



2019 Annual True-Up
Stakeholder Meeting for
GridLiance West LLC

August 1, 2019

2:00pm – 3:00pm CDT

Agenda

- ◆ Introduction
- ◆ GridLiance West LLC (GridLiance) Background
- ◆ Formula Rate Template True-Up for Rate Year 2018
- ◆ Q&A
- ◆ Closing Remarks

GridLiance Background

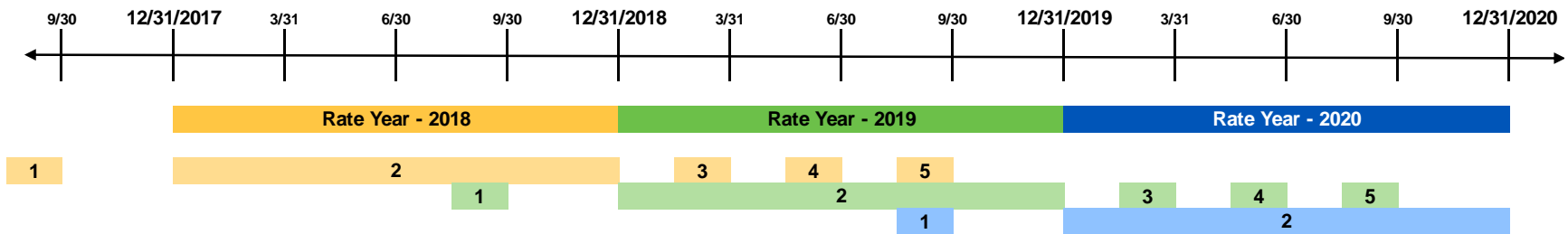
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GridLiance Background

- ◆ GridLiance West, or GLW, is a start-up, stand-alone competitive electric transmission company. GLW's purpose is to develop, jointly own, operate, and maintain new or existing regulated electric transmission assets with non-jurisdictional electric cooperatives, municipally-owned electric utilities, and joint action agencies within California Independent System Operator Corp. (CAISO)
- ◆ In August 2017, the Commission approved various incentives requested by GLW including a 50-basis points ROE adder for RTO participation; a start-up regulatory asset; and the inclusion of 100 percent construction work in progress in rate base for the Sloan Canyon (formerly Bob Tap) project
- ◆ In June 2018, the Commission approved a settlement agreement filed by GLW in March 2018 that provided the following terms:
 - Set the base ROE to 9.6% and total ROE at 10.1%, effective Sept. 15, 2017
 - Use of actual cost of debt and capitalization structure, capped at 60% equity
- ◆ In July 2018, the Commission approved GLW's request for a 50-basis points independent transmission company ROE adder. In December 2018, the Commission approved a settlement agreement maintaining the base ROE at 9.6% and, effective July 25, 2018, setting the total ROE at 10.6%

GridLiance Formula Rate Protocols

Formula Rate Protocols – Timeline for revenue projection and true-up



For Rate Year - 2018

- 1 Submit estimate/forecast ATRR by 10/02/2017
- 2 Collect 2018 estimate/forecast ATRR over Rate Year - 2018
- 3 Perform true-up for Form 1 prior to 4/18/2019
- 4 Post true-up on GridLiance's website on or before 7/01/2019
- 5 Include recovery/return of rate in Rate Year - 2020 estimate/forecast ATRR

