



# *Corporate Budget Instructions*

## *2013-2017 O&M Budget and Capital Budget*



Date: March 1, 2012

From: Amy Stitt, Managing Director, Financial Performance and Planning

Reference: O&M and Capital Budget Instructions

The Financial Budget is a key component of the framework for developing supportable and attainable financial plans by legal entity, utility and jurisdiction. It is used to evaluate actual performance and aids management in making business decisions and monitoring ongoing financial performance for each Operating Utility (OpCo) and Xcel Energy consolidated. We must continue to increase the effectiveness of our overall business planning processes to successfully execute our strategic, operational and financial plans within the evolving dynamic environments that we conduct business. Specifically, within the budget process, we have developed some guiding principles to help us on this journey:

- Key assumptions within our strategic, operating and resource plans will drive our annual budget and quarterly forecasts;
- OpCo Presidents have significant decision-making authority for their OpCo and must collaborate with Business Area Leadership in developing each OpCo business plan;
- OpCo Presidents must collaborate together in arranging for services performed by the “shared service” business areas;
- Budget detail should be at the highest level possible that allows each organization to run its business effectively and account for its costs in the proper FERC accounts;
- **O&M budgets** will consist of **5 years** of monthly detail from previously two years;
- O&M forecasts, or updates to the budget, will reflect planned changes with OpCo and business area leadership support; and
- **5-year Capital budgets** are developed and updated between annual budget cycles to accurately and timely reflect any major changes to our capital investment plans.

The attached Corporate Budget Instructions (Budget Instructions), including the budget calendar herein, have been prepared considering these guiding principles and are to be used in preparing the 2013-2017 Operations and Maintenance Expense (O&M) Budgets and the 2013-2017 Capital Expenditure Budgets, including estimated project in-service dates. The following corporate guidance, and policies and procedures for preparing business area and legal entity budgets help ensure the Company’s O&M and Capital budgets are accurate, well documented and consistent with the Company’s ongoing business planning.

Expectations for this year’s budget development have not changed significantly from last year. Those expectations include the following:

**O&M Budgeting:**

- Budgets are well documented supported by workpapers with clear assumptions linking the budget assumptions to historical data (actuals).
- Identify business drivers for cost increases, identify areas where cost reductions have occurred as the result of productivity improvements, adhere to established policies and procedures, and are accurately input into budgeting tools
- Data and supporting documentation are clear, with the ability to understand and explain changes when comparing on an object or FERC account basis
- Expenditures are budgeted in the same object account and FERC account where the actuals are expected to be charged
- Budgets incorporate lessons learned and measurable changes resulting from variance analyses

Capital and Deferred Budgeting:

In addition to the above expectations,

- CIP/DSM and other rate recovery rider expenses and capital projects must be separately identified and budgeted
- Capital project cash flows are accurate beginning with the bridge year (actuals through March 2012 & forecast April-Dec 2012), carrying forward continuously through the budget period of 2013-2017, and in-service dates must be consistent with current project schedules, including the bridge year
- Careful attention is paid to routine parent work order details and accounting
- A focus on capital plant in-service is made such that, all current actual CWIP balances are examined and work orders that represent plant being used are placed in service in the accounting records before the budget begins.

Your business area financial leaders should be your first point of contact, however, if you have general budget questions or require additional information, please feel free to call me at 612-215-4623 or you can contact Erica Meyer Olson at 612-215-4564.

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## 2013 / 2017 O&M and CapEx Budget Development Timeline

For Calendar Year 2012 as of May 4, 2012

March 5, 2012	Budget Instructions issued
Mid March 2012	Issue Budget Documentation & Workpaper Requirements
Late March 2012	Issue O&M and Capital Spending Guidelines
March 19, 2012	PeopleSoft Load in CBS for 2013/2017 Budgeting Cycle
April 16 - 30, 2012	Validation of Labor Utilization
<b>May 1, 2012</b>	<b>Create 2013-2017 Budget version in CBS and ALS</b>
<b>May 3, 2012</b>	<b>Final Capital Budgets Due in CBS</b>
<b>May 7, 2012</b>	<b>Capital Financial Council Presentations due to Jeremy Johnson by 11am CT</b>
<b>May 9, 2012</b>	<b>Final O&amp;M (non-labor) Due in CBS</b>
May 9, 2012	Run Labor Overheads with New Actuarial Information (EOD)
May 11-31, 2012	Complete GAAP and FERC Trend Analysis along with Regulatory Review
May 16, 2012	Preliminary Budget Capital Repository
<b>May 17, 2012</b>	<b>Final Budget Capital Repository and Power Plant Feed</b>
<b>May 17-18, 2012</b>	<b>Financial Council Review/Approval of Capital Budgets</b>
<b>May 19-30, 2012</b>	<b>Incorporate Final Capital Changes with Executive Approval</b>
<b>May 21, 2012</b>	<b>O&amp;M Financial Council Presentations due to Jeremy Johnson by 11 am CT</b>
<b>June 11 and 13, 2012</b>	<b>Financial Council Review/Approval of O&amp;M Budget</b>
<b>June 14 - 25, 2012</b>	<b>Incorporate Final O&amp;M Changes with Executive Approval</b>
<b>June 26, 2012</b>	<b>Preliminary Budget Documentation: Narrative only</b>
July 13-July 31, 2012	Review of Preliminary Narrative
<b>August 1, 2012</b>	<b>Final Budget Documentation: Narrative only Due</b>
<b>August 31, 2012</b>	<b>Budget Workpapers Due</b>

**Green=Capital, Blue=O&M**

The business areas may also provide business area specific deadlines for completion and review that must be met. Please contact the designated financial liaison/representative for your business area for specific dates (see [Business Area Contacts](#)).

The Corporate Budget Calendar is also available on the [Corporate Budgeting Home Page](#).

# Navigation Guide and References

## Background

The O&M and Capital Reporting and Analysis department (Budgeting) within the CFO's organization is responsible for the coordination of two components of the corporate budget - the five-year O&M budget and the five-year Capital budget using the CompetiSoft Budgeting System (CBS). Financial Forecasting updates years 3-5 in the Competisoft Financial Model (CFM). The business areas, functional areas and legal entities across Xcel Energy input their O&M and Capital budget details into CBS.

The Budget Instructions summarize the corporate information that business areas need to prepare. The Budget Instructions are issued to members of the Financial Performance Team and all of the business area representatives. The business area's representative on the Financial Performance Team will be the principal contact throughout the budgeting cycle. They are also responsible for integrating the Budget Instructions and policies with business-area-specific instructions and communicating the integrated package to all members of their organization that will be participating in the budgeting process. The Budget Instructions are also available on the [Corporate Budgeting Home Page](#).

The Budget Instructions are organized to be effective, efficient and as user friendly as possible for the business areas. The first section of the Budget Instructions provides an overview of the purpose and importance of the corporate budget, major changes from last year's Budget Instructions, and expectations of business areas in preparing budgets. The Corporate Budget Calendar is provided and contains important dates for key activities throughout the budget cycle. This section also provides information related to using the Budget Instructions and who to contact to answer budgeting questions.

The main body of the Budget Instructions is organized into three sections: Budgeting Labor Costs, O&M Budgeting and Capital Budgeting. Each of these sections provides users with relevant budgeting information (General Guidance), corporate assumptions and directives (Assumptions) and "must do" specific instructions (Requirements) to use in preparing that portion of their budgets. Appendices have also been included to provide users with budget tool and accounting policy information, as well as a glossary of terms applicable to budgeting.

As users prepare their budgets, they should remember that budgeting is a key component of the framework for developing supportable and attainable financial plans by legal entity, utility and jurisdiction.

## Navigation Guide

Several features have been included to facilitate the use of the electronic version of these Budget Instructions in the development of O&M and Capital budgets:

- The Table of Contents allows users to click on a topic and be automatically directed to that specific section.
- Throughout the document "links" have been inserted. Users are automatically directed to the document being referred to when clicking on these "links" or underlined text.
- The Corporate Budget Calendar highlights the important corporate deadlines for the input and review associated with the budget process. It is essential that users adhere to the dates provided in the Budget Instructions. Business areas may provide supplemental instructions and may also establish business area specific deadlines for input and review of budget data that must be met. Please contact the designated financial liaison/representative for your business area for specific dates (see [Budget Help](#)).
- Guidelines for preparing the required Budget Documentation (a resource based summary of budget activity by business area) and Workpapers (detailed information to support budget dollars and related documentation) will also be distributed in March 2012. See the [Budget Documentation & Workpaper Guidelines](#) published on the Corporate Budgeting Home Page for more information.
- A Glossary of budget terms and acronyms is included in the Appendices.

## **References**

This document provides links to the Corporate Budgeting Home Page where you can find electronic versions of the Budget Instructions and the Budget Documentation & Workpaper Guidelines as well as links to other helpful tools and information, including:

### CBS References

- [CBS Training Guide](#)
- [Rules for Project Date Moves](#)
- [Troubleshooting CBS – FAQs](#)

### General Information

- [Budget Documentation & Workpaper Guidelines](#)
- [Business Systems-IT Product Information](#)
- [Business Systems Contacts](#)
- [Company Travel and Employee Expense Reimbursement Policy](#)
- [Dues and Other Guidelines](#)
- [Environmental Budget Guidelines](#)
- [FERC Uniform Systems of Accounts Manual](#)
- [JD Edwards Regulatory Ledger Training](#)
- [JD Edwards Training](#)
- [Personal Communication Device Policy](#)
- [Service Company Training](#)
- [The Print Shop Price Sheet](#)

### O&M References

- [Corporate Escalation Rates](#)
- [General Guidelines for Classifying Labor and Expenses to A&G or FERC Functional Accounts Policy](#)
- [O&M Object Account Description](#)
- [Employee Expenses Accounting Guide](#)

### Capital References

- [Capital Asset Accounting Policy - Capital Budget Principles](#)
- [Capital Expenditure Budget Requirements Matrix](#)
- [Reason Code Definitions](#)



## **Budget Help**

***For questions on the budgeting process or treatment of area-specific O&M and Capital costs, contact the representatives below or call the Budget Hotline at 612-330-6077.***

<b>Energy Supply</b>	Julie Linqvist (NSPM O&M)	612-337-2249
Bill Wilcox	David Mills (SPS O&M & ES Service Organization O&M)	806-378-2727
financial leader	David E Olson (PSCo O&M)	303-571-7108
	Katie Remmen (ES Capital, Engineering & Construction)	612-330-5860
	Lynn Olson (Technical Services)	303-440-2530
<b>Operations Services</b>	Nancy Linnet (Environmental, Fuels)	303-294-2011
Vicki Beer	Ruth Montoya (Supply Chain)	303-628-2711
financial leader	Linda Richards (Fleet)	303-571-7443
<b>Nuclear Generation</b>	Mary Emanuelson (Capital, Nuclear Mgmt Support)	612-330-5850
Linda Erickson	Diane VanDeWalker (Prairie Island)	651-388-1121 x4183
financial leader	Jim Johnson (Prairie Island)	6513881121 ext 7301
	Lisa Grigas (Monticello)	763-271-5140
	Kari Gombos (Monticello)	763-295-1036
<b>Nuclear Amortization</b>	Charles Jacobs (Manager)	612-330-2834
Karen Everson	Troy Nyhus	612-330-5572
financial leader		
<b>Distribution Operations/Gas Systems</b>	Liz Gauna-Giacomini (O&M Manager)	612-330-1982
John Phibbs	Cherie McMillan (Capital Manager)	303-571-3644
financial leader	Vicky Earnest (NSPM/NSPW)	612-330-6313
	Min Xue (NSPM/NSPW)	612-330-6623
	Nate Harrington (NSPM/NSPW)	612-330-5869
	Dolores Landavazo (PSCo/SPS)	303-294-2129
	Bryan Craig (PSCo/SPS)	303-294-2357
	Gretchen Meyer (PSCo/SPS)	303-294-2014
<b>Transmission</b>	Mary Ohland (Capital)	612-330-1920
Scott Watson	Kelly Gustner (O&M)	612-330-5958
financial leader	Maya Toukatly (Support O&M)	612-330-6012
	Laurie Wold (Support Capital)	612-330-5510
<b>Benefits</b>	Todd Degrugillier (Manager)	612-330-6557
Mark Moeller	Kris Lindemann	612-330-5508
financial leader		
<b>Shared Services Finance Orgs</b>	Tony Russeth (Manager, Business Systems)	612-330-5933
Kim Locker	Nate Young (Manager, Budget and Reporting)	303-294-2258
financial leader	Darian Brend (Business Systems)	612-330-6008
	Cindy Curry (Capital for Business Systems)	303-571-7881
	Grover Mills (Property Services, Business Services)	303-294-2112
	Kimberly Hardy (General Counsel, Human Resources)	303-294-2010
	Peggy Stevens (Financial Operations, Strategy and Planning, CEO)	303-294-2817

