

Line	Line Description	Allocator Description	Reference	MERC-Total	MERC - Minnesota	2016 MERC - Michigan	
1							
2	Interest Expense		Exhibit LJC-1	4,611,852	4,593,889	17,963	
3	Rate Base Allocation				99.6105%	0.3895%	
4							
5							
6	<b>Federal Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
7	Book Income Before Taxes		IR-5 Page 1	20,573,760	20,153,428	420,332	
8	Interest Expense		Line 2	4,611,852	4,593,889	17,963	
9	Income Reconciliation (M1's)		Line 67	<u>(38,857,385)</u>	<u>(38,745,706)</u>	<u>(111,679)</u>	
10			Line 7 - Line 8 - Line 9	(22,895,477)	(23,186,167)	290,690	
11							
12	Tax Rate		Input from Tax Department	35.0000%	35.0000%	35.0000%	
13							
14	Taxes Calculated		Line 10 * Line 12	(8,013,417)	(8,115,159)	101,742	Minnesota-Allocator
15	Tax Credit	System Sales	Input from Tax Department	<u>1,811,854</u>	<u>1,811,854</u>	-	100.0000%
16	Tax Liability		Line 14 + Line 15	(6,201,563)	(6,303,305)	101,742	
17							
18	Deferred Taxes		Line 97	12,470,835	12,305,967	164,868	
19							
20	Adjusted Tax Liability		Line 16 + Line 18	<u>6,269,272</u>	<u>6,002,662</u>	<u>266,610</u>	
21							
22							
23	<b>Minnesota State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
24	Book Income Before Taxes		IR-5 Page 1	20,573,760	20,153,428	420,332	
25	Interest Expense		Line 2	4,611,852	4,593,889	17,963	
26	Income Reconciliation (M1's)		Line 77	<u>(32,826,238)</u>	<u>(32,739,784)</u>	<u>(86,454)</u>	
27			Line 24 - Line 25 + Line 26	(16,864,330)	(17,180,245)	315,915	
28							
29	Tax Rate		Input from Tax Department	9.6988%	9.6988%	9.6988%	
30							
31	Taxes Calculated		Line 27 * Line 29	(1,635,634)	(1,666,273)	30,640	Minnesota-Allocator
32	Tax Credit		Input from Tax Department	<u>(101,293)</u>	<u>(101,293)</u>	-	100.0000%
33	Tax Liability		Line 31 + Line 32	(1,736,927)	(1,767,566)	30,640	
34							
35	Deferred Taxes		Line 107	2,089,671	2,088,661	1,010	
36							
37	Adjusted Tax Liability		Line 33 + Line 35	<u>352,744</u>	<u>321,095</u>	<u>31,650</u>	
38							
39							
40	<b>Michigan State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
41	Book Income Before Taxes		IR-5 Page 1	20,573,760	20,153,428	420,332	
42	Interest Expense		Line 2	4,611,852	4,593,889	17,963	
43	Income Reconciliation (M1's)		Line 87	<u>(28,366,683)</u>	<u>(28,281,463)</u>	<u>(85,220)</u>	
44			Line 41 - Line 42 + Line 43	(12,404,775)	(12,721,924)	317,149	
45							
46	Tax Rate		Input from Tax Department	0.0033%	0.0033%	0.0033%	
47							
48	Taxes Calculated		Line 44 * Line 46	(403)	(414)	10	Minnesota-Allocator
49	Tax Credit	System Sales	Input from Tax Department	<u>(19)</u>	<u>(19)</u>	-	100.0000%
50	Tax Liability		Line 48 + Line 49	(422)	(433)	10	
51							
52	Deferred Taxes		Line 117	627	622	5	
53							
54	Adjusted Tax Liability		Line 50 + Line 54	<u>205</u>	<u>189</u>	<u>16</u>	
55							

56							
57							
58	<b>Federal Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
59	Rate Base	Rate Base	Input from Tax Department	(7,018,020)	(6,990,685)	(27,335)	99.6105%
60	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
61	Transmission	Total Sales	Input from Tax Department	(385,439)	(332,505)	(52,934)	86.2666%
62	Distribution Plant	Distribution Plant	Input from Tax Department	(28,506,796)	(28,506,796)	-	100.0000%
63	Customer	Fixed Charge Count	Input from Tax Department	337,613	337,610	3	99.9991%
64	General and Common BCR	Salaries and Wages	Input from Tax Department	(4,920,780)	(4,920,017)	(763)	99.9845%
65	State Tax Liability	Line 31 + Line 48		1,636,037	1,666,687	(30,650)	
66							
