

R Y2020 Annual True-Up Meeting for GridLiance Heartland (Non-MISO) LLC

August 20, 2021

Agenda

- **Introduction**
- **GridLiance Heartland LLC (GridLiance) Background**
- **Formula Rate Template True-Up for Rate Year 2020**
- **Q&As**
- **Closing Remarks**

GridLiance Heartland Background

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 Background

Formula Rate Matters

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

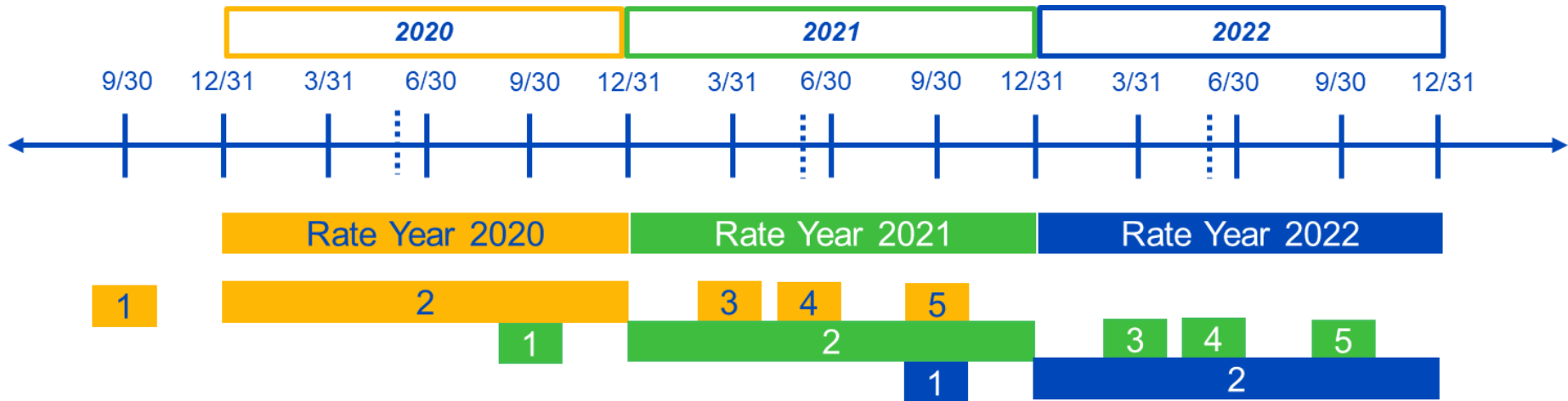
GridLiance Heartland Background (continued)

Formula Rate Matters

- April 1, 2021 (ER21-1587) Revisions to the income tax allowance in formula rate template to reflect upstream change in corporate tax liability due to NextEra Acquisition
 - May 31, 2021 effective date requested
 - FERC approved on May 20, 2021.

GridLiance Heartland Formula Rate Timeline

Rate Year Process



For RY 2020:

- 1 Publish 2020 projected ATRR by September 30, 2019*
- 2 Collect 2020 estimated/forecasted ATRR over the Rate Year – 2020
- 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 MISO on or before June 1, 2021
- 5 Include actual recovery/return into 2022 projection