	Cindy McShane (Chief Administrative Officer, Customer Care, Bad Debt)	303-571-7359
	Michael Agcaoili (Public Policy and External Affairs, Corporate Other, Safety)	303-294-2949
<b>Group Utility President</b>	Raynard Gray (Manager)	303-294-2488
Janet Schmidt-Petree financial leader	Mike Hager (NSPM Pres & Marketing)	303-571-7472
	Kim Kistler (NSPW Pres & Reg. and Strategic Analysis)	303-571-7910
	Kiem Thang (PSCo Pres & Revenue Requirements)	303-571-6523
	Mike Clevinger (SPS Pres & Commercial Ops)	303-294-2804

### Capital Asset Accounting Business Area Liaisons

<b>Budget Organization</b>	<b>CAA Liaison</b>	<b>Phone</b>
Corporate Services	David Adams	303-294-2094
Transmission	Ray Hetherington	612-330-5565
Distribution	Becky Dean	303-294-2395
Energy Supply NSPM	Carol Callahan	612-330-7659
Energy Supply NSPW	Dave Amans	715-737-2495
Energy Supply PSCo	Kris Jenson	612-330-5583
Energy Supply SPS	Denise LeGault	303-294-2093
Nuclear Generation	Jake Miller	612-330-1959

## Budgeting Labor Costs

On March 19, 2012, a PeopleSoft load into CBS will update the current forecast to reflect any personnel changes that have occurred since the January 2012 PeopleSoft load. These are the current merit increases assumed for 2013-2017:

### 2013

Company	BENEFIT	EXEMPT	NON-BENEFIT	OTHER-BENEFIT	UNION
NSM	2.5%	2.5%	2.5%	2.5%	3.25%
NSW	2.5%	2.5%	2.5%	2.5%	3.25%
PSC	2.5%	2.5%	2.5%	2.5%	1%
SPS	2.5%	2.5%	2.5%	2.5%	2.9%
XLS	2.5%	2.5%	2.5%	2.5%	N/A

### 2014

Company	BENEFIT	EXEMPT	NON-BENEFIT	OTHER-BENEFIT	UNION
NSM	2.75%	2.75%	2.75%	2.75%	3%
NSW	2.75%	2.75%	2.75%	2.75%	3%
PSC	2.75%	2.75%	2.75%	2.75%	1%
SPS	2.75%	2.75%	2.75%	2.75%	3%
XLS	2.75%	2.75%	2.75%	2.75%	N/A

### 2015-2017

Company	BENEFIT	EXEMPT	NON-BENEFIT	OTHER-BENEFIT	UNION
NSM	3%	3%	3%	3%	3%
NSW	3%	3%	3%	3%	3%
PSC	3%	3%	3%	3%	3%
SPS	3%	3%	3%	3%	3%
XLS	3%	3%	3%	3%	N/A

Labor expense budgets are then created by identifying projected employee levels and appropriate wage rates for each budget year. The wage rate of each active employee will already be in the system at the beginning of the budget process through the PeopleSoft load. The budget system also includes estimated overall wage percentage increases by labor category (union vs. non-union, etc.) that are applied to each employee's wage rate to estimate the budget year labor dollars. Labor budgets should be direct charged when possible to the company benefitting from the services to be provided.

## General Guidance

### Labor Resources

Xcel Energy employees are divided by labor resource categories in order to better define their assignment to JDE business units. The resource categories are:

- Exempt – full-time salaried employees
- Benefit – hourly full-time non-union employees
- Other benefit – hourly part-time benefit employees
- Non-benefit – hourly part-time temporary employees without benefits
- Union – full-time hourly bargaining employees
- Contract – see the document titled [O&M Object Account Description](#) published on the Corporate Budgeting Home Page for specific JDE object account uses
- Premium time – shift differential pay

- Overtime – straight time, double time or time and one-half by each labor category

## Labor Management

Throughout the year, PeopleSoft data will be refreshed in CBS after normal wage increases go into effect. These updates take place in January (NSPM, NSPW and Nuclear union), March (non-bargaining), July (PSCo union) and November (SPS union). Users will be notified when these refreshes occur and are required to validate headcount following the update. Users are also required to verify that employee labor includes annual wage increases; especially if new employees are added after the wage increases are loaded.

## Assumptions

### General Wage Increase

A general wage increase will be applied in the 2013-2017 budgets systematically as noted above. For bargaining employees, the wage increase will be based on the contract agreements with additional guidance from Compensation and Executive management for the years not covered by a contract.

### Hours Per Month

Available labor dollars in CBS are calculated based on the available hours per month. The number of available hours per month varies from year to year, depending on the timing of weekdays/weekends for each calendar month. The schedule below shows the hours per month used in the calculation of the monthly spread of hours in CBS.

<b>Exempt, Benefit, Union &amp; Other Benefit</b>					
<b>Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Jan</b>	184	184	176	168	176
<b>Feb</b>	160	160	160	168	160
<b>Mar</b>	168	168	176	184	184
<b>Apr</b>	176	176	176	168	160
<b>May</b>	184	176	168	176	184
<b>Jun</b>	160	168	176	176	176
<b>Jul</b>	184	184	184	168	168
<b>Aug</b>	176	168	168	184	184
<b>Sep</b>	168	176	176	176	168
<b>Oct</b>	184	184	176	168	176
<b>Nov</b>	168	160	168	176	176
<b>Dec</b>	176	184	184	176	168
<b>Total Hrs</b>	<b>2,088</b>	<b>2,088</b>	<b>2,088</b>	<b>2,088</b>	<b>2,080</b>

<b>Non-Benefit</b>					
<b>Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Jan</b>	176	176	168	160	168
<b>Feb</b>	160	160	160	168	160
<b>Mar</b>	168	168	176	184	184
<b>Apr</b>	176	176	176	168	160
<b>May</b>	176	168	160	168	176
<b>Jun</b>	160	168	176	176	176
<b>Jul</b>	176	176	176	160	160
<b>Aug</b>	176	168	168	184	184
<b>Sep</b>	160	168	168	168	160
<b>Oct</b>	184	184	176	168	176
<b>Nov</b>	160	152	160	168	168
<b>Dec</b>	168	176	176	168	160
<b>Total Hrs</b>	<b>2,040</b>	<b>2,040</b>	<b>2,040</b>	<b>2,040</b>	<b>2,032</b>

## **Incentives**

The executive officer and corporate incentive plan programs are budgeted corporately at the legal entity level. Business areas should not include any amounts in their budgets for these compensation programs. Business area specific incentives and bonuses are discussed in the O&M Budgeting section of these instructions (see [Employee Incentives and Other Compensation](#)).

## **Benefit Employee Labor Loadings (*Pension and 401K, Healthcare, Worker's Compensation, Incentive & Payroll Taxes*)**

Benefit employee labor loadings are calculated within CBS and are budgeted corporately at the legal entity level. Business areas should not include any amounts in their budgets for these loadings. The labor loading rates will be applied by CBS to budgeted productive labor with the resulting labor loads following budgeted labor to produce a total labor budget by JDE business unit.

## **Non-Productive Labor Loading**

Non-Productive labor loadings are also performed within CBS. Non-Productive Time (NPT) is time that an employee is not working because of personal time off (PTO), floating holidays, jury duty, etc. In order to accurately develop rates for non-productive labor, it is critical to have an accurate monthly pattern of base wages. This requires an accurate count of employees and accurate rates for each employee. On an annual basis, CBS allocates approximately 83% of wages to productive labor and approximately 17% to non-productive labor. The non-productive labor loading rate is applied to O&M productive labor to determine the amount of O&M non-productive labor to record in object account 711143-Non-Productive Labor.

## **Attrition Labor Loading**

A negative attrition rate will be loaded on to productive labor in order to account for expected corporate vacancy rates. The following JDE object accounts are used to record attrition:

- 618099 - Fuel Handling Labor-Attrition
- 618419 - Fuel Procurement Labor-Attrition
- 618429 - Nuclear Fuel Procurement Labor-Attrition
- 711146 - Productive Labor-Attrition
- 730380 - CWIP Productive Labor-Attrition
- 747125 - C/r Productive Labor-Attrition
- 748118 - Def Productive Labor-Attrition
- 740398 - RWIP Productive Labor-Attrition

Business areas should remove all negative pseudos (vacant positions) currently in CBS for attrition. Managers should not be budgeting for attrition. Business areas are responsible for managing to the total of productive labor less attrition.

## **Requirements**

### **Naming Convention for Pseudos**

Due to ongoing pseudo reporting, a naming convention has been designed in order to report on the types of pseudos in each business area. In the 255 character description field, pseudos must begin with one of the following two character designations followed by a dash (-):

- **Replacement (PR)** – Employees who have been terminated or transferred, and a replacement is anticipated. Generally a pseudo for a position that is currently vacant, possibly for a position that will be vacant in the near future, assumes the current employee is zeroed out now or in the near future.
- **New Hire (PN)** – New positions that have been formally approved as part of the workforce plan. Generally a pseudo for a position that adds to total staffing level due to a new or expanded function.
- **Advanced Hire (PA)** – Positions that will be vacated in the future where multiple years of training are required by the position or a union contract.

- **Intern (PI)** - A pseudo to identify open intern positions.

## **Labor Utilization Validation**

After the March 9<sup>th</sup> PeopleSoft load has been completed, users should verify in CBS that the employees and base wages for each JDE business unit are correct. Please add, delete or create pseudos (vacant positions), and update wage rates, where necessary, to reflect promotions, etc. If a new pseudo is created, users must fill in the appropriate hours in the NPT box for each year. See the [CBS Training Guide](#) published on the Corporate Budgeting Home Page for more information. Each business area is responsible for reviewing all of their labor departments to verify the following:

1. Labor is fully utilized (i.e., distributed to O&M or Capital)
2. Employees are shown under the correct labor department
3. Pseudos are eliminated in all cases where the vacant position has been filled
4. Pseudos have been added for those positions that are approved as part of the workforce plan, but not yet filled
5. Employees that need to be transferred to another labor department have had a personnel action form (PAF) completed prior to making the transfer in CBS

Users should run a labor utilization report in CBS to assist in validating that labor is fully utilized. As noted on the Corporate Budgeting Calendar, the period from April 16<sup>th</sup> through April 24<sup>th</sup> will be used to complete a final corporate check on labor utilization, and to ensure labor aligns with the workforce plan. Please contact Irina Demuth at 612-330-1978 for any questions regarding labor utilization.

## **O&M Labor**

O&M labor entered into CBS must be entered using object account of 711142–Productive Labor.

## **Capital Labor**

Labor that is direct charged to a capital work order should be entered into CBS in object account 730390-CWIP Productive Labor, or 740399-RWIP Productive Labor, with a subledger “99999999” and a subledger type “W.” Capital labor charged to NSPW should use the CWIP or RWIP objects with a subledger “99999997” and a subledger type “W.” Labor indirectly charged through the Engineering and Services (E&S) overhead rate should use the object account set up for the type of work being completed with a subledger “99999998” and a subledger type “W.”

## **O&M Budgeting**

The purpose of the O&M budget is to forecast operating and maintenance expenses for the next five years. The business areas are responsible for developing the five-year detailed O&M budget by legal entity and business area, and entering the information into the current forecast version of CBS. Detailed O&M budgeting is required for 2013-2017.

Each business area is responsible for reviewing its O&M budget to ensure the budget is consistent with on-going business planning requirements. After the business area executive has approved the budget; it is presented to the Financial Council for their approval. If the Financial Council requests any revisions, the changes are made in CBS by the business areas.

There are two types of expenses included as part of the O&M budgets: labor expenses and non-labor expenses. The labor expense portion of the O&M budget was discussed in the previous section. Non-labor expenses are budgeted in several categories or cost components. These categories are identified for each business area and are designed to assist in providing an overall summary of major cost component areas that are discussed later in this section.

## **General Guidance**

### **CBS Instructions**

The O&M input tool for the 2013-2017 budget is CompetiSoft Budget System (CBS). CBS is configured to build budgets consistently with actual accounting data. JD Edwards (JDE) is set up to interface with CBS. JDE loads actual accounting data into CBS and the Allocation Ledger System (ALS) for

comparison and variance analysis. Business areas are accountable for the reporting of budgeted information and variance analysis from all reporting views including, but not limited to, legal entity, business area and regulatory reporting. The Business Objects reporting tool provides several universes that can be used for this variance analysis.

All budgeting occurs in the current forecast version. Periodic copies may be made to coincide with the various deadlines. Additional information regarding the specific dates of the copies will be communicated as the budget process progresses.

The following documents have been prepared to assist users. See the links below, or reference the document that is also published on the Corporate Budgeting Home Page.

[CBS Training Guide](#)

[CBS Tool Link](#)

[Troubleshooting CBS – FAQ's](#)

### **JDE Subledger and Subsidiary Field Guidance**

Each labor and non-labor budget record is assigned to an account string (JDE business unit, JDE object account and JDE subledger (when necessary)). The account string is used to assign the expense to the appropriate legal entity, as well as the appropriate FERC account and utility (e.g., gas, electric). This assignment to the account string is also used as the basis to develop electric or gas cost of service studies. It is important to budget to the same object and FERC where you expect your actuals to be charged. Instructions on JDE subledger fields and subsidiary fields used in the development of O&M budgets is contained in the Appendices, and can be accessed by the following link: [JDE Guidance](#).

