

Attachment A

Clean version of NMPC's TSC Formula Rate incorporating the changes agreed to in the Settlement and approved in the August 8 Order to be effective for the period from April 1, 2023 through August 4, 2023

14.2 Attachment 1 to Attachment H (Niagara Mohawk Power Corporation) and NYPA Transmission Adjustment Charge

14.2.1 Attachment 1 to Attachment H: Schedules (Niagara Mohawk Power Corporation)

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Calculation of RR

14.1.9.2 The RR component shall equal the (a) Historical Transmission Revenue Requirement plus (b) the Forecasted Transmission Revenue Requirement plus (c) the Annual True-Up, determined in accordance with the formula below.

Historical Transmission Revenue Requirement (Historical TRR)

Line No.

| | | | | |
|----|--|--|---------|---|
| 1 | <u>Historical Transmission Revenue Requirement (Historical TRR)</u> | | | |
| 2 | | | | |
| 3 | 14.1.9.2 (a) | Historical TRR shall equal the sum of NMPC’s (A) Return and Associated Income Taxes, (B) Transmission Related Depreciation Expense, (C) Transmission Related | | |
| 4 | | Real Estate Tax Expense, (D) Transmission Related Amortization of Investment Tax Credits, (E) Transmission Operation and Maintenance Expense, | | |
| 5 | | (F) Transmission Related Administrative and General Expenses, (G) Transmission Related Payroll Tax Expense, (H) Amortization of Transmission Regulatory Assets | | |
| 6 | | and Liabilities, (I) Billing Adjustments, and (J) Transmission Related Bad Debt Expense less (K) Revenue Credits, (L) Transmission Rents, | | |
| 7 | | and (M) Project Specific Revenue Requirement Credits, all determined for the most recently ended calendar year as of the beginning of the update year. | | |
| 8 | | Reference | | |
| 9 | | Section: | 0 | |
| 10 | | (A) | #DIV/0! | Schedule 8, Line 64 |
| 11 | | (B) | #DIV/0! | Schedule 9, Line 6, column 5 |
| 12 | | (C) | #DIV/0! | Schedule 9, Line 12, column 5 |
| 13 | | (D) | #DIV/0! | Schedule 9, Line 16, column 5 times minus 1 |
| 14 | | (E) | \$0 | Schedule 9, Line 23, column 5 |
| 15 | | (F) | #DIV/0! | Schedule 9, Line 38, column 5 |
| 16 | | (G) | \$0 | Schedule 9, Line 44, column 5 |
| 17 | | (H) | #DIV/0! | Schedule 9, Line 46, column 5 |
| 18 | | | #DIV/0! | |
| 19 | | | | |
| 20 | | (I) | \$0 | Schedule 10, Line 1 |
| 21 | | (J) | \$0 | Schedule 10, Line 4 |
| 22 | | (K) | \$0 | Schedule 10, Line 7 |
| 23 | | (L) | \$0 | Schedule 10, Line 15 |
| 24 | | (M) | #DIV/0! | Schedule 10, Line 18 |
| 25 | | | | |
| 26 | | Total Historical Transmission Revenue Requirement (Sum of Line 18 through Line 24) | | #DIV/0! |

| | | Year | |
|--------------------------|---|---------------|---------------------------------|
| Shading denotes an input | | | |
| Line No. | | | |
| 1 | 14.1.9.2 (b) FORECASTED TRANSMISSION REVENUE REQUIREMENTS | | |
| 2 | Forecasted TRR shall equal (1) the Forecasted Transmission Plant Additions (FTPA) multiplied by the Adjusted Annual (AFTRRF), plus (2) Forecasted ADIT Adjustment (FADITA), plus (3) the Mid-Year Trend | | |
| 3 | Adjustment (MYTA), less (4) Transmission Support Payments (TSP), plus (5) the Tax Rate Adjustment (TRA), less (6) Other Billing Adjustments (OBA) as shown in the following formula: | | |
| 4 | | | |
| 5 | Forecasted TRR = (FTPA * AFTRRF) + FADITA + MYTA - TSP + TRA - OBA | | |
| 6 | | | |
| 7 | | <u>Period</u> | <u>Reference</u> |
| 8 | | | <u>Source</u> |
| 9 | | | |
| 10 | (1) FORECASTED TRANSMISSION PLANT ADDITIONS (FTPA) | \$0 | Workpaper 8, Section I, Line 16 |
| 11 | Adjusted Annual Transmission Revenue Requirement Factor (AFTRRF) | #DIV/0! | Line 76 |
| 12 | Sub-Total (Lines 10*11) | #DIV/0! | |
| 13 | | | |
| 14 | (2) FORECASTED ADIT ADJUSTMENT (FADITA) | | |
| 15 | The Forecasted ADIT Adjustment (FADITA) shall equal the Forecasted ADIT (FADIT) | | |
| 16 | multiplied by the Cost of Capital Rate, where: | | |
| 17 | | | |
| 18 | Forecasted ADIT(FADIT) shall equal the projected change in Accumulated Deferred Income Taxes from the most recently | | |
| 19 | concluded calendar year related to accelerated depreciation and associated with Transmission Plant for the | | |
| 20 | Forecasted Period calculated in accordance with Treasury regulation Section 1.167(1)-1(h)(6). | | |
| 21 | | | |
| 22 | Forecasted ADIT (FADIT) | #DIV/0! | Schedule 13, Line 24 |
| 23 | Cost of Capital Rate | #DIV/0! | Schedule 8, Line 62 |
| 24 | Forecasted ADIT Adjustment (FADITA) | #DIV/0! | Line 22 * Line 23 |
| 25 | | | |
| 26 | (3) MID YEAR TREND ADJUSTMENT (MYTA) | | |
| 27 | The Mid-Year Trend Adjustment shall be the difference, whether positive or negative, between | | |
| 28 | (i) the Historical TRR Component (E) excluding Transmission Support Payments, based on actual data for the first three months of the Forecast Period, | | |

| | | | | |
|----|---|---------|--|---------------------------------------|
| 29 | and (ii) the Historical TRR Component (E) excluding Transmission Support Payments, based on data for the first three months of the year prior to the Forecast Period. | | | |
| 30 | | | | |
| 31 | Plus Mid-Year Trend Adjustment (MYTA) | \$0 | | Workpaper 9, line 32, variance column |
| 32 | | | | |
| 33 | (4) TRANSMISSION SUPPORT PAYMENTS (TSP) | | | |
| 34 | Less Impact of Transmission Support Payments on Historical Transmission Revenue Requirement | \$0 | | Workpaper 9A |
| 35 | Less: Other Billing Adjustments - Dunkirk Settlement ER14-543-000 | \$0 | | Schedule 10 |
| 36 | | | | |
| 37 | (5) TAX RATE ADJUSTMENT (TRA) | | | |
| 38 | The Tax Rate Adjustment shall be the amount, if any, required to adjust Historical TRR Component (A) for any change in the Federal Income Tax Rate | | | |
| 39 | and/or the State Income Tax Rate that takes effect during the first five months of the Forecast Period. | | | |
| 40 | | | | |
| 41 | Tax Rate Adjustment (TRA) | \$0 | | |
| 42 | | | | |
| 43 | (6) OTHER BILLING ADJUSTMENTS (OBA) | | | |
| 44 | Other Billing Adjustments shall equal any amounts related to the HTRR calculation that are | | | |
| 45 | required to be adjusted in the current year's FTRR to remove the impact on the Update Year | | | |
| 46 | | | | |
| 47 | Other Billing Adjustments (OBA) | \$0 | | Schedule 10, Line 1 |
| 48 | | | | |
| 49 | Forecasted Transmission Revenue Requirement (Line 12 + Line 24 + Line 31 – Line 34 – Line 35 + Line 41-Line 47) | #DIV/0! | | |
| 50 | | | | |
| 51 | 14.1.9.2(c) <u>ANNUAL FORECAST TRANSMISSION REVENUE REQUIREMENT FACTOR</u> | | | |
| 52 | | | | |
| 53 | Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF) shall equal the difference between the Annual Forecast | | | |
| 54 | Transmission Revenue Requirement Factor (FTRRF) and the quotient of (1) Cost of Capital Rate multiplied by the Transmission Related | | | |
| 55 | Accumulated Deferred Taxes less Accumulated Deferred Inv. Tax Cr (255) for the most recently concluded calendar year, | | | |
| 56 | and (ii) the year-end Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a). | | | |
| 57 | | | | |
| 58 | The Annual Forecast Transmission Revenue Requirement Factor (Annual FTRRF) shall equal the sum of Historical TRR components (A) through (C), | | | |
| 59 | divided by the year-end balance of Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a). | | | |
| 60 | | | | |
| 61 | Derivation of Annual Forecast Transmission Revenue Requirement Factor (FTRRF) | | | |
| 62 | Investment Return and Income Taxes (A) | #DIV/0! | | Schedule 1, Line 10 |

| | | | | |
|----|--|-----|---------|--|
| 63 | Depreciation Expense | (B) | #DIV/0! | Schedule 1, Line 11 |
| 64 | Property Tax Expense | (C) | #DIV/0! | Schedule 1, Line 12 |
| 65 | Total Expenses (Lines 62 thru 64) | | #DIV/0! | |
| 66 | Transmission Plant | (a) | #DIV/0! | Schedule 6, Page 1, Line 12 |
| 67 | Annual Forecast Transmission Revenue Requirement Factor (Lines 65/ Line 66) | | #DIV/0! | |
| 68 | | | | |
| 69 | Adjustment to FTRRF to reflect removal of ADIT that is subject to normalization | | | |
| 70 | Transmission Related ADIT Balance at year-end | | #DIV/0! | Schedule 7, Line 2 |
| 71 | Cost of Capital Rate | | ! | |
| 72 | Total Return and Income Taxes Associated with ADIT Balance at year-end | | #DIV/0! | Schedule 8, Line 62 Line 70 * Line 71 |
| 73 | | | | |
| 74 | Annual Forecast Transmission Revenue Requirement Factor (FTRRF) | | #DIV/0! | Line 67 |
| 75 | Less: Incremental Annual Forecast Transmission Revenue Requirement Factor Adjustment for ADIT | | #DIV/0! | Line 72/ Line 66 |
| 76 | Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF) | | #DIV/0! | Line 74 - Line 75 |

