



2021 Projection Stakeholder Meeting GridLiance Heartland LLC

October 22, 2020

Agenda



- Introduction
- GridLiance Heartland Overview
- GridLiance Heartland (MISO)
- Formula Rate Projection for Rate Year 2021 (MISO)
- Discussion
- GridLiance Heartland (Non-MISO)
- Formula Rate Projection for Rate Year 2021 (Non-MISO)
- Discussion

GridLiance Heartland Overview



GridLiance Heartland LLC (GridLiance Heartland) is a stand-alone, competitive electric transmission-only utility that owns facilities under the functional control of the Midcontinent Independent System Operator (MISO). These assets are recovered under a formula rate initially approved in FERC Docket No. ER19-2050.

GridLiance Heartland also owns and operates facilities outside of MISO. These assets are recovered under a formula rate initially approved in FERC Docket No. ER19-2092.

Selected milestones

- January 2020 – FERC (EC20-13) conditionally authorizes GridLiance Heartland to acquire certain transmission assets from Electric Energy, Inc.
- January 2020 – FERC (ER20-520) accepts formula rate revisions for GridLiance Heartland (MISO) to incorporate rate mitigation credits.
- March 2020 – GridLiance Heartland transfers functional control of certain transmission assets to MISO and begins operating certain transmission assets outside of MISO.

GridLiance Heartland (MISO)



Formula Rate Matters

GridLiance Heartland (MISO)

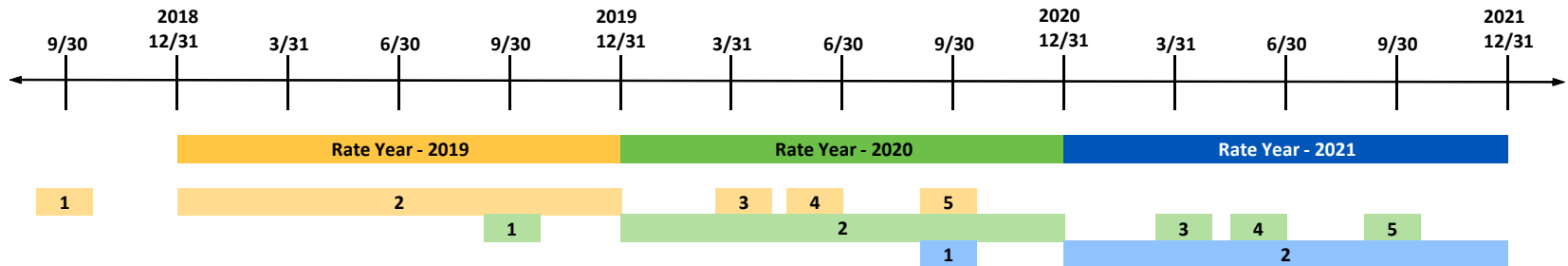
Notable recent or pending formula rate matters at FERC

- February 19, 2020 (ER19-2050-004)
Compliance filing setting income tax allowance (ITA) to 72.13 percent
 - March 1, 2020 effective date requested
 - Awaiting FERC action
- April 28, 2020 (ER20-1669)
Compliance filing lowering ITA to 53.29 percent
 - July 1, 2020 effective date requested
 - Awaiting FERC action
- September 30, 2020 (ER20-3034)
Compliance filing for Order No. 864 (ADIT remeasurement)
 - December 1, 2020 effective date requested
 - Awaiting FERC action



Formula Rate Timeline

GridLiance Heartland (MISO) Rate Year Process



For Rate Year – 2019*

- 1 Publish 2019 projected ATRR by September 30, 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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- 1 Publish 2020 projected ATRR by September 30, 2019
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- 3 Calculate true-up based on 2020 FERC Form No. 1 submitted in mid April 2021
- 4 Provide finalized true-up to stakeholders and post to GridLiance website on or before June 30, 2021
- 5 Include actual recovery/return into 2022 projection

For Rate Year - 2021

- 1 Publish 2021 projected ATRR by September 30, 2020
- 2 Collect the 2021 estimated/forecasted ATRR over the Rate Year - 2021

*Continues going forward consistent with Rate Years 2019 and 2020**

* GridLiance Heartland became a transmission owner in March 2020. Certain activities for rate years 2019 and 2020 did not occur but are shown to illustrate typical rate year processes across calendar years.