### **Budgeting Principles**

Labor costs of employees reporting to, and non-labor costs controlled by, the management of each group must be 100% budgeted and paid for by that manager. For example, the manager who chooses the consulting company and oversees their work pays the charges for consultants and contractors. Cross-charges between departments do not move the budget dollars or variance responsibility to another area. It is recognized that some invoices, such as corporate dues, may be split among management when agreed to by all parties.

## **Assumptions**

### **Environmental**

Environmental expenses associated with air, water and waste remediation should be budgeted in accordance with the [Environmental Budget Guidelines](#) published on the Corporate Budgeting Home Page.

### **Subscriptions On-Line**

Object account 725005-Subscriptions On-Line, should include expenses for subscriptions and reference materials which are received using an online tool, or reports or data which are received electronically using an online tool. Examples include any Information Service Provider (ISP) or third-party hosted systems provider.

### **Facilities**

The Property Services organization is responsible for budgeting all O&M costs for facilities managed by Property Services (e.g., headquarters, call centers, service centers) including: facility rental or lease costs, and all costs associated with the ongoing activities necessary to operate and maintain the leased and owned facilities, unless covered by the rental or lease agreement. This includes such items as climate control, lighting, snow removal, lawn service, landscaping, grounds maintenance, mowing and sprinkler systems when not covered by the applicable rental or lease agreement.

Facilities space and operating and maintenance costs are budgeted by Property Services, except for the following:

- Fleet, Sourcing, and Logistics as these areas budget their facilities costs within their own clearing accounts,
- Energy Supply which budgets for their own plant facilities operations and maintenance costs, and
- Electric and gas use costs at operational facilities, such as gas regulators sites, microwave and radio towers, power plants, substations, etc.

Requests for facility services (O&M and capital) should be submitted to Property Services. For more information, please contact Grover Mills at 303-294-2112.

### **Copiers – Property Services managed copiers only**

Property Services will continue to manage and budget for the corporate copier program. Business areas will remain responsible for paper, color toner, and special request copier costs, including copier lease, maintenance, usage (meter) charges, toner, and staples. Contact Paul Thompson at 612-330-6287 if you have questions about whether or not your copier is managed by Property Services or is considered a special request copier.

### **Printing Services**

Business areas will remain responsible for budgeting their printing costs. The [Print Shop Price Sheet](#) provides estimated costs for various print shop services.

Budget printing costs to JDE object account 714100-Print/Copy-Other for O&M expense, 748170-Def Materials for deferred expense, account 731800-CWIP Materials for Capital expense, or 747510-Clr-Print/Copy for clearing expense.

### **Postage/Carrier (e.g., FedEx)/Inter-Company Mailings**

Business areas are responsible for budgeting all USPS postage. All FedEx, UPS and other carrier mailings will continue to be charged in full to the sender's business area. Property Services does not budget for any mailings sent by the business areas via FedEx, UPS, or other carriers. Intercompany mailings will continue to be budgeted by Property Services. Business areas are not responsible for budgeting inter-company mail.

Budget postage costs to JDE object account 723400-Postage for O&M expense, 748210-Def Postage for deferred expense, and 747920-Clr Postage for clearing expense.

### **Facility Waste**

Property Services will continue to manage and budget for waste containers at Property Services managed facilities. These containers are intended for common facility waste only (i.e. the contents of employee, office, and lunchroom waste containers). Business areas will be responsible for managing and budgeting for the disposal of project and equipment waste (i.e. poles, cross arms, hardware, and equipment containers).

### **Information Technology (IT)**

All IT capital project budgets are budgeted by Business Systems and should not be part of the business areas' budgets. This includes software implementations, as well as hardware capital purchases for PCs, LANs and printers that meet the capital guidelines. Business areas should not budget for software/hardware projects. If you have any questions, contact Diane Prentis at 612-330-5744.

If you have a new IT initiative, such as a new application system, new support or a non-standard purchase, please contact Business Systems area directly to discuss your initiative. The contact list can be found under the following link [Business Systems Contacts](#). This information is important so that Business Systems can budget and plan accordingly.

Efficient use of Personal Computing assets enables Xcel Energy to leverage volume purchases, minimize support costs through product standardization, promote compatibility between IT assets and Xcel Energy's computing environment, monitor compliance with software licensing/data security, and maximize return on investment by carefully managing the lifecycle and use of these assets. . For additional information about IT management standards please refer to the following link: [Business Systems Standard](#)



### IT Investment Closed Loop Process

Business areas that have projects that have been approved by the IT Investment Council where hard savings will be realized are required to budget the savings that were presented for all applicable periods. If you have any questions, please contact Jeremy Johnson at 612-215-4647 or Greg Robinson at 612-215-4631.

### Insurance Premiums

Liability and Property insurance (insurance expense related to insurable accidental events) will be budgeted corporately by Hazard Insurance. Business areas should not include any amounts in their budgets. If you have any questions, contact Mike Anderson at 612-215-5366 or John Hernick at 612-215-5349.

### Supply Chain Sourcing - Category Management

Supply Chain Sourcing has identified certain key categories of spend for which it gathers market information and leverages spend of the company to pursue strategic contracting strategies, including price reductions, volume discounts, lead time preferences, etc. All budgets impacted by the categories below should contact the assigned category manager for the most current information regarding price assumptions for the spend category.

Category	Category Manager
Boiler Systems, Boiler Maintenance Services, Turbine/Generator Services	William Smith
Cable & Wire, Circuit Breakers, Transformers (Power)	David Reitz
MRO / VMI	Rick Pelletier
Chemicals, Gases & Lubes	Brian Hastings
Engineering Services	Brian Owen
Metal Structures, Wood Poles, Vegetation Mgmt	Bob Kunze
Travel Services, Staff Aug. / Personnel Services	Bob Wagner
IT and Telecom	Bob Wagner

### Purchasing Rates

Each business area is responsible for budgeting purchasing loads. A loading rate of approximately 1.0% (actual allocation rates may differ slightly depending upon jurisdictional procurement activity and compliance to Corporate Policies) is to be applied to all purchases of material and services, including inventory, subject to a transactional limit. Purchasing loads should not exceed \$3,500 per invoice per purchase order (PO) or PO release per invoice. For example, an invoice of \$550,000 for material purchases for one PO would receive a purchasing load of \$3,500. Purchasing loads do not apply to Nuclear purchases. For more information, contact Linda Richards 303-571-7443 or Ruth Montoya 303-628-2711.

Business areas are also responsible for budgeting Supply Chain labor and expenses in instances where sourcing/purchasing employees are performing work for a specific capital project. Capital project codes must be supplied to the Supply Chain sourcing and purchasing personnel prior to commencing work on a project in order to accurately charge labor and any associated expenses.

### Warehousing Rates

Each business area is responsible for budgeting warehousing loads. Due to different charging methodologies and systems, different rates apply for the Utilities Group and Energy Supply business areas as described below:

Energy Supply: Apply a 1% warehousing rate to the value of materials issued, not to exceed \$3,500 for any single item. This provides for all storeroom transactions (receiving, handling, storing & issuing). If you have any questions contact Ken Heupel at 720-497-2040.

Utilities Group: Apply the following warehousing rates to purchases of materials.

Stock material (handling, storing, issuing and delivery)

NSPM	15%
NSPW	19%
PSCo	18%
SPS	11%

Re-stock material: NSPM, NSPW, SPS – 17%; PSCo – 0%

Please, contact Ruth Montoya at 303-628-2711 or Linda Richards at 303-571-7443 with questions.

### **Joint Ownership Share**

Special accounting treatment may apply when budgeting costs to jointly owned facilities. For guidance, please contact:

Carrie Dyer	303-294-2385	General joint ownership accounting
Chris Keiss	970-276-2226	Hayden Station (PSCo)
Stan Rogers	719-549-3752	Comanche Station (PSCo)
Annie Lord	719-549-0321	Comanche Unit 3 (PSCo)
Todd Griesert	763-261-3106	Sherco Station (NSPM)

### **Direct Support of Outages at Prairie Island or Monticello Nuclear Plants**

The direct support of nuclear outage related expenses (i.e., labor and employee expenses) may be eligible to be amortized over the nuclear plant operating cycle. If you plan to support nuclear outages during this budget cycle, please contact Stephen Blegen for Monticello at 763-295-1627 and/or Mark Aeling for Prairie Island at 651-388-1121 x5228 for a determination whether the work meets the outage accounting policy and for a subledger to use in the development of the budget.

## **Requirements**

### **Budget Documentation and Workpapers**

Budget Documentation is required for all business areas by operating company. This is a broad, resource based summary of budget activity for each business area. The format and level of detail required is consistent for all of the business areas and operating companies. See the [Budget Documentation & Workpaper Guidelines](#) published on the Corporate Budgeting Home Page for specific requirements and templates. A checklist is provided in the Budget Documentation & Workpaper Guidelines. Please use this in preparing your documentation. It is important to remember that maintaining well-documented budget assumptions and explanations to support your budget is a critical element of managing the business and may be used to support forecasted test year rate case filings.

Budget Workpapers are also an integral part of the budget process for all business areas. Budget Workpapers should provide detailed information to support budget dollars and budget documentation.

### **IT O&M Requests**

All requests for IT products and services (adds/moves/changes, hardware, software, IT support, systems access, security updates, etc.) must be submitted through [Mercury](#), the company's IT request system. Business areas that expect to need new IT products and services for the 2013-2014 budget years should communicate this to the Business Systems Business Technology Executives (see [Business Systems Contacts](#).) The Business Systems Business Technology Executives need to incorporate these expenses in the Business Systems budget, and the BTE's need to prioritize and approve these IT initiatives.

### **Monthly Budgets**

For the budget to be most useful in managing the company's business and monitoring financial performance, it is critical that the monthly budget accurately reflects when users expect to incur expenses during the year. Best estimates of when planned costs will be charged to a JDE business unit should be used in the development of the monthly budget, as this provides support for estimating cash flow requirements. The monthly budget is as important as the annual budget. The monthly budget deviations (and forecast updates), which are reported throughout the year, are a primary indicator used to monitor

financial performance throughout the year. The monthly budget estimates may also be used in the event of a rate case filing in which the test period crosses two calendar years. Do not budget the same amount for each month unless the budgeted expense is anticipated to be incurred in this manner. Any escalation of costs should be based on known factors such as historical costs or anticipated increases. Your basis for increase should be well documented as part of your budget workpapers. For general inflation increase estimates refer to the [Corporate Escalation Rates](#) published on the Corporate Budgeting Home Page.

### **Third-Party Billings**

Business areas must include in their O&M budget all expenses that are billed to third parties (i.e., parties outside of the Xcel Energy holding company system). Examples of third-party billings include: relocating distribution and transmission facilities for the accommodations of others, repairing damages to company property and working on customer owned electric distribution facilities. The proceeds from third-party billings must be accounted for in the revenue accounts, so do NOT net the proceeds with the O&M expenses, and do NOT enter the revenue into CBS. Revenues for billing work orders in JDE will automatically be calculated in ALS and then sent to the CompetiSoft Financial Model (CFM). Business areas do NOT need to send their revenue information to Financial Forecasting for input into CFM since the revenues will automatically be calculated. However, revenues related to billings NOT set up as billing work orders in JDE, need to be submitted to Financial Forecasting for inclusion in CFM.

For example, if NSPM incurs \$2,000 in O&M expense for Right-of-Way (ROW) maintenance of a transmission line that is billed to another utility company (not part of the Xcel Energy holding company system), the \$2,000 expense is budgeted in O&M expense, and the proceeds from the billing are budgeted in CFM under Other Electric Revenue. Please contact Erin McGuire at 612-337-2331 if you have billings outside of the JDE billing work order process.

Capital billings should not be included in the O&M budget, but rather as capital expenditures using the appropriate object account for such billing.

Service Company must bill all O&M costs to another Xcel Energy company. Once the O&M costs are billed to the appropriate Xcel Energy company, they can then be billed to the third party. Generally, the Service Company expenses are billed to one of the operating companies, unless the third party billing is for additional expenses incurred for an Xcel Energy company that has been sold. In that case, Service Company bills the intermediate or parent holding company of the sold company, and then the intermediate or parent holding company bills the third party. Revenue is recorded on the company (operating or holding company) that billed the third party and not on the Service Company.

### **Employee Incentives and Other Compensation**

#### **Incentives**

Any business area specific incentive cost that is in addition to, or different from, executive officer or corporate incentive plan programs must be budgeted within each business area in object account 711230-Incentive. Costs budgeted to this object account must be for incentive plans that have been pre-approved by Human Resources.

#### **Bonuses**

Any business area specific bonuses above and beyond the corporate incentive plan program must be budgeted within each business area to object account 711270-Other Compensation. The Spot-On Bonus Program is budgeted at the corporate level and should not be included in business area budgets.

#### **Employee Performance Recognition**

This includes employee performance recognition such as Thank You's, Above & Beyond awards, Premiere Choice awards, company store items and recognition meals presented to acknowledge employees for a specific business related action or result. This should not be budgeted by individual business areas as it is budgeted corporately in object 721850.