Attachment H Section 14.1.9.2 (c)

| Line No. | Year | | Source: | |
|----------|--|--|--------------|-------------------------------|
| 1 | | | | |
| 2 | 14.1.9.2(d) | The Annual True-Up (ATU) shall equal (1) the difference between the Actual Transmission Revenue Requirement and the Prior Year | | |
| 3 | | Transmission Revenue Requirement, plus (2) the difference between the Actual Scheduling, System Control and Dispatch costs | | |
| 4 | | and Prior Year Scheduling, System Control and Dispatch costs, plus (3) the difference between the Prior Year Billing Units and the Actual Year | | |
| 5 | | Billing Units multiplied by the Prior Year Unit Rate, plus (4) Interest on the net differences. | | |
| 6 | | | | |
| 7 | (1) | Revenue Requirement (RR) of rate effective July 1 of prior year | \$0 | Schedule 4, Line 1, Col (d) |
| 8 | | Less: Annual True-up (ATU) from rate effective July 1 of prior year | \$0 | Schedule 4, Line 1, Col (c) |
| 9 | | Prior Year Transmission Revenue Requirement | \$0 | Line 7 - Line 8 |
| 10 | | | | |
| 11 | | Actual Transmission Revenue Requirement | #DIV/0! | Schedule 4, Line 2, Col (a) |
| 12 | | Difference | #DIV/0! | Line 11 - Line 9 |
| 13 | | | | |
| 14 | (2) | Prior Year Scheduling, System Control and Dispatch costs (CCC) | \$0 | Schedule 4, Line 1, Col (e) |
| 15 | | Actual Scheduling, System Control and Dispatch costs (CCC) | \$0 | Schedule 4, Line 2, Col (e) |
| 16 | | Difference | \$0 | Line 15 - Line 14 |
| 17 | | | | |
| 18 | (3) | Prior Year Billing Units (MWH) | \$0 | Schedule 4, Line 1, Col (f) |
| 19 | | Actual Billing Units | - | Schedule 4, Line 2, Col (f) |
| 20 | | Difference | - | Line 18 - Line 19 |
| 21 | | Prior Year Indicative Rate | #DIV/0! | Schedule 4, Line 1, Col (g) |
| 22 | | Billing Unit True-Up | #DIV/0! | Line 20 * Line 21 |
| 23 | | | | |
| 24 | | Total Annual True-Up before Interest | #DIV/0! | (Line 12 + Line 16 + Line 22) |
| 25 | | | | |
| 26 | (4) | Interest | #DIV/0! | Line 57, Column 9 |
| 27 | | | | |
| 28 | | Annual True-up RR Component | #DIV/0! | (Line 24 + Line 26) |
| 29 | | | | |
| 30 | Interest Calculation per 18 CFR § 35.19a | | | |
| 31 | (1) | (2) | (3) | (4) |
| 32 | Quarters | Annual | Accrued Prin | Monthly |
| 33 | | Interest | & Int. @ Beg | (Over)/Under |
| 34 | | Rate (a) | Of Period | Recovery |
| 35 | | | | |
| 36 | 3rd QTR | | 0 | 92 |
| 37 | July | 0.00% | #DIV/0! | 31 |
| 38 | August | 0.00% | #DIV/0! | 31 |
| 39 | September | 0.00% | #DIV/0! | 30 |
| 40 | | | | |

| | | | | | | | | | |
|----|-----------------------------|-------|---------|-----------|---------|----|--------|---------|---------|
| 41 | 4th QTR | | #DIV/0! | | 92 | 92 | 1.0000 | #DIV/0! | #DIV/0! |
| 42 | October | 0.00% | | #DIV/0! | 31 | 92 | 1.0000 | #DIV/0! | #DIV/0! |
| 43 | November | 0.00% | | #DIV/0! | 30 | 61 | 1.0000 | #DIV/0! | #DIV/0! |
| 44 | December | 0.00% | | #DIV/0! | 31 | 31 | 1.0000 | #DIV/0! | #DIV/0! |
| 45 | | | | | | | | | |
| 46 | 1st QTR | | #DIV/0! | | 91 | 91 | 1.0000 | #DIV/0! | #DIV/0! |
| 47 | January | 0.00% | | #DIV/0! | 31 | 91 | 1.0000 | #DIV/0! | #DIV/0! |
| 48 | February | 0.00% | | #DIV/0! | 28 | 60 | 1.0000 | #DIV/0! | #DIV/0! |
| 49 | March | 0.00% | | #DIV/0! | 31 | 31 | 1.0000 | #DIV/0! | #DIV/0! |
| 50 | | | | | | | | | |
| 51 | 2nd QTR | | #DIV/0! | | 91 | 91 | 1.0000 | #DIV/0! | #DIV/0! |
| 52 | April | 0.00% | | #DIV/0! | 30 | 91 | 1.0000 | #DIV/0! | #DIV/0! |
| 53 | May | 0.00% | | #DIV/0! | 31 | 61 | 1.0000 | #DIV/0! | #DIV/0! |
| 54 | June | 0.00% | | #DIV/0! | 30 | 30 | 1.0000 | #DIV/0! | #DIV/0! |
| 55 | | | | | | | | | |
| 56 | | | | | | | | | |
| 57 | Total (over)/under Recovery | | #DIV/0! | (line 24) | #DIV/0! | | | | #DIV/0! |

(a) Interest rates shall be the interest rates as reported on the FERC Website <http://www.ferc.gov/legal/acct-matts/interest-rates.asp>

(b) For leap years use 29 days in the month of February

Niagara Mohawk Power Corporation

Wholesale TSC Calculation Information

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
|----------|---|--|--|----------------|--------------------------------|---|-------------------------------------|-----------------|
| Line No. | | Historical Transmission Revenue Requirement (Historical TRR) | Forecasted Transmission Revenue Requirement | Annual True Up | Revenue Requirement (RR) | Scheduling System Control and Dispatch Costs (CCC) | Annual Billing Units (BU) MWh | Rate \$/MWh (*) |
| 1 | Prior Year Rates Effective _____ | - | - | - | - | - | - | #DIV/0! |
| | Current Year Rates Effective July 1, | | | | | | | |
| 2 | _____ | #DIV/0! | #DIV/0! | | #DIV/0! | - | - | #DIV/0! |
| 3 | Increase/(Decrease) | | | | | | | #DIV/0! |
| 4 | Percentage Increase/(Decrease) | | | | | | | #DIV/0! |
| 1.) | Information directly from Niagara Mohawk Prior Year Informational Filing | | | | | | | |
| 2.) | | | | | | | | |
| (a) | Schedule 1, Line 26 | | | | | | | |
| (b) | Schedule 2, Line 49 | | | | | | | |
| (c) | Schedule 3, Line 28 | | | | | | | |
| (d) | Attachment H, Section 14.1.9.2 The RR Component shall equal Col (a) Historical Transmission Revenue Requirement plus Col (b) the Forecasted Transmission Revenue Requirement which shall exclude Transmission Support Payments, plus Col (c) the Annual True-Up plus Col (c) the Annual True-Up | | | | | | | |
| (e) | Schedule 11, Line 21 - Annual Scheduling, System Control and Dispatch Costs. (i.e. the Transmission Component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts from the prior calendar year excluding any NY Independent System Operator (NYISO) system control and load dispatch expenses already recovered under Schedule 1 of the NYISO Tariff. | | | | | | | |
| (f) | Schedule 12, line 17 - Billing Units shall be the total Niagara Mohawk load as reported to the NYISO for the calendar year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk's TSC rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR, and Reserved components of Attachment H of the NYISO TSC rate including Niagara Mohawk's external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service. | | | | | | | |
| (g) | (Col (d) + Col (e)) / Col (f) | | | | | | | |

(*) The rate column represents the unit rate prior to adjustments; the actual rate will be determined pursuant to the applicable TSC formula rate.

