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October 10, 2013



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

**RE: In the Matter of Otter Tail Power Company's Petition for Approval  
of an Environmental Upgrades Cost Recovery Rider  
MPUC Docket No. E017/M-13-648  
Reply Comments**

Dear Dr. Haar:

Otter Tail Power Company ("Otter Tail") respectfully submits these Reply Comments in response to the Department of Commerce's September 30, 2013 Comments in the above-referenced matter.

Otter Tail has electronically filed this document with the Commission which, in compliance with Minn. Rule 7829.1300, subp. 2, also constitutes service on the Department of Commerce, Division of Energy Resources, and the Office of Attorney General-Residential Utilities Division. A copy of these Reply Comments has been served on all persons on the service list for this Docket. 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@otpc.com](mailto:pbeithon@otpc.com).

Sincerely,

*/S/ PETE BEITHON*  
Pete Beithon  
Manager, Regulatory Recovery

dm  
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 an Environmental  
Upgrades Cost Recovery Rider

Docket No. E017/M-13-648

**OTTER TAIL POWER COMPANY'S  
REPLY TO THE COMMENTS OF  
THE DEPARTMENT OF COMMERCE**

Otter Tail Power Company ("Otter Tail") is filing this Reply to the Department of Commerce's ("Department") September 30, 2013 Comments in the above-captioned matter. Otter Tail agrees with the Department's recommendations and this Reply provides information as requested by the Department regarding the Allowance for Funds Used During Construction ("AFUDC") rate and information to show that Attachment 2 to OTP's Petition (as corrected) reflects the correct OTP revenue requirements. Otter Tail also acknowledges the September 26, 2013 Comments filed by the Minnesota Chamber of Commerce ("MCC") in this matter. Those Comments express the MCC's agreement with the rate design proposed by OTP.

In response to the Department's request, a revised Attachment 2 spreadsheet is attached to this Reply, showing the AFUDC rate applied to the construction work in progress (CWIP) balance for January to September 2013, and the return on average rate base applied starting in October 2013 and through the ECR Rider period.

The revised Attachment 2 spreadsheet also includes corrections identified by Otter Tail that result in a net increase of \$7,461 in Otter Tail's revenue requirements, including a narrative explanation for these corrections. These corrections were discussed in the Department's Comments, and some additional explanation is provided in this Reply for further clarification. For convenience of review, the revised Attachment 2 includes six pages: pages one and two include the corrections and the AFUDC calculations; pages three and four show the AFUDC calculations without the corrections; and pages five and six show the differences between the calculations with the corrected and uncorrected AFUDC. The first correction made in the

revised Attachment 2 is for an error made in the calculation of AFUDC where the project balance included an entry made to the project in the wrong direction (a debit instead of a credit) in March of 2012. The accounting entry was corrected to the project in April of 2012 but not corrected in the fixed assets system which is used to calculate AFUDC. This resulted in too large of an AFUDC balance through June of 2013. The correction results in a reduction to AFUDC rate base at a system level for this project of \$182,793 (or \$92,749 on a Minnesota basis). The revenue requirement impact of this correction is a decrease of \$11,149 on a Minnesota basis. The second correction was made in the forecast months of July through September 2013. The AFUDC for the entire Otter Tail share of the project only included AFUDC for Otter Tail's Minnesota and South Dakota share of the project. For purposes of calculating AFUDC for the project on a Minnesota basis, AFUDC should have been calculated in the tracker at the Otter Tail share of the **total** project before allocating to Minnesota. The impact of this correction is an increase to AFUDC rate base of \$345,047 or \$175,077 on a Minnesota basis. The revenue requirement impact of this correction is \$18,513. The net impact to the rider revenue requirements from these two corrections is a \$7,464 increase to revenue requirements (a difference of \$3 from the amount the Department was provided in an email response).

Given that the net impact of these corrections is so small, Otter Tail requests the rate of 3.958 percent be approved (without change at this time) and that the correction be rolled into the true-up filed with its next annual ECR rate factor filing.

Also attached are the AFUDC calculations, including annual AFUDC rates for 2011 and 2012, and monthly AFUDC rates for the months of January 2013 through September 2013. The AFUDC calculations are in the same format as Otter Tail has supplied in prior dockets. The annual AFUDC calculations (2011 and 2012) are the rate as calculated on the first page for each year. The monthly AFUDC rate used in January through September 2013 is the rate on the second page (highlighted) on the last line labeled Annual AFUDC Rate. Forecasts are used for future months and trued up as each actual month occurs.

## CONCLUSION

Otter Tail requests that its ECRR rate be approved as filed with the correction for the small increase to revenue requirements discussed in this filing rolled into the true-up for next factor update filed for this rider.

Dated: October 10, 2013

Respectfully Submitted,

OTTER TAIL POWER COMPANY

By: /s/ PETER BEITHON

Peter Beithon

Manager, Regulatory Recovery

Otter Tail Power Company

215 S. Cascade Street

Fergus Falls, MN 56537

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**REVISED AND CORRECTED**

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 Projected July	2013 Projected August	2013 Projected September	2013 Projected October	2013 Projected November	2013 Projected December	2013 Projected Total
<b>RATE BASE</b>															
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														
<b>CWIP Calculation</b>															
4	Eligible AFUDC CWIP	19,866,217	18,039,414	18,259,588	19,443,945	23,673,364	24,884,451	27,044,422	32,518,014	39,977,264	48,326,770	54,176,127	60,720,921	69,918,967	75,348,030
5	Additional CWIP		254,905	1,321,829	4,720,242	1,351,072	2,410,661	6,108,524	8,325,028	9,318,613	6,528,269	7,304,421	10,265,653	6,059,184	0
6	Bag House Exclusion	(1,826,803)	(34,730)	(137,473)	(490,823)	(139,985)	(250,691)	(634,931)	(865,778)	(969,108)	(678,912)	(759,628)	(1,067,607)	(630,121)	0
7	Ending Eligible AFUDC CWIP	18,039,414	18,259,588	19,443,945	23,673,364	24,884,451	27,044,422	32,518,014	39,977,264	48,326,770	54,176,127	60,720,921	69,918,967	75,348,030	75,348,030
8	AFUDC	1,172,210	1,085,216	1,198,374	1,315,024	1,448,768	1,585,775	1,731,268	1,905,045	2,141,013	2,432,169	2,767,662	2,767,662	2,767,662	2,767,662
9	Additional AFUDC *(1)		126,293	130,189	149,268	152,910	162,381	193,947	263,358 (3)	324,952 (3)	374,435 (3)	0	0	0	0
10	AFUDC Baghouse Exclusion	(86,994)	(13,135)	(13,540)	(15,524)	(15,903)	(16,888)	(20,171)	(27,390)	(33,796)	(38,942)	0	0	0	0
11	Ending AFUDC	1,085,216	1,198,374	1,315,024	1,448,768	1,585,775	1,731,268	1,905,045	2,141,013	2,432,169	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662
12	AFUDC Rate	(2)	7.58%	7.53%	7.58%	7.01%	6.98%	7.29%	7.45%	7.46%	7.46% (4)				
13	Non-Eligible AFUDC CWIP		710,211	710,211	765,820	890,365	937,967	1,057,584	1,517,801	2,508,841	3,131,603	3,579,566	4,013,144	2,384,896	2,589,865
14	Additional Non-Eligible AFUDC CWIP		0	55,609	124,545	47,602	119,616	460,217	991,040	622,762	447,963	433,578	(1,628,248)	204,969	0
15	Ending Non-Eligible AFUDC CWIP	710,211	710,211	765,820	890,365	937,967	1,057,584	1,517,801	2,508,841	3,131,603	3,579,566	4,013,144	2,384,896	2,589,865	2,589,865
16	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Ending Rate Base	19,914,091	20,168,174	21,524,789	26,012,497	27,408,193	29,833,273	35,940,860	44,627,118	53,890,541	60,523,355	67,501,726	75,071,524	80,705,557	80,705,557
18	Average Rate Base		3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	43,317,054
19	Return on Rate Base											310,826	310,826	310,826	932,478
20	Available for Return (equity portion of rate base)											200,500	200,500	200,500	601,501
<b>EXPENSES</b>															
21	O&M and Depreciation											0	0	0	0
22	Operating Costs											0	0	0	0
23	Property Tax											0	0	0	0
24	Book Depreciation											0	0	0	0
25	Total O&M and Depreciation Expense											0	0	0	0
26	Income before Taxes														
27	Available for Return (from above)											200,500	200,500	200,500	601,501
28	Taxable Income (grossed up)	1.7056										341,976	341,976	341,976	1,025,927
29	Income Taxes														
30	Current and Def Income Taxes	41.37%										141,475	141,475	141,475	424,426
31	Total Income Tax Expense											141,475	141,475	141,475	424,426
<b>REVENUE REQUIREMENTS</b>															
32	Expenses											141,475	141,475	141,475	424,426
33	Return on Rate Base											310,826	310,826	310,826	932,478
34	Subtotal Revenue Requirements											452,301	452,301	452,301	1,356,904
35	Adjustments														
36	Total Revenue Requirements											452,301	452,301	452,301	1,356,904
37	Base Demand Factor	75.29%										340,515	340,515	340,515	1,021,546
38	Peak Demand Factor	24.71%										111,786	111,786	111,786	335,358
39	Minnesota share - E1 factor	51.5408%										175,504	175,504	175,504	526,513
40	Minnesota share - D1 factor	48.3009%										53,994	53,994	53,994	161,981
41	Minnesota Revenue Requirements											229,498	229,498	229,498	688,494

\*(1) AFUDC is calculated using cumulative CWIP and AFUDC plus 50% current month spend  
 \*(2) 2011 Annual AFUDC Rate 6.46%, 2012 Annual AFUDC Rate 7.92%  
 \*(3) July, August and September AFUDC includes only MN and SD portion of AFUDC. This will be corrected in a future filing  
 \*(4) used same rate as August, Sept actual forecast

