

LS Power Grid California, LLC Transmission Owner Tariff

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1. **Preamble.** The Participating TO's revenue requirements and applicable rates and charges for transmission access over the CAISO Controlled Grid and the terms and conditions for transmission expansion and interconnection are set forth in this TO Tariff and the CAISO Tariff. For purposes of this TO Tariff and the CAISO Tariff, LS Power Grid California, LLC ("LSPGC") is a Non-Load-Serving Participating TO and has no End-Use Customers.
 - 1.1 **Transmission Access for Wheeling Customers.** Wheeling allows Scheduling Coordinators to deliver Energy through or out of the CAISO Controlled Grid to serve a load located outside the transmission or Distribution System of a Participating TO. Wheeling Access Charges shall be paid by Scheduling Coordinators to the CAISO pursuant to the CAISO Tariff.
 - 1.2 **Transmission Access for End-Users.** End-Users receive transmission service over the CAISO Controlled Grid through the Scheduling Coordinator designated by the End-User. Charges to UDCs or MSSs of each Participating TO on behalf of the End-Users for access to the CAISO Controlled Grid shall be paid to the applicable Participating TO consistent with the distribution of the Regional Access Charge in Section 26.1.3 of the CAISO Tariff.
2. **Effective Date.** This TO Tariff is effective on the date accepted by the FERC and shall continue to be effective, as amended from time to time, so long as LSPGC is a party to the Transmission Control Agreement.
 - 2.1 **Termination.** This TO Tariff may be terminated by LSPGC upon such advance notice and with such authorization as FERC may require.
3. **TO Definitions.** Certain capitalized terms used in this TO Tariff shall have the meanings set out below unless otherwise stated or the context otherwise requires. Capitalized terms used in this TO Tariff and not defined below shall have the meanings set out in the CAISO Tariff as it may be amended from time to time.
 - 3.1 **Access Charge.** A charge paid by all UDCs, MSSs, and, in certain cases, Scheduling Coordinators delivering Energy to Gross Load, as set forth in Section 26.1 of the CAISO Tariff.
 - 3.2 **AGC.** Generation equipment that automatically responds to signals from the CAISO's EMS control in real time to control the power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the target system frequency and/or the established interchange with other areas within the predetermined limits.
 - 3.3 **Ancillary Services.** Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support and Black Start together with such other interconnected

operation services as the CAISO may develop in cooperation with Market Participants to support the transmission of Energy from generation resources to Loads while maintaining reliable operation of the CAISO Controlled Grid in accordance with Good Utility Practice.

- 3.4 Applicable Reliability Criteria.** The Reliability Standards and reliability criteria established by NERC and WECC, and Local Reliability Criteria, as amended from time to time, including any requirement of the Nuclear Regulatory Commission.
- 3.5 Available Transfer Capacity.** The available capacity of a given transmission path, in MW after allocation of rights associated with Existing Contracts and Transmission Ownership Rights, to that path's Operating Transfer Capability established consistent with CAISO and WECC transmission capacity rating guidelines, as further described in Appendix L to the CAISO Tariff.
- 3.6 Base Transmission Revenue Requirement.** The Transmission Revenue Requirement which does not reflect amounts for the TRBAA.
- 3.7 Black Start.** The procedure by which a Generating Unit self-starts without an external source of electricity, thereby restoring power to the CAISO Controlled Grid following system or local area blackouts.
- 3.8 Business Day.** Monday through Friday, excluding federal holidays and the day after Thanksgiving Day.
- 3.9 California Independent System Operator ("CAISO").** The California Independent System Operator Corporation, a state chartered, California nonprofit public benefit corporation that operates the transmission facilities of all Participating TOs and dispatches certain Generating Units and Loads.
- 3.10 CAISO ADR Procedures.** The procedures for resolution of disputes or differences set out in Section 13 of the CAISO Tariff, as amended from time to time.
- 3.11 CAISO Controlled Grid.** The system of transmission lines and associated facilities of the Participating TOs that have been placed under the CAISO's Operational Control.
- 3.12 CAISO Protocols.** The rules, protocols, procedures and standards promulgated by the CAISO (as amended from time to time) to be complied with by the CAISO Scheduling Coordinators, Participating TOs and all other Market Participants in relation to the operation of the CAISO Controlled Grid and the participation in the markets for Energy and Ancillary Services in accordance with the CAISO Tariff.
- 3.13 CAISO Tariff.** The California Independent System Operator Agreement and

Tariff, dated March 31, 1997, as it may be modified from time to time.

- 3.14 Completed Application Date.** The date on which a party submits an Interconnection Application that satisfies the requirements of a Completed Interconnection Application.
- 3.15 Completed Interconnection Application.** An Interconnection Application that satisfies all of the information and other requirements of Section 10.3 of this TO Tariff and, if applicable, the information requirements as specified by the CAISO and posted on the CAISO Home Page.
- 3.16 Congestion.** A characteristic of the transmission system produced by a binding Constraint to the optimum economic dispatch to meet Demand such that the LMP, exclusive of Marginal Cost of Losses, at different Locations of the transmission system is not equal.
- 3.17 Congestion Management.** The alleviation of Congestion in accordance with applicable CAISO Protocols and Good Utility Practice.
- 3.18 Converted Rights.** Those transmission service rights determined in accordance with Section 4.3.1.6 of the CAISO Tariff.
- 3.19 CPUC.** The California Public Utilities Commission or its successor.
- 3.20 Demand.** The rates at which Energy is delivered to Load and Scheduling Points by Generation, transmission or distribution facilities. It is the product of voltage and the in-phase component of alternating current measured in units of watts or standard multiples therefore, e.g. 1000 W = 1 kW, 1000 kW= 1 MW, etc.
- 3.21 Direct Assignment Facilities.** Facilities or portions of facilities that are owned by the Participating TO necessary to physically and electrically interconnect a particular party requesting interconnection under this TO Tariff to the CAISO Controlled Grid at the point of interconnection. Direct Assignment Facilities shall be specified in the Interconnection Agreement that governs Interconnection service to such party and shall be subject to FERC approval.
- 3.22 Dispatch.** The operating control of an integrated electric system to: i) assign specific Generation Units and other sources of supply to effect the supply to meet the relevant area Demand taken as Load rises or falls; ii) control operations and maintenance of high voltage lines, substations, and equipment, including administration of safety procedures; iii) operate Interconnections; iv) manage Energy transactions with other interconnected Control Areas; and v) curtail Demand.
- 3.23 Distribution System.** The distribution assets of a TO, UDC, or MSS.

- 3.24 Eligible Customer.** (i) Any utility (including any Participating TO, Market Participant or power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by FPA Section 212(h)(2); and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmissions service by the Participating TO.
- 3.25 Encumbrance.** A legal restriction or covenant binding on the Participating TO that affects the operation of any transmission lines or associated facilities and which the CAISO needs to take into account in exercising Operational Control over such transmission lines or associated facilities if the Participating TO is not to risk incurring significant liability. Encumbrances shall include Existing Contracts and may include: (1) other local restrictions or covenants meeting the definition of Encumbrance and arising under other arrangements entered into before the CAISO Operations Date, if any; and (2) legal restrictions or covenants meeting the definition of Encumbrance and arising under a contract or other arrangement entered into after the CAISO Operations Date.
- 3.26 End-Use Customer or End-User.** A purchaser of electric power that purchases such power to satisfy a Load directly connected to the CAISO Controlled Grid or to a Distribution System and who does not resell the power.
- 3.27 Energy.** The electrical energy produced, flowing, or supplied by Generation, transmission, or distribution facilities, being the integral with respect to time of the instantaneous power, measured in units of watt-hours or standard multiples thereof. E.g. 1000 Wh = 1 kW, 1000 kWh = 1 MWh, etc.
- 3.28 Entitlement.** The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.
- 3.29 Existing Contracts.** Those transmission service agreements or other contracts which grant transmission service rights in existence on the CAISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.
- 3.30 Existing Rights.** Those transmission service rights defined in Section 16.1 of the CAISO Tariff.
- 3.31 Expedited Interconnection Agreement.** A contract between a party which has submitted a Request for Expedited Interconnection Procedures and the Participating TO under which the Participating TO agrees to process, on an expedited basis, the Completed Interconnection Application of such party and

which sets forth the terms, conditions, and cost responsibilities for such Interconnection.