67	Net Income Adds/Deducts			<u>(38,857,385)</u>	<u>(38,745,706)</u>	<u>(111,679)</u>	
68							
69							
70	<b>Minnesota Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
71	Rate Base	Rate Base	Input from Tax Department	(7,133,206)	(7,105,422)	(27,784)	99.6105%
72	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
73	Transmission	Total Sales	Input from Tax Department	(425,756)	(367,285)	(58,471)	86.2666%
74	Distribution Plant	Distribution Plant	Input from Tax Department	(24,299,506)	(24,299,506)	-	100.0000%
75	Customer	Fixed Charge Count	Input from Tax Department	337,613	337,610	3	99.9991%
76	General and Common BCR	Salaries and Wages	Input from Tax Department	(1,305,383)	(1,305,181)	(202)	99.9845%
77	Net Income Adds/Deducts			<u>(32,826,238)</u>	<u>(32,739,784)</u>	<u>(86,454)</u>	
78							
79							
80	<b>Michigan Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
81	Rate Base	Rate Base	Input from Tax Department	(7,018,020)	(6,990,685)	(27,335)	99.6105%
82	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
83	Transmission	Total Sales	Input from Tax Department	(420,098)	(362,404)	(57,694)	86.2666%
84	Distribution Plant	Distribution Plant	Input from Tax Department	(20,014,456)	(20,014,456)	-	100.0000%
85	Customer	Fixed Charge Count	Input from Tax Department	337,613	337,610	3	99.9991%
86	General and Common BCR	Salaries and Wages	Input from Tax Department	(1,251,722)	(1,251,528)	(194)	99.9845%
87	Net Income Adds/Deducts			<u>(28,366,683)</u>	<u>(28,281,463)</u>	<u>(85,220)</u>	
88							
89							
90	<b>Federal Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
91	Rate Base	Rate Base	Input from Tax Department	4,436,120	4,418,841	17,279	99.6105%
92	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
93	Transmission	Total Sales	Input from Tax Department	1,080,344	931,976	148,368	86.2666%
94	Distribution Plant	Distribution Plant	Input from Tax Department	12,088,838	12,088,838	-	100.0000%
95	Customer	Fixed Charge Count	Input from Tax Department	(118,165)	(118,164)	(1)	99.9991%
96	General and Common	Salaries and Wages	Input from Tax Department	(5,016,302)	(5,015,524)	(778)	99.9845%
97				<u>12,470,835</u>	<u>12,305,967</u>	<u>164,868</u>	
98							
99							
100	<b>Minnesota State Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
101	Rate Base	Rate Base	Input from Tax Department	798,889	795,777	3,112	99.6105%
102	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
103	Transmission	System Sales	Input from Tax Department	(14,685)	(12,668)	(2,017)	86.2666%
104	Distribution Plant	Distribution Plant	Input from Tax Department	1,875,727	1,875,727	-	100.0000%
105	Customer	Fixed Charge Count	Input from Tax Department	(21,433)	(21,433)	(0)	99.9991%
106	General and Common	Salaries and Wages	Input from Tax Department	(548,827)	(548,742)	(85)	99.9845%
107				<u>2,089,671</u>	<u>2,088,661</u>	<u>1,010</u>	
108							
109							
110	<b>Michigan Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
111	Rate Base	Rate Base	Input from Tax Department	154	153	1	99.6105%
112	Energy	System Sales	Input from Tax Department	-	-	-	100.0000%
113	Transmission	System Sales	Input from Tax Department	35	30	5	86.2666%
114	Distribution Plant	Distribution Plant	Input from Tax Department	654	654	-	100.0000%
115	Customer	Fixed Charge Count	Input from Tax Department	(5)	(5)	(0)	99.9991%
116	General and Common	Salaries and Wages	Input from Tax Department	(211)	(211)	(0)	99.9845%
117				<u>627</u>	<u>622</u>	<u>5</u>	

MERC apportions Minnesota State Tax rate for income tax calculations, due to a portion of property, sales, and payroll occurring in other states.