**REVISED AND CORRECTED**

Line No.	Year>>	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	
		Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Projected Total	
<b>RATE BASE</b>															
1		0	0	0	0	0	0	0	0	0	0	0	0	0	
2		0	0	0	0	0	0	0	0	0	0	0	0	0	
3		0	0	0	0	0	0	0	0	0	0	0	0	0	
4		<b>CWIP Calculation</b>													
5		75,348,030	81,338,099	87,548,421	92,869,228	98,415,370	103,587,388	109,521,412	115,212,272	120,624,775	126,435,550	131,467,079	135,966,783	140,064,662	
6		6,685,313	6,931,133	5,938,367	6,189,858	5,772,302	6,622,764	6,351,373	6,040,702	6,485,208	5,615,506	5,021,956	4,573,484	0	
7		(695,244)	(720,810)	(617,561)	(643,716)	(600,284)	(688,739)	(660,514)	(628,198)	(674,433)	(583,977)	(522,252)	(475,605)	0	
8		81,338,099	87,548,421	92,869,228	98,415,370	103,587,388	109,521,412	115,212,272	120,624,775	126,435,550	131,467,079	135,966,783	140,064,662	140,064,662	
9															
10		2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	
11		0	0	0	0	0	0	0	0	0	0	0	0	0	
12		0	0	0	0	0	0	0	0	0	0	0	0	0	
13		2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	2,767,662	
14															
15															
16		2,589,865	2,895,778	2,612,878	2,566,460	2,776,707	2,990,954	3,220,165	3,459,730	3,674,782	3,839,564	4,024,894	4,203,518	4,294,737	
17		305,913	(282,900)	(46,418)	210,247	214,247	229,211	239,565	215,052	164,782	185,330	178,624	91,219	0	
18		2,895,778	2,612,878	2,566,460	2,776,707	2,990,954	3,220,165	3,459,730	3,674,782	3,839,564	4,024,894	4,203,518	4,294,737	4,294,737	
19		0	0	0	0	0	0	0	0	0	0	0	0	0	
20		87,001,538	92,928,961	98,203,350	103,959,739	109,346,003	115,509,239	121,438,663	127,067,219	133,042,776	138,259,635	142,937,963	147,127,061	147,127,061	
21															
22		9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	9,599,543	115,194,516	
23															
24		826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	9,919,077	
25															
26		533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	6,398,371	
27															
28		<b>EXPENSES</b>													
29		<b>O&amp;M and Depreciation</b>													
30		0	0	0	0	0	0	0	0	0	0	0	0	0	
31		0	0	0	0	0	0	0	0	0	0	0	0	0	
32		0	0	0	0	0	0	0	0	0	0	0	0	0	
33		0	0	0	0	0	0	0	0	0	0	0	0	0	
34															
35															
36		533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	533,198	6,398,371	
37	1.7056	909,428	909,428	909,428	909,428	909,428	909,428	909,428	909,428	909,428	909,428	909,428	909,428	10,913,135	
38															
39															
40	41.37%	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	4,514,764	
41		376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	4,514,764	
42															
43															
44		<b>REVENUE REQUIREMENTS</b>													
45		376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	376,230	4,514,764	
46		826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	826,590	9,919,077	
47		1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	14,433,841	
48															
49		1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	1,202,820	14,433,841	
50															
51	75.29%	905,544	905,544	905,544	905,544	905,544	905,544	905,544	905,544	905,544	905,544	905,544	905,544	10,866,527	
52	24.71%	297,276	297,276	297,276	297,276	297,276	297,276	297,276	297,276	297,276	297,276	297,276	297,276	3,567,314	
53															
54	51.5408%	466,725	466,725	466,725	466,725	466,725	466,725	466,725	466,725	466,725	466,725	466,725	466,725	5,600,696	
55	48.3009%	143,587	143,587	143,587	143,587	143,587	143,587	143,587	143,587	143,587	143,587	143,587	143,587	1,723,045	
56															
57		610,312	610,312	610,312	610,312	610,312	610,312	610,312	610,312	610,312	610,312	610,312	610,312	7,323,740	
										<b>Revenue Requirements Oct 2013 - Sept 2014</b>					
										<b>\$6,181,299</b>					

\*(1) AFUDC is calculated using cumulative  
 CWIP and AFUDC plus 50% current month spend  
 \*(2) 2011 Annual AFUDC Rate 6.46%,  
 2012 Annual AFUDC Rate 7.92%  
 \*(3) July, August and September AFUDC includes only  
 MN and SD portion of AFUDC. This will be corrected  
 in a future filing  
 \*(4) used same rate as August, Sept actual forecast

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker Attachment 2 Uncorrected numbers with AFUDC rate applied to CWIP balance for January to September 2013,  
return on average rate base applied starting in October 2013 through the ECR period and Revenue Requirements calculations removed from Jan - Sep 2013  
MN PUC Docket No. E017/M-13-648

**REVISED BUT UNCORRECTED**

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 Projected July	2013 Projected August	2013 Projected September	2013 Projected October	2013 Projected November	2013 Projected December	2013 Projected Total
<b>RATE BASE</b>															
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
<b>CWIP Calculation</b>															
4	Eligible AFUDC CWIP	19,866,217	18,039,414	18,259,588	19,443,945	23,673,364	24,884,451	27,044,422	32,518,014	39,977,264	48,326,770	54,176,127	60,720,921	69,918,967	75,348,030
6	Additional CWIP		254,905	1,321,829	4,720,242	1,351,072	2,410,661	6,108,524	8,325,028	9,318,613	6,528,269	7,304,421	10,265,653	6,059,184	0
7	Bag House Exclusion	(1,826,803)	(34,730)	(137,473)	(490,823)	(139,985)	(250,691)	(634,931)	(865,778)	(969,108)	(678,912)	(759,628)	(1,067,607)	(630,121)	0
8	Ending Eligible AFUDC CWIP	18,039,414	18,259,588	19,443,945	23,673,364	24,884,451	27,044,422	32,518,014	39,977,264	48,326,770	54,176,127	60,720,921	69,918,967	75,348,030	75,348,030
10	AFUDC	1,260,304	1,164,466	1,293,785	1,426,366	1,576,673	1,729,121	1,890,561	2,084,879	2,227,446	2,403,126	2,605,408	2,605,408	2,605,408	2,605,408
11	Additional AFUDC *(1)		142,427	146,113	165,887	168,443	178,485	215,078	158,015 (3)	194,971 (3)	224,661 (3)	0	0	0	0
12	AFUDC Baghouse Exclusion	(95,838)	(13,107)	(13,532)	(15,580)	(15,995)	(17,045)	(20,759)	(15,448)	(19,291)	(22,379)	0	0	0	0
13	Ending AFUDC	1,164,466	1,293,785	1,426,366	1,576,673	1,729,121	1,890,561	2,084,879	2,227,446	2,403,126	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408
14	AFUDC Rate	(2)	7.58%	7.53%	7.58%	7.01%	6.98%	7.29%	7.45%	7.46%	7.46%				
16	Non-Eligible AFUDC CWIP		710,211	710,211	765,820	890,365	937,967	1,057,584	1,517,801	2,508,841	3,131,603	3,579,566	4,013,144	2,384,896	2,589,865
17	Additional Non-Eligible AFUDC		0	55,609	124,545	47,602	119,616	460,217	991,040	622,762	447,963	433,578	(1,628,248)	204,969	0
18	Ending Non-Eligible AFUDC	710,211	710,211	765,820	890,365	937,967	1,057,584	1,517,801	2,508,841	3,131,603	3,579,566	4,013,144	2,384,896	2,589,865	2,589,865
19	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Ending Rate Base	19,914,091	20,263,585	21,636,131	26,140,402	27,551,539	29,992,566	36,120,694	44,713,551	53,861,498	60,361,101	67,339,472	74,909,270	80,543,303	80,543,303
22	Average Rate Base											3,611,200	3,611,200	3,611,200	43,334,400
24	Return on Rate Base											310,950	310,950	310,950	3,731,404
26	Available for Return (equity portion of rate base)											200,581	200,581	200,581	2,406,968
<b>EXPENSES</b>															
29	O&M and Depreciation														
30	Operating Costs											0	0	0	0
31	Property Tax											0	0	0	0
32	Book Depreciation											0	0	0	0
33	Total O&M and Depreciation Expense											0	0	0	0
35	Income before Taxes														
36	Available for Return (from above)											200,581	200,581	200,581	2,406,968
37	Taxable Income (grossed up)	1,7056										342,113	342,113	342,113	4,105,353
39	Income Taxes														
40	Current and Def Income Taxes	41.37%										141,532	141,532	141,532	1,698,385
41	Total Income Tax Expense											141,532	141,532	141,532	1,698,385
<b>REVENUE REQUIREMENTS</b>															
45	Expenses											141,532	141,532	141,532	1,698,385
46	Return on Rate Base											310,950	310,950	310,950	3,731,404
47	Subtotal Revenue Requirements											452,482	452,482	452,482	5,429,788
48	Adjustments														
49	Total Revenue Requirements											452,482	452,482	452,482	5,429,788
51	Base Demand Factor	75.29%										340,652	340,652	340,652	4,087,820
52	Peak Demand Factor	24.71%										111,831	111,831	111,831	1,341,969
54	Minnesota share - E1 factor	51.5408%										175,575	175,575	175,575	2,106,895
55	Minnesota share - D1 factor	48.3009%										54,015	54,015	54,015	648,183
57	Minnesota Revenue Requirements											229,590	229,590	229,590	2,755,078

\*(1) AFUDC is calculated using cumulative CWIP and AFUDC plus 50% current month spend  
\*(2) 2011 Annual AFUDC Rate 6.46%, 2012 Annual AFUDC Rate 7.92%  
\*(3) July, August and September AFUDC includes only MN and SD portion of AFUDC. This will be corrected in a future filing  
\*(4) used same rate as August, Sept actual forecast

Otter Tail Power Company  
Environmental Cost Recovery Rider Tracker Attachment 2 Uncorrected numbers with AFUDC rate applied to CWIP balance for January to September 2013,  
return on average rate base applied starting in October 2013 through the ECR period and Revenue Requirements calculations removed from Jan - Sep 2013  
MN PUC Docket No. E017/M-13-648

