**NSP’s Response to Minnesota Department of Commerce Verbal Request
from October 10, 2017 NSP System Attachment O-NSP Customer Meeting**

*October 12, 2017*

*The NSP Companies’ Annual True-up, Information Exchange and Challenge Procedures (Protocols) provide interested parties the opportunity to request information related to the calculation of the actual net revenue requirement, true-up adjustment and projected net revenue requirement.*

At the October 10, 2017 Transmission Customer Meeting held pursuant to the Implementation Procedures in Attachment O-NSP to the MISO Tariff, the Minnesota Department of Commerce verbally requested that the Company provide a calculation of what the 2017 and 2018 NSP System annual transmission revenue requirement (ATRR) would have been if the NSP Companies did not apply the IRS pro-ration[[1]](#footnote-1) on Accumulated Deferred Income Tax (ADIT) activity.

In response, the following table provides a comparison of the revenue requirements for the NSP Companies’ Attachment O-NSP, Attachment GG and Attachment MM for the 2017 and 2018 rate year estimated ATRRs as submitted to MISO and recalculated to exclude the IRS-required ADIT pro-ration, as requested.

|  |  |  |  |
| --- | --- | --- | --- |
| Annual Revenue Requirements | Revenue Requirements as submitted to OASIS1 | DOC Request:Recalculation with no ADIT pro-ration | Difference |
|  |  |  |  |
| Projected 2017  |  |  |  |
| Attachment O | $355,015,700 | $354,254,769 | $760,931 |
| Attachment GG | $79,008,973 | $78,830,909 | $178,064 |
| Attachment MM | $55,474,148 | $55,339,919 | $134,228 |
|  |  |  |  |
| Projected 2018  |  |  |  |
| Attachment O | $376,145,491 | $375,237,625 | $907,866 |
| Attachment GG | $79,099,114 | $78,894,620 | $204,494 |
| Attachment MM | $67,593,328 | $67,405,278 | $188,050 |

The Company notes that ADIT pro-ration is required by IRS rules, as described in the pleadings in FERC Docket No. ER17-305 and approved by FERC in the current tariff. The calculation thus provides an illustrative hypothetical calculation.

1. Calculated revenue requirements include the application of proration on the plant related accumulated deferred income taxes monthly activity in accordance with IRS Regulation Section 1.167(1)-1(h)(6) as noted in Footnote F of the NSP Companies Rate Formula Template.

 [↑](#footnote-ref-1)