



Helping to keep the lights on,
businesses running
and communities strong®

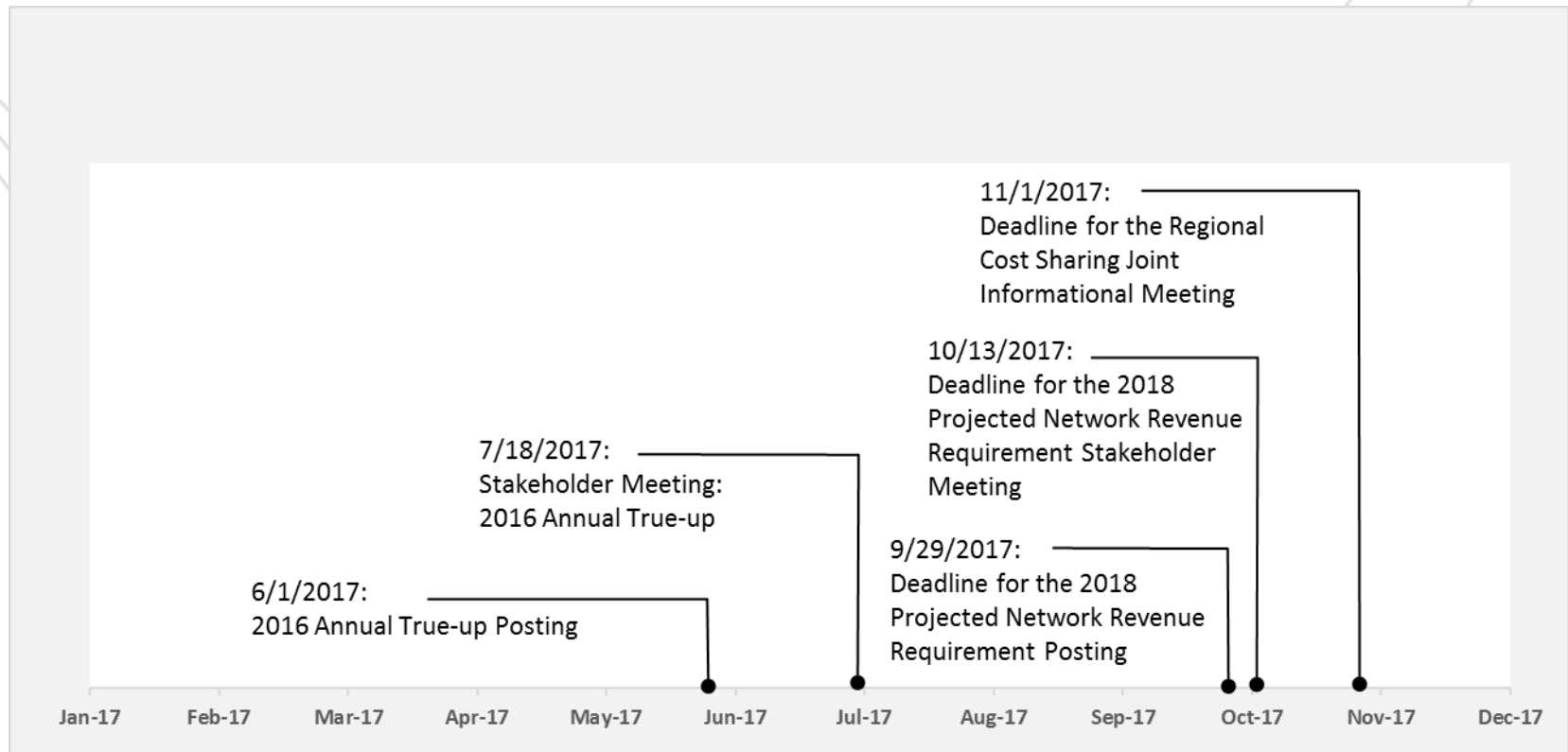
2016 Annual True-up Meeting

July 18, 2017

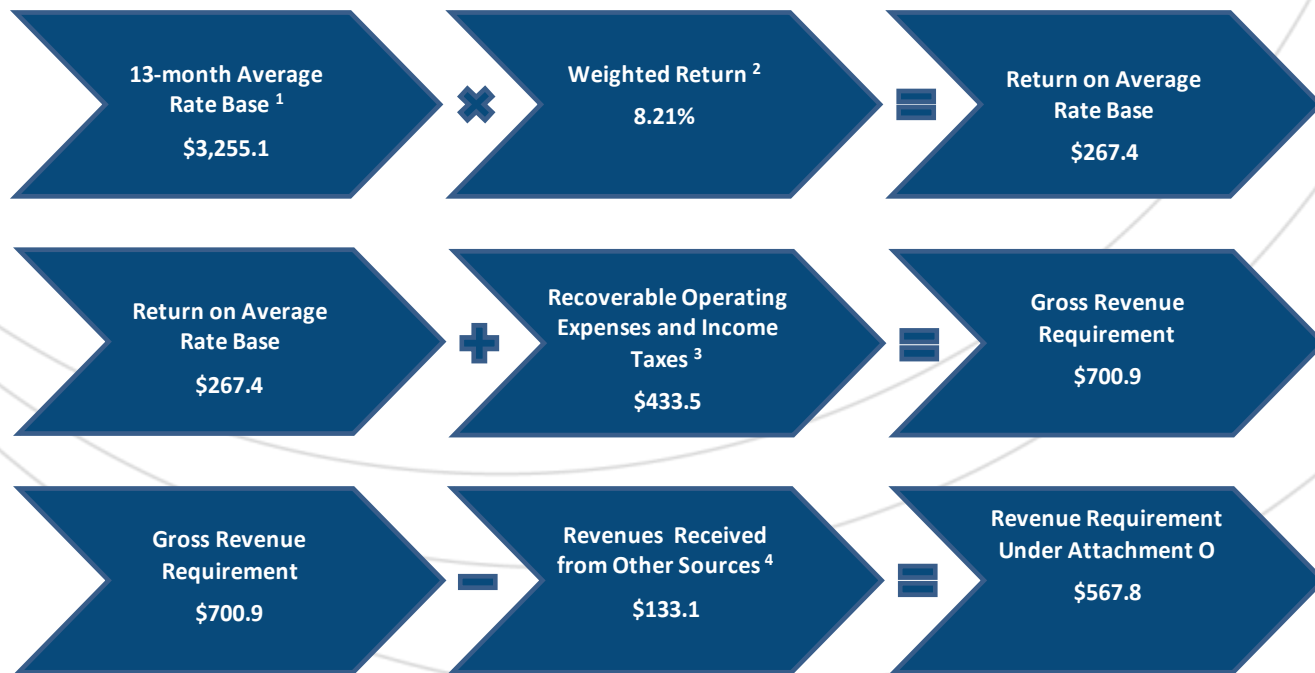
Welcome & Overview

- Introductions – Randy Karls
- 2016 Attachment O and True-up – Jeff Minor
- Q&A
- Summary & Close – Randy Karls

Rate Protocols Timeline



2016 Actual Network Revenue Requirement (in millions)



¹ Includes CWIP and new assets placed in-service

² Comprised of 50% Weighted Cost of Debt and 50% Allowed Return on Equity (ROE). The ROE used in Attachment O, which was 11.84%, was a blended rate of 12.2% ROE for January 1 through September 27 and 10.82% for September 28 through December 31.

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

2016 Network Revenue Requirement

Actual vs. Projected

(in thousands)

	[A] 2016 Actual	[B] 2016 Projected	[C] True-up
[1] Average Rate Base	\$ 3,255,119	\$ 3,298,732	
[2] Weighted Rate of Return	8.21%	8.24%	
[3] Return on Average Rate Base	267,396	271,758	4,362
[4] Provision for Members' Income Taxes	111,463	112,898	1,435
[5] Total Return and Members' Income Taxes	378,859	384,656	5,797
[6] Recoverable Operating Expenses			
[7] Operations & Maintenance ^(a)	153,603	162,147	8,544
