

INTEGRATED SYSTEM ANNUAL REVENUE REQUIREMENT FOR TRANSMISSION SERVICE

2007

Line

No.

1			
2			
3	<u>Annual IS Transmission Costs</u>		<u>Notes</u>
4	Basin Electric	\$40,910,880	Basin Electric Revenue Requirement Worksheet
5	Western	\$103,137,204	Western Annual IS Transmission Costs Worksheet, L69
6	Heartland	\$1,022,307	Heartland IS Tariff Worksheet
7		\$145,070,391	L4 + L5 + L6
8			
9			
10	<u>Transmission Customer Facility Credits</u>		
11		\$387,424	MRES Irv Simmons Revenue Requirement Worksheet
12		\$5,732,510	MRES MBPP from Revenue Requirement Worksheet
13		\$2,404,837	NWPS Revenue Requirement Worksheet
14		\$8,524,771	
15			
16	<u>Transmission Revenue Requirement Adjustment</u>		
17			
18		\$1,010,685	NWPS Revenue Requirement Adjustment Worksheet
19			
20			
21	<u>Transmission Revenue Credits</u>		
22			
23	<u>Short-Term Firm Point-to-Point Transmission Service Credit</u>		
24		(\$68,750)	
25			
26	<u>Non-Firm Point-to-Point Transmission Service Credit</u>		
27		(\$80,455)	
28			
29	<u>Revenue from Existing Transmission Agreements</u>		
30		(\$4,867,484)	
31			
32	<u>Scheduling, System Control and Dispatch Service Credit</u>		
33		(\$502,967)	
34			
35			
36	<u>Annual Revenue Requirement for IS Transmission Service</u>		
37			
38		\$149,086,191	L7 + L14 + L18 + L24 + L27 + L30 + L33

INTEGRATED SYSTEM FIRM POINT-TO-POINT RATE DESIGN 2007

Line

No.

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Annual Revenue Requirement for IS Transmission Service

Notes

\$149,086,191 IS Annual Revenue Requirement for
Transmission Service Worksheet, L33

IS Transmission System Total Load

4,181,000 KW IS Transmission System Total Load Worksheet, C5L14

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

\$2.97 / KW-Mo L5 / L10 / 12 months

INTEGRATED SYSTEM

NON-FIRM POINT-TO-POINT RATE DESIGN

2007

Line

No.

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

Notes

\$2.97 / KW-Mo

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

Maximum Non-Firm Point-to-Point Transmission Rate

4.07 Mills/KWh

(1.5 * 1000) / 730 hours per month

Utilizing FERC Form 1 Data With 7-Factor Changes -EXCLUDES EXT. joint Plant Transmission Facilities

(1)	(2)	(3)	(4)	(5)	
Line No.	Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
O&M					
1	Transmission 321.100.b	4,264,563	TE 0.77673	4,183,890	Reduce non-565 by TE Ratio
2	Less Account 565 321.88.b	3,903,237	1.00000	3,903,237	
3	A&G 323.168.b	7,022,752	W/S 0.02556	202,483	
4	Less FERC Annual Fees	0	W/S 0.02556	0	
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note 5)	0	W/S 0.02556	0	
5a	Plus Transmission Related Reg. Comm. Exp. (Note 1)	0	TE 0.77673	0	
6	Common 356.1	0	CE 0.02556	0	
7	Transmission Lease Payments	0	1.00000	0	
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)	8,284,078		483,137	
DEPRECIATION EXPENSE					
9	Transmission 336.7.b	900,067	VRB00 0.75067	699,500	Excluded 200,567
10	General 336.9.b	371,766	W/S 0.02556	9,501	
11	Common 336.10.b	1,901,140	CE 0.02556	48,032	
12	TOTAL DEPRECIATION (Sum lines 9 - 11)	3,072,973		755,034	
TAXES OTHER THAN INCOME TAXES (Note J)					
LABOR RELATED					
13	Payroll 262.i	1,715,505	W/S 0.02556	43,844	
14	Highway and vehicle 262.i	0	W/S 0.02556	0	
PLANT RELATED					
15	Property 262.i	5,529,875	GP 0.05960	329,600	
17	Gross Receipts 262.i	224,433	NA zero	0	
18	Other 262.i	241,008	GP 0.05960	20,325	
19	Payments in lieu of taxes	0	GP 0.05960	0	
20	TOTAL OTHER TAXES (sum lines 13 - 19)	7,810,821		393,769	
INCOME TAXES (Note K)					
21	T=1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p) =	35.00%			
22	CIT=(T/1-T) * (1-(WCLTD/R)) =	34.66%			
where WCLTD=(page 4, line 27) and R=(page 4, line 30) and FIT, SIT & p are as given in footnote K.					
23	1 / (1 - T) = (from line 21)	1.5385			
24	Amortized Investment Tax Credit (266.8f) (enter negative)	494,634			
25	Income Tax Calculation = line 22 * line 28	6,575,216	NA	239,392	
26	ITC adjustment (line 23 * line 24)	761,437	NP 0.03558	-17,723	From detail on VRBase00t w/ exclusions
27	Total Income Taxes (line 25 plus line 26)	7,336,653		221,669	
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]	18,988,470	NA	690,607	
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)	45,472,995		2,544,215	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/06