For Rate Year - 2019

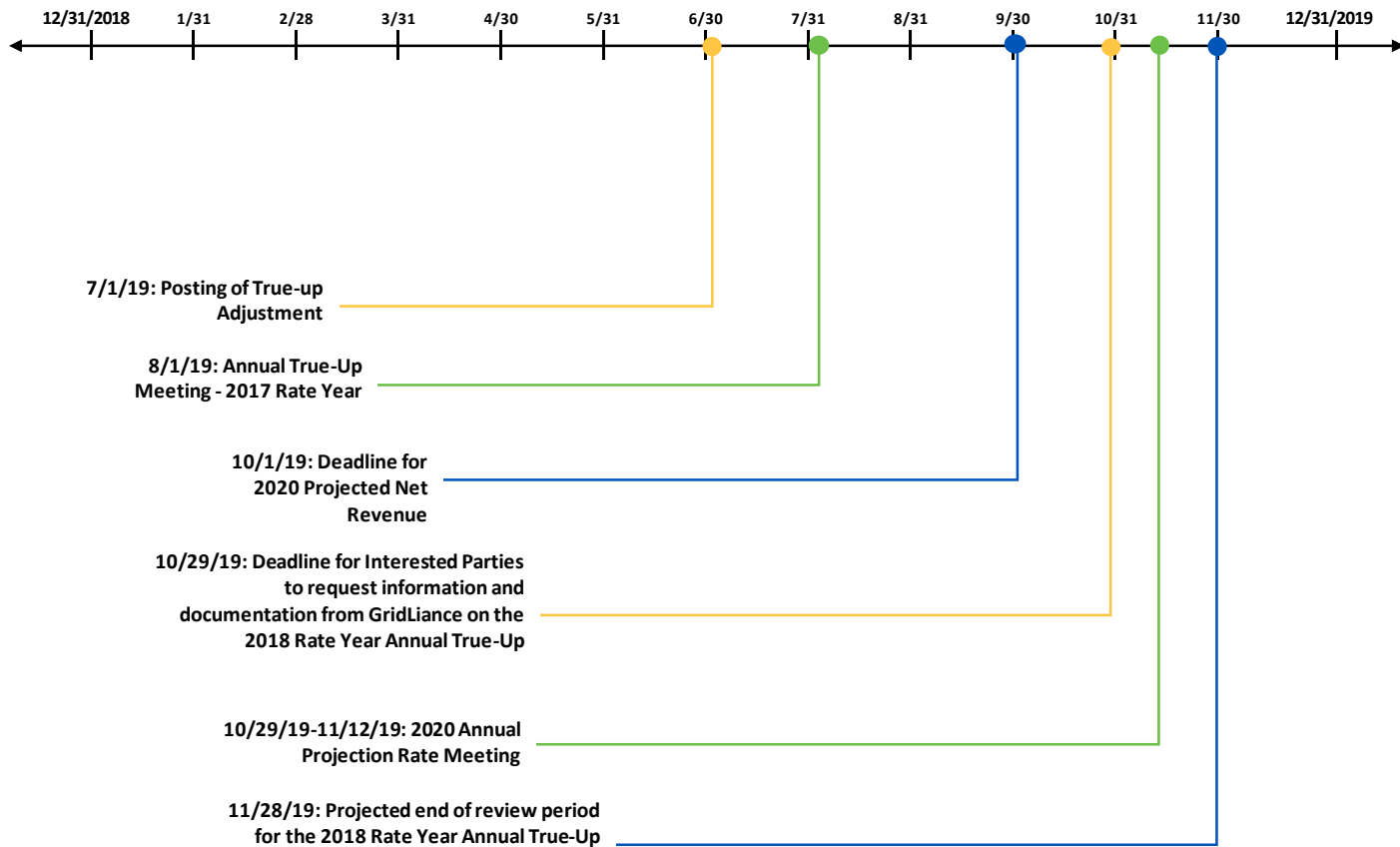
- 1 Submit estimate/forecast ATRR by 10/01/2018
- 2 Collect 2019 estimate/forecast ATRR over Rate Year - 2019
- 3 Perform true-up for Form 1 prior to 4/20/2020
- 4 Post true-up on GridLiance's website on or before 6/30/2020
- 5 Include recovery/return of rate in Rate Year - 2021 estimate/forecast ATRR

For Rate Year - 2020

- 1 Submit estimate/forecast ATRR by 9/30/2019 (includes Rate Year - 2019 recovery/return of rate)
- 2 Collect the 2020 estimate/forecast ATRR and collect/pay 2018 true-up over the Rate Year - 2020

GridLiance Formula Rate Protocols (cont.)