Line	Line Description	Allocator Description	Reference	MERC-Total	MERC - Minnesota	2017 MERC - Michigan	
1							
2	Interest Expense		Exhibit LJG-1	4,783,000	4,769,287	13,713	
3	Rate Base Allocation				99.7133%	0.2867%	
4							
5							
6	<b>Federal Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
7	Book Income Before Taxes		IR-5 Page 1	23,120,684	22,713,882	406,802	
8	Interest Expense		Line 2	4,783,000	4,769,287	13,713	
9	Income Reconciliation (M1's)		Line 67	<u>(38,322,818)</u>	<u>(38,207,937)</u>	<u>(114,881)</u>	
10			Line 7 - Line 8 - Line 9	(19,985,134)	(20,263,342)	278,209	
11							
12	Tax Rate		Input from Tax Department	35.0000%	35.0000%	35.0000%	
13							
14	Taxes Calculated		Line 10 * Line 12	(6,994,797)	(7,092,170)	97,373	Minnesota-Allocator
15	Tax Credit	System Sales	Input from Tax Department	<u>903,699</u>	<u>903,699</u>	-	100.0000%
16	Tax Liability		Line 14 + Line 15	(6,091,098)	(6,188,471)	97,373	
17							
18	Deferred Taxes		Line 97	13,049,568	12,954,169	95,399	
19							
20	Adjusted Tax Liability		Line 16 + Line 18	<u>6,958,470</u>	<u>6,765,698</u>	<u>192,772</u>	
21							
22							
23	<b>Minnesota State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
24	Book Income Before Taxes		IR-5 Page 1	23,120,684	22,713,882	406,802	
25	Interest Expense		Line 2	4,783,000	4,769,287	13,713	
26	Income Reconciliation (M1's)		Line 77	<u>(32,510,619)</u>	<u>(32,432,131)</u>	<u>(78,488)</u>	
27			Line 24 - Line 25 + Line 26	(14,172,935)	(14,487,536)	314,601	
28							
29	Tax Rate		Input from Tax Department	9.6988%	9.6988%	9.6988%	
30							
31	Taxes Calculated		Line 27 * Line 29	(1,374,601)	(1,405,114)	30,512	Minnesota-Allocator
32	Tax Credit		Input from Tax Department	<u>0</u>	<u>-</u>	<u>-</u>	100.0000%
33	Tax Liability		Line 31 + Line 32	(1,374,601)	(1,405,114)	30,512	
34							
35	Deferred Taxes		Line 107	2,060,790	2,058,186	2,604	
36							
37	Adjusted Tax Liability		Line 33 + Line 35	<u>686,189</u>	<u>653,072</u>	<u>33,117</u>	
38							
39							
40	<b>Michigan State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
41	Book Income Before Taxes		IR-5 Page 1	23,120,684	22,713,882	406,802	
42	Interest Expense		Line 2	4,783,000	4,769,287	13,713	
43	Income Reconciliation (M1's)		Line 87	<u>(27,320,842)</u>	<u>(27,250,407)</u>	<u>(70,435)</u>	
44			Line 41 - Line 42 + Line 43	(8,983,158)	(9,305,812)	322,654	
45							
46	Tax Rate		Input from Tax Department	0.0033%	0.0033%	0.0033%	
47							
48	Taxes Calculated		Line 44 * Line 46	(292)	(303)	10	Minnesota-Allocator
49	Tax Credit	System Sales	Input from Tax Department	<u>0</u>	<u>-</u>	<u>-</u>	100.0000%
50	Tax Liability		Line 48 + Line 49	(292)	(303)	10	
51							
52	Deferred Taxes		Line 117	592	588	3	
53							
54	Adjusted Tax Liability		Line 50 + Line 54	<u>299</u>	<u>286</u>	<u>14</u>	
55							

56							
57							
58	<b>Federal Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
59	Rate Base	Rate Base	Input from Tax Department	(3,509,010)	(3,498,950)	(10,060)	99.7133%
60	Energy	System Sales	Input from Tax Department	(506,000)	(506,000)	-	100.0000%
61	Transmission	Total Sales	Input from Tax Department	(547,720)	(474,044)	(73,676)	86.5486%
62	Distribution Plant	Distribution Plant	Input from Tax Department	(30,275,398)	(30,275,398)	-	100.0000%
63	Customer	Fixed Charge Count	Input from Tax Department	(1,132,694)	(1,132,683)	(10)	99.9991%
64	General and Common BCR	Salaries and Wages	Input from Tax Department	(3,726,890)	(3,726,279)	(611)	99.9836%
65	State Tax Liability		Line 31 + Line 48	1,374,893	1,405,416	(30,523)	
66							
67	Net Income Adds/Deducts			<u>(38,322,818)</u>	<u>(38,207,937)</u>	<u>(114,881)</u>	
