GREAT RIVER ENERGY®

A Touchstone Energy® Cooperative

2011 Attachment O Workpapers
Annual Rate Calculation
with Requested Incentives

Submitted: 9/1/2010

Note: Attachment O Input Figures are Bold and Highlighted

ITEM 1: GRE has excluded from the transmission revenue requirement certain DC transmission line and substation plant. Because of this the **"Gross Plant In Service"** and **"Accumulated Depreciation"** Attachment O line items will not agree with the GRE Annual Operating Report Form 12h, Sections A & B.

Background:

GRE owns and operates Coal Creek Station (CCS), a 1,117 MW coal operated steam plant, located in Underwood, North Dakota. This plant is called a mine mouth plant in that the plant is located near the coal mine. GRE delivers this power to its Minnesota customers through a 410 KV high voltage direct current (HVDC) transmission system. The transmission line is some 435 miles long, starting in Underwood, North Dakota and ends at the Dickinson converter terminal near Delano, Minnesota. The DC line operates solely as a generation outlet facility since the plant's maximum accredited and committed capacity is very close to the DC line's maximum capacity.

On GRE's Annual Operating Report there is not an appropriate account for classification of these assets. By default GRE has classified them as transmission assets for reporting purposes. GRE's accounting system tracks separately the costs for all DC assets and has actual values for DC related expenses. When GRE computes its transmission expense and required transmission revenue to bill its customers, GRE reclassifies these DC assets as production, using the actual DC expenses. GRE is doing the same for the "Gross Plant in Service" and "Accumulated Depreciation."

On Attachment O, page 4, line 2 is available to exclude such assets from being classified as eligible transmission assets. When GRE uses the subtraction method provided with line 2 the methodology computes an unrealistic transmission revenue requirement when compared to GRE's actual costs. Instead of using the subtraction method of line 2, GRE must reclassify the transmission costs to production to accurately reflect actual expenses and calculate a realistic transmission revenue requirement. This reclassification is consistent with how GRE computes costs for billing its customers under unbundled rates for production and transmission.

As a further result of this reclassification GRE has subtracted from the "**Transmission O&M Expense**" and **"Transmission Depreciation Expense**" the DC share of costs associated with the Plant that has been reclassified. These two Attachment O line items will not agree with the GRE Annual Operating Report Form 12a, Section A and Form 12h, Section B.

ITEM 2. **"Long Term Interest Expense"** will not tie to the GRE Annual Operating Report Form 12a, Section A. For comparative reasons, GRE has classified the interest on certain coal mine related investments as fuel expense. See the GRE Annual Operating Report Form 12a – Section C - Notes To Financial Statements. When using the GRE Annual Operating Report Form 12 for rate design this classification must be reversed. You will see in the Capital Structure worksheet where GRE has included the long term interest of the coal mine investments within the total long term interest expense. This reverses this classfication from a fuel expense.

Great River Energy
2011 Attachment O Workpapers - Divisor
Budgeted 12 Months Ended December 31, 2011

GREAT RIVER ENERGY®
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Line No.	Month	GRE Zone	ITC Midwest Zone	Minnesota Power Zone	Northern States Power Zone	Otter Tail Power Zone	Total Divisor
1	January 2011	885,210	125,670	245,060	705,310	159,760	2,121,010
2	February	848,890	123,600	244,070	685,570	159,930	2,062,060
3	March	789,250	119,390	213,320	643,700	144,630	1,910,290
4	April	668,370	100,580	150,030	490,510	125,390	1,534,880
5	May	628,820	105,630	130,490	640,460	99,780	1,605,180
6	June	931,890	116,230	162,120	827,100	129,450	2,166,790
7	July	975,490	126,150	172,740	895,880	144,230	2,314,490
8	August	950,760	125,540	181,160	841,310	145,400	2,244,170
9	September	835,630	111,670	158,040	767,960	126,710	2,000,010
10	October	700,380	139,460	160,220	564,880	135,760	1,700,700
11	November	817,020	150,260	185,520	696,740	142,500	1,992,040
12	December 2011	889,330	130,820	206,880	750,090	163,250	2,140,370
13							
14	**12 Month Average**	**826,753**	**122,917**	**184,138**	**709,126**	**139,733**	**1,982,666**

