

**Exhibit NMP-7 – Summary of the Estimated Rate
Changes**

Niagara Mohawk Power Corporation
Annual Transmission Revenue Requirement Calculation
Comparison of Revenue Requirements and Rate based on Current and Proposed Depreciation Rates

Line No.	Description	Source	(A) Present Rates, adjusted for FIT*, with current depreciation rates	(B) Source	(C) Effect of change in Depreciation Rates	(D) Ties to	(E) = (A) + (C) Estimated Rates with new depreciation rates
1	<u>Transmission Investment Base</u>						
2	Transmission Plant in Service	Exhibit No. 9 Schedule 6 Pg 1 Line 12	\$2,936,380,887			Exhibit No. 10 Schedule 6 Pg 1 Line 12	\$2,936,380,887
3	General Plant	Exhibit No. 9 Schedule 6 Pg 1 Line 13	\$37,377,029			Exhibit No. 10 Schedule 6 Pg 1 Line 13	\$37,377,029
4	Common Plant	Exhibit No. 9 Schedule 6 Pg 1 Line 14	\$29,494,695			Exhibit No. 10 Schedule 6 Pg 1 Line 14	\$29,494,695
5	Intangible Plant	Exhibit No. 9 Schedule 6 Pg 1 Line 15	\$960,405			Exhibit No. 10 Schedule 6 Pg 1 Line 15	\$960,405
6	Plant Held For Future Use	Exhibit No. 9 Schedule 6 Pg 1 Line 16	\$0			Exhibit No. 10 Schedule 6 Pg 1 Line 16	\$0
7	Total Plant (Sum of Line 2 - Line 6)		<u>\$3,004,213,017</u>				<u>\$3,004,213,017</u>
8							
9	Accumulated Depreciation	Exhibit No. 9 Schedule 6 Pg 1 Line 19	(\$626,910,640)	Schedule 2 Line 18 Col E	(\$3,988,581)	Exhibit No. 10 Schedule 6 Pg 1 Line 19	(\$630,899,221)
10	Accumulated Deferred Income Taxes	Exhibit No. 9 Schedule 6 Pg 1 Line 20	(\$272,630,635)	Schedule 3 Line 14 Col E	\$841,681	Exhibit No. 10 Schedule 6 Pg 1 Line 20	(\$271,788,954)
11	Other Regulatory Assets	Exhibit No. 9 Schedule 6 Pg 1 Line 21	(\$266,317,219)			Exhibit No. 10 Schedule 6 Pg 1 Line 21	(\$266,317,219)
12	Net Investment (Sum of Line 7 -Line 11)		<u>\$1,838,354,522</u>				<u>\$1,835,207,622</u>
13							
14	Prepayments	Exhibit No. 9 Schedule 6 Pg 1 Line 24	\$11,532,375			Exhibit No. 10 Schedule 6 Pg 1 Line 24	\$11,532,375
15	Materials & Supplies	Exhibit No. 9 Schedule 6 Pg 1 Line 25	\$13,292,986			Exhibit No. 10 Schedule 6 Pg 1 Line 25	\$13,292,986
16	Cash Working Capital	Exhibit No. 9 Schedule 6 Pg 1 Line 26	\$8,683,546			Exhibit No. 10 Schedule 6 Pg 1 Line 26	\$8,683,546
17							
18	Total Investment Base (Sum of Line 12 - Line 16)		<u>\$1,871,863,429</u>				<u>\$1,868,716,529</u>
19							
20	Cost of Capital Rate	Exhibit No. 9 Schedule 8 Line 62	9.22%			Exhibit No. 10 Schedule 8 Line 62	9.22%
21							
22	<u>Transmission Revenue Requirement</u>						
23	Return and Associated Income Taxes	Exhibit No. 9 Schedule 1 Line 10	\$172,573,828	Schedule 6 Line 24 Col H	(\$283,023)	Exhibit No. 10 Schedule 1 Line 10	\$172,290,805
