

2019 Annual True-up Meeting

PRESENTED BY

Randy Karls, Director - Customer Relations & Interconnection Services
Tiffany Figliuzzi – Financial Reporting Consultant

August 20, 2020



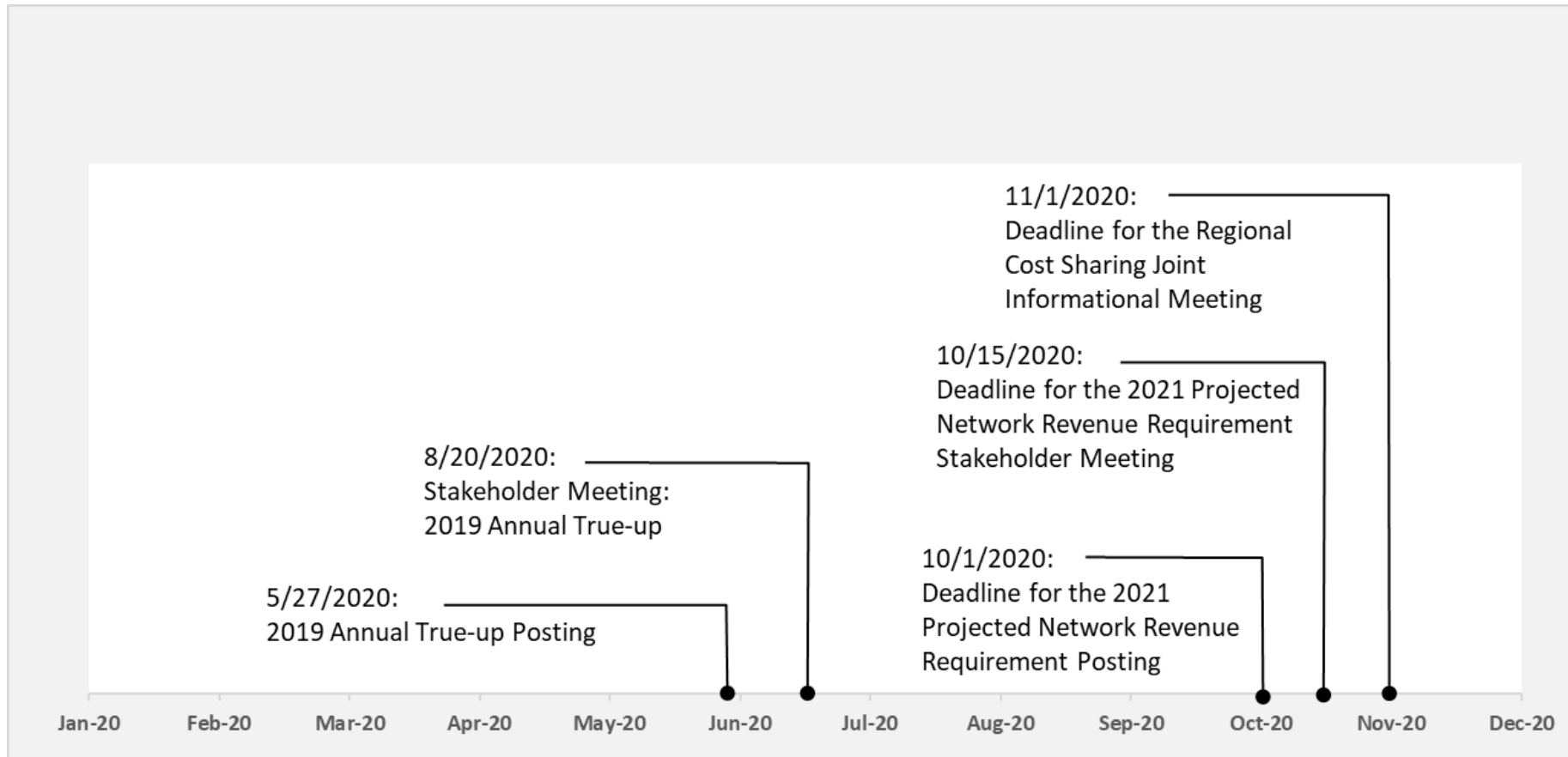
OUR VISION

Connecting you with
a sustainable energy future

Welcome & Overview

- Introductions – Randy Karls
- 2019 Attachment O and True-up – Tiffany Figliuzzi
- Q&A
- Summary & Close – Randy Karls