**REVISED BUT UNCORRECTED**

Line No.	Year>>	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	
		Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Projected Total	
<b>RATE BASE</b>															
1		0	0	0	0	0	0	0	0	0	0	0	0	0	
2		0	0	0	0	0	0	0	0	0	0	0	0	0	
3		0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>CWIP Calculation</b>															
4															
5		75,348,030	81,338,099	87,548,421	92,869,228	98,415,370	103,587,388	109,521,412	115,212,272	120,624,775	126,435,550	131,467,079	135,966,783	140,064,662	
6		6,685,313	6,931,133	5,938,367	6,189,858	5,772,302	6,622,764	6,351,373	6,040,702	6,485,208	5,615,506	5,021,956	4,573,484	0	
7		(695,244)	(720,810)	(617,561)	(643,716)	(600,284)	(688,739)	(660,514)	(628,198)	(674,433)	(583,977)	(522,252)	(475,605)	0	
8		81,338,099	87,548,421	92,869,228	98,415,370	103,587,388	109,521,412	115,212,272	120,624,775	126,435,550	131,467,079	135,966,783	140,064,662	140,064,662	
9															
10		2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	
11		0	0	0	0	0	0	0	0	0	0	0	0	0	
12		0	0	0	0	0	0	0	0	0	0	0	0	0	
13		2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	2,605,408	
14															
15															
16		2,589,865	2,895,778	2,612,878	2,566,460	2,776,707	2,990,954	3,220,165	3,459,730	3,674,782	3,839,564	4,024,894	4,203,518	4,294,737	
17		305,913	(282,900)	(46,418)	210,247	214,247	229,211	239,565	215,052	164,782	185,330	178,624	91,219	0	
18		2,895,778	2,612,878	2,566,460	2,776,707	2,990,954	3,220,165	3,459,730	3,674,782	3,839,564	4,024,894	4,203,518	4,294,737	4,294,737	
19		0	0	0	0	0	0	0	0	0	0	0	0	0	
20		86,839,284	92,766,707	98,041,096	103,797,485	109,183,749	115,346,985	121,277,409	126,904,965	132,880,522	138,097,381	142,775,709	146,964,807	146,964,807	
21															
22		9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	9,586,022	115,032,262	
23															
24		825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	9,905,106	
25															
26		532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	6,389,359	
27															
<b>EXPENSES</b>															
<i>O&amp;M and Depreciation</i>															
29															
30		0	0	0	0	0	0	0	0	0	0	0	0	0	
31		0	0	0	0	0	0	0	0	0	0	0	0	0	
32		0	0	0	0	0	0	0	0	0	0	0	0	0	
33		0	0	0	0	0	0	0	0	0	0	0	0	0	
34															
35															
36		532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	532,447	6,389,359	
37	1.7056	908,147	908,147	908,147	908,147	908,147	908,147	908,147	908,147	908,147	908,147	908,147	908,147	10,897,763	
38															
39															
40	41.37%	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	4,508,405	
41		375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	4,508,405	
42															
43															
<b>REVENUE REQUIREMENTS</b>															
45		375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	375,700	4,508,405	
46		825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	825,425	9,905,106	
47		1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	14,413,510	
48															
49		1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	1,201,126	14,413,510	
50															
51	75.29%	904,268	904,268	904,268	904,268	904,268	904,268	904,268	904,268	904,268	904,268	904,268	904,268	10,851,221	
52	24.71%	296,857	296,857	296,857	296,857	296,857	296,857	296,857	296,857	296,857	296,857	296,857	296,857	3,562,289	
53															
54	51.5408%	466,067	466,067	466,067	466,067	466,067	466,067	466,067	466,067	466,067	466,067	466,067	466,067	5,592,807	
55	48.3009%	143,385	143,385	143,385	143,385	143,385	143,385	143,385	143,385	143,385	143,385	143,385	143,385	1,720,618	
56															
57		609,452	609,452	609,452	609,452	609,452	609,452	609,452	609,452	609,452	609,452	609,452	609,452	7,313,425	
										<b>Revenue Requirements Oct 2013 - Sept 2014</b>					
										<b>\$6,173,838</b>					

\*(1) AFUDC is calculated using cumulative  
CWIP and AFUDC plus 50% current month spend  
\*(2) 2011 Annual AFUDC Rate 6.46%,  
2012 Annual AFUDC Rate 7.92%  
\*(3) July, August and September AFUDC includes only  
MN and SD portion of AFUDC. This will be corrected  
in a future filing  
\*(4) used same rate as August, Sept actual forecast



Differences Between Revised Uncorrected and Corrected

LineNo.	Year>>	2012 Actual Total	2013 Actual January	2013 Actual February	2013 Actual March	2013 Actual April	2013 Actual May	2013 Actual June	2013 Projected July	2013 Projected August	2013 Projected September	2013 Projected October	2013 Projected November	2013 Projected December	2013 Projected Total
<b>RATE BASE</b>															
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
<b>CWIP Calculation</b>															
4	Eligible AFUDC CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Additional CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Bag House Exclusion	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Ending Eligible AFUDC CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8															
9															
10	AFUDC	(88,094)	(79,250)	(95,411)	(111,342)	(127,905)	(143,346)	(159,292)	(179,834)	(86,433)	0	29,043	162,254	162,254	162,254
11	Additional AFUDC *(1)	0	(16,133)	(15,923)	(16,618)	(15,534)	(16,103)	(21,131)	105,343 (3)	129,981 (3)	149,774 (3)	0	0	0	0
12	AFUDC Baghouse Exclusion	8,844	(27)	(8)	56	92	157	589	(11,942)	(14,504)	(16,563)	0	0	0	0
13	Ending AFUDC	(79,250)	(95,411)	(111,342)	(127,905)	(143,346)	(159,292)	(179,834)	(86,433)	29,043	162,254	162,254	162,254	162,254	162,254
14	AFUDC Rate	(2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15															
16	Non-Eligible AFUDC CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Additional Non-Eligible AFUDC CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Ending Non-Eligible AFUDC CWIP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Accumulated Deferred Income Taxes Federal & State	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Ending Rate Base	0	(95,411)	(111,342)	(127,905)	(143,346)	(159,292)	(179,834)	(86,433)	29,043	162,254	162,254	162,254	162,254	162,254
21															
22	Average Rate Base		3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	3,609,754	(1,446)	(1,446)	(1,446)	(17,346)
23															
24	Return on Rate Base											(124)	(124)	(124)	(2,798,926)
25															
26	Available for Return (equity portion of rate base)											(80)	(80)	(80)	(1,805,467)
27															
<b>EXPENSES</b>															
28															
29	O&M and Depreciation														
30	Operating Costs											0	0	0	0
31	Property Tax											0	0	0	0
32	Book Depreciation											0	0	0	0
33	Total O&M and Depreciation Expense											0	0	0	0
34															
35	Income before Taxes														
36	Available for Return (from above)											(80)	(80)	(80)	(1,805,467)
37	Taxable Income (grossed up)	1.7056										(137)	(137)	(137)	(3,079,426)
38															
39	Income Taxes														
40	Current and Def Income Taxes	41.37%										(57)	(57)	(57)	(1,273,958)
41	Total Income Tax Expense											(57)	(57)	(57)	(1,273,958)
42															
43															
<b>REVENUE REQUIREMENTS</b>															
44															
45	Expenses											(57)	(57)	(57)	(1,273,958)
46	Return on Rate Base											(124)	(124)	(124)	(2,798,926)
47	Subtotal Revenue Requirements											(181)	(181)	(181)	(4,072,885)
48	Adjustments														
49	Total Revenue Requirements											(181)	(181)	(181)	(4,072,885)
50															
51	Base Demand Factor	75.29%										(136)	(136)	(136)	(3,066,274)
52	Peak Demand Factor	24.71%										(45)	(45)	(45)	(1,006,611)
53															
54	Minnesota share - E1 factor	51.5408%										(70)	(70)	(70)	(1,580,382)
55	Minnesota share - D1 factor	48.3009%										(22)	(22)	(22)	(486,202)
56															
57	Minnesota Revenue Requirements											(92)	(92)	(92)	(2,066,584)

\*(1) AFUDC is calculated using cumulative CWIP and AFUDC plus 50% current month spend  
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\*(4) used same rate as August, Sept actual forecast

Differences Between Revised Uncorrected and Corrected

LineNo.	Year>>	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
		Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Projected Total
<b>RATE BASE</b>														
1		0	0	0	0	0	0	0	0	0	0	0	0	0
2		0	0	0	0	0	0	0	0	0	0	0	0	0
3		0	0	0	0	0	0	0	0	0	0	0	0	0
4		<b>CWIP Calculation</b>												
5		0	0	0	0	0	0	0	0	0	0	0	0	0
6		0	0	0	0	0	0	0	0	0	0	0	0	0
7		0	0	0	0	0	0	0	0	0	0	0	0	0
8		0	0	0	0	0	0	0	0	0	0	0	0	0
9														
10		162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254
11		0	0	0	0	0	0	0	0	0	0	0	0	0
12		0	0	0	0	0	0	0	0	0	0	0	0	0
13		162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254
14														
15														
16		0	0	0	0	0	0	0	0	0	0	0	0	0
17		0	0	0	0	0	0	0	0	0	0	0	0	0
18		0	0	0	0	0	0	0	0	0	0	0	0	0
19		0	0	0	0	0	0	0	0	0	0	0	0	0
20		162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254	162,254
21														
22		13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	13,521	162,254
23														
24		1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	13,971
25														
26		751	751	751	751	751	751	751	751	751	751	751	751	9,012
27														
28		<b>EXPENSES</b>												
29		<i>O&amp;M and Depreciation</i>												
30		0	0	0	0	0	0	0	0	0	0	0	0	0
31		0	0	0	0	0	0	0	0	0	0	0	0	0
32		0	0	0	0	0	0	0	0	0	0	0	0	0
33		0	0	0	0	0	0	0	0	0	0	0	0	0
34														
35		<i>Income before Taxes</i>												
36		751	751	751	751	751	751	751	751	751	751	751	751	9,012
37	1.7056	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	15,371
38														
39		<i>Income Taxes</i>												
40	41.37%	530	530	530	530	530	530	530	530	530	530	530	530	6,359
41		530	530	530	530	530	530	530	530	530	530	530	530	6,359
42														
43														
44		<b>REVENUE REQUIREMENTS</b>												
45		530	530	530	530	530	530	530	530	530	530	530	530	6,359
46		1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	13,971
47		1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	20,330
48														
49		1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	20,330
50														
51	75.29%	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	15,306
52	24.71%	419	419	419	419	419	419	419	419	419	419	419	419	5,025
53														
54	51.5408%	657	657	657	657	657	657	657	657	657	657	657	657	7,889
55	48.3009%	202	202	202	202	202	202	202	202	202	202	202	202	2,427
56														
57		860	860	860	860	860	860	860	860	860	860	860	860	10,316
										<b>Rider period of Oct-Sep total impact</b>				
										<b>7,461</b>				

\*(1) AFUDC is calculated using cumulative CWIP and AFUDC plus 50% current month spend  
\*(2) 2011 Annual AFUDC Rate 6.46%, 2012 Annual AFUDC Rate 7.92%  
\*(3) July, August and September AFUDC includes only MN and SD portion of AFUDC. This will be corrected in a future filing  
\*(4) used same rate as August, Sept actual forecast

**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% x	0.33 =	0.50% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year "D"	\$ 296,215	46.84%	xd 6.35% x	0.67 =	1.99% (C)		
Preferred Stock Beginning of Year "P"	-	0.00%	xp 0.00% x	0.67 =	0.00% (D)		
Common Equity Beginning of Year "C"	<u>336,246</u>	<u>53.16%</u>	xc 10.57% x	0.67 =	<u>3.76%</u> (D)		
Total Capitalization	\$ <u>632,461</u>	<u>100.0%</u>					
AFUDC Rate:					<u>6.25%</u> (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)	<u>Ratio</u>	
AFUDC Debt				sum of (C)	2.70%	42%	
AFUDC Equity				sum of (D)	<u>3.76%</u>	<u>58%</u>	
					<u>6.46%</u>	<u>100%</u>	
Average of 13 monthly balances:							
Account 107 CWIP	\$ 48,651				AFUDC Actually Capitalized \$		
Account 120.1	-				AFUDC Amount by Order 561		
Total "W"	\$ <u>48,651</u>				Difference	\$	