#### **Safety Recognition**

Safety Recognition is the responsibility of individual business areas. Object account 721800 should be used to budget for any safety related recognition.

### **Life Events**

Life events include promotion, retirement or a special occasion. This should be budgeted by individual business areas in object 721810.

### **Non-Recoverable Recognition**

This object account 721851 is for year-end celebrations, which is only to be used if there is corporate approval and notification from management that funds are available. This will be evaluated each year and is at the discretion of The Company. This should not be budgeted by individual business areas, or used for actuals without corporate approval.

## **Consulting Services and Contract Labor**

### **Legal Consulting Expenses**

The Legal Services department is responsible for managing all legal matters, including engaging and approving the use of outside legal vendors. Internal business clients and in-house counsel may reach an agreement that business areas will bear the cost of certain legal matters. Legal Services will relay this information to the appropriate finance person in the particular business area. During the budget process, business areas must contact Legal Services to convey information related to projects that are anticipated during the 2013-2014 budget years that require assistance from Legal Services.

Contact Deb Meuwissen at 612-215-4545 or Kimberly Hardy at 303-294-2010 if you have any extraordinary projects that will require significant legal services, so the Legal Services' budget can be planned.

### **Other Consulting Expenses**

For additional guidance on budgeting consulting and professional services in JDE object accounts please see the document [O&M Object Account Description](#) published on the Corporate Budgeting Home Page.

### **Contract Labor**

Object account 712110-Contract Labor should only be used for expenses for persons who are engaged in short-term (less than a year), temporary or special purpose work that is supervised by a company employee. It includes temporary labor payable to a third party that replaces company labor for routine daily activities. It does not include expenses for employees of the company.

### **Contract LT Outside Services**

Object account 713050-Contract LT Outside Services, should include expenses for persons who are engaged in long-term (more than a year) special purpose work. It includes, but is not limited to, the following services: tree trimming, meter reading, construction crews, scanning and imaging invoices or professional outside services that have material costs. It does not include: facilities operations and maintenance, printing, copying, office machine maintenance, cell phones, office supplies or expenses for employees of the company.

## **IT-Personal Communication Devices and IT Supplies**

Each business area is responsible for budgeting personal communication devices and consumable supplies for their business area. Budget communication device costs in object account 715600-Personal Communication Devices.

For information on personal communication devices, refer to [Personal Communication Device Policy](#)

Budget fax machine leases in your business area in object account 723130-Equipment Rental. Fax machine leases should be budgeted by the business area primarily using the machine, unless otherwise covered by Property Services.

Budget other IT supplies (printer cartridges, pager batteries, projectors, etc.) in your business area using object account 714000-Materials.

Budget other printing service costs (e.g., Kinko's) in your business area using object account 714100-Print/Copy-Other.

Note that the following JDE object accounts can only be used by IT:

- 715100 - IT Hardware Maintenance
- 715200 - IT Hardware Purchases
- 715300 - Software Purchases
- 715400 - Software Licenses
- 715500 - Software Maintenance
- 715700 - Network Services
- 715710 - Network Voice
- 715720 - Network Data
- 715730 - Network Telecom
- 715740 - Network Radio/Pgr/MW
- 715800 - Mainframe Services
- 715810 - Distributed Systems Services
- 715820 - App Dev & Maint
- 715830 - Project Office
- 715900 – Application Service Provider

### **Employee Expenses**

Employee Expenses include non-office supplies, reimbursable expenses incurred on the job, individual training, and similar items. When traveling, this includes meals, food items (including catering onsite/offsite meeting refreshments), offsite meeting/event, lodging, parking, telephone calls, tolls and other transportation expenses.

The following sample object accounts are available to accurately account for employee expenses: Also refer to [the Concur Expense Report Object Account Codes](#) for a complete list including definitions of expense types and their corresponding JDE object accounts.

- 721005 - Airfare
- 721010 - Car Rental
- 721015 - Taxi/Bus
- 721020 - Mileage
- 721025 - Conferences/Seminars/Training
- 721030 - Hotel
- 721035 - Meals – Employees
- 721040 - Meals – Including Non-Employees
- 721045 - Parking
- 721050 - Per Diem
- 721055 - Safety Equipment
- 723850 – Recognition - Entertainment
- 721060 - Other

All employees are expected to use sound judgment and plan business travel to minimize costs. In addition, Xcel Energy has negotiated discount or contract rates with its preferred vendors. As budgets are developed for employee expenses, take this information into consideration. The [Company Travel and Employee Expense Reimbursement Policy](#) also includes additional information. In addition to these items, there are specific requirements for the employee expenses addressed below.

Entertainment expenses are not considered employee expenses and should not be budgeted in the above accounts. Entertainment, including travel, meals and alcohol, should be budgeted in object account 723855-Other Deductions. Tickets for entertainment events should be budgeted in object account 723854-Deductions Corp Tickets. The [Company Travel and Employee Expense Reimbursement Policy](#) includes additional information on Entertainment expenses. The following are examples of entertainment accounts:

- 723854 – Entertainment - Tickets
- 723855 – Entertainment – Meals

**Air Travel**

Use object account 721005-EE Airfare for all air travel costs. Budget air travel expenses in the JDE business unit that will be used when booking your flight.

Corporate Travel – There are no direct passenger charge backs for travel on the Xcel Energy corporate aircraft. Corporate jet expenses will reside in the Aviation Services’ budget. Business areas are not responsible for budgeting for these expenses. Travel on corporate aircraft is limited. See the [Company Travel and Employee Expense Reimbursement Policy](#) for priority in using company aircraft. If you have any questions, contact Harold Hyman at 612-215-4681.

Commercial Travel – The Carlson Wagonlit travel fees are slightly reduced, but please note that certain of the fees were not booked to the individuals BMO cards. Starting in 2012 and for the 2013 budget, see table below for the fees that will be processed against the BMO card (last column). It is highly recommended to use the GetThere travel tool to book air/hotel/car to take advantage of corporate discounting and other benefits. Each area is responsible for budgeting the service fee in addition to their air travel costs.

Description	2011 Fees Total Fees	2011 BMO Card Fees	2012-2014 BMO Card Fees
Unassisted online	\$11.70	\$9.00	\$11.00
Car/hotel only unassisted online	\$9.00	\$0.00	\$9.00
Assisted online - Domestic			
Minneapolis assisted	\$33.24	\$25.00	\$28.25
Automation assisted	\$33.24	\$9.00	\$28.25
Assisted online - International			
Minneapolis assisted	\$33.24	\$25.00	\$28.25
Automation assisted	\$33.24	\$9.00	\$28.25
Agent Initiated - Domestic	\$28.94	\$25.00	\$30.00
Agent Initiated- International	\$39.71	\$35.00	\$30.00
Car /hotel only - agent initiated	\$5.00	\$0.00	\$5.00
Car/hotel only assisted online	\$9.00	\$0.00	\$9.00

For additional information, please see [Company Travel and Employee Expense Reimbursement Policy](#).

**Corporate Tickets**

Tickets purchased for Nuggets/Timberwolves basketball games, Wild/Avalanche hockey games, Twins/Rockies baseball games, Broncos/Vikings football games, Opera, Orchestra Association and other social events should be budgeted to JDE object account 723854-Deductions Corp Tickets. Budget food and drinks purchased at these events to JDE object account 723855-Other Deductions.

**Employee Move-Related Costs**

Business areas are responsible for budgeting the costs associated with adds/moves/changes that relate to physically moving boxes or building/changing cube walls. The average cost of moving an employee is \$500. Budget these costs to object account 723040-Adds/Moves/Changes. Property Services will charge the costs to your JDE business unit as they occur. If you have any questions, contact the appropriate representative for your state (see [Project/Tenant Services Contacts](#)).

### **Spouse Expenses**

Executive approval from Senior Management must be obtained before spouse expenses can be included as a company expense. Spouse expenses may include airfare, lodging and meals incurred on an approved business trip, or for attending company functions/festivities. Budget officer's spouse or delegated employee's spouse expenses to JDE object account 723855-Other Deductions. In addition, these costs must be billed to the Xcel Energy Holding Company. To ensure these costs are billed to the Holding Company use the JDE subledger "999101" with a subledger type "W."

### **Office Supplies Expense**

Use object account 721500-Office Supplies to budget for office supplies. Office supplies include pens, pencils, paperclips, paper (copier, tablets, etc.), staplers, staples, toner cartridges, calculators, holders and containers for any of the above items, calendars, hole punches, desk cleaning supplies (Clorox wipes, canned air for blowing off dust and dirt, etc.), folders/binders (3-ring, report, etc.), tape (scotch, duct, masking, etc.), tape dispensers, computer accessories (mouse pads, wrist pads, monitor risers, etc.), envelopes, Post-Its, glue, phone headsets, and similar items. *Note: Keyboards and mice must be coded to IT Hardware Purchases.*

Do not code office supplies to Employee Expenses or Materials.

### **Transportation**

#### **Fleet Vehicle and Equipment Rates**

To facilitate budgeting, all fleet vehicles and equipment for 2013-2014 will be charged by the hour. This approach works best to accommodate the use of the Passport Work Management System, and will enable fleet costs to flow to projects on a daily basis.

In order to comply with corporate accounting guidelines, rates are reviewed each month and adjusted periodically as needed.

Each business area is responsible for budgeting vehicles and equipment. Fleet costs are required to be budgeted at a detailed level in the appropriate JDE object, see list below.

- 618305 – Fuel Handling Fleet
- 681023 – COGS Transportation Fleet (HomeSmart only)
- 722000 – O&M Transportation Fleet Cost
- 732700 – CWIP Transportation Fleet Cost
- 742700 – RWIP Transportation Fleet Cost
- 747810 – Clearing Transportation Fleet Cost
- 748195 – Deferred Transportation Fleet Cost

The rates are designed to cover all of the costs associated with the vehicle or equipment. If you have any additional questions, please contact one of the following people: Amarillo – Ron Grady at 806-378-5416, Minneapolis – Wes Worthley at 612-630-4508, Denver – Ed Spencer at 303-571-3700, Kay Ozanne at 303-571-7945, or Mark Hennessy at 303-571-3809.

#### **Pool Cars**

Pool vehicles are available in the following locations:

- Colorado: Lipan Distribution Center (LDC), Materials Distribution Center (MDC), 1800 Larimer, Boulder Service Center, Grand Junction Service Center
- Texas: Amarillo Tower, Amarillo I-40 Garage, Amarillo Southwest, Lubbock
- New Mexico: Roswell
- Minnesota: Chestnut Service Center, 414 Nicollet, Maple Grove Service Center, Rice Street Service Center, St. Cloud Service Center, Newport Service Center, White Bear Lake Service Center, Faribault Service Center, Mankato Service Center
- North Dakota: Fargo

- Wisconsin: Sky Park, Rice Lake Service Center, Menomonie Service Center, Ashland Service Center, Abbotsford Service Center, Amery Service Center, Hudson Service Center, La Crosse Service Center, Eau Claire Western Ave. Service Center
- Michigan: Ironwood Service Center

Pool vehicles are supported by the Fleet organization. Each business area is responsible for budgeting for pool car usage. These costs will be charged back to each user's JDE business unit.

### **Casual Use Rate**

Employees using their personal vehicles for company business are reimbursed via Concur at the IRS Standard Mileage rate (2012 = \$0.555 per mile, 2013 = \$0.57 per mile). This rate is expected to increase 2% to 4% annually for 2013-2017. This expense must be budgeted under Employee Expenses as in the past. Casual Mileage is analyzed quarterly, and employees averaging over 1,000 miles per month in Casual Use should be transitioned to an assigned company vehicle. Please contact Mark Hennessy at 303-571-3809 if this is the case.

### **Dues, Contributions and Sponsorships**

A company policy has been implemented regarding dues, contributions and sponsorships to ensure that the company remains in compliance with reporting and regulatory requirements.

See the document called [\*Dues and Other Guidelines\*](#) on the Corporate Budgeting Home Page for the policy related to each type of expense.

Please contact Julie Rushton at 612-330-2809 for questions related to due, contributions and sponsorships and contact Mary Pope 612-330-6574 regarding regulatory treatment.

### **O&M Projects with Special Rate Treatment**

All eligible O&M projects and/or eligible expenditures associated with rate riders or other special rate treatment must be updated with the most accurate estimates for the budget, as well as monthly forecast updates. Each project should be budgeted separately to facilitate identification. Examples of such projects/expenditures include operating and maintenance costs at the company owned wind farms, Sherco and King plant mercury sorbent related costs, and the various distribution initiatives associated with the Central Corridor project.

### **Legal Settlement Expenses**

Xcel Energy business areas are responsible for bearing the costs of legal settlements not covered by insurance. Allowance for settlements should be budgeted under object account 723480-Injuries & Damages by the business areas at a high level, not specific to any particular matter, based on the business area's three-year historical average settlements paid. Verify that you've budgeted to the correct utility (electric, gas, common) as well. During the budget process, business areas should contact Legal Services to coordinate information and budgets for settlements anticipated during the 2013-2014 budget years. Contact Deb Meuwissen at 612-215-4545 or Kimberly Hardy at 303-294-2010.