- 3.32 Facilities Study Agreement.** An agreement between a Participating TO and either a party requesting Interconnection to the CAISO Controlled Grid, Market Participants, Project Sponsor, or identified principal beneficiaries pursuant to which the party requesting such Interconnection, Market Participant, Project Sponsor or identified principal beneficiaries agrees to reimburse the Participating TO for the cost of performing or reviewing a Facilities Study.
- 3.33 Facility or Facilities Study.** An engineering study conducted to determine required modifications to the Participating TO's transmission system, including the estimated cost and scheduled completion date for such modifications, that will be required to provide needed services.
- 3.34 FERC.** The Federal Energy Regulatory Commission, or its successor.
- 3.35 FPA.** The Federal Power Act, 16 U.S.C. § 791a *et seq.*, as it may be amended from time to time.
- 3.36 Generating Unit.** An individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant, that, in either case, is: (a) located within the CAISO Control Area; (b) connected to the CAISO Controlled Grid, either directly or via interconnected transmission or distribution facilities; and (c) that is capable of producing and delivering net Energy (Energy in excess of a generation stations' internal power requirements).
- 3.37 Generation.** Energy delivered from a Generating Unit.
- 3.39 Good Utility Practice.** Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition.
- 3.40 Gross Load.** For purposes of calculating the transmission Access Charge, Gross Load is all Energy (adjusted for distribution losses) delivered for the supply of End-Use Customer Loads directly connected to the transmission facilities or directly connected to the Distribution System of a Utility Distribution Company or MSS Operator located in a PTO Service Territory. Gross Load shall exclude (1) Load with respect to which the Wheeling Access Charge is payable, (2) Load that is exempt from the Access Charge pursuant to Section 4.1, Appendix I of the CAISO Tariff, and the portion of the load of an individual retail customer of

a Utility Distribution Company, Small Utility Distribution Company or MSS Operator that is served by a Generating Unit that: (a) is located on the customer's site or provides service to the customer's site through over-the-fence arrangements as authorized by Section 218 of the California Public Utilities Code; (b) is a qualifying small power production facility or qualifying cogeneration facility, as those terms are defined in the FERC's regulations implementing Section 201 of the Public Utility Regulatory Policies Act of 1978; and (c) secures Standby Service from the Participating TO under terms approved by a Local Regulatory Authority or FERC, as applicable, or can be curtailed concurrently with an Outage of the Generating Unit serving the Load. Gross Load forecasts consistent with filed Transmission Revenue Requirements will be provided by each Participating TO to the CAISO.

- 3.41 Interconnection.** Transmission facilities, other than additions or replacements to existing facilities that: (i) connect one system to another system where the facilities emerge from one and only one substation of the two systems and are functionally separate from the CAISO Controlled Grid facilities such that the facilities are, or can be, operated and planned as a single facility; (ii) are identified as retail transmission lines pursuant to contract; or (iii) produce Generation at a single point on the CAISO Controlled Grid; provided that such Interconnection does not include facilities that, if not owned by the Participating TO, would result in a reduction in the CAISO's Operational Control of the Participating TO's portion of the CAISO Controlled Grid.
- 3.42 Interconnection Agreement.** A contract between a party requesting Interconnection and the Participating TO that owns the transmission facility with which the requesting party wishes to interconnect.
- 3.43 Interconnection Application.** An application that requests Interconnection to the CAISO Controlled Grid.
- 3.44 Interest.** Interest shall be calculated in accordance with the methodology specified for interest on refunds in the regulations of FERC at 18 C.F.R. §35.19(a)(2)(iii)(2013). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.
- 3.45 Load.** An end-use device of an End-Use Customer that consumes power. Load should not be confused with Demand, which is the measure of power that a Load receives or requires.
- 3.46 Local Publicly Owned Electric Utility.** A municipality or municipal corporation operating as a public utility furnishing electric service, a municipal district furnishing electric services, or a joint powers authority that includes one or more of these agencies and that owns Generation or transmission facilities, or furnishes electric services over its own or its members' electric Distribution System.

- 3.47 Local Regulatory Authority.** The state or local governmental authority responsible for the regulation or oversight of a utility.
- 3.48 Local Reliability Criteria.** Reliability criteria established by the CAISO, unique to the transmission systems of each of the Participating TOs, as they may be updated from time to time.
- 3.49 LS Power Grid California, LLC (“LSPGC”).** The Delaware limited liability company that is the Participating TO under this TO Tariff.
- 3.50 Market Participant.** An entity, including a Scheduling Coordinator, who participates in the Energy marketplace through the buying, selling, transmission, or distribution of Energy or Ancillary Services into, out of, or through the CAISO Controlled Grid.
- 3.51 Metered Subsystem (“MSS”).** A geographically contiguous system, located within a single zone which has been operating as an electric utility for a number of years prior to the CAISO Operations Date as a municipal utility, water district, irrigation district, state agency or federal power marketing authority subsumed within the CAISO Balancing Authority Area and encompassed by CAISO certified revenue quality meters at each interface point with the CAISO Controlled Grid and CAISO-certified revenue quality meters on all Generating Units or, if aggregated, each individual resource and Participating Load internal to the system, which is operated in accordance with a MSS agreement described in Section 4.9.1 of the CAISO Tariff.
- 3.52 NERC.** The North American Electric Reliability Corporation or its successor.
- 3.53 New Participating TO.** A Participating TO that is not an Original Participating TO.
- 3.54 Non-Load-Serving Participating TO.** A Participating TO that does not serve Load.
- 3.55 Non-Participating TO.** A TO that is not a party to the TCA or, for the purpose of Section 16.1 of the CAISO Tariff, the holder of transmission service rights under an Existing Contract that is not a Participating TO.
- 3.56 Non-Spinning Reserve.** The portion of off-line generating capacity that is capable of being synchronized and ramping to a specified load in ten minutes (or load that is capable of being interrupted in ten minutes) and that is capable of running (or being interrupted) for at least two hours.
- 3.57 Operational Control.** The rights of the CAISO under the Transmission Control Agreement and the CAISO Tariff to direct Participating TOs how to operate their transmission lines and facilities and other electric plant affecting the reliability of those lines and facilities for the purpose of affording comparable

nondiscriminatory transmission access and meeting Applicable Reliability Criteria.

- 3.58 Original Participating TO.** A Participating TO that was a Participating TO as of January 1, 2000. The Original Participating TOs are Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company.
- 3.59 Participating TO (“PTO”).** A party to the TCA whose application under Section 2.2 of the TCA has been accepted and who has placed, or expects to place, its transmission assets and/or Entitlements under the CAISO’s Operational Control in accordance with the TCA. A PTO may be an Original Participating TO or a New Participating TO. For the purposes of this Tariff, the Participating TO is LSPGC.
- 3.60 Physical Scheduling Plant.** A group of two or more related Generating Units each of which is individually capable of producing Energy, but which either by physical necessity or operational design must be operated as if they were a single Generating Unit and any Generating Unit or Units containing related multiple generating components which meet one or more of the following criteria: (i) multiple generating components are related by a common flow of fuel which cannot be interrupted without substantial loss of efficiency of the combined output of all components; (ii) the Energy production from one component necessarily causes Energy production from other components; (iii) the operational arrangement of related multiple generating components determines the overall physical efficiency of the combined output of all components; (iv) the level of coordination required to schedule individual generating components would cause the CAISO to incur scheduling costs far in excess of the benefits of having scheduled such individual components separately; or (v) metered output is available only for the combined output of related multiple generation components and separate generating component metering is either impractical or economically inefficient.
- 3.61 Projects.** LSPGC’s interest in the approximately +/- 850 megavar (“MVAR”) static synchronous condenser (“STATCOM”) project to be located in Fresno County, California interconnected to the PG&E Gates Substation, and LSPGC’s interest in the approximately +/- 530 MVAR STATCOM facility and associated 500 kilovolt (“kV”) switchyard to be located in Shasta County, California, interconnected to the PG&E Round Mountain to Table Mountain 500 kV transmission lines.
- 3.62 Project Proponent.** A Market Participant or group of Market Participants that (i) advocates a transmission addition or upgrade; (ii) is unwilling to pay the full cost of the proposed transmission addition or upgrade, and thus is not a Project Sponsor; and (iii) initiates proceedings under the CAISO ADR Procedures to determine the need for the proposed transmission addition or upgrade.
- 3.63 Project Sponsor.** A Market Participant or group of Market Participants or a

Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 24 of the CAISO Tariff.

- 3.64 Regional Access Charge.** A component of the Access Charge determined by the CAISO under Section 26.1 of the CAISO Tariff.
- 3.65 Regional Transmission Facility.** A transmission facility under the Operational Control of the CAISO that is owned by the Participating TO or to which the Participating TO has an Entitlement that may be associated with a Converted Right, which operates at a voltage at or above 200 kilovolts, and supporting facilities, and the costs of which are not directly assigned to one or more specific customers.
- 3.66 Regional Transmission Group (“RTG”).** A voluntary organization approved by FERC and composed of transmission owners, transmission users, and other entities, organized to efficiently coordinate the planning, expansion, and use of transmission on a regional and inter-regional basis.
- 3.67 Regional Transmission Revenue Requirement.** The portion of the Participating TO’s TRR associated with and allocable to the Participating TO’s Regional Transmission Facilities and Rights associated with Regional Transmission Facilities.
- 3.68 Regional Utility-Specific Rate.** The Participating TO’s Regional Transmission Revenue Requirement divided by the Participating TO’s forecast of its Gross Load.
- 3.69 Regional Wheeling Access Charge.** The Wheeling Access Charge assessed by the CAISO associated with the recovery of the Participating TO’s Regional Transmission Revenue Requirement in accordance with Section 26.1 of the CAISO Tariff.
- 3.70 Regulation.** The service provided either by Generating Units certified by the CAISO as equipped and capable of responding to the CAISO’s direct digital control (AGC) signals, or by System Resources that have been certified by the CAISO as capable of delivering such service to the CAISO Balancing Authority Area, in an upward and downward direction to match, on a Real Time basis, Demand and resources, consistent with established NERC and WECC reliability standards, including any requirements of the Nuclear Regulatory Commission. Regulation is used to control the Power output of electric generators within a prescribed area in response to a change in system frequency, tie-line loading, or the relation of these to each other so as to maintain the target system frequency and/or the established interchange with other Balancing Authority Areas within the predetermined Regulation Limits. Regulation includes both the increase of output by a Generating unit or System Resource (Regulation Up) and the decrease in output by a Generating unit or System Resource (Regulation Down). Regulation Up and Regulation Down are distinct capacity products, with

separately stated requirements and ASMPs in each Settlement Period.

