



2020 Annual True-Up Stakeholder Meeting for GridLiance West LLC

July 29, 2020

Agenda



- Introduction
- GridLiance West LLC (GridLiance) Background
- Formula Rate Template True-Up for Rate Year 2019
- Q&A
- Closing Remarks

GridLiance West Background



GridLiance West LLC (GridLiance West) is a stand-alone, competitive electric transmission-only utility formed to acquire and optimize Valley Electric Transmission Association LLC's ("VETA") high voltage transmission system; partner with Public Power to solve transmission issues, optimize public power systems, and help manage costs on these systems throughout CAISO; and compete for needed projects in the Order No. 1000 Competitive Solicitation Process of the California Independent System Operator (CAISO).

- February 2017 – FERC (ER17-706) accepts and suspends, subject to refund, GridLiance West transmission formula rate, becoming effective September 15, 2017, upon becoming a participating transmission owner in CAISO (ER17-694).
- August 2017 – FERC sets proposed transmission formula rate, implementation protocols, and projected cost of service for hearing and settlement judge procedures along with approving various incentives requested by GridLiance in ER17-706.
- June 2018 – FERC approves a settlement agreement filed by GridLiance in March 2018 that resolved every issue in Docket No. ER17-706.
- July 2018 – FERC grants GridLiance's request for three additional rate incentives in ER18-1693.
- September 2018 – GridLiance files Offer of Settlement resolving all issues set for hearing and includes a rate moratorium through October 24, 2019 (ER18-1693).
- October 2018 – GridLiance files for recovery of its regulatory asset of \$20.3 million over a ten-year period in ER19-191.
- December 2018 – FERC accepts GridLiance filing in ER19-191 and approves settlement in ER18-1693.

GridLiance West Background



Formula Rate Matters

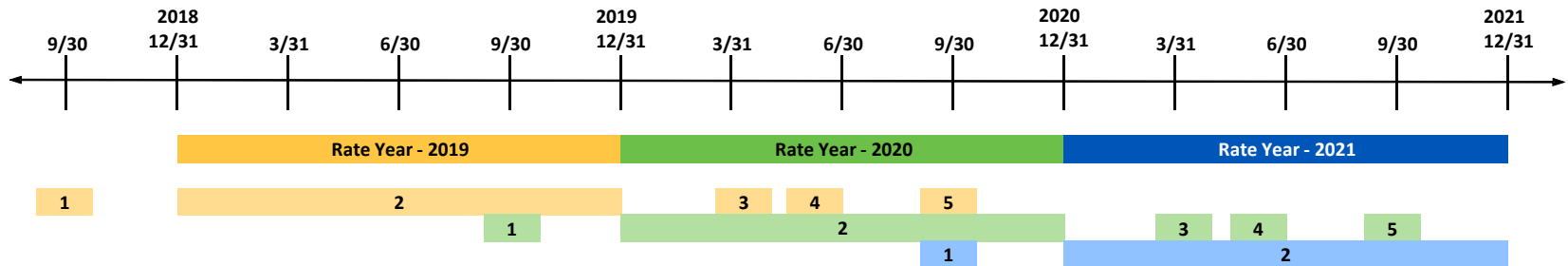
Notable recent or pending formula rate matters at FERC

- February 19, 2020 (ER20-1040)
Compliance filing setting income tax allowance (ITA) to 72.13 percent
 - December 19, 2020 effective date requested
 - Awaiting FERC action
- April 26, 2020 (ER20-1040)
Compliance filing lowering ITA to 53.29 percent
 - July 1, 2020 effective date requested
 - Awaiting FERC action
- May 1, 2020 (ER20-1746)
Compliance filing for Order No. 864 (ADIT remeasurement)
 - January 27, 2020 effective date requested
 - Awaiting FERC action