Great River Energy
2011 Attachment O Workpapers - Plant
Budgeted 12 Months Ended December 31, 2011

Line No.	Gross Plant In Service	Production	Transmission	Distribution	General & Intangible	Total Common	Total Plant In Service
1	December 2010	2,485,659,798	$664,093,589	$0	283,376,235	$0	3,433,129,622
2	January 2011	2,489,475,354	672,052,093	0	284,475,988	0	3,446,003,435
3	February	2,493,290,911	674,102,033	0	285,575,740	0	3,452,968,684
4	March	2,497,106,467	673,992,512	0	286,675,493	0	3,457,774,472
5	April	2,500,922,024	675,240,816	0	287,775,245	0	3,463,938,085
6	May	2,504,737,580	681,454,318	0	288,874,998	0	3,475,066,896
7	June	2,508,553,137	681,955,293	0	289,974,750	0	3,480,483,180
8	July	2,512,368,693	683,788,962	0	291,074,503	0	3,487,232,158
9	August	2,516,184,250	687,180,954	0	292,174,256	0	3,495,539,459
10	September	2,519,999,806	687,310,150	0	293,274,008	0	3,500,583,965
11	October	2,523,815,363	698,178,557	0	294,373,761	0	3,516,367,681
12	November	2,527,630,919	700,559,647	0	295,473,513	0	3,523,664,080
13	December 2011	2,531,446,476	703,999,542	0	296,573,266	0	3,532,019,284
14							
15	**13 Month Average**	**$2,508,553,137**	**$683,377,574**	**$0**	**$289,974,750**	**$0**	$3,481,905,462
16							
17							
18							

Line No.	Accumulated Depreciation	Production	Transmission	Distribution	General & Intangible	Total Common	Total Plant In Service
20	December 2010	1,151,157,818	251,487,612	$0	109,968,960	$0	1,512,614,391
21	January 2011	1,155,868,518	253,046,440	0	111,528,269	0	1,520,443,228
22	February	1,160,579,194	254,607,069	0	113,096,830	0	1,528,283,094
23	March	1,165,290,242	256,167,241	0	114,673,856	0	1,536,131,340
24	April	1,170,001,256	257,728,846	0	116,271,798	0	1,544,001,901
25	May	1,174,717,970	259,304,778	0	117,877,629	0	1,551,900,378
26	June	1,179,461,388	260,881,069	0	119,485,520	0	1,559,827,978
27	July	1,184,044,707	262,463,031	0	121,087,990	0	1,567,595,729
28	August	1,188,628,518	264,051,468	0	122,702,499	0	1,575,382,486
29	September	1,193,217,119	265,640,507	0	124,311,523	0	1,583,169,150
30	October	1,197,639,576	267,250,016	0	125,956,108	0	1,590,845,701
31	November	1,202,067,785	268,861,402	0	127,595,267	0	1,598,524,455
32	December 2011	1,206,542,094	270,492,689	$0	129,348,538	$0	1,606,383,322
33							
34	**13 Month Average**	**$1,179,170,476**	**$260,921,706**	**$0**	**$119,531,137**	**$0**	$1,559,623,319
35							
36							
37							

Line No.	Net Plant In Service	Production	Transmission	Distribution	General & Intangible	Total Common	Total Plant In Service
39	December 2010	$1,334,501,979	$412,605,977	$0	$173,407,275	$0	$1,920,515,231
40	January 2011	1,333,606,836	419,005,653	0	172,947,719	0	1,925,560,207
41	February	1,332,711,716	419,494,964	0	172,478,910	0	1,924,685,590
42	March	1,331,816,225	417,825,271	0	172,001,637	0	1,921,643,132
43	April	1,330,920,767	417,511,970	0	171,503,447	0	1,919,936,184
44	May	1,330,019,610	422,149,540	0	170,997,369	0	1,923,166,519
45	June	1,329,091,748	421,074,224	0	170,489,231	0	1,920,655,203
46	July	1,328,323,986	421,325,931	0	169,986,513	0	1,919,636,430
47	August	1,327,555,731	423,129,486	0	169,471,757	0	1,920,156,974
48	September	1,326,782,687	421,669,643	0	168,962,485	0	1,917,414,815
49	October	1,326,175,786	430,928,541	0	168,417,653	0	1,925,521,980
50	November	1,325,563,134	431,698,245	0	167,878,246	0	1,925,139,625
51	December 2011	1,324,904,381	433,506,853	0	167,224,728	0	1,925,635,962
52							
53	**13 Month Average**	$1,329,382,661	$422,455,869	$0	$170,443,613	$0	$1,922,282,142

