



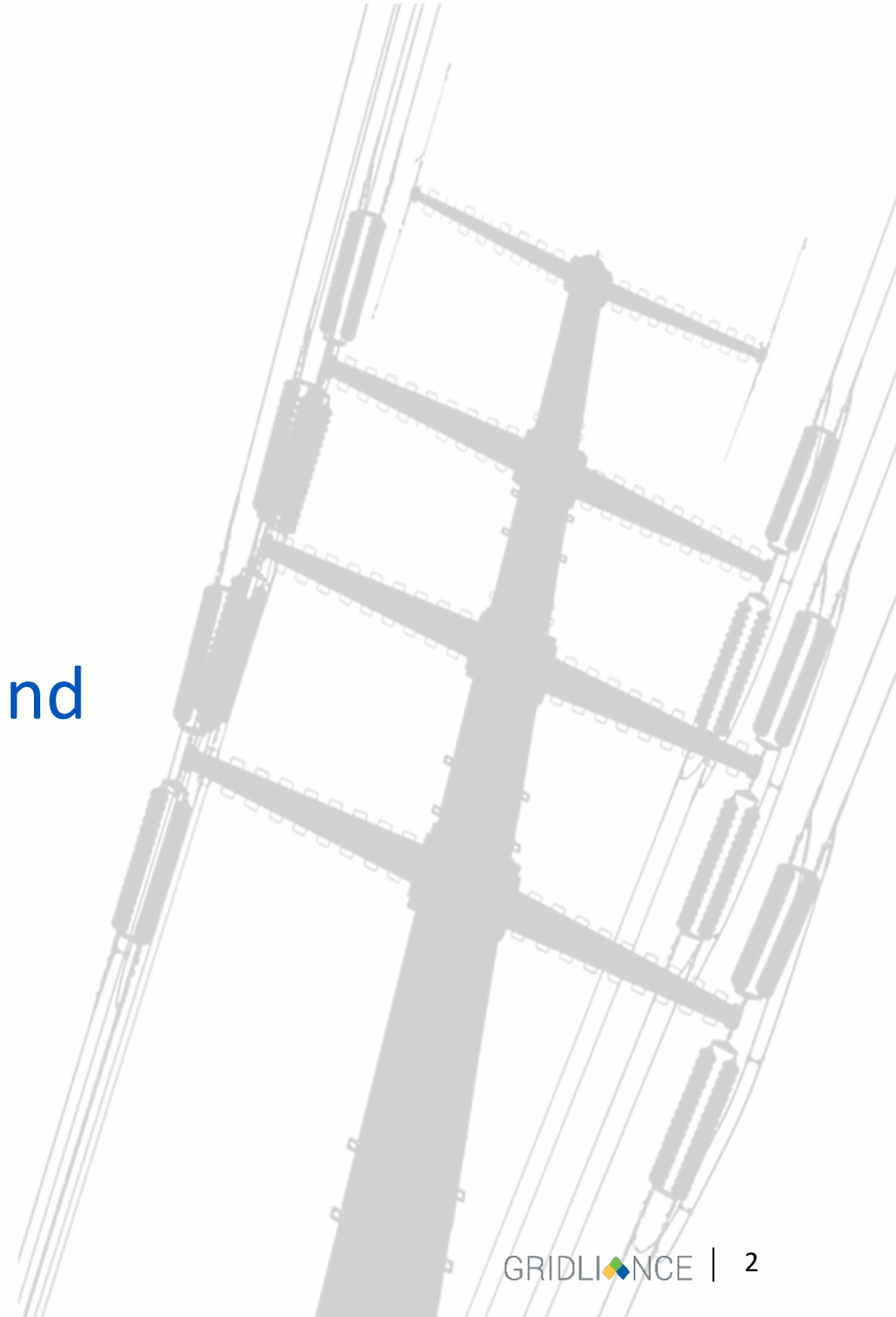
Stakeholder Meeting for GridLiance High Plains LLC 2019 Wholesale Distribution Formula Rate Projection

October 31, 2018
11:30 am CST

Agenda

- Introduction
- GridLiance High Plains LLC (GridLiance HP) Background
- Wholesale Distribution Formula Rate Template Revenue Requirement Projection for Rate Year 2019
- Q&A
- Closing Remarks

