



2021 Projection Stakeholder Meeting GridLiance West LLC

October 29, 2020

Agenda



- Introduction
- GridLiance West Background
- Formula Rate Projection for Rate Year 2021
- Discussion



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

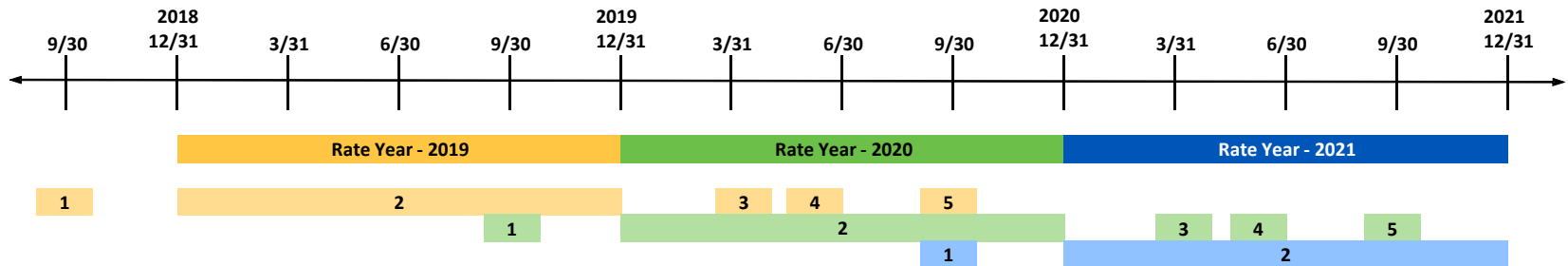
Notable recent or pending formula rate matters at FERC

- 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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- 5 Include actual recovery/return into 2022 projection