Great River Energy

2011 Attachment O Workpapers - CWIP

Budgeted 12 Months Ended December 31, 2011

Line No.	Month End	Bemidji	Brookings	Fargo	Total
1	December 2010	$ 1,689,000	$ 5,653,000	$ 8,078,000	$ 15,420,000
2	January 2011	2,639,500	5,804,000	9,779,000	18,222,500
3	February	3,114,750	5,954,000	10,629,500	19,698,250
4	March	3,590,000	6,125,000	11,480,000	21,195,000
5	April	4,557,500	6,320,000	13,052,000	23,929,500
6	May	5,041,250	6,549,000	13,838,000	25,428,250
7	June	5,525,000	6,947,000	14,624,000	27,096,000
8	July	7,042,500	7,122,000	24,445,500	38,610,000
9	August	7,801,250	7,640,000	29,356,250	44,797,500
10	September	8,560,000	8,184,000	34,267,000	51,011,000
11	October	9,183,000	8,770,000	36,411,000	54,364,000
12	November	9,494,500	9,385,000	37,483,000	56,362,500
13	December 2011	9,806,000	10,073,000	$38,555,000	58,434,000
14					
15	**13 Month Average**	**$ 6,003,000**	**$ 7,271,000**	**$ 21,692,000**	**$ 34,967,000**

Great River Energy
2011 Attachment O Workpapers - Adjustments to Rate Base
Budgeted 12 Months Ended December 31, 2011

Line No.	Account #	Amount
1	281	**0**
2	282	**0**
3	283	**0**
4	190	**0**
5	255	**0**
6	Total Account Adj.	0
7		
8		

9 Prefunded AFUDC on CWIP in Rate Base

	Month End	**Bemidji**	**Brookings**	**Fargo**	**Total**
11	December 2010	$ 8,445	$ -	$ 40,390	$ 48,835
12	January 2011	$ 13,198	$ 29,020	$ 48,895	91,113
13	February	$ 15,574	$ 29,770	$ 53,148	98,491
14	March	$ 17,950	$ 30,625	$ 57,400	105,975
15	April	$ 22,788	$ 31,600	$ 65,260	119,648
16	May	$ 25,206	$ 32,745	$ 69,190	127,141
17	June	$ 27,625	$ 34,735	$ 73,120	135,480
18	July	$ 35,213	$ 35,610	$ 122,228	193,050
19	August	$ 39,006	$ 38,200	$ 146,781	223,988
20	September	$ 42,800	$ 40,920	$ 171,335	255,055
21	October	$ 45,915	$ 43,850	$ 182,055	271,820
22	November	$ 47,473	$ 46,925	$ 187,415	281,813
23	December 2011	$ 49,030	$ 50,365	$ 192,775	292,170
24					
25	**13 Month Average**	**$ 30,000**	**$ 34,000**	**$ 108,000**	**$ 173,000**
26					
27					

28 Unamortized Balance of Abandoned Plant

	Month End	
30	December 2010	
31	January 2011	
32	February	
33	March	
34	April	
35	May	
36	June	
37	July	
38	August	
39	September	
40	October	
41	November	
42	December 2011	
43		
44	**13 Month Average**	**$ -**
45		

46 Total Rate Base Adjustments $ 173,000

Great River Energy
2011 Attachment O Workpapers - Land Held For Future Use
Budgeted 12 Months Ended December 31, 2011

Line No.	Land Held For Future Use	Company Total
1	December 2010	$5,179,499
2	January 2011	0
3	February	0
4	March	0
5	April	0
6	May	0
7	June	0
8	July	0
9	August	0
10	September	0
11	October	0
12	November	0
13	December 2011	$5,179,499
14		
15	**BOY / EOY Average**	**$5,179,499**

Great River Energy
2011 Attachment O Workpapers - Working Capital
Budgeted 12 Months Ended December 31, 2011