24	Transmission-Related Depreciation Expense	Exhibit No. 9 Schedule 1 Line 11	\$59,273,914	Schedule 4 Line 18 Col E	\$3,988,581	Exhibit No. 10 Schedule 1 Line 11	\$63,262,495
25	Transmission-Related Real Estate Taxes	Exhibit No. 9 Schedule 1 Line 12	\$54,209,152			Exhibit No. 10 Schedule 1 Line 12	\$54,209,152
26	Transmission - Related Investment Tax Credit	Exhibit No. 9 Schedule 1 Line 13	(\$449,914)			Exhibit No. 10 Schedule 1 Line 13	(\$449,914)
27	Transmission Operation & Maintenance Expense	Exhibit No. 9 Schedule 1 Line 14	\$69,468,365			Exhibit No. 10 Schedule 1 Line 14	\$69,468,365
28	Transmission Related Administrative & General Expense	Exhibit No. 9 Schedule 1 Line 15	\$51,950,822			Exhibit No. 10 Schedule 1 Line 15	\$51,950,822
29	Transmission Related Payroll Tax Expense	Exhibit No. 9 Schedule 1 Line 16	\$2,503,122			Exhibit No. 10 Schedule 1 Line 16	\$2,503,122
30	Sub-Total (sum of Lines 23 - Line 29)		<u>\$409,529,289</u>				<u>\$413,234,846</u>
31							
32	Billing Adjustments	Exhibit No. 9 Schedule 1 Line 19	(\$2,824,031)			Exhibit No. 10 Schedule 1 Line 19	(\$2,824,031)
33	Bad Debt Expenses	Exhibit No. 9 Schedule 1 Line 20	\$0			Exhibit No. 10 Schedule 1 Line 20	\$0
34	Revenue Credits	Exhibit No. 9 Schedule 1 Line 21	(\$21,119,154)			Exhibit No. 10 Schedule 1 Line 21	(\$21,119,154)
35	Transmission Rents	Exhibit No. 9 Schedule 1 Line 22	(\$2,279,947)			Exhibit No. 10 Schedule 1 Line 22	(\$2,279,947)
36							
37	Total Historical Transmission Revenue Requirement (Sum of Line 30 - Line 35)		<u>\$383,306,156</u>				<u>\$387,011,714</u>
38							
39	Forecasted RR	Exhibit No. 9 Schedule 2 Line 49	\$12,777,164	Schedule 7 Line 31 Col E	\$116,898	Exhibit No. 10 Schedule 2 Line 49	\$12,894,063
40							
41	Annual True-Up **	Exhibit No. 9 Schedule 3 Line 28	\$23,282,938			Exhibit No. 10 Schedule 3 Line 28	\$23,282,938
42							
43	Subtotal Revenue Requirement (Sum of Line 37 - Line 41)		<u>\$419,366,258</u>		<u>\$3,822,456</u>		<u>\$423,188,714</u>
44							
45	CCC (Control Center Costs)	Exhibit No. 9 Schedule 4 Line 2e	\$6,008,811			Exhibit No. 10 Schedule 4 Line 2e	\$6,008,811
46							
47	Total Billing Units	Exhibit No. 9 Schedule 4 Line 2f	35,384,910			Exhibit No. 10 Schedule 4 Line 2f	35,384,910
48							
49	Rate per Billing Unit (Lines 43/Line 45)		12.02		0.11		12.13
50							
51	TSC Sales	Exhibit No. 9 Workpaper 14 Line 1			2,729,344		
52							
53	Increase in Revenue Requirement associated with TSC Sales	Schedule 8 Line 1			294,838		

