

MERC - Minnesota Rate Base

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	Energy Plant	IR-2 Schedule 1 Page 2	1,019,512	55,430	1,074,942	635,875	1,710,817
2	Transmission Plant	IR-2 Schedule 1 Page 2	9,586,114	111,387	9,697,501	98,790	9,796,291
3	Distribution Plant	IR-2 Schedule 1 Page 2	435,626,923	46,407,888	482,034,811	55,559,078	537,593,889
4	Customer Plant	IR-2 Schedule 1 Page 2	7,010,121	613,667	7,623,788	4,509,812	12,133,600
5	<b>Total Plant</b>		<b>453,242,670</b>	<b>47,188,372</b>	<b>500,431,042</b>	<b>60,803,555</b>	<b>561,234,597</b>
6	Energy Accumulated Depreciation	IR-2 Schedule 1 Page 2	(316,094)	14,387	(301,707)	(84,536)	(386,243)
7	Transmission Accumulated Depreciation	IR-2 Schedule 1 Page 2	(3,573,683)	115,637	(3,458,046)	(211,920)	(3,669,966)
8	Distribution Accumulated Depreciation	IR-2 Schedule 1 Page 2	(180,508,187)	(7,457,566)	(187,965,753)	(11,353,014)	(199,318,767)
9	Customer Accumulated Depreciation	IR-2 Schedule 1 Page 2	(2,173,447)	33,658	(2,139,789)	(599,555)	(2,739,344)
10	<b>Total Accumulated Depreciation</b>		<b>(186,571,411)</b>	<b>(7,293,884)</b>	<b>(193,865,295)</b>	<b>(12,249,025)</b>	<b>(206,114,320)</b>
11	Energy Plant Deferred Tax	IR-2 Schedule 1 Page 2	(84,388)	(1,475)	(85,863)	(25,083)	(110,946)
12	Transmission Plant Deferred Tax	IR-2 Schedule 1 Page 2	(1,454,775)	(347,185)	(1,801,960)	(93,902)	(1,895,862)
13	Distribution Plant Deferred Tax	IR-2 Schedule 1 Page 2	(49,214,404)	(20,808,178)	(70,022,582)	(13,681,488)	(83,704,070)
14	Customer Plant Deferred Tax	IR-2 Schedule 1 Page 2	(580,248)	(28,715)	(608,963)	(177,896)	(786,859)
15	<b>Total Plant Deferred Tax</b>		<b>(51,333,815)</b>	<b>(21,185,553)</b>	<b>(72,519,368)</b>	<b>(13,978,369)</b>	<b>(86,497,737)</b>
16	Energy CWIP	IR-2 Schedule 1 Page 2	22,559	61,519	84,078	(84,078)	-
17	Transmission CWIP	IR-2 Schedule 1 Page 2	1,051,931	(911,776)	140,155	(140,155)	-
18	Distribution CWIP	IR-2 Schedule 1 Page 2	2,738,560	2,481,116	5,219,676	3,658,697	8,878,373
19	Customer CWIP	IR-2 Schedule 1 Page 2	155,116	441,192	596,308	(596,308)	-
20	<b>Total CWIP</b>		<b>3,968,166</b>	<b>2,072,051</b>	<b>6,040,217</b>	<b>2,838,156</b>	<b>8,878,373</b>
21	Customer Advances	IR-2 Schedule 1 Page 2	(36,179)	(1)	(36,180)	-	(36,180)
22	<b>Net Utility Plant</b>		<b>219,269,431</b>	<b>20,780,985</b>	<b>240,050,416</b>	<b>37,414,317</b>	<b>277,464,733</b>
23	Working Capital	IR-2 Schedule 1 Page 3	(3,084,437)	4,222,542	1,138,104	(2,867,845)	(1,729,740)
24	Materials and Supplies	IR-2 Schedule 1 Page 4	233,017	(34)	232,983	1,207	234,190
25	Gas Storage	IR-2 Schedule 1 Page 5	8,888,777	(1,742,956)	7,145,821	158,554	7,304,375
26	Prepayments	IR-2 Schedule 1 Page 6	1,719,069	(370,220)	1,348,849	(598,654)	750,195
27	Regulatory Assets & Liabilities	IR-2 Schedule 1 Page 7	4,659,663	828,468	5,488,131	(8,856)	5,479,275
28	<b>Sub-Total</b>		<b>12,416,089</b>	<b>2,937,800</b>	<b>15,353,889</b>	<b>(3,315,594)</b>	<b>12,038,295</b>
29	<b>Total Minnesota Rate Base</b>		<b>231,685,520</b>	<b>23,718,785</b>	<b>255,404,305</b>	<b>34,098,723</b>	<b>289,503,028</b>

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	Minnesota Production Plant	General Ledger	1,019,512	55,430	1,074,942	635,875	1,710,817