## **Capital Budgeting**

The budgeting of capital expenditures and additions to plant in service includes identifying and prioritizing resources to support operations and future plant investments. The capital forecast, maintained and periodically updated in CBS, covers a minimum six-year (72 month) planning horizon including the year to date actuals (Jan-March 2012) and the current year's forecast (April-Dec 2012), often referred to as the bridge year (see diagram below). The company uses the comparison of capital budgets to actual performance to help determine if projects are on schedule and are consistent with on-going business planning requirements. **Thus providing good estimated in-service dates or closing patterns for projects is important and drives the change in rate base and impacts the income statement forecast of AFUDC and depreciation expense. In summary, your capital forecast must be verified against the "Checklist for Capital Forecasts", which includes the following and more:**



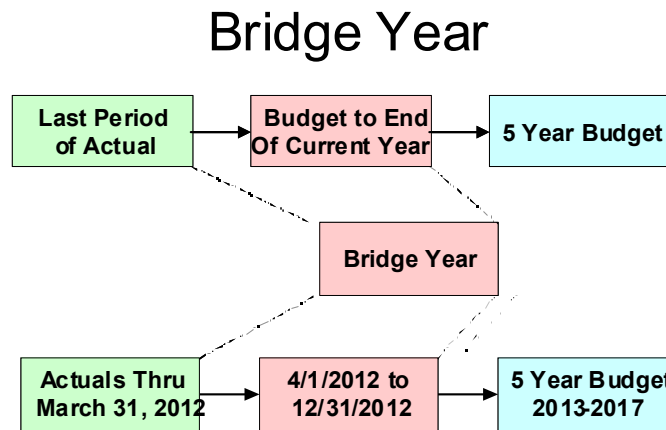
- Capital expenditures separated into Construction Work in Progress (CWIP) , Removal Work In Progress (RWIP), and Customer Contributions in Aid of Construction (CIAC) if applicable object accounts
- Estimated in-service date or closing pattern aligned with the expenditure pattern
- Forecast for all parent work orders including those with a CWIP/RWIP balance after March 2012 accounting close,

**What is a Capital Budget?**

The capital budget is a combination of: CWIP expenditures (spend to install an asset); RWIP expenditures (spend to remove an asset); and estimated in-service dates (or closing patterns), to arrive at the budgeted plant in-service (a major component of rate base). The budgeted plant in-service and related items (depreciation, AFUDC, etc) is an important input to cost of service studies used to support rate filings before various Commissions.

**What is a Bridge Year?**

The bridge year information is used to compute the beginning plant balances for the 2013 budget. Finally, capital forecasts support the estimation of the cash flow needs for the company into the future. All of these reasons make it important that the capital budget accurately reflect the expenditures and expected in-service dates for the bridge year and upcoming budget period and is consistent with the requirements stated below



**General Guidance**

Capital budgets must meet the capitalization criteria and minimum levels of detail. In addition, proper documentation must include a description of each project and a financial explanation as to how expenditures were derived. Describe the benefits of the capital project, such as: productivity, process efficiency, reliability, safety, required due to law or covenant, etc. When writing descriptions and justifications for capital projects, please be as precise as possible. Refer to the [Capital Asset Accounting Policy - Capital Budget Principles](#) for additional information.

Support for routine projects requires a five-year expenditure and in-service history, or the assumptions used to develop the expenditure pattern and closing pattern. Closing patterns are developed to move dollars out of CWIP to plant in-service based upon their historic construction period for routines or completed phase of construction for non-routine projects. Construction completed in phases (more than one estimated in-service date per parent work order) has a closing pattern called “percent of work complete”. Contact Capital Asset Accounting (CAA) if you need a project set up to close to plant in-service in phases for the budget. See the CAA Business Area Liaison list for contacts.

Capital budgeting data requirements for all projects are six years (i.e., 2012-2017) of monthly expenditures beginning with the remaining months of the forecast for the current bridge year (i.e., April to December 2012, assuming actual expenditures through March 2012), estimated in-service dates and closing patterns, where applicable. To capture total project expenditures, current forecasts must be reviewed and updated. In addition, actual CWIP balances need to be reviewed for estimated in-service dates, as well as any additional expenditure. Please see the "Requirements" section for more information.

## **Assumptions**

### **Corporate Escalation Rates**

Business areas, when preparing their six-year budgets (i.e., 2012-2017) of capital data, should NOT use "current year" dollars, but should use an appropriate escalation factor to cover costs for inflation. For general inflation increase estimates refer to the [Corporate Escalation Rates](#) published on the Corporate Budgeting Home Page. Other economic drivers may exist that require the use of more specific escalation factors for certain expenditures, such as nuclear fuel, steel or copper or long lead-time items such as power transformers. The support for all factors used should be well documented. Contact Supply Chain Sourcing for relevant pricing information on many key categories.

### **Capital PC Refresh and IT Asset Management**

Efficient use of Personal Computing assets enables Xcel Energy to leverage volume purchases, minimize support costs through product standardization, promote compatibility between IT assets and Xcel Energy's computing environment, monitor compliance with software licensing/data security, and maximize return on investment by carefully managing the lifecycle and use of these assets. . For additional information about IT management standards please refer to the following link: [Business Systems Standard](#)

IT Asset Management will determine an appropriate schedule for refreshing personal computers (PCs). At the start of the year, a list of the PCs to be refreshed during the year will be generated with a tentative schedule. The schedule will be maintained and updated during the course of the year.

Requirements for PCs outside of the refresh schedule will be closely scrutinized. The following justifications are acceptable for securing a new workstation: 1) hiring of a new employee, 2) PC lost or stolen, and 3) malfunctioning PC that is not repairable. Please refer to the section below for requesting and budgeting new PCs that are not included in the refresh project.

### **Budgeting for New IT Initiatives**

All IT capital project budgets are budgeted by Business Systems and should not be part of the business areas' budgets. This includes software implementations, as well as hardware capital purchases for PCs, LANs and printers that meet the capital guidelines. Business areas should not budget for software/hardware projects. If you have any questions, contact Diane Prentis at 612-330-5744.

If you have a new IT initiative, such as a new application system, new support or a non-standard purchase, please contact Business Systems area directly to discuss your initiative. The contact list can be found under the following link [Business Systems Contacts](#). This information is important so that Business Systems can budget and plan accordingly.

Efficient use of Personal Computing assets enables Xcel Energy to leverage volume purchases, minimize support costs through product standardization, promote compatibility between IT assets and Xcel Energy's computing environment, monitor compliance with software licensing/data security, and maximize return on investment by carefully managing the lifecycle and use of these assets. . For additional information about IT management standards please refer to the following link: [Business Systems Standard](#)

## Overheads – E&S and A&G

CAA does not add Engineering and Supervision (E&S) and Administrative and General (A&G) overheads to the expenditure stream for project budgets or forecasts as part of its budget processing. These project overheads are assumed to be **included** in the capital expenditure forecast provided. Each business area should assess the potential impact to their projects, especially for E&S charges for their large projects, and budget accordingly.

## Allowance for Funds Used During Construction (AFUDC)

Capital expenditures input by the business areas should **not** include AFUDC, which is calculated outside of CBS by CAA. CAA manages the actual accounting for AFUDC as well as the AFUDC associated with forecasted capital expenditures.

## Environmental

Environmental capital expenditures associated with air, water and waste remediation should be budgeted in accordance with the [Environmental Budget Guidelines](#) published on the Corporate Budgeting Home Page. A clear distinction is made in the guidelines and Capitalization Policy identifying environmental charges that can be capitalized versus those that are required to be expensed.

## Demand Side Management

Costs associated with Demand Side Management (DSM) or Conservation Investment Program (CIP) are not included in the capital forecast unless the resulting transaction involves a capital asset. Most DSM or CIP assets are accounted for as regulatory assets. These costs should be budgeted with a deferred parent work order, which is different than a capital parent work order. There are specific rules for these deferred work orders and they require Corporate Accounting approval.

## Capital Help

If you need assistance from CAA, contact the CAA Hotline at 612-330-6490.

In addition, please refer to the [Capital Budget/Forecast-Parent Checklist](#) on the CAA website. For the budget and every month a capital forecast is reviewed and modified; this checklist should be used with each parent project to assure that there is no missing information in the data provided. This checklist will be used as a basis to measure how accurate and complete the capital budget/forecast you provide is.

## Requirements

The total of capital expenditures for each of the next six years is significant and accordingly, we must prepare detailed budgets with transparency on where these amounts are being planned. The information below explains how to prepare your budgets to facilitate accurate budgeting and forecasting. CAA maintains the accounting policies and procedures and should be consulted, as needed, to insure proper accounting.

The primary balance sheet items that are impacted by **capital expenditures and estimated in-service dates or closing patterns** are Construction Work in Progress (CWIP), Plant In-Service, Accumulated Depreciation and Plant-Related Accumulated Deferred Income Taxes. Income statement influences include AFUDC and depreciation expense. The capital expenditures and dates are gathered across the business areas using CBS, Tamcast and Workbook and passed along to PowerPlant for the calculations of plant additions, book and tax depreciation, equity and debt AFUDC, and deferred income tax expense. The accurate forecasting of these amounts requires that the capital data (both spend and dates) be gathered and input into CBS, Tamcast or Workbook in accordance with the designed financial system and business process requirements.

## Capital Expenditures

**Accurate Monthly Expenditure Pattern** - One of the critical responsibilities of the Financial Operations organization is to ensure that sufficient cash is available to cover cash requirements. To accomplish this, the company must be able to derive meaningful cash flow forecasts from the financial budget and its monthly forecasts. Even though expenditure is booked to capital; a dollar is spent and that dollar must be available to be paid out. The Financial Operations organization needs the pattern of expenditures from

the budget or the forecast to assure that funds are available and consistent with long-term and short-term financing plans.

The cash flows or expenditures are provided when input into CBS, Tamcast or Workbook and these expenditures can be patterned or leveled, but should be representative of what one expects the monthly pattern of actual expenditures to be. This is important because the Company will plan its cash needs based on the expected cash outflows for construction. A large expenditure that was not anticipated could cause the company to incur higher than necessary carrying charges to obtain the funds than it may have if it could have planned for the large outflow of cash.

**Separate Install Expenditures from Removal Expenditures** - Capital expenditures cover both the capital dollars spent to install and remove capital assets. Expenditures associated with removal, as part of an asset retirement, should be budgeted as RWIP not CWIP. The importance of this is threefold:

1. RWIP does not accumulate AFUDC, whereas CWIP does,
2. RWIP is considered part of rate base for rate making when it is spent; CWIP is not part of rate base until it becomes an addition to plant in-service.
3. Estimated removal expense has been recovered from rate payers through the depreciation expense in the past, whereas CWIP will be recovered through depreciation expense in the future

If a project includes removing an existing asset before a new one is installed those removal expenditures should be budgeted as such. An estimate can be used to split the project expenditures and the removal estimate is entered into CBS, Tamcast or Workbook by using the RWIP JDE object accounts 740000-743350. Removal and installation expenditures can be tracked through the same parent work order. If significant salvage transactions are anticipated, they should be considered. It may be desirable to budget or forecast removal net of any salvage.

### **Alignment of Estimated In-Service Dates**

Accurate estimated in-service dates are **critical** to ensuring that the financial systems (PowerPlant and CFM) know when to stop AFUDC, when to move the constructed asset from CWIP to plant in-service, and when to start book and tax depreciation. Also, for most projects, they are included in rate cases (rate base) when they are forecasted to move from CWIP to plant in-service.

For specific capital projects, the estimated in-service date must align with the expenditure pattern.

The in-service date is when commercial operation begins, such as when the line is energized or main pressurized. If a project has two or more phases of construction with different in-service dates, contact one of the CAA Business Area liaisons for assistance to set up a special closing pattern, called percent of work complete (see "Percent of work complete" section for more information).

The estimated in-service date is not the same as the estimated complete date. Typically, there are trailing expenditures, such as restoration, after the in-service date until the complete date. Each time a user updates their expenditures forecast, estimated in-service dates also need to be re-evaluated. It is also important to reevaluate and revise estimated in-service dates for projects expected to go in-service in the bridge year, 2012. The bridge year information computes the beginning plant in-service balances for the 2013 Budget. Inaccurate estimated in-service dates can negatively impact the forecast accuracy of depreciation expense, AFUDC, and plant in-service.

The general rules for the forecast expenditures alignment with dates:

- estimated in-service date **should not** be past the last month of the forecasted expenditures,
- there should be **no more than three months** (four month for Nuclear operations) of expenditures past the estimated in-service date (for large projects, the spend may go beyond three months),
- the estimated complete date cannot be before the estimated in-service date,
- the estimated complete date should be at the end of the last expenditure.