GridLiance HP Background

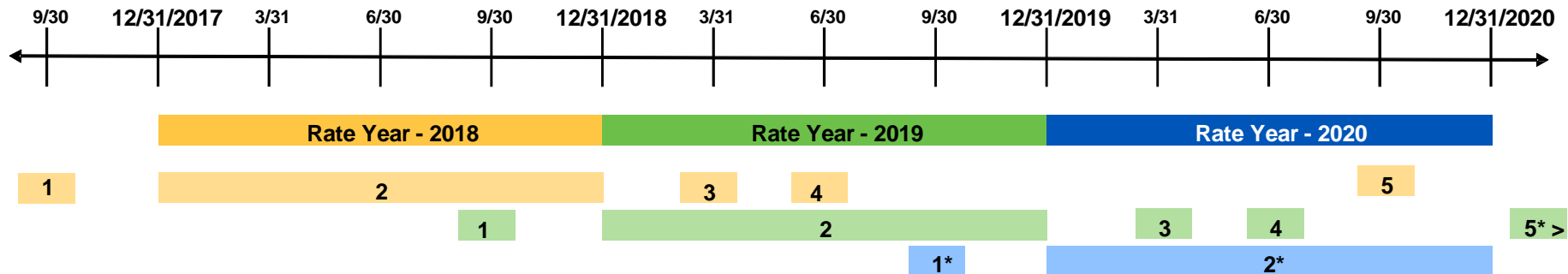


GridLiance HP Background

- In July 2018, GridLiance renamed its regional operating subsidiaries. South Central MCN LLC was renamed to GridLiance High Plains LLC (GridLiance HP).
- GridLiance HP is a startup, stand-alone competitive electric transmission-only utility. GridLiance HP's purpose is to develop, jointly own, operate, and maintain new or existing regulated transmission assets, principally through Co-Development and Joint Development Agreements with non-jurisdictional electric cooperatives, municipally-owned electric utilities, and joint action agencies within the SPP region and on SPP's seams with other RTOs.
- On February 8, 2016 the Formula Rate Template was accepted by the FERC in Docket No. ER16-505 and amended via FERC Orders, issued on October 19, 2017, May 24, 2018, and September 21, 2018.
- As of this presentation, the following items related to GridLiance HP's Formula Rate Template are pending at FERC: (1) a request for rehearing on a Commission directive related to the income tax component of GridLiance HP's Formula Rate (Docket No. ER15-2594 & ER17-953); and (2) proposed revisions to GridLiance HP's Formula Rate protocols (Docket No. EL18-16).

GridLiance HP Formula Rate Protocols

Formula Rate Protocols – Timeline for Revenue Projection and True-up



For Rate Year - 2018

- 1 Submit estimate/forecast ATRR by 10/1/2017
- 2 Collect 2018 estimate/forecast ATRR over Rate Year - 2018
- 3 Perform true-up for Form 1 prior to 4/18/2019
- 4 Provide finalized true-up to WDS customers and post to GridLiance website on or before 6/3/2019
- 5 Include true-up recovery/return of rate in Rate Year - 2020 estimate/forecast ATRR

For Rate Year - 2019

- 1 Submit estimate/forecast ATRR by 10/1/2018 (includes Rate Year - 2017 true-up)
- 2 Collect 2019 estimate/forecast ATRR and collect/pay 2017 true-up over Rate Year - 2019
- 3 Perform true-up for Form 1 prior to 4/20/2020
- 4 Provide finalized true-up to WDS customers and post to GridLiance website on or before 6/1/2020
- 5 Include true-up recovery/return of rate in Rate Year - 2021 estimate/forecast ATRR