2	Minnesota Transmission Plant	General Ledger	9,586,114	111,387	9,697,501	98,790	9,796,291
3	Minnesota Distribution Plant	General Ledger	435,626,923	46,407,888	482,034,811	55,559,078	537,593,889
4	Minnesota Customer Plant	General Ledger	7,010,121	613,667	7,623,788	4,509,812	12,133,600
5	<b>Minnesota Total Plant</b>		<b>453,242,670</b>	<b>47,188,372</b>	<b>500,431,042</b>	<b>60,893,555</b>	<b>561,234,597</b>
6	Michigan Production Plant	General Ledger	-	-	-	-	-
7	Michigan Transmission Plant	General Ledger	1,526,083	(18,899)	1,507,184	80,550	1,587,734
8	Michigan Distribution Plant	General Ledger	-	-	-	-	-
9	Michigan Customer Plant	General Ledger	65	-	65	26	91
10	<b>Michigan Total Plant</b>		<b>1,526,148</b>	<b>(18,899)</b>	<b>1,507,249</b>	<b>80,576</b>	<b>1,587,825</b>
11	Production Plant	General Ledger	1,019,512	55,430	1,074,942	635,875	1,710,817
12	Transmission Plant	General Ledger	11,112,197	92,488	11,204,685	179,340	11,384,025
13	Distribution Plant	General Ledger	435,626,923	46,407,888	482,034,811	55,559,078	537,593,889
14	Customer Plant	General Ledger	7,010,186	613,667	7,623,853	4,509,838	12,133,691
15	<b>Total Plant</b>		<b>454,768,818</b>	<b>47,169,473</b>	<b>501,938,291</b>	<b>60,884,131</b>	<b>562,822,422</b>
16	Minnesota Production Accumulated Depreciation	General Ledger	(316,094)	14,387	(301,707)	(84,536)	(386,243)
17	Minnesota Transmission Accumulated Depreciation	General Ledger	(3,573,683)	115,637	(3,458,046)	(211,920)	(3,669,966)
18	Minnesota Distribution Accumulated Depreciation	General Ledger	(180,508,187)	(7,457,566)	(187,965,753)	(11,353,014)	(199,318,767)
19	Minnesota Customer Accumulated Depreciation	General Ledger	(2,173,447)	33,658	(2,139,789)	(599,555)	(2,739,344)
20	<b>Minnesota Total Accumulated Depreciation</b>		<b>(186,571,411)</b>	<b>(7,293,884)</b>	<b>(193,865,295)</b>	<b>(12,249,025)</b>	<b>(206,114,320)</b>
21	Michigan Production Accumulated Depreciation	General Ledger	-	-	-	-	-
22	Michigan Transmission Accumulated Depreciation	General Ledger	(568,921)	31,472	(537,449)	(57,361)	(594,810)
23	Michigan Distribution Accumulated Depreciation	General Ledger	-	-	-	-	-
24	Michigan Customer Accumulated Depreciation	General Ledger	(20)	2	(18)	(3)	(21)
25	<b>Michigan Total Accumulated Depreciation</b>		<b>(568,941)</b>	<b>31,474</b>	<b>(537,467)</b>	<b>(57,364)</b>	<b>(594,831)</b>
26	Production Accumulated Depreciation	General Ledger	(316,094)	14,387	(301,707)	(84,536)	(386,243)
27	Transmission Accumulated Depreciation	General Ledger	(4,142,604)	147,109	(3,995,495)	(269,281)	(4,264,776)
28	Distribution Accumulated Depreciation	General Ledger	(180,508,187)	(7,457,566)	(187,965,753)	(11,353,014)	(199,318,767)
29	Customer Accumulated Depreciation	General Ledger	(2,173,467)	33,660	(2,139,807)	(599,558)	(2,739,365)
30	<b>Total Accumulated Depreciation</b>		<b>(187,140,352)</b>	<b>(7,262,410)</b>	<b>(194,402,762)</b>	<b>(12,306,389)</b>	<b>(206,709,151)</b>
31	Minnesota Production Plant Deferred Tax	General Ledger	(84,388)	(1,475)	(85,863)	(25,083)	(110,946)
32	Minnesota Transmission Plant Deferred Tax	General Ledger	(1,454,775)	(347,185)	(1,801,960)	(93,902)	(1,895,862)