| | | Year | | |
|----------|--|--------------------------|------------------------------------|--|
| | | Shading denotes an input | | |
| Line No. | | | | |
| | Description | Amount | Source | Definition |
| 1 | 14.1.9.1 1. <u>Electric Wages and Salaries Factor</u> | 83.5000% | | Fixed per settlement Docket ER08-552 |
| 2 | | | | |
| 3 | 14.1.9.1 3. <u>Transmission Wages and Salaries Allocation Factor</u> | 13.0000% | | Fixed per settlement Docket ER08-552 |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | 14.1.9.1 2. <u>Gross Transmission Plant Allocation Factor</u> | | | |
| 9 | Transmission Plant in Service | #DIV/0! | Schedule 6, Page 2, Line 3, Col 5 | Gross Transmission Plant Allocation Factor shall equal the total investment in |
| 10 | Plus: Transmission Related General | \$0 | Schedule 6, Page 2, Line 5, Col 5 | Transmission Plant in Service, Transmission Related Electric General Plant, |
| 11 | Plus: Transmission Related Common | \$0 | Schedule 6, Page 2, Line 10, Col 5 | Transmission Related Common Plant and Transmission Related Intangible Plant |
| 12 | Plus: Transmission Related Intangible Plant | \$0 | Schedule 6, Page 2, Line 15, Col 5 | divided by Gross Electric Plant. |
| 13 | Gross Transmission Investment | #DIV/0! | Sum of Lines 9 - 13 | |
| 14 | | | | |
| 15 | Total Electric Plant | | FF1 204-207.104g | |
| 16 | Plus: Electric Common | \$0 | Schedule 6, Page 2, Line 10, Col 3 | |
| 17 | Gross Electric Plant in Service | \$0 | Line 15 + Line 16 | |
| 18 | | | | |
| 19 | Percent Allocation | #DIV/0! | Line 13 / Line 17 | |
| 20 | | | | |
| 21 | 14.1.9.1 4. <u>Gross Electric Plant Allocation Factor</u> | | | |
| 22 | | | | |
| 23 | Total Electric Plant in Service | \$0 | Line 15 | Gross Electric Plant Allocation Factor shall equal |
| 24 | Plus: Electric Common Plant | \$0 | Schedule 6, Page 2, Line 10, Col 3 | Gross Electric Plant divided by the sum of Total Gas Plant, |
| 25 | Gross Electric Plant in Service | \$0 | Line 23 + Line 24 | Total Electric Plant, and Total Common Plant |
| 26 | | | | |
| 27 | Total Gas Plant in Service | | FF1 200-201.8d, minus 4d | |
| 28 | Total Electric Plant in Service | \$0 | Line 15 | |
| 29 | Total Common Plant in Service | \$0 | Schedule 6, Page 2, Line 10, Col 1 | |

| | | | |
|----|---|-----------------------|--------------------------|
| 30 | Gross Plant in Service (Gas & Electric) | - | Sum of Lines 27-Lines 29 |
| 31 | | | |
| 32 | Percent Allocation | <u><u>#DIV/0!</u></u> | Line 25 / Line 30 |

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Investment Base (Part 1 of 2)
Attachment H, section 14.1.9.2

Line No.

| | | | | |
|----|--|-----------|---------|---------------------------------------|
| 1 | 14.1.9.2 (a) <u>Transmission Investment Base</u> | | | |
| 2 | | | | |
| 3 | A.1. Transmission Investment Base shall be defined as (a) Transmission Plant in Service, plus (b) Transmission Related Electric General Plant, plus | | | |
| 4 | (c) Transmission Related Common Plant, plus (d) Transmission Related Intangible Plant, plus (e) Transmission Related Plant Held for Future Use, less | | | |
| 5 | (f) Transmission Related Depreciation Reserve, less (g) Transmission Related Accumulated Deferred Taxes, plus (h) | | | |
| 6 | Transmission Regulatory Assets and Liabilities, plus (i) Transmission Related Prepayments, plus (j) Transmission Related Materials and Supplies, | | | |
| 7 | plus (k) Transmission Related Cash Working Capital. | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | Description | Reference | Year | Reference |
| 11 | | Section: | | |
| 12 | Transmission Plant in Service | (a) | #DIV/0! | Schedule 6, page 2, line 3, column 5 |
| 13 | General Plant | (b) | \$0 | Schedule 6, page 2, line 5, column 5 |
| 14 | Common Plant | (c) | \$0 | Schedule 6, page 2, line 10, column 5 |
| 15 | Intangible Plant | (d) | \$0 | Schedule 6, page 2, line 15, column 5 |
| 16 | Plant Held For Future Use | (e) | \$0 | Schedule 6, page 2, line 19, column 5 |
| 17 | Total Plant (Sum of Line 12 - Line 16) | | #DIV/0! | |
| 18 | | | | |
| 19 | Accumulated Depreciation | (f) | #DIV/0! | Schedule 6, page 2, line 29, column 5 |
| 20 | Accumulated Deferred Income Taxes | (g) | #DIV/0! | Schedule 7, line 6, column 5 |
| 21 | Transmission Regulatory Assets and Liabilities | (h) | #DIV/0! | Schedule 7, line 11, column 5 |
| 22 | Net Investment (Sum of Line 17 -Line 21) | | #DIV/0! | |
| 23 | | | | |
| 24 | Prepayments | (i) | #DIV/0! | Schedule 7, line 15, column 5 |
| 25 | Materials & Supplies | (j) | #DIV/0! | Schedule 7, line 21, column 5 |
| 26 | Cash Working Capital | (k) | \$0 | Schedule 7, line 28, column 5 |
| 27 | | | | |
| 28 | Total Investment Base (Sum of Line 22 - Line 26) | | #DIV/0! | |

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Investment Base (Part 2 of 2)

Attachment 1
Schedule 7

Attachment H Section 14.1.9.2 (a) A. 1.

Shading denotes an input

| | | Year | | | | | | | |
|---|--|--------------|--------------------------|-------------------------------------|--------------------------|---|---|--------------------|--|
| Line No. | | (1) Total | (2) Allocation Factor | (3) = (1)*(2) Electric Allocated | (4) Allocation Factor | (5) = (3)*(4) Transmission Allocated | FERC Form 1/PSC Report Reference for col (1) | Definition | |
| <u>Transmission Accumulated Deferred Taxes</u> | | | | | | | | | |
| 1 | Accumulated Deferred Taxes (281) | | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | FF1 272-273 Line 2k | 14.1.9.2(a)A.1.(g) | Transmission Related Accumulated Deferred Income Taxes shall equal the electric balance of Total Accumulated Deferred Income Taxes (FERC Accounts 190, 55,281, 282, and 283 net of stranded costs), multiplied by the Gross Transmission Plant Allocation Factor. |
| 2 | Accumulated Deferred Taxes (282) | | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | Schedule 13(a) AADIT, Line 3 | | |
| 3 | Accumulated Deferred Taxes (283) | \$0 | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | Workpaper 2, Line 5 | | |
| 4 | Accumulated Deferred Taxes (190) | | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | FF1 234.8c | | |
| 5 | Accumulated Deferred Inv. Tax Cr (255) | | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | FF1 266-267.8h | | |
| 6 | Total (Sum of Line 2 - Line 5) | | | \$0 | | #DIV/0! | | | |
| <u>Transmission Regulatory Assets and Liabilities</u> | | | | | | | | | |
| 8 | Excess AFUDC | | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | FF1 232 lines_ f | 14.1.9.2(a)A.1.(h) | Transmission Related Regulatory Assets and Liabilities shall equal: (i) the balance of Regulatory Assets net of Regulatory Liabilities assigned to Transmission plus (ii) the electric balance of Regulatory Assets net of Regulatory Liabilities multiplied by the Gross Transmission Plant Allocation Factor. |
| 9 | FAS 109 | \$0 | 100.00% | \$0 | #DIV/0! (d) | #DIV/0! | Schedule 14, line 3a, column Q | | |
| 10 | Excess (Deficient) ADIT – Tax Rate Changes | \$0 | 100.00% | \$0 | 100.00% | \$0 | Schedule 14, line 2, column Q | | |
| 11 | Total (Line 8 + Line 9 + Line 10) | \$0 | | \$0 | | #DIV/0! | | | |
| 12 | | | | | | | | | |
| 13 | <u>Transmission Prepayments</u> | | | | | | FF1 110-111.57c | 14.1.9.2(a)A.1.(i) | Transmission Related Prepayments shall be the product of Prepayments excluding Federal and State taxes multiplied by the Gross Electric Plant Allocation Factor and further multiplied by the Gross Transmission Plant Allocation Factor. |
| 14 | Less: Prepaid State and Federal Income Tax | | | | | | FF1 262-263 _ k | | |
| 15 | Total Prepayments (Line 13 + Line 14) | \$0 | #DIV/0! (b) | #DIV/0! | #DIV/0! (d) | #DIV/0! | | | |
| 16 | | | | | | | | | |
| 17 | | | | | | | | | |
| 18 | <u>Transmission Material and Supplies</u> | | | | | | | 14.1.9.2(a)A.1.(j) | Transmission Related Materials and Supplies shall equal: (i) the balance of Materials and Supplies assigned to Transmission plus (ii) the product of Material and Supplies assigned to Construction multiplied by the Gross Electric Plant Allocation Factor and further multiplied by Gross Transmission Plant Allocation Factor. |
| 19 | Trans. Specific O&M Materials and Supplies | | | | | \$0 | FF1 227.8c | | |
| 20 | Construction Materials and Supplies | | #DIV/0! (b) | #DIV/0! | #DIV/0! (d) | #DIV/0! | FF1 227.5c | | |
| 21 | Total (Line 19 + Line 20) | | | | | #DIV/0! | | | |
| 22 | | | | | | | | | |
| 23 | | | | | | | | | |
| 24 | | | | | | | | | |
| 25 | <u>Cash Working Capital</u> | | | | | | | 14.1.9.2(a)A.1.(k) | Transmission Related Cash Working Capital shall be an allowance equal to the product of: (i) 12.5% (45 days/ 360 days = 12.5%) |
| 26 | Operation & Maintenance Expense | | | | | \$0 | Schedule 9, Line 23 | | |

| | | | | | |
|----|---------------------------|--|------------|------------|--|
| 27 | | | 0.1250 | x 45 / 360 | |
| 28 | Total (Line 26 * Line 27) | | <u>\$0</u> | | |

multiplied by (ii) Transmission Operation and Maintenance Expense.