Rate Protocols Timeline



MISO Return on Equity (ROE) Complaints

- In November 2019, FERC issued an order in the two pending ROE complaints:
 - Set a replacement base ROE of 9.88% in the first complaint
 - ◆ For the 15-month statutory refund period (November 12, 2013 – February 11, 2015)
 - ✓ All-in ROE of 10.38% (inclusive of 50bp adder beginning January 6, 2015)
 - ◆ Prospectively from September 28, 2016, the date of FERC's initial order in the first complaint
 - Dismissed the second complaint and confirmed no refunds are due for the period of February 12, 2015 – May 11, 2016

MISO ROE Complaints (continued)

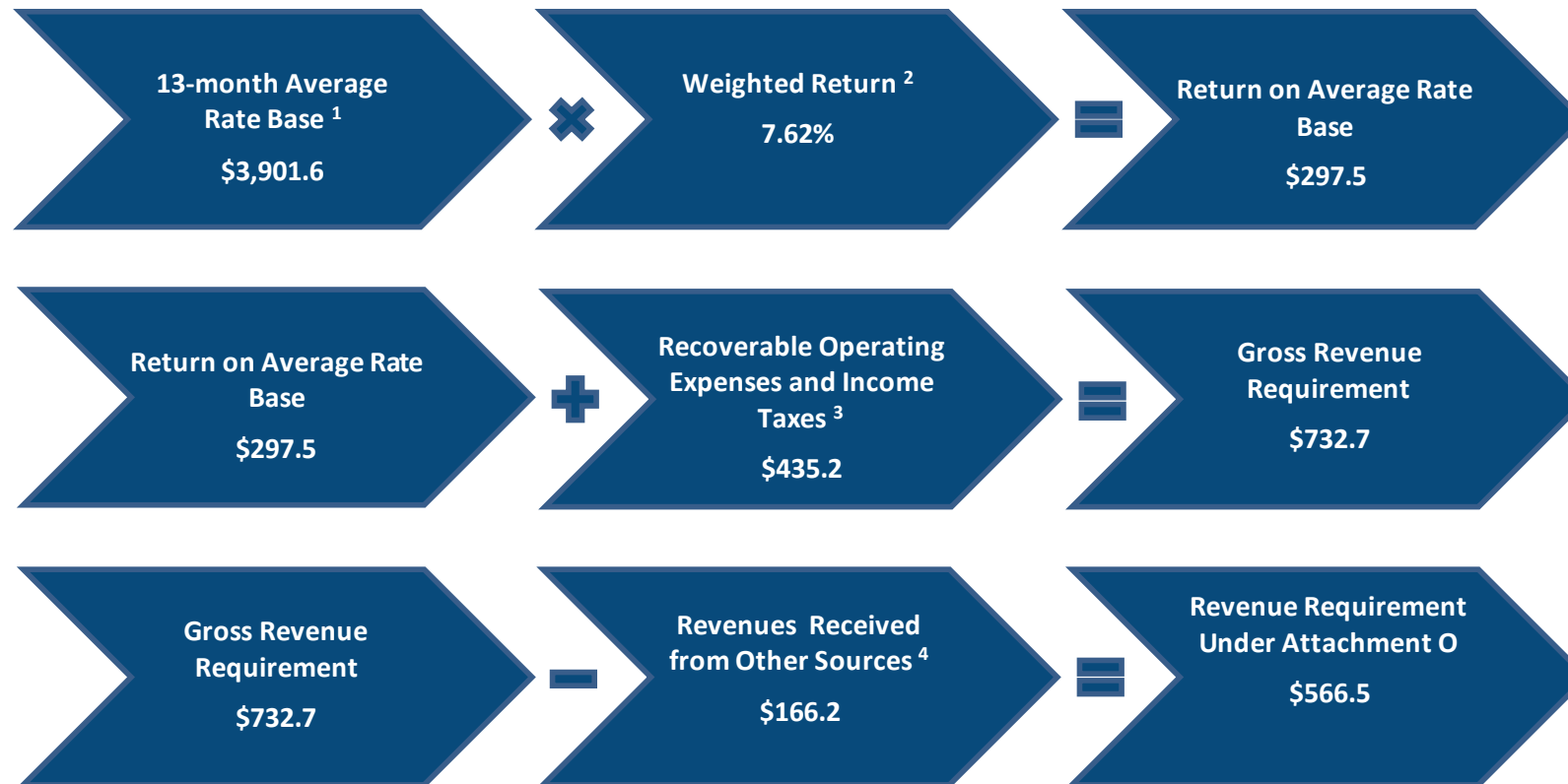
- In May 2020, FERC issued an order addressing requests for rehearing of the November 2019 order:
 - Set a new replacement base ROE of 10.02% in the first complaint
 - ◆ For the 15-month statutory refund period (November 12, 2013 – February 11, 2015)
 - ✓ All-in ROE of 10.52% (inclusive of 50bp adder beginning January 6, 2015)
 - ◆ Prospectively from the date of FERC's initial order in the first complaint (September 28, 2016 forward)
 - The second complaint remains dismissed