Formula Rate Protocols – Timeline for Calendar Year 2019

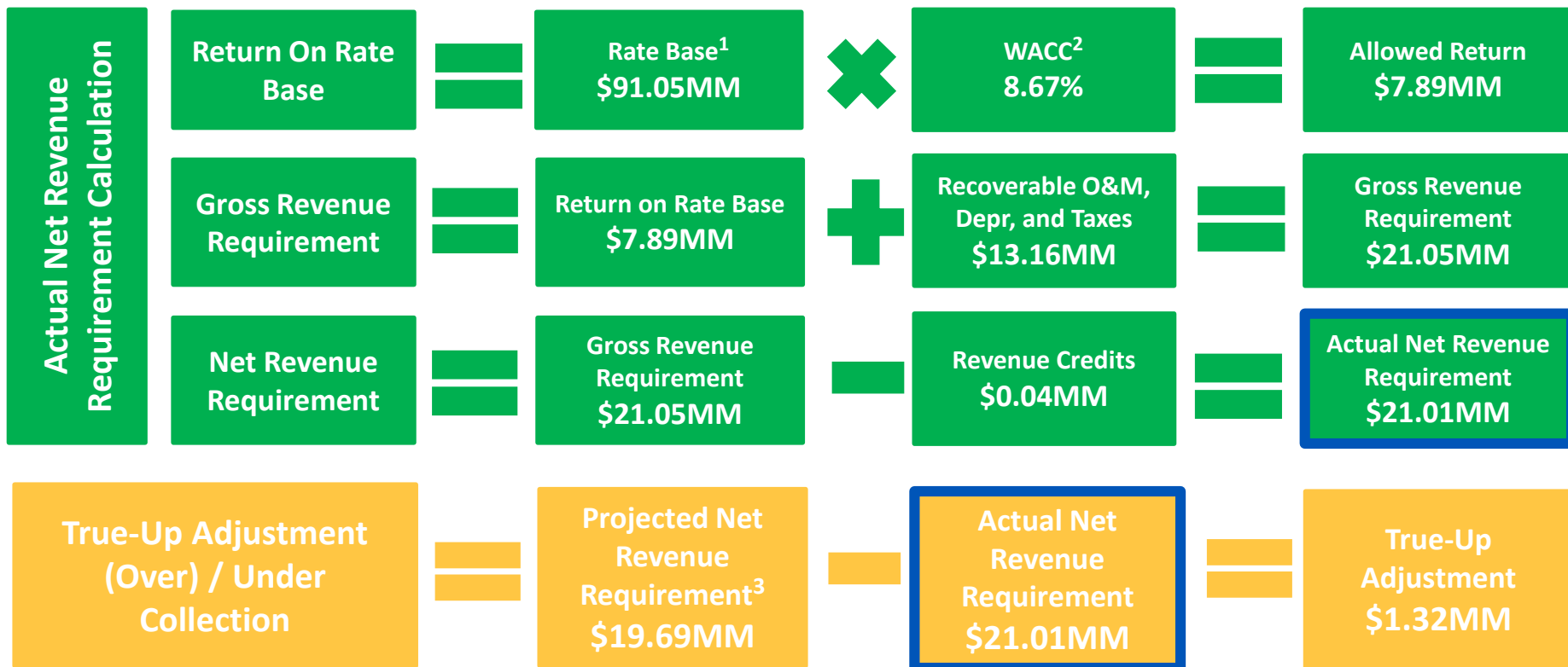


Formula Rate True-Up for RY 2018

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Formula Rate True-Up for Rate Year 2018

2018 Formula Rate Actual Net Revenue Requirement Calculation and True-Up Adjustment



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 net revenue requirement and true-up.

³ See Slide 6 for details of the Projected Net Revenue Requirement calculation.

Formula Rate True-Up for Rate Year 2018 (cont.)