Formulas:

Semi-annual compounding =  $(6.25 \div 2) + ((100 + (6.25 \div 2)) \times .0625) \div 2 = 6.35\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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	Daily Cum.		Days Paid	Rate
			Balance	Debt		
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)

2010		Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC
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			Revised Would Be			
		Equity	Debt	Total	Equity	Debt	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)	\$ (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)	\$ (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	\$ 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)	\$ (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)	\$ (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)	\$ (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)	\$ (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	\$ 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)	\$ (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)	\$ (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)	\$ (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)	Capitali- zation Ratio (2)	Cost Rates (3)	$S \div W$ (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"	\$ <u>4,593</u>		s 1.94% x	0.07083 =	0.14% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year"D"	\$ 335,695,000	49.72%	xd 5.67% x	0.92917 =	2.62% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp 0.00% x	0.92917 =	0.00% (D)		
Common Equity Beginning of Year"C"	<u>339,440,594</u>	<u>50.28%</u>	xc 10.75% x	0.92917 =	<u>5.02%</u> (D)		
Total Capitalization	<u>\$ 675,135,594</u>	<u>100.0%</u>					
AFUDC Rate:					<u>7.77%</u> (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)	<u>Ratio</u>	
AFUDC Debt				sum of (C)	2.90%	37%	
AFUDC Equity				sum of (D)	<u>5.02%</u>	<u>63%</u>	
					<u>7.92%</u>	<u>100%</u>	
Average of 13 monthly balances:							
Account 107 CWIP	\$ 64,843				AFUDC Actually Capitalized \$		
Account 120.1	-				AFUDC Amount by Order 561		
Total "W"	<u>\$ 64,843</u>				Difference	\$	

Formulas:

Semi-annual compounding =  $(7.77 \div 2) + ((100 + (7.77 \div 2)) \times 0.0777) \div 2 = 7.92\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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%

<b>Projected 13 Month Average Balance for CWIP - 2012</b>	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
	<u>\$ 25,771,921</u>	<u>\$ -</u>	<u>\$ 842,953,149</u>			

13 Month Average Balance for CWIP	\$ 64,842,550	S/W= 0.07
		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
<b>Total</b>	<b>7.78%</b>	<b>7.93%</b>	<b>7.93%</b>	

**Year-to-date AFUDC loaded CWIP - 2012**

Month	Avg. Balance	Was			Revised Would Be		
		Equity	Debt	Total	Equity	Debt	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%			

Month	Actual	before AQCS ND portion	Actual	before AQCS ND portion	Actual	before AQCS ND portion
Jan	actual \$ 19,643,593	\$ 79,139	\$ 50,637	\$ 129,776	\$ 82,176	\$ 47,472
Feb	actual \$ 15,936,443	\$ 19,901	\$ 12,776	\$ 32,677	\$ 66,667	\$ 38,513
Mar	actual \$ 14,630,443	\$ 62,822	\$ 33,754	\$ 96,576	\$ 61,204	\$ 35,357
Apr	actual \$ 16,005,937	\$ 67,134	\$ 36,718	\$ 103,852	\$ 66,958	\$ 38,681
May	actual \$ 17,855,246	\$ 79,146	\$ 48,655	\$ 127,801	\$ 74,694	\$ 43,150
Jun	actual \$ 15,418,773	\$ 70,001	\$ 42,524	\$ 112,525	\$ 64,502	\$ 37,262
Jul	actual \$ 16,824,943	\$ 61,253	\$ 36,327	\$ 97,580	\$ 70,384	\$ 40,660
Aug	actual \$ 17,057,531	\$ 58,345	\$ 33,601	\$ 91,945	\$ 71,357	\$ 41,222
Sep	actual \$ 17,921,205	\$ 62,472	\$ 39,184	\$ 101,656	\$ 74,970	\$ 43,310
Oct	actual \$ 20,089,691	\$ 106,078	\$ 57,431	\$ 163,509	\$ 84,042	\$ 48,550
Nov	actual \$ 20,964,978	\$ 109,538	\$ 59,725	\$ 169,263	\$ 87,703	\$ 50,665

Month	Actual	before AQCS ND portion	Actual	before AQCS ND portion	Actual	before AQCS ND portion
Jan-Nov	actual \$ 225,045,519	\$ 1,209,807	\$ 698,050	\$ 1,907,856	\$ 1,216,557	\$ 703,241
Dec	actual \$ 32,696,735	\$ 158,862	\$ 87,337	\$ 246,199	\$ 136,781	\$ 79,017
<b>Totals</b>	<b>\$ 257,742,254</b>	<b>\$ 1,368,669</b>	<b>\$ 785,387</b>	<b>\$ 2,154,055</b>	<b>\$ 1,353,338</b>	<b>\$ 782,258</b>

On Income Statement	1,167,824	656,067
Difference is prior period AFUDC	41,983	41,983
Adjustments Needed:	\$ 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%

Total current year AFUDC, not including adjustments	Actual Rate Achieved	Forecasted Rate
	\$ 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**

**Year - 2013  
Month - January**

	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 2.17%	0.13796	= 0.30% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year "D"	\$ 335,635,000	48.02%	xd 5.67%	0.86204	= 2.35% (C)		
Preferred Stock Beginning of Year "P"	-	0.00%	xp 0.00%	0.86204	= 0.00% (D)		
Common Equity Beginning of Year "C"	363,242,478	51.98%	xc 10.75%	0.86204	= 4.82% (D)		
Total Capitalization	\$ 698,877,478	100.0%					
AFUDC Rate:					7.46% (B)		
Compounded on semi-annual basis					7.60%		
Maximum (+.25%)					7.85%		
RATE TO USE					7.60% (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)	2.78%	37%	
AFUDC Equity				sum of (D)	4.82%	63%	
					7.60%	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 =  $(7.46 \div 2) + ((100 + (7.46 \div 2)) \times .0746) \div 2 = 7.60\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - January	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
December		0					
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	1.72%		
Nov	Forecast	30 61,165,921	\$ 1,834,977,630	\$ 100,546.72	2.00%		
Dec	Forecast	31 -	\$ -	\$ -	0.00%		
13 Month Average		18248890.77	\$ 7,229,696,520	\$ 396,147.75			
Weighted Average Short-Term Debt Balance						\$ 18,248,891	not used
Weighed Average Cost of Debt 365 day/yr						2.17%	
Weighed Average Cost of Debt 360 day/yr						2.14%	

Projected 13 Month Average Balance for CWIP - 2013				Monthly Estimated CWIP not subject to AFUDC \$ (not including CAPX 2020 projects)			Construction projects not subject to AFUDC
	Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	
2012							
December	Actual		\$ 73,019,155				
2013							
January	Forecast	\$ 6,779,283	\$ -	79,798,438	34.8%	\$ 51,992,868	\$ 51,992,868
February	Forecast	\$ 8,141,362	-	87,939,800	33.3%	58,615,252	58,615,252
March	Forecast	\$ 7,702,904	-	95,642,704	34.0%	63,084,675	63,084,675
April	Forecast	\$ 13,359,564	-	109,002,268	34.2%	71,686,799	71,686,799
May	Forecast	\$ 14,400,327	-	123,402,595	35.0%	80,153,890	80,153,890
June	Forecast	\$ 8,657,233	-	132,059,828	36.5%	83,827,702	83,827,702
July	Forecast	\$ 14,873,953	-	146,933,781	36.0%	93,968,543	93,968,543
August	Forecast	\$ 10,952,930	-	157,886,711	37.3%	98,917,992	98,917,992
September	Forecast	\$ 12,175,799	-	170,062,510	37.7%	105,943,442	105,943,442
October	Forecast	\$ 14,231,462	-	184,293,972	37.5%	115,161,624	115,161,624
November	Forecast	\$ 14,033,438	-	198,327,410	37.4%	124,104,632	124,104,632
December	Forecast	\$ (37,103,981)	-	161,223,429	43.0%	91,968,759	91,968,759
		\$ 88,204,274	\$ -	\$ 1,719,592,601			
13 Month Average Balance for CWIP				\$ 132,276,354	S/W= 0.14 1-S/W= 0.86		
				<u>Compounded</u>	<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.65%		0.14%	2.79%	0.37	
AFUDC Equity =		4.82%		0.00%	4.82%	0.63	
Total		7.47%	7.61%		7.61%		

Year-to-date AFUDC loaded CWIP - 2013									
Month	Avg. Balance	Was			Revised Would Be				
		Equity	Debt	Total	Equity	Debt	Total		
Jan		4.82%	2.78%	7.6000%	4.82%	2.78%	7.60%		
Feb		4.82%	2.78%	7.6000%					
Mar		4.82%	2.78%	7.6000%					
Apr		4.82%	2.78%	7.6000%					
May		4.82%	2.78%	7.6000%					
Jun		4.82%	2.78%	7.6000%					
Jul		4.82%	2.78%	7.6000%					
Aug		4.82%	2.78%	7.6000%					
Sept		4.82%	2.78%	7.6000%					
Oct		4.82%	2.78%	7.6000%					
Nov		4.82%	2.78%	7.6000%					
Dec		4.82%	2.78%	7.6000%					
Jan	forecast	\$ 27,805,570	\$ 111,686	\$ 64,416	\$ 176,102	\$ 111,686	\$ 64,416	\$ 176,102	
Feb	forecast	\$ 29,324,548	\$ 117,787	\$ 67,935	\$ 185,722	\$ 117,787	\$ 67,935	\$ 185,722	
Mar	forecast	\$ 32,558,029	\$ 130,775	\$ 75,426	\$ 206,201	\$ 130,775	\$ 75,426	\$ 206,201	
Apr	forecast	\$ 37,315,469	\$ 149,884	\$ 86,448	\$ 236,331	\$ 149,884	\$ 86,448	\$ 236,331	
May	forecast	\$ 43,248,705	\$ 173,716	\$ 100,193	\$ 273,908	\$ 173,716	\$ 100,193	\$ 273,908	
Jun	forecast	\$ 48,232,126	\$ 193,732	\$ 111,738	\$ 305,470	\$ 193,732	\$ 111,738	\$ 305,470	
Jul	forecast	\$ 52,965,238	\$ 212,744	\$ 122,703	\$ 335,447	\$ 212,744	\$ 122,703	\$ 335,447	
Aug	forecast	\$ 58,968,719	\$ 236,858	\$ 136,611	\$ 373,469	\$ 236,858	\$ 136,611	\$ 373,469	
Sep	forecast	\$ 64,119,068	\$ 257,545	\$ 148,543	\$ 406,087	\$ 257,545	\$ 148,543	\$ 406,087	
Oct	forecast	\$ 69,132,348	\$ 277,682	\$ 160,157	\$ 437,838	\$ 277,682	\$ 160,157	\$ 437,838	
Nov	forecast	\$ 74,222,778	\$ 298,128	\$ 171,949	\$ 470,078	\$ 298,128	\$ 171,949	\$ 470,078	
Dec	forecast	\$ 69,254,670	\$ 278,173	\$ 160,440	\$ 438,613	\$ 278,173	\$ 160,440	\$ 438,613	
Totals		\$ 607,147,268	\$ 2,438,708	\$ 1,406,558	\$ 3,845,266	\$ 2,438,708	\$ 1,406,558	\$ 3,845,266	
Adjustments Needed:									
\$ (0) \$ 0 \$ 0									
Annual CWIP balance to which AFUDC is applied				\$ 50,529,120.11					
Annual percent of CWIP balance to which AFUDC is applied				38.20%					
Total current year AFUDC, not including adjustments									
		\$ 2,438,708	\$ 1,406,558	\$ 3,845,266	\$ 2,438,708	\$ 1,406,558	\$ 3,845,266		
Annual AFUDC rate		4.82%	2.78%	7.60%	4.82%	2.78%	7.60%		



