

# Integrated System Transmission and Ancillary Services Rate True-up Calculation

Effective January 1, 2017

Integrated System Transmission and  
Ancillary Services  
2015 Rate True-up Calculation

Western Area Power Administration  
Basin Electric Power Cooperative  
Heartland Consumers Power District

# Integrated System Transmission and Ancillary Services 2015 Rate True-up Calculation

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## IS Revenue Requirement True-up - 2015 Rate

|    |  |                 |                                     |
|----|--|-----------------|-------------------------------------|
| A. | Projected Revenue Requirement            | \$ 200,510,055  | 2015 Revenue Requirement - Estimate |
| B. | Actual Revenue Requirement               | \$ 211,819,071  | 2015 Revenue Requirement - Actual   |
| C. | Revenue Requirement Under Collected      | \$ (11,309,016) | (A - B)                             |
| D. | Estimated Load                           | 5,717,000       | 2015 Load - Estimate (1)            |
| E. | Actual Load                              | 5,524,000       | 2015 Load - Actual                  |
| F. | Actual Load to Estimated Load Comparison | 193,000         | (D - E)                             |
| G. | Under collection due to volume           | \$ (6,768,510)  | (F * (A / D) * -1)                  |
| H. | Under Collection of Revenue Requirement  | \$ (11,309,016) | C                                   |
| I. | Under Collection due to Volume           | \$ (6,768,510)  | G                                   |
| J. | Total Under Collection                   | \$ (18,077,526) | (C + G)                             |

**2015 Over/(Under) Collection by Entity:**

|                | <b><u>Annual Amount:</u></b> | <b><u>Adjusted to 75% for Jan-Sep 2015:</u></b> |
|----------------|------------------------------|---|
| Basin Electric | 2,141,439                    | 1,606,079                                       |
| Western (2)    | (18,827,479)                 | (14,690,503)                                    |
| Heartland      | (204,474)                    | (153,355)                                       |
| MRES           | (815,556)                    | (611,667)                                       |
| NWPS           | (371,456)                    | (278,592)                                       |
|                | (18,077,527)                 | (13,558,145)                                    |

- (1) 2015 actual load includes an estimate for 3 months to obtain value for load calculation.
- (2) Western amount includes \$(571,771.50) for IS 2013 true-up assumed by Western and not yet included in IS rates. The full amount of Unreserved Use Penalty is included in the Western total.

# Integrated System Transmission Rates 2015 Actual

# INTEGRATED SYSTEM ANNUAL REVENUE REQUIREMENT FOR TRANSMISSION SERVICE Effective January 1, 2015 - Actual

Line

No.

|    |  |               |   |
|----|--|---------------|---|
| 1  |  |               |   |
| 2  |  |               |   |
| 3  | <b><u>Annual IS Transmission Costs</u></b>   |               | <b><u>Notes</u></b>                         |
| 4  | Basin Electric   | 67,803,114    | Basin Electric Revenue Requirement Template |
| 5  | Western  | 134,939,269   | Western Revenue Requirement Template        |
| 6  | Heartland  | 1,061,728     | Heartland Revenue Requirement Template      |
| 7  |  | \$203,804,111 | L4 + L5 + L6                                |
| 8  |  |               |   |
| 9  |  |               |   |
| 10 | <b><u>Transmission Customer Facility Credits</u></b>                               |               |   |
| 11 |  | 3,323,685     | MRES Revenue Requirement Template           |
| 12 |  | 6,294,320     | NWPS Revenue Requirement Template           |
| 13 |  | \$9,618,005   | L11 + L12                                   |
| 14 |  |               |   |
| 15 |  |               |   |
| 16 | <b><u>Annual Revenue Requirement for IS Transmission Service</u></b>               |               |   |
| 17 |  |               |   |
| 18 |  | \$213,422,116 | L7 + L13                                    |
| 19 |  |               |   |
| 20 |  |               |   |
| 21 | <b><u>2013 True-up Amount</u></b>  |               |   |
| 22 |  | (\$1,595,537) | 2013 Rate True-up Worksheet                 |
| 23 |  |               |   |
| 24 | <b><u>2015 Unreserved Use of Transmission Service Penalties</u></b>                |               |   |
| 25 |  |               |   |
| 26 |  | (\$7,508)     | 2015 Unreserved Use Penalty Worksheet       |
| 27 |  |               |   |
| 28 | <b><u>Annual Revenue Requirement for IS Transmission Service after True-up</u></b> |               |   |
| 29 |  |               |   |
| 30 |  | \$211,819,071 | L18 + L22 + L26                             |
| 31 | <b><u>2015 True-up Amount</u></b>  |               |   |
| 32 |  | \$18,077,526  | 2015 Rate True-up Worksheet                 |
| 33 |  |               |   |
| 34 |  |               |   |
| 35 |  |               |   |
| 36 |  |               |   |
| 37 |  |               |   |

# FIRM POINT-TO-POINT RATE DESIGN

## Effective January 1, 2015 - Actual

Line

No.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15

**Annual Revenue Requirement for IS Transmission Service**

**Notes**

\$211,819,071

IS Annual Revenue Requirement for  
Transmission Service Worksheet, L30

**IS Transmission System Total Load**

5,524,000 KW

IS Transmission System Total Load Worksheet, C5L14

**Maximum Firm Point-to-Point Transmission Rate in \$/KW-Mo**

**\$3.20 / KW-Mo**

L5 / L10 / 12 months

# NON-FIRM POINT-TO-POINT RATE DESIGN

## Effective January 1, 2015 - Actual

Line

No.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**Firm Point-to-Point Transmission Rate in \$/KW-Mo**

**Notes**

\$3.20 / KW-Mo

IS Firm Point-to-Point Rate Design Worksheet, L15

**Maximum Non-Firm Point-to-Point Transmission Rate**

**4.38 Mills/KWh**

(L5 \* 1000) / 730 hours per month

# Integrated System Transmission Rates 2015 Estimated

# INTEGRATED SYSTEM ANNUAL REVENUE REQUIREMENT FOR TRANSMISSION SERVICE Effective January 1, 2015

Line  
No.

|    |  |                    |   |
|----|--|--------------------|---|
| 1  |  |                    |   |
| 2  |  |                    |   |
| 3  | <b><u>Annual IS Transmission Costs</u></b>   |                    | <b><u>Notes</u></b>                         |
| 4  | Basin Electric   | \$69,944,553       | Basin Electric Revenue Requirement Template |
| 5  | Western  | \$122,876,359      | Western Revenue Requirement Template        |
| 6  | Heartland  | <u>\$857,254</u>   | Heartland Revenue Requirement Template      |
| 7  |  | \$193,678,166      | L4 + L5 + L6                                |
| 8  |  |                    |   |
| 9  |  |                    |   |
| 10 | <b><u>Transmission Customer Facility Credits</u></b>                               |                    |   |
| 11 |  | \$2,508,129        | MRES Revenue Requirement Template           |
| 12 |  | <u>\$5,922,864</u> | NWPS Revenue Requirement Template           |
| 13 |  | \$8,430,993        | L11 + L12                                   |
| 14 |  |                    |   |
| 15 |  |                    |   |
| 16 | <b><u>Annual Revenue Requirement for IS Transmission Service</u></b>               |                    |   |
| 17 |  |                    |   |
| 18 |  | \$202,109,159      | L7 + L13                                    |
| 19 |  |                    |   |
| 20 | <b><u>2013 True-up Amount</u></b>  |                    |   |
| 21 |  | (\$1,595,537)      | 2013 Rate True-up Worksheet                 |
| 22 |  |                    |   |
| 23 | <b><u>2013 Unreserved Use of Transmission Service Penalties</u></b>                |                    |   |
| 24 |  |                    |   |
| 25 |  | (\$3,567)          | 2013 Unreserved Use Penalty Worksheet       |
| 26 |  |                    |   |
| 27 | <b><u>Annual Revenue Requirement for IS Transmission Service after True-up</u></b> |                    |   |
| 28 |  |                    |   |
| 29 |  | \$200,510,055      | L18 + L21 + L25                             |

**INTEGRATED SYSTEM  
FIRM POINT-TO-POINT RATE DESIGN  
Effective January 1, 2015**

Line

No.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15

**Annual Revenue Requirement for IS Transmission Service**

**Notes**

\$200,510,055

IS Annual Revenue Requirement for  
Transmission Service Worksheet, L29

**IS Transmission System Total Load**

5,717,000 KW IS Transmission System Total Load Estimate

**Maximum Firm Point-to-Point Transmission Rate in \$/KW-Mo**

**\$2.92 / KW-Mo**

L5 / L10 / 12 months

**INTEGRATED SYSTEM**  
**NON-FIRM POINT-TO-POINT RATE DESIGN**  
**Effective January 1, 2015**

Line

No.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**Firm Point-to-Point Transmission Rate in \$/KW-Mo**

**Notes**

\$2.92 / KW-Mo

IS Firm Point-to-Point Rate Design Worksheet, L15

**Maximum Non-Firm Point-to-Point Transmission Rate**

**4.00 Mills/KWh**

(L5 \* 1000) / 730 hours per month

# Integrated System Load Data

**2015 IS Transmission System Total Load Estimate**  
**Transmission Rate**  
(MW)

**5,717**

## 2015 Integrated System Network Load

(MW)

| Line No. | (1)<br>Date                          | (2)<br>Hour Ending | (3)<br>Basin Network<br>System Load | (5)<br>Basin<br>NIMECA | (6)<br>Western Network<br>System Load | (7)<br>Heartland Network<br>System Load | (8)<br>MRES | (9)<br>NWPS | (10)<br>XCEL | (11)<br>NWMT | (12)<br>MDU | (13)<br>Minnkota | (14)<br>SMEC | (15)<br>Total IS<br>Network Loads |
|----------|--------------------------------------|--------------------|-------------------------------------|------------------------|---------------------------------------|---|-------------|-------------|--------------|--------------|-------------|------------------|--------------|-----------------------------------|
| 1        |                                      |                    |                                     |                        |                                       |   |             |             |              |              |             |                  |              |                                   |
| 2        | 01/07/15                             | 800                | 2,939                               | 69                     | 1733                                  | 94                                      | 382         | 296         | 1.039        | 44           | 77          | 11               | 4            | 5,650                             |
| 3        | 02/18/15                             | 800                | 2,828                               | 67                     | 1717                                  | 94                                      | 371         | 284         | 0.994        | 36           | 72          | 11               | 3            | 5,484                             |
| 4        | 03/05/15                             | 800                | 2,819                               | 65                     | 1644                                  | 94                                      | 355         | 282         | 0.982        | 38           | 65          | 11               | 3            | 5,377                             |
| 5        | 04/08/15                             | 800                | 2,368                               | 45                     | 1294                                  | 74                                      | 258         | 198         | 0.696        | 30           | 25          | 15               | 2            | 4,310                             |
| 6        | 05/18/15                             | 1000               | 2,257                               | 45                     | 1213                                  | 68                                      | 213         | 199         | 0.462        | 35           | 15          | 6                | 2            | 4,053                             |
| 7        | 06/29/15                             | 1700               | 2,618                               | 59                     | 1495                                  | 80                                      | 288         | 264         | 0.903        | 60           | 49          | 7                | 6            | 4,927                             |
| 8        | 07/27/15                             | 1700               | 2,784                               | 63                     | 1716                                  | 89                                      | 366         | 306         | 0.901        | 39           | 44          | 11               | 6            | 5,425                             |
| 9        | 08/14/15                             | 1700               | 2,922                               | 68                     | 1687                                  | 86                                      | 355         | 301         | 1.191        | 55           | 55          | 11               | 6            | 5,547                             |
| 10       | 09/03/15                             | 1700               | 2,791                               | 73                     | 1350                                  | 88                                      | 379         | 308         | 0.884        | 37           | 37          | 11               | 3            | 5,078                             |
| 11       | 10/15 (est)                          | 0                  | 2,743                               | 53                     | 1177                                  | 77                                      | 256         | 226         | 0.594        | 35           | 30          | 11               | 1            | 4,610                             |
| 12       | 11/15 (est)                          | 0                  | 2,819                               | 62                     | 1582                                  | 86                                      | 354         | 269         | 0.748        | 44           | 58          | 11               | 4            | 5,290                             |
| 13       | 12/15 (est)                          | 0                  | 2,819                               | 63                     | 1656                                  | 87                                      | 362         | 277         | 0.927        | 51           | 73          | 10               | 3            | 5,402                             |
| 14       |                                      |                    |                                     |                        |                                       |   |             |             |              |              |             |                  |              |                                   |
| 15       | Average Monthly Peak IS Network Load |                    | 2,726                               | 61                     | 1,522                                 | 85                                      | 328         | 268         | 0.860        | 42           | 50          | 10.5             | 4            | 5,096                             |
|          | 2014 Network Load                    |                    | 2,611                               | 62                     | 1,475                                 | 85                                      | 328         | 270         | 0.791        | 43           | 36          | 10               | 3            | 4,923                             |
|          | Difference                           |                    | 115                                 | -1                     | 47                                    | 0                                       | 0           | -3          | 0            | -1           | 14          | 1                | 1            | 173                               |
|          | Percent Change                       |                    | 4.20%                               | -1.64%                 | 3.09%                                 | -0.29%                                  | 0.08%       | -0.93%      | 8.03%        | -2.38%       | 28.00%      | -7.62%           | 16.28%       | 3.39%                             |

## 2015 IS Transmission System Total Load (MW)

| Line No. | (1)<br>Date | (2)<br>Hour Ending | (3)<br>Network Load | (4)<br>Long-Term Firm<br>Point-to-Point<br>Reservations |
|----------|-------------|--------------------|---------------------|---|
| 1        | 01/07/15    | 800                | 5,650               | 428   |
| 2        | 02/18/15    | 800                | 5,484               | 428   |
| 3        | 03/05/15    | 800                | 5,377               | 428   |
| 4        | 04/08/15    | 800                | 4,310               | 428   |
| 5        | 05/18/15    | 1000               | 4,053               | 428   |
| 6        | 06/29/15    | 1700               | 4,927               | 428   |
| 7        | 07/27/15    | 1700               | 5,425               | 428   |
| 8        | 08/14/15    | 1700               | 5,547               | 428   |
| 9        | 09/03/15    | 1700               | 5,078               | 428   |
| 10       | 10/15 (est) | 0                  | 4,610               | 426   |
| 11       | 11/15 (est) | 0                  | 5,290               | 426   |
| 12       | 12/15 (est) | 0                  | 5,402               | <u>426</u>  |
| 13       |             |                    |                     |   |
| 14       | 12 CP       |                    | 5,096               | 428   |

Western's  
2015 Actual  
Revenue Requirement Template

Western Area Power Administration  
Revenue Requirement - Non-Levelized  
Utilizing Financial Statement Results of Operations  
12 Months Ending 09/30/2015 ACTUAL

| Line No. | (1)  | REFERENCE (2)  | COMPANY TOTAL (3) | ALLOCATOR | (4)     | TRANSMISSION ALLOCATED AMOUNT (5) |
|----------|--|--|-------------------|-----------|---------|-----------------------------------|
| 1        | GROSS REVENUE REQUIREMENT  | (line 75)  |                   |           |         | \$ 147,584,380                    |
|          | REVENUE CREDITS  | (Note R)   |                   |           |         |                                   |
| 2        | Short-Term Firm Point-to-Point Transmission Service Credit   |  | 2,693,745         | NA        | 1.00000 | 2,693,745                         |
| 3        | Non-Firm Point-to-Point Transmission Service Credit  |  | 6,209,213         | NA        | 1.00000 | 6,209,213                         |
| 4        | Revenue from Existing Transmission Agreements  |  | 769,960           | NA        | 1.00000 | 769,960                           |
| 5        | Scheduling, System Control, and Dispatch Service Credit  |  | 2,846,483         | NA        | 1.00000 | 2,846,483                         |
| 6        | Account No. 454  | (line 114)   | 125,710           | TP        | 1.00000 | 125,710                           |
| 7        | Account No. 456  | (line 118)   | 0                 | TP        | 1.00000 | 0                                 |
| 8        | TOTAL REVENUE CREDITS  |  |                   |           |         | 12,645,111                        |
| 9        | PRIOR PERIOD TRUE-UP   |  |                   |           |         | 0                                 |
| 10       | NET REVENUE REQUIREMENT  | (line 1 - line 8)                                      |                   |           |         | \$ 134,939,269                    |
|          | <b>RATE BASE:</b>  |  |                   |           |         | (Col 3 times Col 4)               |
|          | GROSS PLANT IN SERVICE   | (Note A)   |                   |           |         |                                   |
| 11       | Production   | Schedule 1A Total                                      | 996,868,759       | NA        |         |                                   |
| 12       | Transmission   | Schedule 1A Total                                      | 1,290,293,787     | TP        | 1.00000 | 1,290,293,787                     |
| 13       | Distribution   | Schedule 1A Total                                      | 34,037,377        | NA        |         |                                   |
| 14       | General & Intangible   | Bal Sheet - Other Assets - SGL                         |                   | W/S       | 1.00000 | 0                                 |
| 15       | Common   | 175002   |                   | CE        | 0.00000 | 0                                 |
| 16       | TOTAL GROSS PLANT  | (sum lines 11 to 15)                                   | 2,321,199,923     | GP=       | 55.587% | 1,290,293,787                     |
|          | ACCUMULATED DEPRECIATION   |  |                   |           |         |                                   |
| 17       | Production   | Schedule 4   | 548,845,715       | NA        |         |                                   |
| 18       | Transmission   | Schedule 4   | 628,583,315       | TP        | 1.00000 | 628,583,315                       |
| 19       | Distribution   | Schedule 4   | 16,445,125        | NA        |         |                                   |
| 20       | General & Intangible   | Bal Sheet - Other Assets - SGL                         |                   | W/S       | 1.00000 | 0                                 |
| 21       | Common   | 175902   | 0                 | CE        | 0.00000 | 0                                 |
| 22       | TOTAL ACCUM. DEPRECIATION  | (sum lines 17 to 21)                                   | 1,193,874,155     |           |         | 628,583,315                       |
|          | NET PLANT IN SERVICE   |  |                   |           |         |                                   |
| 23       | Production   | (line 11 - line 17)                                    | 448,023,044       |           |         |                                   |
| 24       | Transmission   | (line 12 - line 18)                                    | 661,710,472       |           |         | 661,710,472                       |
| 25       | Distribution   | (line 13 - line 19)                                    | 17,592,252        |           |         |                                   |
| 26       | General & Intangible   | (line 14 - line 20)                                    | 0                 |           |         | 0                                 |
| 27       | Common   | (line 15 - line 21)                                    | 0                 |           |         | 0                                 |
| 28       | TOTAL NET PLANT  | (sum lines 23 to 27)                                   | 1,127,325,768     | NP=       | 58.697% | 661,710,472                       |
|          | ADJUSTMENTS TO RATE BASE   | (Note B)   |                   |           |         |                                   |
| 29       | Account No. 281  | (enter negative)                                       | 0                 |           | 0.00000 | 0                                 |
| 30       | Account No. 282  | (enter negative)                                       | 0                 | NP        | 0.58697 | 0                                 |
| 31       | Account No. 283  | (enter negative)                                       | 0                 | NP        | 0.58697 | 0                                 |
| 32       | Account No. 190  | (enter negative)                                       | 0                 | NP        | 0.58697 | 0                                 |
| 33       | Account No. 255  | (enter negative)                                       | 0                 | NP        | 0.58697 | 0                                 |
| 34       | TOTAL ADJUSTMENTS  | (sum lines 29 to 33)                                   | 0                 |           |         | 0                                 |
| 35       | LAND HELD FOR FUTURE USE   | (Note C)   | 0                 | TP        | 1.00000 | 0                                 |
|          | WORKING CAPITAL  | (Note D)   |                   |           |         |                                   |
| 36       | CWC  | calculated   | 24,318,506        |           |         | 0                                 |
|          | Materials & Supplies   | Bal Sheet - Other Assets - SGL                         |                   | TE        | 0.00000 | 0                                 |
| 38       | Prepayments  | 151191 (Note C)  | 0                 | GP        | 0.55587 | 0                                 |
| 39       | TOTAL WORKING CAPITAL  | (sum lines 36 to 38)                                   | 24,318,506        |           |         | 0                                 |
| 40       | RATE BASE  | (sum lines 28, 34, 35, 39)                             | 1,151,644,274     |           |         | 661,710,472                       |
|          | <b>O&amp;M</b>   |  |                   |           |         |                                   |
|          | Transmission   | Schedule 11 (Note E)                                   |                   |           |         |                                   |
| 41       | Western UGP  |  | 64,974,326        | PTP/UGP   | 0.95700 | 62,180,419                        |
| 42       | Western RMR  |  | 40,812,431        | PTP/RMR   | 0.00875 | 357,119                           |
| 43       | COE  | COE Financial Stmt                                     | 59,862,815        | PTP/COE   | 0.07428 | 4,446,610                         |
| 44       | Less Account 565   | (Note E)   | 0                 | NA        | 1.00000 | 0                                 |
|          | A&G  | Schedule 11 (Note F)                                   |                   |           |         |                                   |
| 45       | Western UGP  |  | 18,484,518        | PTP/UGP   | 0.95700 | 17,689,681                        |
| 46       | Western RMR  |  | 10,413,957        | PTP/RMR   | 0.00875 | 91,125                            |
| 47       | Less FERC Annual Fees  |  | 0                 | W/S       | 1.00000 | 0                                 |
| 48       | Less EPRI & Reg. Comm. Exp. & Non-safety Ad  | (Note G)   | 0                 | W/S       | 1.00000 | 0                                 |
| 49       | Plus Transmission Related Reg. Comm. Exp   | (Note G)   | 0                 | TE        | 0.00000 | 0                                 |
| 50       | Common   |  | 0                 | CE        | 0.00000 | 0                                 |
| 51       | Transmission Lease Payments  |  | 0                 | NA        | 1.00000 | 0                                 |
| 52       | TOTAL O&M  | (sum lines 41, 42, 43, 45, 46, 49, 50 less 44, 47, 48) | 194,548,047       |           |         | 84,764,953                        |
|          | DEPRECIATION EXPENSE   |  |                   |           |         |                                   |
| 53       | Transmission   | Schedule 4   |                   |           |         |                                   |
| 54       | Western UGP  |  | 30,110,552        | PTP/UGP   | 0.95700 | 28,815,793                        |
| 55       | Western RMR  |  | 18,232,948        | PTP/RMR   | 0.00875 | 159,543                           |
| 56       | COE  |  | 13,917,574        | PTP/COE   | 0.07428 | 1,033,797                         |
| 57       | General  |  | 0                 | W/S       | 1.00000 | 0                                 |
| 58       | Common   |  | 0                 | CE        | 0.00000 | 0                                 |
| 59       | TOTAL DEPRECIATION   | (sum lines 53 to 58)                                   | 62,261,074        |           |         | 30,009,133                        |
|          | TAXES OTHER THAN INCOME TAXES  | (Note H)   |                   |           |         |                                   |
|          | LABOR RELATED  |  |                   |           |         |                                   |
| 60       | Payroll  |  | 0                 | W/S       | 1.00000 | 0                                 |
| 61       | Highway and vehicle  |  | 0                 | W/S       | 1.00000 | 0                                 |
|          | PLANT RELATED  |  |                   |           |         |                                   |
| 62       | Property   |  | 0                 | GP        | 0.55587 | 0                                 |
| 63       | Gross Receipts   |  | 0                 | GP        | 0.00000 | 0                                 |
| 64       | Other  |  | 0                 | GP        | 0.55587 | 0                                 |
| 65       | Payments in lieu of taxes  |  | 0                 | GP        | 0.55587 | 0                                 |
| 66       | TOTAL OTHER TAXES  | (sum lines 60 to 65)                                   | 0                 |           |         | 0                                 |
|          | INCOME TAXES   | (Note I)   |                   |           |         |                                   |
| 67       | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$  |  | 0.00%             | NA        |         |                                   |
| 68       | $CIT=(T/1-T) * (1-(WCLTD/R)) =$<br>where WCLTD= (line 106) and R= (line 108) and FIT, SIT & p<br>are as given in footnote I. |  | 0.00%             |           |         |                                   |
| 69       | $1 / (1 - T) =$ (from line 67)   |  | 0.0000            |           |         |                                   |
| 70       | Amortized Investment Tax Credit  | (enter negative)                                       | 0                 |           |         | 0                                 |
| 71       | Income Tax Calculation   | (line 68 * line 74)                                    | 0                 | NA        |         | 0                                 |
| 72       | ITC adjustment   | (line 69 * line 70)                                    | 0                 | NP        | 0.58697 | 0                                 |
| 73       | Total Income Taxes   | (line 71 + line 72)                                    | 0                 |           |         | 0                                 |
| 74       | RETURN [ Rate Base * Rate of Return]   | (line 40 * line 105)                                   | 57,103,201        | NA        |         | 32,810,293                        |
| 75       | REV. REQUIREMENT   | (sum lines 52, 59, 66, 73, 74)                         | 313,912,322       |           |         | 147,584,380                       |