For Rate Year - 2021

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

Continues going forward consistent with Rate Years 2019 and 2020

GridLiance West Formula Rate Timeline



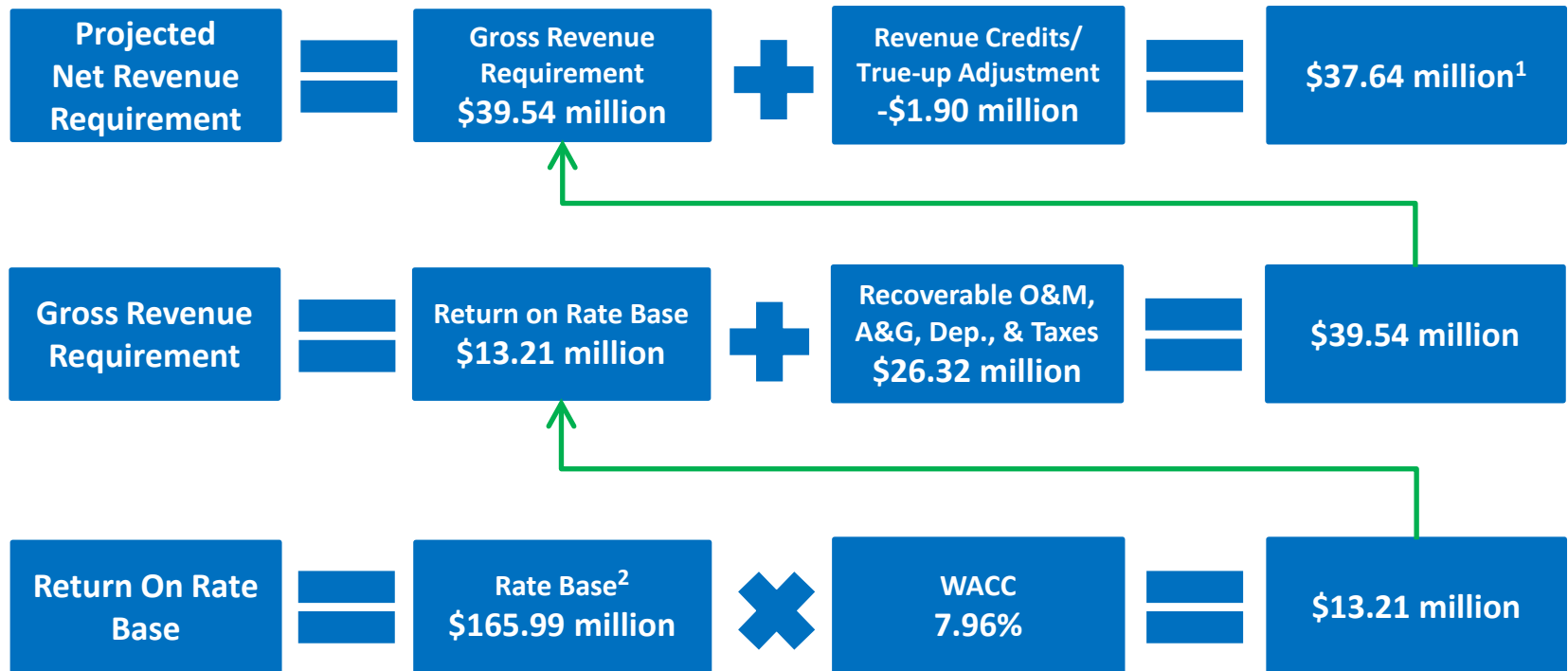
Selected 2020 milestones

- 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 29 – 2021 Projection Stakeholder meeting
- October 28 – GridLiance West submits Transmission Revenue Balancing Account Adjustment (TRBAA) 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

GridLiance West Formula Rate Components



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



<u>App. III Reference</u>	<u>Return on Rate Base</u>	
Page 2, Line 30	Rate Base ¹	\$165,988,627
Page 4, Line 86	Rate of Return	7.96%
Page 3, Line 64	Return on Rate Base	\$13,212,695
	Recoverable Operating Expenses	
Page 3, Line 38	O&M and A&G Expenses	\$19,944,607
Page 3, Line 43	Depreciation Expenses	\$3,683,238
Page 3, Line 52	Taxes Other Than Income Taxes	\$1,378,448
Page 3, Line 62	Income Taxes	\$1,318,550
Sum	Total Recoverable Operating Expenses	\$26,324,843
	Projected Gross Revenue Requirement	
above	Return on Rate Base	\$13,212,695
above	Total Recoverable Operating Expenses	\$26,324,843
Page 3, Line 67	Projected Gross Revenue Requirement	\$39,537,538
	Projected Net Revenue Requirement	
above	Projected Gross Revenue Requirement	\$39,537,538
Page 1, Line 2	Revenue credits	-\$38,658
Page 1, Line 3	True-up Adjustment	-\$1,860,877
Page 1, Line 4	Projected Net Revenue Requirement	\$37,638,003

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



Month	Year	Transmission Plant in Service	Transmission Accumulated Depreciation	Transmission Net Plant
December	2020	\$169,627,345	\$19,563,235	\$150,064,109
January	2021	\$169,627,345	\$19,860,083	\$149,767,261
February	2021	\$169,627,345	\$20,156,931	\$149,470,414
March	2021	\$169,627,345	\$20,453,779	\$149,173,566
April	2021	\$169,627,345	\$20,750,627	\$148,876,718
May	2021	\$169,627,345	\$21,047,475	\$148,579,870
June	2021	\$169,627,345	\$21,344,322	\$148,283,022
July	2021	\$169,627,345	\$21,641,170	\$147,986,174
August	2021	\$169,627,345	\$21,938,018	\$147,689,326
September	2021	\$186,922,101	\$22,265,132	\$164,656,970
October	2021	\$186,922,101	\$22,592,245	\$164,329,856
November	2021	\$186,922,101	\$22,919,359	\$164,002,742
December	2021	\$186,922,101	\$23,246,473	\$163,675,629
13-month average		\$174,948,808	\$21,367,604	\$153,581,204

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



Att. 2b Reference	Description	Total	Percent	Cost	Weighted
Lines 161 & 183	Long Term Debt	\$67,297,154	40.00%	4.00%	1.60%
Lines 163 & 185	Preferred Stock	\$0	0.00%	0.00%	0.00%
Line 170	Common Stock	\$101,163,126	60.00%	10.60%	6.36%
Total		\$168,460,280	100.00%		7.96%