**Routine projects** are treated as short-term construction projects that are generally ready for service the month of the construction expenditures. For example, construction expenditures for routine projects like battery replacements at substations or general plant equipment forecasted in May will go into service in May for budget or forecast purposes

For routine projects closing pattern must be aligned with the expenditures pattern. There are several closing patterns to choose from for routine projects that in-service a certain portion of the CWIP or RWIP balance (built from beginning actual CWIP/RWIP balance plus forecast spend for a project plus AFUDC on the CWIP portion) based on the number of months of construction or other percent.

Closing patterns are developed to move dollars out of CWIP to plant in-service based upon the estimated construction period. For these kinds of routines the rules set forth by closing patterns are used to move dollars from CWIP to plant in-service **until** the estimated in-service date is reached, then that is used to move dollars from CWIP to plant in-service for any additional expenditures. Please refer to the illustration below that shows the roll forward example of Routine project with CWIP activity:

Routine Parent work order with <b>Est In-service Date 12/31/2013</b> and Closing Pattern "4 Mo Construct (40%)"							
		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
a	CWIP Beginning Balance	1,000,000	724,800	589,080	446,448	-	-
b	CWIP Forecasted Expenditures	200,000	250,000	150,000	300,000	50,000	25,000
c	AFUDC	8,000	7,000	5,000	5,000		
d (a+b+c)	CWIP Balance Available to Close	1,208,000	981,800	744,080	751,448	50,000	25,000
e (d x g)	CWIP Plant Additions (Closings)	(483,200)	(392,720)	(297,632)	(751,448)	(50,000)	(25,000)
f (d + e)	CWIP Ending Balance	724,800	589,080	446,448	-	-	-
g	Closing Pattern (%)	40%	40%	40%	100%	100%	100%

Closing patterns are also used to move Removal expenditures (RWIP) to accumulated depreciation reserve (these don't close to plant in-service, but impact net plant) based upon the estimated construction period. The rules set forth by closing patterns are used to move dollars from RWIP to reserve **until** the estimated completion date is reached, then that is used to move dollars from RWIP to reserve for any additional expenditures

Routine Parent work order with <b>Est Completion Date 02/1/2014</b> and Closing Pattern "4 Mo Construct (40%)"							
		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
a	RWIP Beginning Balance	1,000,000	720,000	582,000	439,200	443,520	296,112
b	RWIP Forecasted Expenditures	200,000	250,000	150,000	300,000	50,000	25,000
c	AFUDC	-	-	-	-	-	-
d (a+b+c)	RWIP Balance Available to Close	1,200,000	970,000	732,000	739,200	493,520	321,112
e (d x g)	Depr Reserve Additions (Closings)	(480,000)	(388,000)	(292,800)	(295,680)	(197,408)	(321,112)
f (d + e)	RWIP Ending Balance	720,000	582,000	439,200	443,520	296,112	-
g	Closing Pattern (%)	40%	40%	40%	40%	40%	100%

If you are forecasting a routine project for the entire forecast period (2012-2017) you may want to set the estimated in-service date past the forecast period, to avoid CWIP/RWIP balance to close 100 percent to plant within the forecast period; and it is suggested to set it no more than 5 years out from the last forecast period (ie, 2022 for this budget). Please note that the estimated complete date cannot be more than 30 years from the estimated start date, and the estimated in-service date cannot be past the estimated complete date.

**Percent of Work Complete** – For the parent work orders with multiple phases of construction, a single specific estimated in-service date will not work. Either a percent or dollar amount should be identified for specific periods to move CWIP or RWIP to Plant In-service or Accumulated Depreciation Reserve, respectively. The last phase of the project will use the estimated in-service date to close the remaining CWIP and estimated completion date the remaining RWIP. For those parent work orders that have CWIP and RWIP forecasted expenditures and have percent work complete closing patterns, the RWIP portion can be set up to close on the estimated complete date, the same dates as the percent set up for the CWIP portion, or a different pattern altogether. CAA will need to work with you on setting these up.

If parents are set up for each phase of the project related to the estimated in-service date one could avoid using percentage of work completed closing method.

1. **Other-** Do not budget or forecast spend on parent projects that have a status of cancelled, posted to CPR, completed, in-service, or unitized. If you do use these parents to forecast expenditures, the actual in-service date will be used to move dollars from CWIP to Plant in-service in the forecast, which means forecasted spend will be in-serviced in the same month as the spend occurs, since the actual in-service date will be in the past.

### **Current Year Projects and Projects with CWIP Balances**

All projects with actual CWIP balances must be reviewed for both spend and estimated dates. If the estimated in-service is in the past, the project must be evaluated for either additional expenditures to be budgeted and estimated in-service date to be changed or the asset is used and useful and children work orders need to be in-serviced. Make every effort to have work orders in-serviced as soon as they are used and useful assets. It is important that the starting month of forecast has an accurate starting CWIP balance. Also, all open projects must be evaluated for expenditures for 2012 and beyond and the estimated in-service date must also be reviewed and updated if necessary.

### **Asset Retirements**

Asset retirement is the removal or abandonment of an asset (or part of an asset if it meets the capitalization policy) from the field, and the removal of said asset from the Capital Asset Accounting Continuing Property Record. Because forecasted asset retirements are not recorded in any of the budgeting systems, planned (forecasted) large asset retirements need to be communicated to CAA during the budget process timeframe. It is important for both depreciation expense and tax depreciation to identify the retirements in the forecast.

The routine Transmission and Distribution mass property retirements are forecasted based on historical data; however if there are any known large and unusual planned retirements, they need to be communicated to your CAA liaison in advance. See the CAA Liaison contacts for T&D at the end of the Capital Budgeting section

The Production asset retirements, in the budget, are processed based on planned retirements of individual large property groups (a whole property unit system or some major component of such system) or production plant. If there are plans to retire large production assets or any generating plants that may go off-line and become fully retired in the 2012-2017 cycle please provide plant name and projected date of decommissioning to Dave Amans in CAA (for contact information please refer to the CAA Liaison section at the end of this Capital Budgeting Instructions). The information from previous forecast is maintained by CAA and provided back to BA for the updates every budget/forecast cycle. CAA will then work with you to determine the specific asset(s) to retire in the forecast once information is gathered.

### **Legal Expenditures**

Legal expenditures related to deferred or capital projects may warrant inclusion in the total expenditure of the project and are to be budgeted within the respective business area's deferred or capital budget. Business areas having capital projects or deferred expenditures, which may include legal expenses, must contact Legal Services. Legal Services will provide the estimated budget for these projects to the business areas and will monitor legal expenditures associated with the project. Contact Deb Meuwissen at 612-215-4545 or Kimberly Hardy at 303-294-2010 if you have any questions.

### **Capitalization Policy**

Every parent work order, upon initiation, is validated for consistency with the Capitalization Policy (i.e., accounting guidance applicable for actual book activity should be applied to budget and forecast data). This is true for every child work order as well. Occasionally, a project changes scope from the time it was budgeted to the time the actual work begins. If the actual work no longer meets the criteria for capitalization, the work cannot be capitalized even though the dollars reside in the capital budget. To avoid surprises between the budget and actual project expenditures, it is imperative that detail information be provided **before** initiation of the parent work order so that CAA can do the Capitalization Policy test quickly. **Please note that CAA policy is to validate projects within 3 days of receipt. During the busy budget season, CAA may need the full 3 days to complete validation, so please plan**

accordingly. Likewise, if hundreds of projects are sent at once to CAA to validate, turn around time may be longer.

### **Level of Detail**

All parent work orders budgeted within CBS and PowerPlant must identify the proper Utility (i.e., electric, gas) and functional class (i.e., steam production, transmission) consistent with the FERC Uniform System of Accounts. The [Capital Expenditure Budget Requirements Matrix](#) included in the Appendices, summarizes the level of detail required. This level of detail is achieved in the budget by choosing the appropriate **Funding Project Type** when setting up your parent work order. This level of detail is required to identify depreciable from non-depreciable plant. It also captures plant accounts, which use different depreciation rates. This information must be budgeted for each operating company, as the approved depreciation rates vary by company.

The Regulatory department uses plant information for establishing electric and gas utility rates. There is a minimum level of detail at which projects cannot be further combined. All business areas must follow these requirements. For example, transmission substation work cannot be combined with the transmission line work. The matrix includes a listing of the applicable 300 level FERC accounts where such budgeted capital expenditures are typically closed to plant in-service. Also, see below for the detail required for parent work orders with special rate treatment.

**Transmission Serving Generation or Distribution Serving Generation** – For projects with interconnection facilities and network upgrades associated with generation facilities, specific funding project types should be used. **Please note that there are new funding project types for transmission serving generation work** (distribution serving generation can be set up upon business need) and this distinction must be made when setting up your projects for budgeting. This is important for ratemaking purposes. The distinction is made based upon the primary purpose for installing the transmission or distribution assets, rather than budget ownership. The budgeting guideline on this topic is included in the Appendices. Also the Transmission Interconnection & Network Glossary and Transmission Serving Generation Ownership Scenarios documents posted on the Capital Asset Accounting web page ([Transmission Serving Generation](#)).

### **Parent Project Naming Conventions and Grandparent Summarization**

Capital budgets and forecasts are used in rate case filings. It is important to consider how you name your project. Naming conventions may be used by your business area to facilitate easier identification of related projects, for instance, those related to a particular generating plant. Also, words that are descriptive help in understanding what the project is for. In addition, upon setting up your project you must choose a grandparent, which is another means to summarize types of projects. The grandparents are used to summarize and present CWIP and RWIP data in rate case schedules and testimony and should help explain the type of project. Projects related to each other, even if in different business segments, should be budgeted, have the same grandparent and dates should be in-sync. If you think you need a new grandparent, that is not currently in the CBS dropdown list, please choose the “Need New Grandparent” grandparent and then call your business area financial representative to discuss. The business area financial representative should then call the CAA liaison for the business area to discuss.

### **Separately Budget Capital Projects with Special Rate Treatment**

Estimated in-service dates and expenditures affect the budgeted or actual revenue collected for rate rider projects as well as projects having special rate treatment (e.g., PSCo Transmission Cost Adjustment (TCA) also called Senate Bill 100). These projects are considered “Projects of Interest” and require prioritized reviews and updates. Therefore, CBS, Tamcast or Workbook should be updated with the most accurate estimates for the budget as well as monthly forecast updates, for both expenditures and estimated in-service dates. Each project must have separate parent work order numbers. CAA uses a specific rate code on parent work orders to assure proper processing through rate case preparation. The specific rate codes are provided by and approved by the rate areas. **Please contact the Rate Area concerning all projects that qualify for special rate treatment.**

Any capital expenditures unrelated to the project (i.e., not subject to special rate treatment) must be budgeted to a separate parent work order. Thus, parent work orders requiring special rate treatment should have only the capital expenditures that are included in the approved regulatory orders or

legislative mandates. Budget any removal expenditures associated with these projects in RWIP JDE object accounts 740000-743350, since removal expenditures do not qualify for any AFUDC calculations.

### **Type of Charges Incurred**

Capital expenditures primarily include employee labor and benefits, contract labor, materials and other direct expenditures. AFUDC charges are calculated outside of CBS and should not be included as part of a users budgeted capital expenditures. AFUDC is added and becomes a component of the total construction charges included with the parent and child work orders within the Company's financial systems.

### **Reason Codes**

Within the CBS system, the Company has established reason codes, which provide information about each parent work order that is used for internal reporting purposes to better understand and track expenditures. For example, the reason code, replace/refurbish should be applied to projects related to replacing worn-out or damaged or degraded equipment. These capital expenditures can then be distinguished from investments to serve new customers. While this information does not impact the forecast balance sheet or income statement, it provides useful information for management and is required. For more information on reason codes please see [Reason Code Definitions](#) published on the Corporate Budgeting Home Page.

### **Customer Contributions in Aid of Construction (CIAC), Reimbursements, and Customer Advances**

Non-refundable contributions in aid of construction (non-refundable CIAC, not customer advance or refundable CIAC) and other capital reimbursements from third parties are a common component of certain capital expenditures within the Delivery and Transmission business areas.

Non-refundable CIAC's typically received for additional facilities installed for customers should be included in the capital expenditure forecast where applicable and can be supported with historical trends. Each business area needs to budget for non-refundable CIAC using JDE object accounts 733400-733460. Refundable CIAC or customer advances are not forecasted within CBS.

Customer reimbursements for relocating facilities to accommodate customers (other than Department of Transportation (DOT) customers), should be budgeted using object account 743150. For DOT customers, use object account 743160 to budget the credit.

### **Joint Ownership Share**

Xcel Energy has joint ownership capital projects, where Xcel Energy pays the full construction expenditures, then is reimbursed by the third party or joint owner, such as Comanche 3, Sherco 3, and Transmission CapX2020. With joint ownership projects, it is recommended to budget capital expenditures gross, the full amount, then record a credit to the appropriate joint ownership object account CWIP Joint Ownership 733340-733346 or RWIP Joint Ownership 743150-743160.