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

**Year - 2013  
Month - February**

	Amount <u>(000.s)</u> (1)	Capitali- zation Ratio (2)		Cost Rates (3)	<u>S ÷ W</u> (4)		Weighted Cost Rates for Gross AFUDC Rate (5)	Net-of-Tax Factor <u>(1- )</u> (6)	Weighted Cost Rates for Net-of- Tax Rates (7)
Weighted Average Short-term Debt Balance "S"	\$ 19,007		s	2.14% x	0.14375 =		0.31% (C)		
					<u>1-(S/W)</u>				
Long-Term Debt Beginning of Year"D"	\$ 335,635,000	48.02%	xd	5.67% x	0.85625 =		2.33% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp	0.00% x	0.85625 =		0.00% (D)		
Common Equity Beginning of Year"C"	<u>363,342,478</u>	<u>51.98%</u>	xc	10.75% x	0.85625 =		<u>4.78%</u> (D)		
Total Capitalization	<u>\$ 698,977,478</u>	<u>100.0%</u>							
AFUDC Rate:							<u>7.41%</u> (B)		
Compounded on semi-annual basis							7.55%		
Maximum (+.25%)							7.80%		
RATE TO USE							7.55% (A)		
Margin to apply to equity "other" portion							0.00% (D)		
Margin to apply to debt "borrowed" portion							(A) - (B) 0.14% (C)	<u>Ratio</u>	
AFUDC Debt							sum of (C) 2.77%	37%	
AFUDC Equity							sum of (D) <u>4.78%</u>	<u>63%</u>	
							<u>7.55%</u>	<u>100%</u>	
Average of 13 monthly balances:									
Account 107 CWIP	\$ 132,222								
Account 120.1	-								
Total "W"	<u>\$ 132,222</u>								
AFUDC Actually Capitalized \$							_____		
AFUDC Amount by Order 561							_____		
Difference							\$ _____		

Formulas:

Semi-annual compounding =  $(7.41 \div 2) + ((100 + (7.41 \div 2)) \times 0.0741) \div 2 = 7.55\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - February	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
Jan	Actual	31	0	0	0	0	
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	1.72%	
Nov	Forecast	30	65,211,221	\$ 1,956,336,630	\$ 107,196.53	2.00%	
Dec	Forecast	31	-	-	-	0.00%	
13 Month Average			19,007,192	\$ 7,529,081,925	\$ 412,552.43		
Weighted Average Short-Term Debt Balance						\$	19,007,192
Weighed Average Cost of Debt 365 day/yr							0.0217
Weighed Average Cost of Debt 360 day/yr							2.14%
Weighted Average Cost of Debt 360 day/yr							2.11%

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
2012						
December	Actual		\$ 73,019,155			
2013						
January	Actual	\$ 2,385,559	\$ -	75,404,714	31.1%	\$ 51,924,646
February	Forecast	\$ 7,012,936	-	82,417,650	34.2%	54,221,112
March	Forecast	\$ 6,197,031	-	88,614,681	33.6%	58,853,709
April	Forecast	\$ 14,225,523	-	102,840,204	33.7%	68,163,812
May	Forecast	\$ 15,442,491	-	118,282,695	34.9%	76,989,738
June	Forecast	\$ 11,842,616	-	130,125,311	36.4%	82,767,202
July	Forecast	\$ 16,104,427	-	146,229,738	36.6%	92,738,214
August	Forecast	\$ 12,680,060	-	158,909,798	38.3%	97,984,479
September	Forecast	\$ 13,905,396	-	172,815,194	39.1%	105,218,383
October	Forecast	\$ 12,423,538	-	185,238,732	39.7%	111,710,523
November	Forecast	\$ 16,213,745	-	201,452,477	39.7%	121,492,318
December	Forecast	\$ (17,913,736)	-	183,538,741	42.1%	106,236,040
		\$ 110,519,586	\$ -	\$ 1,718,889,090		
13 Month Average Balance for CWIP				\$ 132,222,238	S/W= 0.00 1-S/W= 1.00	
		<u>Compounded</u>		<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.64%		0.14%	2.78%	0.37
AFUDC Equity =		4.78%		0.00%	4.78%	0.63
Total		7.42%	7.56%		7.56%	

Year-to-date AFUDC loaded CWIP - 2013								
Month	Avg. Balance	Was			Revised Would Be			
		Equity	Debt	Total	Equity	Debt	Total	
Jan	Actual	4.82%	2.76%	7.5800%	4.78%	2.77%	7.55%	
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	\$ 54,200	\$ 147,729
Feb	forecast	\$ 28,196,538	\$ 112,340	\$ 64,852	\$ 177,192	\$ 112,316	\$ 65,087	\$ 177,403
Mar	forecast	\$ 29,760,972	\$ 118,573	\$ 68,227	\$ 186,800	\$ 118,548	\$ 68,698	\$ 187,246
Apr	forecast	\$ 34,676,392	\$ 138,157	\$ 79,496	\$ 217,652	\$ 138,128	\$ 80,045	\$ 218,172
May	forecast	\$ 41,292,957	\$ 164,518	\$ 94,664	\$ 259,182	\$ 164,484	\$ 95,318	\$ 259,802
Jun	forecast	\$ 47,358,109	\$ 188,683	\$ 108,568	\$ 297,251	\$ 188,643	\$ 109,318	\$ 297,961
Jul	forecast	\$ 53,491,524	\$ 213,119	\$ 122,629	\$ 335,748	\$ 213,075	\$ 123,476	\$ 336,551
Aug	forecast	\$ 60,925,319	\$ 242,737	\$ 139,671	\$ 382,408	\$ 242,686	\$ 140,636	\$ 383,322
Sep	forecast	\$ 67,596,811	\$ 269,317	\$ 154,966	\$ 424,283	\$ 269,261	\$ 156,036	\$ 425,297
Oct	forecast	\$ 73,528,209	\$ 292,949	\$ 168,563	\$ 461,512	\$ 292,887	\$ 169,728	\$ 462,615
Nov	forecast	\$ 79,960,159	\$ 318,575	\$ 183,309	\$ 501,883	\$ 318,508	\$ 184,575	\$ 503,083
Dec	forecast	\$ 77,302,701	\$ 307,987	\$ 177,216	\$ 485,203	\$ 307,922	\$ 178,440	\$ 486,363
Totals		\$ 617,569,759	\$ 2,460,111	\$ 1,415,490	\$ 3,875,601	\$ 2,459,986	\$ 1,425,557	\$ 3,885,543
						Adjustments Needed:		
						\$ (125)	\$ 10,067	\$ 9,942
Annual CWIP balance to which AFUDC is applied				\$ 51,396,072.22				
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	\$ 1,425,557	\$ 3,885,543	
Annual AFUDC rate		4.78%	2.75%	7.53%	4.78%	2.77%	7.55%	

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

**Year - 2013  
Month - March**

	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 2.17% x	0.13646 =	0.30% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year"D"	\$ 335,635,000	48.02%	xd 5.67% x	0.86354 =	2.35% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp 0.00% x	0.86354 =	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	xc 10.75% x	0.86354 =	4.83% (D)		
Total Capitalization	\$ 698,977,478	100.0%					
AFUDC Rate:					7.48% (B)		
Compounded on semi-annual basis					7.61%		
Maximum (+.25%)					7.86%		
RATE TO USE					7.61% (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)	2.78%	37%	
AFUDC Equity				sum of (D)	4.83%	63%	
					7.61%	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 =  $(7.48 \div 2) + ((100 + (7.48 \div 2)) \times .0748) \div 2 = 7.61\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - March	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
December		0					
Jan	Actual	31	\$ -	\$ -	0.00%		
Feb	Actual	28	\$ -	\$ -	0.00%		
Mar	Actual	31	1,270,946	39,399,317	2,158.87		
Apr	Forecast	30	-	-	-		
May	Forecast	31	4,382,919	135,870,486	7,444.96		
Jun	Forecast	30	9,674,593	290,237,787	15,903.44		
Jul	Forecast	31	18,299,914	567,297,349	31,084.79		
Aug	Forecast	31	29,095,862	901,971,716	49,423.11		
Sep	Forecast	30	44,789,537	1,343,686,100	73,626.64		
Oct	Forecast	31	50,466,726	1,564,468,508	85,724.30		
Nov	Forecast	30	56,514,484	1,695,434,508	92,900.52		
Dec	Forecast	31	-	-	-		
13 Month Average			16499613.86	<u>\$ 6,538,365,771</u>	<u>\$ 358,266.63</u>		
Weighted Average Short-Term Debt Balance						\$	16,499,614
Weighed Average Cost of Debt 365 day/yr							2.17%
Weighed Average Cost of Debt 360 day/yr							2.14%