[8] Depreciation and Amortization	141,724	140,232	(1,492)
[9] Taxes Other Than Income	26,721	24,996	(1,725)
[10] Total Recoverable Operating Expenses	322,048	327,375	5,327
[11] Total Revenue Requirement	700,907	712,031	11,124
[12] Amounts Collected from Other Sources			
[13] Regional Cost-sharing (includes Multi-value Projects)	(107,587)	(109,482)	(1,895)
[14] Scheduling	(16,045)	(17,062)	(1,017)
[15] Point-to-Point	(7,733)	(9,000)	(1,267)
[16] Other	(1,710)	(1,300)	410
[17] Total Amounts Collected from Other Sources	(133,075)	(136,844)	(3,769)
[18] Network Revenue^(b)	<u>\$ 567,832</u>	<u>\$ 575,187</u>	<u>\$ 7,355</u>

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

(b) The network amount billed includes an adjustment for prior years' revenue true-ups of \$2,645, resulting in network revenue billed to network customers during the year of \$577,832.

Historical Network True-Ups

(in millions)

	[A] <u>2012</u>	[B] <u>2013</u>	[C] <u>2014</u>	[D] <u>2015</u>	[E] <u>2016</u>
[1] Actual	\$511.0	\$514.5	\$531.8	\$554.3	\$567.8
[2] True-up ^(a)	\$2.1	(\$16.7)	(\$6.5)	(\$0.9)	(\$7.4)
[3] True-up / Actual	0.4%	-3.2%	-1.2%	-0.2%	-1.3%

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

Questions



Please direct future inquiries to atcrates@atcllc.com