* Present Rate calculation based on CY2017 data was modified for purposes of this filing from originally filed on June 14, 2018 to reflect the change in the Federal Income Tax Rate at 21% effective 01/01/18

** The Annual True-Up was left unchanged. In future rate filings the impact of the new depreciation rates will be incorporated into the Annual True-Up.

Niagara Mohawk Power Corporation
Calculation of Estimated Change in Accumulated Depreciation Reserve

Line No.	Description	Source	(A) Balance	(B) Allocation Factor	(C) = (A)*(B) Electric Allocated	(D) Allocation Factor	(E) = (C)*(D) Transmission Allocated
<u>Transmission Accumulated Depreciation</u>							
1	Transmission Accumulated Depreciation	Exhibit No. 9 Schedule 6 Pg 2 Line 24 Col. 1	(\$592,763,770)				
2	Estimated Change in Transmission Plant Depreciation due to Estimated Change in rate	Schedule 5 Line 11 (Negative Sign)	(\$3,955,796)				
3	Net Transmission Plant Accumulated Depreciation using new rates		(\$596,719,566)				(\$596,719,566)
<u>General Plant Accumulated Depreciation</u>							
4	General Plant Accumulated Depreciation	Exhibit No. 9 Schedule 6 Pg 2 Line 25 Col. 1	(\$182,607,104)				
5	Estimated Change in General Plant Depreciation due to Estimated Change in rate	Schedule 5 Line 51 (Negative Sign)	(\$354,384)				
6	Net General Plant Accumulated Depreciation using new rates		(\$182,961,488)	100.00%	(\$182,961,488)	13.00% (c)	(\$23,784,993)
<u>Common Plant Accumulated Depreciation</u>							
7	Common Plant Accumulated Depreciation	Exhibit No. 9 Schedule 6 Pg 2 Line 26 Col. 1	(\$91,110,247)				
8	Estimated Change in Common Plant Depreciation due to Estimated Change in rate	Schedule 5 Line 63 (Negative Sign)	\$122,387				
9	Net Common Plant Accumulated Depreciation using new rates		(\$90,987,860)	83.50% (a)	(\$75,974,863)	13.00% (c)	(\$9,876,732)
<u>Amortization of Other Utility Plant</u>							
10	Amortization of Other Utility Plant	Exhibit No. 9 Schedule 6 Pg 2 Line 27 Col. 1	(\$3,758,048)				
11	Estimated Change in Intangible Plant Amortization due to Estimated Change in rate	Footnote A.3 at Schedule 5	\$0				
12	Net Intangible Plant Accumulated Amortization using new rates		(\$3,758,048)	100.00%	(\$3,758,048)	13.00% (c)	(\$488,546)
<u>Wholesale Meters</u>							
13	Wholesale Meters	Exhibit No. 9 Schedule 6 Pg 2 Line 28 Col. 1	(\$29,384)				
14	Estimated Change in Account 37030 and 37035 Plant Depreciation due to Estimated Change in rate	Schedule 5 Line 28 + 29 (Negative Sign)	\$0				
15	Net Large Meter Plant Accumulated Depreciation using new rates		(\$29,384)				(\$29,384)
<u>Total Accumulated Depreciation due to Change in rates (Line 3+ Line 7+ Line 10 + Line 11 + Line 14)</u>							
16			(\$874,456,346)				(\$630,899,221)
<u>CY2017 Actual Transmission Allocated Accumulated Depreciation</u>							
17		Exhibit No. 9 Schedule 6 Pg 1 Line 19					(\$626,910,640)
<u>Total Estimated Change in Transmission Allocated Accumulated Depreciation Reserve (Line 16 - Line 17)</u>							
18							-\$3,988,581

Niagara Mohawk Power Corporation
Calculation of Estimated Change in Accumulated Deferred Income Taxes

			(A)	(B)	(C) = (A)*(B)	(D)	(E) = (C)*(D)
Line No.	Description	Source	Balance	Allocation Factor	Electric Allocated	Allocation Factor	Transmission Allocated
	<u>ADIT</u>						
1	Estimated Change in Electric Depreciation Expense	Schedule 5 Line 67	\$10,213,075				
2	Tax Rate	Schedule 9 Line 6	26.14%				
3	Total Estimated Change in Deferred Taxes (Line 1 * Line 2)	Line 1 * Line 2	\$2,669,187	100.00%	\$2,669,187	31.53%	\$841,681
4							
5	<u>Transmission Accumulated Deferred Taxes</u>						
6	Accumulated Deferred Taxes (281-282)	Exhibit No. 9 Schedule 7 Line 2	(\$1,305,014,102)				
7	Plus Estimated Change in Deferred Income Taxes due to increase in Book Depreciation Expense	Schedule 3 Line 3	\$2,669,187				
8	Accumulated Deferred Taxes (281-282) with estimated changes to Depreciation Expense	Line 6 + Line 7	(\$1,302,344,915)	100.00%	(\$1,302,344,915)	31.53% (d)	(\$410,671,277)
9	Accumulated Deferred Taxes (283)	Exhibit No. 9 Schedule 7 Line 3	(\$151,716,964)	100.00%	(\$151,716,964)	31.53% (d)	(\$47,841,243)
10	Accumulated Deferred Taxes (190)	Exhibit No. 9 Schedule 7 Line 4	\$603,571,312	100.00%	\$603,571,312	31.53% (d)	\$190,325,465
11	Accumulated Deferred Inv. Tax Cr (255)	Exhibit No. 9 Schedule 7 Line 5	(\$11,422,554)	100.00%	(\$11,422,554)	31.53% (d)	(\$3,601,899)
12	Total (Sum of line 7 - Line 11)				<u>(\$861,913,121)</u>		<u>(\$271,788,954)</u>
	CY2017 Actual Transmission Allocated Accumulated Deferred Taxes	Exhibit No. 9 Schedule 6 Pg 1 Line 20					<u>(\$272,630,635)</u>
	Total Estimated Change in Annual Transmission Allocated						
14	Accumulated Deferred Income Taxes (Line 12 - Line 13)						<u><u>\$841,681</u></u>