**SUPPORTING CALCULATIONS AND NOTES**

|   |   |                                |               |      |   |                                 |            |                   |               |
|---|---|--------------------------------|---------------|------|---|---------------------------------|------------|-------------------|---------------|
| TRANSMISSION PLANT INCLUDED IN IS RATES |   |                                |               |      |   |                                 |            |                   |               |
| 76                                      | Total transmission plant  | (line 12, column 3)            |               |      |   |                                 |            |                   | 1,290,293,787 |
| 77                                      | Less transmission plant excluded from IS rates  | (Note K)                       |               |      |   |                                 |            |                   | 0             |
| 78                                      | Less transmission plant included in OATT Ancillary Services                             | (Note L)                       |               |      |   |                                 |            |                   | 0             |
| 79                                      | Transmission plant included in IS rates   | (line 76 less line 77 and 78)  |               |      |   |                                 |            |                   | 1,290,293,787 |
| 80                                      | Percentage of transmission plant included in IS Rates                                   | (line 79 / line 76)            |               |      |   | TP=                             |            |                   | 1.00000       |
| TRANSMISSION EXPENSES                   |   |                                |               |      |   |                                 |            |                   |               |
| 81                                      | Total transmission expenses   | (sum lines 41 to 43, column 3) |               |      |   |                                 |            |                   | 0             |
| 82                                      | Less transmission expenses included in OATT Ancillary Services                          | (Note J)                       |               |      |   |                                 |            |                   | 0             |
| 83                                      | Included transmission expenses  | (line 81 - line 82)            |               |      |   |                                 |            |                   | 0             |
| 84                                      | Percentage of transmission expenses after adjustment (line 8 di                         | (line 83/ line 81)             |               |      |   |                                 |            |                   | 0.00000       |
| 85                                      | Percentage of transmission plant included in IS Rates                                   | (line 80)                      |               |      |   | TP                              |            |                   | 1.00000       |
| 86                                      | Percentage of transmission expenses included in IS Rates                                | (line 85 * line 84)            |               |      |   | TE=                             |            |                   | 0.00000       |
| WAGES & SALARY ALLOCATOR (W&S)          |   |                                |               |      |   |                                 |            |                   |               |
|   |   |                                | \$            |      |   | TP                              | Allocation |                   |               |
| 87                                      | Production  |                                | 0             | 0.00 |   |                                 | 0          |                   |               |
| 88                                      | Transmission  |                                | 21,778,508    | 1.00 |   |                                 | 21,778,508 |                   |               |
| 89                                      | Distribution  |                                | 0             | 0.00 |   |                                 | 0          | W&S Allocator     |               |
| 90                                      | Other   |                                | 0             | 0.00 |   |                                 | 0          | (\$ / Allocation) |               |
| 91                                      | Total   | (sum lines 87 to 90)           | 21,778,508    |      |   |                                 | 21,778,508 | =                 | 1.00000       |
| PERCENTAGE OF TOTAL PLANT ALLOCATOR PTP |   |                                |               |      |   |                                 |            |                   |               |
|   |   |                                | \$            |      |   |                                 |            |                   |               |
| 92                                      | Transmission Plant in Service UGP   |                                | 1,205,183,618 |      |   |                                 |            |                   |               |
| 93                                      | Total Plant in Service UGP  |                                | 1,259,335,246 |      |   |                                 |            |                   |               |
| 94                                      | UGP Percentage of Transmission Plant to Total Plant                                     | (line 92 / line 93)            |               |      |   | PTP/UGP                         | =          |                   | 0.95700       |
| 95                                      | Transmission Plant in Service RMR   |                                | 6,735,145     |      |   |                                 |            |                   |               |
| 96                                      | Total Plant in Service RMR  |                                | 769,708,741   |      |   |                                 |            |                   |               |
| 97                                      | RMR Percentage of Transmission Plant to Total Plant                                     | (line 95 / line 96)            |               |      |   | PTP/RMR                         | =          |                   | 0.00875       |
| 98                                      | Transmission Plant in Service COE   |                                | 78,375,024    |      |   |                                 |            |                   |               |
| 99                                      | Total Plant in Service COE  |                                | 1,055,129,533 |      |   |                                 |            |                   |               |
| 100                                     | COE Percentage of Transmission Plant to Total Plant                                     | (line 98 / line 99)            |               |      |   | PTP/COE                         | =          |                   | 0.07428       |
| COMMON PLANT ALLOCATOR (CE)             |   |                                |               |      |   |                                 |            |                   |               |
|   |   |                                | \$            |      |   | % Electric                      |            | Labor Ratio =     | CE 0.00000    |
| 101                                     | Electric  |                                | 0             |      |   | (line 101 / line 104)           |            | (line 91)         |               |
| 102                                     | Gas   |                                | 0             |      |   |                                 |            |                   |               |
| 103                                     | Water   |                                | 0             |      |   | 0.00000                         | *          | 1.00000           |               |
| 104                                     | Total   | (sum lines 101 to 103)         | 0             |      |   |                                 |            |                   |               |
| RETURN (R)                              |   |                                |               |      |   |                                 |            |                   |               |
|   |   |                                | \$            |      |   |                                 |            |                   |               |
| 105                                     | Long Term Interest Schedule 5   |                                | \$41,211,711  |      |   |                                 |            |                   |               |
|   |   |                                | \$            |      | % | Cost                            |            | Weighted          | =WCLTD        |
|   |   | HFD Sch's 21RX & 21X Col 8     |               |      |   | (Note O)                        |            |                   |               |
| 106                                     | Long Term Debt  | Lines 23,25,26,29,30           | 831,148,342   | 100% |   | 0.0496                          |            | 0.0496            | =R            |
| 107                                     | Proprietary Capital   |                                | 0             | 0%   |   | 0.1238                          |            | 0.0000            |               |
| 108                                     | Total (sum lines 31-32)   | (sum lines 106 to 107)         | 831,148,342   | 100% |   |                                 |            | 0.0496            |               |
| 109                                     |   |                                |               |      |   | Proprietary Capital Cost Rate = |            | 12.38%            |               |
| 110                                     |   |                                |               |      |   | TIER =                          |            | 1.00              |               |
| REVENUE CREDITS                         |   |                                |               |      |   |                                 |            |                   |               |
|   |   |                                |               |      |   |                                 |            | Load              |               |
| ACCOUNT 447 (SALES FOR RESALE)          |   |                                |               |      |   |                                 |            |                   |               |
| 111                                     | a. Bundled Non-RQ Sales for Resale  | (Note P)                       |               |      |   |                                 |            | 0                 |               |
| 112                                     | b. Bundled Sales for Resale included in Divisor on page 1                               |                                |               |      |   |                                 |            | 0                 |               |
| 113                                     | Total of (a)-(b)  |                                |               |      |   |                                 |            | 0                 |               |
| 114                                     | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)   | (Note Q)                       |               |      |   |                                 |            | 125,710           |               |
| 115                                     | ACCOUNT 456 (OTHER ELECTRIC REVENUES)   |                                |               |      |   |                                 |            | 0                 |               |
| 116                                     | a. Transmission charges for all transmission transactions                               |                                |               |      |   |                                 |            | 0                 |               |
| 117                                     | b. Transmission charges for all transmission transactions included in Divisor on page 1 |                                |               |      |   |                                 |            | 0                 |               |
| 118                                     | Total of (a)-(b)  |                                |               |      |   |                                 |            | 0                 |               |

**Note Letter** General Note: References to Results of Operations in this revenue requirement template indicate the Financial Statement Results of Operations (ROOs) Schedule where data is located. To the extent the references to ROOs data are missing, the entity will include a "Notes" section to provide this data.

**A** Combines plant data for both the Upper Great Plains Region and Rocky Mountain Region.

**B** Does not apply to Western. For others, the balances in Accounts 190, 281, 282 and 283, as adjusted by any contra accounts identified as regulatory assets amounts in 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.

**C** Transmission related only.

**D** Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at line 52 column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported in the Other Assets Section of the Balance Sheet.

**E** For O&M Expense, Calculated as Total O&M from Results of Operations less Purchase Power, Transmission Service Provided by Others (FERC 565), O&M Expense Fort Peck Powerhouse, Prior Year Adjustments, A&G Expense from Schedule 11, plus CME and Warehouse Interest from Schedule 5. Depreciation Expense from Results of Operations Schedule 4.

**F** Totals of Results of Operations Schedule 11A Object Classes 1411, 1412, 1415, 1416, 1421, 1422, 1425, 1426, 1431, 1432, 1441, 1442.

**G** Line 48 - EPRI Annual Membership Dues, all Regulatory Commission Expenses, and non-safety related advertising. Line 49 - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting.

**H** 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.

**I** Western is not subject to Federal or State Income Tax.  
 Inputs Required: FIT = 0.00%  
 SIT = 0.00% (State Income Tax Rate or Composite SIT)  
 p = 0.00% (percent of federal income tax deductible for state purposes)

**J** Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Acct No. 561. Western does not include transmission expenses in ancillary service rates.

**K** Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until RUS 12 balances are adjusted to reflect application of seven-factor test).

**L** 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.

**M** Percentage of Total Plant Allocators are developed separately for the Upper Great Plains Region and Rocky Mountain Region to allocate O&M, A&G, and Depreciation Expenses between Transmission and Generation.

**N** Western does not have Common Plant.

**O** Debt cost rate = long-term interest (line 105) / long term debt (line 106). 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.

**P** Line 111 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included in the divisor.

**Q** Includes income related only to transmission facilities, such as pole attachments, rentals and special use.

**R** The revenues credited in lines 2-5 shall include only the amounts received directly reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Revenue Requirement Template.

Western's  
2015 Estimated  
Revenue Requirement Template

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
Utilizing Financial Statement Results of Operations

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Western Area Power Administration

| Line No. |  | Total      | Allocator  | Allocated Amount |
|----------|--|------------|------------|------------------|
| 1        | GROSS REVENUE REQUIREMENT (page 3, line 29)                |            |            | \$ 141,122,511   |
|          | REVENUE CREDITS (Note R)                                   |            |            |                  |
| 2        | Short-Term Firm Point-to-Point Transmission Service Credit | 36,446     | NA 1.00000 | 36,446           |
| 3        | Non-Firm Point-to-Point Transmission Service Credit        | 17,421,585 | NA 1.00000 | 17,421,585       |
| 4        | Revenue from Existing Transmission Agreements              | 631,106    | NA 1.00000 | 631,106          |
| 5        | Scheduling, System Control, and Dispatch Service Credit    | 77,985     | NA 1.00000 | 77,985           |
| 6        | Account No. 454 (page 4, line 39)                          | 79,030     | TP 1.00000 | 79,030           |
| 7        | Account No. 456 (page 4, line 42)                          | 0          | TP 1.00000 | 0                |
| 8        | TOTAL REVENUE CREDITS                                      |            |            | 18,246,152       |
| 9        | NET REVENUE REQUIREMENT (line 1 minus line 8)              |            |            | \$ 122,876,359   |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
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| Line No.                                 | (1)<br>RATE BASE:                          | (2)<br>ROOs<br>Reference | (3)<br>Company Total | (4)<br>Allocator | (5)<br>Transmission<br>(Col 3 times Col 4) |
|--|--|--------------------------|----------------------|------------------|--|
| <b>GROSS PLANT IN SERVICE (Note A)</b>   |  |                          |                      |                  |  |
| 1  | Production                                 | Schedule 1A Total        | 1,057,492,594        | NA               |  |
| 2  | Transmission                               | Schedule 1A Total        | 1,288,298,612        | TP               | 1.00000                                    |
| 3  | Distribution                               | Schedule 1A Total        | 32,107,899           | NA               |  |
|  |  | Bal Sheet - Other Assets |                      |                  |  |
| 4  | General & Intangible                       | - SGL 175002             |                      | W/S              | 1.00000                                    |
| 5  | Common                                     |                          | 0                    | CE               | 0.00000                                    |
| 6  | TOTAL GROSS PLANT (sum lines 1-5)          |                          | 2,377,899,105        | GP=              | 54.178%                                    |
| <b>ACCUMULATED DEPRECIATION</b>          |  |                          |                      |                  |  |
| 7  | Production                                 | Schedule 4               | 552,603,594          | NA               |  |
| 8  | Transmission                               | Schedule 4               | 636,176,456          | TP               | 1.00000                                    |
| 9  | Distribution                               | Schedule 4               | 16,075,822           | NA               |  |
|  |  | Bal Sheet - Other Assets |                      |                  |  |
| 10                                       | General & Intangible                       | - SGL 175902             | 0                    | W/S              | 1.00000                                    |
| 11                                       | Common                                     |                          | 0                    | CE               | 0.00000                                    |
| 12                                       | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) |                          | 1,204,855,872        |                  |  |
| <b>NET PLANT IN SERVICE</b>              |  |                          |                      |                  |  |
| 13                                       | Production                                 | (line 1- line 7)         | 504,889,000          |                  |  |
| 14                                       | Transmission                               | (line 2- line 8)         | 652,122,156          |                  |  |
| 15                                       | Distribution                               | (line 3 - line 9)        | 16,032,077           |                  |  |
| 16                                       | General & Intangible                       | (line 4 - line 10)       | 0                    |                  |  |
| 17                                       | Common                                     | (line 5 - line 11)       | 0                    |                  |  |
| 18                                       | TOTAL NET PLANT (sum lines 13-17)          |                          | 1,173,043,233        | NP=              | 55.592%                                    |
| <b>ADJUSTMENTS TO RATE BASE (Note B)</b> |  |                          |                      |                  |  |
| 19                                       | Account No. 281 (enter negative)           |                          | 0                    |                  | zero                                       |
| 20                                       | Account No. 282 (enter negative)           |                          | 0                    | NP               | 0.55592                                    |
| 21                                       | Account No. 283 (enter negative)           |                          | 0                    | NP               | 0.55592                                    |
| 22                                       | Account No. 190                            |                          | 0                    | NP               | 0.55592                                    |
| 23                                       | Account No. 255 (enter negative)           |                          | 0                    | NP               | 0.55592                                    |
| 24                                       | TOTAL ADJUSTMENTS (sum lines 19 - 23)      |                          | 0                    |                  |  |
| 25                                       | LAND HELD FOR FUTURE USE                   | (Note C)                 | 0                    | TP               | 1.00000                                    |
| <b>WORKING CAPITAL (Note D)</b>          |  |                          |                      |                  |  |
| 26                                       | CWC  | calculated               | 21,342,941           |                  |  |
|  |  | Bal Sheet - Other Assets |                      |                  |  |
| 27                                       | Materials & Supplies (Note C)              | - SGL 151191             | 0                    | TE               | 0.00000                                    |
| 28                                       | Prepayments                                | Bal Sheet Other Assets   | 0                    | GP               | 0.54178                                    |
| 29                                       | TOTAL WORKING CAPITAL (sum lines 26 - 28)  |                          | 21,342,941           |                  |  |
| 30                                       | RATE BASE (sum lines 18, 24, 25, and 29)   |                          | 1,194,386,174        |                  |  |

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Western Area Power Administration

| Line No.  | (1)   | (2)                            | (3)                | (4)             | (5)                              |
|---|---|--------------------------------|--------------------|-----------------|----------------------------------|
|   |   | Results of Operation Reference | Company Total      | Allocator       | Transmission (Col 3 times Col 4) |
| <b>O&amp;M</b>  |   |                                |                    |                 |                                  |
| 1   | Transmission (Note E)   | Schedule 11                    |                    |                 |                                  |
| 1a  | Western UGP   |                                | 59,018,463         | PTP/UGP 0.95606 | 56,425,192                       |
| 1b  | Western RMR   |                                | 28,761,483         | PTP/RMR 0.00932 | 267,991                          |
| 1c  | COE   | COE Financial Stmt             | 51,423,384         | PTP/COE 0.08484 | 4,362,815                        |
| 2   | Less Account 565 (Note E)   |                                |                    | NA 1.00000      | 0                                |
| 3   | A&G (Note F)  | Schedule 11                    |                    |                 |                                  |
| 3a  | Western UGP   |                                | 21,256,002         | PTP/UGP 0.95606 | 20,322,014                       |
| 3b  | Western RMR   |                                | 10,284,196         | PTP/RMR 0.00932 | 95,825                           |
| 4   | Less FERC Annual Fees   |                                | 0                  | W/S 1.00000     | 0                                |
| 5   | Less EPRI & Reg. Comm. Exp. & Non-safety Ad (Note G)                        |                                | 0                  | W/S 1.00000     | 0                                |
| 5a  | Plus Transmission Related Reg. Comm. Exp (Note G)                           |                                | 0                  | TE 0.00000      | 0                                |
| 6   | Common  |                                | 0                  | CE 0.00000      | 0                                |
| 7   | Transmission Lease Payments   |                                | 0                  | NA 1.00000      | 0                                |
| 8   | TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)                     |                                | 170,743,529        |                 | 81,473,838                       |
| <b>DEPRECIATION EXPENSE</b>   |   |                                |                    |                 |                                  |
| 9   | Transmission (Note E)   | Schedule 4                     |                    |                 |                                  |
| 9a  | Western UGP   |                                | 29,194,250         | PTP/UGP 0.95606 | 27,911,455                       |
| 9b  | Western RMR   |                                | 20,038,251         | PTP/RMR 0.00932 | 186,711                          |
| 9c  | COE   |                                | 10,327,814         | PTP/COE 0.08484 | 876,223                          |
| 10  | General   |                                | 0                  | W/S 1.00000     | 0                                |
| 11  | Common  |                                | 0                  | CE 0.00000      | 0                                |
| 12  | TOTAL DEPRECIATION (Sum lines 9 - 11)                                       |                                | 59,560,315         |                 | 28,974,388                       |
| <b>TAXES OTHER THAN INCOME TAXES (Note H)</b>   |   |                                |                    |                 |                                  |
| <b>LABOR RELATED</b>  |   |                                |                    |                 |                                  |
| 13  | Payroll   |                                | 0                  | W/S 1.00000     | 0                                |
| 14  | Highway and vehicle   |                                | 0                  | W/S 1.00000     | 0                                |
| <b>PLANT RELATED</b>  |   |                                |                    |                 |                                  |
| 16  | Property  |                                | 0                  | GP 0.54178      | 0                                |
| 17  | Gross Receipts  |                                | 0                  | zero            | 0                                |
| 18  | Other   |                                | 0                  | GP 0.54178      | 0                                |
| 19  | Payments in lieu of taxes   |                                | 0                  | GP 0.54178      | 0                                |
| 20  | TOTAL OTHER TAXES (sum lines 13 - 19)                                       |                                | 0                  |                 | 0                                |
| <b>INCOME TAXES (Note I)</b>  |   |                                |                    |                 |                                  |
| 21  | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$                 |                                | 0.00%              | NA              |                                  |
| 22  | $CIT=(T/1-T) * (1-(WCLTD/R)) =$   |                                | 0.00%              |                 |                                  |
| where WCLTD=(page 4, line 27) and R=(page 4, line30) and FIT, SIT & p are as given in footnote I. |   |                                |                    |                 |                                  |
| 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 0.55592      | 0                                |
| 27  | Total Income Taxes (line 25 plus line 26)                                   |                                | 0                  |                 | 0                                |
| 28  | RETURN<br>[ Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)] |                                | 56,181,102         | NA              | 30,674,285                       |
| 29  | REV. REQUIREMENT (sum lines 8, 12,20,27,28)                                 |                                | <u>286,484,946</u> |                 | <u>141,122,511</u>               |