- Allocation Factor Reference
- (a) Schedule 5, line 1 - not used on this Schedule
 - (b) Schedule 5, line 32
 - (c) Schedule 5, line 3 - not used on this Schedule
 - (d) Schedule 5, line 19

Shading denotes an input

Year

Line No.

1

The Cost of Capital Rate shall equal the proposed Weighted Costs of Capital plus Federal Income Taxes and State Income Taxes.

2

The Weighted Costs of Capital will be calculated for the Transmission Investment Base using NMPC’s actual capital structure and will equal the sum of (i), (ii), and (iii) below:

3

4

(i) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of NMPC’s long-term debt outstanding during the year and the sum of (a) the ratio of actual long-term debt to total capital at year-end; and

5

(b) the extent, if any, by which the ratio of NMPC’s actual common equity to total capital at year-end exceeds fifty percent (50%). Long term debt shall be defined as the average of the beginning of the year and end of year balances of the following: long term debt less the unamortized

6

Discounts on Long-Term Debt less the unamortized Loss on Reacquired Debt plus unamortized Gain on Reacquired Debt. Cost to maturity of NMPC’s long-term debt shall be defined as the cost of long term debt included in the debt discount expense and

7

any loss or gain on reacquired debt.

8

(ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of NMPC’s preferred stock then outstanding and the ratio of actual preferred stock to total capital at year-end;

9

10

(iii) the return on equity component shall be the product of the allowed return on equity of 10.3% and the ratio of NMPC’s actual common equity to total capital at year-end, provided that such ratio

11

shall not exceed fifty percent (50%).

| | | CAPITALIZATION | Source: | CAPITALIZATION RATIOS | COST OF CAPITAL | Source: | WEIGHTED COST OF CAPITAL | EQUITY PORTION |
|----|-------------------------|----------------|--|-----------------------|-----------------|-----------------------|--------------------------|----------------|
| | | | Workpaper 6, Line | | | Workpaper 6, | | |
| 17 | (i) Long-Term Debt | \$0 | 16b | #DIV/0! | #DIV/0! | Line 17c | #DIV/0! | |
| 18 | (ii) Preferred Stock | | FF1 112-113.3c | #DIV/0! | #DIV/0! | Workpaper 6, Line 24d | #DIV/0! | #DIV/0! |
| 19 | (iii) Common Equity | | FF1 112-113.16c - FF1 112-113.3,12,15c | #DIV/0! | 10.30% | | #DIV/0! | #DIV/0! |
| 20 | | | | | | | | |
| 21 | Total Investment Return | \$0 | | #DIV/0! | | | #DIV/0! | #DIV/0! |

26 Federal Income Federal Income
14.1.9.2.2.(b) Tax shall equal = ($\frac{A + [B / C] X}{\text{Tax Rate}}$)
27 Federal Income
($\frac{1}{\text{Tax Rate}}$)
28
29 where A is the sum of the preferred stock component and the return on equity component, each as determined in Sections (a)(ii) and for the ROE set forth in (a)(iii)
above, B is the Equity AFUDC component of Depreciation Expense for
30 Transmission Plant in Service as defined at Section 14.1.9.1.16 (FF1 117.38c), and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line
28.

31
32 =
33 ($\frac{\text{\#DIV/0!} + (\$0)}{1} / \frac{\text{\#DIV/0!}}{-} X \frac{0}{0}$)
34
35 = #DIV/0!

36
37
38 State Income State
Tax shall = Federal Income Income Tax
14.1.9.2.2.(c) equal ($\frac{A + [B / C] + \text{Tax Rate}}{\text{Tax Rate}}$) X Rate
39 State Income
($\frac{1}{\text{Tax Rate}}$)
40

41 where A is the sum of the preferred stock component and the return on equity component as determined in (a)(ii) and (a)(iii) above , B is the Equity AFUDC
42 component of Depreciation Expense for Transmission Plant in
43 Service as defined at Section 14.1.9.1.16 above, and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line 28.
44
45

46 = $\frac{\text{\#DIV/0!} + (\$0)}{1} / \frac{\text{\#DIV/0!}}{-} + \frac{\text{\#DIV/0!}}{0}) X$
47 ($\frac{\text{\#DIV/0!} + (\$0)}{1} / \frac{\text{\#DIV/0!}}{-} + \frac{\text{\#DIV/0!}}{0}) X$
48
49 = #DIV/0!

50
51
52
53 (a)+(b)+(c) Cost of
Capital Rate = #DIV/0!

54
55
56 **14.1.9.2(a) A. Return and Associated Income Taxes shall equal the product of the**
57 **Transmission Investment Base and the Cost of Capital Rate**

| | | | |
|----|-------------------------|---------|----------------------------------|
| 58 | | | |
| 59 | Transmission Investment | | |
| 60 | Base | #DIV/0! | Schedule 6, page 1 of 2, Line 28 |
| 61 | Cost of Capital | | |
| 62 | Rate | #DIV/0! | Line 53 |
| 63 | | | |
| | = Investment Return | | |
| 64 | and Income Taxes | #DIV/0! | Line 60 X Line 62 |

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Expenses

Attachment 1
Schedule 9

Attachment H Section 14.1.9.2

Year

Shading denotes an input

| Line No. | (1) Total | (2) Allocation Factor | (3) = (1)*(2) <u>Electric</u> Allocated | (4) Allocation Factor | (5) = (3)*(4) Transmission Allocated | FERC Form 1/ PSC Report Reference for col (1) | Definition |
|-----------------------------|--|-----------------------------|---|-----------------------------|--|---|--|
| <u>Depreciation Expense</u> | | | | | | | |
| 1 | Transmission Depreciation | | | | \$0 | FF1 336-337.7f | 14.1.9.2.B. Transmission Related Depreciation Expense shall equal the sum of: (i) Depreciation Expense for Transmission Plant in Service, plus (ii) the product of Electric General Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Allocation Factor plus (iii) Common Plant Depreciation Expense multiplied by the Electric Wages and Salaries Allocation Factor, further multiplied by the Transmission Wages and Salaries Allocation Factor plus (iv) Intangible Electric Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Factor plus (v) depreciation expense associated with the Wholesale Metering Investment. |
| 2 | General Depreciation | 100.0000% | \$0 | 13.0000% (c) | \$0 | FF1 336-337.10f | |
| 3 | Common Depreciation | 83.5000% (a) | \$0 | 13.0000% (c) | \$0 | FF1 356 | |
| 4 | Intangible Depreciation | 100.0000% | \$0 | 13.0000% (c) | \$0 | FF1 336-337.1f | |
| 5 | Wholesale Meters | | | | #DIV/0! | Workpaper 1 | |
| 6 | Total (Line 1+2+3+4+5) | | | | #DIV/0! | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | <u>Real Estate Taxes</u> | 100.0000% | \$0 | #DIV/0! (d) | #DIV/0! | FF1 262-263 _ I | 14.1.9.2.C. Transmission Related Real Estate Tax Expense shall equal the electric Real Estate Tax Expenses multiplied by the Gross Transmission Plant Allocation Factor. |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | <u>Amortization of Investment Tax Credits</u> | #DIV/0! (b) | #DIV/0! | #DIV/0! (d) | #DIV/0! | FF1 114-117.58c | 14.1.9.2.D. Transmission Related Amortization of Investment Tax Credits shall equal the product of Amortization of Investment Tax Credits multiplied by the Gross Electric Plant Allocation Factor and further multiplied by the Gross Transmission Plant Allocation Factor. |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | <u>Transmission Operation and Maintenance</u> | | | | | | |
| 21 | Operation and Maintenance | | | | \$0 | FF1 320-323.112b | 14.1.9.2.E. Transmission Operation and Maintenance Expense shall equal the sum of electric expenses as recorded in FERC Account Nos. 560, 562-574. |
| 22 | less Load Dispatching - #561 | | | | \$0 | FF1 320-323.85-92b | |
| 23 | O&M (Line 21 - Line 22) | \$0 | | | \$0 | | |
| 24 | | | | | | | |
| 25 | <u>Transmission Administrative and General</u> | | | | | | Transmission Related Administrative and General Expenses shall equal the product of electric Administrative and General Expenses, excluding the sum of Electric Property Insurance, Electric Research and |
| 26 | Total Administrative and General | | | | | FF1 320-323.197b | |
| 27 | less Property Insurance (#924) | | | | | FF1 320-323.185b | |
| 28 | less Pensions and Benefits (#926) | | | | | FF1 320-323.187b | Development Expense and Electric Environmental Remediation Expense, |
| 29 | less: Research and Development Expenses (#930) | \$0 | | | | Workpaper 12 | and 50% of the NYPSC Regulatory Expense |
| 30 | Less: 50% of NY PSC Regulatory Expense | | | | | 50% of Workpaper 15 | multiplied by the Transmission Wages and Salaries Allocation Factor, |
| | Less: 18a Charges (Temporary Assessment | | | | | | |
| 31 | | | | | | Workpaper 15 | |