Formula Rate Timeline

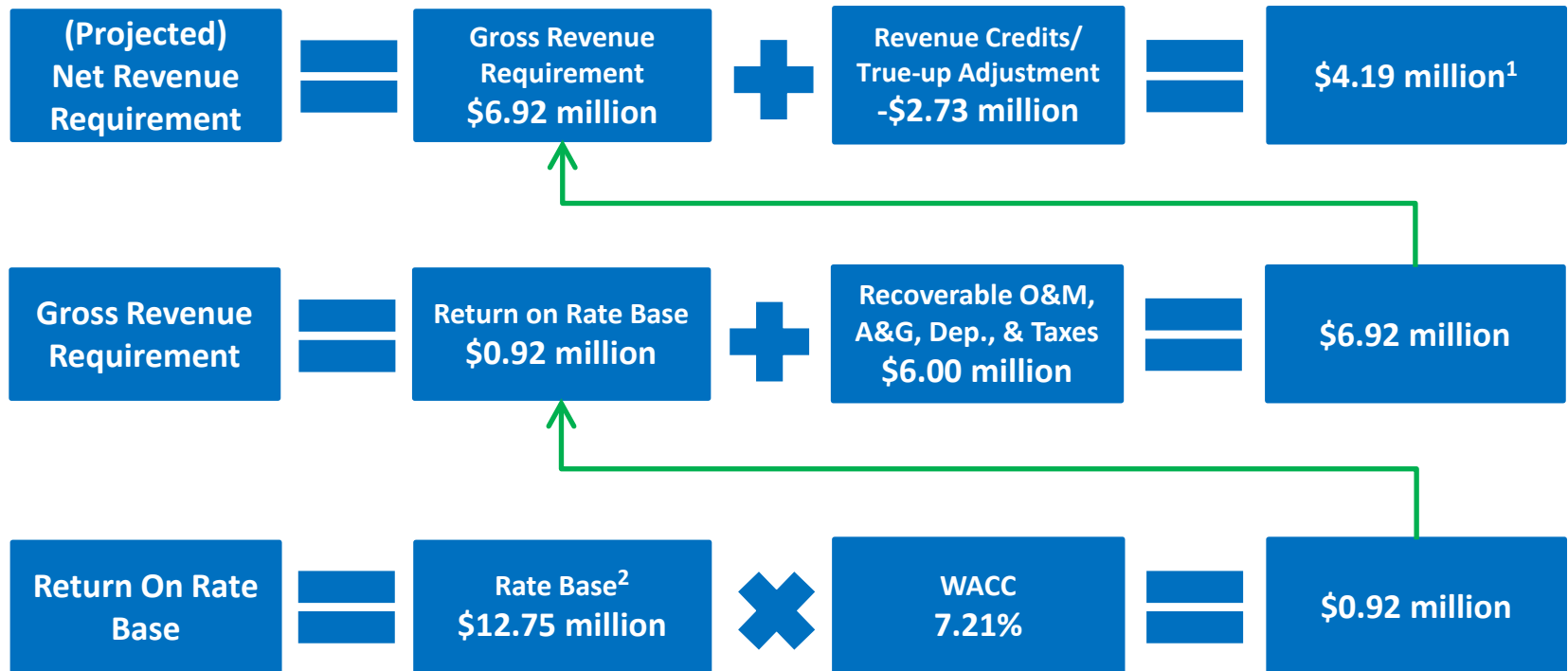
Selected GridLiance Heartland (MISO) 2020 milestones

- March 1 – GridLiance Heartland becomes transmission owner in MISO
- September 25 – Publication of 2021 Projection
- October 22 – Stakeholder meeting for 2021 Projection
- December 1 – Scheduled end of information request period
- January 1, 2021 – Rates incorporating 2021 Projection become effective



Formula Rate Components

GridLiance Heartland (MISO) Projected Net Revenue Requirement Calculation



¹ Refer to next slide for details of the Projected Net Revenue Requirement calculation.

² Rate Base is calculated as the 13-month average Net PP&E with miscellaneous adjustments.

