax									
67		Project life (years)	1	30 2	0-year MACRS									
68														
69					Federal	State								
70		Star	tutory Tax Rate	41.37%	31.57%	9.80%								
71			onversion factor	1.70561										
72			Demand Factor	71.70%										
73			Demand Factor	28.30%										
74			hare - E1 factor	54.5975%										
75		MN st	hare - D1 factor	50.6528%										
76 77	Income Tax Calculation													
		1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	1 001 700	14 660 756
78 79	Book Operating Income Tax Rate	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41,37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	1,221,730 41.37%	14,660,756
80	Income Tax Expense	505,430	505.430	505.430	505.430	505.430	505.430	505.430	505.430	505.430	505.430	505.430	505.430	6,065,155
81	Net Income (Book)	716.300	716,300	716,300	716,300	716,300	716.300	716.300	716.300	716.300	716.300	716.300	716,300	0,005,155
82		710,300	710,500	110,000	710,500	710,500	710,500	110,000	710,500	710,500	110,000	110,000	710,000	
83	Timing Difference													
84	Book Income	1,221,730	1,221,730	1,221,730	1.221.730	1.221.730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	14.660.756
85	+Book Depreciation	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
86	-Tax Depreciation Federal	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(498,922)	(5,987,069)
87	Taxable Income	1,169,853	1,169,880	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	1,169,957	14,039,306
88	Tax Rate	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	31.57%	
89	Income Tax - Current	369,323	369,331	369,356	369,356	369,356	369,356	369,356	369,356	369,356	369,356	369,356	369,356	4,432,209
90	Income Tax - Deferred	(16,377)	(16,369)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(16,345)	(196,192)
91	Net Income (Tax)	800,530	800,549	800,602	800,602	800,602	800,602	800,602	800,602	800,602	800,602	800,602	800,602	9,607,097
92														
93	Federal NOL Balance	19,434,980	19,065,649	18,696,294	18,326,938	17,957,583	17,588,227	17,218,872	16,849,516	16,480,161	16,110,805	15,741,449	15,372,094	15,372,094
94														
95	Timing Difference													
96	Book Income	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	1,221,730	14,660,756
97	+Book Depreciation	447,046	447,073	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	447,150	5,365,619
98	-Tax Depreciation State	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	(1,686,962)	0
99 100	Taxable Income Tax Rate	(18,187) 9.80%	(18,160) 9.80%	(18,082) 9,80%	(18,082) 9,80%	(18,082) 9.80%	(18,082) 9.80%	(18,082) 9.80%	(18,082) 9,80%	(18,082) 9,80%	(18,082) 9.80%	(18,082) 9.80%	(18,082) 9.80%	(217,170)
100	Income Tax - Current	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	(21,283)
101	Income Tax - Deferred	(121,512)	(121,509)	(121,502)	(121,502)	(1,772) (121,502)	(1,772) (121,502)	(121,502)	(121,502)	(121,502)	(1,772)	(1,772) (121,502)	(121,502)	(1,458,037)
102	Net Income (Tax)	(121,312) (16,404)	(121,309) (16,380)	(121,302) (16,310)	(121,302) (16,310)	(121,302) (16,310)	(121,502) (16,310)	(121,302) (16,310)	(121,302) (16,310)	(121,302)	(121,302) (16,310)	(121,302) (16,310)	(121,302)	(1,458,057)
103		(10,404)	(10,000)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(10,010)	(100,000)
104	Tax Expense													
106	Book Tax Expense	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	505,430	6,065,155
107	Deferred Tax Expense	(137,889)	(137,878)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(137,846)	(1,654,229)
108	Current Tax Expense	367,540	367,551	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	367,583	4,410,926
109														
110	Federal ADIT Balance (Prorated where applicable)	(15,031)	(13,768)	(12,359)	(11,016)	(9,628)	(8,284)	(6,896)	(5,508)	(4,164)	(2,776)	(1,433)	(45)	(90,908)
111	State ADIT Balance	(121,512)	(121,509)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(121,502)	(1,458,037)
112	Monthly ADIT Balance (Prorated where applicable)	(136,543)	(135,277)	(133,861)	(132,517)	(131,129)	(129,786)	(128,398)	(127,009)	(125,666)	(124,278)	(122,935)	(121,546)	(1,548,945)
113	Cummulative ADIT Balance	(35,165,554)	(35,300,831)	(35,434,692)	(35,567,209)	(35,698,338)	(35,828,124)	(35,956,521)	(36,083,531)	(36,209,197)	(36,333,475)	(36,456,409)	(36,577,956)	(38,232,184)

CERTIFICATE OF SERVICE

RE: In the Matter of the Petition of Otter Tail Power Company for Approval of an Environmental Cost Recovery Rider Annual Adjustment Docket No. E017/M-16-373

I, Jana Hrdlicka, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf 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 Reply Comments

Dated this 21st day of February, 2017.

/S/ JANA HRDLICKA

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

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Shane	Henriksen	shane.henriksen@enbridge .com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2 Superior, WI 54880	Electronic Service	No	OFF_SL_16-373_16-373

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Gary	Oetken	goetken@agp.com	Ag Processing, Inc.	12700 West Dodge Road P.O. Box 2047 Omaha, NE 681032047	Electronic Service	No	OFF_SL_16-373_16-373
David G.	Prazak	dprazak@otpco.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade S Fergus Falls, MN 565380496	Electronic Service treet	No	OFF_SL_16-373_16-373
Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_16-373_16-373
Cary	Stephenson	cStephenson@otpco.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_16-373_16-373

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Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_16-373_16-373