- 3.71 Regulatory Authority.** The Federal Energy Regulatory Commission.
- 3.72 Reliability Criteria.** Pre-established criteria that are to be followed in order to maintain desired performance of the CAISO Controlled Grid under contingency or steady state conditions.
- 3.73 Reliability Upgrade.** The transmission facilities other than Direct Assignment Facilities beyond the first point of Interconnection necessary to interconnect a New Facility or wholesale Load safely and reliably to the CAISO Controlled Grid which would not have been necessary but for the Interconnection of a New Facility or wholesale Load, including network upgrades necessary to remedy short circuit or stability problems resulting from the Interconnection of the new Facility or wholesale Load to the CAISO Controlled Grid. Reliability Upgrades also include, consistent with WECC practice, the facilities necessary to mitigate any adverse impact a New Facility's or wholesale Load's Interconnection may have on a path's WECC path rating. Reliability Upgrades shall be specified in the Interconnection Agreement that governs Interconnection service and shall be subject to FERC approval.
- 3.74 Requests for Expedited Interconnection Procedures.** A written request by which an applicant for Interconnection can request expedited processing of its Interconnection Application.
- 3.75 Scheduling Coordinator.** An entity certified by the CAISO for the purpose of undertaking the functions specified in Section 4.5 of the CAISO Tariff.
- 3.76 Scheduling Point.** A location at which the CAISO Controlled Grid or a transmission facility owned by a Transmission Ownership Right holder is connected, by a group of transmission paths for which a physical, non-simultaneous transmission capacity rating has been established for Congestion Management, to transmission facilities that are outside the CAISO's Operational Control.
- 3.77 Spinning Reserve.** The portion of unloaded synchronized generating capacity that is immediately responsive to system frequency and that is capable of being loaded in ten minutes, and that is capable of running for at least two hours.
- 3.78 System Impact Study.** An engineering study conducted to determine whether a request for Interconnection to the CAISO Controlled Grid would require new transmission additions, upgrades, or other mitigation measures.
- 3.79 System Impact Study Agreement.** An agreement between a Participating

TO and an entity that has requested Interconnection to the Participating TO's transmission system pursuant to which the entity requesting Interconnection agrees to reimburse the Participating TO for the cost of performing or reviewing a System Impact Study.

- 3.80 TO Tariff.** This Transmission Owner Tariff, as it may be amended or superseded.
- 3.81 Transmission Control Agreement (“TCA”).** The agreement between the CAISO and Participating TOs establishing the terms and conditions under which TOs will become Participating TOs and how the CAISO and each Participating TO will discharge its respective duties and responsibilities, as may be modified from time to time.
- 3.82 Transmission Owner (“TO”).** An entity owning transmission facilities or having firm contractual rights to use transmission facilities.
- 3.83 Transmission Revenue Balancing Account (“TRBA”).** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in the CAISO Tariff, flow through to CAISO Tariff and TO Tariff transmission customers.
- 3.84 Transmission Revenue Balancing Account Adjustment (“TRBAA”).** A mechanism established by the Participating TO which will ensure that all Transmission Revenue Credits and other credits specified in Section 6 and 8 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to CAISO Tariff and TO Tariff transmission customers.
- 3.85 Transmission Revenue Credit.** The proceeds received from the CAISO (other than for the recovery of the Participating TO's Regional Transmission Revenue Requirement through the Regional Transmission Access Charges).
- 3.86 Transmission Revenue Requirement (“TRR”).** The total annual authorized revenue requirement associated with 1) transmission facilities and Entitlements turned over to the Operational Control of the CAISO by the Participating TO or 2) the transmission facilities that are not yet in operation, but have been approved under Section 24 and assigned to an Approved Project Sponsor. The costs of any transmission facility turned over to the Operational Control of the CAISO shall be fully included in the Participating TO's TRR. The TRR includes the costs of transmission facilities and Entitlements and deducts Transmission Revenue Credits and is shown in Appendix I.
- 3.87 Uncontrollable Force.** Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the CAISO, a Market participant, or the Participating TO, as the case

may be, which could not be avoided through the exercise of Good Utility Practice.

- 3.88 Utility Distribution Company (“UDC”).** An entity that owns a Distribution System for the delivery of Energy to and from the CAISO Controlled Grid, and/or that provides regulated retail electric service to End-Users.
- 3.89 Voltage Support.** Services provided by Generating Units or other equipment such- as shunt capacitors, static var compensators, or synchronous condensers that are required to maintain established grid voltage criteria. This service is required under normal or system emergency conditions.
- 3.90 Western Electricity Coordinating Council (“WECC”).** The Western Electricity Coordinating Council or its successor.
- 3.91 Wheeling Access Charge.** The charge assessed by the CAISO that is paid by a Scheduling Coordinator for Wheeling in accordance with Section 26.1 of the CAISO Tariff. Wheeling Access Charges shall not apply for Wheeling under a bundled non-economy Energy coordination agreement of a Participating TO executed prior to July 9, 1996. The Wheeling Access Charge consists of a Regional Wheeling Access Charge and, if applicable, a Local Wheeling Access Charge.
- 3.92 Wheeling Out.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the CAISO Tariff, the use of the CAISO Controlled Grid for the transmission of Energy from a Generating Unit located within the CAISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.93 Wheeling Through.** Except for Existing Rights exercised under an Existing Contract in accordance with Section 16.1 of the CAISO Tariff, the use of the CAISO Controlled Grid for the transmission of Energy from a resource located outside the CAISO Controlled Grid to serve a Load located outside the transmission and Distribution System of a Participating TO.
- 3.94 Wheeling.** Wheeling Out or Wheeling Through.
- 3.95 Wholesale Customer.** A person wishing to purchase Energy and Ancillary Services at a Bulk Supply Point or a Scheduling Point for resale.
- 4. Eligibility.** Transmission service over a Participating TO’s system shall be provided only to Eligible Customers as defined by the CAISO Tariff. Any dispute as to whether a customer is eligible for service under this TO Tariff shall be resolved by the FERC.
- 5. Access Charges and Transmission Rates.** The applicable Access Charges are provided in the CAISO Tariff.

- 5.1 Wheeling Access Charge.** The Wheeling Access Charge shall be determined in accordance with the CAISO Tariff. The Wheeling Access Charge assessed by the CAISO consists of a Regional Wheeling Access Charge and, if applicable, a Local Wheeling Access Charge. Wheeling revenues are disbursed by the CAISO to Participating TOs pursuant to Section 26.1.4.3 of the CAISO Tariff.
- 5.2 Transmission Revenue Requirement.** Appendix F, Schedule 3, Section 6 of the CAISO Tariff provides the Transmission Revenue Requirement for each Participating TO to be used to develop the Access Charges. LSPGC’s TRR is set forth in Appendix I.
- 5.3 Transmission Revenue Balancing Account Adjustment.** The Participating TO shall maintain a Transmission Revenue Balancing Account with an annual TRBAA that will ensure that all Transmission Revenue Credits and adjustments for any over-or-under-recovery of its annual Transmission Revenue Requirement, if any, specified in Sections 6, 8 and 13 of Appendix F, Schedule 3 of the CAISO Tariff, flow through to transmission customers. The TRBAA used to calculate the Regional Revenue Requirement shall include other adjustments specified in Appendix F, Schedule 3, Sections 6, 8 and 13 of the CAISO Tariff.

The TRBAA shall be equal to:

$$\text{TRBAA} = \text{Cr} + \text{Cf} + \text{I}$$

Where:

Cr = The principal balance in the Transmission Revenue Balancing Account (“TRBA”) recorded in FERC Account No. 254 as of September 30 of the year prior to commencement of the January billing cycle. This balance represents the unamortized balance in the TRBA from the previous period and the difference in the amount of revenues or expenditures from Transmission Revenue Credits and any over- or under-recovery of its annual Transmission Revenue Requirement and the amount of such revenues or expenditures that has been refunded to or collected from customers through operation of the TRBAA;

Cf = The forecast of Transmission Revenue Credits, if any, for the following calendar year;

I = The interest balance for the TRBA, which shall be calculated using the interest rate pursuant to Section 35.19(a) of FERC’s regulations under the Federal Power Act (18 CFR Section 35.19(a)). Interest shall be calculated based on the average TRBA principal balance each month, compounded quarterly; and

The LSPGC TRBAA, calculated in accordance with the CAISO Tariff and approved by the FERC in accordance with Appendix F, Schedule 3, Section

9, is stated in Appendix I. To ensure the TRBA is effective each January 1, LSPGC shall file the TRBAA no later than October 15th of each calendar year.

6. Ancillary Services - Applicability and Charges. Ancillary Services are needed to maintain reliability within the CAISO Controlled Grid. If any Ancillary Services are required, LSPGC will not provide such services directly to the transmission customer and the transmission customer will be required to meet any such requirement in accordance with the CAISO Tariff.