Niagara Mohawk Power Corporation
Calculation of Estimated Change in Depreciation Expenses

			(A)	(B)	(C) = (A)*(B)	(D)	(E) = (C)*(D)
Line No.	Description	Source	Balance	Allocation Factor	Electric Allocated	Allocation Factor	Transmission Allocated
	<u>Depreciation Expense</u>						
1	Transmission Plant Depreciation Expenses	Exhibit No. 9 Schedule 9 Line 1 Col 1	\$57,146,855				
2	Estimated Change in Transmission Depreciation Expense	Schedule 5 Line 11	\$3,955,796				
3	Net Transmission Plant Depreciation Expense using new rates		\$61,102,651				\$61,102,651
4	General Plant Depreciation Expense	Exhibit No. 9 Schedule 9 Line 2 Col 1	\$9,043,442				
5	Estimated Change in General Depreciation Expense	Schedule 5 Line 51	\$354,384				
6	Net General Plant Depreciation Expense using new rates		\$9,397,826	100.0000%	\$9,397,826	13.0000% ^c	\$1,221,717
7	Common Plant Depreciation Expense	Exhibit No. 9 Schedule 9 Line 3 Col 1	\$8,474,542				
8	Estimated Change in Common Depreciation Expense	Schedule 5 Line 63	(\$122,387)				
9	Net Common Plant Depreciation Expense using new rates		\$8,352,155	83.5000%	\$6,974,050	13.0000% ^c	\$906,626
10	Intangible Plant Amortization Expense	Exhibit No. 9 Schedule 9 Line 4 Col 1	\$204,327				
11	Estimated Change in Intangible Amortization Expense	Footnote A.3 at Schedule 5	\$0				
12	Net Intangible Plant Depreciation Expense using new rates		\$204,327	100.0000%	\$204,327	13.0000% ^c	\$26,563
13	Wholesale Meter Depreciation Expense	Exhibit No. 9 Schedule 9 Line 5 Col 5	\$4,937				
14	Estimated Change in Wholesale Meters Depreciation Expense	Schedule 5 Line 28 + Line 29	\$0				
15	Net Large Meter Plant Depreciation Expense using new rates		\$4,937				\$4,937
16	Total Depreciation Expense (Line 3 + Line 6 + Line 9 + Line 12 + Line 15)		\$79,061,897				\$63,262,495
17	CY2017 Actual Transmission Allocated Depreciation Expense	Exhibit No. 9 Schedule 9 Line 6 Col 5					\$59,273,914
18	Total Estimated Change in Transmission Allocated Depreciation Expense (Line 16 - Line 17)						\$3,988,581

Niagara Mohawk Power Corporation
Calculation of Change in Depreciation Expenses for Electric Plant in Service