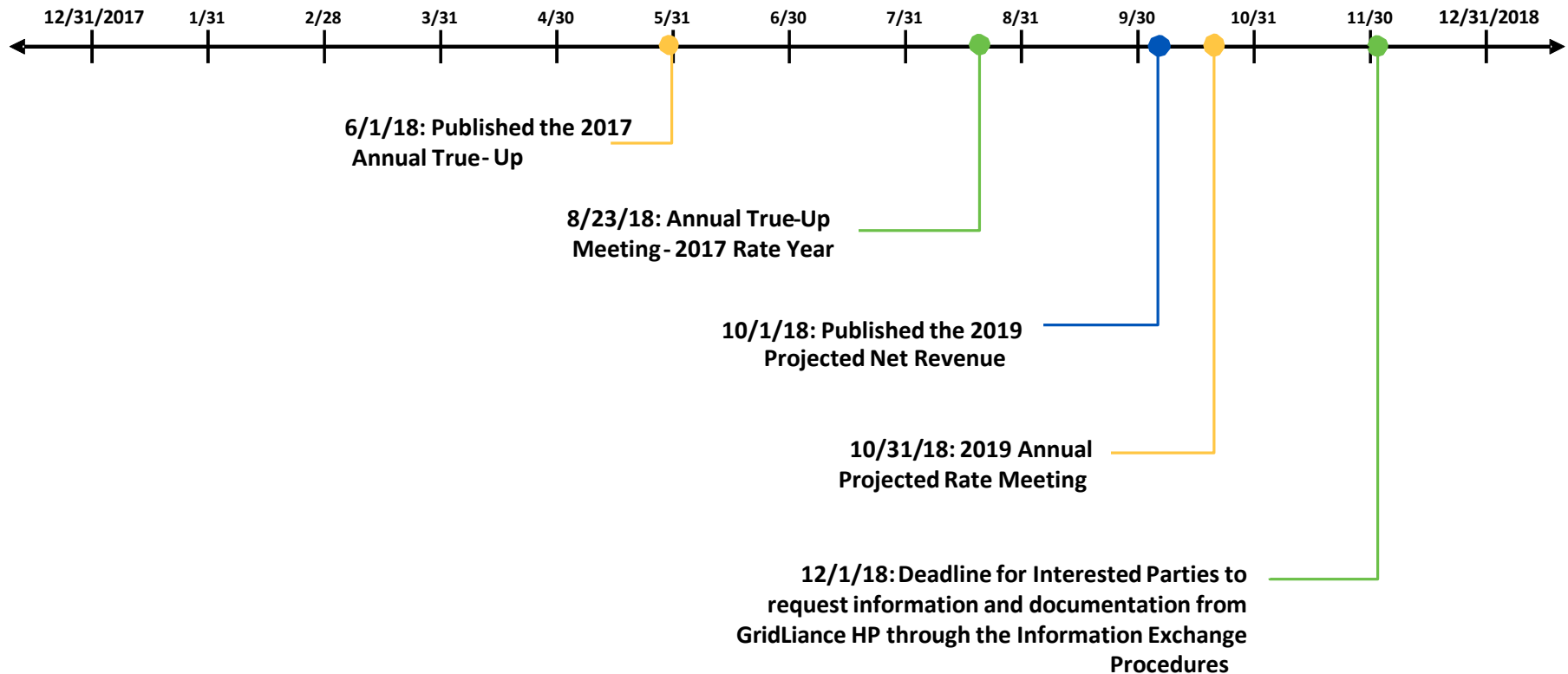
For Rate Year - 2020

- 1 Submit estimate/forecast ATRR by 10/1/2019 (includes Rate Year - 2018 true-up)
- 2 Collect the 2020 estimate/forecast ATRR and collect/pay 2018 true-up over the Rate Year - 2020

* Continues going forward consistent with Rate Year 2017 and 2018 illustration

GridLiance HP Formula Rate Protocols (cont.)