7. Billing and Payment.

7.1 The CAISO, in accordance with the CAISO Tariff, shall pay the Participating TO, among other things, all applicable Access Charge revenues and Wheeling revenues in connection with the Project and any other transmission facility owned by the Participating TO and placed under the operational control of the CAISO.

7.2 Users of LSPGC's Regional Transmission Facilities and Entitlements placed under the CAISO's Operational Control shall pay to the CAISO all applicable charges in accordance with the CAISO Tariff.

8. Obligation to Interconnect or Construct Transmission Expansions and Facility Upgrades. Unless LSPGC is the lead Participating TO with respect to an Interconnection, the provisions of Section 8 of this TO Tariff, and its subparts, shall have no application to the Project or any other Regional Transmission Facilities, or Entitlements turned over to the CAISO's operational control by LSPGC, and the corresponding provisions of the lead Participating TO's TO Tariff shall govern.

8.1 Participating TO Obligation to Interconnect. The Participating TO shall, at the request of a third party, interconnect its system to the wholesale Generating Facility or Load of such third party, or modify an existing wholesale Interconnection. Interconnections under this TO Tariff shall be available to entities eligible to request Interconnection consistent with the provisions of Section 210(a) of the FPA. The procedures for Interconnection of wholesale Generating Facilities to the CAISO Controlled Grid shall be governed by the CAISO Tariff.

8.1.1 Interconnection to Transmission System. Interconnection must be consistent with Good Utility Practice, in conformance with all Applicable Reliability Criteria, all applicable statutes, regulations, and CAISO reliability criteria for the CAISO Controlled Grid. The Participating TO will not accommodate the Interconnection if doing so would impair systems reliability, or would otherwise impair the ability of the Participating TO to honor its Encumbrances existing as of the time an entity submits its Interconnection Application. The Participating TO shall identify any such adverse effect on its

Encumbrances in the System Impact Study performed pursuant to Section 10.7. To the extent the Participating TO determines that the Interconnection will have an adverse effect on Encumbrances, the party requesting Interconnection shall mitigate such adverse effect.

- 8.1.2 Costs Associated with Interconnection.** Each party requesting Interconnection shall pay the costs of planning, installing, owning, operating, and maintaining any Direct Assignment Facilities and, if applicable, any Reliability Upgrades required to provide the requested Interconnection, except as provided in Appendix DD of the CAISO Tariff. In addition, such party shall implement all existing operating procedures necessary to safely and reliability interconnect such party's Generating Facility or wholesale Load to the facilities of the Participating TO and to ensure the CAISO Controlled Grid's conformance with the CAISO Grid Planning Criteria, and shall bear all costs of implementing such operating procedures, except as provided in Appendix DD of the CAISO Tariff. Any additional costs associated with accommodating the Interconnection shall be allocated in accordance with the cost responsibility methodology set forth in the CAISO Tariff for transmission expansions or upgrades.
- 8.1.3 Interconnection Agreement.** Pursuant to Section 24 and Appendix DD of the CAISO Tariff, a party requesting an Interconnection shall request in writing that the Participating TO tender to CAISO and such party an Interconnection Agreement that will be filed with FERC. Such Interconnection request will be subject to the terms and conditions set for in the CAISO Tariff.
- 8.1.4 Due Diligence to Construct.** The Participating TO shall use due diligence to construct, within a reasonable time, any Direct Assignment Facilities and any Reliability Upgrades that it is obligated to construct pursuant to this TO Tariff and Section 24 and Appendix DD of the CAISO Tariff. The Participating TO's obligation to build will be subject to: (1) its ability, after making a good faith effort, to obtain any necessary approvals and property rights under applicable federal, state, and local laws; (2) the presence of a cost recovery mechanism with cost responsibility assigned in accordance with the CAISO Tariff or applicable FERC precedent; and (3) a signed Interconnection Agreement, Engineering and Procurement Agreement, or, by mutual agreement of the parties, FERC acceptance for filing of an unexecuted Interconnection Agreement.
- 8.1.5 Energization.** The Participating TO shall not be obligated to energize, nor shall the applicant or wholesale load be entitled to have its interconnection to the CAISO Controlled Grid energized, unless and until an Interconnection Agreement has been executed, or filed at

FERC pursuant to Section 8.1.3, and become effective and such applicant or wholesale load has demonstrated to the CAISO's reasonable satisfaction that it has complied with all of the requirements of the CAISO Tariff and the requirements of this TO Tariff.

8.1.6 Coordination with CAISO on Interconnection Requests. The Participating TO shall coordinate with the CAISO, pursuant to the provisions of the TCA and CAISO Tariff.

8.2 Participating TO Obligation to Construct Transmission Expansions or Facility Upgrades. The Participating TO shall be obligated to build transmission additions and facility upgrades where the Participating TO is obligated to construct or expand facilities in accordance with and subject to the limitations under Section 24 of the CAISO Tariff and this TO Tariff.

8.2.1 Obligation to Construct. A Participating TO shall not be obligated to construct or expand transmission facilities or system upgrades unless and until the conditions stated in Section 9.2.1 hereof have been satisfied.

8.3 Request for FERC Deference Regarding Need Determination. It is intended that FERC grant substantial deference to the factual determinations of the CAISO, (including the CAISO's ADR Procedures), the CPUC, WECC, or RTG coordinated planning processes as to the need for or construction of a facility, the need for full cost recovery, and the allocation of costs.

9. Expansion Process. Unless LSPGC is the lead Participating TO with respect to a required system expansion, the provisions of Section 9 of this TO Tariff, and its subparts, shall have no application to the Project or any other Regional Transmission Facilities, Local Transmission Facilities, or Entitlements turned over to the CAISO's operational control by LSPGC and the corresponding provisions of the lead Participating TO's TO Tariff shall govern.

9.1 Determination of Facilities. A Participating TO shall perform a study in accordance with the Section where the Participating TO is obligated to construct or expand facilities in accordance with Section 24 and Appendix DD of the CAISO Tariff and this TO Tariff.

9.2 Obligation to Build.

9.2.1 Due Diligence to Construct. Subject to Section 9.3.3 of this TO Tariff, the Participating TO shall use due diligence to construct, within a reasonable time, additions or upgrades to its transmission system that it is obligated to construct pursuant to the CAISO Tariff and this TO Tariff.

9.2.2 Delay in Construction or Expansion. If any event occurs that will

materially affect the time for completion of new facilities, or the ability to complete them, the Participating TO shall promptly notify the CAISO with regard to facilities determined to be needed. The Participating TO also shall make available to such Project Sponsor and the CAISO, as the case may be, studies related to the cause and extent of the delay and the Participating TO's ability to complete the new facilities, and evaluate any options available. The Participating TO also shall make available to such Project Sponsor and the CAISO, as the case may be, studies reasonably needed to evaluate the alternatives.

9.3 Provisions Relating To Transmission Construction On the System Of Other TOs. A Participating TO shall not be responsible for making arrangements for any engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Participating TO will undertake reasonable efforts through the coordinated planning process to assist in making such arrangements, including, without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

10. Interconnection Process. All requests for Interconnection directly to the CAISO Controlled Grid from parties eligible to request such Interconnection shall be processed pursuant to the provisions of the CAISO Tariff.

11. Uncontrollable Forces and Indemnification

11.1 Procedures to Follow If Uncontrollable Force Occurs. In the event of the occurrence of an Uncontrollable Force which prevents the Participating TO or a Market Participant from performing any of its obligations under this TO Tariff, the affected entity shall (i) if it is the Participating TO, immediately give notice to the Market Participants in writing of the occurrence of such Uncontrollable Force and, if it is a Market Participant, immediately give notice to the Participating TO of the occurrence of such uncontrollable Force; (ii) not be entitled to suspend performance in any greater or longer duration than is required by the Uncontrollable Force, (iii) use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance hereunder, (iv) in the case of the Participating TO, keep the Market Participants apprised of such efforts and, in the case of the Market Participants, keep the Participating TO apprised of mitigation efforts, in each case on a continual basis; and (v) provide written notice of the resumption of performance hereunder. Notwithstanding any of the foregoing, the settlement of any strike, lockout, or labor dispute constituting an Uncontrollable Force shall be within the sole discretion of the entity affected thereby, and the requirement that a Participating TO or Market Participant must use its best efforts to remedy the cause of the Uncontrollable Force and mitigate its effects and resume full performance hereunder shall not apply to strikes, lockouts, or labor disputes. No Market Participant or Participating TO will be considered in default as to any

obligation under this TO Tariff if prevented from fulfilling the obligation due to the occurrence of an Uncontrollable Force.

11.2 Indemnification. A Market Participant shall at all times indemnify, defend, and save the Participating TO harmless from any and all damages, losses, claims, (including claims and actions relating to injury or to death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Participating TO's performance of its obligations under this TO Tariff on behalf of a Market Participant, except in cases of negligence or intentional wrongdoing by the Participating TO.