Revenue Requirement - Non-Levelized

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General Note: References to Results of Operations in this revenue requirement template indicate the Financial Statement Results of Operations (ROOs) Schedule where data is located

|                       |  |       |   |
|-----------------------|--|-------|---|
| Note<br><u>Letter</u> | To the extent the references to ROOs data are missing, the entity will include a "Notes" section to provide this data.   |       |   |
| A                     | Combines plant data for both the Upper Great Plains Region and Rocky Mountain Region.  |       |   |
| B                     | Does not apply to Western. For others, the balances in Accounts 190, 281, 282 and 283, as adjusted by any contra accounts identified as regulatory assets amounts in 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. |       |   |
| C                     | Transmission related only.   |       |   |
| D                     | Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5.<br>Prepayments are the electric related prepayments booked to Account No. 165 and reported in the Other Assets Section of the Balance Sheet  |       |   |
| E                     | For O&M Expense, Calculated as Total O&M from Results of Operations less Purchase Power, Transmission Service Provided by Others (FERC 565), O&M Expense Fort Peck Powerhouse, Prior Year Adjustments, A&G Expense from Schedule 11, plus CME and Warehouse Interest from Schedule 5. Depreciation Expense from Results of Operations Schedule 4.  |       |   |
| F                     | Totals of Results of Operations Schedule 11A Object Classes 1411, 1412, 1415, 1416, 1421, 1422, 1425, 1426, 1431, 1432, 1441, 1442   |       |   |
| G                     | 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.  |       |   |
| H                     | Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.<br>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.   |       |   |
| I                     | Western is not subject to Federal or State Income Tax.   |       |   |
|                       | Inputs Required:   | FIT = | 0.00%   |
|                       |  | SIT=  | 0.00% (State Income Tax Rate or Composite SIT)                      |
|                       |  | p =   | 0.00% (percent of federal income tax deductible for state purposes) |
| J                     | Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Acct No. 561.<br>Western does not include transmission expenses in ancillary service rates.  |       |   |
| K                     | Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until RUS 12 balances are adjusted to reflect application of seven-factor test).  |       |   |
| L                     | Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to 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.   |       |   |
| M                     | Percentage of Total Plant Allocators are developed separately for the Upper Great Plains Region and Rocky Mountain Region to allocate O&M, A&G, and Depreciation Expenses between Transmission and Generation.   |       |   |
| N                     | Western does not have Common Plant.  |       |   |
| O                     | 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.  |       |   |
| P                     | Line 29 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included in the divisor.   |       |   |
| Q                     | Includes income related only to transmission facilities, such as pole attachments, rentals and special use.  |       |   |
| R                     | The revenues credited on page 1 lines 2-5 shall include only the amounts received directly reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Revenue Requirement Template.             |       |   |

Heartland's  
2015 Actual  
Revenue Requirement Template

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
Annual Transmission Revenue Requirement

For the 12 months ending 12/31/2015

Heartland Consumers Power District

| <u>Line No.</u> |   |              | <u>Allocated Amount</u>    |
|-----------------|---|--------------|----------------------------|
| 1               | GROSS REVENUE REQUIREMENT (page 3, line 29)   |              | <u>\$ 1,105,998</u>        |
|                 | REVENUE CREDITS (Note P)                      | <u>Total</u> |                            |
| 2               | Account No. 454 (page 4, line 30)             | 1,093        |                            |
| 3               | Account No. 456.1 (page 4, line 33)           | 92,766       |                            |
| 4               | Revenue From Existing Transmission Agreements | 0            |                            |
| 5               | Transmission Service Credits                  | 0            |                            |
| 6               | TOTAL REVENUE CREDITS                         |              | <u>44,270</u>              |
|                 | NET REVENUE REQUIREMENT (line 1 minus line 6) |              | <u><u>\$ 1,061,728</u></u> |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
Annual Transmission Revenue Requirement

For the 12 months ending 12/31/2015

Heartland Consumers Power District

| Line No.                                 | (1)  | (2)                | (3)           | (4)         | (5)                                 |
|--|--|--------------------|---------------|-------------|-------------------------------------|
|  |  | Reference          | Company Total | Allocator   | Transmission<br>(Col 3 times Col 4) |
| <b>RATE BASE:</b>                        |  |                    |               |             |                                     |
| <b>GROSS PLANT IN SERVICE</b>            |  |                    |               |             |                                     |
| 1  | Production                                 | Schedule A.1       | 44,781,967    | NA          |                                     |
| 2  | Transmission                               | Schedule A.1       | 17,117,861    | TP 0.47166  | 8,073,840                           |
| 3  | Distribution                               |                    | 0             | NA          |                                     |
| 4  | General & Intangible                       | Schedule A.1       | 4,582,492     | W/S 0.05144 | 235,727                             |
| 5  | Common                                     |                    | 0             | CE 0.05144  | 0                                   |
| 6  | TOTAL GROSS PLANT (sum lines 1-5)          |                    | 66,482,320    | GP= 12.499% | 8,309,567                           |
| <b>ACCUMULATED DEPRECIATION</b>          |  |                    |               |             |                                     |
| 7  | Production                                 |                    | 32,156,209    | NA          |                                     |
| 8  | Transmission                               |                    | 14,065,489    | TP 0.47166  | 6,634,153                           |
| 9  | Distribution                               |                    | 0             | NA          |                                     |
| 10                                       | General & Intangible                       |                    | 1,332,153     | W/S 0.05144 | 68,527                              |
| 11                                       | Common                                     |                    | 0             | CE 0.05144  | 0                                   |
| 12                                       | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) |                    | 47,553,851    |             | 6,702,680                           |
| <b>NET PLANT IN SERVICE</b>              |  |                    |               |             |                                     |
| 13                                       | Production                                 | (line 1 - line 7)  | 12,625,758    |             |                                     |
| 14                                       | Transmission                               | (line 2 - line 8)  | 3,052,372     |             | 1,439,687                           |
| 15                                       | Distribution                               | (line 3 - line 9)  | 0             |             |                                     |
| 16                                       | General & Intangible                       | (line 4 - line 10) | 3,250,339     |             | 167,200                             |
| 17                                       | Common                                     | (line 5 - line 11) | 0             |             | 0                                   |
| 18                                       | TOTAL NET PLANT (sum lines 13-17)          |                    | 18,928,469    | NP= 8.489%  | 1,606,887                           |
| <b>ADJUSTMENTS TO RATE BASE (Note A)</b> |  |                    |               |             |                                     |
| 19                                       | Account No. 281 (enter negative)           |                    | 0             | zero        | 0                                   |
| 20                                       | Account No. 282 (enter negative)           |                    | 0             | NP 0.08489  | 0                                   |
| 21                                       | Account No. 283 (enter negative)           |                    | 0             | NP 0.08489  | 0                                   |
| 22                                       | Account No. 190                            |                    | 0             | NP 0.08489  | 0                                   |
| 23                                       | Account No. 255 (enter negative)           |                    | 0             | NP 0.08489  | 0                                   |
| 24                                       | TOTAL ADJUSTMENTS (sum lines 19 - 23)      |                    | 0             |             | 0                                   |
| 25                                       | LAND HELD FOR FUTURE USE (Note B)          |                    | 0             | TP 0.47166  | 0                                   |
| <b>WORKING CAPITAL (Note C)</b>          |  |                    |               |             |                                     |
| 26                                       | CWC  |                    | 477,179       |             | 87,957                              |
| 27                                       | Materials & Supplies (Note B)              |                    | 0             | TE 1.00000  | 0                                   |
| 28                                       | Prepayments                                |                    | 321,977       | GP 0.12499  | 40,244                              |
| 29                                       | TOTAL WORKING CAPITAL (sum lines 26 - 28)  |                    | 799,156       |             | 128,201                             |
| 30                                       | RATE BASE (sum lines 18, 24, 25, and 29)   |                    | 19,727,625    |             | 1,735,088                           |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
Annual Transmission Revenue Requirement

For the 12 months ending 12/31/2015

Heartland Consumers Power District

| Line No.                                      | (1)   | (2)          | (3)           | (4)       | (5)                                 |
|---|---|--------------|---------------|-----------|-------------------------------------|
|   |   | Reference    | Company Total | Allocator | Transmission<br>(Col 3 times Col 4) |
| <b>O&amp;M</b>                                |   |              |               |           |                                     |
| 1   | Transmission  | Schedule A.2 | 5,439,290     | TE        | 5,439,290                           |
| 1a  | Less LSE Expenses included in Transmission O&M Accounts (Note D)  |              | 0             | 1.00000   | 0                                   |
| 2   | Less Account 565  |              | 5,230,740     | NA        | 5,230,740                           |
| 3   | A&G (Note G)  | Schedule A.2 | 3,671,278     | W/S       | 188,853                             |
| 4   | Less FERC Annual Fees   |              | 0             | W/S       | 0                                   |
| 5   | Less EPRI & Reg. Comm. Exp. & Non-safety Ad(Note E)   |              | 388,646       | W/S       | 19,992                              |
| 5a  | Plus Transmission Related Reg. Comm. Exp. (Note E)  |              | 326,248       | TE        | 326,248                             |
| 6   | Common  |              | 0             | CE        | 0                                   |
| 7   | Transmission Lease Payments   |              | 0             | NA        | 0                                   |
| 8   | TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 2, 4, 5)   |              | 3,817,430     |           | 703,659                             |
| <b>DEPRECIATION EXPENSE</b>                   |   |              |               |           |                                     |
| 9   | Transmission  |              | 414,730       | TP        | 195,612                             |
| 10  | General   |              | 162,691       | W/S       | 8,369                               |
| 11  | Common  |              | 0             | CE        | 0                                   |
| 12  | TOTAL DEPRECIATION (Sum lines 9 - 11)   |              | 577,421       |           | 203,981                             |
| <b>TAXES OTHER THAN INCOME TAXES (Note F)</b> |   |              |               |           |                                     |
| <b>LABOR RELATED</b>                          |   |              |               |           |                                     |
| 13  | Payroll   |              | 96,600        | W/S       | 4,969                               |
| 14  | Highway and vehicle   |              | 0             | W/S       | 0                                   |
| <b>PLANT RELATED</b>                          |   |              |               |           |                                     |
| 16  | Property  |              | 188,868       | GP        | 23,606                              |
| 17  | Gross Receipts  |              | 9,660         | NA        | 0                                   |
| 18  | Other   |              | 0             | GP        | 0                                   |
| 19  | Payments in lieu of taxes   |              | 0             | GP        | 0                                   |
| 20  | TOTAL OTHER TAXES (sum lines 13 - 19)   |              | 295,128       |           | 28,576                              |
| <b>INCOME TAXES (Note G)</b>                  |   |              |               |           |                                     |
| 21  | $T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$   |              | 0.00%         | NA        |                                     |
| 22  | $CIT=(T/1-T) * (1-(WCLTD/R))$<br>where WCLTD=(page 4, line 27) and R=(page 4, line30)<br>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                                   |
| 27  | Total Income Taxes (line 25 plus line 26)   |              | 0             |           | 0                                   |
| 28  | RETURN<br>[ Rate Base (page 2, line 30) * Rate of Return (page 4, line 24)]   |              | 1,930,391     | NA        | 169,782                             |
| 29  | REV. REQUIREMENT (sum lines 8, 12,20,27,28)   |              | 6,620,370     |           | 1,105,998                           |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
Annual Transmission Revenue Requirement  
Heartland Consumers Power District

For the 12 months ending 12/31/2015

Line No.

SUPPORTING CALCULATIONS AND NOTES

TRANSMISSION PLANT INCLUDED IN IS RATES

|   |  |     |            |
|---|--|-----|------------|
| 1 | Total transmission plant (page 2, line 2, column 3)                              |     | 17,117,861 |
| 2 | Less transmission plant excluded from IS rates (Note H)                          |     | 8,818,159  |
| 3 | Less transmission plant included in OATT Ancillary Services (Note I)             |     | 225,862    |
| 4 | Transmission plant included in IS rates (line 1 less lines 2 & 3)                |     | 8,073,840  |
| 5 | Percentage of transmission plant included in IS Rates (line 4 divided by line 1) | TP= | 0.47166    |

TRANSMISSION EXPENSES

|    |   |     |           |
|----|---|-----|-----------|
| 6  | Total transmission expenses (page 3, line 1, column 3)                          |     | 5,439,290 |
| 7  | Less transmission expenses included in OATT Ancillary Services (Note J)         |     | 0         |
| 8  | Included transmission expenses (line 7 less line 6)                             |     | 5,439,290 |
| 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  | 0.47166   |
| 11 | Percentage of transmission expenses included in IS Rates (Note K)               | TE= | 1.00000   |

WAGES & SALARY ALLOCATOR (W&S)

|    | \$                      | TP        | Allocation |                        |
|----|-------------------------|-----------|------------|------------------------|
| 12 | Production              | 995,051   | 0.00       | 0                      |
| 13 | Transmission            | 148,686   | 0.47       | 70,129                 |
| 14 | Distribution            | 0         | 0.00       | 0                      |
| 15 | Other                   | 219,571   | 0.00       | 0                      |
| 16 | Total (sum lines 12-15) | 1,363,308 |            | 70,129 = 0.05144 = W/S |

COMMON PLANT ALLOCATOR (CE) (Note L)

|    | \$                      | % Electric (line 17 / line 20) | Labor Ratio (line 16) | CE                |
|----|-------------------------|--------------------------------|-----------------------|-------------------|
| 17 | Electric                | 66,482,320                     | 1.00000               | 0.05144 = 0.05144 |
| 18 | Gas                     | 0                              |                       |                   |
| 19 | Water                   | 0                              |                       |                   |
| 20 | Total (sum lines 17-19) | 66,482,320                     |                       |                   |

RETURN (R)

|    | \$                       | %            | Cost (Note M)                   | Weighted                     |
|----|--------------------------|--------------|---------------------------------|------------------------------|
| 21 | Long Term Interest       | Schedule A.3 | \$791,282                       |                              |
| 22 | Long Term Debt           | Schedule A.3 | 15,350,000                      | 36% = 5.15% = 0.0185 = WCLTD |
| 23 | Proprietary Capital      | Schedule A.3 | 27,391,452                      | 64% = 12.38% = 0.0793 = R    |
| 24 | Total (sum lines 22, 23) |              | 42,741,452                      | 100%                         |
| 25 |                          |              | Proprietary Capital Cost Rate = | 12.38%                       |
| 26 |                          |              | TIER =                          | 1.90                         |

REVENUE CREDITS

|    | Account   | Note     | 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           |
| 29 | Total of (a)-(b)  |          | 0           |
| 30 | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)   | (Note O) | \$1,093     |
| 31 | ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)   |          |             |
| 32 | a. Transmission charges for all transmission transactions                               |          | \$1,154,779 |
| 33 | b. Transmission charges for all transmission transactions included in Divisor on page 1 |          | \$1,062,013 |
| 33 | Total of (a)-(b)  |          | \$92,766    |

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.

# Heartland's 2015 Estimated Revenue Requirement Template

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
 Annual Transmission Revenue Requirement  
 Forward Looking Estimate  
 Heartland Consumers Power District

For the 12 months ending 12/31/2015

| <u>Line No.</u> |   |                   |              | <u>Allocated Amount</u> |
|-----------------|---|-------------------|--------------|-------------------------|
| 1               | GROSS REVENUE REQUIREMENT (page 3, line 29)   |                   |              | \$ 870,421              |
|                 |   |                   |              |                         |
|                 | REVENUE CREDITS                               | (Note P)          | <u>Total</u> | <u>Allocator</u>        |
| 2               | Account No. 454                               | (page 4, line 30) | 24,740       | TP 0.53223              |
| 3               | Account No. 456.1                             | (page 4, line 33) | 0            | TP 0.53223              |
| 4               | Revenue From Existing Transmission Agreements |                   | 0            | NA 1.00000              |
| 5               | Transmission Service Credits                  |                   | 0            | NA 1.00000              |
| 6               | TOTAL REVENUE CREDITS                         |                   |              | <u>13,167</u>           |
|                 | NET REVENUE REQUIREMENT (line 1 minus line 6) |                   |              | <u>\$ 857,254</u>       |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
 Annual Transmission Revenue Requirement  
 Forward Looking Estimate  
 Heartland Consumers Power District

For the 12 months ending 12/31/2015

| Line No.                                 | (1)  | (2)                | (3)           | (4)         | (5)                                 |
|--|--|--------------------|---------------|-------------|-------------------------------------|
|  |  | Reference          | Company Total | Allocator   | Transmission<br>(Col 3 times Col 4) |
| <b>RATE BASE:</b>                        |  |                    |               |             |                                     |
| <b>GROSS PLANT IN SERVICE</b>            |  |                    |               |             |                                     |
| 1  | Production                                 | Schedule A         | 45,903,468    | NA          |                                     |
| 2  | Transmission                               | Schedule A         | 14,917,394    | TP 0.53223  | 7,939,430                           |
| 3  | Distribution                               |                    | 0             | NA          |                                     |
| 4  | General & Intangible                       | Schedule A         | 6,628,491     | W/S 0.06919 | 458,621                             |
| 5  | Common                                     |                    | 0             | CE 0.06919  | 0                                   |
| 6  | TOTAL GROSS PLANT (sum lines 1-5)          |                    | 67,449,353    | GP= 12.451% | 8,398,051                           |
| <b>ACCUMULATED DEPRECIATION</b>          |  |                    |               |             |                                     |
| 7  | Production                                 | Schedule A         | 32,713,088    | NA          |                                     |
| 8  | Transmission                               | Schedule A         | 12,465,966    | TP 0.53223  | 6,634,715                           |
| 9  | Distribution                               |                    | 0             | NA          |                                     |
| 10                                       | General & Intangible                       | Schedule A         | 3,272,150     | W/S 0.06919 | 226,398                             |
| 11                                       | Common                                     |                    | 0             | CE 0.06919  | 0                                   |
| 12                                       | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) |                    | 48,451,204    |             | 6,861,114                           |
| <b>NET PLANT IN SERVICE</b>              |  |                    |               |             |                                     |
| 13                                       | Production                                 | (line 1 - line 7)  | 13,190,380    |             |                                     |
| 14                                       | Transmission                               | (line 2 - line 8)  | 2,451,428     |             | 1,304,715                           |
| 15                                       | Distribution                               | (line 3 - line 9)  | 0             |             |                                     |
| 16                                       | General & Intangible                       | (line 4 - line 10) | 3,356,341     |             | 232,223                             |
| 17                                       | Common                                     | (line 5 - line 11) | 0             |             | 0                                   |
| 18                                       | TOTAL NET PLANT (sum lines 13-17)          |                    | 18,998,149    | NP= 8.090%  | 1,536,938                           |
| <b>ADJUSTMENTS TO RATE BASE (Note A)</b> |  |                    |               |             |                                     |
| 19                                       | Account No. 281 (enter negative)           |                    | 0             | zero        | 0                                   |
| 20                                       | Account No. 282 (enter negative)           |                    | 0             | NP 0.08090  | 0                                   |
| 21                                       | Account No. 283 (enter negative)           |                    | 0             | NP 0.08090  | 0                                   |
| 22                                       | Account No. 190                            |                    | 0             | NP 0.08090  | 0                                   |
| 23                                       | Account No. 255 (enter negative)           |                    | 0             | NP 0.08090  | 0                                   |
| 24                                       | TOTAL ADJUSTMENTS (sum lines 19 - 23)      |                    | 0             |             | 0                                   |
| 25                                       | LAND HELD FOR FUTURE USE (Note B)          |                    | 0             | TP 0.53223  | 0                                   |
| <b>WORKING CAPITAL (Note C)</b>          |  |                    |               |             |                                     |
| 26                                       | CWC  |                    | 564,831       |             | 59,883                              |
| 27                                       | Materials & Supplies (Note B)              |                    | 0             | TE 1.00000  | 0                                   |
| 28                                       | Prepayments                                | Schedule A         | 321,977       | GP 0.12451  | 40,089                              |
| 29                                       | TOTAL WORKING CAPITAL (sum lines 26 - 28)  |                    | 886,808       |             | 99,972                              |
| 30                                       | RATE BASE (sum lines 18, 24, 25, and 29)   |                    | 19,884,957    |             | 1,636,909                           |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
 Annual Transmission Revenue Requirement  
 Forward Looking Estimate  
 Heartland Consumers Power District

For the 12 months ending 12/31/2015

| Line No. | (1)   | (2)        | (3)           | (4)       | (5)                                 |         |
|----------|---|------------|---------------|-----------|-------------------------------------|---------|
|          |   | Reference  | Company Total | Allocator | Transmission<br>(Col 3 times Col 4) |         |
|          | <b>O&amp;M</b>  |            |               |           |                                     |         |
| 1        | Transmission  | Schedule A | 233,500       | TE        | 1.00000                             | 233,500 |
| 1a       | Less LSE Expenses included in Transmission O&M Accounts (Note D)  |            | 0             |           | 1.00000                             | 0       |
| 2        | Less Account 565  | Schedule A | 54,712        | NA        | 1.00000                             | 54,712  |
| 3        | A&G (Note G)  | Schedule A | 4,339,859     | W/S       | 0.06919                             | 300,272 |
| 4        | Less FERC Annual Fees   |            | 0             | W/S       | 0.06919                             | 0       |
| 5        | Less EPRI & Reg. Comm. Exp. & Non-safety Ad(Note E)   |            | 0             | W/S       | 0.06919                             | 0       |
| 5a       | Plus Transmission Related Reg. Comm. Exp. (Note E)  |            | 0             | TE        | 1.00000                             | 0       |
| 6        | Common  |            | 0             | CE        | 0.06919                             | 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)   |            | 4,518,647     |           |                                     | 479,060 |
|          | <b>DEPRECIATION EXPENSE</b>   |            |               |           |                                     |         |
| 9        | Transmission  | Schedule A | 399,587       | TP        | 0.53223                             | 212,671 |
| 10       | General   | Schedule A | 171,141       | W/S       | 0.06919                             | 11,841  |
| 11       | Common  |            | 0             | CE        | 0.06919                             | 0       |
| 12       | TOTAL DEPRECIATION (Sum lines 9 - 11)   |            | 570,728       |           |                                     | 224,512 |
|          | <b>TAXES OTHER THAN INCOME TAXES (Note F)</b>   |            |               |           |                                     |         |
|          | <b>LABOR RELATED</b>  |            |               |           |                                     |         |
| 13       | Payroll   | Schedule A | 105,929       | W/S       | 0.06919                             | 7,329   |
| 14       | Highway and vehicle   |            | 0             | W/S       | 0.06919                             | 0       |
|          | <b>PLANT RELATED</b>  |            |               |           |                                     |         |
| 16       | Property  | Schedule A | 155,263       | GP        | 0.12451                             | 19,332  |
| 17       | Gross Receipts  |            | 0             | NA        | zero                                | 0       |
| 18       | Other   |            | 0             | GP        | 0.12451                             | 0       |
| 19       | Payments in lieu of taxes   |            | 0             | GP        | 0.12451                             | 0       |
| 20       | TOTAL OTHER TAXES (sum lines 13 - 19)   |            | 261,192       |           |                                     | 26,661  |
|          | <b>INCOME TAXES (Note G)</b>  |            |               |           |                                     |         |
| 21       | $T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$   |            | 0.00%         | NA        |                                     |         |
| 22       | $CIT=(T/1-T) * (1-(WCLTD/R)) =$<br>where WCLTD=(page 4, line 27) and R=(page 4, line30)<br>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        | 0.08090                             | 0       |
| 27       | Total Income Taxes (line 25 plus line 26)   |            | 0             |           |                                     | 0       |
| 28       | RETURN<br>[ Rate Base (page 2, line 30) * Rate of Return (page 4, line 24)]   |            | 1,702,991     | NA        |                                     | 140,188 |
| 29       | REV. REQUIREMENT (sum lines 8, 12,20,27,28)   |            | 7,053,558     |           |                                     | 870,421 |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
 Annual Transmission Revenue Requirement  
 Forward Looking Estimate  
 Heartland Consumers Power District

For the 12 months ending 12/31/2015

Line  
 No.

