

<b>2021 Historic Revenue Deficiency</b>			
Line No.	Description	Reference	MERC - Minnesota
1			
2	Rate Base	IR-2 Page 1	\$ 411,307
3			
4	Adjusted Net Operating Income	IR-5 Page 1	\$ 24,370
5			
6	Overall Rate of Return	Line 4 ÷ Line 2	5.93%
7			
8	Rate of Return	Exhibit_(JLZ-D), Schedule 40, Page 1	6.17%
9			
10	Income Requirements	Line 2 x Line 8	\$ 25,378
11			
12	Income Deficiency (Sufficiency)	Line 10 - Line 4	\$ 1,007
13			
14	Revenue Conversion Factor	IR-1 Page 2	1.403
15			
16	Revenue Deficiency (Sufficiency)	Line 12 x Line 14	<u>\$ 1,414</u>
17			
18	Rate Increase/(Decrease) %		0.54%
19	Margin Increase/(Decrease)%		4.51%
<b>2022 Projected Revenue Deficiency</b>			
	Description	Reference	MERC - Minnesota
20			
21	Rate Base	IR-2 Page 1	\$ 440,058
22			
23	Adjusted Net Operating Income	IR-5 Page 1	\$ 6,462
24			
25	Overall Rate of Return	Line 23 ÷ Line 21	1.47%
26			
27	Rate of Return	Exhibit_(JLZ-D), Schedule 40, Page 1	6.34%
28			
29	Income Requirements	Line 21 x Line 27	\$ 27,900
30			
31	Income Deficiency (Sufficiency)	Line 29 - Line 23	\$ 21,438
32			
33	Revenue Conversion Factor	IR-1 Page 2	1.403
34			
35	Revenue Deficiency (Sufficiency)	Line 31 x Line 33	<u>\$ 30,085</u>
36			
37	Rate Increase/(Decrease) %		7.19%
38	Margin Increase/(Decrease)%		23.80%
<b>2023 Proposed Revenue Deficiency</b>			
	Description	Reference	MERC - Minnesota
39			
40	Rate Base	IR-2 Page 1	\$ 482,450
41			
42	Adjusted Net Operating Income	IR-5 Page 1	\$ 5,363
43			
44	Overall Rate of Return	Line 42 ÷ Line 40	1.11%
45			
46	Rate of Return	Exhibit_(JLZ-D), Schedule 40, Page 1	7.07%
47			
48	Income Requirements	Line 40 x Line 46	\$ 34,096
49			
50	Income Deficiency (Sufficiency)	Line 48 - Line 42	\$ 28,733
51			
52	Revenue Conversion Factor	IR-1 Page 2	1.403
53			
54	Revenue Deficiency (Sufficiency)	Line 50 x Line 52	<u>\$ 40,322</u>
55			
56	Rate Increase/(Decrease) %		9.91%
57	Margin Increase/(Decrease)%		35.00%

<u>Line</u>	<u>Description</u>	<u>Reference</u>	<u>Amount</u>
1			
2	Income Before Income Taxes		100.000%
3			
4	State Tax Rate		9.800%
5			
6	Federal Income Tax Base	Line 2 - Line 4	90.200%
7			
8	Times Federal Income Tax Rate		21.000%
9			
10	Federal Income Tax	Line 6 * Line 8	18.942%
11			
12	Income After Taxes	Line 6 - Line 10	71.258%
13			
14	Gross Revenue Conversion Factor	Line 2 / Line 12	<u>1.403</u>