

<u>Adjustment Type / Adjustment</u>	<u>Adjustment Description</u>
Normalization	
Depreciation Study	Recognize depreciation expense increase
Economic Development Labor	Remove labor for economic development activities
Production Tax Credits (PTC) to Fuel Clause	Traditional adjustment made to transfer Production Tax Credits to the Fuel Clause
Demand Side Incentive Removal	Remove DSM performance incentive benefit booked in the 2013 test period
Rider Removal - Infrastructure	Remove 2013 Infrastructure Rider revenues from test year
Rider Removal - TCR	Remove TCR revenues and costs for projects remaining in the rider; Roll six projects into base
Storm Damage	Normalize 2013 storm expenses to rolling 5 year average
Tax Withheld Adjustment	Establish rate base adjustment for federal withholding and state sales taxes
Vegetation Management	Normalize 2013 vegetation management expenses to rolling 5 year average
Weather Normalization and Fuel Lag	Adjust 2013 revenues to reflect normal weather conditions and calendar-month versus billing-month basis
Regulatory Practice	
Advertising	Adjustment made for advertising costs to allowed level of recovery
Association Dues	Adjustment made for Association Dues to allowed level of recovery
Aviation Expense	Adjustment made for aviation expenses to allowed level of recovery
Chamber of Commerce Dues	Include Chamber of Commerce dues above the line for pro forma test year
Customer Deposits	Adjustment made for interest on customer deposits to allowed level of recovery
Economic Development Donations	Adjustment made for economic development costs to allowed level of recovery
Employee Expense	Remove incurred costs not eligible for recovery based on a study of 2013 costs
Foundation Administration	Remove foundation administration costs
Incentive Pay	Excludes items not eligible for recovery
Remove Non-Asset Margins	Remove revenues and expenses related to non-asset trading
Amortization	
Remove Expired Amortization Items	Remove amortization expenses from test year that will expire prior to 2015
Current Rate Case Expense Amortization	Amortization of rate case expenses incurred in preparation of current case
Currently in Rider	
Infrastructure Rider Roll-In	Move recovery of Infrastructure Rider projects out of the rider and into base rates

**Adjustment Type / Adjustment**

**Adjustment Description**

Known and Measurable 2014

AS King Boiler Waterwall Tube Replacements	Incorporate 2015 revenue requirements based upon 2014 plant additions
Nuclear Plant Cyber Security	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI License Renewal - Baffle Bolt Inspection	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI License Renewal – Safety Margin	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI Site Administration Building	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI Unit 1 Generation Step-Up Transformer	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI Unit 1 Life Cycle Mgmt Modifications	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI Unit 1 Reactor Coolant Pump Seal Re-	Incorporate 2015 revenue requirements based upon 2014 plant additions
PI Unit 1 Spent Fuel Heat Exch System	Incorporate 2015 revenue requirements based upon 2014 plant additions
Prairie Island License Renewal	Incorporate 2015 revenue requirements based upon 2014 plant additions
Sherco Unit 2 Mercury Control	Incorporate 2015 revenue requirements based upon 2014 plant additions
Property Taxes for 2014	Recover incremental property tax increase for 2014

Known and Measurable 2015

Border Winds	Incorporate 2015 revenue requirements based upon 2015 plant additions
Pleasant Valley Wind	Incorporate 2015 revenue requirements based upon 2015 plant additions
Prairie Island Casks (#39-47)	Incorporate 2015 revenue requirements based upon 2015 plant additions
Prairie Island ISFSI Relicensing	Incorporate 2015 revenue requirements based upon 2015 plant additions
PI Unit 2 Electric Generator Replacement	Incorporate 2015 revenue requirements based upon 2015 plant additions
PI Unit 2 GSU Transformer Replacement	Incorporate 2015 revenue requirements based upon 2015 plant additions
Sherco Unit 1 Couton Bottom Replacement	Incorporate 2015 revenue requirements based upon 2015 plant additions
Sherco Unit 1 Mercury Control	Incorporate 2015 revenue requirements based upon 2015 plant additions
Wage Adjustment	Known union wage increases for 2014 and 2015 and non-union increases for 2014
Property Taxes for 2015	Recover incremental property tax increase for 2015

Secondary Calculations

Cash Working Capital	Adjust for cash working capital balance in 2013
Net Operating Loss	Adjust for tax loss position in 2013

Revenue Credit

Infrastructure Rider Revenue Credit	Adjust present revenues to reflect revenue currently collected through the Infrastructure Rider that will be collected through base rates going forward
TCR Rider Credit	Adjust present revenues to reflect revenue currently collected through the TCR rider that will be collected through base rates going forward