12. Regulatory Filings. Nothing contained herein shall be construed as affecting, in any way, the right of any electric utility (as defined by the Federal Power Act) Participating TO furnishing services in accordance with this TO Tariff, CAISO Tariff or any tariff and rate schedule which results from or incorporates this TO Tariff, unilaterally to make application to FERC as it deems necessary and appropriate to recover its Transmission Revenue Requirements, or for a change in its rates, including changes in rate methodology, or for a change in designation of transmission facilities to be placed under the CAISO's control, in each case under Section 205 of the FPA and pursuant to the FERC's Rules and Regulations promulgated thereunder. Nothing contained herein shall be construed as affecting in any way the ability of any Eligible Customer receiving services in accordance with this TO Tariff to exercise its rights under the Federal Power Act and pursuant to the FERC's rules and regulations promulgated thereunder.

12.1 Open Access. For purposes of the Stranded Cost Recovery available under Order Nos. 888 and 888-A, this Tariff, combined with the CAISO Tariff and wholesale distribution access tariff, if any, shall be considered an open access tariff under FERC Order Nos. 888 and 888-A.

13. Disputes. Except as limited below or as otherwise limited by law, the CAISO ADR procedures shall apply to all disputes between parties which arise under this TO Tariff or under or in respect of the proposed terms and conditions of a Facilities Study Agreement, System Impact Study Agreement or Expedited Service Agreement. The CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff shall not apply to disputes as to whether rates and charges set forth in this TO Tariff (other than charges for studies) are just and reasonable under the FPA.

14. Miscellaneous.

14.1 Notices. Any notice, demand, or request in accordance with this TO Tariff, unless otherwise provided in this TO Tariff, shall be in writing and shall be deemed properly served, given, or made: (i) upon delivery if delivered in person, (ii) five days after deposit in the mail if sent by first class United States mail, postage prepaid, (iii) upon receipt of confirmation by return electronic facsimile if sent by facsimile, or (iv) upon Party at the address set forth in

Appendix II. Any Party may at any time, by notice to the other Parties, change the designation or address of the person specified in Appendix II to receive notice on its behalf. Any notice of a routine character in connection with service under this TO Tariff or in connection with operation of facilities shall be given in such a manner as the Parties may determine from time to time, unless otherwise provided in this TO Tariff.

14.2 Waiver. Any waiver at any time by any Party of its rights with respect to any default under this TO Tariff, or with respect to any other matter arising in connection with this TO Tariff, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this TO Tariff. Any delay short of the statutory period of limitations in asserting or enforcing any right shall not constitute or be deemed a waiver.

14.3 Confidentiality.

14.3.1 Maintaining Confidentiality If Not for Public Disclosure. The Participating TO shall maintain the confidentiality of all of the documents, data, and information provided to it by any other Market Participant that such Market Participant may designate as confidential, provided, however, that the information will not be held confidential by the Participating TO if (1) the Participating TO or Market Participant is required to provide such information for public disclosure pursuant to this TO Tariff or applicable regulatory requirements, or (2) the information becomes available to the public on a non-confidential basis (other than from the Participating TO).

14.3.2 Disclosure of Confidential Information. Notwithstanding anything in this Section 16.3 to the contrary, if the Participating TO or any Market Participant is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence pursuant to this Section 16.3, the Participating TO or Market Participant may disclose such information; provided, however, that as soon as such Participating TO or Market Participant learns of the disclosure requirement and prior to making such disclosure, such Participating TO or Market Participant shall notify the affected Participating TO or Market Participants of the requirement and the terms thereof. The affected Participating TO or Market Participants may, at their sole discretion and own costs, direct any challenge to or defense against the disclosure requirement and the disclosing Participating TO or Market Participant shall cooperate with such affected Participating TO or Market Participants to the maximum extent practicable to minimize the disclosure of the information consistent with applicable law. The disclosing Participating TO or Market Participant shall cooperate with the affected Participating TO or Market Participants to obtain proprietary or confidential treatment of confidential

information by the person to whom such information is disclosed prior to any such disclosure.

- 14.4 TO Tariff Supersedes Existing Tariffs.** This TO Tariff, together with the CAISO Tariff and wholesale distribution access tariff if any, supersedes any pre-existing open access transmission tariff of the Participating TO.
- 14.5 Titles.** The captions and headings in this TO Tariff are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the rates, terms, and conditions of this TO Tariff.
- 14.6 Severability.** If any term, covenant, or condition of this TO Tariff or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest, by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this TO Tariff and their application shall not be affected thereby but shall remain in force and effect. The Participating TO and Market Participants shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination, unless a court or governmental agency of competent jurisdiction holds that such provisions are not severable from all other provisions of this TO Tariff.
- 14.7 Preservation of Obligations.** Upon termination of this TO Tariff, all unsatisfied obligations of any entity shall be preserved until satisfied.
- 14.8 Governing Law.** This TO Tariff shall be interpreted, governed by, and construed under the laws of the State of California, without regard to the principles of conflict of laws thereof, or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.
- 14.9 Appendices Incorporated.** The several appendices to this TO Tariff, as may be revised from time to time, are attached to this TO Tariff and are incorporated by reference as if fully set forth herein.
- 14.10 Conflict With CAISO Tariff.** If a Market Participant identifies a conflict between the TO Tariff and the CAISO Tariff, the Participating TO and the Market Participant shall make good-faith efforts to resolve the conflict. If the Participating TO and Market Participant are unable to informally resolve that conflict, the Participating TO and Market Participant may use the CAISO ADR Procedures to resolve it as set forth in Section 14 of this Tariff.
- 14.11 Conflicting Operating Instructions.** In the event a Market Participant receives conflicting operating instructions from the CAISO and one or more Participating TO(s), if human safety would not knowingly be neither jeopardized nor electric

facilities subject to damage while the Market Participant seeks to reconcile the conflict with the appropriate CAISO and Participating TO employees before acting, the Market Participant should attempt a reconciliation. Otherwise, the Market Participant shall adhere to CAISO Tariff Section 4.2 and follow the CAISO's instructions. In no event shall a Market Participant be required to follow operating instructions from the CAISO if following those instructions would knowingly jeopardize human safety.

APPENDIX I

TRANSMISSION REVENUE REQUIREMENT & TRBAA

1. The LSPGC Transmission Revenue Requirement shall be [\$] for the rate year beginning January 1, 20[], which is equal to the sum of the Base Transmission Revenue Requirement and the TRBAA.
2. The Base Transmission Revenue Requirement is [\$] which is determined pursuant to the formula rate in Appendix III of this TO Tariff and per the protocols set forth in Appendix IV of this TO Tariff.
3. The TRBAA is [\$] for the twelve month period effective January 1, 20[], as computed in accordance with Section 5.5 of this TO Tariff and the CAISO Tariff. The TRBAA will be recalculated annually consistent with the CAISO Tariff, approved by the FERC, and provided to the CAISO.
4. All of LSPGC's facilities and Entitlements placed under the CAISO's Operational Control are related to Regional Facilities as defined in the CAISO Tariff.

APPENDIX II

NOTICES

Designated Representative:

Mark D. Milburn
Vice President
LS Power Grid California, LLC
c/o LS Power Development, LLC
16150 Main Circle Drive, Suite 310
Chesterfield, MO 63017

Alternative Representative:

Casey Brandt
Managing Counsel
LS Power Grid California, LLC
c/o LS Power Development, LLC
16150 Main Circle Drive, Suite 310
Chesterfield, MO 63017

Formula Rate Index
 LS Power Grid California, LLC
 Table of Contents

Formula Rate Template

Attachments:

Attachment No	Worksheet Name
	Appendix III
1	Project Revenue Requirement Worksheet
2	Incentive Return
3	Formula Rate True-Up
4	Rate Base Worksheet
5	Return on Rate Base Worksheet
6	Interest on True-Up
6A	True-Up Interest Rate Calculator
7	Depreciation Rates
8	Prior Period Adjustments
9	Revenue Credit Detail
10	Excess or Deficient Accumulated Deferred Income Taxes - Summary
10.1	Regulatory Assets/Liabilities for Deficient/Excess ADIT - Averaging and Proration Adjustments
10.2	Re-measurement of ADIT and Tax-related Regulatory Assets and Liabilities
11	Binding Cost Containment Commitments

For the 12 months ended
12/31/____

Line No.	(1)	(2)	(3)	(4)	(5)
		<u>Source</u>			<u>Allocated Amount</u>
1	GROSS REVENUE REQUIREMENT	(Page 3, Line 49)			\$ -
	REVENUE CREDITS	(Note A)	<u>Total</u>	<u>Allocator (W)</u>	
2	Account No. 454	(Page 4, Line 20)	-	TP 1,0000	\$ -
3	Account No. 456.1	(Page 4, Line 21)	-	TP 1,0000	\$ -
4	Revenues from Grandfathered Interzonal Transactions	(Note B)	-	TP 1,0000	\$ -
5	Revenues from service provided by the ISO at a discount		-	TP 1,0000	\$ -
6	TOTAL REVENUE CREDITS	(Sum of Lines 2 through 5)	-		\$ -
7	Prior Period Adjustments	Attachment 8, Line 18, Col. B	-	DA 1,0000	\$ -
8	True-up Adjustment with Interest	Attachment 3, Line 9, Col. J	-	DA 1,0000	\$ -
9	NET ANNUAL TRANSMISSION REVENUE REQUIREMENT (Line 1 less Line 6 plus Lines 7 and 8)				<u>\$ -</u>