33	Minnesota Distribution Plant Deferred Tax	General Ledger	(49,214,404)	(20,808,178)	(70,022,582)	(13,681,488)	(83,704,070)
34	Minnesota Customer Plant Deferred Tax	General Ledger	(580,248)	(28,715)	(608,963)	(177,896)	(786,859)
35	<b>Minnesota Plant Deferred Tax</b>		<b>(51,333,815)</b>	<b>(21,185,553)</b>	<b>(72,519,368)</b>	<b>(13,978,369)</b>	<b>(86,497,737)</b>
36	Michigan Production Plant Deferred Tax	General Ledger	-	-	-	-	-
37	Michigan Transmission Plant Deferred Tax	General Ledger	(231,596)	(48,464)	(280,060)	(27,212)	(307,272)
38	Michigan Distribution Plant Deferred Tax	General Ledger	-	-	-	-	-
39	Michigan Customer Plant Deferred Tax	General Ledger	(5)	-	(5)	(1)	(6)
40	<b>Michigan Plant Deferred Tax</b>		<b>(231,601)</b>	<b>(48,464)</b>	<b>(280,065)</b>	<b>(27,213)</b>	<b>(307,278)</b>
41	Production Plant Deferred Tax	General Ledger	(84,388)	(1,475)	(85,863)	(25,083)	(110,946)
42	Transmission Plant Deferred Tax	General Ledger	(1,686,371)	(395,649)	(2,082,020)	(121,114)	(2,203,134)
43	Distribution Plant Deferred Tax	General Ledger	(49,214,404)	(20,808,178)	(70,022,582)	(13,681,488)	(83,704,070)
44	Customer Plant Deferred Tax	General Ledger	(580,253)	(28,715)	(608,968)	(177,897)	(786,865)
45	<b>Total Plant Deferred Tax</b>		<b>(51,565,416)</b>	<b>(21,234,017)</b>	<b>(72,799,433)</b>	<b>(14,005,582)</b>	<b>(86,805,015)</b>
46	Minnesota Production CWIP	General Ledger	22,559	61,519	84,078	(84,078)	-
47	Minnesota Transmission CWIP	General Ledger	1,051,931	(911,776)	140,155	(140,155)	-
48	Minnesota Distribution CWIP	General Ledger	2,738,560	2,481,116	5,219,676	3,658,697	8,878,373
49	Minnesota Customer Accumulated CWIP	General Ledger	155,116	441,192	596,308	(596,308)	-
50	<b>Minnesota CWIP</b>		<b>3,968,166</b>	<b>2,072,051</b>	<b>6,040,217</b>	<b>2,838,156</b>	<b>8,878,373</b>
51	Michigan Production CWIP	General Ledger	-	-	-	-	-
52	Michigan Transmission CWIP	General Ledger	167,465	(145,682)	21,783	(21,783)	-
53	Michigan Distribution CWIP	General Ledger	-	-	-	-	-
54	Michigan Customer Accumulated CWIP	General Ledger	1	4	5	(5)	-
55	<b>Michigan CWIP</b>		<b>167,466</b>	<b>(145,678)</b>	<b>21,788</b>	<b>(21,788)</b>	<b>-</b>
56	Production CWIP	General Ledger	22,559	61,519	84,078	(84,078)	-
57	Transmission CWIP	General Ledger	1,219,396	(1,057,458)	161,938	(161,938)	-
58	Distribution CWIP	General Ledger	2,738,560	2,481,116	5,219,676	3,658,697	8,878,373
59	Customer Accumulated CWIP	General Ledger	155,117	441,196	596,313	(596,313)	-
60	<b>Total CWIP</b>		<b>4,135,632</b>	<b>1,926,373</b>	<b>6,062,005</b>	<b>2,816,368</b>	<b>8,878,373</b>
61	Minnesota Customer Advances for Construction	General Ledger	(36,179)	(1)	(36,180)	-	(36,180)
62	Michigan Customer Advances for Construction	General Ledger	-	-	-	-	-
63	<b>Net Utility Plant</b>		<b>220,162,503</b>	<b>20,599,418</b>	<b>240,761,921</b>	<b>37,388,528</b>	<b>278,150,449</b>
64	<b>MERC-Minnesota</b>		<b>219,269,431</b>	<b>20,780,985</b>	<b>240,050,416</b>	<b>37,414,317</b>	<b>277,464,733</b>
65	<b>MERC-Michigan</b>		<b>893,072</b>	<b>(181,567)</b>	<b>711,505</b>	<b>(25,789)</b>	<b>685,716</b>

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	131 Cash	General Ledger	1,112,494	743,419	1,855,913	27,207	1,883,120