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Billing Adjustments, Revenue Credits, Rental Income

Attachment 1
Schedule 10

Year

Attachment H Section 14.1.9.2 (a)

| Shading denotes an input | | | | |
|--------------------------|---|-----------|----------------------|--|
| Line No. | Description | (1) Total | Source | Definition |
| 1 | Billing Adjustments | | Workpaper 16 | 14.1.9.2.I. Billing Adjustments shall be any adjustments made in accordance with Section 14.1.9.4.4 below. () indicates a refund or a reduction to the revenue requirement on Schedule 1. |
| 2 | | | | |
| 3 | | | | |
| 4 | Bad Debt Expense | \$0 | Workpaper 4 | 14.1.9.2.J. Transmission Related Bad Debt Expense shall equal |
| 5 | | | | Bad Debt Expense as reported in Account 904 related to NMPC's wholesale transmission billing. |
| 6 | | | | |
| 7 | Revenue Credits | \$0 | Workpaper 5 | 14.1.9.2.K. Revenue Credits shall equal all Transmission revenue recorded in FERC account 456 |
| 8 | | | | excluding (a) any NMPC revenues already reflected in the WR, CRR, SR, ECR and Reserved |
| 9 | | | | components in Attachment H of the NYISO TSC rate; (b) any revenues associated |
| 10 | | | | with expenses that have been excluded from NMPC's revenue requirement; (c) any |
| 11 | | | | revenues associated with transmission service provided under this TSC rate, for which the |
| 12 | | | | load is reflected in the calculation of BU, and (d) any revenues associated with Schedule 15a |
| 13 | | | | transmission projects not charged under this TSC rate. |
| 14 | | | | |
| 15 | Transmission Rents | \$0 | Workpaper 7 | 14.1.9.2.L. Transmission Rents shall equal all Transmission-related rental income recorded in FERC |
| 16 | | | | account 454.615 |
| 17 | | | | |
| 18 | Project Specific Revenue Requirement Credit | #DIV/0! | Schedule 15a Line 17 | 14.1.9.2.M. Project Specific Revenue Requirement Credit shall equal the Base Revenue Requirement associated |
| 19 | | | | with transmission projects not charged under this TSC rate. |
| 20 | | | | |
| 21 | | | | 14.1.9.4(d) |
| 22 | | | | 1 Any changes to the Data Inputs for an Annual Update, including but not limited to |
| 23 | | | | revisions resulting from any FERC proceeding to consider the Annual Update, or |
| 24 | | | | as a result of the procedures set forth herein, shall take effect as of the beginning |
| 25 | | | | of the Update Year and the impact of such changes shall be incorporated into the |
| 26 | | | | charges produced by the Formula Rate (with interest determined in accordance |
| 27 | | | | with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update |
| 28 | | | | Year. This mechanism shall apply in lieu of mid-Update Year adjustments and |
| 29 | | | | any refunds or surcharges, except that, if an error in a Data Input is discovered |
| 30 | | | | and agreed upon within the Review Period, the impact of such change shall be |
| 31 | | | | incorporated prospectively into the charges produced by the Formula Rate during |
| 32 | | | | the remainder of the year preceding the next effective Update Year, in which case |
| 33 | | | | the impact reflected in subsequent charges shall be reduced accordingly. |
| 34 | | | | 2 The impact of an error affecting a Data Input on charges collected during the |
| | | | | Formula Rate during the five (5) years prior to the Update Year in which the error |

35
36
37
38
39

(b) List of Items excluded from the Revenue Requirement

was first discovered shall be corrected by incorporating the impact of the error on the charges produced by the Formula Rate during the five-year period into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update Year. Charges collected before the five-year period shall not be subject to correction.

Niagara Mohawk Power Corporation
System, Control, and Load Dispatch Expenses (CCC)

Attachment H, Section
14.1.9.5

The CCC shall equal the annual Scheduling, System Control and Dispatch Costs (i.e., the transmission component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts using information from the prior calendar year, excluding NYISO system control and load dispatch expense already recovered under Schedule 1 of the NYISO Tariff.

| | | | | | |
|----------|--|--|---|-------------|---------------------|
| Line No. | | | | | |
| 1 | <u>Scheduling and Dispatch Expenses</u> | | | <u>Year</u> | <u>Source</u> |
| 2 | | | | | |
| 3 | | | | | |
| 4 | Accounts | 561.1 | Reliability | | FF1 320-323.85b |
| 5 | Accounts | 561.2 | Monitor and Operate Transmission System | | FF1 320-323.86b |
| 6 | Accounts | 561.3 | Transmission Service and Schedule | | FF1 320-323.87b |
| 7 | Accounts | 561.4 | Scheduling System Control and Dispatch | | FF1 320-323.88b |
| 8 | Accounts | 561.5 | Reliability, Planning and Standards Development | | FF1 320-323.89b |
| 9 | Accounts | 561.6 | Transmission Service Studies | | FF1 320-323.90b |
| 10 | Accounts | 561.7 | Generation Interconnection Studies | | FF1 320-323.91b |
| 11 | Accounts | 561.8 | Reliability, Planning and Standards Dev. Services | | FF1 320-323.92b |
| 12 | | | | | |
| 13 | | Total Load Dispatch Expenses (sum of Lines 4 - 11) | | | Sum of Lines 4 - 11 |
| 14 | | | | | |
| 15 | Less Account 561 directly recovered under Schedule 1 of the NYISO Tariff | | | | |
| 16 | | | | | |
| 17 | Accounts | 561.4 | Scheduling System Control and Dispatch | | Line 7 |
| 18 | Accounts | 561.8 | Reliability, Planning and Standards Dev. Services | | Line 11 |
| 19 | Total NYISO Schedule 1 | | | | Line 17 + Line 18 |
| 20 | | | | | |
| 21 | Total CCC Component | | | | Line 13 - Line 19 |

Niagara Mohawk Power Corporation

Billing Units - MWH

Attachment H, Section 14.1.9.6

BU shall be the total Niagara Mohawk load as reported to the NYISO for the calendar billing year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk’s TSC Rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR and Reserved components of Workpaper H of the NYISO TSC rate including Niagara Mohawk’s external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service.

| Line No. | | <u>SOURCE</u> | |
|----------|--|---------------|---|
| 1 | Subzone 1 | | NIMO TOL (transmission owner load) |
| 2 | Subzone 2 | | NIMO TOL (transmission owner load) |
| 3 | Subzone 3 | | NIMO TOL (transmission owner load) |
| 4 | Subzone 4 | | NIMO TOL (transmission owner load) |
| 5 | Subzone 29 | | NIMO TOL (transmission owner load) |
| 6 | Subzone 31 | | NIMO TOL (transmission owner load) |
| 7 | Total NIMO Load report to NYISO | 0.000 | Sum of Lines 1-6 |
| 8 | LESS: All non-retail transactions | | |
| 9 | Watertown | | FF1 page 328-330. _j |
| 10 | Disputed Station Service | | NIMO TOL (transmission owner load) |
| 11 | Other non-retail transactions | | All other non-retail transactions (Sum of 300,000 series PTID's from TOL) |
| 12 | Total Deductions | 0.000 | Sum of Lines 9 - 11 |
| 13 | PLUS: TSC Load | | |
| 14 | NYMPA Muni's, Misc. Villages, Jamestown (X1) | | FF1 page 328-330. _j |
| 15 | NYPA Niagara Muni's (X2) | | FF1 page 328-330. _j |
| 16 | Total additions | 0.000 | Sum of Lines 14 -15 |
| 17 | Total Billing Units | 0.000 | Line 7 - Line 12 + Line 16 |

Niagara Mohawk Power Corporation
Forecasted Accumulated Deferred Income Taxes (FADIT)