68							
69							
70	<b>Minnesota Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
71	Rate Base	Rate Base	Input from Tax Department	(3,566,603)	(3,556,378)	(10,225)	99.7133%
72	Energy	System Sales	Input from Tax Department	(506,000)	(506,000)	-	100.0000%
73	Transmission	Total Sales	Input from Tax Department	(505,378)	(437,398)	(67,980)	86.5486%
74	Distribution Plant	Distribution Plant	Input from Tax Department	(25,374,753)	(25,374,753)	-	100.0000%
75	Customer	Fixed Charge Count	Input from Tax Department	(885,694)	(885,686)	(8)	99.9991%
76	General and Common BCR	Salaries and Wages	Input from Tax Department	(1,672,192)	(1,671,917)	(274)	99.9836%
77	Net Income Adds/Deducts			<u>(32,510,619)</u>	<u>(32,432,131)</u>	<u>(78,488)</u>	
78							
79							
80	<b>Michigan Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
81	Rate Base	Rate Base	Input from Tax Department	(3,509,010)	(3,498,950)	(10,060)	99.7133%
82	Energy	System Sales	Input from Tax Department	(506,000)	(506,000)	-	100.0000%
83	Transmission	Total Sales	Input from Tax Department	(447,049)	(386,915)	(60,134)	86.5486%
84	Distribution Plant	Distribution Plant	Input from Tax Department	(20,763,728)	(20,763,728)	-	100.0000%
85	Customer	Fixed Charge Count	Input from Tax Department	(667,694)	(667,687)	(6)	99.9991%
86	General and Common BCR	Salaries and Wages	Input from Tax Department	(1,427,361)	(1,427,127)	(234)	99.9836%
87	Net Income Adds/Deducts			<u>(27,320,842)</u>	<u>(27,250,407)</u>	<u>(70,435)</u>	
88							
89							
90	<b>Federal Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
91	Rate Base	Rate Base	Input from Tax Department	2,218,060	2,211,701	6,359	99.7133%
92	Energy	System Sales	Input from Tax Department	177,100	177,100	-	100.0000%
93	Transmission	Total Sales	Input from Tax Department	664,422	575,048	89,374	86.5486%
94	Distribution Plant	Distribution Plant	Input from Tax Department	11,652,119	11,652,119	-	100.0000%
95	Customer	Fixed Charge Count	Input from Tax Department	396,443	396,439	4	99.9991%
96	General and Common	Salaries and Wages	Input from Tax Department	(2,058,576)	(2,058,238)	(338)	99.9836%
97				<u>13,049,568</u>	<u>12,954,169</u>	<u>95,399</u>	
98							
99							
100	<b>Minnesota State Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
101	Rate Base	Rate Base	Input from Tax Department	399,445	398,299	1,145	99.7133%
102	Energy	System Sales	Input from Tax Department	31,900	31,900	-	100.0000%
103	Transmission	System Sales	Input from Tax Department	11,098	9,605	1,493	86.5486%
104	Distribution Plant	Distribution Plant	Input from Tax Department	1,771,595	1,771,595	-	100.0000%
105	Customer	Fixed Charge Count	Input from Tax Department	55,762	55,761	1	99.9991%
106	General and Common	Salaries and Wages	Input from Tax Department	(209,008)	(208,973)	(34)	99.9836%
107				<u>2,060,790</u>	<u>2,058,186</u>	<u>2,604</u>	
108							
109							
110	<b>Michigan Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
111	Rate Base	Rate Base	Input from Tax Department	77	77	0	99.7133%
112	Energy	System Sales	Input from Tax Department	11	11	-	100.0000%
113	Transmission	System Sales	Input from Tax Department	23	19	3	86.5486%
114	Distribution Plant	Distribution Plant	Input from Tax Department	555	555	-	100.0000%
115	Customer	Fixed Charge Count	Input from Tax Department	15	15	0	99.9991%
116	General and Common	Salaries and Wages	Input from Tax Department	(88)	(88)	(0)	99.9836%
117				<u>592</u>	<u>588</u>	<u>3</u>	

MERC apportions Minnesota State Tax rate for income tax calculations, due to a portion of property, sales, and payroll occurring in other states.

