

Beginning with the 1999 filing, the Company used a theoretical reserve amount that accounted for a portion of the unrealized amount of the external fund. To accomplish this, the Company calculated a theoretical fund balance using a levelized historical rate. These rates were applied to the annual annuity contributions that have been made since inception of the external funds. The calculation of the earnings achieved each year was made with the assumption of monthly contributions. The balances were derived at the Minnesota jurisdictional level for December 31, 2011. The detail calculations for the theoretical balance are included in the attached schedules. This schedule has been updated since our original November 30, 2011 filing to reflect an update in the proposed Escrow transfer in the Market Value Balances portion of Schedule G.1.

Theoretical Fund Balance Supporting Schedules

- G.1 Fund Balance Summary – All Units (Updated)
- G.2 Theoretical Fund Balance – All Units

Book Value Balances, Minnesota Jurisdiction - August 31, 2011

	Qualified Trust		Total
	Fund	Escrow Fund	
Monticello	347,110,688	-	347,110,688
Prairie Island Unit 1	278,087,500	37,835,994	315,923,493
Prairie Island Unit 2	296,017,357	48,328,277	344,345,635
	921,215,545	86,164,271	1,007,379,816

Market Value Balances, Minnesota Jurisdiction - August 31, 2011

	Qualified Trust		Escrow Fund Proposed Transfer (36-Year Scenario)	Total
	Fund	Escrow Fund		
Monticello	341,711,695	-	11,518,883	353,230,578
Prairie Island Unit 1	275,833,915	38,031,352	(12,197,322)	301,667,945
Prairie Island Unit 2	295,592,427	48,577,804	678,439	344,848,670
	913,138,037	86,609,156	-	999,747,193

	Qualified Trust		Escrow Fund Proposed Transfer (60-Year Scenario)	Total
	Fund	Escrow Fund		
Monticello	341,711,695	-	11,356,568	353,068,263
Prairie Island Unit 1	275,833,915	38,031,352	(12,250,343)	301,614,924
Prairie Island Unit 2	295,592,427	48,577,804	893,775	345,064,006
	913,138,037	86,609,156	-	999,747,193

Theoretical Fund Balances - December 31, 2011

	Qualified Trust		Total
	Fund	Escrow Fund	
Monticello	340,115,704	-	340,115,704
Prairie Island Unit 1	267,707,645	38,326,713	306,034,358
Prairie Island Unit 2	289,044,120	48,955,073	337,999,193
	896,867,469	87,281,786	984,149,255

Electric Utility - State of Minnesota

Monticello						
	Beginning Balance	Annuity	Balance After Annuity	Interest Rate	Levelized Interest	Ending Balance
External Fund						
1990	-	3,401,058	3,401,058	4.50%	76,524	3,477,582
1991	3,477,582	8,157,706	11,635,288	4.50%	340,040	11,975,328
1992	11,975,328	8,157,710	20,133,038	4.50%	722,438	20,855,476
1993	20,855,476	8,405,529	29,261,005	4.50%	1,127,621	30,388,626
1994	30,388,626	8,491,236	38,879,862	4.50%	1,558,541	40,438,403
1995	40,438,403	8,491,236	48,929,639	4.50%	2,010,781	50,940,420
1996	50,940,420	8,491,236	59,431,656	4.50%	2,483,372	61,915,028
1997	61,915,028	8,491,236	70,406,264	4.50%	2,977,229	73,383,493
1998	73,383,493	8,491,236	81,874,729	4.50%	3,493,310	85,368,039
1999	85,368,039	8,491,236	93,859,275	4.50%	4,032,615	97,891,890
2000	97,891,890	13,021,440	110,913,330	4.50%	4,698,117	115,611,447
2001	115,611,447	13,021,440	128,632,887	4.50%	5,495,498	134,128,385
2002	134,128,385	13,021,440	147,149,825	4.50%	6,328,760	153,478,585
2003	153,478,585	26,820,252	180,298,837	4.50%	7,509,992	187,808,829
2004	187,808,829	26,820,252	214,629,081	4.50%	9,054,853	223,683,934
2005	223,683,934	26,820,252	250,504,186	4.50%	10,669,233	261,173,419
2006	261,173,419	-	261,173,419	4.50%	11,752,804	272,926,223
2007	272,926,223	-	272,926,223	4.50%	12,281,680	285,207,903
2008	285,207,903	-	285,207,903	4.50%	12,834,356	298,042,253
2009	298,042,253	-	298,042,253	4.50%	13,411,901	311,454,148
2010	311,454,148	-	311,454,148	4.50%	14,015,437	325,469,579
2011	325,469,579	-	325,469,579	4.50%	14,646,131	340,115,704
Total Funds - Monticello						340,115,704