For the 12 months ended
12/31/____

Line No.	(1) RATE BASE: (Note R)	(2) Source	(3) Company Total	(4) Allocator (W)	(5) Transmission (Col 3 times Col 4)
	GROSS PLANT IN SERVICE	Note C			
1	Production	205.46.g for end of year, records for other months	-	N/A	-
2	Transmission	Attachment 4, Line 14, Col. (b)	-	TP 1.0000	-
3	Distribution	207.75.g for end of year, records for other months	-	N/A	-
4	General & Intangible	Attachment 4, Line 14, Col. (c)	-	WS 1.0000	-
5	TOTAL GROSS PLANT	(Sum of Lines 1 through 4)	-	GP= 1.0000	-
	ACCUMULATED DEPRECIATION	Note C			
7	Production	219.20-24.c for end of year, records for other months	-	N/A	-
8	Transmission	Attachment 4, Line 14, Col. (h)	-	TP 1.0000	-
9	Distribution	219.26.c for end of year, records for other months	-	N/A	-
10	General & Intangible	Attachment 4, Line 14, Col. (i)	-	WS 1.0000	-
11	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 7 through 10)	-		-
	NET PLANT IN SERVICE				
13	Production	(Line 1 - Line 7)	-		-
14	Transmission	(Line 2 - Line 8)	-		-
15	Distribution	(Line 3 - Line 9)	-		-
16	General & Intangible	(Line 4 - Line 10)	-		-
17	TOTAL NET PLANT	(Sum of Lines 13 through 16)	-	NP= 1.0000	-
	ADJUSTMENTS TO RATE BASE				
19	Account No. 281 (enter negative)	Note D	-	N/A	-
20	Account No. 282 (enter negative)	Note D	-	NP 1.0000	-
21	Account No. 283 (enter negative)	Note D	-	NP 1.0000	-
22	Account No. 190	Note D	-	NP 1.0000	-
22a	Deficient or (Excess) Accumulated Deferred Income Taxes	Attachment 10, Line 7 (Note Y)	-	NP 1.0000	-
23	Account No. 255 (enter negative)	Note X	-	NP 1.0000	-
24	Unfunded Reserves (enter negative)	Attachment 4, Line 43, Col. (h)	-	DA 1.0000	-
25	CWIP	Attachment 4, Line 14, Col. (d)	-	DA 1.0000	-
26	Unamortized Regulatory Asset	Attachment 4, Line 28, Col. (k) (Note E)	-	DA 1.0000	-
27	Unamortized Abandoned Plant	Attachment 4, Line 28, Col. (l) (Note F)	-	DA 1.0000	-
28	TOTAL ADJUSTMENTS	(Sum of Lines 19 through 27)	-		-
29	LAND HELD FOR FUTURE USE	Attachment 4, Line 14, Col. (e) (Note G)	-	TP 1.0000	-
	WORKING CAPITAL	Note H			
31	Cash Working Capital	1/8*(Page 3, Line 17 minus Page 3, Line 14)	-		-
32	Materials & Supplies	Attachment 4, Line 14, Col. (f)	-	TP 1.0000	-
33	Prepayments (Account 165)	Attachment 4, Line 14, Col. (g)	-	GP 1.0000	-
34	TOTAL WORKING CAPITAL	(Sum of Lines 31 through 33)	-		-
35	RATE BASE	(Sum of Lines 17, 28, 29, and 34)	-		-

Rate Formula Template
Utilizing FERC Form 1 Data
LS Power Grid California, LLC

For the 12 months ended
12/31/____

Line No.	(1)	(2) Source	(3) Company Total	(4) Allocator (W)	(5) Transmission (Col 3 times Col 4)
	O&M				
1	Transmission	321.112.b	-	TP 1.0000	-
2	Less Account 566 (Misc Trans Expense)	321.97.b	-	TP 1.0000	-
3	Less Account 565	321.96.b	-	TP 1.0000	-
4	A&G	323.197.b	-	WS 1.0000	-
5	Less FERC Annual Fees	351.h (Note I)	-	WS 1.0000	-
6	Less EPRI and EEI Dues	Note J	-	WS 1.0000	-
7	Less Reg. Commission Expense Account 928	Note J	-	WS 1.0000	-
8	Less: Non-safety Advertising account 930.1	Note J	-	WS 1.0000	-
9					
10	Plus Transmission Related Reg. Comm. Exp.	Note K	-	TP 1.0000	-
11					
12	Plus Transmission Lease Payments in Acct 565	Note V	-	DA 1.0000	-
13	Account 566				
14	Amortization of Regulatory Asset	Note E	-	DA 1.0000	-
15	Misc. Transmission Expense (less amort. of regulatory asset)	321.97.b less line 14	-	TP 1.0000	-
16	Total Account 566	(Sum of Lines 14 through 15)* Ties to 321.97b	-		-
17	TOTAL O&M	(Sum of Lines 1, 4, 10, 12, and 16 less Sum of Lines 2, 3, and 5 through 8)	-		-
18	DEPRECIATION EXPENSE	Note C			
19	Transmission	336.7.b&d	-	TP 1.0000	-
20	General & Intangible	336.10.b&d, 336.1.b&d	-	WS 1.0000	-
21	Amortization of Abandoned Plant	Note F	-	DA 1.0000	-
22	TOTAL DEPRECIATION	(Sum of Lines 19 through 21)	-		-
23	TAXES OTHER THAN INCOME TAXES (Note M)				
24	LABOR RELATED				
25	Payroll	263.i	-	WS 1.0000	-
26	Highway and vehicle	263.i	-	WS 1.0000	-
27	PLANT RELATED				
28	Property	263.i	-	GP 1.0000	-
29	Gross Receipts	263.i	-	GP 1.0000	-
30	Other	263.i	-	GP 1.0000	-
31	Payments in lieu of taxes	263.i	-	GP 1.0000	-
32	TOTAL OTHER TAXES	(Sum of Lines 25 through 31)	-		-
33	INCOME TAXES	Note N			
34	$T = 1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)$		0.00%		
35	$CIT = (T/1-T) * (1 - (WCLTD/R)) =$		0.00%		
36	WCLTD = Page 4, Line 15, R = Page 4, Line 18, FIT & SIT & P = Note N				
37					
38	$1 / (1 - T) =$ (from line 34)		1.0000		
39	Amortized Investment Tax Credit (enter negative)	266.8f (Note D)	-		
40	Deficient or (Excess) Deferred Income Taxes	Attachment 10, Line 12, Col. (d) (Note Y)	-		
41	Tax Effect of Permanent Differences	Note O	-		
42	Income Tax Calculation	(Line 35 times Line 48)	-	N/A -	-
43	ITC Amortization Tax Adjustment	Note X	-	NP 1.0000	-
44	Deficient or (Excess) Deferred Income Tax Adjustment	Attachment 10, Line 12, Col. (f) (Note Y)	-	NP 1.0000	-
45	Permanent Differences Tax Adjustment	Note O	-	NP 1.0000	-
46	Total Income Taxes	(Sum of Lines 42 through 45)	-		-
47	RETURN				
48	Rate Base times Return	(Page 2, Line 35 times Page 4, Line 18)	-	N/A -	-
48a	Rev Requirement before Incentive Return	(Sum of Lines 17, 22, 32, 46, and 48)	-	N/A -	-
48b	Incentive Return, Income Tax, and Concessions	(Attachment 1, Page 3, Col 12 & 13, Line 6)	-	DA 1.0000	-
49	GROSS REVENUE REQUIREMENT	(Sum of Lines 17, 22, 32, 46, 48, and 48b)	-		-

For the 12 months ended
12/31/____

Line No.	(1)	(2)	(3)	(4)	(5)
SUPPORTING CALCULATIONS AND NOTES					
TRANSMISSION PLANT INCLUDED IN ISO RATES					
1	Total Transmission plant	(Page 2, Line 2, Col. 3)			-
2	Less Transmission plant excluded from ISO rates	(Note P)			-
3	Less Transmission plant included in OATT Ancillary Service rates	(Note S)			-
4	Transmission plant included in ISO rates	(Line 1 minus Lines 2 and 3)			-
5	Percentage of Transmission plant included in ISO Rates	(Line 4 divided by Line 1) (If line 1 is zero, enter 1)		TP =	1.00
6	WAGES & SALARY ALLOCATOR (W&S)				
		Form 1 Reference	\$	TP	Allocation
7	Production	354.20.b	-	-	-
8	Transmission	354.21.b	-	-	-
9	Distribution	354.23.b	-	-	-
10	Other	354.24,25,26.b	-	-	-
11	Total (W&S Allocator is 1 if lines 7-10 are zero)	(Sum of Lines 7 through 10)	-	-	= 1.0000 = WS
12	RETURN (R)				
13			\$	%	Cost
14					Weighted
15	Long Term Debt	Attachment 5, Line 8 (Notes Q & R)	-	0.00%	0.00% = WCLTD
16	Preferred Stock (112.3.c)	Attachment 5, Line 9 (Notes Q & R)	-	0.00%	0.00%
17	Common Stock	Attachment 5, Line 10 (Notes Q, R, and T)	-	0.00%	0.00%
18	Total	(Sum of Lines 15 through 17)	-		0.00% = R
19	REVENUE CREDITS				
					\$
20	ACCT 454 (RENT FROM ELECTRICPROPERTY)	Attachment 9, Line 8, Col. C (Note U)			-
21	ACCT 456 and 456.1 (OTHER ELECTRIC REVENUES)	Attachment 9, Line 19, Col. C (Note A)			-