Line No.	Working Capital	Materials & Supplies	Prepayments Account 165
1	December 2010	$ 11,927,639	$ 16,162,756
2	January 2011	0	0
3	February	0	0
4	March	0	0
5	April	0	0
6	May	0	0
7	June	0	0
8	July	0	0
9	August	0	0
10	September	0	0
11	October	0	0
12	November	0	0
13	December 2011	$ 11,969,786	$ 19,395,307
14			
15	**Company Total**	**$11,948,713**	**$17,779,032**

Great River Energy
2011 Attachment O Workpapers - Operation And Maintenance
Budgeted 12 Months Ended December 31, 2011

Line No.	Account No.	Description	Company Total
1		**Transmission Operating Expenses**	
2	560	Supervision & Engineering	$10,903,969
3	561	Load Dispatching	$4,795,767
4	562	Station Expenses	$7,657,639
5	563	Overhead Line Expenses	$2,548,161
6	565	Transmission of Electricity by Others	$31,173,000
7	566	Miscellaneous Transmission Expenses	$1,366,577
8	567	Rents	$10,000
9		**Total - Transmission Operating Expenses**	$58,455,113
10			
11		**Transmission Maintenance Expenses**	
12	570	Maintenance Station Expense	$665,749
13	571	Maintenance Overhead Line Expense	$5,011,254
14		**Total - Transmission Maintenance Expenses**	$5,677,003
15			
16		**TOTAL TRANSMISSION O&M**	$64,132,116
17			
18		**Additions & Deductions**	
19	408	Add: Property Taxes - Transmission	$15,060,458
20	924	Add: Insurance - Transmission	2,220,428
21	Various	Less: DC O&M Expense	(4,907,768)
22	408	Less: DC Property Taxes	(2,312,811)
23	924	Less: DC Insurance	(1,730,378)
24		**Subtotal - Additions & Deductions**	$8,329,929
25			
26		**TOTAL TRANSMISSION O&M EXPENSE**	**$72,462,045**
27			
28	565	**Less: Account 565 - Transmission of Electricity by Others**	**(31,173,000)**
29			
30		**Administrative & General - Operating**	
31	920	Administration and General Salaries	$15,514,727
32	921	Office Supplies and Expense	$8,508,490
33	922	Administrative Expense Transferred	($5,625,516)
34	923	Outside Service Employed	$1,874,000
35	924	Property Insurance	$5,729,954
36	925	Injury and Damages	$1,489,482
37	926	Employee Benefits	($6,717,200)
38	928	Transmission Related Related Reg. Comm Exp.	($187,234)
39	929	Duplicate Charges	($651,000)
40	930	General Advertising Expenses	$13,952,170
41	931	Rents	$6,004,820
42		**Total Operating**	$39,892,693
43			
44		**Administrative & General - Maintenance**	
45	935	Maintenance General Plant	$4,970,370
46			
47		**TOTAL A&G**	$44,863,063
48			
49		**Additions & Deductions**	
50	408	Add: Taxes - Payroll & Other	$6,717,200
51	924	Less: Insurance - Generation & Transmission	($5,729,954)
52		**Subtotal - Additions & Deductions**	$987,246
53			
54		**TOTAL NET A&G EXPENSE**	**$45,850,309**
55			
56	930	**Less: EPRI Dues**	($2,070,000)
57	928	**Less: Transmission Related Reg. Comm. Exp.**	($187,234)
58			
59		**TOTAL O&M EXPENSE**	$84,882,120

Great River Energy
2011 Attachment O Workpapers - Depreciation Expense
Budgeted 12 Months Ended December 31, 2011

Line No.	Amortization and Depreciation Expense	Transmission	Prefunded AFUDC Amortization	Abandoned Plant Amortization	General	Common	Total Amortization and Depreciation Expense
1	January 2011	$0	$0	$0	$0	$0	$0
2	February	0	0	0	0	0	0
3	March	0	0	0	0	0	0
4	April	0	0	0	0	0	0
5	May	0	0	0	0	0	0
6	June	0	0	0	0	0	0
7	July	0	0	0	0	0	0
8	August	0	0	0	0	0	0
9	September	0	0	0	0	0	0
10	October	0	0	0	0	0	0
11	November	0	0	0	0	0	0
12	December 2011	18,102,668	8,116	-	19,609,149	$0	37,719,933
13							
14	**Total Amortization and Depreciation Expense**	**$18,102,668**	**$8,116**	**$0**	**$19,609,149**	**$0**	$37,719,933