2018 Projected vs. Actual Net Revenue Requirement Summary

	2018						
	Projected (ROE 10.1% effective 1/1/2018-7/24/2018)	Pro-rated	Projected (ROE 10.6% effective 7/25/2018 - 12/31/2018)	Pro-rated	Projection Total	Actual ATRR	Net Over/(Under) Collection
	Note A	Note B	Note C	Note D	Note E		
Rate Base	89,783,239	50,426,203	89,783,239	39,357,036	89,783,239	91,052,545	(1,269,306)
Rate of Return	8.48%	8.48%	8.7800%	8.78%		8.67%	
Allowed Return on Rate Base	7,613,619	4,276,142	7,882,968	3,455,548	7,731,690	7,890,795	(159,106)
O&M	5,953,045	3,343,491	5,953,045	2,609,554	5,953,045	6,516,776	(563,731)
G&A	2,379,671	1,336,528	2,379,671	1,043,143	2,379,671	3,261,057	(881,386)
Depreciation Expenses	1,984,695	1,114,692	1,984,695	870,003	1,984,695	1,964,700	19,995
Income Taxes	969,954	544,769	1,017,797	446,158	990,926	1,079,685	(88,759)
Other Taxes	710,528	399,064	710,959	311,653	710,717	338,409	372,308
Gross Revenue Requirement	19,611,512	11,014,685	19,929,135	8,736,059	19,750,744	21,051,423	(1,300,679)
Revenue Credits	(60,000)	(33,699)	(60,000)	(26,301)	(60,000)	(38,658)	(21,342)
Prior Period Revenue True-Up							
Net Revenue Requirement	19,551,512	10,980,986	19,869,135	8,709,758	19,690,744	21,012,765	(1,322,021)

Note A: Represents projected annual rate base and the full-year projected costs for O&M, A&G, depreciation, income and other taxes calculated with approved ROE 10.1% effective from 1/1/2018 - 7/24/2018.

Note B: Calculated by dividing the Projected (ROE 10.1% effective 1/1/2018 - 7/24/2018) column by 365 and multiplying times 205 (to represent the Net Revenue Requirement calculated by the effective 10.1% ROE period)

Note C: Represents projected annual rate base and the full-year costs for O&M, A&G, depreciation, income and other taxes for effective 10.6% ROE as of 7/25/2018

Note D: Calculated by dividing the Projected (ROE 10.6% effective 7/25/2018-12/31/2018) column by 365 and multiplying times 160 (to represent the Net Revenue Requirement calculated by the effective 10.6% ROE period)

Note E: Calculated by adding the Projected (ROE 10.1% effective 1/1/2018 - 7/24/2018) and Projected (ROE 10.6% effective 7/25/2018-12/31/2018) pro-rated columns to reflect 2018 total projection

Q&A

If you have any additional questions after this meeting,
please contact Don Zybak at dzybak@gridliance.com

Appendix

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Appendix A – GridLiance Rate Base

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

	Source	Gross Plant in Service Transmission	Source	Accumulated Depreciation Transmission	Source	CWIP Transmission
December	p206.58.b less p206.57.b	93,271,551	Prior year p219.25.c	12,694,511	Note A	1,672,309
January	Note A	93,271,551	Note A	12,856,112	Note A	1,474,578
February	Note A	93,271,551	Note A	13,017,713	Note A	1,796,741
March	Note A	93,588,887	Note A	13,190,686	Note A	2,337,605
April	Note A	93,588,887	Note A	13,353,459	Note A	2,466,644
May	Note A	93,588,887	Note A	13,511,325	Note A	2,666,924
June	Note A	93,588,887	Note A	13,675,171	Note A	3,353,059
July	Note A	93,588,887	Note A	13,840,090	Note A	5,278,866
August	Note A	93,588,887	Note A	14,003,935	Note A	11,627,923
September	Note A	93,588,887	Note A	14,167,754	Note A	16,825,769
October	Note A	93,588,887	Note A	14,331,573	Note A	20,489,434
November	Note A	93,588,887	Note A	14,495,392	Note A	26,163,297
December	p207.58.g less p207.57.g	93,588,887	p219.25.c	14,659,210	Note A	27,822,478
Average of 13 monthly balances		93,515,656		13,676,687		9,536,587

Note A - Internal Company Records

Appendix B – WACC

- Calculation of WACC for 2018 net revenue requirement uses a base ROE of 10.3% that was calculated based on FERC approved rate of 10.1% total ROE effective from 1/1/2018 through 7/24/2018 and total ROE of 10.6% (Docket Nos. ER18-1693) effective from 7/25/2018 through 12/31/2018

RETURN (R)

	\$	%	Cost	Weighted
Long Term Debt (Attach 2b, lines 161 & 183)	42,711,395.93	41%	6.25%	2.54% =WCLTD
Preferred Stock (Attach 2b, lines 163 & 185)	-	-	-	0.00%
Common Stock (Attach 2b, line 170)	62,401,290.04	59%	10.3%	6.13%
Total (sum lines 83-85)	105,112,685.97			8.67% =R