

SAMPLE

Heartland Consumers Power District
Integrated System

Revenue Requirement - Non-Levelized

Revenue Requirement Template
Annual Transmission Revenue Requirement

For the 12 months ending 12/31/2008

Heartland Consumers Power District

Line No.					Allocated Amount
<u>1</u>	GROSS REVENUE REQUIREMENT	(page 3, line 29)			<u>\$ 1,018,544</u>
	REVENUE CREDITS	(Note P)	<u>Total</u>	<u>Allocator</u>	
2	Account No. 454	(page 4, line 30)	24,588	TP 0.51962	\$12,776
3	Account No. 456.1	(page 4, line 33)	0	TP 0.51962	0
4	Revenue From Existing Transmission Agreements		24,800	NA 1.00000	24,800
5	Transmission Service Credits		0	NA 1.00000	<u>0</u>
6	TOTAL REVENUE CREDITS				<u>37,576</u>
	NET REVENUE REQUIREMENT	(line 1 minus line 6)			<u>\$ 980,968</u>

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Line No.	(1) RATE BASE:	(2) Reference	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)
GROSS PLANT IN SERVICE					
1	Production	Schedule A	40,785,775	NA	
2	Transmission	Schedule A	14,525,677	TP	0.51962
3	Distribution		0	NA	7,547,796
4	General & Intangible	Schedule A	4,105,363	W/S	0.06755
5	Common		0	CE	0.06755
6	TOTAL GROSS PLANT (sum lines 1-5)		<u>59,416,815</u>	GP= 13.170%	<u>7,825,114</u>
ACCUMULATED DEPRECIATION					
7	Production		25,882,593	NA	
8	Transmission		9,002,641	TP	0.51962
9	Distribution		0	NA	4,677,930
10	General & Intangible		2,789,003	W/S	0.06755
11	Common		0	CE	0.06755
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		<u>37,674,237</u>		<u>4,856,327</u>
NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	14,903,182		
14	Transmission	(line 2 - line 8)	5,523,036		2,869,866
15	Distribution	(line 3 - line 9)	0		
16	General & Intangible	(line 4 - line 10)	1,316,360		88,920
17	Common	(line 5 - line 11)	0		0
18	TOTAL NET PLANT (sum lines 13-17)		<u>21,742,578</u>	NP= 13.608%	<u>2,958,786</u>
ADJUSTMENTS TO RATE BASE (Note A)					
19	Account No. 281 (enter negative)		0	zero	0
20	Account No. 282 (enter negative)		0	NP	0.13608
21	Account No. 283 (enter negative)		0	NP	0.13608
22	Account No. 190		0	NP	0.13608
23	Account No. 255 (enter negative)		0	NP	0.13608
24	TOTAL ADJUSTMENTS (sum lines 19 - 23)		<u>0</u>		<u>0</u>
25	LAND HELD FOR FUTURE USE (Note B)		0	TP	0.51962
WORKING CAPITAL (Note C)					
26	CWC		369,175		49,983
27	Materials & Supplies (Note B)		0	TE	1.00000
28	Prepayments		114,025	GP	0.13170
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		<u>483,200</u>		<u>65,000</u>
30	RATE BASE (sum lines 18, 24, 25, and 29)		<u>22,225,776</u>		<u>3,023,787</u>

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Line No.	(1)	(2)	(3)	(4)	(5)
	Reference	Company Total	Allocator	Transmission (Col 3 times Col 4)	
O&M					
1	Transmission Schedule A	312,161	TE 1.00000	312,161	
1a	Less LSE Expenses included in Transmission O&M Accounts (Note D)	0	1.00000	0	
2	Less Account 565	97,284	NA 1.00000	97,284	
3	A&G (Note G) Schedule A	2,738,520	W/S 0.06755	184,988	
4	Less FERC Annual Fees	0	W/S 0.06755	0	
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad(Note E)	0	W/S 0.06755	0	
5a	Plus Transmission Related Reg. Comm. Exp. (Note E)	0	TE 1.00000	0	
6	Common	0	CE 0.06755	0	
7	Transmission Lease Payments	0	NA 1.00000	0	
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 2, 4, 5)	<u>2,953,397</u>		<u>399,865</u>	
DEPRECIATION EXPENSE					
9	Transmission	743,801	TP 0.51962	386,492	
10	General	104,717	W/S 0.06755	7,074	
11	Common	0	CE 0.06755	0	
12	TOTAL DEPRECIATION (Sum lines 9 - 11)	<u>848,518</u>		<u>393,566</u>	
TAXES OTHER THAN INCOME TAXES (Note F)					
LABOR RELATED					
13	Payroll	65,066	W/S 0.06755	4,395	
14	Highway and vehicle	0	W/S 0.06755	0	
PLANT RELATED					
16	Property	160,866	GP 0.13170	21,186	
17	Gross Receipts	0	NA zero	0	
18	Other	0	GP 0.13170	0	
19	Payments in lieu of taxes	0	GP 0.13170	0	
20	TOTAL OTHER TAXES (sum lines 13 - 19)	<u>225,932</u>		<u>25,581</u>	
INCOME TAXES (Note G)					
21	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$	0.00%	NA		
22	$CIT=(T/(1-T)) * (1-(WCLTD/R))$ where WCLTD=(page 4, line 27) and R=(page 4, line30) and FIT, SIT & p are as given in footnote G.	0.00%			
23	$1 / (1 - T)$ = (from line 21)	0.0000			
24	Amortized Investment Tax Credit (enter negative)	0			
25	Income Tax Calculation = line 22 * line 28	0	NA	0	
26	ITC adjustment (line 23 * line 24)	0	NP 0.13608	0	
27	Total Income Taxes (line 25 plus line 26)	<u>0</u>		<u>0</u>	
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 24)]	1,466,630	NA	199,533	
29	REV. REQUIREMENT (sum lines 8, 12,20,27,28)	<u>5,494,477</u>		<u>1,018,544</u>	