Shading denotes an input

| Line No. | Description | Amount | |
|----------|---|--------|---------------------|
| 1 | Electric ADIT Balance at year-end | | FF1 Page 274-275.2k |
| 2 | Transmission Plant (PL) Allocator | | Schedule 5, Line 19 |
| 3 | Transmission Related ADIT Balance at year-end | | Line 1 x Line 2 |
| 4 | | | |
| 5 | Forecasted Transmission Related ADIT balance | | Internal Records |
| 6 | | | |
| 7 | Change in ADIT | | Line 5 - Line 3 |
| 8 | | | |
| 9 | Monthly Change in ADIT | | Line 7 / 12 Months |
| 10 | | | |

| | (A) Month | (B) Remaining Days | (C) = (B)/ Line 17 (B) IRS Proration % | (D) = Line 9 *(C) Prorated ADIT |
|----|---|-----------------------|---|------------------------------------|
| 11 | | | | |
| 12 | Month 1 | | 100.00% | - |
| 13 | Month 2 | | 100.00% | - |
| 14 | Month 3 | | 100.00% | - |
| 15 | Month 4 | | 100.00% | - |
| 16 | Month 5 | | 100.00% | - |
| 17 | Month 6 | | 100.00% | - |
| 18 | Month 7 | | #DIV/0! % | - |
| 19 | Month 8 | | #DIV/0! % | - |
| 20 | Month 9 | | #DIV/0! % | - |
| 21 | Month 10 | | #DIV/0! % | - |
| 22 | Month 11 | | #DIV/0! % | - |
| 23 | Month 12 | | #DIV/0! % | - |
| 24 | Total Prorated ADIT Change (Sum of 12 through 23) | | | \$ - |
| | (a) The balance in Line 1, Total Transmission ADIT Balance at year-end, shall equal such ADIT that is subject to the normalization rules prescribed by the IRS and the net of the amounts recorded in FERC Account No. 282. | | | - |

to Schedule 2, Line 22

Shading denotes an input

| Line No. | Description | (A) Amount | (B) Reference |
|----------|---|---------------|-------------------------|
| 1 | Total ADIT Balance at prior year-end (Enter Credit) (b) | | (c) FF1 Page 274-275.2b |
| 2 | Prorated Actual ADIT Activity | | Line 16(G) |
| 3 | Total Prorated ADIT Balance at year-end (Line 1 + Line 2) | | |

| (C) | (D) | (E) | (F) = (E) / Line 17(E) | (G) = (D) x (F) | |
|-------|---|----------------|------------------------|-----------------|------------------|
| Month | Actual Monthly Change in ADIT | Remaining Days | IRS Proration % | Prorated ADIT | |
| 4 | Month 1 | \$ | 335 | 91.7808% \$ | Internal Records |
| 5 | Month 2 | \$ | 307 | 84.1096% \$ | Internal Records |
| 6 | Month 3 | \$ | 276 | 75.6164% \$ | Internal Records |
| 7 | Month 4 | \$ | 246 | 67.3973% \$ | Internal Records |
| 8 | Month 5 | \$ | 215 | 58.9041% \$ | Internal Records |
| 9 | Month 6 | \$ | 185 | 50.6849% \$ | Internal Records |
| 10 | Month 7 | \$ | 154 | 42.1918% \$ | Internal Records |
| 11 | Month 8 | \$ | 123 | 33.6986% \$ | Internal Records |
| 12 | Month 9 | \$ | 93 | 25.4795% \$ | Internal Records |
| 13 | Month 10 | \$ | 62 | 16.9863% \$ | Internal Records |
| 14 | Month 11 | \$ | 32 | 8.7671% \$ | Internal Records |
| 15 | Month 12 | \$ | 1 | 0.2740% \$ | Internal Records |
| 16 | Total Prorated Actual ADIT Activity (Sum Lines 6 thru 17) | | | \$ | |
| 17 | Number of Days in the Year | | 365 | | |

Notes:

- (a) Enter credit balances as negatives.
- (b) The balance in Line 1, Total ADIT Balance at year-end, shall equal such ADIT that is subject to the normalization rules prescribed by the IRS.

Input Cells are Shaded Yellow

| | | (A) | (B) | (C) | (D) = (A) + (B) + (C) | (E) | (F) | (G) | (H) | (I) | (J) | | | |
|---|---|---|-----------------|-----------|-----------------------|--------------|--------------------------|-----------|-------------------------------|----------------------|-----------|-------------|--------------|--------------------|
| | | 20__ Year End Unamortized (Excess)/Deficient ADIT (e) | | | | | Amortization Periods (f) | | Amortization Expense (e) (g) | | | | | |
| Line No. | Description | FERC Account No. (a) | Ref | Protected | Unprotected | Gross-Up (i) | 12/31/20__ Balance | Protected | Unprotected | FERC Account No. (g) | Protected | Unprotected | Gross-Up (i) | Total Amortization |
| Transmission (EXCESS)/DEFICIENT ADIT - TAX RATE CHANGES | | | | | | | | | | | | | | |
| 1a | | | (b) | | | | | | | | | | | |
| 1 [] | | | (c) | | | - | - | | | | | | - | - |
| 2 | Total (Sum Lines1a thru 1[]) (d) | | | | | - | - | | | | | | - | - |
| Electric FAS 109/(Excess) Deficient ADIT | | | | | | | | | | | | | | |
| 3a | FAS 109 - Electric | | (j) | | | | | | | | | | | |
| 3[] | | | | | | | | | | | | | | |
| 4 | Total (Sum Lines 3a thru 3[]) (d) | | | | | | | | | | | | | |
| 5 | TOTAL Electric FAS 109/(Excess) Deficient ADIT (Line 2 + Line 4) | | | | | | | | | | | | | |
| 6 | Deficient ADIT - Regulatory Asset Account 182.3 | | FF 1 Page 232 b | | | | | | | | | | | |
| 7 | Excess ADIT - Regulatory Liability Account 254 | | FF1 Page 278 b | | | | | | | | | | | |
| 8 | Deficient/(Excess) Deferred Income Tax Regulatory Asset/(Liability) (Line 6 + Line 7) | | | | | | | | | | | | | |

Notes:

- (a) The affected ADIT accounts were remeasured by comparing ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 at the current Federal, State & Local Income Tax rate to ADIT balances at historical Federal, State & Local Income Tax rates. The difference between the two represents the excess or deficient ADIT. Refer to Schedule 14(a).
- (b) Relates to the Federal Income Tax Rate change associated with the 2017 Tax Cuts and Jobs Act.
- (c) Niagara Mohawk Power Corporation may add or remove sublines and notes explaining them without a FPA Section 205 filing.
- (d) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter.
- (e) Enter credit balances as negatives.
- (f) Deficient/(excess) ADIT balances will be amortized as follows: "Protected property-related" = ARAM, "unprotected property-related" = 31 yrs, all other unprotected deficient/(excess) ADIT balances = 10 yrs.
- (g) Deficient ADIT is amortized to Account 410.1; Excess ADIT is amortized to Account 411.1.
- (h) Other changes to (excess)/deficient ADIT due to the conclusion of IRS audits during applicable periods affected by a change in federal, state or local tax rates, the establishment of new (excess)/deficient ADIT due to future tax rate changes and classification changes between protected and unprotected categories due to the passage of time.

- (i) Tax gross up calculated using the Composite Tax Rate / (1 - Composite Tax Rate) in effect for the applicable period.
- (j) Other Electric Transmission and Distribution FAS 109 balances
- (k) Niagara Mohawk Power Company will add footnotes below to identify excess or deficient ADIT from future Federal, State and Local income tax rate changes.
- (l) []



Input cells are Shaded Yellow

$$(N) = (A) - (G) - (K)$$

$$(O) = (B) - (H) - (L)$$

$$(P) = (C) - (I) - (M)$$

$$(Q) = (N) + (O) + (P)$$

(R)

| Line No. | Other Adjustments (e) (h) | | | 20__ Year End Unamortized (Excess)/Deficient ADIT (e) | | | | Reference |
|----------|---------------------------|-------------|-------------|---|-------------|--------------|--------------------|-----------|
| | Protected | Unprotected | Gross-Up(i) | Protected | Unprotected | Gross-Up (i) | 12/31/20__ Balance | |
| 1a | | | - | - | - | - | - | |
| 1 [] | | | - | - | - | - | - | |
| 2 | - | - | - | - | - | - | - | |
| 3a | | | | | | | | |
| 3b | | | | | | | | |
| 3c | | | - | | - | - | - | |
| 3d | | | | | | | | |
| 3 [] | | | - | | - | - | - | |
| 4 | - | - | - | - | - | - | - | |
| 5 | - | - | - | - | - | - | - | |

6

7

8

FF1 Page 232 f

FF1 Page 278 f

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Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
(Excess)/Deficient ADIT Worksheet
Schedule 14(a) - Remeasurement Support - _____
For Costs in the Year of 20__

| Line No. | Description | FERC Account No. | (A) | (B) = (A)* ____% | (C) = (A)* ____% | (D) = (B) - (C) | (E) | (F) = (E)* ____% | (G) = (E)* ____% | (H) = (F) - (G) | (I) = (D) + (H) | (J) | (K) = (I) - (J) |
|----------|------------------------------------|------------------|--|------------------|------------------|--|--|------------------|------------------|--|--|---|---|
| | | | Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d) | ADIT @ ____% | ADIT @ ____% | (Excess)/ Deficient ADIT due to Rate Change | Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d) | ADIT @ ____% (c) | ADIT @ ____% | (Excess)/ Deficient ADIT due to Rate Change | Total (Excess)/ Deficient ADIT due to Rate Change | Adjustments Post Remeasurement (d) | 20__ (Excess)/ Deficient ADIT due to Rate Change |
| 1a | | | | - | - | - | | - | - | - | - | | - |
| 1[] | | | | - | - | - | | - | - | - | - | | - |
| 2 | Total (Sum Lines 1a thru 1[]) (b) | | - | - | - | - | - | - | - | - | - | - | - |

Notes:

- (a) Company records
- (b) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter. Niagara Mohawk Power Company may add or remove sublines without a FPA Section 205 filing.
- (c) When the effective date for an income tax rate change falls within a Company's fiscal tax year, the income tax rate for such a year shall be the sum of the number of days in each time period times the tax rate for each a period.

| Blended Rate | Days | Effective Rate | Blended Rate |
|--------------|------|----------------|--------------|
| | | | 0.00% |
| | | | 0.00% |
| | | | 0.00% |

- (d) Enter credit balances as negatives.
- (e) Niagara Mohawk Power Company may add footnotes below without a FPA Section 205 filing.