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
2012						
December	Actual		\$ 73,019,155			
2013						
January	Actual	\$ 2,385,559	\$ -	75,404,714	31.1%	\$ 51,924,646
February	Actual	\$ 1,495,450	-	76,900,164	31.5%	52,668,577
March	Forecast	\$ 1,663,848	-	78,564,012	34.9%	51,117,263
April	Forecast	\$ 11,452,210	-	90,016,223	31.3%	61,804,751
May	Forecast	\$ 16,880,044	-	106,896,266	32.2%	72,449,994
June	Forecast	\$ 12,238,953	-	119,135,219	34.3%	78,224,303
July	Forecast	\$ 15,085,326	-	134,220,546	35.1%	87,158,629
August	Forecast	\$ 9,299,497	-	143,520,043	37.1%	90,246,126
September	Forecast	\$ 12,006,683	-	155,526,726	37.7%	96,857,841
October	Forecast	\$ 12,915,489	-	168,442,215	38.4%	103,720,782
November	Forecast	\$ 13,969,031	-	182,411,246	39.2%	110,973,962
December	Forecast	\$ (14,548,112)	-	167,863,134	41.5%	98,123,024
		<u>\$ 94,843,979</u>	<u>\$ -</u>	<u>\$ 1,571,919,663</u>		
13 Month Average Balance for CWIP				\$ 120,916,897	S/W= 0.14 1-S/W= 0.86	
			<u>Compounded</u>	<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.65%		0.13%	2.78%	0.36
AFUDC Equity =		4.83%		0.01%	4.84%	0.64
Total		7.48%	7.62%		7.62%	

Year-to-date AFUDC loaded CWIP - 2013								
Month	Avg. Balance	Was			Revised Would Be			
		Equity	Debt	Total	Equity	Debt	Total	
Jan	Actual	4.82%	2.76%	7.5800%	4.83%	2.78%	7.61%	
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	\$ 54,395	\$ 148,903
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 97,532	\$ 56,137	\$ 153,669
Mar	forecast	\$ 27,446,749	\$ 110,588	\$ 62,922	\$ 173,509	\$ 110,473	\$ 63,585	\$ 174,058
Apr	forecast	\$ 28,211,472	\$ 113,669	\$ 64,675	\$ 178,344	\$ 113,551	\$ 65,357	\$ 178,908
May	forecast	\$ 34,446,273	\$ 138,790	\$ 78,968	\$ 217,758	\$ 138,646	\$ 79,801	\$ 218,447
Jun	forecast	\$ 40,910,916	\$ 164,837	\$ 93,788	\$ 258,625	\$ 164,666	\$ 94,777	\$ 259,443
Jul	forecast	\$ 47,061,917	\$ 189,620	\$ 107,889	\$ 297,510	\$ 189,424	\$ 109,027	\$ 298,451
Aug	forecast	\$ 53,273,917	\$ 214,649	\$ 122,130	\$ 336,780	\$ 214,428	\$ 123,418	\$ 337,845
Sep	forecast	\$ 58,668,884	\$ 236,387	\$ 134,498	\$ 370,885	\$ 236,142	\$ 135,916	\$ 372,059
Oct	forecast	\$ 64,721,433	\$ 260,773	\$ 148,374	\$ 409,147	\$ 260,504	\$ 149,938	\$ 410,442
Nov	forecast	\$ 71,437,284	\$ 287,833	\$ 163,770	\$ 451,603	\$ 287,535	\$ 165,496	\$ 453,031
Dec	forecast	\$ 69,740,110	\$ 280,995	\$ 159,879	\$ 440,874	\$ 280,704	\$ 161,565	\$ 442,269
Totals		<u>\$ 543,630,610</u>	<u>\$ 2,188,087</u>	<u>\$ 1,245,896</u>	<u>\$ 3,433,983</u>	<u>\$ 2,188,113</u>	<u>\$ 1,259,411</u>	<u>\$ 3,447,524</u>
Adjustments Needed:								
		\$ 26	\$ 13,515	\$ 13,541				
Annual CWIP balance to which AFUDC is applied				\$ 45,243,098.82				
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	\$ 1,259,411	\$ 3,447,524	
Annual AFUDC rate		4.83%	2.75%	<b>7.58%</b>	4.83%	2.78%	7.61%	

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

**Year - 2013  
Month - April**

	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 2.18% x	0.22571 =	0.49% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year"D"	\$ 335,635,000	48.02%	xd 5.67% x	0.77429 =	2.11% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp 0.00% x	0.77429 =	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	xc 10.75% x	0.77429 =	4.33% (D)		
Total Capitalization	\$ 698,977,478	100.0%					
AFUDC Rate:					6.92% (B)		
Compounded on semi-annual basis					7.04%		
Maximum (+.25%)					7.29%		
RATE TO USE					7.04% (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)	2.72%	39%	
AFUDC Equity				sum of (D)	4.33%	61%	
					7.04%	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 =  $(6.92 \div 2) + ((100 + (6.92 \div 2)) \times 0.0692) \div 2 = 7.04\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - April	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
December		0					
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	1.72%		
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%		
13 Month Average		27162240.31	\$ 10,799,163,751	\$ 591,735.01			
Weighted Average Short-Term Debt Balance						\$	27,162,240
Weighed Average Cost of Debt 365 day/yr							2.18%
Weighed Average Cost of Debt 360 day/yr							2.15%

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
2012						
December	Actual		\$ 73,019,155			
2013						
January	Actual	\$ 2,385,559	\$ -	75,404,714	31.1%	\$ 51,924,646
February	Actual	\$ 1,495,450	\$ -	76,900,164	31.5%	52,668,577
March	Actual	\$ 7,089,839	\$ -	83,990,003	30.9%	58,025,957
April	Forecast	\$ 7,859,453	\$ -	91,849,456	30.8%	63,553,025
May	Forecast	\$ 17,656,747	\$ -	109,506,203	29.3%	77,432,609
June	Forecast	\$ 8,850,580	\$ -	118,356,783	32.3%	80,170,918
July	Forecast	\$ 13,926,401	\$ -	132,283,184	32.5%	89,350,818
August	Forecast	\$ 8,784,534	\$ -	141,067,719	34.1%	92,929,989
September	Forecast	\$ 9,850,334	\$ -	150,918,053	34.6%	98,702,830
October	Forecast	\$ 13,512,182	\$ -	164,430,235	34.9%	107,048,145
November	Forecast	\$ 13,850,080	\$ -	178,280,315	35.9%	114,192,659
December	Forecast	\$ (9,877,517)	\$ -	168,402,798	38.3%	103,893,559
		\$ 95,383,643	\$ -	\$ 1,564,408,781		
13 Month Average Balance for CWIP				\$ 120,339,137	S/W= 0.23 1-S/W= 0.77	
				<u>Compounded</u>	<u>Margin</u>	<u>Total</u>
AFUDC Debt =		2.60%		0.12%	2.72%	0.39
AFUDC Equity =		4.33%		0.00%	4.33%	0.61
Total		6.93%	7.05%		7.05%	

Year-to-date AFUDC loaded CWIP - 2013							
Month	Avg. Balance	Was			Revised Would Be		
		Equity	Debt	Total	Equity	Debt	Total
Jan	Actual	4.82%	2.76%	7.5800%	4.33%	2.72%	7.05%
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	\$ 53,221
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 87,436	\$ 54,925
Mar	Actual	\$ 25,964,046	\$ 103,058	\$ 58,630	\$ 161,688	\$ 93,687	\$ 58,852
Apr	forecast	\$ 28,296,431	\$ 100,311	\$ 64,870	\$ 165,180	\$ 102,103	\$ 64,139
May	forecast	\$ 32,073,594	\$ 113,701	\$ 71,257	\$ 184,958	\$ 115,732	\$ 72,700
Jun	forecast	\$ 38,185,866	\$ 135,369	\$ 84,836	\$ 220,205	\$ 137,787	\$ 86,555
Jul	forecast	\$ 42,932,366	\$ 152,195	\$ 95,381	\$ 247,577	\$ 154,914	\$ 97,313
Aug	forecast	\$ 48,137,729	\$ 170,648	\$ 106,946	\$ 277,594	\$ 173,697	\$ 109,112
Sep	forecast	\$ 52,215,222	\$ 185,103	\$ 116,005	\$ 301,108	\$ 188,410	\$ 118,355
Oct	forecast	\$ 57,382,090	\$ 203,420	\$ 127,484	\$ 330,903	\$ 207,054	\$ 130,066
Nov	forecast	\$ 64,087,655	\$ 227,191	\$ 142,381	\$ 369,572	\$ 231,250	\$ 145,265
Dec	forecast	\$ 64,509,239	\$ 228,685	\$ 143,318	\$ 372,003	\$ 232,771	\$ 146,221
Totals		\$ 501,495,894	\$ 1,809,628	\$ 1,120,110	\$ 2,929,738	\$ 1,809,564	\$ 1,136,724
						Adjustments Needed:	
						\$ (63)	\$ 16,614
							\$ 16,551
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	\$ 1,136,724	\$ 2,946,288
Annual AFUDC rate		4.33%	2.68%	7.01%	4.33%	2.72%	7.05%

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

**Year - 2013  
Month - May**

	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 2.18% x	0.22880 =	0.50% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year"D"	\$ 335,635,000	48.02%	xd 5.67% x	0.77120 =	2.10% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp 0.00% x	0.77120 =	0.00% (D)		
Common Equity Beginning of Year"C"	363,342,478	51.98%	xc 10.75% x	0.77120 =	4.31% (D)		
Total Capitalization	\$ 698,977,478	100.0%					
AFUDC Rate:					6.91% (B)		
Compounded on semi-annual basis					7.03%		
Maximum (+.25%)					7.28%		
RATE TO USE					7.02% (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)	2.71%	39%	
AFUDC Equity				sum of (D)	4.31%	61%	
					7.02%	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 =  $(6.91 \div 2) + ((100 + (6.91 \div 2)) \times 0.0691) \div 2 = 7.03\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - May	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
December		0					
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	1.72%		
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%		
13 Month Average		27,296,652	\$ 10,851,717,084	\$ 594,614.63			
Weighted Average Short-Term Debt Balance						\$	27,296,652
Weighed Average Cost of Debt 365 day/yr							2.18%
Weighed Average Cost of Debt 360 day/yr							2.15%

Projected 13 Month Average Balance for CWIP - 2013					Monthly Estimated CWIP not subject to AFUDC \$ (not including CAPX 2020 projects)			Construction projects not subject to AFUDC
Month	Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance 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				
13 Month Average Balance for CWIP				\$ 119,304,338	S/W= 0.23 1-S/W= 0.77			
				<u>Compounded</u>	<u>Margin</u>	<u>Total</u>	<u>Ratio</u>	
AFUDC Debt =			2.60%		0.11%	2.71%	0.39	
AFUDC Equity =			4.31%		0.01%	4.32%	0.61	
Total			6.91%	7.03%		7.03%		