2	134 Other Collateral	General Ledger	1,630,148				
3	136 Temporary Cash	General Ledger	-	-		-	
4	141 Notes Receivable	General Ledger	(100)	100		-	
5	142 Customer Accounts Receivable	General Ledger	20,504,730	3,850,898	24,355,628	482,564	24,838,192
6	143 Other Accounts Receivable	General Ledger	2,451,972	(975,265)	1,476,707	(5,527)	1,471,180
7	144 Accumulated Provision Uncollectible Accounts	General Ledger	(1,951,551)	1,951,551		-	
8	146 Accounts Receivable from Associated Company	General Ledger	97,521	(97,521)		-	
9	147 Taxes Receivable	General Ledger	-	-		-	
10	173 Accrued Utility Revenues	General Ledger	12,789,948	(2,240,389)	10,549,559	2,835,059	13,384,618
11	174 Misc and Accrued Revenues	General Ledger	3,167,356	(3,167,356)		-	
12	184 Clearing	General Ledger	9,487	(9,487)		-	
13	232 Accounts Payable	General Ledger	(27,163,353)	(837,610)	(28,000,963)	297,360	(27,703,603)
14	234 Accounts Payable to Associated Company	General Ledger	(4,218,806)	4,218,806		(3,284,327)	(3,284,327)
15	236 Accrued Taxes	General Ledger	(10,230,291)	(3,976,459)	(14,206,750)	(381,020)	(14,587,770)
16	237 Accrued Interest	General Ledger	(17,337)	17,337		-	
17	238 Dividends Declared	General Ledger	-	-		-	
18	241 Tax Collections Payable	General Ledger	(453,289)	453,289		-	
19	242 Misc Current/Accrued Liabilities (less Pension & Benefits)	General Ledger	(4,474,428)	2,320,464	(2,153,964)	127,830	(2,026,134)
20	<b>Total Working Capital</b>		<b>(6,745,499)</b>	<b>2,251,777</b>	<b>(6,123,870)</b>	<b>99,146</b>	<b>(6,024,724)</b>
21	Deferred Taxes Other Than Plant, M&S	General Ledger	3,427,547	3,552,425	6,979,972	(2,974,425)	4,005,547
22	Non-Utility Adjustment	General Ledger	221,454	63,821	285,275	-	285,275
23	Plant Adjustment					-	
24	<b>Total Working Capital/Deferred Taxes/Non-Utility Adjustment</b>		<b>(3,096,498)</b>	<b>5,868,023</b>	<b>1,141,377</b>	<b>(2,875,279)</b>	<b>(1,733,902)</b>
25	Rate Base Allocation-Percentages						
26	Production	IR-9 Schedule 1 Page 4	4.16%		3.19%		2.98%
27	Transmission	IR-9 Schedule 1 Page 4	2.84%		2.13%		1.72%
28	Distribution	IR-9 Schedule 1 Page 4	91.08%		92.47%		92.28%
29	Customer	IR-9 Schedule 1 Page 4	1.92%		2.21%		3.01%
30	Rate Base Allocation-Dollars						
31	Production	Line 24 x Line 26	(128,709)		36,417		(51,697)
32	Transmission	Line 24 x Line 27	(87,817)		24,328		(29,837)
33	Distribution	Line 24 x Line 28	(2,820,393)		1,055,464		(1,600,127)
34	Customer	Line 24 x Line 29	(59,580)		25,167		(52,240)
35	MERC - Minnesota Allocation Percentages						
36	Production (System Sales)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
37	Transmission (Total Sales)	IR-9 Schedule 1 Page 1	86.27%		86.55%		86.05%
38	Distribution (Distribution Plant)	IR-9 Schedule 1 Page 2	100.00%		100.00%		100.00%
39	Customer (Fixed Charge Count)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
40	MERC - Minnesota Allocation Dollars						
41	Production	Line 31 x Line 36	(128,709)		36,417		(51,697)
42	Transmission	Line 32 x Line 37	(75,756)		21,056		(25,675)
43	Distribution	Line 33 x Line 38	(2,820,393)		1,055,464		(1,600,127)
44	Customer	Line 34 x Line 39	(59,579)		25,167		(52,240)