Continues going forward consistently for Rate Years 2021 and 2022

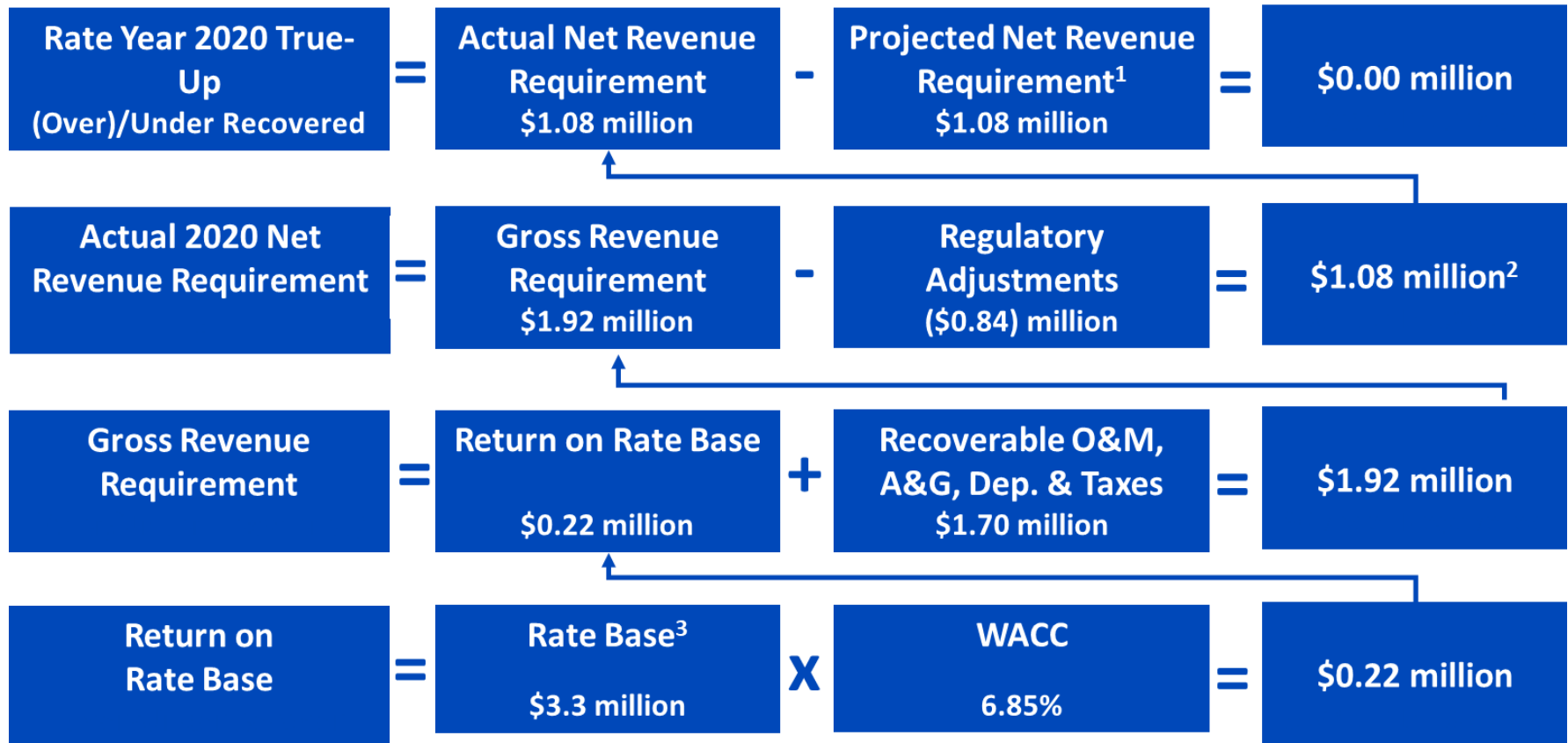
*GridLiance Heartland became a transmission owner in March 2020 and provided the 2020 Projection in February 2020. Certain activities for rate year 2020 did not occur but are shown to illustrate typical rate year processes across calendar years.

GridLiance Heartland Formula Rate Timeline (continued)

Selected 2021 Milestones/Deadlines

- **June 1 – Publication of actual 2020 net revenue requirement and true-up adjustment (Publication Date)**
- **August 20 – Annual True-Up Stakeholder Meeting**
- **September 30 – Publication of 2022 Projection**
- **December 1 – Scheduled end of Information Exchange Period**
- **January 1, 2022 – Rates incorporating 2022 Projection become effective**

Formula Rate True-Up for Rate Year 2020



¹⁾ Represents the projected net revenue requirement as presented by GridLiance Heartland on February 21, 2020, or \$1,300,000 prorated over 10 months.

²⁾ Refer to next slide for details of the Actual 2020 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 2020 (continued)

	2020 Projection (\$)	Actual ATRR (\$)	Net (Over)/Under Collection
Rate Base	2,820,109	3,271,437	(451,328)
Rate of Return	8.02%	6.85%	
Allowed Return on Rate Base	226,057	224,231	1,826
O&M	439,790	818,543	(378,753)
A&G	800,981	736,017	64,964
Depreciation Expenses	94,650	98,210	(3,560)
Income Taxes	45,450	45,060	390
Other Taxes	84,152	683	83,470
Discount	(607,747)	(839,411)	231,664
Net Revenue Requirement	1,083,333	1,083,333	0

Q&As

Appendices

Appendix A – GridLiance Heartland Rate Base¹

Month	Year	Transmission Plant In Service (\$)	Transmission Accumulated Depreciation (\$)	Transmission Net Plant (\$)
December	2019	-	-	-
January	2020	-	-	-
February	2020	6,059,808	2,965,618	3,094,191
March	2020	6,071,369	2,975,238	3,096,132
April	2020	6,075,119	2,983,774	3,091,344
May	2020	6,067,987	2,992,295	3,075,692
June	2020	6,082,610	2,999,139	3,083,471
July	2020	6,118,612	3,005,413	3,113,200
August	2020	6,135,019	3,009,959	3,125,060
September	2020	6,135,611	3,009,544	3,126,067
October	2020	6,134,165	2,961,924	3,172,241
November	2020	6,253,267	2,941,987	3,311,280
December	2020	6,256,331	2,894,883	3,361,448
13-Month Average		5,183,838	2,518,444	2,665,394

¹ Table excludes other adjustments to rate base items such as ADIT, and working capital. Includes only facilities outside of MISO.

Appendix B – GridLiance Heartland WACC

Component	Source	%	Cost	Weighted
Long Term Debt	(Note Y, EE) Attachment 5, Line 34	40.00%	2.44%	0.97%
Preferred Stock	(Note Y, EE) Attachment 5, Line 35	0.00%	0.00%	0.00%
Common Stock	(Notes O, Y and EE) Attachment 5, Line 36	60.00%	9.80%	5.88%
Total	(Sum of Lines 27 through 29)			6.85%