Formula Rate Protocols – Timeline for Calendar Year 2018

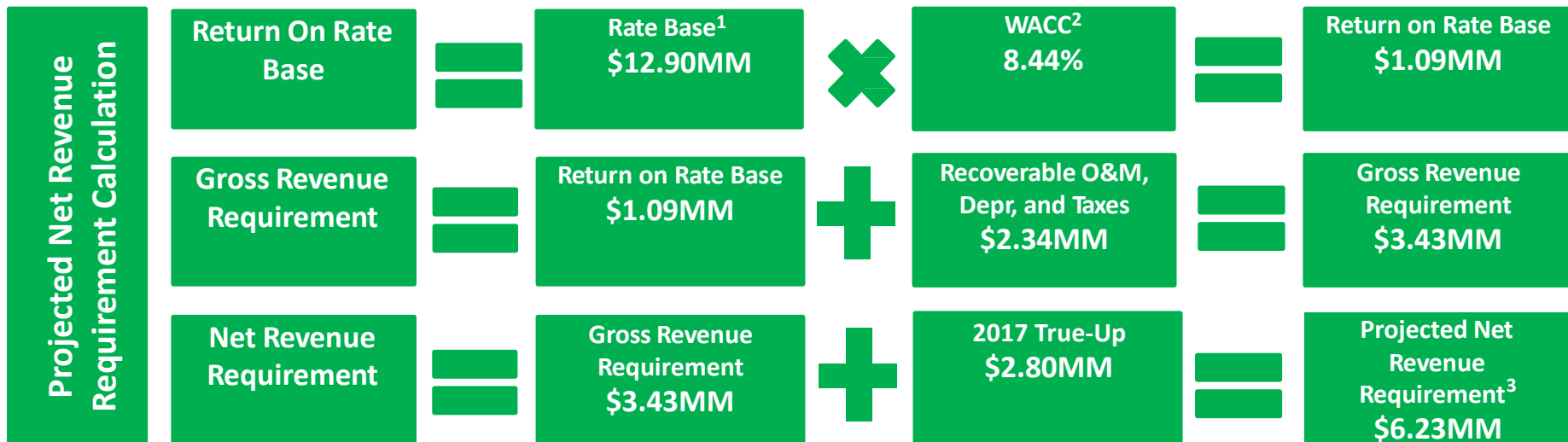




Wholesale Distribution Formula Rate Revenue Requirement Projection for RY 2019

WDS Formula Rate Projection for Rate Year 2019

2019 WDS Formula Rate Net Revenue Requirement Calculation



¹ Rate Base is calculated as the 13-month average Net PP&E with misc. adjustments. See Appendix A for inputs to 13-month average Net PP&E calculation.

² See Appendix B for calculation of WACC for projected net revenue requirement.

³ See Slide 8 for details of the Projected Net Revenue Requirement calculation.

WDS Formula Rate Projection for RY 2019 (cont.)

2019 WDS Projected Revenue Requirement Summary

(\$ millions)

Return On Rate Base

Rate Base ¹	\$12.90
Rate of Return ²	<u>8.44%</u>
Return on Rate Base	\$1.09

Recoverable Operating Expenses

O&M Expenses	\$1.36
Depreciation Expenses	\$0.37
Taxes Other Than Income Taxes	\$0.28
Income Taxes	<u>\$0.32</u>
Total Recoverable Operating Expenses	\$2.34

Projected Gross Revenue Requirement	\$3.43
Plus: 2017 Actuals True-Up	<u>\$2.80</u>
Projected Net Revenue Requirement	\$6.23