45	<b>Total MERC - Minnesota</b>		<b>(3,084,437)</b>		<b>1,138,104</b>		<b>(1,729,740)</b>
46	MERC - Michigan Allocation Dollars						
47	Production	Line 31 - Line 41	-		-		-
48	Transmission	Line 32 - Line 42	(12,060)		3,273		(4,161)
49	Distribution	Line 33 - Line 43	-		-		-
50	Customer	Line 34 - Line 44	(1)		0		(0)
51	<b>Total MERC - Michigan</b>		<b>(12,061)</b>		<b>3,273</b>		<b>(4,162)</b>

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	154 Plant Materials and Operations Supplies	General Ledger	230,790	2,193	232,983	1,207	234,190
2	163 Store Expense Undistributed	General Ledger	2,227	(2,227)	-	-	-
3	Materials and Supplies Deferred Taxes	General Ledger	-	-	-	-	-
4	<b>Total Materials and Supplies</b>		<u>233,017</u>	<u>(34)</u>	<u>232,983</u>	<u>1,207</u>	<u>234,190</u>
5	Allocation Percentage to MN based on Distribution Plant	IR-9 Schedule 1 Page 2	100.0000%		100.0000%		100.0000%
6	<b>Allocated to Minnesota</b>	Line 4 x Line 5	<b>233,017</b>		<b>232,983</b>		<b>234,190</b>
7	<b>Allocated to Michigan</b>	Line 4 - Line 6	-		-		-

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	164 Gas Storage	General Ledger	8,888,777	(1,742,956)	7,145,821	158,554	7,304,375
2	Allocation Percentage to MN based on System Sales	IR-9 Schedule 1 Page 1	100.0000%		100.0000%		100.0000%
3	<b>Allocated to Minnesota</b>	Line 1 x Line 2	<b>8,888,777</b>		<b>7,145,821</b>		<b>7,304,375</b>
4	<b>Allocated to Michigan</b>	Line 1 - Line 3	-		-		-

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	165010 Prepayments Insurance	General Ledger	611,671	741,057	1,352,728	(600,728)	752,000
2	165225 Prepaid Postage	General Ledger	6,098	(6,098)	-	-	-
3	165350 Prepayments-Fed Inc Tax	General Ledger	914,403	(914,403)	-	-	-
4	165351 Prepayments-State Inc Tax	General Ledger	184,022	(184,022)	-	-	-
5	165360 Prepayments-Surplus Lines Tax	General Ledger	9,597	(9,597)	-	-	-
6	<b>Total Prepayments</b>		<u>1,725,791</u>	<u>(373,063)</u>	<u>1,352,728</u>	<u>(600,728)</u>	<u>752,000</u>
7	Rate Base Allocation-Percentages						
8	Production	IR-9 Schedule 1 Page 4	4.16%		3.19%		2.98%
9	Transmission	IR-9 Schedule 1 Page 4	2.84%		2.13%		1.72%
10	Distribution	IR-9 Schedule 1 Page 4	91.08%		92.47%		92.28%
11	Customer	IR-9 Schedule 1 Page 4	1.92%		2.21%		3.01%
12	Rate Base Allocation-Dollars						
13	Production	Line 6 x Line 8	71,734		43,160		22,421
14	Transmission	Line 6 x Line 9	48,943		28,833		12,940
15	Distribution	Line 6 x Line 10	1,571,907		1,250,907		693,981
16	Customer	Line 6 x Line 11	33,206		29,828		22,657
17	MERC - Minnesota Allocation Percentages						
18	Production (System Sales)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
19	Transmission (Total Sales)	IR-9 Schedule 1 Page 1	86.27%		86.55%		86.05%
20	Distribution (Distribution Plant)	IR-9 Schedule 1 Page 2	100.00%		100.00%		100.00%
21	Customer (Fixed Charge Count)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
22	MERC - Minnesota Allocation Dollars						
23	Production	Line 13 x Line 18	71,734		43,160		22,421
24	Transmission	Line 14 x Line 19	42,222		24,955		11,136
25	Distribution	Line 15 x Line 20	1,571,907		1,250,907		693,981
26	Customer	Line 16 x Line 21	33,206		29,827		22,657