2021 Projected Revenue Requirement Summary



GridLiance Heartland (MISO)

<u>Att. O Reference</u>	<u>Return on Rate Base</u>	
Page 2, Line 30	Rate Base ¹	\$12,754,819
Page 4, Line 30	Rate of Return	7.21%
Page 3, Line 28	Return on Rate Base	\$919,878
	Recoverable Operating Expenses	
Page 3, Line 8	O&M and A&G Expenses	\$5,276,529
Page 3, Line 12	Depreciation Expenses	\$430,334
Page 3, Line 20	Taxes Other Than Income Taxes	\$141,241
Page 3, Line 27	Income Taxes	\$148,253
Sum	Total Recoverable Operating Expenses	\$5,996,357
	Projected Gross Revenue Requirement	
above	Return on Rate Base	\$919,878
above	Total Recoverable Operating Expenses	\$5,996,357
Page 3, Line 28	Projected Gross Revenue Requirement	\$6,916,235
	Projected Net Revenue Requirement	
above	Projected Gross Revenue Requirement	\$6,916,235
Page 3, Lines 30/30a/30b	Attachments GG and MM Adjustments	\$0
Page 3, Line 30c	Regulatory Adjustment	-\$2,650,000
Page 1, Line 6	Revenue Credits	-\$75,000
Page 1, Line 6c	True-up Adjustment	\$0
Page 1, Line 7	Projected Net Revenue Requirement	\$4,191,235

All values in dollars unless otherwise noted

¹Rate Base is calculated as the 13-month average Net Plant, Property, and Equipment, adjusted for miscellaneous items including deferred income taxes and working capital

Discussion



Direct inquiries to rates@gridliance.com

GridLiance Heartland (Non-MISO)



Formula Rate Matters

GridLiance Heartland (Non-MISO)

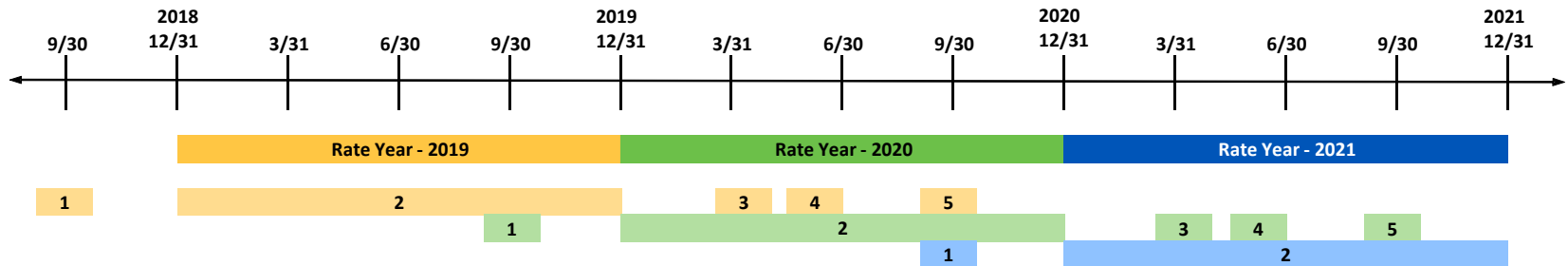
Notable recent or pending formula rate matters at FERC

- February 19, 2020 (ER20-1039)
Compliance filing setting income tax allowance (ITA) to 72.13 percent
 - March 1, 2020 effective date requested
 - Awaiting FERC action
- April 28, 2020 (ER20-1039)
Compliance filing lowering ITA to 53.29 percent
 - July 1, 2020 effective date requested
 - Awaiting FERC action
- September 28, 2020 (ER20-3009)
Compliance filing for Order No. 864 (ADIT remeasurement)
 - December 1, 2020 effective date requested
 - Awaiting FERC action



Formula Rate Timeline

GridLiance Heartland (Non-MISO) Rate Year Process



For Rate Year – 2019*

- 1 Publish 2019 projected ATRR by September 30, 2018
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- 5 Include actual recovery/return into 2022 projection

For Rate Year - 2021

- 1 Publish 2021 projected ATRR by September 30, 2020
- 2 Collect the 2021 estimated/forecasted ATRR over the Rate Year - 2021

*Continues going forward consistent with Rate Years 2019 and 2020**

* GridLiance Heartland became a transmission owner in March 2020. Certain activities for rate years 2019 and 2020 did not occur but are shown to illustrate typical rate year processes across calendar years.