### **Capital Asset Accounting Business Area Liaisons**

<b>Budget Organization</b>	<b>CAA Liaison</b>	<b>Phone</b>
Corporate Services	David Adams	303-294-2094
Transmission	Ray Hetherington	612-330-5565
Distribution	Becky Dean	303-294-2395
Energy Supply NSPM	Carol Callahan	612-330-7659
Energy Supply NSPW	Dave Amans	715-737-2495
Energy Supply PSCo	Kris Jenson	612-330-5583
Energy Supply SPS	Denise LeGault	303-294-2093
Nuclear Generation	Jake Miller	612-330-1959



## Appendices

### JDE Guidance

#### JDE Subledger Field

In order to charge out all costs, a subledger field must be entered on all budget lines using a Service Company JDE business unit. Since no JDE business unit can charge the Service Company, the subledger cannot be another Service Company JDE business unit.

There are no construction projects for the Service Company. For a shared asset (an asset used by more than one legal entity, for example 1800 Larimer building), you must contact Capital Asset Accounting and Grover Mills at 303-294-2516 before setting up the project, as accounting for shared assets is a manual process.

For all operating company JDE business units, entering a subledger may not be required. The subledger must not be a Service Company JDE business unit. If a subledger is entered, this represents a cross-charge to the specified O&M or capital work order or JDE business unit within the same legal entity or to another legal entity. All capital projects require the use of an 8-digit subledger. If a subledger is entered, a subledger type of W must be entered.

For more information on JDE account coding, see [JD Edwards Training](#).

#### JDE Subsidiary Field

Do not enter subsidiary values 97, 98 or 99 when budgeting or recording actuals in expense object accounts. These subsidiaries are automatically generated in JDE during the service billing process to identify incoming, outgoing or allocated indirect charges. For budget data this is completed within ALS. For the legal entity view and business area reporting, you can tell if charges received were incoming from or outgoing to another company or department, or indirectly allocated from the Service Company by the subsidiary field. Transactions that are **direct charged** (not allocated) from one department or company to another have a JDE subsidiary of 97 or 99 in the JDE account string. Transactions that are **indirectly allocated** from the Service Company have a JDE subsidiary of 98 in the JDE account string. The subsidiaries are automatically added to the account string, so **do not enter subsidiaries when deriving income statement account numbers**. Subsidiary values on actual balance sheet accounts provide additional account information such as location (city, state, etc.).

*Incoming charges – Subsidiary 97* - Your specific JDE business unit was entered into the subledger field by another JDE business unit.

*Outgoing charges – Subsidiary 99* – You entered another JDE business unit in the subledger field in order to bill the charges to that business unit.

*Indirect charges – Subsidiary 98* – Allocated charges from the Service Company

#### Example of Direct Charge from Operating Company to Operating Company:

	Company	Business Unit	Object Acct	Subsidiary	Subledger	Amount
Original	NSPM	801598-NSPM	714000		803599-PSCo	700
Outgoing	NSPM	801598	714000	99	803599	-700
Incoming	PSCo	803599	714000	97	801598	700

#### Example of Allocated Charge from Service Company Using a 3-Digit Allocation Code:

	Company	Business Unit	Object Acct	Subsidiary	Subledger	Amount
Original	XS	601000	711142		121	1,000
Allocation	XS	601000	711142		121	-1,000
Allocation	XS	601000	711142	98	999232-PSCo	377.40

Allocation	XS	601000	711142	98	999233-SPS	140.70
Allocation	XS	601000	711142	98	699109-PSR	.70
Allocation	XS	601000	711142	98	999011-1480	.70
Allocation	XS	601000	711142	98	999230-NSPM	414.10
Allocation	XS	601000	711142	98	999231-NSPW	66.30
Allocation	XS	601000	711142	98	498725-Reddy	.10
Outgoing	XS	50	Revenue			-1,000
Indirect Chg	PSCo	999232	711142	98	601000	377.40
Indirect Chg	SPS	999233	711142	98	601000	140.70
Indirect Chg	PSR	699109	711142	98	601000	.70
Indirect Chg	1480	999011	711142	98	601000	.70
Indirect Chg	NSPM	999230	711142	98	601000	414.10
Indirect Chg	NSPW	999231	711142	98	601000	66.30
Indirect Chg	Reddy	498725	711142	98	601000	.10

**Note: These examples exclude inter-company receivable/payable entries that are also automatically generated by JDE during service billing.**

## **FERC, Utility and State Jurisdiction Accounting**

Each business area is responsible for the appropriate utility (electric, gas, thermal and non-utility) and FERC designation on their business areas' budgeted O&M dollars. The JDE business unit and object account determine the utility and FERC account. Each JDE business unit and object has category codes attached to it that determine which utility and FERC account the account string translates to. Here is a brief description of some of the main category codes:

### **Utility Category Codes**

**Account category code 20** – electric, gas, thermal, non-utility and common (if this field is populated it overrides BU category code 3)

**BU category code 3** – electric, gas, thermal, non-utility and common

### **FERC Category Codes**

**Account category code 21** – FERC account (if this field is populated it overrides BU category code 21)

**BU category code 21** – FERC account

### **Other Category Codes**

**BU category code 4** – A&G, operating, maintenance, etc.

**BU category code 5** – functional class such as distribution, production, sales, gas storage, etc.

**BU category code 6** – location code which helps determine the applicable state jurisdiction

For any costs directly attributed to a specific jurisdiction, ensure the location code (BU category code 6) on the JDE business unit is correct (if there is no subledger). If there is a subledger, verify the location code on the subledger is correct.

For additional information on translating JDE account strings to FERC account and utility, please see the document titled [JD Edwards Regulatory Ledger Training](#) on the Regulatory Accounting Training webpage.

## Capital Expenditure Budget Requirements Matrix

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
<b>Electric Utility</b>			
Steam Production	<ul style="list-style-type: none"> <li>◦ Land and land rights including water rights</li> <li>◦ Total assets by facility except for a few that are separated by unit due to different depreciation rates, such as Sherco and Comanche</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land and land rights including water rights</li> <li>◦ Depreciable assets by facility, except where individual units are jointly-owned by third parties or use different depreciation rates (Sherco 3 and Comanche 3)</li> </ul>	<ul style="list-style-type: none"> <li>◦ 310.0 – Land</li> <li>◦ 310.1 – Land Rights</li> <li>◦ 311 – Structures &amp; Improvements</li> <li>◦ 312 – Boiler Plant Equipment</li> <li>◦ 314 – Turbogenerator Unit</li> <li>◦ 315 – Accessory Electric Equipment</li> <li>◦ 316 – Miscellaneous Power Plant Equipment</li> </ul>
Nuclear Production	<ul style="list-style-type: none"> <li>◦ Total assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land and land rights</li> <li>◦ Depreciable assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ 320.0 – Land</li> <li>◦ 320.1 – Land Rights</li> <li>◦ 321 – Structures &amp; Improvements</li> <li>◦ 322 – Reactor Plant Equipment</li> <li>◦ 323 – Turbogenerator Unit</li> <li>◦ 324 – Accessory Electric Equipment</li> <li>◦ 325 – Miscellaneous Power Plant Equipment</li> </ul>
Nuclear Fuel	<ul style="list-style-type: none"> <li>◦ Total assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ Total assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ 120.2 – Nuclear Fuel Materials and Assemblies – Stock</li> <li>◦ 120.3 – Nuclear Fuel Assemblies in Reactor</li> <li>◦ 120.4 – Spent Nuclear Fuel</li> </ul>
Hydro Production	<ul style="list-style-type: none"> <li>◦ Total assets with no facility separation</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land and land rights</li> <li>◦ Depreciable assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ 330.0 – Land</li> <li>◦ 330.1 – Land Rights</li> <li>◦ 331 – Structures &amp; Improvements</li> </ul>

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
			<ul style="list-style-type: none"> <li>◦ 332 – Reservoirs, Dams &amp; Waterways</li> <li>◦ 333 – Waterwheels, Turbines &amp; Generators</li> <li>◦ 334 – Accessory Electric Equipment</li> <li>◦ 335 – Miscellaneous Power Plant Equipment</li> <li>◦ 336 – Roads, Railroads &amp; Bridges</li> </ul>
Other Production	<ul style="list-style-type: none"> <li>◦ Land and land rights</li> <li>◦ Depreciable assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land and land rights</li> <li>◦ Depreciable assets by facility</li> </ul>	<ul style="list-style-type: none"> <li>◦ 340.0 – Land,</li> <li>◦ 340.1 – Land Rights</li> <li>◦ 341 – Structures &amp; Improvements</li> <li>◦ 342 – Fuel Holders, Producers &amp; Accessories</li> <li>◦ 343 – Prime Movers</li> <li>◦ 344 –Generators</li> <li>◦ 345 – Accessory Electric Equipment</li> <li>◦ 346 – Miscellaneous Power Plant Equipment</li> </ul>
Transmission	<ul style="list-style-type: none"> <li>◦ Land and easements</li> <li>◦ Substations</li> <li>◦ Substations</li> <li>◦ Lines</li> <li>◦ Lines</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Substations</li> <li>◦ Substations - Transmission Serving Generation</li> <li>◦ Lines</li> <li>◦ Lines – Transmission Serving Generation</li> </ul>	<ul style="list-style-type: none"> <li>◦ 350 – Land</li> <li>◦ 350 – Land Rights</li> <li>◦ 352 – Structures &amp; Improvements</li> <li>◦ 353 – Station Equipment</li> <li>◦ 352 and 353</li> <li>◦ 354 – Towers &amp; Fixtures</li> <li>◦ 355 – Poles &amp; Fixtures</li> <li>◦ 356 – Overhead Conductor &amp; Devices</li> <li>◦ 357 – Underground Conduit</li> <li>◦ 358 – Underground Conductor &amp; Devices</li> <li>◦ 359 – Roads &amp; Trails</li> <li>◦ 354 - 358</li> </ul>
Distribution (By state)	<ul style="list-style-type: none"> <li>◦ Land and easements</li> <li>◦ Substations</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Substations</li> </ul>	<ul style="list-style-type: none"> <li>◦ 360 – Land</li> <li>◦ 360 – Land Rights</li> <li>◦ 361 – Structures &amp; Improvements</li> <li>◦ 362 – Station Equipment</li> </ul>

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
	<ul style="list-style-type: none"> <li>◦ Lines</li> <li>◦ Other</li> </ul>	<ul style="list-style-type: none"> <li>◦ Lines</li> <li>◦ Other</li> <li>◦ Street Lighting</li> </ul>	<ul style="list-style-type: none"> <li>◦ 364 – Towers &amp; Fixtures</li> <li>◦ 365 – Overhead Conductor &amp; Devices</li> <li>◦ 366 – Underground Conduit</li> <li>◦ 367 – Underground Conductor &amp; Devices</li> <li>◦ 368 – Line Transformers</li> <li>◦ 369 – Services</li> <li>◦ 370 – Meters</li> <li>◦ 371 – Installs on Customer’s Premises</li> <li>◦ 373 – Street Lighting &amp; Signal Systems</li> </ul>
General Property	<ul style="list-style-type: none"> <li>◦ Non-depreciable</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ General Equipment (Includes communication for PSCo and SPS)</li> <li>◦ Communication Equipment (for the NSPM and NSPW only)</li> </ul>	<ul style="list-style-type: none"> <li>◦ Intangibles</li> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ Furniture &amp; Equipment</li> <li>◦ Network Equipment</li> <li>◦ Tools &amp; Equipment</li> <li>◦ Communication Equipment</li> <li>◦ Telecommunication Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ 301 – Organizational Costs</li> <li>◦ 302 – Franchises &amp; Consents</li> <li>◦ 389 – Land</li> <li>◦ 389 – Land Rights</li> <li>◦ 303 – Computer Software</li> <li>◦ 390 – Structures &amp; Improvements</li> <li>◦ 392 – Transportation Equipment</li> <li>◦ 396 – Power Operated Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 393 – Stores Equipment</li> <li>◦ 394 – Tools, Shop &amp; Garage Equipment</li> <li>◦ 395 – Laboratory Equipment</li> <li>◦ 398 – Miscellaneous Equipment</li> <li>◦ 397 – Communication Equipment</li> <li>◦ 397 – Telecommunication Equipment</li> </ul>

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
<b>Gas Utility</b>			
Manufactured Production	◦ Total Assets	◦ Land ◦ Depreciable assets	◦ 304 – Land ◦ 305 – Structures & Improvements ◦ 311 – Liquefied Petroleum Gas Equipment ◦ 320 – Other Equipment
Gathering Production	◦ Total Assets (PSCo Only)	◦ Easements ◦ Depreciable assets	◦ 325.4 –Rights-of-way ◦ 327 – Field Compressor Station Structures ◦ 328 – Field Measuring & Regulating Station Structures ◦ 329 – Other Structures ◦ 332 – Field Lines ◦ 333 – Field Compressor Station Equipment ◦ 334 – Field Measuring & Regulating Station Equipment
Extraction Production	◦ Total Assets (PSCo Only)	◦ Land and easements ◦ Depreciable assets	◦ 340.1 – Land, ◦ 340.2 – Land Rights ◦ 341 – Structures & Improvements ◦ 342 – Extraction & Refining Equipment ◦ 343 – Pipe Lines ◦ 344 – Extracted Product Storage Equipment ◦ 345 – Compressor Equipment ◦ 346 – Gas Measuring & Regulating Equipment ◦ 347 – Other Equipment
Underground Storage	◦ Total Assets	◦ Land and easements ◦ Depreciable assets	◦ 350.1 – Land, ◦ 350.2 –Rights-of-way ◦ 352.1 – Storage Leasehold and Rights ◦ 352.2 – Reservoirs ◦ 352.3 – Non-recoverable Natural Gas ◦ 353 – Lines ◦ 354 – Compressor Station Equipment