27	<b>Total MERC - Minnesota</b>		<u>1,719,069</u>		<u>1,348,849</u>		<u>750,195</u>
28	MERC - Michigan Allocation Dollars						
29	Production	Line 13 - Line 23	-		-		-
30	Transmission	Line 14 - Line 24	6,722		3,878		1,805
31	Distribution	Line 15 - Line 25	-		-		-
32	Customer	Line 16 - Line 26	0		0		0
33	<b>Total MERC - Michigan</b>		<u>6,722</u>		<u>3,879</u>		<u>1,805</u>

Line No.	Description	Reference	Historic 01/01/16 - 12/31/16	Adjustments	Projected 01/01/17 - 12/31/17	Adjustments	Proposed 01/01/18 - 12/31/18
1	128515 Post Retirement Life Asset	General Ledger	-	-	-	-	-
2	128525 Prepaid Pension-Retirement	General Ledger	-	-	-	-	-
3	182015 Reg Asset-Short Term	General Ledger	-	-	-	-	-
4	182016 Reg Assets-Derivatives-Current	General Ledger	-	-	-	-	-
5	182035 Reg Asset-Curr-NonDeriv Adj	General Ledger	-	-	-	-	-
6	182312 Reg Asset-FAS 158	General Ledger	-	-	-	-	-
7	182334 Reg Asset-Cleanup Gas-Expenditures	General Ledger	-	-	-	-	-
8	182337 MGP Current Year Clean Up	General Ledger	-	-	-	-	-
9	182351 Reg Asset-Purch Acctg Eff Benefits	General Ledger	5,956,648	(385,655)	5,570,993	(11,455)	5,559,538
10	182513 Rate Case	General Ledger	-	-	-	-	-
11	182517 Reg Asset-ST Offset	General Ledger	-	-	-	-	-
12	182391	General Ledger	-	-	-	-	-
13	182901 Cloquet Plant Amortization	General Ledger	7,342	(7,342)	-	-	-
14	183000 Rochester Deferral	General Ledger	117,959	(117,959)	-	-	-
15	186028 Labor Accruals	General Ledger	-	-	-	-	-
16	186390 Labor Loader	General Ledger	-	-	-	-	-
17	186850 Operating Deposit	General Ledger	6,053	(6,053)	-	-	-
18	186999 Advances to Affiliates	General Ledger	-	-	-	-	-
19	228200 Injuries & Damages Reserve	General Ledger	-	-	-	-	-
20	228210 Workers Comp Claim Reserve	General Ledger	-	-	-	-	-
21	228300 Def Cr-Sup Ret Select SERP	General Ledger	-	-	-	-	-
22	228305 Supple Remp Ret Plan SERP	General Ledger	-	-	-	-	-
23	228310 Pension Restoration	General Ledger	-	-	-	-	-
24	228315 Post Ret Health Care-Admin	General Ledger	-	-	-	-	-
25	228320 Post Ret Health Care-NonAdmin	General Ledger	-	-	-	-	-
26	228331 Accr Pens Liab-CHI Retire Plan	General Ledger	-	-	-	-	-
27	229005 Accum Prov for Rate Refunds	General Ledger	(1,295,690)	1,295,690	-	-	-
28	242070 Current Pension Obligation	General Ledger	-	-	-	-	-
29	242071 Current Sick Pay Plan Oblig	General Ledger	-	-	-	-	-
30	242072 Current Pension Restoration	General Ledger	-	-	-	-	-
31	242080 Curr Post Retirement Obligation	General Ledger	-	-	-	-	-
32	244010 Derivative Liabilities-Current	General Ledger	-	-	-	-	-
33	253010 Def Cr-Outst Checks Cancelled	General Ledger	-	-	-	-	-
34	253030 Performance Share Awards	General Ledger	-	-	-	-	-
35	253031 Feb 10 Perf Share Liability LT	General Ledger	-	-	-	-	-
36	253051 Workers Comp Claim Reserve	General Ledger	-	-	-	-	-
37	253052 Injuries & Damages Reserve	General Ledger	-	-	-	-	-
38	253699 LT Payables to Affn-SFAS158	General Ledger	-	-	-	-	-
39	253950 Def Cr.-gas site cleanup	General Ledger	-	-	-	-	-
40	254009 Req Liab-Cost to Fwd-External	General Ledger	-	-	-	-	-
41	254015 Req Liabilities Derivatives Long Term	General Ledger	-	-	-	-	-
42	254317 Reg Liab-Short Term Offset	General Ledger	-	-	-	-	-