Formula Rate Timeline

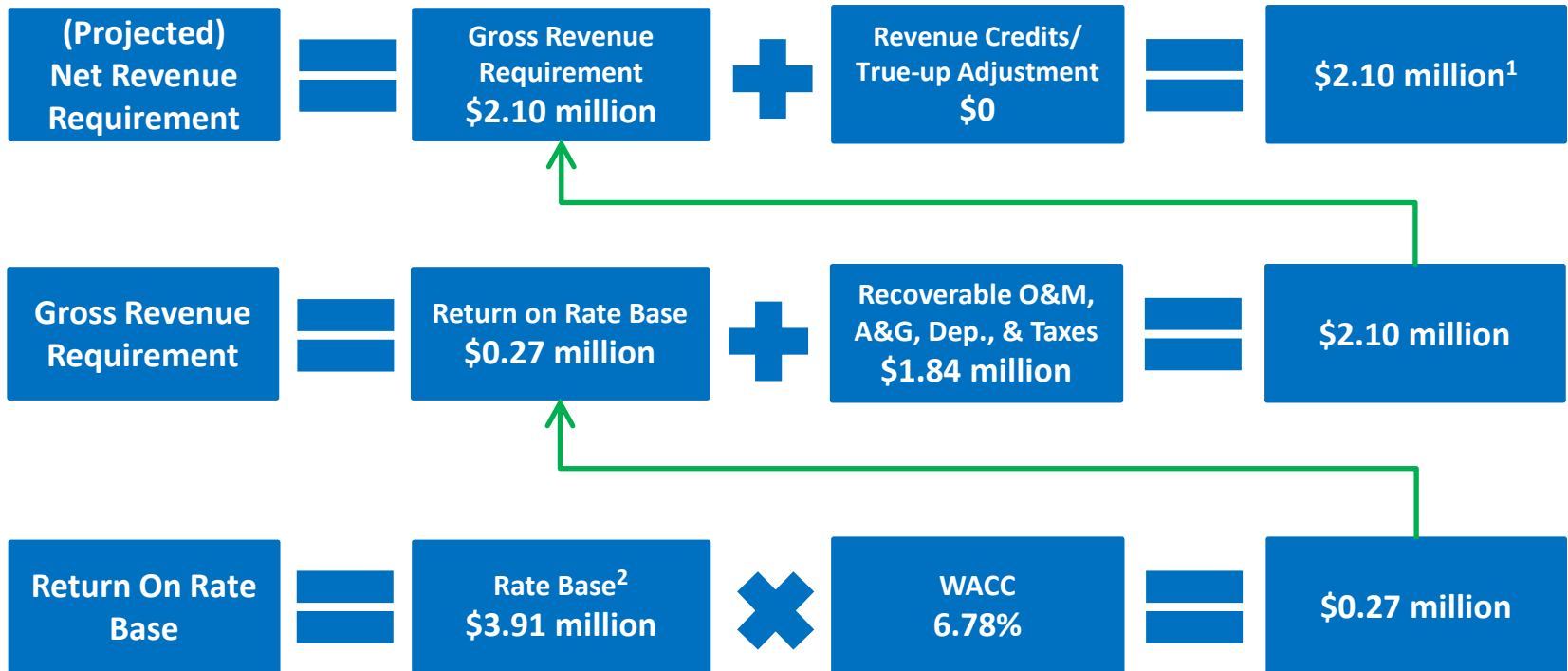
GridLiance Heartland (Non-MISO) Selected 2020 milestones

- March 1 – GridLiance Heartland begins operating transmission assets
- September 25 – Publication of 2021 Projection
- October 22 – Stakeholder meeting for 2021 Projection
- December 1 – Scheduled end of information request period
- January 1, 2021 – Rates incorporating 2021 Projection become effective



Formula Rate Components

GridLiance Heartland (Non-MISO) Projected Net Revenue Requirement Calc.



¹ Refer to next slide for details of the Projected Net Revenue Requirement calculation.

² Rate Base is calculated as the 13-month average Net PP&E with miscellaneous adjustments.