Electric Utility - State of Minnesota

Prairie Island Unit 1						
	Beginning Balance	Annuity	Balance After Annuity	Interest Rate	Levelized Interest	Ending Balance
External Fund						
1990	-	2,537,843	2,537,843	4.50%	57,101	2,594,944
1991	2,594,944	6,087,483	8,682,427	4.50%	253,741	8,936,168
1992	8,936,168	6,087,486	15,023,654	4.50%	539,096	15,562,750
1993	15,562,750	6,272,416	21,835,166	4.50%	841,453	22,676,619
1994	22,676,619	8,090,892	30,767,511	4.50%	1,202,493	31,970,004
1995	31,970,004	8,090,892	40,060,896	4.50%	1,620,695	41,681,591
1996	41,681,591	8,090,892	49,772,483	4.50%	2,057,717	51,830,200
1997	51,830,200	8,090,892	59,921,092	4.50%	2,514,404	62,435,496
1998	62,435,496	8,090,892	70,526,388	4.50%	2,991,642	73,518,030
1999	73,518,030	8,090,892	81,608,922	4.50%	3,490,356	85,099,278
2000	85,099,278	10,887,492	95,986,770	4.50%	4,074,436	100,061,206
2001	100,061,206	10,887,492	110,948,698	4.50%	4,747,723	115,696,421
2002	115,696,421	10,887,492	126,583,913	4.50%	5,451,308	132,035,221
2003	132,035,221	17,114,760	149,149,981	4.50%	6,326,667	155,476,648
2004	155,476,648	17,114,760	172,591,408	4.50%	7,381,531	179,972,939
2005	179,972,939	17,114,760	197,087,699	4.50%	8,483,864	205,571,563
2006	205,571,563	-	205,571,563	4.50%	9,250,720	214,822,283
2007	214,822,283	-	214,822,283	4.50%	9,667,003	224,489,286
2008	224,489,286	-	224,489,286	4.50%	10,102,018	234,591,303
2009	234,591,303	-	234,591,303	4.50%	10,556,609	245,147,911
2010	245,147,911	-	245,147,911	4.50%	11,031,656	256,179,566
2011	256,179,566	-	256,179,566	4.50%	11,528,080	267,707,645
Escrow Fund						
2006	-	11,089,695	11,089,695	3.30%	182,980	11,272,675
2007	11,272,675	11,004,228	22,276,903	3.30%	553,568	22,830,471
2008	22,830,471	11,004,228	33,834,699	3.30%	934,975	34,769,674
2009	34,769,674	-	34,769,674	3.30%	1,147,399	35,917,073
2010	35,917,073	-	35,917,073	3.30%	1,185,263	37,102,336
2011	37,102,336	-	37,102,336	3.30%	1,224,377	38,326,713
Total Funds - Prairie Island Unit 1						306,034,358