GridLiance West Formula Rate Timeline



Rate Year Process



For Rate Year - 2019

- 1 Publish 2019 projected ATRR by October 1, 2018
- 2 Collect 2019 estimated/forecasted ATRR over the Rate Year - 2019
- 3 Calculate true-up based on 2019 FERC Form No. 1 submitted in mid April 2020
- 4 Provide finalized true-up to stakeholders and post to GridLiance website on or before June 30, 2020
- 5 Incorporate actual recovery/return into 2021 projection

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For Rate Year - 2021

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Continues going forward consistent with Rate Years 2019 and 2020

GridLiance West Formula Rate Timeline

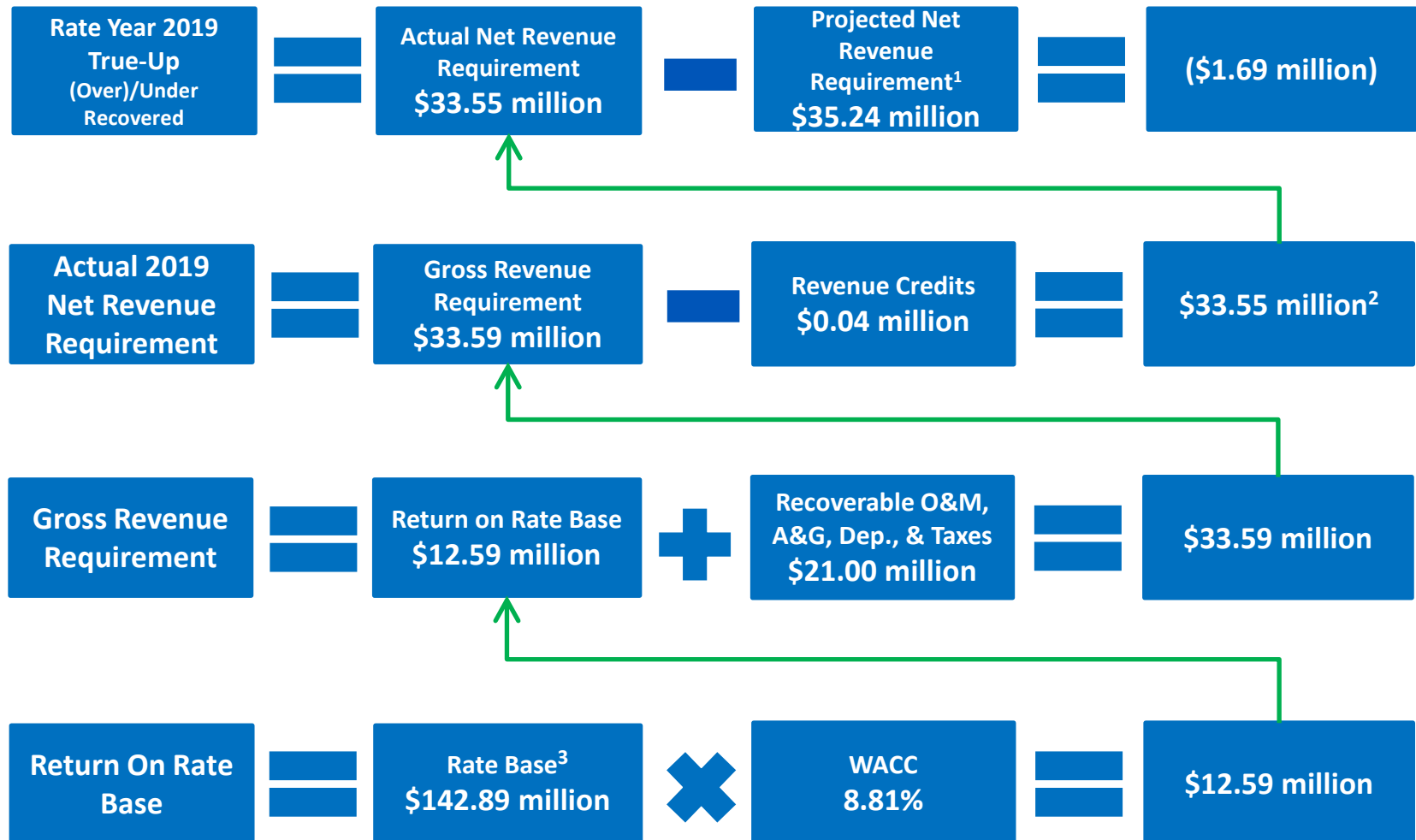


Selected 2020 milestones

- June 30 – Publication of actual 2019 net revenue requirement and true-up adjustment (Publication Date)
- July 29 – Annual update (2020 True-up) Stakeholder meeting
- September 30 – Publication of 2021 Projection
- October 30 – GridLiance West submits Transmission Revenue Balancing Account Adjustment (TRBAA) by November 1 to FERC
- November 27 – Earliest scheduled end of information request period and deadline for Interested Parties to notify GridLiance West of a Preliminary Challenge (Publication date + 150 days)
- December – GridLiance West submits Annual Update informational filing to FERC



Formula Rate True-Up for Rate Year 2019



¹ Represents the projected net revenue requirement as posted by GridLiance West on December 17, 2018

² Refer to next slide for details of the Actual 2019 Net Revenue Requirement calculation

³ Rate Base is calculated as the 13-month average Net PP&E with miscellaneous adjustments

Formula Rate True-Up for Rate Year 2019



	2019 Projection	Actual ATRR	Net (Over)/Under Collection
Rate Base	139,919,661	142,892,293	2,972,632