			(A)	(B)	(C) = (A) / (B)	(D)	(E) = (C) x (D)	(F) = (D) - (B)	(G) = (E) - (A)
			Reported Annual Depreciation Expense for CY 2017	Depreciation Rates prior to Change	Estimated Depreciation Base	Proposed Depreciation Rates	Estimated Annual Depreciation Expense based on Proposed Rates	Proposed Change in Depreciation Rates	Estimated Change in Annual Depreciation Expense due to Change in Rates
Line No.	FERC Account	Description							
Transmission Plant									
1	350.4	Land –Rights of Way and Easements	416,984	1.32%	31,589,697	1.32%	416,984	0.00%	\$0
2	352	Structures and Improvements	897,872	2.08%	43,166,923	2.42%	1,044,640	0.34%	\$146,768
3	353	Station Equipment	25,504,203	2.44%	1,045,254,221	2.53%	26,444,932	0.09%	\$940,729
4	353.55	Station Equipment - EMS	1,753,707	3.40%	51,579,618	4.20%	2,166,344	0.80%	\$412,637
5	354	Towers & Fixtures	2,050,784	1.71%	119,928,889	1.80%	2,158,720	0.09%	\$107,936
6	355	Poles & Fixtures	15,368,961	2.00%	768,448,050	2.23%	17,136,392	0.23%	\$1,767,431
7	356	Overhead Conductors & Devices	8,539,172	1.60%	533,698,250	1.69%	9,019,500	0.09%	\$480,328
8	357	Underground Conduit	531,056	1.33%	39,929,023	1.24%	495,120	-0.09%	(\$35,936)
9	358	UG Conductors & Devices	2,024,963	1.49%	135,903,557	1.59%	2,160,867	0.10%	\$135,904
10	359	Roads & Trails	59,153	1.33%	4,447,594	1.33%	59,153	0.00%	\$0
11		Total Transmission Plant Depreciation	57,146,855	2.06%	2,773,945,821	2.20%	61,102,651	0.14%	3,955,796
Distribution Plant									
12	360	Land Rights	509,555	1.33%	38,312,406	1.33%	509,555	0.00%	\$0
13	361	Structures and improvements	806,585	1.67%	48,298,503	1.66%	801,755	-0.01%	(\$4,830)
14	362	Station equipment	12,041,934	1.83%	658,029,180	1.92%	12,634,160	0.09%	\$592,226
15	362.55	Station equipment - EMS RTU	2,936,491	3.30%	88,984,576	4.20%	3,737,352	0.90%	\$800,861
16	362.75	NY EMS Replacement INVP1041	-	3.30%	-	10.00%	-	6.70%	\$0
17	364	Poles, towers and fixtures	18,370,406	1.62%	1,133,975,679	1.85%	20,978,550	0.23%	\$2,608,144
18	365	Overhead conductors, devices	35,198,248	2.50%	1,407,929,920	2.33%	32,804,767	-0.17%	(\$2,393,481)
19	366	Underground conduit	2,974,111	1.47%	202,320,476	1.66%	3,358,520	0.19%	\$384,409
20	367	Underground conductors, devices	10,906,479	1.53%	712,841,765	1.73%	12,332,163	0.20%	\$1,425,684
21	368	Line transformers - Bare Cost	17,180,667	2.67%	643,470,674	2.65%	17,051,973	-0.02%	(\$128,694)
22	368.3	Line transformers - Install Cost	9,193,220	2.67%	344,315,356	3.38%	11,637,859	0.71%	\$2,444,639
23	369.1	Services - Overhead	9,494,425	2.60%	365,170,192	2.64%	9,640,493	0.04%	\$146,068
24	369.2	Services - Underground-Conduit	131,355	1.35%	9,730,000	1.24%	120,652	-0.11%	(\$10,703)
25	369.21	Services - Underground-Cable	2,241,851	1.40%	160,132,214	1.41%	2,257,864	0.01%	\$16,013
26	370.1	Small Meters - Bare Cost	3,591,070	6.25%	57,457,120	6.25%	3,591,070	0.00%	\$0
27	370.2	Small Meters - Install Cost	2,845,343	6.25%	45,525,488	6.25%	2,845,343	0.00%	\$0
28	370.3	Large Meters-Bare Cost	785,537	5.05%	15,555,188	5.05%	785,537	0.00%	\$0
29	370.35	Large Meters - Install Cost	1,627,650	5.05%	32,230,693	5.05%	1,627,650	0.00%	\$0
30	371	Installs on customer premises	265,759	3.50%	7,593,114	2.64%	200,458	-0.86%	(\$65,301)