Utilizing FERC Form 1 Data With 7-Factor Changes -EXCLUDES EXT. joint Plant Transmission Facilities

SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total transmission plant (page 2, line 2, column 3)			30,042,078	Transmission Plant Grandfathered w/ Joint Plants from VRB00t 6,707,471
2	Less transmission plant excluded from ISO rates (Note M)			6,707,471	
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)			23,334,607	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)		TP=	0.77673	
TRANSMISSION EXPENSES					
6	Total transmission expenses (page 3, line 1, column 3)			4,204,563	
7	Less transmission expenses included in OATT Ancillary Services (Note L)			0	
8	Included transmission expenses (line 6 less line 7)			4,204,563	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)			1.00000	
10	Percentage of transmission plant included in ISO Rates (line 5)		TP	0.77673	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)		TE=	0.77673	
WAGES & SALARY ALLOCATOR (W&S)					
	Form 1 Reference	\$	TP	Allocation	
12	Production 354.18.b	418,100	0.00	0	
13	Transmission 354.19.b	239,141	0.78	185,748	
14	Distribution 354.20.b	3,323,025	0.00	0	
15	Other 354.21, 22, 23.b	1,099,729	0.00	0	
16	Total (sum lines 12-15)	5,678,055		185,748	
				0.03271 = WS	Wages & salaries by others for excluded facilities MEC, OTP, MDU
				0.04212 = Wsact	
COMMON PLANT ALLOCATOR (CE) (Note O)					
		\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	
17	Electric 200.3.c	381,737,459	0.78125	0.03271 =	CE 0.02556
18	Gas 200.3.d	108,888,501			
19	Water 200.3.e	0			
20	Total (sum lines 17 - 19)	488,625,960			
RETURN (R)					
21	Long Term Interest (117, sum of 55c through 60c)			\$ 0	
22	Preferred Dividends (118.29c) (positive number)			\$ -	
Development of Common Stock:					
23	Proprietary Capital (112.14d)			0	
24	Less Preferred Stock (line 28)			0	
25	Less Account 215.1 (112.12d) (enter negative)			0	

Utilizing FERC Form 1 Data With 7-Factor Changes -EXCLUDES EXT. joint Plant Transmission Facilities

Line No.		Total	Allocator	Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 29)			\$ 2,544,215
	REVENUE CREDITS (Note T)			
2	Account No. 454 (page 4, line 34)	76,731	TP 0.77673	59,599
3	Account No. 456 (page 4, line 37)	102,710	TP 0.77673	79,778
4	Revenues from Grandfathered Interzonal Transactions	0	TP 0.77673	0
5	Revenues from service provided by the ISO at a discount	0	TP 0.77673	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)			139,377
7	NET REVENUE REQUIREMENT (line 1 minus line 6)			\$ 2,404,837
	DIVISOR			\$0.3510
8	Average of 12 coincident system peaks for requirements (RO) service (Note A)			215,250
9	Plus 12 CP of firm bundled sales over one year not in line 8 (Note B)			14,000
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 Contract Demands from service over one year provided by ISO at a discount (enter negative)			0
15	Divisor (sum lines 8-14)			229,250
16	Annual Cost (\$/kWh/Yr) (line 7 / line 15)	10.490		
17	Network & P-to-P Rate (\$/kWh/Mo) (line 16 / 12)	0.874		
	Peak Rate			Off-Peak Rate
18	Point-To-Point Rate (\$/kWh/k) (line 18 / 52; line 16 / 52)	0.202		\$0.202
19	Point-To-Point Rate (\$/kWh/Day) (line 18 / 5; line 18 / 7)	0.040	Capped at weekly rate	\$0.029
20	Point-To-Point Rate (\$/MWh) (line 19 / 16; line 19 / 24 times 1,000)	2.522	Capped at weekly and daily rates	\$1.201
21	FERC Annual Charge(\$/MWh) (Note E)	\$0.000	Short Term	\$0.000 Short Term
22		\$0.000	Long Term	\$0.000 Long Term