SUPPORTING CALCULATIONS AND NOTES

TRANSMISSION PLANT INCLUDED IN IS RATES

|   |  |     |            |
|---|--|-----|------------|
| 1 | Total transmission plant (page 2, line 2, column 3)                              |     | 14,917,394 |
| 2 | Less transmission plant excluded from IS rates (Note H)                          |     | 6,752,305  |
| 3 | Less transmission plant included in OATT Ancillary Services (Note I)             |     | 225,659    |
| 4 | Transmission plant included in IS rates (line 1 less lines 2 & 3)                |     | 7,939,430  |
| 5 | Percentage of transmission plant included in IS Rates (line 4 divided by line 1) | TP= | 0.53223    |

TRANSMISSION EXPENSES

|    |   |     |         |
|----|---|-----|---------|
| 6  | Total transmission expenses (page 3, line 1, column 3)                          |     | 233,500 |
| 7  | Less transmission expenses included in OATT Ancillary Services (Note J)         |     | 0       |
| 8  | Included transmission expenses (line 7 less line 6)                             |     | 233,500 |
| 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  | 0.53223 |
| 11 | Percentage of transmission expenses included in IS Rates (Note K)               | TE= | 1.00000 |

WAGES & SALARY ALLOCATOR (W&S)

|    |                         | \$         | TP        | Allocation |                         |
|----|-------------------------|------------|-----------|------------|-------------------------|
| 12 | Production              | Schedule A | 1,332,673 | 0.00       | 0                       |
| 13 | Transmission            | Schedule A | 199,135   | 0.53       | 105,985                 |
| 14 | Distribution            |            | 0         | 0.00       | 0                       |
| 15 | Other                   |            | 0         | 0.00       | 0                       |
| 16 | Total (sum lines 12-15) |            | 1,531,808 |            | 105,985 = 0.06919 = W/S |

COMMON PLANT ALLOCATOR (CE) (Note L)

|    | \$                      | % Electric<br>(line 17 / line 20) | Labor Ratio<br>(line 16) | CE      |
|----|-------------------------|-----------------------------------|--------------------------|---------|
| 17 | Electric                | 67,449,353                        | 1.00000                  | 0.06919 |
| 18 | Gas                     | 0                                 |                          |         |
| 19 | Water                   | 0                                 |                          |         |
| 20 | Total (sum lines 17-19) | 67,449,353                        |                          | 0.06919 |

RETURN (R)

|    |                    |            |             |
|----|--------------------|------------|-------------|
| 21 | Long Term Interest | Schedule A | \$1,344,366 |
|----|--------------------|------------|-------------|

|    | \$                       | %          | Cost<br>(Note M) | Weighted |
|----|--------------------------|------------|------------------|----------|
| 22 | Long Term Debt           | Schedule A | 27,044,174       | 52%      |
| 23 | Proprietary Capital      | Schedule A | 25,466,744       | 48%      |
| 24 | Total (sum lines 22, 23) |            | 52,510,918       | 100%     |

|    |                                 |        |
|----|---------------------------------|--------|
| 25 | Proprietary Capital Cost Rate = | 12.38% |
| 26 | TIER =                          | 1.72   |

REVENUE CREDITS

|    | Load  |
|----|---|
| 27 | ACCOUNT 447 (SALES FOR RESALE)                            |
| 28 | a. Bundled Non-RQ Sales for Resale (Note N)               |
| 29 | b. Bundled Sales for Resale included in Divisor on page 1 |
| 29 | Total of (a)-(b)  |

|    |  |          |
|----|--|----------|
| 30 | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note O) | \$24,740 |
|----|--|----------|

ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)

|    |   |     |
|----|---|-----|
| 31 | a. Transmission charges for all transmission transactions                               | \$0 |
| 32 | b. Transmission charges for all transmission transactions included in Divisor on page 1 | \$0 |
| 33 | Total of (a)-(b)  | \$0 |

Revenue Requirement - Non-Levelized

Revenue Requirement Template  
 Annual Transmission Revenue Requirement  
 Forward Looking Estimate  
 Heartland Consumers Power District

For the 12 months ending 12/31/2015

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.

Basin Electric's  
2015 Actual  
Revenue Requirement Template

**Revenue Requirement Worksheet**  
 Actual RUS Form 12 Data  
 BASIN ELECTRIC POWER COOPERATIVE

Actual - Average 2015

| Line No.               |  | Total        | Allocator  | Total Transmission | IS Transmission      | West (MBPP) Transmission     | Other Transmission   |
|------------------------|--|--------------|------------|--------------------|----------------------|------------------------------|----------------------|
| 1                      | <b>GROSS REVENUE REQUIREMENT (page 3, line 28)</b><br>(MBPP West Excluded - 1-.065997) |              |            | \$ 105,095,117     | \$ 67,700,478        | \$ 7,037,663<br>\$ 6,573,198 | \$ 30,356,976        |
| <b>REVENUE CREDITS</b> |  |              |            |                    |                      |                              |                      |
| 2                      | Third Party Receipts   | \$ (459,360) | TP 1.00000 |                    | \$ (459,360)         | \$ -                         | \$ -                 |
| 3                      |  |              |            |                    |                      |                              |                      |
| 4                      | Third Party Payments   | \$ 97,532    | TP 1.00000 |                    | \$ 97,532            |                              |                      |
| 5                      |  |              |            |                    | \$ (361,828)         | \$ -                         | \$ -                 |
| 6                      | <b>NET REVENUE REQUIREMENT</b><br>(line 2 + 4)<br>(line 1+ 5 )                         |              |            |                    | <b>\$ 67,338,650</b> | <b>\$ 464,465</b>            | <b>\$ 30,356,976</b> |
| 7                      | <b>TOTAL REVENUE REQUIREMENT WITH MBPP EAST</b>  |              |            |                    | <b>\$ 67,803,114</b> |                              |                      |



Revenue Requirement Worksheet  
 Actual RUS form 12 Data  
 BASIN ELECTRIC POWER COOPERATIVE

Actual - Average 2015

| Line No.                                       | (1) | (2)   | (3)  | (4) | (5)                   | (4a) |           |  | (6)                   | (7)                 | (8)                  |
|--|-----|---|--|-----|-----------------------|------|-----------|--|-----------------------|---------------------|----------------------|
|  |     |   |  |     |                       |      |           |  |                       |                     |                      |
| <b>O&amp;M</b>                                 |     |   |  |     |                       |      |           |  |                       |                     |                      |
| 1  |     | Transmission less Account 565 (Note E)        | 12i, L18. Less L.8.                            |     | <b>37,724,790</b>     |      |           |  |                       |                     |                      |
| 2  |     | Direct Assignment                             | Accounting Records                             |     | 20,594,031            | DA   | 100.000%  |  | 20,594,031            |                     |                      |
| 3  |     | Other   | Accounting Records                             | TPW | 17,130,759            | TPW  | 100.000%  |  | 17,130,759            |                     |                      |
| 4  |     | A&G   | 12a, Section A, L.14.C.b.                      |     | <b>76,916,407</b>     |      |           |  |                       |                     |                      |
| 5  |     | Less Regulatory Fees (Note F)                 | Accounting Records                             | NA  | 157,163               | NA   | 0.000%    |  | -                     |                     |                      |
| 6  |     | Production                                    | RUS 12i - General Ledger Detail Rpt            | NA  | 3,351,996             | NA   | 0.000%    |  | -                     |                     |                      |
| 7  |     | Transmission (Note G)                         | Invoices; Acct Reports; Monthly Billing        | DA  | 1,277,018             | DA   | 100.000%  |  | 1,277,018             |                     |                      |
| 8  |     | Headquarters                                  |  | WS  | 72,130,230            | WS   | 10.667%   |  | 7,693,992             |                     |                      |
| 9  |     | <b>TOTAL O&amp;M (sum lines 1 and 4)</b>      |  |     | <b>\$ 114,641,197</b> |      |           |  | <b>\$ 46,695,800</b>  |                     |                      |
| <b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b> |     |   |  |     |                       |      |           |  |                       |                     |                      |
| 10   |     | Depreciation and Amortization Expense         | 12A, Section A, L.22.C.b. Less Capital Leases  |     | <b>148,415,762</b>    |      |           |  |                       |                     |                      |
| 11   |     | Transmission                                  | Accounting - RUS 350-356 Fixed Assets          | DA  | 15,169,203            | DA   | 100.000%  |  | 15,169,203            |                     |                      |
| 12   |     | Production                                    | Accounting - RUS 310-316; 340-346 Fixed Assets | NA  | 118,468,915           | NA   | 0.000%    |  | -                     |                     |                      |
| 13   |     | General Plant                                 | Accounting - 389-398; 383                      | NA  | <b>12,437,615</b>     | NA   | 0.000%    |  | -                     |                     |                      |
| 14   |     | Transmission                                  | Accounting Fixed Assets Report                 | DA  | 3,273,334             | DA   | 100.000%  |  | 3,273,334             |                     |                      |
| 15   |     | Production                                    | Accounting Fixed Assets Report                 | NA  | 2,424,731             | NA   | 0.000%    |  | -                     |                     |                      |
| 16   |     | Other General Plant                           |  | WS  | 6,739,550             | WS   | 10.667%   |  | 718,895               |                     |                      |
| 17   |     | Other Amortization                            |  | DA  | <b>2,340,029</b>      | DA   | 100.000%  |  | 2,050,151             |                     |                      |
| 18   |     | <b>TOTAL (Sum lines 10,13,17)</b>             |  |     | <b>\$ 148,415,762</b> |      |           |  | <b>\$ 21,211,583</b>  |                     |                      |
| <b>TAXES OTHER THAN INCOME TAXES</b>           |     |   |  |     |                       |      |           |  |                       |                     |                      |
| 19   |     | PLANT RELATED                                 |  |     |                       |      |           |  |                       |                     |                      |
| 20   |     | Property total                                |  |     |                       |      |           |  |                       |                     |                      |
| 21   |     | Tax Reclassification                          | Accounting Records                             | NA  |                       | NA   | 0.000%    |  | -                     |                     |                      |
| 22   |     | Gross Receipts (Note I)                       | Estimated                                      | DA  | 3,007,383             | DA   | 100.000%  |  | 3,007,383             |                     |                      |
| 23   |     | Production                                    |  | NA  |                       | NA   | 0.000%    |  | -                     |                     |                      |
| 24   |     | <b>TOTAL OTHER TAXES</b>                      |  |     | <b>\$ 3,007,383</b>   |      |           |  | <b>\$ 3,007,383</b>   |                     |                      |
| 25   |     | <b>TOTAL OPERATING EXPENSES (Sum 9+18+24)</b> |  |     | <b>\$ 266,064,342</b> |      |           |  | <b>\$ 70,914,766</b>  |                     |                      |
| 26   |     | Return (page 2, line 23, column 3 * wcc)      | WCC  | WCC | \$ 238,305,594        | WCC  | Rate Base |  | \$ 34,180,351         | WCC                 | Rate Base            |
| 27   |     | <b>REV. REQUIREMENT (sum lines 25+26)</b>     |  |     | <b>\$ 504,369,936</b> |      |           |  | <b>\$ 105,095,117</b> |                     |                      |
|  |     |   |  |     |                       |      |           |  | <b>\$ 67,700,478</b>  | <b>\$ 7,037,663</b> | <b>\$ 30,356,976</b> |

**A & G Allocation**

**WAGES AND SALARY ALLOCATOR (W/S)**

| Line No. | (1)<br>From Accounting Report                          | (2)                | (3)<br>TOTAL        | (4)<br>Allocator | (5)<br>Percent         |         | (6)<br>IS<br>Transmission | (7)<br>West (MBPP)<br>Transmission | (8)<br>Other<br>Transmission |
|----------|--|--------------------|---------------------|------------------|------------------------|---------|---------------------------|------------------------------------|------------------------------|
| 1        | Production   | Accounting Records | 66,255,195          |                  |                        |         |                           |                                    |                              |
| 2        | Transmission-East                                      | Accounting Records | 288,559             |                  |                        |         |                           |                                    |                              |
| 3        | Transmission-West                                      | Accounting Records | 410,381             | WS               | Trans % of total wages | 10.667% |                           |                                    |                              |
| 4        | Transmission-Allocated                                 | Accounting Records | 7,212,244           |                  |                        |         | Gross Plant               | GP1                                | 62.184%                      |
| 5        | Distribution   |                    | -                   | TPW              | Trans % excluding West |         |                           | Note H                             | GP2                          |
| 6        | Other Transmission                                     |                    | -                   |                  |                        |         |                           |                                    | 69.858%                      |
| 7        | Total Wages and Salaries (sum lines 1-6) (exclude adm) |                    | <b>\$74,166,379</b> |                  |                        |         |                           |                                    | 0.000%                       |
|          |  |                    |                     |                  |                        |         |                           |                                    | 26.831%                      |
|          |  |                    |                     |                  |                        |         |                           |                                    | 30.142%                      |

| Note J                  | Weighted Cost of Capital | Percent | Rate    | Weighted cost |
|-------------------------|--------------------------|---------|---------|---------------|
| 2015 Actual AATR LTD    | 3,475,653,434            | 72.62%  | 4.944%  | 3.5905%       |
| 2015 Actual AATR Equity | 1,310,192,570            | 27.38%  | 10.850% | 2.9703%       |
|                         | 4,785,846,004            | 100.00% |         | 6.5609%       |

Note

- A Line 1, page 2 excludes \$1,055,780 and is included in line 2, page 2. Line 2 also includes \$2,825,409 transmission acquisition adjustment. Accumulated Depreciation for 275,157 associated with the \$1,055,780 is excluded in line 7 and added to line 8
- B Transmission lease for \$195,203,487 is excluded from transmission plant investment.
- C General Plant directly assigned to transmission includes the transmission maintenance buildings and microwave assigned to transmission.
- D Cash working capital assigned to transmission is one eighth of O&M allocated to transmission on page 3 , line 9, column 6-8. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Section B, line 24, on the RUS 12 form.
- E Includes Lease payments of \$10,913,573 for member facilities in the IS system and O&M that is charged to specific lines or substations.
- F Line 5 - Regulatory Commission expenses directly related to transmission service, ISO filings, or transmission sitings.
- G A&G costs directly allocated to MBPP - Costs split between MBPP Production and MBPP Transmission based on gross plant. Includes OASIS costs for West Side and Common Use System plus legal fees for transmission.
- H West ( MBPP) plant investment on page 2, line, column 7 is excluded in the percentage calculations on page 4, GP2 for A&G and transmission O&M allocation as these are directly allocated to MBPP through the project billing.
- I SD Gross receipts taxes paid in lieu of property with a portion directly assigned to Common Use System (CUS). Payroll taxes are included in the RUS 500 series of accounts along with the labor costs. ND Trans Line tax is included in O&M, line 2.
- J Equity percent as a percent of total long term debt plus current portion of long term debt plus equity.

Basin Electric's  
2015 Estimated  
Revenue Requirement Template

Revenue Requirement Worksheet  
RUS Form 12 Data  
BASIN ELECTRIC POWER COOPERATIVE

Projection for 2015

| Line No. |  | Total        | Allocator  | Total Transmission | IS Transmission      | West (MBPP) Transmission | Other Transmission |
|----------|--|--------------|------------|--------------------|----------------------|--------------------------|--------------------|
| 1        | <b>GROSS REVENUE REQUIREMENT (page 3, line 28)</b><br>(MBPP West Excluded - 1-.065997) |              |            | \$ 116,038,391     | \$ 69,652,208        | \$ 8,224,866             | \$ 38,161,316      |
|          |  |              |            |                    |                      | \$ (7,682,050)           |                    |
|          | <b>REVENUE CREDITS</b>   |              |            |                    |                      |                          |                    |
| 2        | Third Party Receipts   | \$ (350,472) | TP 1.00000 |                    | \$ (350,472)         |                          |                    |
| 3        |  |              |            |                    |                      |                          |                    |
| 4        | Third Party Payments   |              | TP 1.00000 |                    | \$ 100,000           |                          |                    |
| 5        |  |              |            |                    | \$ (250,472)         | \$ -                     | \$ -               |
| 6        | <b>NET REVENUE REQUIREMENT</b><br>(line 2 + 4)<br>(line 1+ 5 )                         |              |            |                    | <b>69,401,736</b>    | <b>542,816</b>           | <b>38,161,316</b>  |
| 7        | <b>TOTAL REVENUE REQUIREMENT WITH MBPP EAST</b>  |              |            |                    | <b>\$ 69,944,553</b> |                          |                    |

Revenue Requirement Worksheet  
RUS form 12 Data  
BASIN ELECTRIC POWER COOPERATIVE

Projection for 2015

Page 2

| (1)                             | (2)<br>Worksheets                                 | (3)                          | (4)<br>Allocator A      | (5)<br>Total<br>Trans | (4a)<br>Allocator B | (6)<br>IS<br>Transmission | (7)<br>West (MBPP)<br>Transmission | (8)<br>Other<br>Transmission |
|---------------------------------|---|------------------------------|-------------------------|-----------------------|---------------------|---------------------------|------------------------------------|------------------------------|
| <b>GROSS PLANT IN SERVICE</b>   |   |                              |                         |                       |                     |                           |                                    |                              |
| 1                               | Production (Note A)                               | 12h.A.6.e                    | 4,573,161,786           | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 2                               | Transmission (Note B)                             | 12h.A.11.e & 12h.A.23.e      | 906,775,867             | DA                    | 100.000%            | 906,775,867               | DA                                 | 100.000%                     |
| 3                               | Distribution                                      | 12h.A.16.e                   | -                       | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 4                               | General   | 12h.A.18.e                   | 210,983,847             |                       |                     |                           |                                    | -                            |
| 4a                              | Direct Assign - Transmission (Note C)             |                              | 39,734,755              | DA                    | 100.000%            | 39,734,755                | DA                                 | 100.000%                     |
| 4b                              | Direct Assign - Production                        |                              | 57,991,828              | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 4c                              | Other   |                              | 113,257,264             | WS                    | 9.783%              | 11,080,112                | WS                                 | Gross Plant                  |
| 5                               | Intangible  | 12h.A.1.e                    | 78,246,546              | DA                    | 0.000%              | 66,336,542                | DA                                 | 0.000%                       |
| 6                               | <b>TOTAL GROSS PLANT (sum lines 1,2,4,5)</b>      | 12h.A.18.e & 12h.A.24.e      | <b>\$ 5,769,168,046</b> |                       |                     | <b>\$ 1,023,927,277</b>   |                                    |                              |
|                                 |   |                              |                         |                       | GP1                 | Gross Plant               |                                    |                              |
|                                 |   |                              |                         |                       |                     | 58.154%                   | 10.161%                            | 31.685%                      |
| <b>ACCUMULATED DEPRECIATION</b> |   |                              |                         |                       |                     |                           |                                    |                              |
| 7                               | Production  | 12h.B.1-4.f                  | 1,468,889,961           | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 8                               | Transmission                                      | 12h.B.5.f & 12h.B.15.f       | 353,421,145             | DA                    | 100.000%            | 353,421,145               | DA                                 | 100.000%                     |
| 9                               | Distribution                                      | 12h.B.6.f                    | -                       | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 10                              | General   | 12h.B.7.f                    | 121,565,744             |                       |                     |                           |                                    | -                            |
| 10a                             | Direct Assign - Transmission                      |                              | 23,050,485              | DA                    | 100.000%            | 23,050,485                | DA                                 | 100.000%                     |
| 10b                             | Direct Assign - Production                        |                              | 37,092,658              | NA                    | 0.000%              | NA                        | 0.000%                             | -                            |
| 10c                             | Other   |                              | 61,422,601              | WS                    | 9.783%              | 6,009,057                 | GP1                                | Gross Plant                  |
| 11                              | Intangible  | 12h.B.12.f                   | 56,540,418              | DA                    | 100.000%            | 56,540,418                | DA                                 | 100.000%                     |
| 12                              | <b>TOTAL ACCUM. DEPR (sum lines 7,8,10,11)</b>    | 12h.B.18.f less 12h.B.14.f   | <b>\$ 2,000,417,267</b> |                       |                     | <b>\$ 439,441,158</b>     |                                    |                              |
|                                 |   |                              |                         |                       |                     | 23,997,038                | 1,596,813                          | 31,366,620                   |
|                                 |   |                              |                         |                       |                     | \$ 275,302,211            | \$ 62,993,394                      | \$ 101,145,553               |
| <b>NET PLANT IN SERVICE</b>     |   |                              |                         |                       |                     |                           |                                    |                              |
| 13                              | Production  | (line 1- line 7)             | 3,104,271,825           | AUTO                  |                     | AUTO                      |                                    | -                            |
| 14                              | Transmission                                      | (line 2- line 8)             | 553,354,723             | AUTO                  |                     | AUTO                      |                                    | 222,712,838                  |
| 15                              | Distribution                                      | (line 3 - line 9)            | -                       | AUTO                  |                     | AUTO                      |                                    | -                            |
| 16                              | General   | (line 4 - line 10)           | 89,418,103              | AUTO                  |                     | AUTO                      |                                    | -                            |
| 16a                             | Direct Assign                                     | (line 4a - line 10a)         | 16,684,270              | AUTO                  |                     | AUTO                      |                                    | 5,246,428                    |
| 16b                             | Production  | (line 4b - line 10b)         | 20,899,170              | AUTO                  |                     | AUTO                      |                                    | -                            |
| 16c                             | Other   | (line 4c - line 10c)         | 51,834,663              | AUTO                  |                     | AUTO                      |                                    | 1,606,753                    |
| 17                              | Intangible  | (line 5 - line 11)           | 21,706,128              | AUTO                  |                     | AUTO                      |                                    | (3,412)                      |
| 18                              | <b>TOTAL NET PLANT (sum lines 13, 14, 16, 17)</b> |                              | <b>\$ 3,768,750,779</b> |                       |                     | <b>\$ 584,486,118</b>     |                                    |                              |
|                                 |   |                              |                         |                       |                     | \$ 318,765,245            | \$ 36,158,267                      | \$ 229,562,606               |
| <b>WORKING CAPITAL</b>          |   |                              |                         |                       |                     |                           |                                    |                              |
| 19                              | CWC (Note D)                                      | one eighth of line 9, page 3 | 16,990,778              | DA                    | 100.000%            | 16,990,778                | DA                                 | 100.000%                     |
| 20                              | Materials & Supplies Transmission                 | 12h. G, L.4. L.5. C.d.       | 8,000,000               | GP1                   | 100.000%            | 8,000,000                 | GP1                                | Gross Plant                  |
| 21                              | Prepayments (Note D)                              | 12a.B.25                     | -                       | GP1                   | 9.783%              | -                         | GP1                                | Gross Plant                  |
| 22                              | <b>TOTAL WORKING CAPITAL (sum lines 19-21)</b>    |                              | <b>\$ 24,990,778</b>    |                       |                     | <b>\$ 15,009,803</b>      |                                    |                              |
|                                 |   |                              |                         |                       |                     | \$ 9,226,293              | \$ 1,352,392                       | \$ 4,431,118                 |
| 23                              | <b>Rate Base</b>                                  |                              | <b>\$ 3,793,741,557</b> |                       |                     | <b>\$ 599,495,921</b>     |                                    |                              |
|                                 |   |                              |                         |                       |                     | \$ 327,991,538            | \$ 37,510,659                      | \$ 233,993,724               |

