



Team Cumberland True-up Projections

Current Rate Schedules

- New Rate Schedules were effective October 1, 2015.
- The Rate Schedules have been approved on an interim basis through September 30, 2020.
- Final action by FERC is pending.

Current Rate Schedules

- Rate schedules include an automatic adjustment, or “true-up”, for transfers to plant-in-service.
- Under the RIOP, the adjustment per \$1 million investment is:
 - \$0.001 /kW/Month to Capacity
 - 0.02 mills per kWh to Energy
- Under Normal Operations, the adjustment per \$1 million investment is:
 - \$0.003 /kW/Month to Capacity
 - 0.012 mills per kWh to Energy

- Rates Effective April 1, 2016:
 - Revised Interim Operating Plan:
 - Capacity: \$1.908 /kW/Month
 - Energy: 12.47 mills/kWh
 - Normal Operations:
 - Capacity: \$3.139 (includes 1500 hours energy)
 - Additional Energy: 11.708 mills/kWh

Moving Forward

- Rate Schedules must be filed with FERC at least every five years.
- Estimates in this presentation are based on the true-up in the current rate schedules.
- Interest During Construction (IDC) included at 2.625 percent.
- Estimates are for illustration and planning purposes. Future rate adjustments are likely to be different.

Method

- Rate projections are from the application of the true-up adjustment in the current rate schedules.
- Estimates have been provided for:
 - Sub-agreement #7
 - All costs through Sub-agreement #7
 - All costs through Sub-agreement #11

First Projection: Included in Sub Agreement 7

Fiscal Year	Spending Projections (\$Millions)	Total Transferred to Plant-In- Service (\$Millions)	April 1 Capacity	April 1 Energy	April 1 Capacity	April 1 Additional
			Charge (RIOP) \$/kW/Month	Charge (RIOP) mills/kWh	Charge (Normal Operations) \$/kW/Month	Energy Charge (Normal Operations) mills/kWh
2016	15.1	6.6	\$1.908	12.470		
2017	48.7	45.9	\$1.915	12.601		
2018	36.9	65.5	\$1.960	13.519		
2019	19.7	33.7			\$3.493	13.123
2020	0	11.9			\$3.594	13.528
2021	0	3.0			\$3.630	13.671
2022	0	3.0			\$3.639	13.707
2023	0	3.0			\$3.648	13.743
2024	0	3.0			\$3.657	13.779
2025	0	3.0			\$3.666	13.815
Total Increase	120.4	178.6				



Customer Request: Sub-Agreement 7 in isolation

Fiscal Year	Spending Projections (\$Millions)	Total Transferred to Plant-In-Service (\$Millions)	April 1 Capacity Charge (RIOP) \$/kW/Month	April 1 Energy Charge (RIOP) mills/kWh	April 1 Capacity Charge (Normal Operations) \$/kW/Month	April 1 Energy Charge (Normal Operations) mills/kWh
2016	0.3	0.0	\$0.000	0.000		
2017	7.2	3.4	\$0.000	0.000		
2018	7.6	5.3	\$0.003	0.069		
2019	4.4	1.7			\$0.026	0.105
2020	0.0	8.4			\$0.031	0.125
2021	0.0	0.0			\$0.056	0.225
2022	0.0	0.0			\$0.056	0.225
2023	0.0	0.0			\$0.056	0.225
2024	0.4	0.0			\$0.056	0.225
2025	0.0	2.6			\$0.056	0.225
2026	0.0	0.0			\$0.064	0.256
Total	19.8	21.3				

All work through Sub-Agreement 11

Fiscal Year	Spending Projections (\$Millions)	Total Transferred to Plant-In-Service (\$Millions)	April 1 Capacity Charge (RIOP)	April 1 Energy Charge (RIOP)	April 1 Capacity Charge (Normal Operations)	April 1 Energy Charge (Normal Operations)
			\$/kW/Month	mills/kWh	\$/kW/Month	mills/kWh
2016	15.6	3.5	\$0.000	0.000		
2017	49.8	42.5	\$0.004	0.071		
2018	42.0	61.8	\$0.046	0.921		
2019	83.8	30.0			\$0.324	1.295
2020	52.2	8.6			\$0.414	1.655
2021	4.3	10.4			\$0.439	1.758
2022	4.9	8.7			\$0.471	1.882
2023	3.8	2.3			\$0.497	1.987
2024	0.0	0.0			\$0.504	2.014
Total	256.3	167.9				

Conclusions

- Current revenues are used to repay the currently in-service costs of the system.
- New investment must be recovered from future revenues. This must be accounted for in future rate adjustments.

Questions