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Great River Energy
2011 Attachment O - Taxes Other Than Income Taxes
Budgeted 12 Months Ended December 31, 2011

Line No.	Taxes Other Than Income Taxes - Labor Related	Payroll Taxes	Highway and Vehicle
1	January 2011	$0	$0
2	February	0	0
3	March	0	0
4	April	0	0
5	May	0	0
6	June	0	0
7	July	0	0
8	August	0	0
9	September	0	0
10	October	0	0
11	November	0	0
12	December 2011	$0	$0
13			
14	**Company Total**	**$0**	**$0**
15			

16					
17	**Taxes Other Than Income Taxes - Plant Related**	**Property**	**Gross Receipts**	**Other**	**Payments In Lieu Of Taxes**
18	January 2011	$0	$0	$0	$0
19	February	0	0	0	0
20	March	0	0	0	0
21	April	0	0	0	0
22	May	0	0	0	0
23	June	0	0	0	0
24	July	0	0	0	0
25	August	0	0	0	0
26	September	0	0	0	0
27	October	0	0	0	0
28	November	0	0	0	0
29	December 2011	2,086,562	$0	25,000	$0
30					
31	**Company Total**	**$2,086,562**	**$0**	**$25,000**	**$0**

Great River Energy
2011 Attachment O Workpapers - Supporting Calculations for Allocation Factors
Budgeted 12 Months Ended December 31, 2011

Line No.	Description	Company Total	
1	**Transmission Plant - TP Allocation Factor**		
2	Transmission Plant Excluded From ISO Rates	**$10,499,650**	
3	Transmission Plant Included In OATT Ancillary Services	**0**	
4			
5			
6	**Transmission Expenses - TE Allocation Factor**		
7	Account 561 - Load Dispatching Labor & Other Expense	2,881,148	
8	Account 561 - Balancing Authority	**1,189,599**	* This is inputted under Schedule 1 Recoverable Expenses
9			
10	**Total Transmission Expenses included in OATT Ancillary Services**	**$4,070,747**	
11			
12			
13	**Wages & Salaries Allocation Factor (W&S)**		
14	Production	**$37,546,274**	
15	Transmission	**11,310,628**	
16	Distribution	**0**	
17	Other	**2,920,700**	
18			
19	**Total Wages & Salaries**	$51,777,602	

Great River Energy
2011 Attachment O Workpapers - Capital Structure
Budgeted 12 Months Ended December 31, 2011

GREAT RIVER ENERGY®
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Line No.	Description	Company Total	
1	**Long-Term Debt**		
2	Long-Term Debt Interest *	**$162,121,495**	
3	Cost of Long-Term Debt	0.0630	
4			
5	**Capital Structure**	**Proprietary Capital**	**Long Term Debt Balance**
6	January 2011	$366,784,000	$2,555,505,836
7	February	0	0
8	March	0	0
9	April	0	0
10	May	0	0
11	June	0	0
12	July	0	0
13	August	0	0
14	September	0	0
15	October	0	0
16	November	0	0
17	December 2011	$396,784,000	$2,592,595,242
18			
19	**Company Total**	**$381,784,000**	**$2,574,050,539**
20			
21			
22	*** Long Term Interest Calculation - See Rate Development Explanation worksheet**		
23	Interest Expense	$157,398,090	
24	Group B Interest	$372,513	
25	Falkirk interest reclassified to fuel	$4,350,892	
26			
27	**Total Long-Term Debt Interest**	$162,121,495	

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Great River Energy
2010 Attachment O Workpapers - Revenue Credits
Budgeted 12 Months Ended December 31, 2011

Line No.	Account 454 - Rent From Electric Property	Company Total
1	Transmission Related Rent	**$650,000**
2		
3	**Account 456 - Other Electric Revenue**	
4	a. Transmission Charges For All Transmission Transactions	**$14,308,657**
5	b. Transmission Charges For All Transmission Transactions Included In Divisor On Page 1	**2,343,000**
6	c. Transmission Charges Associated with Schedule 26	**6,417,657**
7	**Total of (a)-(b)-(c)**	$5,548,000