Rate Formula Template
Utilizing FERC Form 1 Data
LS Power Grid California, LLC

For the 12 months ended
12/31/____

General Note: References to pages in this formula rate template are indicated as: (Page #, Line #, Col. #)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Notes

- A The revenues credited on page 1, lines 2-6, shall include only the amounts received by LSPGC for service rendered using facilities for which recovery is provided under this tariff. They do not include revenues associated with FERC annual charges, gross receipts taxes, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- B Company will not have any grandfathered agreements. Therefore, this line shall remain zero.
- C Plant In Service, Accumulated Depreciation, and Depreciation Expenses shall exclude Asset Retirement Obligation amounts.
- D The balances in Accounts 190, 281, 282 and 283 are allocated to transmission plant included in rate base based on Company accounting records. Accumulated deferred income tax amounts associated with asset or liability accounts excluded from rate base (such as ADIT related to asset retirement obligations and certain tax-related regulatory assets or liabilities) do not affect rate base. To the extent that the normalization requirements apply to ADIT activity in the projected net revenue requirement calculation or the true-up adjustment calculation, the ADIT amounts are computed in accordance with the proration formula of Treasury regulation Section 1.167(l)-1(h)(6). The remaining ADIT activity is averaged. Work papers supporting the ADIT calculations will be posted with each projected net revenue requirement and/or Annual True-Up and included in the annual Informational Filing submitted to the Commission. Account 281 is not allocated to Transmission.
- E Recovery of Regulatory Asset permitted only for pre-commercial and formation expenses as authorized by the Commission in Docket EL20-29. Recovery of any other regulatory assets requires authorization from the Commission. A carrying charge will be applied to the Regulatory Asset prior to the rate year when costs are first recovered. This carrying charge shall not result in a higher amount of interest than is allowed for construction expenditures that accrue an AFUDC, and interest will be compounded no more than on a semi-annual basis. This balance is subject to adjustment for Binding Cost Capital Commitments pursuant to the terms of the Gates & Round Mountain APSA's.
- F Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
- G Identified in FERC Form 1, or Company records if not so indicated on the FERC Form 1, as being transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 17, column 5 minus amortization of Regulatory Asset at page 3, line 14, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on page 111, line 57 in the Form 1.
- I The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff. To the extent the charges are separately identified on the FERC Form 1, page 350, column 1, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified in the FERC Form 1, page 350 will be obtained from Company books and records.
- J Page 3, Line 6 - Subtract all EPRI and EEI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses in account 928 itemized at 351.h, and non-safety related advertising included in Account 930.1. Any lobbying expenses incurred by LSPGC shall be booked to Account 426.4 in accordance with the Uniform System of Accounts and, as a result, are not recoverable under the Formula Rate.
- K Page 3, Line 8-Add back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- M Includes only FICA, unemployment, highway, property, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere. Enter the line number on page 262-63 of the Form 1 upon which each item is identified. To the extent individual types of taxes are separately identified on the FERC Form 1, page 262, column a, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified in the FERC Form 1, page 262-63 will be obtained from Company books and records.
- N The currently effective income tax rate (T), where FIT is the federal income tax rate, SIT is the state income tax rate, and p is the percentage of federal income tax deductible for state income taxes. If the utility is taxed in more than one state, it must attach a work paper showing the name of each state and how the blended or composite SIT was computed.

Inputs Required:	FIT =	0.00%	(Federal Income Tax Rate)
	SIT =	0.00%	(State Income Tax Rate or Composite SIT)
	p =	0.00%	(percent of federal income tax deductible for state purposes)
- O Includes the annual income tax cost or benefit due to permanent differences between the amounts of expenses or revenues for ratemaking purposes and the amounts recognized for income tax purposes, including the effects of regulatory depreciation of plant basis attributable to Allowance for Other Funds Used During Construction (AFUDC-equity). The tax adjustment related to these items is computed by multiplying the tax effect of each item by the applicable tax gross-up factor and will be supported by a work paper.
- P Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- Q The cost of debt will be determined based on the financing in place during each stage of project development using the method in Attachment 5. A proxy debt rate will be used as supported in the initial section 205 filing until the actual Construction Debt is placed, at which point the actual cost of the Construction Debt financing will be reflected in the Formula Rate.

A hypothetical capital structure of 45% Equity and 55% debt will be used until the first transmission asset is placed in service, or until otherwise authorized by the Commission. Upon energization, equity is subject to a cap not to exceed 45% ("Equity Cap").
- R Calculate rate base using 13 month average balance, except ADIT. The calculation of ADIT is covered in Note D.
- S Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- T LSPGC's ROE Cap shall be 9.80%, inclusive of incentive adders.
- U Includes only income related to transmission facilities, such as pole attachments, rentals and special use from general ledger.
- V Add back any lease expense of transmission assets used to provide service under this tariff included in account 565. Amount to be obtained from company books and records.
- W DA = Direct Assignment; GP = Gross Plant Allocator (page 2, line 5); N/A = Not Applicable; NP = Net Plant Allocator (page 2, line 17); TP = Transmission Plant Allocator (page 4, line 5); WS = Wage and Salary Allocator (page 4, line 11).
- X Investment tax credit (ITC) is recorded in accordance with the deferral method of accounting and any normalization requirements that relate to the eligibility to claim the credit or the recapture of the credit. The revenue requirement impact of any ITC will be supported by a work paper.
- Y Upon enactment of changes in tax law, ADIT balances are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred income tax assets and liabilities. Excess or deficient ADIT attributable to timing differences between the amounts of expenses or revenues recognized for income tax purposes and amounts of expenses or revenues recognized for ratemaking purposes as well as subsequent recoverable or refundable amortization of such amounts will be based upon Company records and be calculated and recorded in accordance with ASC 740 and any applicable normalization requirements of the taxing jurisdiction. The Deficient or (Excess) Deferred Income Tax Adjustment (page 3, line 44) is computed by multiplying each component of deficient or (excess) deferred income taxes by the applicable tax gross-up factor. For each re-measurement of ADIT, the amounts entered as the Deficient or (Excess) Accumulated Deferred Income Taxes component of ADJUSTMENTS TO RATE BASE (page 2, line 22a) or as the Deficient or (Excess) Deferred Income Tax Adjustment component of INCOME TAXES (page 3, line 44) will be supported by Attachment 10 Excess or Deficient Accumulated Deferred Income Taxes - Summary) providing the balance for each taxing jurisdiction at the beginning and end of the year, amortization for the year, calculation of the gross-up to the revenue requirement level, and any other information required to support compliance with any applicable normalization requirements.

Attachment 1
 Project Revenue Requirement Worksheet
 LS Power Grid California, LLC

To be completed in conjunction with Appendix III.

Line No.	(1)	(2) <u>Appendix III, Page, Line, Col.</u>	(3) <u>Transmission</u>	(4) <u>Allocator</u>
1	Gross Transmission Plant plus CWIP	Appendix III, p 2, line 2, col 5 plus line 25, col 5 (Note A)	-	
2	Net Transmission Plant plus CWIP and Abandoned Plant	Appendix III, p 2, line 14, col 5 plus line 25 & 27, col 5 (Note B)	-	
O&M EXPENSE				
3	Total O&M Allocated to Transmission	Appendix III, p 3, line 17, col 5	-	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1, col 3)	0.00%	0.00%
GENERAL AND INTANGIBLE (G&I) DEPRECIATION EXPENSE				
5	Total G&I Depreciation Expense	Appendix III, p 3, line 20, col 5 (Note C)	-	
6	Annual Allocation Factor for G & I Depreciation Expense	(line 5 divided by line 1, col 3)	0.00%	0.00%
TAXES OTHER THAN INCOME TAXES				
7	Total Other Taxes	Appendix III, p 3, line 32, col 5	-	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1, col 3)	0.00%	0.00%
9	Less Revenue Credits	Appendix III, p 1, line 6 col 5	-	
10	Annual Allocation Factor for Revenue Credits	(line 9 divided by line 1, col 3)	0.00%	0.00%
11	Annual Allocation Factor for Expense	Sum of lines 4, 6, 8, and 10		0.00%
INCOME TAXES				
12	Total Income Taxes	Appendix III, p 3, line 46, col 5	-	
13	Annual Allocation Factor for Income Taxes	(line 12 divided by line 2, col 3)	0.00%	0.00%
RETURN				
14	Return on Rate Base	Appendix III, p 3, line 48, col 5	-	
15	Annual Allocation Factor for Return on Rate Base	(line 14 divided by line 2, col 3)	0.00%	0.00%
16	Annual Allocation Factor for Return	Sum of lines 13 and 15		0.00%