2021 Projected Revenue Requirement Summary



GridLiance Heartland (Non-MISO)

<u>Att. 9A Reference</u>	<u>Return on Rate Base</u>	
Page 2, Line 30	Rate Base ¹	\$3,911,262
Page 4, Line 30	Rate of Return	6.78%
Page 3, Line 28	Return on Rate Base	\$265,184
	Recoverable Operating Expenses	
Page 3, Line 8	O&M and A&G Expenses	\$1,618,046
Page 3, Line 12	Depreciation Expenses	\$131,962
Page 3, Line 20	Taxes Other Than Income Taxes	\$43,312
Page 3, Line 27	Income Taxes	\$42,372
Sum	Total Recoverable Operating Expenses	\$1,835,692
	Projected Gross Revenue Requirement	
above	Return on Rate Base	\$265,184
above	Total Recoverable Operating Expenses	\$1,835,692
Page 3, Line 28	Projected Gross Revenue Requirement	\$2,100,875
	Projected Net Revenue Requirement	
above	Projected Gross Revenue Requirement	\$2,100,875
Page 3, Lines 30:30b	Attachments GG and MM Adjustments	\$0
Page 1, Line 6	Revenue Credits	\$0
Page 1, Line 6c	True-up Adjustment	\$0
Page 1, Line 7	Projected Net Revenue Requirement	\$2,100,875

All values in dollars unless otherwise noted

¹Rate Base is calculated as the 13-month average Net Plant, Property, and Equipment, adjusted for miscellaneous items including deferred income taxes and working capital

Discussion



Direct inquiries to rates@gridliance.com

Appendices

Appendix A – Rate Base¹



GridLiance Heartland (MISO)

Month	Year	Transmission Plant in Service	Transmission Accumulated Depreciation	Transmission Net Plant
December	2020	\$21,127,324	\$9,895,905	\$11,231,419
January	2021	\$21,127,324	\$9,931,117	\$11,196,207
February	2021	\$21,127,324	\$9,966,329	\$11,160,995
March	2021	\$21,127,324	\$10,001,541	\$11,125,783
April	2021	\$21,127,324	\$10,036,753	\$11,090,571
May	2021	\$21,127,324	\$10,071,966	\$11,055,358
June	2021	\$21,127,324	\$10,107,178	\$11,020,146
July	2021	\$21,127,324	\$10,142,390	\$10,984,934
August	2021	\$21,127,324	\$10,177,602	\$10,949,722
September	2021	\$21,127,324	\$10,212,814	\$10,914,510
October	2021	\$21,127,324	\$10,248,027	\$10,879,297
November	2021	\$21,127,324	\$10,283,239	\$10,844,085
December	2021	\$25,799,955	\$10,326,239	\$15,473,716
13-month average		\$21,486,757	\$10,107,777	\$11,378,980

All values in dollars unless otherwise noted

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

Appendix B – WACC



GridLiance Heartland (MISO)

<u>Att. 5 Reference</u>	<u>Description</u>	<u>Total</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted</u>
Line 34	Long Term Debt	\$0.40	40.00%	2.25%	0.90%
Line 35	Preferred Stock	\$0.00	0.00%	0.00%	0.00%
Line 36	Common Stock	\$0.60	60.00%	10.52%	6.31%
Total		\$1.00			7.21%

Appendix C – Rate Base¹



GridLiance Heartland (Non-MISO)

Month	Year	Transmission Plant in Service	Transmission Accumulated Depreciation	Transmission Net Plant
December	2020	\$6,478,688	\$3,034,576	\$3,444,111
January	2021	\$6,478,688	\$3,045,374	\$3,433,314
February	2021	\$6,478,688	\$3,056,172	\$3,422,516
March	2021	\$6,478,688	\$3,066,970	\$3,411,718
April	2021	\$6,478,688	\$3,077,767	\$3,400,920
May	2021	\$6,478,688	\$3,088,565	\$3,390,122
June	2021	\$6,478,688	\$3,099,363	\$3,379,325
July	2021	\$6,478,688	\$3,110,161	\$3,368,527
August	2021	\$6,478,688	\$3,120,959	\$3,357,729
September	2021	\$6,478,688	\$3,131,757	\$3,346,931
October	2021	\$6,478,688	\$3,142,554	\$3,336,133
November	2021	\$6,478,688	\$3,153,352	\$3,325,336
December	2021	\$7,911,548	\$3,166,538	\$4,745,010
13-month average		\$6,588,908	\$3,099,547	\$3,489,361

All values in dollars unless otherwise noted

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

Appendix D – WACC



GridLiance Heartland (Non-MISO)

Att. 5 Reference	Description	Total	Percent	Cost	Weighted
Line 34	Long Term Debt	\$0.40	40.00%	2.25%	0.90%
Line 35	Preferred Stock	\$0.00	0.00%	0.00%	0.00%
Line 36	Common Stock	\$0.60	60.00%	9.80%	5.88%
Total		\$1.00			6.78%