Revenue Requirement Worksheet  
RUS form 12 Data  
BASIN ELECTRIC POWER COOPERATIVE

Projection for 2015

Page 3

| Line No.                                       | (1)<br>Reference                              | (2)                          | (4)<br>Allocator A |           | (5)<br>Total<br>Transmission | (4a)<br>Allocator B |             | (6)                  | (7)                         | (8)                   |
|--|---|------------------------------|--------------------|-----------|------------------------------|---------------------|-------------|----------------------|-----------------------------|-----------------------|
|  |   |                              |                    |           |                              |                     |             | IS<br>Transmission   | West (MBPP)<br>Transmission | Other<br>Transmission |
| <b>O&amp;M</b>                                 |   |                              |                    |           |                              |                     |             |                      |                             |                       |
| 1  | Transmission less Account 565                 | Expense Worksheet #3         |                    |           | <b>46,776,721</b>            |                     |             |                      |                             |                       |
| 2  | Direct Assignment (Note E)                    | Accounting Records           | DA                 | 100.000%  | 29,450,000                   | DA                  | 100.000%    | 19,800,000           | 3,560,000                   | 6,090,000             |
| 3  | Other   | Accounting Records           | TPW                | 100.000%  | 17,326,721                   | GP2                 | page 4      | 11,215,856           | -                           | 6,110,865             |
| 4  | A&G   | Expense Worksheet #3         |                    |           | -                            |                     |             |                      |                             |                       |
| 5  | Less Regulatory Fees (Note F)                 | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 6  | Production                                    | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 7  | Transmission (Note G)                         | Accounting Records           | DA                 |           | 990,000                      | DA                  | page 4      | 195,557              | 756,031                     | 38,412                |
| 8  | Headquarters                                  | Accounting Records           | WS                 | 9.783%    | 84,959,503                   | GP2                 | Gross Plant | 5,380,295            | -                           | 2,931,409             |
| 9  | <b>TOTAL O&amp;M (sum lines 1 and 4)</b>      |                              |                    |           | <b>\$ 135,926,224</b>        |                     |             | <b>\$ 36,591,708</b> | <b>\$ 4,316,031</b>         | <b>\$ 15,170,686</b>  |
| <b>DEPRECIATION &amp; AMORTIZATION EXPENSE</b> |   |                              |                    |           |                              |                     |             |                      |                             |                       |
| 10   | Depreciation and Amortization Expense         | Accounting Records           |                    |           | <b>145,926,402</b>           |                     |             |                      |                             |                       |
| 11   | Transmission                                  | Accounting Records           | DA                 | 100.000%  | 15,000,000                   | DA                  | 100.000%    | 7,238,919            | 1,250,309                   | 6,510,772             |
| 12   | Production                                    | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 13   | General Plant                                 | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 14   | Transmission                                  | Accounting Records           | DA                 | 100.000%  | 2,000,000                    | DA                  | 100.000%    | 1,264,420            | 198,000                     | 537,580               |
| 15   | Production                                    | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 16   | Hdqtrs General Plant                          | Accounting Records           | WS                 | 9.783%    | 391,325                      | GP1                 | Gross Plant | 227,572              | 39,763                      | 123,991               |
| 17   | Other Amortization                            | Accounting Records           | DA                 | 0.000%    | 1,917,762                    | DA                  | 0.000%      | 934,373              | 65,397                      | 917,992               |
| 18   | <b>TOTAL (Sum lines 10,13,17)</b>             | Expense Worksheet, L.20. C.b |                    |           | <b>\$ 148,806,377</b>        |                     |             | <b>\$ 9,665,284</b>  | <b>\$ 1,553,469</b>         | <b>\$ 8,090,334</b>   |
| <b>TAXES OTHER THAN INCOME TAXES</b>           |   |                              |                    |           |                              |                     |             |                      |                             |                       |
| 19   | PLANT RELATED                                 |                              |                    |           |                              |                     |             |                      |                             |                       |
| 20   | Property total                                | Expense Worksheet #3         |                    |           | <b>3,007,383</b>             |                     |             |                      |                             |                       |
| 21   | Tax Reclassification                          | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 22   | Gross Receipts (Note I)                       | Expense Worksheet #3         | DA                 | 100.000%  | 3,007,383                    | DA                  | 100.000%    | 2,800,000            | -                           | 207,383               |
| 23   | Production                                    | Accounting Records           | NA                 | 0.000%    | -                            | NA                  | 0.000%      |                      |                             |                       |
| 24   | <b>TOTAL OTHER TAXES</b>                      |                              |                    |           | <b>\$ 3,007,383</b>          |                     |             | <b>\$ 2,800,000</b>  | <b>\$ -</b>                 | <b>\$ 207,383</b>     |
| 25   | <b>TOTAL OPERATING EXPENSES (Sum 9+18+24)</b> |                              |                    |           | <b>\$ 287,739,984</b>        |                     |             | <b>\$ 49,056,992</b> | <b>\$ 5,869,500</b>         | <b>\$ 23,468,403</b>  |
| 26   | <b>Return</b>                                 |                              | WCC                | Rate Base | <b>\$ 37,643,496</b>         | WCC                 | Rate Base   | <b>\$ 20,595,216</b> | <b>\$ 2,355,366</b>         | <b>\$ 14,692,914</b>  |
| 27   | <b>REV. REQUIREMENT (sum lines 25+26)</b>     |                              |                    |           | <b>\$ 525,956,276</b>        |                     |             | <b>\$ 69,652,208</b> | <b>\$ 8,224,866</b>         | <b>\$ 38,161,316</b>  |

**A & G Allocation**

**WAGES AND SALARY ALLOCATOR (W/S)**

| Line # | From Accounting Report                                 | (1) | (2)                | (3)                 | (4)       | (5)                         |        |        | (6)          | (7)          | (8)          |
|--------|--|-----|--------------------|---------------------|-----------|-----------------------------|--------|--------|--------------|--------------|--------------|
|        |  |     |                    |                     |           |                             |        |        | IS           | West (MBPP)  | Other        |
|        |  |     |                    | TOTAL               | Allocator | Percent                     |        |        | Transmission | Transmission | Transmission |
| 1      | Production   |     | Accounting Records | 60,107,628          |           |                             |        |        |              |              |              |
| 2      | Transmission-East                                      |     | Accounting Records | 294,971             |           |                             |        |        |              |              |              |
| 3      | Transmission-West                                      |     | Accounting Records | 431,593             | WS        | Trans % of total wages      | 9.783% | GP1    | 58.1541%     | 10.1611%     | 31.6848%     |
| 4      | Transmission-Allocated                                 |     | Accounting Records | 5,791,520           |           |                             |        |        |              |              |              |
| 5      | Distribution   |     |                    | -                   | TPW       | Trans % excluding MBPP West |        | Note H | 64.732%      | 0.000%       | 35.268%      |
| 6      | Other Transmission                                     |     |                    | -                   |           |                             |        |        |              |              |              |
| 7      | Total Wages and Salaries (sum lines 1-6) (exclude adm) |     |                    | <b>\$66,625,712</b> |           |                             |        |        |              |              |              |

| Note J             |        | Estimated Weighted Cost of Capital |         |        |       |
|--------------------|--------|------------------------------------|---------|--------|-------|
|                    |        |                                    | Percent | Rate   | cost  |
| Estimated wksht #1 | LTD    | 3,256,538,833                      | 71.98%  | 4.50%  | 3.24% |
| Estimated wksht #1 | Equity | 1,267,610,656                      | 28.02%  | 10.85% | 3.04% |
|                    |        | 4,524,149,489                      | 100.00% |        | 6.28% |

Notes

- A RUS form 12h plus new investment averaged over 13 months.
- B Transmission capital lease for \$40,000,000 is excluded from transmission plant investment.
- C General Plant directly assigned to transmission includes the transmission maintenance buildings and microwave assigned to transmission. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Section B, line 24, in the RUS 12.
- D Cash working capital assigned to transmission is one eighth of O&M allocated to transmission on page 3, line 9, column 6-8. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Section B, line 24, on the RUS 12 form.
- E Includes Lease payments of \$14,000,000 for member facilities in the IS system and O&M that is charged to specific lines or substations.
- F Line 5 - Regulatory Commission expenses directly related to transmission service, ISO filings, or transmission sitings.
- G A&G costs directly allocated to MBPP - Costs split between MBPP Production and MBPP Transmission based on MBPP gross plant investment. Includes OASIS costs for West Side and Common Use System plus A&G costs allocated to MBPP Transmission.
- H West ( MBPP) plant investment on page 2, line, column 7 is excluded in the percentage calculations on page 4, GP2, columns 6-8 for A&G and transmission O&M allocation as these are directly allocated to MBPP through the project billing.
- I SD Gross receipts taxes paid in lieu of property with a portion directly assigned to Common Use System (CUS). Payroll taxes are included in the RUS 500 series of accounts along with the labor costs. ND Trans Line tax is included in O&M, line 2.
- J Equity percent as a percent of total long term debt plus current portion of long term debt plus equity. See Worksheet #1.

Missouri River Energy Services  
2015 Actual  
Revenue Requirement Template

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/15

MRES

| Line No. |  |           |                                  | Allocated Amount   |
|----------|--|-----------|----------------------------------|--------------------|
| 1        | GROSS REVENUE REQUIREMENT (page 3, line 31)  |           |                                  | \$ 6,666,808       |
|          | REVENUE CREDITS (Note T)   | Total     | Allocator                        |                    |
| 2        | Account No. 454 (page 4, line 34)  | 314,511   | TP 1.00000                       | 314,511            |
| 3        | Account No. 456.1 (page 4, line 37)  | 180,526   | TP 1.00000                       | 180,526            |
| 4        | Revenues from Grandfathered Interzonal Transactions  | 0         | TP 1.00000                       | 0                  |
| 5        | Revenues from service provided by the ISO at a discount  | 0         | TP 1.00000                       | 0                  |
| 6        | TOTAL REVENUE CREDITS (sum lines 2-5)  |           |                                  | 495,037            |
| 6a       | Historic Year Actual ATRR  |           |                                  |                    |
| 6b       | Historic Year Projected ATRR   |           |                                  |                    |
| 6c       | Historic Year ATRR True-up (line 6a - line 6b)   |           |                                  | 0                  |
| 6d       | Historic Year Actual Divisor   |           |                                  |                    |
| 6e       | Historic Year Projected Divisor  |           |                                  |                    |
| 6f       | Difference in Divisor (line 6e - line 6d)  |           |                                  | 0                  |
| 6g       | Historic Year Projected Annual Cost (\$/kW/Yr)   |           |                                  | 10.05              |
| 6h       | Historic Year Divisor True-up (line 6f * line 6g)  |           |                                  | 0                  |
| 6i       | Interest on Historic Year True-up  |           |                                  |                    |
| 7        | NET REVENUE REQUIREMENT (line 1 - line 6 + line 6c + line 6h + line 6i)                                  |           |                                  | \$ 6,171,771       |
|          | DIVISOR  |           |                                  |                    |
| 8        | Average of 12 coincident system peaks for requirements (RQ) service                                      |           | (Note A)                         | 666,778            |
| 9        | Plus 12 CP of firm bundled sales over one year not in line 8.  |           | (Note B)                         | 0                  |
| 10       | Plus 12 CP of Network Load not in line 8   |           | (Note C)                         | 0                  |
| 11       | Less 12 CP of firm P-T-P over one year (enter negative)  |           | (Note D)                         | 0                  |
| 12       | Plus Contract Demand of firm P-T-P over one year   |           |                                  | 0                  |
| 13       | Less Contract Demand from Grandfathered Interzonal transactions over one year (enter negative) (Note S)  |           |                                  | 0                  |
| 14       | Less 12 CP or Contract Demands from service over one year provided by ISO at a discount (enter negative) |           |                                  | 0                  |
| 15       | Divisor (sum lines 8-14)   |           |                                  | 666,778            |
| 16       | Annual Cost (\$/kW/Yr) (line 7 / line 15)  | 9.256     |                                  |                    |
| 17       | Network & P-to-P Rate (\$/kW/Mo) (line 11 / 12)  | 0.771     |                                  |                    |
|          |  | Peak Rate |                                  | Off-Peak Rate      |
| 18       | Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)  | 0.178     |                                  | \$0.178            |
| 19       | Point-To-Point Rate (\$/kW/Day) (line 16 / 260; line 16 / 365)   | 0.036     | Capped at weekly rate            | \$0.025            |
| 20       | Point-To-Point Rate (\$/MWh) (line 16 / 4,160; line 16 / 8,760 times 1,000)                              | 2.225     | Capped at weekly and daily rates | \$1.057            |
| 21       | FERC Annual Charge (\$/MWh) (Note E)   | \$0.000   | Short Term                       | \$0.000 Short Term |
| 22       |  | \$0.000   | Long Term                        | \$0.000 Long Term  |

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/15

| Line No. | (1)   | (2)                      | (3)                  | (4)              | (5)  |
|----------|---|--------------------------|----------------------|------------------|--|
|          |   | <b>EIA 412 Reference</b> | <b>Company Total</b> | <b>Allocator</b> | <b>Transmission</b><br>(Col 3 times Col 4) |
|          | <b>RATE BASE:</b>   |                          |                      |                  |  |
|          | GROSS PLANT IN SERVICE (Note AA and GG)   |                          |                      |                  |  |
| 1        | Production  | IV.6.e                   | 298,984,577          | NA               |  |
| 2        | Transmission  | IV.7.e less Line 2a      | 67,475,274           | TP 1.00000       | 67,475,274                                 |
| 2a       | Transmission for projects with FERC incentives (Note EE)                              |                          | 90,126,134           | TP 1.00000       | 90,126,134                                 |
| 3        | Distribution  | IV.8.e                   | 0                    | NA               |  |
| 4        | General & Intangible  | IV.1.e & IV.9.e          | 24,653,943           | W/S 0.18380      | 4,531,313                                  |
| 5        | Common  |                          | 0                    | CE 0.18380       | 0  |
| 6        | TOTAL GROSS PLANT (sum lines 1-5)   |                          | 481,239,928          | GP= 33.691%      | 162,132,721                                |
|          | ACCUMULATED DEPRECIATION (Note AA and GG)   |                          |                      |                  |  |
| 7        | Production  |                          | 180,732,492          | NA               |  |
| 8        | Transmission  |                          | 35,049,479           | TP 1.00000       | 35,049,479                                 |
| 8a       | Transmission for projects with FERC approved incentives (Note EE)                     |                          | 2,447,955            | TP 1.00000       | 2,447,955                                  |
| 9        | Distribution  |                          | 0                    | NA               |  |
| 10       | General & Intangible  |                          | 15,994,802           | W/S 0.18380      | 2,939,792                                  |
| 11       | Common  |                          | 0                    | CE 0.18380       | 0  |
| 12       | TOTAL ACCUM. DEPRECIATION (sum lines 7-11)  |                          | 234,224,728          |                  | 40,437,225                                 |
|          | NET PLANT IN SERVICE (Note GG)  |                          |                      |                  |  |
| 13       | Production  | (line 1- line 7)         | 118,252,085          |                  |  |
| 14       | Transmission  | (line 2- line 8)         | 32,425,795           |                  | 32,425,795                                 |
| 14a      | Transmission for projects with FERC approved incentives (line 2a - line 8a) (Note EE) |                          | 87,678,179           |                  | 87,678,179                                 |
| 15       | Distribution  | (line 3 - line 9)        | 0                    |                  | 0  |
| 16       | General & Intangible  | (line 4 - line 10)       | 8,659,141            |                  | 1,591,521                                  |
| 17       | Common  | (line 5 - line 11)       | 0                    |                  | 0  |
| 18       | TOTAL NET PLANT (sum lines 13-17)   |                          | 247,015,200          | NP= 49.266%      | 121,695,496                                |
| 18a      | CWIP for projects with FERC approved incentives (Note CC and Note GG)                 |                          | 7,873,214            | N/A 1.00000      | 7,873,214                                  |
|          | ADJUSTMENTS TO RATE BASE (Note F)   |                          |                      |                  |  |
| 19       | Account No. 281 (enter negative)  |                          | 0                    | zero             | 0  |
| 20       | Account No. 282 (enter negative)  |                          | 0                    | NP 0.49266       | 0  |
| 21       | Account No. 283 (enter negative)  |                          | 0                    | NP 0.49266       | 0  |
| 22       | Account No. 190   |                          | 0                    | NP 0.49266       | 0  |
| 23       | Account No. 255 (enter negative)  |                          | 0                    | NP 0.49266       | 0  |
| 23a      | Unamortized balance of Abandoned Plant (Note DD and Note GG)                          |                          | 0                    | N/A 1.00000      | 0  |
| 24       | TOTAL ADJUSTMENTS (sum lines 19 - 23)   |                          | 0                    |                  | 0  |
| 25       | LAND HELD FOR FUTURE USE (Note GG)  | IV.12.e (Note G)         | 0                    | TP 1.00000       | 0  |
|          | WORKING CAPITAL (Note H)  |                          |                      |                  |  |
| 26       | CWC   |                          | 1,917,594            |                  | 830,832                                    |
| 27       | Materials & Supplies (Note GG)  | (Note G)                 | 266,219              | TE 0.99165       | 263,995                                    |
| 28       | Prepayments (Note GG)   | II.20.b                  | 1,122,066            | GP 0.33691       | 378,031                                    |
| 29       | TOTAL WORKING CAPITAL (sum lines 26 - 28)   |                          | 3,305,879            |                  | 1,472,859                                  |
| 30       | RATE BASE earning ACSR (lines 18 + 24 + 25 + 29 - 14a - 23a)                          |                          | 162,642,900          |                  | 35,490,175                                 |
| 30a      | RATE BASE earning HCSR (lines 14a + 18a + 23a)  |                          | 95,551,393           |                  | 95,551,393                                 |

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/15

| Line No. | (1)  | (2)<br>EIA 412 Reference | MRES                 |                  |  |
|----------|--|--------------------------|----------------------|------------------|--|
|          |  |                          | (3)<br>Company Total | (4)<br>Allocator | (5)<br>Transmission<br>(Col 3 times Col 4) |
|          | O&M (Note BB)  |                          |                      |                  |  |
| 1        | Transmission   | VII.8.d                  | 29,858,425           | TE 0.99165       | 29,608,963                                 |
| 1a       | Less LSE Expenses included in Transmission O&M Accounts (Note V)   |                          | 0                    | 1.00000          | 0  |
| 2        | Less Account 565   |                          | 25,764,991           | TE 0.99165       | 25,549,729                                 |
| 3        | A&G  | VII.13.d                 | 11,417,608           | W/S 0.18380      | 2,098,518                                  |
| 4        | Less FERC Annual Fees  |                          | 0                    | W/S 0.18380      | 0  |
| 5        | Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)  |                          | 814,233              | W/S 0.18380      | 149,653                                    |
| 5a       | Plus Transmission Related Reg. Comm. Exp. (Note I)   |                          | 643,939              | TE 0.99165       | 638,559                                    |
| 6        | Common   |                          | 0                    | CE 0.18380       | 0  |
| 7        | Transmission Lease Payments  |                          | 0                    | NA 1.00000       | 0  |
| 8        | TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 1a, 2, 4, 5)  |                          | 15,340,748           |                  | 6,646,658                                  |
|          | DEPRECIATION AND AMORTIZATION EXPENSE (Note AA)  |                          |                      |                  |  |
| 9        | Transmission   |                          | 3,133,290            | TP 1.00000       | 3,133,290                                  |
| 9a       | Abandoned Plant Amortization (Note DD)   |                          | 0                    | N/A 1.00000      | 0  |
| 10       | General & Intangible   |                          | 856,152              | W/S 0.18380      | 157,358                                    |
| 11       | Common   |                          | 0                    | CE 0.18380       | 0  |
| 12       | TOTAL DEPRECIATION (sum lines 9 - 11)  |                          | 3,989,442            |                  | 3,290,648                                  |
|          | TAXES OTHER THAN INCOME TAXES (Note J)   |                          |                      |                  |  |
|          | LABOR RELATED  |                          |                      |                  |  |
| 13       | Payroll  |                          | 0                    | W/S 0.18380      | 0  |
| 14       | Highway and vehicle  |                          | 0                    | W/S 0.18380      | 0  |
| 15       | PLANT RELATED  |                          |                      |                  |  |
| 16       | Property   |                          | 3,600,419            | GP 0.33691       | 1,213,004                                  |
| 17       | Gross Receipts   |                          | 0                    | NA zero          | 0  |
| 18       | Other  |                          | 0                    | GP 0.33691       | 0  |
| 19       | Payments in lieu of taxes  |                          | 0                    | GP 0.33691       | 0  |
| 20       | TOTAL OTHER TAXES (sum lines 13 - 19)  |                          | 3,600,419            |                  | 1,213,004                                  |
|          | INCOME TAXES (Note K)  |                          |                      |                  |  |
| 21       | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$  |                          | 0.00%                | NA               |  |
| 22       | $CIT=(T/1-T) * (1-(WCLTD/R)) =$  |                          | 0.00%                |                  |  |
|          | where WCLTD=(page 4, line 22) and R=(page 4, line 24)<br>and FIT, SIT & p are as given in footnote K.  |                          |                      |                  |  |
| 23       | $1 / (1 - T) =$ (from line 21)   |                          | 0.0000               |                  |  |
| 24       | Amortized Investment Tax Credit (266.8f) (enter negative)  |                          | 0                    |                  |  |
| 25       | Income Tax Calculation = line 22 * line 28   |                          | 0                    | NA               | 0  |
| 26       | ITC adjustment (line 23 * line 24)   |                          | 0                    | NP 0.49266       | 0  |
| 27       | Total Income Taxes (line 25 plus line 26)  |                          | 0                    |                  | 0  |
| 28       | RETURN from ACSR<br>[Rate Base (page 2, line 30 + 30a) * Rate of Return (page 4, line 24)]   |                          | 18,617,102           | NA               | 9,448,754                                  |
| 28a      | RETURN from HCSR<br>[Rate Base (page 2, line 30a) * Rate of Return (page 4, line 30)]  |                          | 1,446,820            | NA               | 1,446,820                                  |
| 29       | REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28 and 28a)   |                          | 42,994,531           |                  | 22,045,883                                 |
| 30       | LESS ATTACHMENT GG ADJUSTMENT [Attachment GG, page 2, line 3, column 10] (Note W)<br>[Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment GG] |                          | 10,483,343           |                  | 10,483,343                                 |
| 30a      | LESS ATTACHMENT MM ADJUSTMENT [Attachment MM, page 2, line 3, column 14] (Note Y)<br>[Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment MM] |                          | 4,895,732            |                  | 4,895,732                                  |
| 31       | REVENUE REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O<br>(line 29 - line 30 - line 30a)   |                          | 27,615,456           |                  | 6,666,808                                  |