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
			<ul style="list-style-type: none"> <li>◦ 355 – Measuring &amp; Regulating Equipment</li> <li>◦ 356 – Purification Equipment</li> </ul>
Other Storage	<ul style="list-style-type: none"> <li>◦ Total Assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land and easements</li> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ 360.1 – Land</li> <li>◦ 360.2 – Land Rights</li> <li>◦ 361 – Structures &amp; Improvements</li> <li>◦ 362 – Gas Holders</li> <li>◦ 363 – Purification Equipment</li> <li>◦ 363.1 – Liquefaction Equipment</li> <li>◦ 363.2 – Vaporizing Equipment</li> <li>◦ 363.3 – Compressor Equipment</li> <li>◦ 363.4 – Measuring &amp; Regulating Equipment</li> <li>◦ 363.5 – Other Equipment</li> </ul>
Transmission (By state)	<ul style="list-style-type: none"> <li>◦ Land and easements</li> <li>◦ Depreciable Assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ 365.1 – Land</li> <li>◦ 365.1 – Land Rights,</li> <li>◦ 365.2 – Rights of Way</li> <li>◦ 366 – Structures &amp; Improvements</li> <li>◦ 367 – Mains</li> <li>◦ 368 – Compressor Station Equipment</li> <li>◦ 369 – Measuring &amp; Regulating Station Equipment</li> <li>◦ 370 – Communication Equipment</li> <li>◦ 371 – Other Equipment</li> </ul>
Distribution (By state)	<ul style="list-style-type: none"> <li>◦ Land and easements</li> <li>◦ Mains, TBS, Meters and Regulators</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Mains and TBS; includes services</li> <li>◦ Meters and Regulators</li> </ul>	<ul style="list-style-type: none"> <li>◦ 374 – Land</li> <li>◦ 374 – Land Rights</li> <li>◦ 375 – Structures &amp; Improvements</li> <li>◦ 376 – Mains</li> <li>◦ 380 – Services</li> <li>◦ 381 – Meters (includes 382 – Meter Installations, 383 – Regulators, and 384 – Regulator Installations)</li> <li>◦ 387 – Other Equipment</li> </ul>

Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
General Property	<ul style="list-style-type: none"> <li>◦ Non-depreciable</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ General Equipment (Includes communication for PSCo only)</li> <li>◦ Communication Equipment (Includes communication for NSPM and NSPW only)</li> <li>◦</li> </ul>	<ul style="list-style-type: none"> <li>◦ Intangibles</li> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ Furniture &amp; Equipment</li> <li>◦ Network Equipment</li> <li>◦ Tools &amp; Equipment</li> <li>◦ Communication Equipment</li> <li>◦ Telecommunication Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ 301 – Organizational Costs,</li> <li>◦ 302 – Franchises &amp; Consents</li> <li>◦ 389 – Land</li> <li>◦ 389 – Land Rights</li> <li>◦ 303 – Computer Software</li> <li>◦ 390 – Structures &amp; Improvements</li> <li>◦ 392 – Transportation Equipment</li> <li>◦ 396 – Power Operated Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 393 – Stores Equipment</li> <li>◦ 394 – Tools, Shop &amp; Garage Equipment</li> <li>◦ 395 – Laboratory Equipment</li> <li>◦ 398 – Miscellaneous Equipment</li> <li>◦ 397 – Communication Equipment</li> <li>◦ 397 – Telecommunication Equipment</li> </ul>
<b>Thermal Utility</b>			
Production	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Depreciable Assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ Land</li> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ 310 – Land</li> <li>◦ 311 – Structures &amp; Improvements</li> <li>◦ 312 – Boiler Plant Equipment</li> <li>◦ 315 – Accessory Electric Equipment</li> <li>◦ 316 – Miscellaneous Power Plant Equipment</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ 376 – Mains</li> <li>◦ 378 – Measuring &amp; Regulating Equipment – General</li> <li>◦ 380 – Services</li> </ul>



Utility/Functional Class	CFM: Financial Forecasting (Plant Chart of Accounts)	CBS & PowerPlant Budget Requirements (Parent Work Order)	In-Service Plant: FERC Accounts
			<ul style="list-style-type: none"> <li>◦ 381 – Meters</li> <li>◦ 382 – Meter Installations</li> </ul>
General Property	<ul style="list-style-type: none"> <li>◦ Software</li> <li>◦ General Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ Software</li> <li>◦ Tools &amp; Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ 303 – Computer Software</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 393 – Stores Equipment</li> <li>◦ 394 – Tools, Shop &amp; Garage Equipment</li> <li>◦ 395 – Laboratory Equipment</li> <li>◦ 398 – Miscellaneous Equipment</li> </ul>
<b>Non-Utility</b>			
Production & Other	<ul style="list-style-type: none"> <li>◦ Non-depreciable assets</li> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ Non-depreciable assets</li> <li>◦ Depreciable assets</li> </ul>	<ul style="list-style-type: none"> <li>◦ 121 – Non-utility Property</li> <li>◦ 121 – Non-utility Property</li> </ul>
<b>Common Utility</b>			
General Property	<ul style="list-style-type: none"> <li>◦ Intangibles</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ General Equipment</li> <li>◦ Communication Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ Intangibles</li> <li>◦ Land</li> <li>◦ Easements</li> <li>◦ Software</li> <li>◦ Buildings</li> <li>◦ Transportation Equipment</li> <li>◦ Furniture &amp; Equipment</li> <li>◦ Network Equipment</li> <li>◦ Tools &amp; Equipment</li> <li>◦ Communication Equipment</li> <li>◦ Telecommunication Equipment</li> </ul>	<ul style="list-style-type: none"> <li>◦ 301 – Organizational Costs</li> <li>◦ 302 – Franchises &amp; Consents</li> <li>◦ 389 – Land</li> <li>◦ 389 – Land Rights</li> <li>◦ 303 – Computer Software</li> <li>◦ 390 – Structures &amp; Improvements</li> <li>◦ 392 – Transportation Equipment</li> <li>◦ 396 – Power Operated Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 391 – Office Furniture &amp; Equipment</li> <li>◦ 393 – Stores Equipment</li> <li>◦ 394 – Tools, Shop &amp; Garage Equipment</li> <li>◦ 398 – Miscellaneous Equipment</li> <li>◦ 397 – Communication Equipment</li> <li>◦ 397 – Telecommunication Equipment</li> </ul>

## **Transmission/Distribution Serving Generation Budgeting Guideline**

### **Questions to Ask:**

***What is the primary purpose of a connection to the transmission or distribution network or an upgrade to the network?***

If the answer is generation (a.k.a production), then the project should be set up as a Transmission Serving Generation (TSG) project or as a Distribution Serving Generation (DSG) project. The setup of the project function should NOT be determined by who has budget responsibility for the project. The parent project should be set up with the funding project type of Transmission or Distribution (Lines or Subs) Serving Production.

***If it is a TSG or DSG project, who has budgetary responsibility for the project?***

Budget responsibility does not change the classification of the project as Transmission (or Distribution) Serving Generation.

○ **If Energy Supply owns the generation assets**

Energy Supply should have budget responsibility for the Interconnection project; the project will be classified on the books as a Transmission (or Distribution) asset; and for ratemaking purposes, it will be treated like production plant.

Any Network Upgrades may be budgeted by either Energy Supply or Transmission (the departments must come to an agreement).

○ **If an Independent Power Producer owns the generation assets**

Transmission has the budget responsibility for the Interconnection project (there will be a Contribution in Aid of Construction paid by the IPP offsetting the capital cost in the budget); the project will be classified on the books as a Transmission (or Distribution) asset; and for ratemaking purposes it will be treated like production plant.

Any Network Upgrades should be budgeted by Transmission. Again, the IPP will pay a Contribution in Aid of Construction (CIAC).

○ **If Energy Supply owns the generation assets, but an Independent Transmission Provider owns the interconnection project**

Energy Supply should budget the project and will pay a CIAC to the ITP; the project will be classified on the books as a Transmission (or Distribution) asset; and for ratemaking purposes it will be treated like production plant.

If Network Upgrade assets will be owned by Xcel Energy, then those upgrades may be budgeted by either Energy Supply or Transmission (the departments must come to an agreement).

If Network Upgrade assets will be owned by the ITP, then those upgrades should be budgeted by Energy Supply (who will pay a CIAC to the ITP).

## **Glossary of Terms**

**A&G Capital Overhead.** Administrative and General is an overhead that assigns the labor from certain departments that are considered general office functions. The amount is based upon a biennial study that looks at the budgeted labor for these departments and the amount of time they dedicate to capital functions.

**ALS.** Allocation Ledger System, which processes CBS data using service billing functionality similar to JDE and presents the legal entities' O&M and Capital budgets in an allocated view. Managerial view data is also maintained in ALS for reporting.

**AFUDC.** Allowance for funds during construction represents the cost of financing or funding a project before it is in its revenue-generating phase. Using a FERC specified formula, AFUDC is calculated and added to the capital project and at the same time is recognized as either income (the equity component) or an offset to interest expense (the debt component). When the project goes into service the capitalized cost of the debt and equity is part of depreciation expense, which is a component of the customer's rate.

**Blanket Child Work Orders.** The blanket child work orders are a summation of many smaller dollar, high volume capital jobs that are grouped together because of the similar nature of the work, i.e., meters or new business blankets.

**Bridge Year.** Refers to the current year in which there are some actuals and some forecast months. It is a term used in the capital budgeting process to reference the year that precedes the budget years. The bridge year information is used to compute the beginning plant balances for the first year of the budget, and thus is an important component of the budget.

**BTE.** Business Technology Executives that are assigned to each business area. Representative names are included in the Budget Instructions in the applicable sections.

**Business Area.** Refers to the areas within the Company that operate as an organizational unit. Examples are: Transmission; Energy Supply; Distribution; Corporate Services and the Chief Financial Officer. For internal reporting, it is an aggregate of JDE Business Units.

**CBS.** The CompetiSoft Budgeting System is the corporate input tool used for preparing O&M and Capital budgets.

**CFM.** The CompetiSoft Forecasting Model is the corporate tool used for financial planning/forecasting.

**Child Work Order.** This is the work order where the actual jobs costs are accumulated. These are often called just work orders without the prefix "child". The forecasting does not occur at the child work order level.

**CIAC.** Contribution in Aid of Construction.

**Closing Pattern.** Developed for forecast purposes to move dollars out of CWIP to plant in-service based upon their historic construction period for routines or completed phase of construction for non-routine projects.

**Cost Components.** A group of object accounts or categories of costs. Examples include employee expenses, contract labor and consulting costs.

**CWIP.** Construction Work in Progress, The spend to install an asset. The balance represents construction work not yet completed but in process..

**Deferred Work Orders.** Used to capture costs associated with regulatory assets, regulatory liabilities deferred assets and deferred liabilities. For additional information contact Regulatory Accounting.

**E&S Overhead.** Engineering and Supervision is an overhead that is used to allocate indirect costs associated with construction from the engineering departments.

**In-Service Date.** In general, this is the date upon which the construction project has been turned over from the construction manager to the operations manager. In the financial forecast process, this date is called the estimated in-service date and it triggers moving the dollars from CWIP to plant in-service, AFUDC to stop and book/tax depreciation to start (see [Capital Asset Accounting Policy - Capital Budget Principles](#)).

**JDE Business Unit.** JDE Business Unit is a six-digit number that represents the department or department structure. For some departments the capital work is assigned a different JDE Business Unit than the operating work. In PowerPlant, this number is shown in the department field.

**Percent of Work Complete.** A closing pattern developed for a specific parent project work order that have multiple construction in-service phases. The pattern is developed based on input from the project owner, including the forecasted CWIP balance and the dates of an in-service phase and either the amount to in-service or percent of the CWIP balance to in-service..

**RWIP.** Removal Work In Progress, the spend to remove an asset. The balance represents removal work not yet completed but in process.

**Parent Work Order.** A parent work order is the terminology used by the JD Edwards system and is synonymous with the term Funding Project used in the PowerPlant system. It is the level at which the budget/forecast data is gathered and reported. Actual project expenditures for capital work are never recorded to the parent work order, but may be summed up and reported at the parent work order level. Many child work orders can be grouped under one parent work order.

**Routine Parent Work Order.** Refers to a capital project that contains ready made or quickly installed capital assets such as transportation equipment, network equipment, distribution meters, line transformers, or substation batteries. Previously these were referred to as blanket parent work orders.

**Vacancy Rate.** Refers to an annualized attrition rate that is budgeted to account for positions that are open at any point during the year.