_____/_____

Shading denotes an input

| Line No. | Description | Amount | Source | Definitions |
|----------|---|---------|---|---|
| 1 | Project Gross Plant In-Service | - | Workpaper _ | Project Gross Plant In-Service will be the total capital investment for the project included in Transmission Plant In Service plus Electric General and Electric Intangible Plant times the SPC Allocator percentage for Electric to SPC plus NMPC Common Plant times the SPC Allocator percentage for Gas+Electric to SPC. |
| 2 | CWIP | - | Workpaper _ | Authorized by FERC Order _____ |
| 3 | Project - Related Depreciation and Amortization Reserves (Enter Credit) | - | Workpaper _ | Project-related depreciation and amortization reserve shall equal the accumulated credit of Project - Related Depreciation Expense net of any applicable retirements, cost of removal or salvage adjustments associated with the project. |
| 4 | Project - Related Accumulated Deferred Income Taxes (Enter Credit) | - | Workpaper _ | Project - Related Accumulated Deferred Income Taxes shall equal ADIT calculated based on cost, accumulated book depreciation and accumulated tax depreciation. |
| 5 | Project - Related (Excess) Deficient ADIT | - | Schedule 15c _ Line 2Q | Project - Related (Excess) Deficient ADIT shall be the unamortized excess or deficient ADIT balance related specifically to the project as per Schedule 15c. |
| 6 | Project - Related Prepayments | #DIV/0! | (Line 1/ Schedule 5 Line 13) * Schedule 7 Line 15 Column (5) | Project - Related Prepayments shall equal the ratio of Project Gross Plant In-Service to Gross Transmission Investments times Transmission Related Prepayments |
| 7 | Project - Related Materials & Supplies | #DIV/0! | (Line 1/ Schedule 5 Line 13) * Schedule 7 Line 21 Column (5) | Project - Related Materials & Supplies shall equal the ratio of Project Gross Plant In-Service to Gross Transmission Investments times Transmission Related Materials & Supplies |
| 8 | Project - Related Cash Working Capital | #DIV/0! | (Line 1/ Schedule 5 Line 13) * Schedule 7 Line 28 Column (5) | Project - Related Cash Working Capital shall equal the ratio of Project Gross Plant In-Service to Gross Transmission Investments times Transmission Related Cash Working Capital |
| 9 | Net Investment Base | #DIV/0! | Sum lines 1 through 8 | |
| 10 | Project Specific Investment Base excl CWIP Return and Asso. Taxes | #DIV/0! | Schedule 15b Line 24 | |
| 11 | Project - Related Depreciation Expense | - | Workpaper _ | Project-related depreciation expense will be determined based on application of the current FERC approved depreciation accrual rates per Section 14.1.9.1.14 of Attachment H of the NYISO OATT on a utility account basis to the Project Gross Plant In-service. |
| 12 | Project - Related Amortization of (Excess) Deficient ADIT | - | Schedule 15c _ Line 2J | Project - Related Amortization of (Excess) Deficient ADIT shall be the annual amortized excess or deficient ADIT balance related specifically to the project as identified in Schedule 15c Project Specific (Excess) Deficient ADIT. |
| 13 | Project - Related Real Estate Taxes | - | Workpaper _ | Project related portion of Transmission Related Real Estate Tax Expense as determined based on the taxable value of the investment and the applicable property tax rate. |

| | | | | |
|----|--|---------|-------------------------|---|
| 14 | Project - Related Operation & Maintenance Expense | - | Workpaper _ | Project - Related Operation and Maintenance Expense shall be based on charges to project-specific work orders. Operation & maintenance costs that cannot be directly attributed to a project will be allocated to a project based on the ratio of the Project Gross Plant In-service to Gross Transmission Investments. |
| 15 | Project Allocated Administrative & General Expense | #DIV/0! | Workpaper _ | Project Allocated Administrative and General Expense shall equal the sum of Electric Administrative and General Expenses, Electric Pension & OPEB Expenses, and Electric Payroll Tax Expense times the SPC Allocator percentage for Electric to SPC, plus the ratio of Project Gross Plant In-Service to Gross NMPC Transmission Investment times Transmission Related Property Insurance and Transmission Related Research & Development expenses. |
| 16 | Billing Adjustments | - | Workpaper _ | Billing Adjustments shall be any adjustments made in accordance with Section 14.1.9.4.4 |
| 17 | Base Revenue Requirement | #DIV/0! | Sum lines 10 through 16 | |
| 18 | Project Specific Investment Base CWIP Return and Asso. Taxes | #DIV/0! | Schedule 15b Line 25 | Project Specific Investment Base CWIP Return and Associated Taxes shall be the Return and Associated Income Taxes related to authorized CWIP included in ratebase |
| 19 | Cost Containment Adjustment | - | Schedule 15e Line 23 | Authorized by FERC Order _____. |
| 20 | Billing Adjustments | - | Workpaper _ | Billing Adjustments shall be any adjustments made in accordance with Section 14.1.9.4.4 |
| 21 | Non-Base Revenue Requirement | #DIV/0! | Sum lines 18 through 20 | |
| 22 | | | | |
| 23 | Annual True-up including Interest | #DIV/0! | Line 35 | |
| 24 | | | | |
| 25 | Total Project Specific Revenue Requirement | #DIV/0! | Sum line 17 + 21 + 23 | |

Annual True-up and Interest Calculation

63

| | | | | |
|----|------------------------------|---------|---------|---------|
| 64 | Total (Over)/U nder Recovery | #DIV/0! | #DIV/0! | #DIV/0! |
|----|------------------------------|---------|---------|---------|

- (a) First year revenue requirement to be prorated based on in-service date of project or FERC approval of CWIP recovery
- (b) Interest rates shall be the interest rates as reported on the FERC Website <http://www.ferc.gov/legal/acct-matts/interest-rates.asp>
- (c) For leap years use 29 days in the month of February

Shading denotes an input

| Cost Of Capital | | Cost of Capital rate will equal the cost of capital rate calculated using the Weighted Costs of Capital as defined in Section 14.1.9.2.2 (i), (ii) and (iii) of Attachment H of the OATT. | | | | | |
|-----------------|---|---|--|------------------------|------------------------------------|-----------------------|--------------------------|
| Line | | (a) CAPITALIZATION | (b) CAPITALIZATION RATIOS | (c) COST OF CAPITAL | (d) WEIGHTED COST OF CAPITAL | (e) EQUITY PORTION | Source: |
| 1 | | | | | | | |
| 2 | LONG TERM DEBT | \$0 | #DIV/0! | #DIV/0! | #DIV/0! | | Schedule 8 Line 17 |
| 3 | PREFERRED STOCK | \$0 | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | Schedule 8 Line 18 |
| 4 | COMMON EQUITY | \$0 | #DIV/0! | 10.30% | #DIV/0! | #DIV/0! | Schedule 8 Line 19 |
| 5 | | | | | | | |
| 6 | TOTAL INVESTMENT RETURN | \$0 | #DIV/0! | | #DIV/0! | #DIV/0! | Line 2 + Line 3 + Line 4 |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | Federal Income Tax | | | | | | |
| 10 | Equity WACC | #DIV/0! | Line 6(e) | | | | |
| 11 | Federal Income Tax Rate | 0.00% | Schedule 8 Line 32 | | | | |
| 12 | Federal Income Tax | #DIV/0! | (Line 10*Line 11)/(1-Line 11) | | | | |
| 13 | | | | | | | |
| 14 | State Income Tax | | | | | | |
| 15 | State Income Tax Rate | 0.00% | Schedule 8 Line 46 | | | | |
| 16 | State Income Tax | #DIV/0! | (Line 10 + Line 12)*Line 15/(1- Line 15) | | | | |
| 17 | | | | | | | |
| 18 | Cost of Capital Rate | #DIV/0! | Line 6(d) + Line 12+ Line 16 | | | | |
| 19 | Project Specific Investment Base excl CWIP | #DIV/0! | Schedule 15a Line 9 - Line 2 | | | | |
| 20 | Project Specific Investment Base CWIP | -- | Schedule 15a Line 2 | | | | |
| 21 | Total Investment Base | #DIV/0! | | | | | |
| 22 | | | | | | | |
| 23 | Return and Associated Taxes | | | | | | |
| 24 | Project Specific Investment Base excl CWIP Return and Asso. Taxes | #DIV/0! | Line 19 * Line 18 | | | | |
| 25 | Project Specific Investment Base CWIP Return and Asso. Taxes | #DIV/0! | Line 20 * Line 18 | | | | |
| 26 | | | | | | | |
| 27 | Total Return and Associated Income Taxes | #DIV/0! | Sum Line 24 + 25 | | | | |

Notes: Enter credit balances as negatives.