31	373.1	O/H St Lighting - Other	2,559,321	2.60%	98,435,423	2.17%	2,136,049	-0.43%	(\$423,272)
32	373.11	O/H St Lighting - Luminaires - Non-LED	-	2.60%	-	6.50%	-	3.90%	\$0
33	373.2	U/G St Lighting - Other	3,642,722	1.86%	195,845,269	2.17%	4,249,842	0.31%	\$607,120
34	373.21	U/G St Lighting - Luminaires - Non-LED	-	1.86%	-	6.50%	-	4.64%	\$0
35	373.3	O/H St. Lights - LED	27,909	1.86%	1,500,484	5.20%	78,025	3.34%	\$50,116
36	373.4	U/G St. Lights - LED	-	1.86%	-	5.20%	-	3.34%	\$0
37		Adjustment	28,388						
38		Total Distribution Plant Depreciation	137,359,026	2.19%	6,267,653,721	2.29%	143,379,638	0.10%	6,020,612
Electric General Plant									
39	390	Structures and Improvements	2,699,095	2.00%	134,954,750	2.51%	3,387,364	0.51%	\$688,269
40	391	Office furniture, equipment	129,741	4.55%	2,851,451	4.55%	129,741	0.00%	\$0
41	391.2	Office furn, equip (Data Proc Equip)	341,578	20.00%	1,707,890	20.00%	341,578	0.00%	\$0
42	392.22	Transportation Equipment	600,513	7.50%	8,006,840	3.33%	266,628	-4.17%	(\$333,885)
43	393	Stores equipment	3,008	4.55%	66,110	4.55%	3,008	0.00%	\$0
44	394	Tools, shop, garage equipment	2,073,420	4.55%	45,569,670	4.55%	2,073,420	0.00%	\$0
45	395	Laboratory Equipment	518,853	4.55%	11,403,363	4.55%	518,853	0.00%	\$0
46	396	Power operated equipment	19,940	4.55%	438,242	4.55%	19,940	0.00%	\$0
47	397.1	Communication equipment - Radio	373,265	4.55%	8,203,626	4.55%	373,265	0.00%	\$0
48	397.2	Communication equipment - Telephone	1,992,127	12.50%	15,937,013	12.50%	1,992,127	0.00%	\$0
49	397.50 & 397.60	Communication equipment - Network	280,441	4.55%	6,163,538	4.55%	280,441	0.00%	\$0
50	398	Power and Supervisory Control	11,461	4.55%	251,890	4.55%	11,461	0.00%	\$0
51		Total General Plant Depreciation	9,043,442	3.84%	235,554,383	3.99%	9,397,826	0.15%	354,384
Common Electric Plant									
52	390	Structures and improvements	5,364,616	2.63%	203,977,795	2.57%	5,242,229	-0.06%	(\$122,387)
53	391.1	Office furniture and equipment	529,031	4.55%	11,627,055	4.55%	529,031	0.00%	\$0
54	391.21	Data Processing Equipment	508,236	20.00%	2,541,180	20.00%	508,236	0.00%	\$0
55	392.21	Transportation Equipment - Aircraft	462,375	7.50%	6,165,000	7.50%	462,375	0.00%	\$0
56	393	Stores equipment	52,391	4.55%	1,151,451	4.55%	52,391	0.00%	\$0
57	394	Tools, shop and garage equipment	195,155	4.55%	4,289,121	4.55%	195,155	0.00%	\$0
58	395	Laboratory Equipment	-	4.55%	-	4.55%	-	0.00%	\$0
59	396	Power operated equipment	-	4.55%	-	4.55%	-	0.00%	\$0
58	397.1	Communication equipment - Radio	507,865	4.55%	11,161,868	4.55%	507,865	0.00%	\$0
59	397.2	Communication equipment - Telephone	4,772	12.50%	38,176	12.50%	4,772	0.00%	\$0
60	397.3	Communication equipment - Network	826,791	4.55%	18,171,231	4.55%	826,791	0.00%	\$0
61	398	Miscellaneous equipment	3,869	4.55%	85,033	4.55%	3,869	0.00%	\$0
62	398.1	Power operated equipment	19,441	4.55%	427,275	4.55%	19,441	0.00%	\$0
63		Total Common Plant Depreciation	8,474,542	3.27%	259,207,909	3.21%	8,332,714	-0.05%	(122,387)
64		Common Electric	7,033,870	3.27%	215,142,569	3.21%	6,916,153	-0.05%	(117,717)
65		Common Gas	1,440,672	3.27%	44,065,340	3.21%	1,416,561	-0.05%	(24,111)
66		Gand Total for Electric Plant Depreciation	210,583,193	2.22%	9,492,296,494	2.33%	220,796,267	0.11%	10,213,075

