

**Minnesota Energy Resources Corporation  
Net Operating Income Utility/Non-Utility**

| <b>Line No.</b> |                                   | <b>Reference</b>      | <b>2016<br/>Historic</b> | <b>2017<br/>Projected</b> | <b>2018<br/>Proposed</b> |
|-----------------|-----------------------------------|-----------------------|--------------------------|---------------------------|--------------------------|
| 1               | Gas Revenues                      | IR-5                  | 230,538,515              | 246,403,055               | 251,920,429              |
| 2               | Cost of Gas                       | IR-5                  | 120,759,086              | 139,016,300               | 142,921,853              |
| 3               | Gas Margin                        |                       | 109,779,429              | 107,386,755               | 108,998,576              |
| 4               | Non-Fuel O&M                      | IR-5                  | 52,557,546               | 47,898,485                | 49,379,639               |
| 5               | Depreciation                      | IR-5                  | 11,386,300               | 12,157,076                | 14,349,679               |
| 6               | Amortization                      | IR-5                  | 14,855,437               | 12,257,166                | 13,355,051               |
| 7               | Taxes Other Than Income Taxes     | IR-5                  | 10,356,989               | 11,953,344                | 13,000,278               |
| 8               | Income Taxes Oper                 | IR-8                  | 6,622,221                | 7,644,958                 | 5,619,370                |
| 9               | Operating Expense                 |                       | 95,778,493               | 91,911,029                | 95,704,017               |
| 10              | Operating Income                  |                       | 14,000,936               | 15,475,726                | 13,294,559               |
| 11              | Other Income/Deductions           | General Ledger        | 4,433,786                | 4,209,523                 | 4,230,571                |
| 12              | Income Tax-Non-Operating          | General Ledger        | (2,103,975)              | (1,810,095)               | (1,819,145)              |
| 13              | Total Other Income and Deductions |                       | 2,329,811                | 2,399,428                 | 2,411,425                |
| 14              | Long Term Debt                    | Exhibit LJJ-1, Page 2 | 4,308,840                | 4,022,000                 | 4,282,000                |
| 15              | Short Term Debt                   | Exhibit LJJ-1, Page 3 | 458,257                  | 761,000                   | 1,053,000                |
| 16              | Other Interest Expense            |                       | 49,397                   | -                         | -                        |
| 17              | Total Interest                    |                       | 4,816,494                | 4,783,000                 | 5,335,000                |
| 18              | Net Income                        |                       | 11,514,253               | 13,092,154                | 10,370,984               |

\*2016 revenues do not include CIP incentive revenues