Year-to-date AFUDC loaded CWIP - 2013									
Month	Avg. Balance	Was				Revised Would Be			
		Equity	Debt	Total	Equity	Debt	Total		
Jan	Actual	4.82%	2.76%	7.5800%	4.31%	2.71%	7.02%		
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	forecast	4.24%	2.67%	6.9040%					
Jul	forecast	4.24%	2.67%	6.9040%					
Aug	forecast	4.24%	2.67%	6.9040%					
Sept	forecast	4.24%	2.67%	6.9040%					
Oct	forecast	4.24%	2.67%	6.9040%					
Nov	forecast	4.24%	2.67%	6.9040%					
Dec	forecast	4.24%	2.67%	6.9040%					
Jan	Actual	\$ 23,480,068	\$ 93,159	\$ 53,328	\$ 146,487	\$ 84,333	\$ 53,026	\$ 137,358	
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 87,032	\$ 54,723	\$ 141,755	
Mar	Actual	\$ 25,964,046	\$ 103,058	\$ 58,630	\$ 161,688	\$ 93,254	\$ 58,635	\$ 151,890	
Apr	Actual	\$ 24,464,441	\$ 83,294	\$ 52,376	\$ 135,670	\$ 87,868	\$ 55,249	\$ 143,117	
May	forecast	\$ 32,313,174	\$ 114,146	\$ 71,789	\$ 185,935	\$ 116,058	\$ 72,974	\$ 189,032	
Jun	forecast	\$ 36,925,157	\$ 130,438	\$ 82,005	\$ 212,443	\$ 132,623	\$ 83,389	\$ 216,012	
Jul	forecast	\$ 42,867,746	\$ 151,430	\$ 95,202	\$ 246,632	\$ 153,967	\$ 96,810	\$ 250,776	
Aug	forecast	\$ 48,844,548	\$ 172,543	\$ 108,476	\$ 281,019	\$ 175,433	\$ 110,307	\$ 285,741	
Sep	forecast	\$ 53,395,685	\$ 188,620	\$ 118,583	\$ 307,203	\$ 191,780	\$ 120,585	\$ 312,365	
Oct	forecast	\$ 57,968,764	\$ 204,775	\$ 128,739	\$ 333,514	\$ 208,204	\$ 130,913	\$ 339,117	
Nov	forecast	\$ 63,868,349	\$ 225,615	\$ 141,841	\$ 367,456	\$ 229,394	\$ 144,236	\$ 373,630	
Dec	forecast	\$ 64,061,315	\$ 226,297	\$ 142,270	\$ 368,566	\$ 230,087	\$ 144,672	\$ 374,759	
Totals		\$ 498,384,880	\$ 1,790,164	\$ 1,108,912	\$ 2,899,075	\$ 1,790,032	\$ 1,125,519	\$ 2,915,552	
Adjustments Needed:									
		\$ (131)	\$ 16,607	\$ 16,476					
Annual CWIP balance to which AFUDC is applied				\$ 41,472,994.88					
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	\$ 1,125,519	\$ 2,915,552		
Annual AFUDC rate		4.31%	2.67%	6.98%	4.31%	2.71%	7.02%		



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

**Year - 2013  
Month - June**

	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 2.10%	0.17978	= 0.38% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year "D"	\$ 335,635,000	48.02%	xd 5.67%	0.82022	= 2.23% (C)		
Preferred Stock Beginning of Year "P"	-	0.00%	xp 0.00%	0.82022	= 0.00% (D)		
Common Equity Beginning of Year "C"	363,342,478	51.98%	xc 10.75%	0.82022	= 4.58% (D)		
Total Capitalization	\$ 698,977,478	100.0%					
AFUDC Rate:					7.19% (B)		
Compounded on semi-annual basis					7.32%		
Maximum (+.25%)					7.57%		
RATE TO USE					7.32% (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)	2.74%	37%	
AFUDC Equity				sum of (D)	4.58%	63%	
					7.32%	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 =  $(7.19 \div 2) + ((100 + (7.19 \div 2)) \times 0.0719) \div 2 = 7.32\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - June
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate	
December		0				
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	1.72%	
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%	
13 Month Average		20852570.67	\$ 8,291,500,996	\$ 438,502.87		
Weighted Average Short-Term Debt Balance						\$ 20,852,571
Weighed Average Cost of Debt 365 day/yr						2.10%
Weighed Average Cost of Debt 360 day/yr						2.07%

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
2012						
December	Actual		\$ 73,019,155			
2013						
January	Actual	\$ 2,385,559	\$ -	75,404,714	31.1%	\$ 51,924,646
February	Actual	\$ 1,495,450	-	76,900,164	31.5%	52,668,577
March	Actual	\$ 7,089,839	-	83,990,003	30.9%	58,025,957
April	Actual	\$ 5,129,166	-	89,119,169	27.5%	64,654,728
May	Actual	\$ 3,798,467	-	92,917,636	29.1%	65,848,689
June	Forecast	\$ 7,471,315	-	100,388,951	33.3%	66,991,187
July	Forecast	\$ 23,496,535	-	123,885,486	31.3%	85,088,190
August	Forecast	\$ 13,815,683	-	137,701,169	35.0%	89,549,636
September	Forecast	\$ 10,344,345	-	148,045,514	36.4%	94,104,402
October	Forecast	\$ 15,658,144	-	163,703,658	35.8%	105,039,437
November	Forecast	\$ 15,038,096	-	178,741,753	36.2%	114,013,170
December	Forecast	\$ (14,673,015)	-	164,068,738	39.2%	99,760,743
		\$ 91,049,583	\$ -	\$ 1,507,886,110		
13 Month Average Balance for CWIP				\$ 115,991,239	S/W= 0.18 1-S/W= 0.82	
			<u>Compounded</u>	<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.61%		0.13%	2.74%	0.37
AFUDC Equity =		4.58%		0.00%	4.58%	0.63
Total		7.19%	7.32%		7.32%	

Year-to-date AFUDC loaded CWIP - 2013							
Month	Avg. Balance	Was			Revised Would Be		
		Equity	Debt	Total	Equity	Debt	Total
Jan	Actual	4.82%	2.76%	7.5800%	4.58%	2.74%	7.32%
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	\$ 53,613
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 92,484	\$ 55,329
Mar	Actual	\$ 25,964,046	\$ 103,058	\$ 58,630	\$ 161,688	\$ 99,096	\$ 59,285
Apr	Actual	\$ 24,464,441	\$ 83,294	\$ 52,376	\$ 135,670	\$ 93,373	\$ 55,860
May	Actual	\$ 27,068,947	\$ 94,518	\$ 59,453	\$ 153,971	\$ 103,313	\$ 61,807
Jun	forecast	\$ 33,397,763	\$ 128,108	\$ 74,171	\$ 202,279	\$ 127,468	\$ 76,258
Jul	forecast	\$ 38,797,296	\$ 148,820	\$ 88,167	\$ 236,987	\$ 148,076	\$ 88,587
Aug	forecast	\$ 48,151,534	\$ 184,701	\$ 109,424	\$ 294,126	\$ 183,778	\$ 109,946
Sep	forecast	\$ 53,941,111	\$ 206,909	\$ 122,581	\$ 329,490	\$ 205,875	\$ 123,166
Oct	forecast	\$ 58,664,220	\$ 225,026	\$ 133,314	\$ 358,341	\$ 223,902	\$ 133,950
Nov	forecast	\$ 64,728,583	\$ 248,288	\$ 147,096	\$ 395,384	\$ 247,047	\$ 147,797
Dec	forecast	\$ 64,307,995	\$ 246,675	\$ 146,140	\$ 392,815	\$ 245,442	\$ 146,837
Totals		\$ 487,197,592	\$ 1,859,345	\$ 1,100,354	\$ 2,959,699	\$ 1,859,471	\$ 1,112,435
Adjustments Needed:							
		\$ 126	\$ 12,080	\$ 12,206			
Annual CWIP balance to which AFUDC is applied				\$ 40,599,799.32			
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	\$ 1,112,435	\$ 2,971,905
Annual AFUDC rate achieved		4.58%	2.71%	7.29%	4.58%	2.74%	7.32%

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

**Year - 2013  
Month - July**

	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"	\$ 18,102		s 2.10%	0.15573	= 0.33% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year "D"	\$ 335,635,000	48.02%	xd 5.67%	0.84427	= 2.30% (C)		
Preferred Stock Beginning of Year "P"	-	0.00%	xp 0.00%	0.84427	= 0.00% (D)		
Common Equity Beginning of Year "C"	363,342,478	51.98%	xc 10.75%	0.84427	= 4.72% (D)		
Total Capitalization	\$ 698,977,478	100.0%					
AFUDC Rate:					7.35% (B)		
Compounded on semi-annual basis					7.49%		
Maximum (+.25%)					7.74%		
RATE TO USE					7.49% (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)	2.77%	37%	
AFUDC Equity				sum of (D)	4.72%	63%	
					7.49%	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 =  $(7.35 \div 2) + ((100 + (7.35 \div 2)) \times 0.0735) \div 2 = 7.49\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - July
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate	
December		0				
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	1.72%	
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%	
13 Month Average		18102459.21	\$ 7,194,937,269	\$ 380,520.20		
Weighted Average Short-Term Debt Balance						\$ 18,102,459
Weighed Average Cost of Debt 365 day/yr						2.10%
Weighed Average Cost of Debt 360 day/yr						2.07%

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
2012						
December	Actual		\$ 73,019,155			
2013						
January	Actual	\$ 2,385,559	\$ -	\$ 75,404,714	31.1%	\$ 51,924,646
February	Actual	\$ 1,495,450	-	76,900,164	31.5%	52,668,577
March	Actual	\$ 7,089,839	-	83,990,003	30.9%	58,025,957
April	Actual	\$ 5,129,166	-	89,119,169	27.5%	64,654,728
May	Actual	\$ 3,798,467	-	92,917,636	29.1%	65,848,689
June	Actual	\$ 9,452,933	-	102,370,569	26.8%	74,894,785
July	Forecast	\$ 22,755,266	-	125,125,834	32.2%	84,858,950
August	Forecast	\$ 15,009,811	-	140,135,646	34.2%	92,182,654
September	Forecast	\$ 7,492,320	-	147,627,966	36.4%	93,950,892
October	Forecast	\$ 16,067,111	-	163,695,077	35.6%	105,370,476
November	Forecast	\$ 13,872,977	-	177,568,054	35.9%	113,802,174
December	Forecast	\$ (14,290,599)	-	163,277,454	38.7%	100,065,081
		\$ 90,258,299	\$ -	\$ 1,511,151,441		
13 Month Average Balance for CWIP				\$ 116,242,419	S/W= 0.16 1-S/W= 0.84	
		<u>Compounded</u>		<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.63%		0.14%	2.77%	0.37
AFUDC Equity =		4.72%		0.00%	4.72%	0.63
Total		7.35%	7.49%		7.49%	