Column (A):

1) Depreciation Expense balances for Transmission, Distribution and General Plant tie to 2017 FERC Form 1 Page 336 Lines 7, 8 and 10 respectively

2) Depreciation Expense balances for Common Electric Plant tie to 2017 FERC Form 1 Page 356.1

3) Intangible Plant amortization rates are set on a project/asset basis and were not part of the changes in the Depreciation Rates approved by the NY PSC in Case 17-E-0238 on March 15, 2018

Niagara Mohawk Power Corporation
Calculation of Estimated Change in Return and Taxes

Line No.	Description	(A) Source	(B) Amount based on 2018 Annual Update Filing, as filed	(C) Source	(D) Amount based on 2018 Annual Update adjusted for FIT %	(E) = (D) - (B) Change in Return due to change in FIT %	(F) Source	(G) Amount using Adjusted 2018 Annual Update with new depreciation rates	(H) = (G) - (D) Estimated Change in Return with new depreciation rates
<u>Weighted Cost of Capital</u>									
1	Long-Term Debt Rate of Return	Exhibit No. 8 Schedule 8 Line 17	2.01%	Exhibit No. 9 Schedule 8 Line 17	2.01%		Exhibit No. 10 Schedule 8 Line 17	2.01%	
2	Preferred Stock Rate of Return	Exhibit No. 8 Schedule 8 Line 18	0.01%	Exhibit No. 9 Schedule 8 Line 18	0.01%		Exhibit No. 10 Schedule 8 Line 18	0.01%	
3	Common Stock Rate of Return	Exhibit No. 8 Schedule 8 Line 19	5.15%	Exhibit No. 9 Schedule 8 Line 19	5.15%		Exhibit No. 10 Schedule 8 Line 19	5.15%	
4	Total Investment Return	Sum of Lines 1-3	7.17%	Sum of Lines 1-3	7.17%		Sum of Lines 1-3	7.17%	
5									
6	<u>Federal Income Tax</u>								
7	Preferred Stock and Common Equity Rate of Return	Line 2 + Line 3	5.16%	Line 2 + Line 3	5.16%		Line 2 + Line 3	5.16%	
8	Equity AFUDC component of Depreciation Expense	Exhibit No. 8 Schedule 8 Line 32	11,831,665	Exhibit No. 9 Schedule 8 Line 32	11,831,665		Exhibit No. 10 Schedule 8 Line 32	11,831,665	
9	Transmission Investment Base	Schedule 1 Line 18 Col A	1,871,863,429	Schedule 1 Line 18 Col A	\$1,871,863,429		Schedule 1 Line 18 Col E	\$1,868,716,529	
10	Federal Income Tax Rate	Statement AY Line 2	35%	Statement AY Line 2	21%		Statement AY Line 2	21%	
11	Federal Tax Allowance	(Line 7 + (Line 8/Line 9))*Line 10/ (1-Line 10)	3.12%	(Line 7 + (Line 8/Line 9))*Line 10/ (1-Line 10)	1.54%		(Line 7 + (Line 8/Line 9))*Line 10/ (1-Line 10)	1.54%	
12									
13	<u>State Income Tax</u>								
14	Preferred Stock and Common Equity Rate of Return	Line 2 + Line 3	5.16%	Line 2 + Line 3	5.16%		Line 2 + Line 3	5.16%	
15	Equity AFUDC component of Depreciation Expense	Exhibit No. 8 Schedule 8 Line 32	11,831,665	Exhibit No. 9 Schedule 8 Line 32	11,831,665		Exhibit No. 10 Schedule 8 Line 32	11,831,665	
16	Transmission Investment Base	Schedule 1 Line 18 Col A	1,871,863,429	Schedule 1 Line 18 Col A	\$1,871,863,429		Schedule 1 Line 18 Col E	\$1,868,716,529	
17	State Income Tax Rate	Statement AY Line 3	6.50%	Statement AY Line 3	6.50%		Statement AY Line 3	6.50%	
18	State Tax Allowance	(Line 14 + Line 11 + (Line 15/Line 16))*Line 17/ (1-Line 17)	0.62%	(Line 14 + Line 11 + (Line 15/Line 16))*Line 17/ (1-Line 17)	0.51%		(Line 14 + Line 11 + (Line 15/Line 16))*Line 17/ (1-Line 17)	0.51%	
19									
20	Cost Of Capital Rate	Line 4 + Line 11 + Line 18	10.91%	Line 4 + Line 11 + Line 18	9.22%		Line 4 + Line 11 + Line 18	9.22%	
21									
22	Transmission Investment Base	Schedule 1 Line 18 Col A	1,871,863,429	Schedule 1 Line 18 Col A	\$1,871,863,429		Schedule 1 Line 18 Col E	\$1,868,716,529	
23									
24	Investment Return and Income Taxes	Line 20 * Line 22	204,188,104	Line 20 * Line 22	172,573,828	(\$31,614,276)	Line 20 * Line 22	172,290,805	(\$283,023)