Line	Line Description	Allocator Description	Reference	MERC-Total	MERC - Minnesota	MERC - Michigan	2018
1							
2	Interest Expense		Exhibit L JG-1	5,335,000	5,322,196	12,804	
3	Rate Base Allocation				99.7600%	0.2400%	
4							
5							
6	<b>Federal Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
7	Book Income Before Taxes		IR-5 Page 1	18,913,930	18,434,973	478,957	
8	Interest Expense		Line 2	5,335,000	5,322,196	12,804	
9	Income Reconciliation (M1's)		Line 67	(37,096,056)	(36,959,308)	(136,748)	
10			Line 7 - Line 8 - Line 9	(23,517,126)	(23,846,531)	329,405	
11							
12	Tax Rate		Input from Tax Department	35.0000%	35.0000%	35.0000%	
13							
14	Taxes Calculated		Line 10 * Line 12	(8,230,994)	(8,346,286)	115,292	Minnesota-Allocator
15	Tax Credit	System Sales	Input from Tax Department	(4,457)	(4,457)	-	1.000000
16	Tax Liability		Line 14 + Line 15	(8,235,451)	(8,350,743)	115,292	
17							
18	Deferred Taxes		Line 97	13,628,300	13,593,482	34,818	
19							
20	Adjusted Tax Liability		Line 16 + Line 18	<u>5,392,849</u>	<u>5,242,740</u>	<u>150,109</u>	
21							
22							
23	<b>Minnesota State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
24	Book Income Before Taxes		IR-5 Page 1	18,913,930	18,434,973	478,957	
25	Interest Expense		Line 2	5,335,000	5,322,196	12,804	
26	Income Reconciliation (M1's)		Line 77	(32,195,000)	(32,113,049)	(81,951)	
27			Line 24 - Line 25 + Line 26	(18,616,070)	(19,000,271)	384,202	
28							
29	Tax Rate		Input from Tax Department	9.6988%	9.6988%	9.6988%	
30							
31	Taxes Calculated		Line 27 * Line 29	(1,805,531)	(1,842,794)	37,263	Minnesota-Allocator
32	Tax Credit		Input from Tax Department	0	-	-	1.000000
33	Tax Liability		Line 31 + Line 32	(1,805,531)	(1,842,794)	37,263	
34							
35	Deferred Taxes		Line 107	2,031,909	2,026,742	5,167	
36							
37	Adjusted Tax Liability		Line 33 + Line 35	<u>226,378</u>	<u>183,948</u>	<u>42,430</u>	
38							
39							
40	<b>Michigan State Tax Calculation</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	
41	Book Income Before Taxes		IR-5 Page 1	18,913,930	18,434,973	478,957	
42	Interest Expense		Line 2	5,335,000	5,322,196	12,804	
43	Income Reconciliation (M1's)		Line 87	(26,275,000)	(26,208,607)	(66,393)	
44			Line 41 - Line 42 + Line 43	(12,696,070)	(13,095,830)	399,760	
45							
46	Tax Rate		Input from Tax Department	0.0033%	0.0033%	0.0033%	
47							
48	Taxes Calculated		Line 44 * Line 46	(413)	(426)	13	Minnesota-Allocator
49	Tax Credit	System Sales	Input from Tax Department	0	-	-	100.0000%
50	Tax Liability		Line 48 + Line 49	(413)	(426)	13	
51							
52	Deferred Taxes		Line 117	556	555	1	
53							
54	Adjusted Tax Liability		Line 50 + Line 54	<u>143</u>	<u>129</u>	<u>14</u>	
55							

56							
57							
58	<b>Federal Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
59	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
60	Energy	System Sales	Input from Tax Department	(1,012,000)	(1,012,000)	-	100.0000%
61	Transmission	Total Sales	Input from Tax Department	(710,000)	(610,976)	(99,024)	86.0530%
62	Distribution Plant	Distribution Plant	Input from Tax Department	(32,044,000)	(32,044,000)	-	100.0000%
63	Customer	Fixed Charge Count	Input from Tax Department	(2,603,000)	(2,602,979)	(21)	99.9992%
64	General and Common BCR	Salaries and Wages	Input from Tax Department	(2,533,000)	(2,532,572)	(428)	99.9831%
65	State Tax Liability		Line 31 + Line 48	1,805,944	1,843,220	(37,276)	
66							
67	Net Income Adds/Deducts			<u>(37,096,056)</u>	<u>(36,959,308)</u>	<u>(136,748)</u>	
68							
69							