Year-to-date AFUDC loaded CWIP - 2013							
Month	Avg. Balance	Was			Revised Would Be		
		Equity	Debt	Total	Equity	Debt	Total
Jan	Actual	4.8200%	2.7600%	7.5800%	4.72%	2.77%	7.49%
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	\$ 54,200
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 95,311	\$ 55,935
Mar	Actual	\$ 25,964,046	\$ 103,058	\$ 58,630	\$ 161,688	\$ 102,125	\$ 59,934
Apr	Actual	\$ 24,464,441	\$ 83,294	\$ 52,376	\$ 135,670	\$ 96,227	\$ 56,472
May	Actual	\$ 27,068,947	\$ 94,518	\$ 59,453	\$ 153,971	\$ 106,471	\$ 62,484
Jun	Actual	\$ 27,475,784	\$ 48,089	\$ 96,206	\$ 144,295	\$ 108,071	\$ 63,423
Jul	forecast	\$ 40,266,885	\$ 210,696	\$ 154,356	\$ 365,053	\$ 158,383	\$ 92,949
Aug	forecast	\$ 47,952,992	\$ 193,530	\$ 53,947	\$ 247,477	\$ 188,615	\$ 110,691
Sep	forecast	\$ 53,677,074	\$ 216,632	\$ 114,064	\$ 330,696	\$ 211,130	\$ 123,905
Oct	forecast	\$ 58,324,601	\$ 235,388	\$ 123,940	\$ 359,328	\$ 229,410	\$ 134,633
Nov	forecast	\$ 63,765,879	\$ 257,348	\$ 135,502	\$ 392,851	\$ 250,812	\$ 147,193
Dec	forecast	\$ 63,212,374	\$ 255,115	\$ 134,326	\$ 389,441	\$ 248,635	\$ 145,915
Totals		\$ 479,884,679	\$ 1,887,616	\$ 1,091,803	\$ 2,979,419	\$ 1,887,546	\$ 1,107,734
						Adjustments Needed:	
						\$ (70) \$ 15,931 \$ 15,861	
Annual CWIP balance to which AFUDC is applied				\$ 39,990,389.72			
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	\$ 1,107,734	\$ 2,995,280
Annual AFUDC rate		4.72%	2.73%	7.45%	4.72%	2.77%	7.49%

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

**Year - 2013  
Month - August**

	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"	\$ 17,705		s 2.10%	0.15440	= 0.32% (C)		
				<u>1-(S/W)</u>			
Long-Term Debt Beginning of Year"D"	\$ 335,635,000	48.02%	xd 5.67%	0.84560	= 2.30% (C)		
Preferred Stock Beginning of Year"P"	-	0.00%	xp 0.00%	0.84560	= 0.00% (D)		
Common Equity Beginning of Year"C"	<u>363,342,478</u>	<u>51.98%</u>	xc 10.75%	0.84560	= <u>4.73%</u> (D)		
Total Capitalization	<u>\$ 698,977,478</u>	<u>100.0%</u>					
AFUDC Rate:					<u>7.35%</u> (B)		
Compounded on semi-annual basis					7.49%		
Maximum (+.25%)					7.74%		
RATE TO USE					7.49% (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%	37%	
AFUDC Equity				sum of (D)	<u>4.73%</u>	<u>63%</u>	
					<u>7.49%</u>	<u>100%</u>	
Average of 13 monthly balances:							
Account 107 CWIP	\$ 114,668				AFUDC Actually Capitalized	\$	
Account 120.1	-				AFUDC Amount by Order 561		
Total "W"	<u>\$ 114,668</u>				Difference	\$	

**Formulas:**

Semi-annual compounding =  $(7.35 \div 2) + ((100 + (7.35 \div 2)) \times .0735) \div 2 = 7.49\%$

$A_i = s(S/W) + \{d[D/(D+P+C)] \times (1-S/W)\}$

$A_e = (1-S/W) \times \{p[P/(D+P+C)] + c[C/(D+P+C)]\}$

A<sub>i</sub>=Rate for gross allowance for borrowed funds used during construction

A<sub>e</sub>=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						Year - 2013 Month - August	
Month	Days in Month	Balance	Daily Cum. Outstdg Debt	Interest Paid	Interest Rate		
December		0					
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	1.72%		
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%		
13 Month Average		17705106.13	\$ 7,036,470,773	\$ 372,141.00			
Weighted Average Short-Term Debt Balance						\$	17,705,106
Weighed Average Cost of Debt 365 day/yr							2.10%
Weighed Average Cost of Debt 360 day/yr							2.07%

Projected 13 Month Average Balance for CWIP - 2013				Monthly Estimated CWIP not subject to AFUDC \$ (not including CAPX 2020 projects)			Construction projects not subject to AFUDC
	Construction Expenditures	Additions to Plant	Ending CWIP Balance	Average Balance	% of Balance Subject to AFUDC	Balance not Subject to AFUDC	
2012							
December	Actual		\$ 73,019,155				
2013							
January	Actual	\$ 2,385,559	\$ -	75,404,714	31.1%	\$ 51,924,646	\$ 51,924,646
February	Actual	\$ 1,495,450	-	76,900,164	31.5%	52,668,577	52,668,577
March	Actual	\$ 7,089,839	-	83,990,003	30.9%	58,025,957	58,025,957
April	Actual	\$ 5,129,166	-	89,119,169	27.5%	64,654,728	64,654,728
May	Actual	\$ 3,798,467	-	92,917,636	29.1%	65,848,689	65,848,689
June	Actual	\$ 9,452,933	-	102,370,569	26.8%	74,894,785	74,894,785
July	Actual	\$ 14,322,197	-	116,692,766	27.0%	85,151,972	85,151,972
August	Forecast	\$ 15,588,876	-	132,281,642	34.3%	86,947,120	86,947,120
September	Forecast	\$ 8,254,251	-	140,535,892	35.3%	90,928,992	90,928,992
October	Forecast	\$ 19,986,052	-	160,521,944	34.0%	105,960,108	105,960,108
November	Forecast	\$ 18,500,377	-	179,022,321	34.4%	117,454,234	117,454,234
December	Forecast	\$ (11,110,942)	-	167,911,379	37.5%	105,021,426	105,021,426
		\$ 94,892,224	\$ -	\$ 1,490,687,353			
13 Month Average Balance for CWIP				\$ 114,668,258	S/W= 0.15 1-S/W= 0.85		
				<u>Compounded</u>	<u>Margin</u>	<u>Total</u>	<u>Ratio</u>
AFUDC Debt =		2.62%		0.14%	2.76%	0.37	
AFUDC Equity =		4.73%		0.00%	4.73%	0.63	
Total		7.35%	7.49%		7.49%		

Year-to-date AFUDC loaded CWIP - 2013									
Month	Avg. Balance	Was			Revised Would Be			Total	Total
		Equity	Debt	Total	Equity	Debt	Total		
Jan	Actual	4.8200%	2.7600%	7.5800%	4.73%	2.76%	7.49%		
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	\$ 54,004	\$ 146,555	
Feb	Actual	\$ 24,231,587	\$ 96,788	\$ 55,674	\$ 152,462	\$ 95,513	\$ 55,733	\$ 151,245	
Mar	Actual	\$ 25,964,046	\$ 103,058	\$ 58,630	\$ 161,688	\$ 102,342	\$ 59,717	\$ 162,059	
Apr	Actual	\$ 24,464,441	\$ 83,294	\$ 52,376	\$ 135,670	\$ 96,431	\$ 56,268	\$ 152,699	
May	Actual	\$ 27,068,947	\$ 94,518	\$ 59,453	\$ 153,971	\$ 106,697	\$ 62,259	\$ 168,955	
Jun	Actual	\$ 27,475,784	\$ 48,089	\$ 96,206	\$ 144,295	\$ 108,300	\$ 63,194	\$ 171,495	
Jul	Actual	\$ 31,540,794	\$ 185,605	\$ 54,800	\$ 240,405	\$ 124,323	\$ 72,544	\$ 196,867	
Aug	forecast	\$ 45,334,522	\$ 182,283	\$ 101,247	\$ 283,530	\$ 178,694	\$ 104,269	\$ 282,963	
Sep	forecast	\$ 49,606,900	\$ 199,461	\$ 110,789	\$ 310,250	\$ 195,534	\$ 114,096	\$ 309,630	
Oct	forecast	\$ 54,561,836	\$ 219,384	\$ 121,855	\$ 341,239	\$ 215,065	\$ 125,492	\$ 340,557	
Nov	forecast	\$ 61,568,087	\$ 247,555	\$ 137,502	\$ 385,057	\$ 242,681	\$ 141,607	\$ 384,287	
Dec	forecast	\$ 62,889,953	\$ 252,870	\$ 140,454	\$ 393,324	\$ 247,891	\$ 144,647	\$ 392,538	
Totals		\$ 458,186,965	\$ 1,806,064	\$ 1,042,314	\$ 2,848,378	\$ 1,806,020	\$ 1,053,830	\$ 2,859,850	
Adjustments Needed:									
\$ (43) \$ 11,516 \$ 11,473									
Annual CWIP balance to which AFUDC is applied				\$ 38,182,247.00					
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	\$ 1,053,830	\$ 2,859,850		
Annual AFUDC rate		4.73%	2.73%	7.46%	4.73%	2.76%	7.49%		

## CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for  
Approval of an Environmental Upgrades Cost Recovery Rider  
MPUC Docket No. E017/M-13-648**

I, Diane Merz, 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  
Reply Comments**

Dated this **10th** day of **October 2013**.

*/S/ DIANE MERZ*

---

Diane Merz, Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8608

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	OFF_SL_13-648_M-13-648
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-648_M-13-648
Peter	Beithon	pbeithon@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_13-648_M-13-648
Michael	Bradley	bradley@moss-barnett.com	Moss & Barnett	4800 Wells Fargo Ctr 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	OFF_SL_13-648_M-13-648
Gary	Chesnut	gchesnut@agp.com	AG Processing Inc. a cooperative	12700 West Dodge Road PO Box 2047 Omaha, NE 681032047	Electronic Service	No	OFF_SL_13-648_M-13-648
James C.	Erickson	jericksonkbc@gmail.com	Kelly Bay Consulting	17 Quechee St  Superior, WI 54880-4421	Electronic Service	No	OFF_SL_13-648_M-13-648
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-648_M-13-648
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_13-648_M-13-648
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_13-648_M-13-648
Shane	Henriksen	shane.henriksen@enbridge.com	Enbridge Energy Company, Inc.	1409 Hammond Ave FL 2  Superior, WI 54880	Electronic Service	No	OFF_SL_13-648_M-13-648
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-648_M-13-648



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_13-648_M-13-648
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