MISO ROE Complaints (continued)

- Note, the 2019 revenue requirement, discussed herein, was calculated utilizing an all-in ROE of 10.82%, which was the rate in effect at the time the rates were determined.
 - 2019 revenues were billed and collected at this old rate
 - ◆ Refunds due to customers related to the ROE reduction are in the process of being refunded, with interest, via the ongoing MISO process.
 - ✓ As of July 31, ATC has refunded \$14.1 million to network customers utilizing the rate ordered by FERC in November 2019 related to:
 - Projected rates for the first complaint refund period
 - The period in 2019 following FERC's November order
 - ◆ The 2019 true-up, utilizing the 10.82% rate, will be included in 2021 rates, in accordance with the MISO tariff.

2019 Actual Network Revenue Requirement

(in millions)



¹ Includes eligible CWIP and new assets placed in-service

² Comprised of 50% Weighted Cost of Debt and 50% Allowed Return on Equity (ROE)

³ Includes O&M, precertification, depreciation and taxes collected in rates on behalf of taxable owners

⁴ Includes revenues collected under MISO Schedule 26 (RECB), Schedule 26-A (MVP), Schedule 1 and other credits such as Point-to-Point revenues and other operating revenues

2019 Network Revenue Requirement

Actual vs. Projected

(in thousands)

	[A] 2019 Actual	[B] 2019 Projected	[C] True-up
[1] Average Rate Base	\$ 3,901,599	\$ 3,899,703	
[2] Weighted Rate of Return	7.62%	7.69%	
[3] Return on Average Rate Base	297,465	300,033	2,568
[4] Provision for Members' Income Taxes	63,565	61,843	(1,722)
[5] Total Return and Members' Income Taxes	361,030	361,876	846
[6] Recoverable Operating Expenses			
[7] Operations & Maintenance ^(a)	162,103	154,746	(7,357)
[8] Depreciation and Amortization	181,244	183,473	2,229
[9] Taxes Other Than Income	28,320	30,365	2,045
[10] Total Recoverable Operating Expenses	371,667	368,584	(3,083)
[11] Total Revenue Requirement	732,697	730,460	(2,237)
[12] Amounts Collected from Other Sources			
[13] Regional Cost-sharing (includes Multi-value Projects)	(141,306)	(139,135)	2,171
[14] Scheduling	(14,481)	(15,587)	(1,106)
[15] Point-to-Point	(8,633)	(8,400)	233
[16] Other	(1,800)	(1,600)	200
[17] Total Amounts Collected from Other Sources	(166,220)	(164,722)	1,498
[18] Network Revenue	\$ 566,477	\$ 565,738	\$ (739)

(a) Includes Preliminary Survey and Investigation, Project O&M, and non-Project O&M expenses

Historical Network True-Ups

(in millions)

		[A]	[B]	[C]	[D]	[E]
		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
[1]	Actual	\$554.3	\$567.8	\$573.5	\$542.0	\$566.5
[2]	True-up ^(a)	(\$0.9)	(\$7.4)	\$2.1	(\$9.9)	\$0.7
[3]	True-up / Actual	-0.2%	-1.3%	0.4%	-1.8%	0.1%

^(a) (Negatives) represent a revenue over-collection / positives represent a revenue under-collection

Questions



Please direct future inquiries to atcrates@atcllc.com