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/15

MRES

| Line No.  | SUPPORTING CALCULATIONS AND NOTES   |              |                     |  |
|---|---|--------------|---------------------|--|
| <b>TRANSMISSION PLANT INCLUDED IN ISO RATES</b>               |   |              |                     |  |
| 1   | Total transmission plant (page 2, line 2 and 2a, column 3)                              |              |                     | 157,601,408                            |
| 2   | Less transmission plant excluded from ISO rates (Note M)                                |              |                     | 0                                      |
| 3   | Less transmission plant included in OATT Ancillary Services (Note N)                    |              |                     | 0                                      |
| 4   | Transmission plant included in ISO rates (line 1 less lines 2 & 3)                      |              |                     | 157,601,408                            |
| 5   | Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)       |              | TP=                 | 1.00000                                |
| <b>TRANSMISSION EXPENSES</b>                                  |   |              |                     |  |
| 6   | Total transmission expenses (page 3, line 1, column 3)                                  |              |                     | 29,858,425                             |
| 7   | Less transmission expenses included in OATT Ancillary Services (Note L)                 |              |                     | 249,462                                |
| 8   | Included transmission expenses (line 6 less line 7)                                     |              |                     | 29,608,963                             |
| 9   | Percentage of transmission expenses after adjustment (line 8 divided by line 6)         |              |                     | 0.99165                                |
| 10  | Percentage of transmission plant included in ISO Rates (line 5)                         |              | TP                  | 1.00000                                |
| 11  | Percentage of transmission expenses included in ISO Rates (line 9 times line 10)        |              | TE=                 | 0.99165                                |
| <b>WAGES &amp; SALARY ALLOCATOR (W&amp;S)</b>                 |   |              |                     |  |
|   |   | \$           | TP                  | Allocation                             |
| 12  | Production  | 2,536,151    | 0.00                | 0                                      |
| 13  | Transmission  | 603,032      | 1.00                | 603,032                                |
| 14  | Distribution  | 0            | 0.00                | 0                                      |
| 15  | Other   | 141,792      | 0.00                | 0                                      |
| 16  | Total (sum lines 12-15)   | 3,280,975    |                     | 603,032 = 0.18380 = W/S                |
| <b>COMMON PLANT ALLOCATOR (CE) (Note O)</b>                   |   |              |                     |  |
|   |   | \$           | % Electric          | Labor Ratio                            |
| 17  | Electric  | 481,239,928  | (line 17 / line 20) | (line 16)                              |
| 18  | Gas   | 0            | 1.00000 *           | 0.18380 = 0.18380                      |
| 19  | Water   | 0            |                     |  |
| 20  | Total (sum lines 17-19)   | 481,239,928  |                     |  |
| <b>ACTUAL CAPITAL STRUCTURE RETURN (ACSR)</b>                 |   |              |                     |  |
|   |   | \$           |                     |  |
| 21  | Long Term Interest III.16.b + III.17.b (Note U)   | \$32,425,465 |                     |  |
|   |   | \$           | %                   | Cost (Note P)                          |
| 22  | Long Term Debt (Note GG) II.37.b  | 565,498,077  | 78%                 | 5.73%                                  |
| 23  | Proprietary Capital (Note GG) II.32.b   | 161,520,098  | 22%                 | 0.1238                                 |
| 24  | Total (sum lines 22, 23)  | 727,018,175  | 100%                | 0.0721 =R                              |
| 25  |   |              |                     | Proprietary Capital Cost Rate = 12.38% |
| 26  |   |              |                     | TIER = 1.26                            |
| <b>HYPOTHETICAL CAPITAL STRUCTURE RETURN (HCSR) (NOTE FF)</b> |   |              |                     |  |
|   |   | %            | Cost (Note P)       | Weighted                               |
| 27  | Long Term Debt (Cost of Long-term Debt from page 4, line 22)                            | 55%          | 5.73%               | 0.0315 =WCLTD                          |
| 28  | Proprietary Capital (Cost of Proprietary Capital from page 4, line 25)                  | 45%          | 0.1238              | 0.0557                                 |
| 29  | Total (sum lines 27, 28)  | 100%         |                     | 0.0872 =R                              |
| 30  | Annual Allocation Factor for Incentive Return (line 29 minus line 24)                   |              |                     | 1.514%                                 |
| <b>REVENUE CREDITS</b>  |   |              |                     |  |
| <b>ACCOUNT 447 (SALES FOR RESALE)</b>                         |   |              |                     |  |
|   |   |              |                     | Load                                   |
| 31  | a. Bundled Non-RQ Sales for Resale (Note Q)   |              |                     | 0                                      |
| 32  | b. Bundled Sales for Resale included in Divisor on page 1                               |              |                     | 0                                      |
| 33  | Total of (a)-(b)  |              |                     | 0                                      |
| 34  | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)                                      |              |                     | \$314,511                              |
| <b>ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)</b>                |   |              |                     |  |
| 35  | a. Transmission charges for all transmission transactions                               |              |                     | \$36,738,515                           |
| 36  | b. Transmission charges for all transmission transactions included in Divisor on page 1 |              |                     | \$22,029,795                           |
| 36a   | c. Transmission charges associated with Schedules 26 and 37 (Note X)                    |              |                     | \$9,618,817                            |
| 36b   | d. Transmission charges associated with Schedule 26-A (Note Z)                          |              |                     | \$4,909,377                            |
| 37  | Total of (a)-(b)-(c)-(d)  |              |                     | \$180,526                              |

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from EIA Form 412 are indicated as: x.y.z (section, line, column)  
To the extent the page references to EIA Form 412 are missing, the entity will include a "Notes" section in the EIA 412 to provide this data.

Note  
Letter

- A The utility's maximum monthly megawatt load (60-minute integration) for RQ service at time of applicable pricing zone coincident monthly peaks. RQ service is service which the supplier plans to provide on an on-going basis (i.e., the supplier includes projected load for this service in its system resource planning).
  - B Includes LF, IF, LU, IU service. LF means "firm service" (cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions), and long-term (duration of at least five years); does not meet definition of RQ service. IF is "firm service" for a term longer than one but less than five years. LU is service from a designated generating unit, of a term no less than five years. LI is service from a designated generating unit for a term between one and five years. Measured at time of applicable pricing zone coincident monthly peaks.
  - C LF as defined above at time of applicable pricing zone coincident monthly peaks.
  - D LF as defined above at time of applicable pricing zone coincident monthly peaks.
  - E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff, if any
  - F The 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.
  - G Transmission related only.
  - H 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.
  - I 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.
  - J 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.
  - K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit. multiplied by (1/1-T) (page 3, line 26).
- |                  |       |       |   |
|------------------|-------|-------|---|
| Inputs Required: | FIT = | 0.00% |   |
|                  | SIT=  | 0.00% | (State Income Tax Rate or Composite SIT)            |
|                  | p =   | 0.00% | (percent of federal income tax deductible for state |
- L 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.
  - M 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).
  - N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed 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.
  - O Enter dollar amounts
  - P 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.
  - Q 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.
  - R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
  - S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4, page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
  - T 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 ISO (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.
  - U From Reference III.17.b include only the amount from Accounts 428, 429, and 430.
  - V Account Nos. 561.4 and 561.8 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
  - W Pursuant to Attachment GG of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GG and recovered under Schedule 26 of the Midwest ISO Tariff.
  - X Removes from revenue credits revenues that are distributed pursuant to Schedules 26 and 37 of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment GG revenue requirements.
  - Y Pursuant to Attachment MM of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment MM and recovered under Schedule 26-A of the Midwest ISO Tariff.
  - Z Removes from revenue credits revenues that are distributed pursuant to Schedule 26-A of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment MM revenue requirements.
  - AA Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
  - BB Schedule 10-FERC charges should not be included in O&M recovered under this Attachment O.
  - CC The CWIP balance on Page 2, Line 18a is the 13 month average for the transmission projects approved for CWIP in rate base by FERC. The projects approved for 100% CWIP recovery do not include any AFUDC in CWIP balances.
  - DD Page 2, Line 23a includes any unamortized balances related to the recovery of abandoned plant costs for the projects approved by FERC. Page 3, line 9a is the annual amortization expense of abandoned plant costs for the projects approved by FERC. No abandoned plant costs will be included until approved by FERC under a separate docket.
  - EE Includes the transmission gross plant in-service (Line 2a, page 2 of 5), accumulated depreciation (line 8a, page 2 of 5) and net transmission plant in-service (line 14a, page 2 of 5) for the transmission projects granted a hypothetical capital structure of 55% debt and 45% equity by FERC. These transmission plant balances do not include any AFUDC.
  - FF The Hypothetical Capital Structure Return (HCSR) calculation is only applicable to the projects approved by FERC that use a hypothetical capital structure of 55% debt and 45% equity.
  - GG Calculated using 13 month average balance.

# Missouri River Energy Services 2015 Estimated Revenue Requirement Template

Midwest ISO  
FERC Electric Tariff, Fourth Revised Volume No. 1

First Revised Sheet No. 2634  
Superseding Original Sheet No. 2634

Attachment O-MRES  
Page 1 of 5

Formula Rate - Non-Levelized  
Clean Version

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/2015

MRES

| Line No. |  |  | Total     | Allocator                        | Allocated Amount   |
|----------|--|--|-----------|----------------------------------|--------------------|
| 1        | GROSS REVENUE REQUIREMENT (page 3, line 31)  |  |           |                                  | \$ 5,098,063       |
|          | REVENUE CREDITS  | (Note T)                                       |           |                                  |                    |
| 2        | Account No. 454  | (page 4, line 34)                              | 135,156   | TP 1.00000                       | 135,156            |
| 3        | Account No. 456.1  | (page 4, line 37)                              | 0         | TP 1.00000                       | 0                  |
| 4        | Revenues from Grandfathered Interzonal Transactions  |  | 0         | TP 1.00000                       | 0                  |
| 5        | Revenues from service provided by the ISO at a discount  |  | 0         | TP 1.00000                       | 0                  |
| 6        | TOTAL REVENUE CREDITS (sum lines 2-5)  |  |           |                                  | 135,156            |
| 6a       | Historic Year Actual ATRR  |  |           |                                  | -                  |
| 6b       | Historic Year Projected ATRR   |  |           |                                  | -                  |
| 6c       | Historic Year ATRR True-Up   | (line 6a - line 6b)                            |           |                                  | -                  |
| 6d       | Historic Year Actual Divisor   |  |           |                                  | -                  |
| 6e       | Historic Year Projected Divisor  |  |           |                                  | -                  |
| 6f       | Difference in Divisor  | (line 6e- line 6d)                             |           |                                  | -                  |
| 6g       | Historic Year Projected Annual Cost (\$/kW/Yr)   |  |           |                                  | -                  |
| 6h       | Historic Year Divisor True-Up  | (line 6f * line 6g)                            |           |                                  | -                  |
| 6i       | Interest on Historic Year True-Up  |  |           |                                  | -                  |
| 7        | NET REVENUE REQUIREMENT  | (line 1 - line 6 + Line 6c+ line 6h+ line 6i)  |           |                                  | \$ 4,962,907       |
|          | DIVISOR  |  |           |                                  |                    |
| 8        | Average of 12 coincident system peaks for requirements (RQ) service                                      |  |           | (Note A)                         | 667,836            |
| 9        | Plus 12 CP of firm bundled sales over one year not in line 8.  |  |           | (Note B)                         | 0                  |
| 10       | Plus 12 CP of Network Load not in line 8   |  |           | (Note C)                         | 0                  |
| 11       | Less 12 CP of firm P-T-P over one year (enter negative)  |  |           | (Note D)                         | 0                  |
| 12       | Plus Contract Demand of firm P-T-P over one year   |  |           |                                  | 0                  |
| 13       | Less Contract Demand from Grandfathered Interzonal transactions over one year (enter negative) (Note S)  |  |           |                                  | 0                  |
| 14       | Less 12 CP or Contract Demands from service over one year provided by ISO at a discount (enter negative) |  |           |                                  | 0                  |
| 15       | Divisor (sum lines 8-14)   |  |           |                                  | 667,836            |
| 16       | Annual Cost (\$/kW/Yr)   | (line 7 / line 15)                             | 7.431     |                                  |                    |
| 17       | Network & P-to-P Rate (\$/kW/Mo) (line 11 / 12)  |  | 0.619     |                                  |                    |
|          |  |  | Peak Rate |                                  | Off-Peak Rate      |
| 18       | Point-To-Point Rate (\$/kW/Wk)   | (line 16 / 52; line 16 / 52)                   | 0.143     |                                  | \$0.143            |
| 19       | Point-To-Point Rate (\$/kW/Day)  | (line 16 / 260; line 16 / 365)                 | 0.029     | Capped at weekly                 | \$0.020            |
| 20       | Point-To-Point Rate (\$/MWh)   | (line 16 / 4,160; line 16 / 8,760 times 1,000) | 1.786     | Capped at weekly and daily rates | \$0.848            |
| 21       | FERC Annual Charge (\$/MWh)  | (Note E)                                       | \$0.000   | Short Term                       | \$0.000 Short Term |
| 22       |  |  | \$0.000   | Long Term                        | \$0.000 Long Term  |

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Issued on: January 15, 2009  
Midwest ISO  
FERC Electric Tariff, Fourth Revised Volume No. 1

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First Revised Sheet No. 2635  
Superseding Original Sheet No. 2635  
Attachment O-MRES  
Page 2 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/2015

| Line No.                                       | (1)<br>RATE BASE:<br>GROSS PLANT IN SERVICE (Note AA and Note GG)                     | (2)<br>EIA 412<br>Reference | (3)<br>MRES<br>Company Total | (4)<br>Allocator | (5)<br>Transmission<br>(Col 3 times Col 4) |
|--|---|-----------------------------|------------------------------|------------------|--|
| 1  | Production  | IV.6.e                      | 305,008,726                  | NA               |  |
| 2  | Transmission  | IV.7.e less Line 2a         | 72,048,184                   | TP 1.00000       | 72,048,184                                 |
| 2a   | Transmission for projects with FERC approved incentives (Note EE)                     |                             | 87,233,135                   | TP 1.00000       | 87,233,135                                 |
| 3  | Distribution  | IV.8.e                      | 0                            | NA               |  |
| 4  | General & Intangible  | IV.1e and IV.9.e            | 25,085,003                   | W/S 0.16668      | 4,181,102                                  |
| 5  | Common  |                             | 0                            | CE 0.16668       | 0  |
| 6  | TOTAL GROSS PLANT (sum lines 1-5)   |                             | 489,375,048                  | GP= 33.402%      | 163,462,421                                |
| ACCUMULATED DEPRECIATION (Note AA and Note GG) |   |                             |                              |                  |  |
| 7  | Production  |                             | 182,463,969                  | NA               |  |
| 8  | Transmission  |                             | 35,425,042                   | TP 1.00000       | 35,425,042                                 |
| 8a   | Transmission for projects with FERC approved incentives (Note EE)                     |                             | 1,925,723                    | TP 1.00000       | 1,925,723                                  |
| 9  | Distribution  |                             | 0                            | NA               |  |
| 10   | General & Intangible  |                             | 16,019,649                   | W/S 0.16668      | 2,670,113                                  |
| 11   | Common  |                             | 0                            | CE 0.16668       | 0  |
| 12   | TOTAL ACCUM. DEPRECIATION (sum lines 7-11)  |                             | 235,834,383                  |                  | 40,020,878                                 |
| NET PLANT IN SERVICE (Note GG)                 |   |                             |                              |                  |  |
| 13   | Production  | (line 1- line 7)            | 122,544,757                  |                  |  |
| 14   | Transmission  | (line 2- line 8)            | 36,623,142                   |                  | 36,623,142                                 |
| 14a  | Transmission for projects with FERC approved incentives (Line 2a - line 8a) (Note EE) |                             | 85,307,412                   |                  | 85,307,412                                 |
| 15   | Distribution  | (line 3 - line 9)           | 0                            |                  |  |
| 16   | General & Intangible  | (line 4 - line 10)          | 9,065,354                    |                  | 1,510,989                                  |
| 17   | Common  | (line 5 - line 11)          | 0                            |                  | 0  |
| 18   | TOTAL NET PLANT (sum lines 13-17)   |                             | 253,540,665                  | NP= 48.687%      | 123,441,543                                |
| 18a  | CWIP for projects with FERC approved incentives (Note CC and Note GG)                 |                             | 12,378,619                   | NA 1.00000       | 12,378,619                                 |
| ADJUSTMENTS TO RATE BASE (Note F)              |   |                             |                              |                  |  |
| 19   | Account No. 281 (enter negative)  |                             | 0                            | zero             | 0  |
| 20   | Account No. 282 (enter negative)  |                             | 0                            | NP 0.48687       | 0  |
| 21   | Account No. 283 (enter negative)  |                             | 0                            | NP 0.48687       | 0  |
| 22   | Account No. 190   |                             | 0                            | NP 0.48687       | 0  |
| 23   | Account No. 255 (enter negative)  |                             | 0                            | NP 0.48687       | 0  |
| 23a  | Unamortized balance of Abandoned Plant (Note DD and Note GG)                          |                             | 0                            | NA 1.00000       | 0  |
| 24   | TOTAL ADJUSTMENTS (sum lines 19 - 23)   |                             | 0                            |                  | 0  |
| 25   | LAND HELD FOR FUTURE USE (Note GG)  | IV.12.e (Note G)            | 0                            | TP 1.00000       | 0  |
| WORKING CAPITAL (Note H)                       |   |                             |                              |                  |  |
| 26   | CWC   |                             | 1,691,319                    |                  | 716,220                                    |
| 27   | Materials & Supplies (Note GG)  | (Note G)                    | 294,413                      | TE 0.98793       | 290,859                                    |
| 28   | Prepayments (Note GG)   | II.20.b                     | 2,006,509                    | GP 0.33402       | 670,220                                    |
| 29   | TOTAL WORKING CAPITAL (sum lines 26 - 28)   |                             | 3,992,241                    |                  | 1,677,299                                  |
| 30   | RATE BASE earning ACSR (lines 18+24+25+29-14a-23a)                                    |                             | 172,225,494                  |                  | 39,811,431                                 |
| 30a  | RATE BASE earning HCSR (lines 14a+18a+23a)  |                             | 97,686,031                   |                  | 97,686,031                                 |

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Midwest ISO  
FERC Electric Tariff, Fourth Revised Volume No. 1

Third Revised Sheet No. 2636  
Superseding Second Revised Sheet No. 2636  
Attachment O-MRES  
Page 3 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data