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 Annual Transmission Revenue Requirement For the 12 months ending 12/31/2008
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Line No. SUPPORTING CALCULATIONS AND NOTES

TRANSMISSION PLANT INCLUDED IN IS RATES

1	Total transmission plant (page 2, line 2, column 3)		14,525,677
2	Less transmission plant excluded from IS rates (Note H)		6,752,305
3	Less transmission plant included in OATT Ancillary Services (Note I)		225,576
4	Transmission plant included in IS rates (line 1 less lines 2 & 3)		<u>7,547,796</u>
5	Percentage of transmission plant included in IS Rates (line 4 divided by line 1)	TP=	0.51962

TRANSMISSION EXPENSES

6	Total transmission expenses (page 3, line 1, column 3)		312,161
7	Less transmission expenses included in OATT Ancillary Services (Note J)		0
8	Included transmission expenses (line 7 less line 6)		<u>312,161</u>
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)		1.00000
10	Percentage of transmission plant included in IS Rates (line 5)	TP	0.51962
11	Percentage of transmission expenses included in IS Rates (Note K)	TE=	1.00000

WAGES & SALARY ALLOCATOR (W&S)

	\$	TP	Allocation	
12	Production	766,344	0.00	0
13	Transmission	114,511	0.52	59,502
14	Distribution	0	0.00	0
15	Other	0	0.00	0
16	Total (sum lines 12-15)	<u>880,855</u>		<u>59,502</u> = 0.06755 = W/S

COMMON PLANT ALLOCATOR (CE) (Note L)

	\$	% Electric (line 17 / line 20)	Labor Ratio (line 16)	CE
17	Electric	59,416,815	1.00000	0.06755
18	Gas	0		
19	Water	0		
20	Total (sum lines 17-19)	<u>59,416,815</u>		

RETURN (R)

	\$	%	Cost (Note M)	Weighted
21	Long Term Interest	Schedule A	\$2,505,979	
22	Long Term Debt	Schedule A	42,508,075	89% 5.90% 0.0526 =WCLTD
23	Proprietary Capital	Schedule A	5,172,506	11% 12.38% 0.0134
24	Total (sum lines 22, 23)		<u>47,680,581</u>	100% 0.0660 =R

Proprietary Capital Cost Rate = 12.38%
 TIER = 1.12

REVENUE CREDITS

		Load
27	ACCOUNT 447 (SALES FOR RESALE)	
28	a. Bundled Non-RQ Sales for Resale (Note N)	0
29	b. Bundled Sales for Resale included in Divisor on page 1	0
	Total of (a)-(b)	<u>0</u>
30	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note O)	\$24,588
31	ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)	
32	a. Transmission charges for all transmission transactions	\$0
33	b. Transmission charges for all transmission transactions included in Divisor on page 1	\$0
	Total of (a)-(b)	<u>\$0</u>

Heartland Consumers Power District

General Note: References to pages in this revenue requirement template are indicated as: (page#, line#, col.#)

Note
Letter

- A Does not apply to Heartland. For others, balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- B Transmission related only.
- C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 as shown on Schedule I of EIA Form 412.
- D Account Nos. 561.4, 561.8, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
- E Line 5 - EPRI Annual Membership Dues, all Regulatory Commission Expenses, and non-safety related advertising.
Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings or transmission siting.
- F Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- G Heartland is not subject to Federal or State Income Tax

Inputs Required:	FIT =	0.00%	(Federal Income Tax Rate)
	SIT=	0.00%	(State Income Tax Rate or Composite SIT)
	p =	0.00%	(percent of federal income tax deductible for state purposes)
- H Removes transmission plant determined to be state-jurisdictional by Commission order according to the seven-factor test (until EIA 412 balances are adjusted to reflect application of seven-factor test).
- I Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- J Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1, 561.2, 561.3, and 561 BA.
- K All O&M expense included in Page 3 line 1 column 3 is associated with transmission plant in IS rates. The O&M expense for non-qualifying facilities (Page 4 lines 2,3) is the responsibility of others.
- L Heartland has no common plant.
- M Debt cost rate = long-term interest (line 21) / long term debt (line 22). The Proprietary Capital Cost rate is implicit, a residual calculation after TIER is determined. TIER will be supported in the filing and no change in TIER may be made absent a filing with the ISO and the FERC, if the entity is under FERC's jurisdiction.
- N Line 29 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456.1 and all other uses are to be included in the divisor.
- O Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- P The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the IS (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.