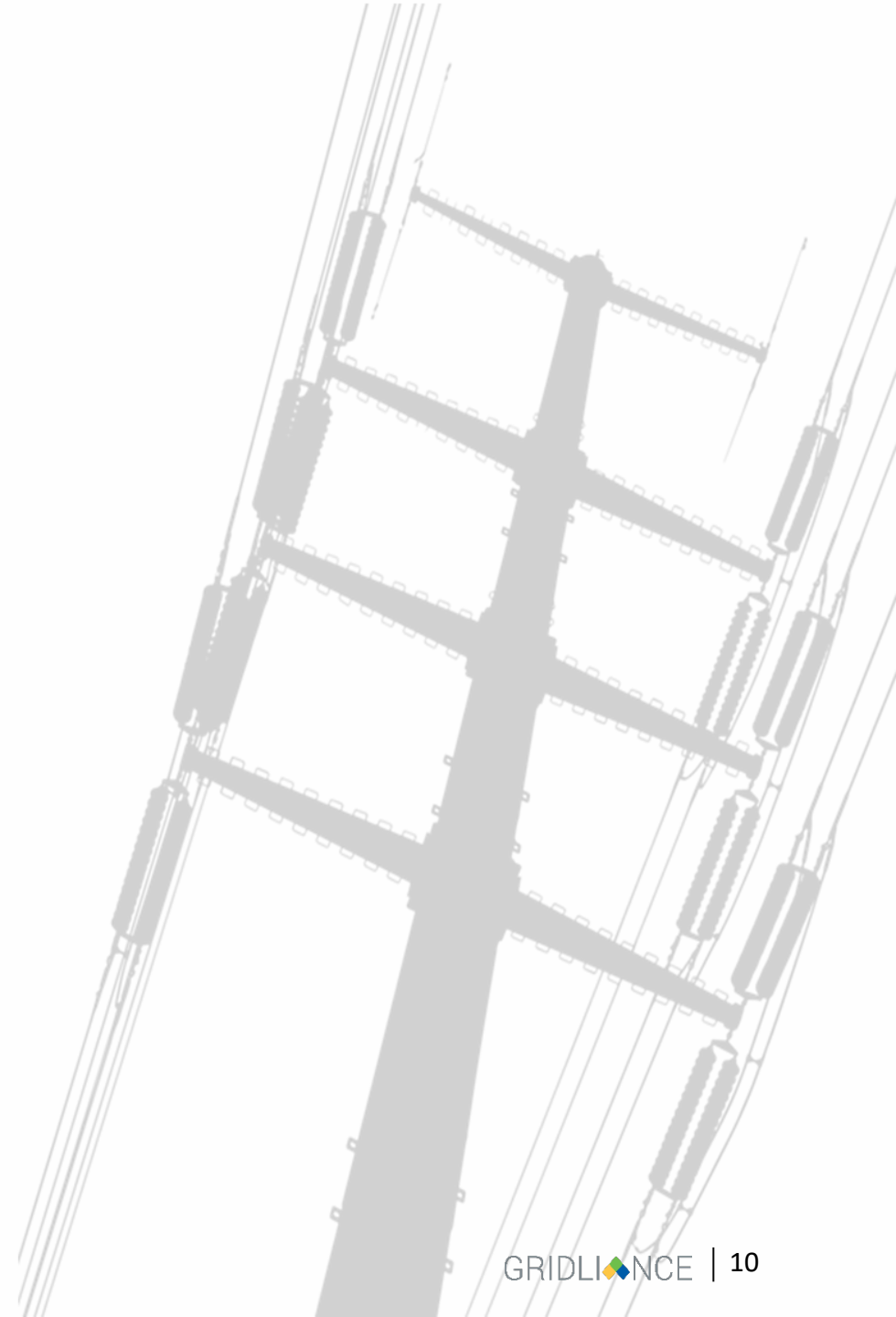
¹Rate Base is calculated as the 13-month average Net Plant, Property, and Equipment, adjusted for miscellaneous items, including, but not limited to, deferred income taxes and working capital.

² See Appendix B for calculation of WACC for WDS projected net revenue requirement.



If you have any additional questions after this meeting,
please contact Joe Loner at jloner@gridliance.com

Appendix



Appendix A – GridLiance HP WDS Rate Base

Inputs for projection calculation of 13-month average net PP&E, which is included in the calculation of Rate Base

<i>(\$ millions)</i>	Gross Plant In Service 207.75.g for end of year, records for other months	Accumulated Depreciation 219.26.b for end of year, records for other months	Net Plant In Service 219.26.b for end of year, records for other months
December Prior Year	\$24.05	\$7.51	\$16.53
January	\$24.05	\$7.55	\$16.49
February	\$24.05	\$7.59	\$16.45
March	\$24.05	\$7.63	\$16.41
April	\$24.05	\$7.67	\$16.37
May	\$24.05	\$7.71	\$16.33
June	\$24.05	\$7.75	\$16.30
July	\$14.20	\$4.61	\$9.58
August	\$14.20	\$4.64	\$9.56
September	\$14.20	\$4.66	\$9.53
October	\$14.20	\$4.69	\$9.51
November	\$14.20	\$4.71	\$9.49
December	\$14.20	\$4.73	\$9.46
Average of the 13 Monthly Balances	\$19.50	\$6.27	\$13.23

Appendix B – WDS Return (WACC)

- Calculation of WACC for 2019 projected net revenue requirement uses a base and total ROE of 9.8%
- Cost of Long Term Debt reflects projected rate for actual debt put in place of 6.41%, compared to hypothetical rate of 1.99% used in prior years

RETURN (R)

(\$ millions)

		<u>\$</u>	<u>%</u>	<u>Cost</u>	<u>Weighted</u>
Long Term Debt	Attachment H, Page 4, Line 20	\$8.77	40.0%	6.41%	2.56% =WCLTD
Preferred Stock (112.3.c)	Attachment H, Page 4, Line 21	\$0.00	0.0%	0.00%	0.00%
Common Stock	Attachment H, Page 4, Line 22	\$14.77	60.0%	9.80%	<u>5.88%</u>
Total	(Sum of Lines 14 through 16)	\$23.54			8.44% =R