Rate of Return	8.9%	8.8%	0.0%
Allowed Return on Rate Base	12,385,688	12,584,909	199,220
O&M	9,840,021	8,839,491	(1,000,530)
G&A	8,537,659	7,021,447	(1,516,212)
Depreciation Expenses	2,325,331	2,046,045	(279,286)
Income Taxes	1,706,255	1,720,392	14,137
Other Taxes	449,255	1,375,883	926,628
Gross Revenue Requirement	35,244,209	33,588,167	(1,656,042)
Revenue Credits	-	(38,658)	
Net Revenue Requirement (Gross Revenue Requirement net of Revenue Credits)	35,244,209	33,549,509	(1,694,700)
True-Up adjustment	780,193	-	
Net Revenue Requirement	36,024,402	33,549,509	(1,694,700)

Appendices

Appendix A – GridLiance Rate Base¹



	Year	Transmission Plant In Service	CWIP in Rate Base	Transmission Accumulated Depreciation
December	2018	93,588,887	27,822,478	14,659,210
January	2019	93,588,887	31,430,355	14,823,029
February	2019	93,588,887	36,775,289	14,986,848
March	2019	93,588,887	38,112,440	15,148,443
April	2019	93,588,887	42,391,813	15,312,262
May	2019	93,588,887	45,370,934	15,476,081
June	2019	93,630,909	45,384,601	15,640,049
July	2019	93,653,667	46,024,654	15,800,606
August	2019	93,664,771	47,995,697	15,964,771
September	2019	93,664,771	50,035,549	16,128,941
October	2019	93,654,000	53,374,327	16,293,103
November	2019	131,274,835	17,840,999	16,485,811
December	2019	147,394,476	8,359,285	17,644,939
13-month average		100,651,596	37,762,955	15,720,315

¹ Table excludes other adjustments to rate base items such as ADIT, unamortized regulatory assets and working capital

Appendix B – WACC



	<u>\$</u>	<u>%</u>	<u>Cost</u>	<u>Weighted</u>
Long Term Debt (Attach 2b, lines 161 & 183)	55,549,585.77	40.9%	6.22%	0.025
Preferred Stock (Attach 2b, lines 163 & 185)	-	0.0%	-	-
Common Stock (Attach 2b, line 170)	80,169,160.95	59.1%	10.60%	0.063
Total (sum lines 83-85)	135,718,746.72			0.088