70	<b>Minnesota Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
71	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
72	Energy	System Sales	Input from Tax Department	(1,012,000)	(1,012,000)	-	100.0000%
73	Transmission	Total Sales	Input from Tax Department	(585,000)	(503,410)	(81,590)	86.0530%
74	Distribution Plant	Distribution Plant	Input from Tax Department	(26,450,000)	(26,450,000)	-	100.0000%
75	Customer	Fixed Charge Count	Input from Tax Department	(2,109,000)	(2,108,983)	(17)	99.9992%
76	General and Common BCR	Salaries and Wages	Input from Tax Department	(2,039,000)	(2,038,655)	(345)	99.9831%
77	Net Income Adds/Deducts			<u>(32,195,000)</u>	<u>(32,113,049)</u>	<u>(81,951)</u>	
78							
79							
80	<b>Michigan Income Tax M1's</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
81	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
82	Energy	System Sales	Input from Tax Department	(1,012,000)	(1,012,000)	-	100.0000%
83	Transmission	Total Sales	Input from Tax Department	(474,000)	(407,891)	(66,109)	86.0530%
84	Distribution Plant	Distribution Plant	Input from Tax Department	(21,513,000)	(21,513,000)	-	100.0000%
85	Customer	Fixed Charge Count	Input from Tax Department	(1,673,000)	(1,672,987)	(13)	99.9992%
86	General and Common BCR	Salaries and Wages	Input from Tax Department	(1,603,000)	(1,602,729)	(271)	99.9831%
87	Net Income Adds/Deducts			<u>(26,275,000)</u>	<u>(26,208,607)</u>	<u>(66,393)</u>	
88							
89							
90	<b>Federal Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
91	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
92	Energy	System Sales	Input from Tax Department	354,200	354,200	-	100.0000%
93	Transmission	Total Sales	Input from Tax Department	248,500	213,842	34,658	86.0530%
94	Distribution Plant	Distribution Plant	Input from Tax Department	11,215,400	11,215,400	-	100.0000%
95	Customer	Fixed Charge Count	Input from Tax Department	911,050	911,043	7	99.9992%
96	General and Common	Salaries and Wages	Input from Tax Department	899,150	898,998	152	99.9831%
97				<u>13,628,300</u>	<u>13,593,482</u>	<u>34,818</u>	
98							
99							
100	<b>Minnesota State Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
101	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
102	Energy	System Sales	Input from Tax Department	63,799	63,799	-	100.0000%
103	Transmission	System Sales	Input from Tax Department	36,880	31,736	5,144	86.0530%
104	Distribution Plant	Distribution Plant	Input from Tax Department	1,667,462	1,667,462	-	100.0000%
105	Customer	Fixed Charge Count	Input from Tax Department	132,956	132,955	1	99.9992%
106	General and Common	Salaries and Wages	Input from Tax Department	130,812	130,790	22	99.9831%
107				<u>2,031,909</u>	<u>2,026,742</u>	<u>5,167</u>	
108							
109							
110	<b>Michigan Deferred Tax Expense</b>			<b>MERC-Total</b>	<b>MERC - Minnesota</b>	<b>MERC - Michigan</b>	<b>Minnesota-Allocator</b>
111	Rate Base	Rate Base	Input from Tax Department	-	-	-	99.7600%
112	Energy	System Sales	Input from Tax Department	21	21	-	100.0000%
113	Transmission	System Sales	Input from Tax Department	10	9	1	86.0530%
114	Distribution Plant	Distribution Plant	Input from Tax Department	455	455	-	100.0000%
115	Customer	Fixed Charge Count	Input from Tax Department	35	35	0	99.9992%
116	General and Common	Salaries and Wages	Input from Tax Department	35	35	0	99.9831%
117				<u>556</u>	<u>555</u>	<u>1</u>	

MERC apportions Minnesota State Tax rate for income tax calculations, due to a portion of property, sales, and payroll occurring in other states.