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities

Smart Path Connect (Excess)/Deficient ADIT Worksheet
For Costs in 20__

Input Cells are Shaded Yellow

(A) (B) (C) (D) = (A) + (B) + (C) (E) (F) (G) (H) (I) (J)

| | | 20__ Year End Unamortized (Excess)/Deficient ADIT (d) | | | | Amortization Periods (e) | | Amortization Expense (d) (f) | | | | | |
|---|-------------------------------------|---|-----------|-------------|--------------|--------------------------|-----------|-------------------------------|----------------------|-----------|-------------|--------------|--------------------|
| Line No. | Description | FERC Account No. (a) | Protected | Unprotected | Gross-Up (h) | 12/31/20__ Balance | Protected | Unprotected | FERC Account No. (f) | Protected | Unprotected | Gross-Up (h) | Total Amortization |
| Project -related (Excess)/Deficient ADIT - Tax Rate Changes | | | | | | | | | | | | | |
| 1a | | | | | | - | | | | | | - | - |
| 1 [] | | (b) | | | | - | | | | | | - | - |
| 2 | Total (Sum Lines1a thru 1 []) (c) | | | | | - | | | | - | - | - | - |

Notes:

- (a) The affected ADIT accounts were remeasured by comparing Project Specific ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 at the current Federal, State & Local Income Tax rate to Project Specific ADIT balances at historical Federal, State & Local Income Tax rates. The difference between the two represents the excess or deficient ADIT recorded to Account 254 or Account 182.3, respectively. Amounts reflected on this schedule are a subset of total Transmission Related (Excess) Deficient ADIT shown on Schedule 14. Refer to Schedule 14 for the reconciliation of Total Transmission Related (Excess) Deficient ADIT to FF1 Page 232 for Account 182.3 and FF1 Page 278 for Account 254.
- (b) Niagara Mohawk Power Corporation may add or remove sublines and notes explaining them without a FPA Section 205 filing.
- (c) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter.
- (d) Enter credit balances as negatives.
- (e) Deficient/(excess) ADIT balances will be amortized as follows: "Protected property-related" = ARAM, "unprotected property-related" = 31 yrs, all other unprotected deficient/(excess) ADIT balances = 10 yrs.
- (f) Deficient ADIT is amortized to Account 410.1; Excess ADIT is amortized to Account 411.1.
- (g) Other changes to (excess)/deficient ADIT due to the conclusion of IRS audits during applicable periods affected by a change in federal, state or local tax rates, the establishment of new (excess)/deficient ADIT due to future tax rate changes and classification changes between protected and unprotected categories due to the passage of time.
- (h) Tax gross up calculated using the Composite Tax Rate / (1 - Composite Tax Rate) in effect for the applicable period.
- (i) Niagara Mohawk Power Company will add footnotes below to identify excess or deficient ADIT from future Federal, State and Local income tax rate changes.

(j) []

Smart Path Connect (Excess)Deficient ADIT Worksheet:
For costs in 20__

Input cells are Shaded Yellow

(M)

(R)

20__ Year End Unamortized (Excess)/Deficient ADIT (d)

Gross-Up (h)

—

12/31/20__ Balance

—

Internal Records

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Project Specific (Excess)/Deficient ADIT Remeasurement Worksheet: Smart Path Connect ____
Schedule 15(d) - Remeasurement Support
For Costs in the Year of 20__

| | | (A) | | (B) = (A)* ____% | (C) = (A)* ____% | (D) = (B) - (C) | (E) | (F) = (E)* ____% | (G) = (E)* ____% | (H) = (F) - (G) | (I) = (D) + (H) | (J) | (K) = (I) - (J) |
|----------|--------------------------------------|------------------|---|------------------|------------------|---|---|------------------|------------------|---|---|------------------------------------|--|
| Line No. | Description | FERC Account No. | Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d) | ADIT @ ____% | ADIT @ ____% | (Excess)/ Deficient ADIT due to Rate Change | Gross Temporary Difference Fiscal Year Ended March 31, 20__ (a) (d) | ADIT @ ____% (c) | ADIT @ ____% | (Excess)/ Deficient ADIT due to Rate Change | Total (Excess)/ Deficient ADIT due to Rate Change | Adjustments Post Remeasurement (d) | 20__ (Excess)/ Deficient ADIT due to Rate Change |
| 1a | | | | - | - | - | | - | - | - | - | | - |
| 1[] | | | | - | - | - | | - | - | - | - | | - |
| 2 | Total (Sum Lines 1a thru 1 []) (b) | | - | - | - | - | - | - | - | - | - | - | - |

Notes:

- (a) Company records
- (b) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter. Niagara Mohawk Power Company may add or remove sublines without a FPA Section 205 filing.
- (c) When the effective date for an income tax rate change falls within a Company's fiscal tax year, the income tax rate for such a year shall be the sum of the number of days in each time period times the tax rate for each a period.

| Blended Rate | Days | Effective Rate | Blended Rate |
|--------------|------|----------------|--------------|
| | | | 0.00% |
| | | | 0.00% |
| | | | 0.00% |

- (d) Enter credit balances as negatives.
- (e) Niagara Mohawk Power Company may add footnotes below without a FPA Section 205 filing.

Niagara Mohawk Power Corporation
Smart Path Connect Cost Containment Adjustment

Under the cost containment mechanism for the Smart Path Connect (“SPC”) project (“SPC Project” or “Project”), where “Eligible Project Costs” exceed the “Cost Cap,” NMPC will earn no ROE on 20% of the equity portion of the actual costs that exceed the Cost Cap. NMPC will remain eligible to recover the depreciation and debt costs on its share of all actual Project-related costs.

The Cost Cap for the SPC Project is \$481.8 million.

Eligible Project Costs are defined as all capital costs incurred to develop, construct, and place the SPC Project into service, excluding “Third Party Costs” and “Unforeseeable Costs” in excess of 2.5% of the Cost Cap.

Third Party Costs include: (i) interconnection and network upgrade costs resulting from the ISO evaluation process; (ii) property taxes; and (iii) any increased costs, i.e., costs incurred related to the rescheduling of outages or to the relocation of utility assets, which are beyond the ability of NMPC to control or mitigate.

Unforeseeable Costs are defined in terms of costs that NMPC could not have reasonably anticipated at the time the estimate was submitted to the NYPSC as part of the Article VII application process.-Unforeseeable Costs include the following:

- UC 1 - Costs associated with material modifications to the routing or scope of work of the Project that results from a NYPSC order, negotiation, or settlement agreement within the siting process, or are imposed or required by any other governmental agency. For the avoidance of doubt, foreseeable obligations, as included in NMPC’s Article VII Application to the New York Public Service Commission for the SPC Project, or non-material obligations imposed upon NMPC as a normal part of the siting process, shall not be deemed to be Unforeseeable Costs
- UC 2 - Costs associated with changes in applicable laws and regulations, or interpretations thereof by governmental agencies
- UC 3 - Costs incurred as a result of orders of courts or action, or inaction, by governmental agencies;
- UC 4 - Costs related to destruction, damage, interruption, suspension, or interference of or with the Project caused by landslides, lightning, earthquakes, hurricanes, tornadoes, severe weather, fires, explosions, floods, epidemics, pandemics, acts of public enemy, acts of terrorism, wars, blockades, riots, rebellions, sabotage, insurrections, environmental contamination or damage, or strike or otherwise unavailability of skilled labor, provided that (i) the cause was not reasonably within the control of NMPC, (ii) NMPC made reasonable efforts to avoid or minimize the adverse impacts of any of the above-listed events, and (iii) NMPC took reasonable steps to expeditiously resolve the event after it occurred;
- UC 5 - Steel cost escalation that is greater than the “Handy Whitman Construction Cost Index” applied to steel costs in determining the Cost Cap; and
- UC 6 - Total actual Project cost escalation, excluding steel costs, that are greater than 150% of the Handy Whitman Construction Cost Index applied to non-steel costs in determining the Cost Cap.

| Line No. | | Amount | Source | Definitions |
|----------|--|-------------|--|--|
| 1 | Cost Cap | 481,800,000 | | As defined in Docket _____ |
| | Eligible Project Costs | | | |
| 2 | Total Capital Costs | - | Schedule 15a Line 1 | |
| 3 | Less: Third Party Costs (enter credit) | | | |
| 4 | Interconnection and network upgrade costs resulting from the ISO evaluation process | | Internal Records | |
| 5 | Property taxes | | Internal Records | |
| 6 | Any increased costs, i.e., costs incurred related to the rescheduling of outages or to the relocation of utility assets, which are beyond the ability of NMPC to control or mitigate | | Internal Records | |
| 7 | Total Third Party Costs | - | Sum lines 4 to 6 | |
| 8 | Less: Unforeseeable Costs (enter credit) | | | Only Unforeseeable Costs that exceed 2.5% of the Cost Cap will be excluded from Eligible Project Costs, exempted from application of the Cost Cap, and recovered under the SPC-FC. |
| 9 | UC 1 | | Internal Records | |
| 10 | UC 2 | | Internal Records | |
| 11 | UC 3 | | Internal Records | |
| 12 | UC 4 | | Internal Records | |
| 13 | UC 5 | | Internal Records | |
| 14 | UC 6 | | Internal Records | |
| 15 | Total Unforeseeable Costs | - | Sum lines 9 to 14 | |
| 16 | Total Eligible Project Costs | - | Line 2 + Line 7 + Line 15 | |
| 17 | Amount in excess (below) Cost Cap | | Line 16 less Line 1 | |
| 18 | % eligible for ROE reduction | 20% | | As defined in Docket _____ |
| 19 | Equity Return Portion | | Schedule 15b Line 6 (e) | |
| 20 | FIT | | Schedule 15b Line 12 (a) | |
| 21 | SIT | | Schedule 15b Line 16 (a) | |
| 22 | Total Base Cost of Capital Adjustment | | Sum lines 19 to Line 21 | |
| 23 | Cost Containment Adjustment | | If line 17 > 0 then -line 17* line 18* line 22 | |