

Revised 2012 True Up Transmission Revenue Requirement (TO8) Description of Schedule Impacts

Schedule 4-True Up TRR: The elements of the \$6.2 million increase in the 2012 True Up TRR are shown on Schedule 4. Nearly all elements of the 2012 True Up TRR were impacted by the revisions. The changes are discussed below:

Lines 1-2 - ISO Plant: The \$46.2 million increase in ISO Transmission Plant was primarily caused by the misclassification in the 2012 Plant Study of the Whirlwind substation. The combination of the other Plant Study classification corrections, the SWPPP cost reclassification, and the incentive project workorder adjustment resulted in reductions in the 2012 ISO Transmission Plant as shown on Schedules 6 and 7. The \$0.8 million increase in General & Intangible Plant resulted from the increase in the W&S Allocation Factor from 3.6997% to 3.7194% as shown on Schedules 6 and 27.

Lines 5-8 – Working Capital Amounts: The \$0.1 million increase in Working Capital results from the increase in the W&S Allocation Factor, as well as the increases in O&M and A&G expenses described below as shown on Schedules 1, 13, and 27.

Lines 9-12 – Accumulated Depreciation Reserve: The \$12.3 million increase in the Accumulated Depreciation Reserve amounts as shown on Schedule 8 is related to the changes in plant discussed above.

Line 13 – Accumulated ADIT: The \$0.1 million increase in the ADIT offset to rate base resulted from the increase in the W&S Allocation Factor, discussed above, and the increase in the Plant Allocation Factor from 10.678% to 10.972% as shown on Schedules 9 and 27.

Line 14 – CWIP Plant: The \$5.0 million decrease in CWIP Plant resulted from SWPPP cost reclassification and the incentive project workorder adjustments discussed above and as shown on Schedule 14. Note that Whirlwind misclassification only impacted the Plant Study, Schedule 7 and those items allocated using the Plant Study results such as Accumulated Depreciation Reserves.

Line 15a – Unfunded Reserves: The \$0.04 million increase in Unfunded Reserves is due to the increase in the W&S Allocation Factor as shown on Schedules 27 and 34.

Line 17 – Rate Base: The \$29.9 million increase in rate base was primarily caused by the Whirlwind misclassification as discussed above.

Lines 18-19 – Return on Capital: The \$2.2 million increase in return is due to the increase in rate base and the small decrease in the cost of capital as shown on Schedule 5.

Line 20 – Income Taxes: The \$1.0 million increase in Income Taxes is related to the change in Return on Capital discussed above.

Line 26 – O&M Expense: The \$1.0 million increase in O&M expense results from the \$3.5 million adjustment due to the SWPPP cost reclassification as shown on Schedule 19, line 10. In addition, increases to the ISO Transmission Labor allocation factor from 43.5% to 43.8% and the ISO Transmission Plant allocation factor from 55.7% to 57.3% also contributed to the increase in O&M Expense.

Line 27 – A&G Expense: The \$0.2 million increase in A&G Expense results from the increase in the W&S Allocation Factor.

Line 29 – Depreciation Expense: The \$1.1 million increase in the Depreciation Expense amounts is caused by the changes in plant discussed above as shown on Schedule 17.

Line 31 – Other Taxes: The \$0.6 million increase in Other Taxes results from increases in the W&S Allocation Factor and the Plant Allocation Factor as shown on Schedule 1.

Line 38 – True Up Incentive Adder: The \$0.03 million decrease in the True Up Incentive Adder is related to the reduction in incentive plant eligible for ROE incentives as shown on Schedule 15.

Lines 40-45 – True Up TRR: The \$6.2 million increase in 2012 True Up TRR is a result of the items discussed above, plus \$0.07 million increase in Franchise Fee and Uncollectibles expense as shown on Schedule 4.