Niagara Mohawk Power Corporation						
Calculation of Estimated Change in Forecasted Revenue Requirement						
		(A)	(B)	(C)	(D)	(E) = (D) - (B)
Line no.	Description	Source	Amount prior to Depreciation Rate Change	Source	Amount using Proposed Depreciation Rates	Estimated Change
1	Investment Return and Income Taxes	Exhibit No. 9 Schedule 1 Line 10	\$172,573,828	Exhibit No. 10 Schedule 1 Line 10	172,290,805	
2	Depreciation Expense	Exhibit No. 9 Schedule 1 Line 11	\$59,273,914	Exhibit No. 10 Schedule 1 Line 11	63,262,495	
3	Property Tax Expense	Exhibit No. 9 Schedule 1 Line 12	\$54,209,152	Exhibit No. 10 Schedule 1 Line 12	54,209,152	
4	Total Expenses (Lines 62 thru 64)	Sum (Lines 1-3)	\$286,056,894	Sum (Lines 1-3)	\$289,762,452	
5	Transmission Plant	Exhibit No. 9 Schedule 6 Pg 1 Line 12	\$2,936,380,887	Exhibit No. 10 Schedule 6 Pg 1 Line 12	\$2,936,380,887	
6	Annual Forecast Transmission Revenue Requirement Factor (Lines 5 / Line 6)		9.74%		9.87%	
7						
8	Adjustment to FTTRRF to reflect removal of ADIT that is subject to normalization					
9	Transmission Related ADIT Balance at year-end	Schedule 3 Line 13 Col 1	(\$272,630,635)	Schedule 3 Line 14 Col 5	(\$271,788,954)	
10	Less: Accumulated Deferred Inv. Tax Cr (255)	Schedule 3 Line 11 Col 5	(\$3,601,899)	Schedule 3 Line 11 Col 5	(\$3,601,899)	
11	Net Transmission ADIT Balance at year-end	Line 9 - Line 10	(\$269,028,736)	Line 9 - Line 10	(\$268,187,055)	
12	Cost of Capital Rate	Schedule 6 Line 20 Col 3	9.22%	Schedule 6 Line 20 Col 5	9.22%	
13	Total Return and Income Taxes Associated with ADIT Balance at year-end	Line 11 * Line 12	(\$24,802,728)	Line 11 * Line 12	(\$24,726,149)	
14						
15	Annual Forecast Transmission Revenue Requirement Factor (FTTRRF)	Line 6	9.74%	Line 6	9.87%	
16	Less: Incremental Annual Forecast Transmission Revenue Requirement Factor Adjustment for ADIT	Line 13 / Line 5	-0.84%	Line 13 / Line 5	-0.84%	
17	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF)	Sum (Lines 15-16)	10.59%	Sum (Lines 15-16)	10.71%	
18						
19	Forecasted Transmission Plant Additions (FTPA)	Exhibit No. 9 Schedule 2 Line 10	\$139,148,222	Exhibit No. 10 Schedule 2 Line 10	\$139,148,222	
20	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF)	Line 17	10.59%	Line 17	10.71%	
21	Sub-Total	Lines 10*11	\$14,730,910	Lines 10*11	\$14,902,879	
22						
23	Forecasted ADIT (FADIT)	Exhibit No. 9 Schedule 2 Line 22	(\$4,202,439)	Exhibit No. 10 Schedule 2 Line 22	(\$4,799,577)	
24	Cost of Capital Rate	Line 12	9.22%	Line 12	9.22%	
25	Forecasted ADIT Adjustment (FADITA)	Line 23 * Line 24	(\$387,438)	Line 23 * Line 24	(\$442,509)	
26						
27	Plus Mid-Year Trend Adjustment (MYTA)	Exhibit No. 9 Schedule 2 Line 31	(\$4,390,339)	Exhibit No. 10 Schedule 2 Line 31	(\$4,390,339)	
28	Transmission Support Payments (TSP)	Exhibit No. 9 Schedule 2 Line 33	\$0	Exhibit No. 10 Schedule 2 Line 33	\$0	
29	Less: Other Billing Adjustments (OBA)	Exhibit No. 9 Schedule 2 Line 47	(\$2,824,031)	Exhibit No. 10 Schedule 2 Line 47	(\$2,824,031)	
30						
31	Total Forecasted Transmission Revenue Requirement	Sum (Line 21, Line 25, Lines 27-29)	12,777,164	Sum (Line 21, Line 25, Lines 27-29)	12,894,063	116,898

Niagara Mohawk Power Corporation
Calculation of Estimated Change in TSC Revenues

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Change in the Rate</u>	<u>Change in Revenue Credit (TSC Revenues)</u>
1	2017 TSC Revenue Sales (MWh)	Exhibit No. 9 Workpaper 14 Line 1	2,729,344	Schedule 1 Line 47 Col C	\$ 0.11	\$ 294,838

Niagara Mohawk Power Corporation
Cost of Service Information
Statement AY - Income and revenue tax rate data
Period I (FERC Form 1 12/31/2017)

Line	Description	Rate
1	January through December 2017 - Statutory Federal Income Tax Rate	35.00%
2	January through December 2018 - Statutory Federal Income Tax Rate	21.00%
3	New York State Income Tax Rate	6.50%
4	Proportion of Federal Income Tax Deductible	None
5	Revenue Tax Rate	N/A
6	Effective Tax Rate to be used at Statement BJ/BK/BL: (1-Line 3)* Line 2*+ Line 3	26.14%

NOTE: In accordance with 2017 Tax Cuts and Jobs Act the federal income tax rate is 21% effective January 1, 2018.