Utilizing FERC Form 1 Data With 7-Factor Changes -EXCLUDES EXT. joint Plant Transmission Facilities

Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	
1	GROSS PLANT IN SERVICE					
2	Production	206.42.g	149,819,703	NA		
3	Transmission	206.53.g	30,042,078	TP 0.77673	23,334,607	
4	Distribution	206.69.g	193,093,804	NA		
5	General & Intangible	206.5.g & 83.g	8,981,874	W/S 0.04212	378,287	
6	Common	356.1	26,197,411	CE 0.02556	720,647	
6	TOTAL GROSS PLANT (sum lines 1-5)		409,934,870	GP= 5.960%	24,433,541	
7	ACCUMULATED DEPRECIATION					Accumulated Depreciation of Joint Plant Transmission Facilities
8	Production	219.18-22.c	94,074,277	NA		
9	Transmission	219.23.c	21,958,249	VE.st. 75.067%	16,483,455	-5,474,786
10	Distribution	219.24.c	68,230,078	NA		
11	General & Intangible	219.25.c	3,249,588	W/S 0.04212	136,861	
12	Common	356.1	10,133,058	CE 0.02556	258,973	
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		197,645,227		16,879,288	
13	NET PLANT IN SERVICE					
14	Production	(line 1- line 7)	55,545,426	NP= 3.558%		
15	Transmission	(line 2- line 8)	8,083,829		6,851,152	
16	Distribution	(line 3 - line 9)	124,863,728			
17	General & Intangible	(line 4 - line 10)	5,732,308		241,426	
18	Common	(line 5 - line 11)	18,064,353		461,674	
18	TOTAL NET PLANT (sum lines 13-17)		212,289,643		7,554,253	
19	ADJUSTMENTS TO RATE BASE (Note F)					Amount related to Exclusions
20	Account No. 281 (enter negative 273.8.k)		0	NP zero	0	Accumulated Deferred Income Taxes
21	Account No. 282 (enter negative 275.2.k)		-62,505,478	NP 0.03558	-2,224,235	Accumulated Deferred Income Taxes
22	Account No. 283 (enter negative 277.9.x)		-195,322,065	NP 0.03558	-6,950,408	Accumulated Deferred Income Taxes
23	Account No. 190	234.8.c	255,860,357	NP 0.03558	9,104,701	Accumulated Deferred Income Taxes
24	Account No. 255 (enter negative 267.8.h)		-4,028,288	NP 0.03558	-143,345	Accumulated Deferred Investment Tax
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		-5,995,492		-213,347	
25	LAND HELD FOR FUTURE USE 214.x.d (Note G)		0	VE.st. 0.75067	0	
26	WORKING CAPITAL (Note H)					
27	CWC calculated				60,392	
28	Materials & Supplies (Note G) 227.6.c & .15.c		2,352	GP 1.00000	2,152	Excluded transmission maintained and supplied by others
29	Prepayments (Account 165) 111.46.d		4,631,107	GP 0.05960	276,030	
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		4,633,259		338,574	
30	RATE BASE (sum lines 18, 24, 25, & 29)		210,927,410		7,679,479	

Common Stock (sum lines 23-25)		Cost (Note P)		Weighted			
	\$	%					
27	Long Term Debt (112, sum of 16d through 19d)	0.0000	0.4854	0.0000	0.0680	0.0000	0.0320 =WCLTD
28	Preferred Stock (112.3d)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
29	Common Stock (line 28)	0.0000	0.5146	0.0000	0.1125	0.0000	0.0579
30	Total (sum lines 27-29)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0899 =R

REVENUE CREDITS

				Load	
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)					
31	a. Bundled Non-RQ Sales for Resale (311.x.h)			\$247,403	
32	b. Bundled Sales for Resale included in Divisor on page 1			\$247,403	
33	Total of (a)-(b)			0	
ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)				\$76,731	
ACCOUNT 456 (OTHER ELECTRIC REVENUES) (330.x.n)					
35	a. Transmission charges for all transmission transactions			\$243,929	
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1			\$141,213	
37	Total of (a)-(b)			\$102,710	

Formula Rate - Non-Levelized Rate Formula Template For the 12 months ended 12/31/06
 Utilizing FERC Form 1 Data Utilizing FERC Form 1 Data
 Utilizing FERC Form 1 Data With 7-Factor Changes-EXCLUDES EXT. joint Plant Transmission Facilities

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 Letter

- 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 at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 100-111 line 46 in the Form 1.
- I Line 5 - 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 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.
- O Enter dollar amounts
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 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.
- 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.