Electric Utility - State of Minnesota

Prairie Island Unit 2						
	Beginning Balance	Annuity	Balance After Annuity	Interest Rate	Levelized Interest	Ending Balance
External Fund						
1990	-	2,391,000	2,391,000	4.50%	53,798	2,444,798
1991	2,444,798	5,735,244	8,180,042	4.50%	239,059	8,419,101
1992	8,419,101	5,735,251	14,154,352	4.50%	507,903	14,662,255
1993	14,662,255	5,909,480	20,571,735	4.50%	792,765	21,364,500
1994	21,364,500	8,170,656	29,535,156	4.50%	1,145,242	30,680,398
1995	30,680,398	8,170,656	38,851,054	4.50%	1,564,458	40,415,512
1996	40,415,512	8,170,656	48,586,168	4.50%	2,002,538	50,588,706
1997	50,588,706	8,170,656	58,759,362	4.50%	2,460,332	61,219,694
1998	61,219,694	8,170,656	69,390,350	4.50%	2,938,726	72,329,076
1999	72,329,076	8,170,656	80,499,732	4.50%	3,438,648	83,938,380
2000	83,938,380	15,333,036	99,271,416	4.50%	4,122,220	103,393,636
2001	103,393,636	15,333,036	118,726,672	4.50%	4,997,707	123,724,379
2002	123,724,379	15,333,036	139,057,415	4.50%	5,912,590	144,970,005
2003	144,970,005	17,620,884	162,590,889	4.50%	6,920,120	169,511,009
2004	169,511,009	17,620,884	187,131,893	4.50%	8,024,465	195,156,358
2005	195,156,358	17,620,884	212,777,242	4.50%	9,178,506	221,955,748
2006	221,955,748	-	221,955,748	4.50%	9,988,009	231,943,757
2007	231,943,757	-	231,943,757	4.50%	10,437,469	242,381,226
2008	242,381,226	-	242,381,226	4.50%	10,907,155	253,288,381
2009	253,288,381	-	253,288,381	4.50%	11,397,977	264,686,358
2010	264,686,358	-	264,686,358	4.50%	11,910,886	276,597,244
2011	276,597,244	-	276,597,244	4.50%	12,446,876	289,044,120
Escrow Fund						
2006	-	14,164,972	14,164,972	3.30%	233,722	14,398,694
2007	14,398,694	14,055,804	28,454,498	3.30%	707,078	29,161,576
2008	29,161,576	14,055,804	43,217,380	3.30%	1,194,253	44,411,633
2009	44,411,633	-	44,411,633	3.30%	1,465,584	45,877,217
2010	45,877,217	-	45,877,217	3.30%	1,513,948	47,391,165
2011	47,391,165	-	47,391,165	3.30%	1,563,908	48,955,073
Total Funds - Prairie Island 2						337,999,193

Electric Utility - State of Minnesota

Total						
	Beginning Balance	Annuity	Balance After Annuity	Interest Rate	Levelized Interest	Ending Balance
External Fund						
1990	-	8,329,901	8,329,901	4.50%	187,423	8,517,324
1991	8,517,324	19,980,433	28,497,757	4.50%	832,840	29,330,597
1992	29,330,597	19,980,447	49,311,044	4.50%	1,769,437	51,080,481
1993	51,080,481	20,587,425	71,667,906	4.50%	2,761,839	74,429,745
1994	74,429,745	24,752,784	99,182,529	4.50%	3,906,276	103,088,805
1995	103,088,805	24,752,784	127,841,589	4.50%	5,195,934	133,037,523
1996	133,037,523	24,752,784	157,790,307	4.50%	6,543,627	164,333,934
1997	164,333,934	24,752,784	189,086,718	4.50%	7,951,965	197,038,683
1998	197,038,683	24,752,784	221,791,467	4.50%	9,423,678	231,215,145
1999	231,215,145	24,752,784	255,967,929	4.50%	10,961,619	266,929,548
2000	266,929,548	39,241,968	306,171,516	4.50%	12,894,773	319,066,289
2001	319,066,289	39,241,968	358,308,257	4.50%	15,240,928	373,549,185
2002	373,549,185	39,241,968	412,791,153	4.50%	17,692,658	430,483,811
2003	430,483,811	61,555,896	492,039,707	4.50%	20,756,779	512,796,486
2004	512,796,486	61,555,896	574,352,382	4.50%	24,460,849	598,813,231
2005	598,813,231	61,555,896	660,369,127	4.50%	28,331,603	688,700,730
2006	688,700,730	-	688,700,730	4.50%	30,991,533	719,692,263
2007	719,692,263	-	719,692,263	4.50%	32,386,152	752,078,415
2008	752,078,415	-	752,078,415	4.50%	33,843,529	785,921,937
2009	785,921,937	-	785,921,937	4.50%	35,366,487	821,288,417
2010	821,288,417	-	821,288,417	4.50%	36,957,979	858,246,389
2011	858,246,389	-	858,246,389	4.50%	38,621,087	896,867,469
Escrow Fund						
2006	-	25,254,667	25,254,667	3.30%	416,702	25,671,369
2007	25,671,369	25,060,032	50,731,401	3.30%	1,260,646	51,992,047
2008	51,992,047	25,060,032	77,052,079	3.30%	2,129,228	79,181,307
2009	79,181,307	-	79,181,307	3.30%	2,612,983	81,794,290
2010	81,794,290	-	81,794,290	3.30%	2,699,211	84,493,501
2011	84,493,501	-	84,493,501	3.30%	2,788,285	87,281,786
Total Funds - Minnesota Jurisdiction						984,149,255