43	254391 Reg Liab-2010 Health Care Leg	General Ledger	(72,138)	5,058	(67,080)	-	(67,080)
44	254400 Req Liabilities Deferred Taxes	General Ledger	(42,291)	42,291	-	-	-
45	254450 Reg Liab-Derivatives	General Ledger	-	-	-	-	-
46	254490 Reg Liab - FASB 158	General Ledger	-	-	-	-	-
46	<b>Total Regulatory Assets and Liabilities</b>		<b>4,677,883</b>	<b>826,030</b>	<b>5,503,913</b>	<b>(11,455)</b>	<b>5,492,458</b>
46	Rate Base Allocation-Percentages						
47	Production	IR-9 Schedule 1 Page 3	4.16%		3.19%		2.98%
48	Transmission	IR-9 Schedule 1 Page 3	2.84%		2.13%		1.72%
49	Distribution	IR-9 Schedule 1 Page 3	91.08%		92.47%		92.28%
50	Customer	IR-9 Schedule 1 Page 3	1.92%		2.21%		3.01%
51	Rate Base Allocation-Dollars						
52	Production	Line 45 x Line 47	194,441		175,608		163,761
53	Transmission	Line 45 x Line 48	132,665		117,316		94,514
54	Distribution	Line 45 x Line 49	4,260,770		5,089,628		5,068,702
55	Customer	Line 45 x Line 50	90,007		121,361		165,481
56	MERC - Minnesota Allocation Percentages						
57	Production (System Sales)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
58	Transmission (Total Sales)	IR-9 Schedule 1 Page 1	86.27%		86.55%		86.05%
59	Distribution (Distribution Plant)	IR-9 Schedule 1 Page 2	100.00%		100.00%		100.00%
60	Customer (Fixed Charge Count)	IR-9 Schedule 1 Page 1	100.00%		100.00%		100.00%
61	MERC - Minnesota Allocation Dollars						
62	Production	Line 52 x Line 57	194,441		175,608		163,761
63	Transmission	Line 53 x Line 58	114,445		101,535		81,332
64	Distribution	Line 54 x Line 59	4,260,770		5,089,628		5,068,702
65	Customer	Line 55 x Line 60	90,006		121,360		165,480
66	<b>Total MERC - Minnesota</b>		<b>4,659,663</b>		<b>5,488,131</b>		<b>5,479,275</b>
67	MERC - Michigan Allocation Dollars						
68	Production	Line 52 - Line 62	-		-		-
69	Transmission	Line 53 - Line 63	18,219		15,781		13,182
70	Distribution	Line 54 - Line 64	-		-		-
71	Customer	Line 55 - Line 65	1		1		1
72	<b>Total MERC - Michigan</b>		<b>18,220</b>		<b>15,782</b>		<b>13,183</b>

**Minnesota Energy Resources Corporation  
Rate Base Variance Explanations**

	<b>2018 Proposed Less 2016 Historical</b>	
<b>Net Utility Plant</b>	57,987,946	This increase in rate base is related to \$124.7 million of projected capital spending in 2017 and 2018. Depreciation was calculated using the rates filed in Docket No. G011/D-17-442 for the 2018 proposed test year.
<b>Working Capital/Misc Adjustments</b>	1,362,596	Working Capital in the proposed test year was adjusted based on the Lead/Lag Study included in the the Testimony and Exhibits of Seth DeMerritt. Non-Plant Deferred Taxes increased \$0.6 million in the 2018 test year as compared to the 2016 historical test year.
<b>Gas Storage</b>	(1,584,402)	The 2018 proposed test year is based off of the sales forecast identified in the Direct Testimony and Exhibits of Mr. Matt Czervianke, and uses a NYMEX date of May 15, 2017 for the cost of gas.
<b>Reg A/L</b>	814,575	Regulatory Assets and Liabilities increase due the elimination of the refund liability from MERC's 2016 rate case. These increases are offset by the completion of the Cloquet Plant Amortization, and the ending of the Rochester Project Deferral.