For the 12 months ended 12/31/2015

| Line No.  | (1)  | (2)<br>EIA 412<br>Reference | MRES                 |                  | (5)<br>Transmission<br>(Col 3 times Col 4) |
|---|--|-----------------------------|----------------------|------------------|--|
|   |  |                             | (3)<br>Company Total | (4)<br>Allocator |  |
| 1   | O&M (Note BB)  |                             |                      |                  |  |
| 1   | Transmission   | VII.8.d                     | 30,948,471           | TE 0.98793       | 30,574,898                                 |
| 1a  | Less LSE Expenses included in Transmission O&M Accounts (Note V)   |                             | 0                    | 1.00000          | 0  |
| 2   | Less Account 565   |                             | 26,917,703           | TE 0.98793       | 26,592,785                                 |
| 3   | A&G  | VII.13.d                    | 9,828,782            | W/S 0.16668      | 1,638,235                                  |
| 4   | Less FERC Annual Fees  |                             | 0                    | W/S 0.16668      | 0  |
| 5   | Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)  |                             | 529,000              | W/S 0.16668      | 88,172                                     |
| 5a  | Plus Transmission Related Reg. Comm. Exp. (Note I)   |                             | 200,000              | TE 0.98793       | 197,586                                    |
| 6   | Common   |                             | 0                    | CE 0.16668       | 0  |
| 7   | Transmission Lease Payments  |                             | 0                    | NA 1.00000       | 0  |
| 8   | TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 1a, 2, 4, 5)  |                             | 13,530,550           |                  | 5,729,762                                  |
| DEPRECIATION AND AMORTIZATION EXPENSE (Note AA) |  |                             |                      |                  |  |
| 9   | Transmission   |                             | 1,747,688            | TP 1.00000       | 1,747,688                                  |
| 9a  | Abandoned Plant Amortization (Note DD)   |                             | 0                    | NA 1.00000       | 0  |
| 10  | General & Intangible   |                             | 808,514              | W/S 0.16668      | 134,761                                    |
| 11  | Common   |                             | 0                    | CE 0.16668       | 0  |
| 12  | TOTAL DEPRECIATION (sum lines 9 - 11)  |                             | 2,556,202            |                  | 1,882,449                                  |
| TAXES OTHER THAN INCOME TAXES (Note J)          |  |                             |                      |                  |  |
| LABOR RELATED                                   |  |                             |                      |                  |  |
| 13  | Payroll  |                             | 0                    | W/S 0.16668      | 0  |
| 14  | Highway and vehicle  |                             | 0                    | W/S 0.16668      | 0  |
| PLANT RELATED                                   |  |                             |                      |                  |  |
| 16  | Property   |                             | 2,724,098            | GP 0.33402       | 909,911                                    |
| 17  | Gross Receipts   |                             | 0                    | NA zero          | 0  |
| 18  | Other  |                             | 0                    | GP 0.33402       | 0  |
| 19  | Payments in lieu of taxes  |                             | 0                    | GP 0.33402       | 0  |
| 20  | TOTAL OTHER TAXES (sum lines 13 - 19)  |                             | 2,724,098            |                  | 909,911                                    |
| INCOME TAXES (Note K)                           |  |                             |                      |                  |  |
| 21  | $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$  |                             | 0.00%                | NA               |  |
| 22  | $CTI = (T / (1 - T)) * (1 - (WCLTD / R)) =$<br>where WCLTD = (page 4, line 22) and R = (page 4, line 24)<br>and FIT, SIT & p are as given in footnote K.                                 |                             | 0.00%                |                  |  |
| 23  | $1 / (1 - T) =$ (from line 21)   |                             | 0.0000               |                  |  |
| 24  | Amortized Investment Tax Credit (266.8f) (enter negative)  |                             | 0                    |                  |  |
| 25  | Income Tax Calculation = line 22 * line 28   |                             | 0                    | NA               | 0  |
| 26  | ITC adjustment (line 23 * line 24)   |                             | 0                    | NP 0.48687       | 0  |
| 27  | Total Income Taxes (line 25 plus line 26)  |                             | 0                    |                  | 0  |
| 28  | RETURN from ACSR<br>[Rate Base (page 2, line 30 + 30a) * Rate of Return (page 4, line 24)]   |                             | 16,511,124           | NA               | 8,411,044                                  |
| 28a   | RETURN from HCSR<br>[Rate Base (page 2, line 30a) * Rate of Return (page 4, line 30)]  |                             | 1,873,042            | NA               | 1,873,042                                  |
| 29  | REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28 and 28a)   |                             | 37,195,016           |                  | 18,806,208                                 |
| 30  | LESS ATTACHMENT GG ADJUSTMENT [Attachment GG, page 2, line 3, column 10] (Note W)<br>[Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment GG] |                             | 9,367,540            |                  | 9,367,540                                  |
| 30a   | LESS ATTACHMENT MM ADJUSTMENT [Attachment MM, page 2, line 3 column 14] (Note Y)<br>[Revenue Requirement for facilities included on page 2, line 2 and also included in Attachment MM]   |                             | 4,340,605            |                  | 4,340,605                                  |
| 31  | REVENUE REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O<br>(line 29 - line 30 - line 30a)   |                             | 23,486,871           |                  | 5,098,063                                  |

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Issued on: September 30, 2009

Effective: January 1, 2010

Midwest ISO  
FERC Electric Tariff, Fourth Revised Volume No. 1

First Revised Sheet No. 2637  
Superseding Original Sheet No. 2637  
Attachment O-MRES  
Page 4 of 5

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data  
MRES

For the 12 months ended 12/31/2015

| Line No.  | SUPPORTING CALCULATIONS AND NOTES   |              |      |                     |  |
|---|---|--------------|------|---------------------|--|
| <b>TRANSMISSION PLANT INCLUDED IN ISO RATES</b>               |   |              |      |                     |  |
| 1   | Total transmission plant (page 2, line 2 and 2a, column 3)                              |              |      |                     | 72,048,184                             |
| 2   | Less transmission plant excluded from ISO rates (Note M)                                |              |      |                     | 0                                      |
| 3   | Less transmission plant included in OATT Ancillary Services (Note N)                    |              |      |                     | 0                                      |
| 4   | Transmission plant included in ISO rates (line 1 less lines 2 & 3)                      |              |      |                     | 72,048,184                             |
| 5   | Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)       |              |      | TP=                 | 1.00000                                |
| <b>TRANSMISSION EXPENSES</b>                                  |   |              |      |                     |  |
| 6   | Total transmission expenses (page 3, line 1, column 3)                                  |              |      |                     | 30,948,471                             |
| 7   | Less transmission expenses included in OATT Ancillary Services (Note L)                 |              |      |                     | 373,573                                |
| 8   | Included transmission expenses (line 6 less line 7)                                     |              |      |                     | 30,574,898                             |
| 9   | Percentage of transmission expenses after adjustment (line 8 divided by line 6)         |              |      |                     | 0.98793                                |
| 10  | Percentage of transmission plant included in ISO Rates (line 5)                         |              |      | TP                  | 1.00000                                |
| 11  | Percentage of transmission expenses included in ISO Rates (line 9 times line 10)        |              |      | TE=                 | 0.98793                                |
| <b>WAGES &amp; SALARY ALLOCATOR (W&amp;S)</b>                 |   |              |      |                     |  |
|   |   | \$           | TP   | Allocation          |  |
| 12  | Production  | 2,345,784    | 0.00 | 0                   |  |
| 13  | Transmission  | 497,891      | 1.00 | 497,891             |  |
| 14  | Distribution  | 0            | 0.00 | 0                   | W&S Allocator                          |
| 15  | Other   | 143,481      | 0.00 | 0                   | (\$ / Allocation)                      |
| 16  | Total (sum lines 12-15)   | 2,987,156    |      | 497,891             | = 0.16668 = W/S                        |
| <b>COMMON PLANT ALLOCATOR (CE) (Note O)</b>                   |   |              |      |                     |  |
|   |   | \$           |      | % Electric          | Labor Ratio                            |
| 17  | Electric  | 489,375,048  |      | (line 17 / line 20) | (line 16)                              |
| 18  | Gas   | 0            |      | 1.00000 *           | 0.16668 =                              |
| 19  | Water   | 0            |      |                     | 0.16668                                |
| 20  | Total (sum lines 17-19)   | 489,375,048  |      |                     | CE                                     |
| <b>ACTUAL CAPITAL STRUCTURE RETURN (ACSR)</b>                 |   |              |      |                     |  |
| 21  | Long Term Interest  | \$           |      | Cost                |  |
|   |   | \$27,649,882 |      | (Note P)            | Weighted                               |
| 22  | Long Term Debt (Note GG)  | \$           | %    | (Note P)            | Weighted                               |
| 23  | Proprietary Capital (Note GG)   | 617,273,550  | 79%  | 4.48%               | 0.0355 =WCLTD                          |
| 24  | Total (sum lines 22, 23)  | 161,433,415  | 21%  | 0.1238              | 0.0257                                 |
|   |   | 778,706,965  | 100% |                     | 0.0612 =R                              |
| 25  |   |              |      |                     | Proprietary Capital Cost Rate = 12.38% |
| 26  |   |              |      |                     | TIER = 1.37                            |
| <b>HYPOTHETICAL CAPITAL STRUCTURE RETURN (HCSR) (NOTE FF)</b> |   |              |      |                     |  |
|   |   |              |      | Cost                | Weighted                               |
| 27  | Long Term Debt (Cost of Long-term Debt from page 4, line 22)                            | %            |      | (Note P)            | Weighted                               |
| 28  | Proprietary Capital (Cost of Proprietary Capital from page 4, line 25)                  | 55%          |      | 4.48%               | 0.0246 =WCLTD                          |
| 29  | Total (sum lines 27, 28)  | 45%          |      | 12.38%              | 0.0557                                 |
|   |   | 100%         |      |                     | 0.0803 =R                              |
| 30  | Annual Allocation Factor for Incentive Return (line 29 minus line 24)                   |              |      |                     | 1.917%                                 |
| <b>REVENUE CREDITS</b>  |   |              |      |                     |  |
| <b>ACCOUNT 447 (SALES FOR RESALE)</b>                         |   |              |      |                     |  |
|   |   |              |      |                     | Load                                   |
| 31  | a. Bundled Non-RQ Sales for Resale  |              |      |                     | 0                                      |
| 32  | b. Bundled Sales for Resale included in Divisor on page 1                               |              |      |                     | 0                                      |
| 33  | Total of (a)-(b)  |              |      |                     | 0                                      |
| 34  | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)                                      |              |      |                     | \$135,156                              |
| <b>ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)</b>                |   |              |      |                     |  |
| 35  | a. Transmission charges for all transmission transactions                               |              |      |                     | \$28,501,382                           |
| 36  | b. Transmission charges for all transmission transactions included in Divisor on page 1 |              |      |                     | \$28,501,382                           |
| 36a   | c. Transmission charges associated with Schedules 26 and 37 (Note X)                    |              |      |                     | \$0                                    |
| 36b   | d. Transmission charges associated with Schedule 26-A (Note Z)                          |              |      |                     | \$0                                    |
| 37  | Total of (a)-(b)-(c)-(d)  |              |      |                     | \$0                                    |

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FERC Electric Tariff, Fourth Revised Volume No. 1

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Second Revised Sheet No. 2638  
Superseding First Revised Sheet No. 2638  
Attachment O-MRES  
Page 5 of 5  
For the 12 months ended 12/31/2015

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing EIA Form 412 Data  
MRES

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from EIA Form 412 are indicated as: x.y.z (section, line, column)  
To the extent the page references to EIA Form 412 are missing, the entity will include a "Notes" section in the EIA 412 to provide this data.

Note  
Letter

- A The utility's maximum monthly megawatt load (60-minute integration) for RQ service at time of applicable pricing zone coincident monthly peaks. RQ service is service which the supplier plans to provide on an on-going basis (i.e., the supplier includes projected load for this service in its system resource planning).
  - B Includes LF, IF, LU, IU service. LF means "firm service" (cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions), and long-term (duration of at least five years); does not meet definition of RQ service. IF is "firm service" for a term longer than one but less than five years. LU is service from a designated generating unit, of a term no less than five years. LI is service from a designated generating unit for a term between one and five years. Measured at time of applicable pricing zone coincident monthly peaks.
  - C LF as defined above at time of applicable pricing zone coincident monthly peaks.
  - D LF as defined above at time of applicable pricing zone coincident monthly peaks.
  - E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff, if any
  - F The 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.
  - G Transmission related only.
  - H 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.
  - I 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.
  - J 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.
  - K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit, multiplied by (1/1-T) (page 3, line 26).
- |                  |       |       |   |
|------------------|-------|-------|---|
| Inputs Required: | FIT = | 0.00% |   |
|                  | SIT = | 0.00% | (State Income Tax Rate or Composite SIT)                      |
|                  | p =   | 0.00% | (percent of federal income tax deductible for state purposes) |
- L 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.
  - M 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).
  - N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed 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.
  - O Enter dollar amounts
  - P 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.
  - Q 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.
  - R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
  - S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4, page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
  - T 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 ISO (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.
  - U From Reference III.17.b include only the amount from accounts 428, 429, and 430.
  - V Account Nos. 561.4 and 561.8 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
  - W Pursuant to Attachment GG of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GG and recovered under Schedule 26 of the Midwest ISO Tariff.
  - X Removes from revenue credits revenues that are distributed pursuant to Schedules 26 and 37 of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment GG revenue requirements.
  - Y Pursuant to Attachment MM of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment MM and recovered under Schedule 26-A of the Midwest ISO Tariff.
  - Z Removes from revenue credits revenues that are distributed pursuant to Schedule 26-A of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment MM revenue requirements.
  - AA Plant in Service, Accumulated Depreciation and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
  - BB Schedule 10-FERC charges should not be included in O&M recovered under this Attachment O.
  - CC The CWIP balance on Page 2, Line 18a is the 13 month average for the transmission projects approved for included CWIP in rate base by FERC. The projects approved for 100% CWIP recovery do not include any AFUDC in the CWIP balances.
  - DD Page 2, Line 23a includes any unamortized balances related to the recovery of abandoned plant costs for the projects approved by FERC. Page 3, Line 9a is the annual amortization expense of abandoned plant costs for the projects approved by FERC. No abandoned plant costs will be included until approved by FERC under a separate docket.
  - EE Includes the transmission gross plant in-service (line 2a, page 2 of 5), accumulated depreciation (line 8a, page 2 of 5) and net transmission plant in-service (line 14a, page 2 of 5) for the transmission projects granted a hypothetical capital structure of 55% debt and 45% equity by FERC. These transmission plant balances do not include any AFUDC.
  - FF The Hypothetical Capital Structure Return (HCSR) calculation is only applicable to the projects approved by FERC that use a hypothetical capital structure of 55% debt and 45% equity.
  - GG Calculated using-13 month average balance.

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NWPS  
2015 Actual  
Revenue Requirement Template

**ADDENDUM 27 TO ATTACHMENT H Page 43 of 48**  
**NorthWestern Corporation (South Dakota)**  
**APPENDIX A**

(For Rate Year Beginning April 1, 2016, Based on December 31, 2015 Data)

|   | Notes    | FF1 Page # or Instruction                                |                    |
|---|----------|--|--------------------|
| <b>Shaded cells are input cells</b>         |          |  |                    |
| <b>Allocators</b>                           |          |  |                    |
| <b>Wages &amp; Salary Allocation Factor</b> |          |  |                    |
| 1   |          | p354.21.b [From Inputs, Pg. 1, Ln. 61]                   | 1,024,817          |
| 1a  |          | [From ATT-5, Ln. 1a]                                     | 34.70%             |
| 2   |          | p354.28.b [From Inputs, Pg. 1, Ln. 63]                   | 12,172,229         |
| 3   |          | p354.27.b [From Inputs, Pg. 1, Ln. 62]                   | 3,633,791          |
| 4   |          | (Line 2 - Line 3)  | 8,538,438          |
| 5   |          | (Line 1 * Line 1a) / Line 4                              | <b>4.16%</b>       |
| <b>Plant Allocation Factors</b>             |          |  |                    |
| 6   |          | p207.104.g [From Inputs, Pg. 1, Ln. 32]                  | 720,279,932        |
| 7   |          | p219.29.c [From Inputs, Pg. 1, Ln. 44]                   | 269,751,412        |
| 8   | (Note A) | p200.21.c [From Inputs, Pg. 1, Ln. 30]                   | -27,219            |
| 9   |          | (Line 7 + 8)   | 269,724,193        |
| 10  |          | (Line 6 - Line 9)  | 450,555,739        |
| 11  |          | (Line 27 - Line 26)                                      | 52,032,630         |
| 12  |          | (Line 11 / Line 6)                                       | <b>7.22%</b>       |
| 13  |          | (Line 35 - Line 26)                                      | 32,598,570         |
| 14  |          | (Line 13 / Line 10)                                      | <b>7.24%</b>       |
| <b>T/D Pole Allocation Factor</b>           |          |  |                    |
| 15  |          | p206.64.b [From Inputs, Pg. 1, Ln. 66]                   | 36,650,446         |
| 16  |          | p206.51.b + p206.52.b [From Inputs, Pg. 1, Lns. 64 & 65] | 41,750,487         |
| 17  |          | From Inputs, Pg. 2, Line 22                              | 14,512,199         |
| 18  |          | (Line 15 + Line 16)                                      | 78,400,932         |
| 19  |          | (Line 17 / Line 18)                                      | <b>18.51%</b>      |
| <b>Plant Calculations</b>                   |          |  |                    |
| <b>Plant In Service</b>                     |          |  |                    |
| 20  |          | [From Inputs, Pg. 2, Ln. 13]                             | <b>51,364,463</b>  |
| 21  |          | p207.99.g [From Inputs, Pg. 1, Ln. 41]                   | 15,958,408         |
| 22  |          | p205.5.g [From Inputs, Pg. 1, Ln. 31]                    | 85,316             |
| 23  |          | (Line 21 + Line 22)                                      | 16,043,723         |
| 24  |          | (Line 5)   | 4.16%              |
| 25  |          | (Line 23 * Line 24)                                      | <b>668,167</b>     |
| 26  | (Note C) | [From Inputs, Pg. 2, Lns. 9, 10, & 12]                   | <b>0</b>           |
| 27  |          | (Line 20 + Line 25 + Line 26)                            | <b>52,032,630</b>  |
| <b>Accumulated Depreciation</b>             |          |  |                    |
| 28  | (Note B) | [From Inputs, Pg. 2, Ln. 14]                             | <b>19,251,951</b>  |
| 29  |          | p219.28.c [From Inputs, Pg. 1, Ln. 43]                   | 4,399,917          |
| 30  |          | (Line 8)   | -27,219            |
| 31  |          | (Line 29 + 30)   | 4,372,698          |
| 32  |          | (Line 5)   | 4.16%              |
| 33  |          | (Line 31 * Line 32)                                      | 182,108            |
| 34  |          | (Sum Lines 28 + 33)                                      | <b>19,434,059</b>  |
| 35  |          | (Line 27 - Line 34)                                      | <b>32,598,570</b>  |
| <b>Adjustment To Rate Base</b>              |          |  |                    |
| <b>Accumulated Deferred Income Taxes</b>    |          |  |                    |
| 36  |          | [From ATT 1, Pg. 1, Ln. 32]                              | <b>(3,821,592)</b> |
| <b>Prepayments</b>                          |          |  |                    |
| 37  | (Note A) | [From ATT-5, Ln. 37]                                     | <b>396,169</b>     |
| <b>Materials and Supplies</b>               |          |  |                    |
| 38  |          | p227.16.c [From Inputs, Pg. 1, Ln. 35]                   | 0                  |
| 39  | (Note A) | (Line 5)   | 4.16%              |
| 40  |          | (Line 38 * Line 39)                                      | 0                  |
| 41  |          | p227.8.c [From Inputs, Pg. 1, Ln. 34]                    | 1,384,963          |
| 42  |          | (Line 40 + Line 41)                                      | <b>1,384,963</b>   |
| <b>Cash Working Capital</b>                 |          |  |                    |
| 43  |          | (Line 66)  | 1,300,428          |
| 44  |          | 1/8  | 12.5%              |
| 45  |          | (Line 43 * Line 44)                                      | <b>162,553</b>     |
| 46  |          | [From ATT-4, Line 3, Col. C]                             | <b>(39,373)</b>    |
| 47  |          | (Lines 36 + 37 + 42 + 45 + 46)                           | <b>(1,917,280)</b> |
| 48  |          | (Line 35 + Line 47)                                      | <b>30,681,290</b>  |

**ADDENDUM 27 TO ATTACHMENT H Page 44 of 48**

**NorthWestern Corporation (South Dakota)**

**APPENDIX A**

(For Rate Year Beginning April 1, 2016, Based on December 31, 2015 Data)

**Operations & Maintenance Expense**

|  |  |  |                  |
|--|--|--|------------------|
| <b>Transmission O&amp;M</b>                            |  |  |                  |
| 49   | Transmission O&M   | [From ATT-5, Ln. 49]                             | 1,797,736        |
| 50   | Less Account 565   | [From ATT-5, Ln. 50]                             | 845,160          |
| 51   | Line left intentionally blank  |  |                  |
| 52   | Plus Charges billed to Transmission Owner and booked to Account 565    | [From ATT-5, Ln. 52]                             | 0                |
| 53   | <b>Transmission O&amp;M</b>  | (Lines 49 - 50)                                  | <b>952,575</b>   |
| <b>Allocated Administrative &amp; General Expenses</b> |  |  |                  |
| 54   | Total A&G  | 323.197b [From Inputs, Pg. 1, Ln. 50]            | 7,668,505        |
| 55   | Line left intentionally blank  |  |                  |
| 56   | Line left intentionally blank  |  |                  |
| 57   | Line left intentionally blank  |  |                  |
| 58   | Less Regulatory Commission Exp Account 928                             | (Note D) p323.189.b [From Inputs, Pg. 1, Ln. 48] | 11,644           |
| 59   | Less General Advertising Exp Account 930.1                             | p323.191.b [From Inputs, Pg. 1, Ln. 49]          | 15,306           |
| 60   | Administrative & General Expenses                                      | Sum (Lines 54 to 55) - Sum (Lines 56 to 59)      | 7,641,555        |
| 61   | Wage & Salary Allocator  | (Line 5)   | 4.16%            |
| 62   | <b>Administrative &amp; General Expenses Allocated to Transmission</b> | (Line 60 * Line 61)                              | <b>318,245</b>   |
| <b>Directly Assigned A&amp;G</b>                       |  |  |                  |
| 63   | Regulatory Commission Exp Account 928                                  | (Note F) [From ATT-5, Ln. 63]                    | 0                |
| 64   | Safety/Peak Alert Advertising Exp (Acct 909)                           | (Note E) [From ATT-5, Ln. 64]                    | 29,607           |
| 65   | <b>Subtotal - Accounts 909 and 928 - Transmission Related</b>          | (Line 63 + Line 64)                              | <b>29,607</b>    |
| 66   | <b>Total Transmission O&amp;M</b>                                      | <b>(Lines 53 + 62 + 65)</b>                      | <b>1,300,428</b> |

**Depreciation & Amortization Expense**

|                             |   |  |                  |
|-----------------------------|---|--|------------------|
| <b>Depreciation Expense</b> |   |  |                  |
| 67                          | Transmission Depreciation Expense for Assets under WAPA IS tariff                   | (Note B) p336.7.b&c&d [From Inputs, Pg. 2, Ln. 21]           | 1,633,691        |
| 68                          | General Depreciation Expense Including Amortization of Limited Term Plant           | p336.10.b&c&d [From Inputs, Pg. 1, Lns. 58, 59, & 60]        | 997,534          |
| 69                          | Intangible Amortization   | (Note A) p336.1.b&c&d&e [From Inputs, Lns. 51, 52, 53, & 54] | 20,580           |
| 70                          | Total   | (Line 68 + Line 69)  | 1,018,114        |
| 71                          | Wage & Salary Allocator   | (Line 5)   | 4.16%            |
| 72                          | <b>General Depreciation &amp; Intangible Amortization Allocated to Transmission</b> | (Line 70 * Line 71)  | <b>42,401</b>    |
| 73                          | <b>Total Transmission Depreciation &amp; Amortization</b>                           | <b>(Lines 67 + 72)</b>                                       | <b>1,676,092</b> |

**Taxes Other than Income Taxes**

|    |  |                             |                |
|----|--|-----------------------------|----------------|
| 74 | <b>Taxes Other than Income Taxes</b>       | [From ATT-2, Pg. 1, Ln. 14] | 329,099        |
| 75 | <b>Total Taxes Other than Income Taxes</b> | <b>(Line 74)</b>            | <b>329,099</b> |

**Return \ Capitalization Calculations**

|                           |   |                                    |                           |
|---------------------------|---|------------------------------------|---------------------------|
| <b>Long Term Interest</b> |   |                                    |                           |
| 76                        | <b>Long Term Interest &amp; Hedging Costs</b>           | [From ATT-9, Pg. 2, Ln. 6]         | 83,838,261                |
| 77                        | <b>Preferred Dividends</b>                              | [From ATT-8, Pg. 1, Ln. 4]         | 0                         |
| <b>Common Stock</b>       |   |                                    |                           |
| 78                        | Proprietary Capital                                     | [From ATT-7, Pg. 1, Ln. 3, Col. A] | 1,538,978,456             |
| 79                        | Less Accumulated Other Comprehensive Income Account 219 | [From ATT-7, Pg. 1, Ln. 3, Col. F] | (8,681,030)               |
| 80                        | Less Preferred Stock                                    | [From ATT-8, Pg. 1, Ln. 3, Col. F] | 0                         |
| 81                        | Less Account 216.1                                      | [From ATT-7, Pg. 1, Ln. 3, Col. G] | 2,550,544                 |
| 82                        | <b>Common Stock</b>                                     | (Line 78 - 79 - 80 - 81)           | <b>1,545,108,942</b>      |
| <b>Capitalization</b>     |   |                                    |                           |
| 83                        | Total Long Term Debt (Average)                          | [From ATT-6, Pg. 1, Ln. 1, Col A]  | 1,722,181,900             |
| 84                        | Preferred Stock   | [From ATT-6, Pg. 1, Ln. 2, Col A]  | 0                         |
| 85                        | Common Stock  | [From ATT-6, Pg. 1, Ln. 3, Col A]  | 1,545,108,942             |
| 86                        | <b>Total Capitalization</b>                             | (Sum Lines 83 to 85)               | <b>3,267,290,842</b>      |
| 87                        | Debt %  | Total Long Term Debt               | 52.71%                    |
| 88                        | Preferred %   | Preferred Stock                    | 0.00%                     |
| 89                        | Common %  | Common Stock                       | 47.29%                    |
| 90                        | Debt Cost   | Total Long Term Debt               | 4.95%                     |
| 91                        | Preferred Cost  | Preferred Stock                    | 0.00%                     |
| 92                        | Common Cost   | Common Stock                       | 10.15%                    |
| 93                        | Weighted Cost of Debt                                   | Total Long Term Debt (WCLTD)       | (Line 87 * Line 90) 2.61% |
| 94                        | Weighted Cost of Preferred                              | Preferred Stock                    | (Line 88 * Line 91) 0.00% |
| 95                        | Weighted Cost of Common                                 | Common Stock                       | (Line 89 * Line 92) 4.80% |
| 96                        | <b>Rate of Return on Rate Base ( ROR )</b>              | (Sum Lines 93 to 95)               | <b>7.41%</b>              |
| 97                        | <b>Investment Return = Rate Base * Rate of Return</b>   | <b>(Line 48 * Line 96)</b>         | <b>2,273,747</b>          |

**ADDENDUM 27 TO ATTACHMENT H Page 45 of 48**

**NorthWestern Corporation (South Dakota)**

**APPENDIX A**

(For Rate Year Beginning April 1, 2016, Based on December 31, 2015 Data)

**Composite Income Taxes**

| <b>Income Tax Rates</b> |  |   |  |                             |       |
|-------------------------|--|---|--|-----------------------------|-------|
| 98                      | FIT=Federal Income Tax Rate  | (Note G)  | [From Inputs, Pg. 2, Ln. 1]                    | 35.00%                      |       |
| 99                      | SIT=State Income Tax Rate or Composite   | (Note G)  | [From Inputs, Pg. 2, Ln. 2]                    | 0.00%                       |       |
| 100                     | p  | (% of fed inc tax deductible for state purposes)            | (Note G)                                       | [From Inputs, Pg. 2, Ln. 3] | 0.00% |
| 101                     | T  | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$ |  | 35.00%                      |       |
| 102                     | T / (1-T)  | Tax Gross-Up  |  | 53.85%                      |       |
| <b>ITC Adjustment</b>   |  |   |  |                             |       |
| 103                     | Amortized Investment Tax Credit - Transmission Related                         |   | [From ATT-5, Ln. 103]                          | 14,891                      |       |
| 104                     | <b>ITC Adjust. Allocated to Trans. - Grossed Up</b> ITC Adjustment x 1 / (1-T) |   | (Line 103 * (1 / (1-Line 101)))                | <b>22,909</b>               |       |
| 105                     | <b>Income Tax Component =</b>  | $(T/1-T) * \text{Investment Return} * (1-(WCLTD/ROR)) =$    | [Line 102 * Line 97 * (1-(Line 93 / Line 96))] | <b>792,986</b>              |       |
| 106                     | <b>Total Income Taxes</b>  |   | <b>(Line 105 - Line 104)</b>                   | <b>770,077</b>              |       |

**Revenue Requirement**

| <b>Summary</b>  |   |          |                               |                    |
|---|---|----------|-------------------------------|--------------------|
| 107   | Net Property, Plant & Equipment                           |          | (Line 35)                     | 32,598,570         |
| 108   | <b>Total Adjustment to Rate Base</b>                      |          | (Line 47)                     | <b>(1,917,280)</b> |
| 109   | Rate Base   |          | (Line 48)                     | 30,681,290         |
| 110   | Total Transmission O&M                                    |          | (Line 66)                     | 1,300,428          |
| 111   | Total Transmission Depreciation & Amortization            |          | (Line 73)                     | 1,676,092          |
| 112   | Taxes Other than Income                                   |          | (Line 75)                     | 329,099            |
| 113   | Investment Return   |          | (Line 97)                     | 2,273,747          |
| 114   | Income Taxes  |          | (Line 106)                    | 770,077            |
| <b>115</b>  | <b>Gross Revenue Requirement</b>                          |          | <b>(Sum Lines 110 to 114)</b> | <b>6,349,443</b>   |
| <b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b> |   |          |                               |                    |
| 116   | Transmission Plant In Service under WAPA IS tariff        |          | (Line 20)                     | 51,364,463         |
| 117   | Revenues from Direct Assigned Transmission F              | (Note H) | [From ATT-5, Ln. 117]         | 0                  |
| 118   | Included Transmission Facilities                          |          | (Line 116 - Line 117)         | 51,364,463         |
| 119   | Inclusion Ratio   |          | (Line 118 / Line 116)         | 100.00%            |
| 120   | <b>Gross Revenue Requirement</b>                          |          | (Line 115)                    | <b>6,349,443</b>   |
| 121   | <b>Adjusted Gross Revenue Requirement</b>                 |          | (Line 119 * Line 120)         | <b>6,349,443</b>   |
| <b>Revenue Credits &amp; Adjustments</b>  |   |          |                               |                    |
| 122   | Revenue Credits   |          | [From ATT-3, Ln. 8]           | 55,123             |
| 122a  | Refunds and Surcharges (Adjustments to Gross ATRR)        |          |                               |                    |
| 122b  | <b>Total Revenue Credits and Adjustments</b>              |          | (Line 122 + Line 122a)        | <b>55,123</b>      |
| <b>123</b>  | <b>Total Net Revenue Requirement</b>                      |          | <b>(Line 121 - Line 122b)</b> | <b>6,294,320</b>   |
| 124   | WAPA Integrated System (IS) True Up of previous Rate Year |          |                               |                    |
| 125   | Adjustments to prior Rate Year Revenue Requirement        |          |                               |                    |
| <b>126</b>  | <b>Annual Total Net Revenue Requirement</b>               |          | <b>(Line 123 - Line 125)</b>  | <b>6,294,320</b>   |

**Notes:**

- A Electric portion only.
- B Includes only transmission assets under the WAPA IS tariff.
- C Includes Transmission portion only.
- D Includes all Regulatory Commission Expenses for all Electric jurisdictions.
- E Includes safety-related and load/grid congestion management advertising expense included in Account 909 (Product codes ADAS, ADCS, ADPA).
- F Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting; as itemized on ATT-5, Ln. 63.
- G The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the South Dakota income tax rate, and p = the percentage of federal income tax deductible for South Dakota state income taxes.
- H There are no direct assigned transmission facilities on our system as of 12/31/2015. Annual verification/updates will be documented on ATT 5.

NWPS  
2015 Estimated  
Revenue Requirement Template

| Line No. |   |                         |                      | Allocated Amount         |                            |
|----------|---|-------------------------|----------------------|--------------------------|----------------------------|
| 1        | GROSS REVENUE REQUIREMENT                 |                         |                      | \$ 6,307,023             |                            |
| 2        |   |                         |                      |                          |                            |
| 3        |   |                         |                      |                          |                            |
| 4        | REVENUE CREDITS                           | (Note T)                | <u>Total</u>         | <u>Allocator</u>         |                            |
| 5        | Account No. 454                           |                         | 233,565              | TP 100%                  | 233,565                    |
| 6        | Account No. 456                           |                         | 1,530,643            | GP= 9.8%                 | 150,594                    |
| 7        | TOTAL REVENUE CREDITS                     |                         |                      |                          | <u>384,159</u>             |
| 8        |   |                         |                      |                          |                            |
| 9        |   |                         |                      |                          |                            |
| 10       | <b>NET REVENUE REQUIREMENT</b>            |                         |                      | <b>\$ 5,922,864</b>      |                            |
| 11       |   |                         |                      |                          |                            |
| 12       |   |                         |                      |                          |                            |
| 13       | (1)                                       | (2)                     | (3)                  | (4)                      | (5)                        |
| 14       |   | <b>Form No. 1</b>       |                      |                          | <b>Transmission</b>        |
| 15       |   | <b>Page, Line, Col.</b> | <b>Company Total</b> | <b>Allocator</b>         | <b>(Col 3 times Col 4)</b> |
| 16       | <b>RATE BASE:</b>                         |                         |                      |                          |                            |
| 17       | SD GROSS PLANT IN SERVICE                 |                         |                      |                          |                            |
| 18       | Production                                | 206.42.g                | 241,884,292          |                          |                            |
| 19       | Transmission                              | 206.53.g                | 50,764,969           | TP 100.0%                | 50,764,969                 |
| 20       | Distribution                              | 206.69.g                | 194,933,343          |                          |                            |
| 21       | General & Intangible                      | 206.5.g & 83.g          | 14,656,964           | W/S 3.7%                 | 542,869                    |
| 22       | Common                                    | 356.1                   | 27,295,161           | CE 2.9%                  | 790,986                    |
| 23       | TOTAL GROSS PLANT                         |                         | <u>529,534,730</u>   | GP= 9.8%                 | <u>52,098,824</u>          |
| 24       | ACCUMULATED DEPRECIATION                  |                         |                      |                          |                            |
| 25       | Production                                | 219.18-22.c             | 129,802,036          |                          |                            |
| 26       | Transmission                              | 219.23.c                | 17,924,378           | TP 100.0%                | 17,924,378                 |
| 27       | Distribution                              | 219.24.c                | 77,123,371           |                          |                            |
| 28       | General & Intangible                      | 219.25.c                | 3,886,739            | W/S 3.7%                 | 143,958                    |
| 29       | Common                                    | 356.1                   | 7,738,657            | CE 2.9%                  | 224,258                    |
| 30       | TOTAL ACCUMULATED DEPRECIATION            |                         | <u>236,475,182</u>   |                          | <u>18,292,595</u>          |
| 31       | NET PLANT IN SERVICE                      |                         |                      |                          |                            |
| 32       | Production                                |                         | 112,082,256          |                          |                            |
| 33       | Transmission                              |                         | 32,840,591           |                          | 32,840,591                 |
| 34       | Distribution                              |                         | 117,809,973          |                          |                            |
| 35       | General & Intangible                      |                         | 10,770,225           |                          | 398,911                    |
| 36       | Common                                    |                         | 19,556,504           |                          | 566,728                    |
| 37       | TOTAL NET PLANT                           |                         | <u>293,059,548</u>   | NP= 11.54%               | <u>33,806,229</u>          |
| 38       | ADJUSTMENTS TO RATE BASE (Note F)         |                         |                      |                          |                            |
| 39       | Account No. 281 (enter negative)          | 273.8.k                 | 0                    | NP 11.54%                | -                          |
| 40       | Account No. 282 (enter negative)          | 275.2.k                 | (53,072,532)         | NP 11.54%                | (6,122,244)                |
| 41       | Account No. 283 (enter negative)          | 277.9.k                 | -                    | NP 11.54%                | -                          |
| 42       | Account No. 190                           | 234.8.c                 | -                    | NP 11.54%                | -                          |
| 43       | Account No. 255 (enter negative)          | 267.8.h                 | (756,526)            | NP 11.54%                | (87,270)                   |
| 44       | TOTAL ADJUSTMENTS                         |                         | <u>(53,829,058)</u>  |                          | <u>(6,209,514)</u>         |
| 45       | LAND HELD FOR FUTURE USE 214.x.d (Note G) |                         |                      |                          |                            |
| 46       |   |                         | 0                    | TP 100%                  | 0                          |
| 47       | WORKING CAPITAL (Note H)                  |                         |                      |                          |                            |
| 48       | CWC                                       | calculated              | 997,984              | O&M/8                    | 170,586                    |
| 49       | Materials & Supplies (Note G)             | Transmission            | 0                    | GP 9.84%                 | 0                          |
| 50       | Prepayments (Account 165)                 | 111.46.d                | 0                    | GP 9.84%                 | 0                          |
| 51       | TOTAL WORKING CAPITAL                     |                         | <u>997,984</u>       |                          | <u>170,586</u>             |
| 52       | <b>RATE BASE</b>                          |                         |                      | <b><u>27,767,301</u></b> |                            |
| 53       |   |                         |                      |                          |                            |
| 54       |   |                         |                      |                          |                            |
| 55       |   |                         |                      |                          |                            |
| 56       |   |                         |                      |                          |                            |
| 57       |   |                         |                      |                          |                            |
| 58       |   |                         |                      |                          |                            |

| (1)   | (2)   | (3)               | (4)       | (5)                              |
|---|---|-------------------|-----------|----------------------------------|
| Line No.                                      | Form No. 1 Page, Line, Col.                                 | Company Total     | Allocator | Transmission (Col 3 times Col 4) |
| <b>O&amp;M</b>                                |   |                   |           |                                  |
| 1   | Transmission - only 115KV portion 321.100.b                 | 2,957,333         | TE        | 100%                             |
| 2   | Less Account 565 - only 115KV pc 321.88.b                   | 1,847,236         |           | 100%                             |
| 3   | A&G 323.168.b   | 7,029,139         | W/S       | 3.7%                             |
| 4   | Less FERC Annual Fees                                       | 0                 | W/S       | 4%                               |
| 5   | Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)       | 155,364           | W/S       | 4%                               |
| 6   | Plus Transmission Related Reg. Comm. Exp. (Note I)          | 0                 | TE        | 100%                             |
| 7   | Common 356.1  | 0                 | CE        | 3%                               |
| 8   | Transmission Lease Payments                                 | 0                 |           | 100%                             |
| 9   | <b>TOTAL O&amp;M</b>  | <b>7,983,872</b>  |           | <b>1,364,689</b>                 |
| <b>DEPRECIATION EXPENSE</b>                   |   |                   |           |                                  |
| 12  | Transmission - only 115KV assets 336.7.b                    | 1,368,371         | TP        | 100%                             |
| 13  | General 336.9.b   | 855,389           | W/S       | 3.7%                             |
| 14  | Common 336.10.b   | 1,714,007         | CE        | 2.9%                             |
| 15  | <b>TOTAL DEPRECIATION</b>                                   | <b>3,937,767</b>  |           | <b>1,449,723</b>                 |
| <b>TAXES OTHER THAN INCOME TAXES (Note J)</b> |   |                   |           |                                  |
| <b>LABOR RELATED</b>                          |   |                   |           |                                  |
| 19  | Payroll 262.i   | 855,160           | W/S       | 3.7%                             |
| 20  | Highway and vehicle 262.i                                   | 0                 | W/S       | 3.7%                             |
| <b>PLANT RELATED</b>                          |   |                   |           |                                  |
| 22  | Property 262.i  | 4,587,441         | GP        | 9.8%                             |
| 23  | Gross Receipts 262.i (excluded)                             | 185,084           |           |                                  |
| 24  | Other 262.i   | 19,806            | GP        | 9.8%                             |
| 25  | Payments in lieu of taxes                                   | 0                 | GP        | 9.8%                             |
| 26  | <b>TOTAL OTHER TAXES</b>                                    | <b>5,647,491</b>  |           | <b>484,962</b>                   |
| <b>INCOME TAXES (Note K)</b>                  |   |                   |           |                                  |
| 29  | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$ | 35.00%            |           |                                  |
| 30  | $CIT=(T/1-T) * (1-(WCLTD/R)) =$                             | 39.42%            |           |                                  |
| 31  | $1 / (1 - T) =$ (from line 21)                              | 1.5385            |           |                                  |
| 32  | Amortized Investment Tax Credit (266.8f)                    | (756,526)         | GP        | 9.8%                             |
| 34  | Income Tax Calculation                                      | 8,162,224         | GP        | 9.8%                             |
| 35  | ITC adjustment  | (1,163,886)       | GP        | 9.8%                             |
| 36  | <b>Total Income Taxes</b>                                   | <b>6,998,338</b>  |           | <b>614,107</b>                   |
| <b>RETURN</b>                                 |   |                   |           |                                  |
| 38  | [ Rate Base * Rate of Return ]                              | 20,707,694        | NA        |                                  |
| 41  | <b>REV. REQUIREMENT</b>                                     | <b>45,275,162</b> |           | <b>6,307,023</b>                 |

**SUPPORTING CALCULATIONS AND NOTES**

| Line No.                                      | TRANSMISSION PLANT INCLUDED IN ISO RATES  |                    |                     |                |                   |
|---|---|--------------------|---------------------|----------------|-------------------|
| 1   | Total transmission plant  |                    |                     |                | 128,874,439       |
| 2   | Less transmission plant excluded from ISO rates (Note M)                          |                    |                     |                | 78,109,470        |
| 3   | Less transmission plant included in OATT Ancillary Services (Note N)              |                    |                     |                | 0                 |
| 4   | Transmission plant included in ISO rates (line 1 less lines 2 & 3)                |                    | 39.4%               |                | 50,764,969        |
| 6   | Percentage of transmission plant included in ISO Rates (line 4 divided by line 1) |                    |                     | TP=            | 1.00000           |
| <b>TRANSMISSION EXPENSES</b>                  |   |                    |                     |                |                   |
| 10  | Total transmission expenses   |                    |                     |                | 2,957,333         |
| 11  | Less transmission expenses included in OATT Ancillary Services (Note L)           |                    |                     |                | 0                 |
| 12  | Included transmission expenses  |                    |                     |                | 2,957,333         |
| 14  | Percentage of transmission expenses after adjustment                              |                    |                     |                | 1.00000           |
| 15  | Percentage of transmission plant included in ISO Rates                            |                    |                     | TP             | 1.00000           |
| 16  | Percentage of transmission expenses included in ISO Rates                         |                    |                     | TE=            | 1.00000           |
| <b>WAGES &amp; SALARY ALLOCATOR (W&amp;S)</b> |   |                    |                     |                |                   |
| 19  | Form 1 Reference  | \$                 | TP                  | Allocation     |                   |
| 20  | SD Electric Production 354.18.b   | 575,532            | 0.00                | 0              |                   |
| 21  | SD Electric Transmission 354.19.b   | 438,103            | 1.00                | 438,103        |                   |
| 22  | SD Electric Distribution 354.20.b   | 5,192,800          | 0.00                | 0              | W&S Allocator     |
| 23  | SD Electric Other 354.21,22,23.b  | 5,621,951          | 0.00                | 0              | (\$ / Allocation) |
| 24  | <b>Total</b>  | <b>11,828,386</b>  |                     | <b>438,103</b> | <b>WS = 3.7%</b>  |
| <b>COMMON PLANT ALLOCATOR (CE) (Note O)</b>   |   |                    |                     |                |                   |
| 27  |   | \$                 | % Electric          | W&S Allocator  |                   |
| 28  | Electric 200.3.c  | 580,354,887        | (line 28 / line 31) | (line 24)      | CE                |
| 29  | Gas 200.3.d   | 161,401,195        | 78.2%               | 3.7%           | = 2.9%            |
| 30  | Water 200.3.e   | 0                  |                     |                |                   |
| 31  | <b>Total</b>  | <b>741,756,081</b> |                     |                |                   |

| Line No. | RETURN (R)   | \$            | %        | Cost (Note P) | Weighted     |
|----------|--|---------------|----------|---------------|--------------|
| 1        | Long Term Debt (112, sum of 16d through 19d)       | 1,155,125,089 | 43.90%   | 5.3%          | 2.31% =WCLTD |
| 2        | Preferred Stock (112.3d)                           | 0             | 0.00%    | 0.0%          | 0.0%         |
| 3        | Common Stock (line 26)                             | 1,030,670,000 | 56.10%   | 11.25%        | 6.31%        |
| 4        | Total (sum lines 27-29)                            | 2,185,795,089 |          |               | 8.62% =R     |
| 5        |  |               |          |               |              |
| 6        | REVENUE CREDITS                                    |               |          |               |              |
| 7        |  |               |          |               | Load         |
| 8        | ACCOUNT 447 (SALES FOR RESALE)                     | (310-311)     | (Note Q) |               | 1,993,113    |
| 9        |  |               |          |               |              |
| 10       | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R) |               |          |               | \$233,565    |
| 11       |  |               |          |               |              |
| 12       | ACCOUNT 456 (OTHER ELECTRIC REVENUES)              | (330.x.n)     |          |               | \$1,530,643  |

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note

- A Peak as would be reported on page 401, column d of Form 1 at the time of the ISO coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peaks.
- C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- F The 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.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission .  
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 100-111 line 46 in the Form 1.
- I EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- J 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.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).  
Inputs Required:  
FIT = 35.00%  
SIT = 0.00% (State Income Tax Rate or Composite SIT)  
p = 0.00% (percent of federal income tax deductible for state purposes)
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.
- M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to 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.
- O Enter dollar amounts
- P ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- T 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 ISO (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.