Attachment 1
Project Revenue Requirement Worksheet
LS Power Grid California, LLC

This worksheet is used to compute project specific revenue requirements for any projects for which such calculation is required by CAISO. Other projects which comprise the remaining revenue requirement on Appendix III will not be entered on this schedule.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Line No.	Project Name	Rate Year	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge
			(Note D)	(Page 1, line 11)	(Col. 3 * Col. 4)	(Note E)	(Page 1, line 16)	(Col. 6 * Col. 7)
1a	Gates		-	0.00%	-	\$ -	0.00%	-
1b	Round Mountain		-	0.00%	-	\$ -	0.00%	-
1c	Project C		-	0.00%	-	\$ -	0.00%	-
2	Total Regional Facilities		-		-	\$ -		-
3a	Project D		-	0.00%	-	\$ -	0.00%	-
3b	Project E		-	0.00%	-	\$ -	0.00%	-
4	Total Local Facilities		-		-	\$ -		-
5	Other		-	0.00%	-	\$ -	0.00%	-
6	Annual Totals		-		-	\$ -		-

Attachment 1
Project Revenue Requirement Worksheet
LS Power Grid California, LLC

	(9)	(10)	(11)	(12)	(12a)	(13)	(14)	(15)	(16)
Line No.	Project Depreciation/Amortization Expense (Note F)	Annual Revenue Requirement (Sum Col. 5 + Col. 9 + (Column 6 * Line 16))	Incentive Return in Basis Points (Note G)	Incentive Return (Col. 11/100)*Col. 6*Att 2 Line 28) (Note G)	Ceiling Rate (Sum Col. 10 & 12)	Competitive Concession (Note H)	Total Annual Revenue Requirement (Sum Col. 10 & 12 Less Col. 13)	True-Up Adjustment (Note I)	Net Revenue Requirement (Sum Col. 14 & 15)
1a	-	-	-	-	-	-	-	-	-
1b	-	-	-	-	-	-	-	-	-
1c	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
3a	-	-	-	-	-	-	-	-	-
3b	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Appendix III inclusive of any CWIP or unamortized abandoned plant included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Appendix III inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3 , column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities. The initial investment is subject to Binding Capital Cost Cap as demonstrated in Attachment 11.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus Unamortized Abandoned Plant.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Appendix III, page 3, line 19, plus amortization of Abandoned Plant at Appendix III, page 3, line 21.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is the reduction in revenue, if any, that the company agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate. Amount determined in Attachment 11 for applicable rate year, entered as a negative value.
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 2
Incentive Return
LS Power Grid California, LLC

Line			\$	%	Cost	Weighted	
1	Rate Base	Appendix III, Page 2, Line 35, Col.5					-
2	100 Basis Point Incentive Return						
3	Long Term Debt	(Notes Q & R from Appendix III)	-	0.00%	0.00%	0.00%	
4	Preferred Stock	(Notes Q & R from Appendix III)	-	0.00%	0.00%	0.00%	
5	Common Stock	(Notes Q, R, & T from Appendix III)	-	0.00%	1.00%	0.00%	
6	Total (sum lines 3-5)	Cost = Appendix III, Page 4, Line 17, plus 100 bp	-			0.00%	
7	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 6)						-
8	INCOME TAXES						
9	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		0.00%				
10	$CIT=(T/1-T) * (1-(WCLTD/R)) =$		0.00%				
11	WCLTD	Line 3	0.00%				
12	FIT, SIT & p are as given in Appendix II footnote N.						
13	$1 / (1 - T)$	Line 9	1.0000				
14	Amortized Investment Tax Credit (266.8f) (enter negative)	Appendix III, Page 3, Line 39	-				
15	Deficient or (Excess) Deferred Income Taxes	Appendix III, Page 3, Line 40	-				
16	Tax Effect of Permanent Differences (Note B)	Appendix III, Page 3, Line 41	-				
17	Income Tax Calculation	Line 7 times Line 10				-	
18	ITC Amortization Tax Adjustment	Appendix III, Page 3, Line 43	-		NP	1.00	-
19	Deficient or (Excess) Deferred Income Tax Adjustment	Appendix III, Page 3, Line 44	-		NP	1.00	-
20	Permanent Differences Tax Adjustment	Appendix III, Page 3, Line 45	-		NP	1.00	-
21	Total Income Taxes	Sum of Lines 17 through 20	-			-	-
22	Return and Income Taxes with 100 basis point increase in ROE						-
23	Return	(Appendix III, page 3, line 48, col 5)					-
24	Income Tax	(Appendix III, page 3, line 46, col 5)					-
25	Return and Income Taxes without 100 basis point increase in ROE	Sum of Lines 23 and 24					-
26	Incremental Return and Income Taxes for 100 basis point increase in ROE	Line 22 less Line 25					-
27	Net Transmission Plant	Appendix III, page 2, line 14, col 5					-
28	Incremental Return and Income Taxes for 100 basis point increase in ROE divided by Net Plant	Line 26 divided by Line 27					0.00%

- Notes**
- A The 100 basis point increase in ROE is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE and does not reflect what incentives the Commission may approve for a specific transmission project. The overall ROE inclusive of incentives is subject to the limitations noted in Appendix III, Note T. Any ROE actual incentive must be approved by the Commission.
- B The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Appendix III that are not the result of a timing difference.

Attachment 3
Formula Rate True-Up
LS Power Grid California, LLC

This Attachment 3 is used to calculate the annual formula rate true-up. Any projects for which the RTO requires a true-up on an individual project basis, as shown on Attachment 1, will be computed separately. The remainder of the revenue requirement will also be trueed up. The utility will individually enter the projected true-up year revenue requirements in Column C. A percentage of total will be calculated in Column D. Actual revenue received during the true-up year is entered into Column E, line 2 and allocated using the Column D percentage. The utility will prepare this formula rate template with the actual inputs for the true-up year, with the resulting revenue requirement for each line being separately entered in Column F. In Col. G, Col. F is subtracted from Col. E to calculate the true-up adjustment. Interest on the true-up is computed in Column H. Any adjustments to prior period true-ups are entered in Col. I. Col. J computes the total true-up as the sum of Col. G, H and I.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

Line	True-Up Year		Projected True-Up Year Revenue Requirement Calculation		True-Up Year Revenue Received ¹	Actual True-Up Year Revenue Req.	Annual True-Up Calculation				
1	A	B	C	D	E	F	G	H	I	J	
2					-						
	Project Name	Rate Year	Net Revenue Requirement ²	% of Total Revenue Requirement	Allocation of Revenue Received (E, Line 2) x (D)	True-Up Net Revenue Requirement ³	Net Under/(Over) Collection (F)-(E)	True-Up Interest Income (Expense) ⁴ (D) x (H, line 10)	Prior Period Adjustment with Interest ⁵	Total True-Up (G) + (H) + (I)	
3	Remaining Appendix III		-	-	-	-	-	-	-	-	
4a	Gates		-	-	-	-	-	-	-	-	
4b	Round Mountain		-	-	-	-	-	-	-	-	
5	Total Regional facilities		-	-	-	-	-	-	-	-	
6a	Project C		-	-	-	-	-	-	-	-	
6b	Project D		-	-	-	-	-	-	-	-	
7	Total Local Facilities		-	-	-	-	-	-	-	-	
8	Other		-	-	-	-	-	-	-	-	
9	Total Annual Revenue Requirements		-	0.0%	-	-	-	-	-	-	
10	Total Interest on True-Up - Attachment 6								-		

Prior Period Adjustment

	A	B
	Prior Period Adjustment (Note 5)	Source
	Description of Adjustment	Adjustment Amount
11	Attachment 8	-

Notes

- 1) The revenue received is the total amount of revenue distributed to company in the year as shown on pages 328-330 of the Form No 1. The Revenue Received is input on line 2, Col. E.
- 2) From the Attachment 1, lines 1a through 6, col. 16 from the template in which the true-up year revenue requirement was initially projected.
- 3) From True-Up revenue requirement template Attachment 1, lines 1a through 6, col. 14.
- 4) Interest due on the true up is calculated for the 24 month period from the start of the true-up year until the end of the year following the true-up year when the true up will be included in rates. Total True up Interest calculate on Attachment 6 and allocated to projects based on the percentage in Column D.
- 5) Corrections to true-ups for previous rate years including interest will be computed on Attachment 8 and entered on the appropriate line 3-8 above.

Attachment 4
Rate Base Worksheet
LS Power Grid California, LLC

Line No	Month (a)	Gross Plant in Service		CWIP	LHFFU	Working Capital		Accumulated Depreciation	
		Transmission (b)	General & Intangible (c)	CWIP in Rate Base (d)	Held for Future Use (e)	Materials & Supplies (f)	Prepayments (g)	Transmission (h)	General & Intangible (i)
		207.58.g for end of year, records for other months	205.5.g & 207.99.g for end of year, records for other months	Note B - page 2, column C	214.47.d for end of year, records for other months	227.8.c & 227.16.c for end of year, records for other months	111.57.c for end of year, records for other months	219.25.c for end of year, records for other months	219.28.c & 200.21.c for end of year, records for other months
1	December	Rate Year-1	-	-	-	-	-	-	-
2	January	Rate Year	-	-	-	-	-	-	-
3	February	Rate Year	-	-	-	-	-	-	-
4	March	Rate Year	-	-	-	-	-	-	-
5	April	Rate Year	-	-	-	-	-	-	-
6	May	Rate Year	-	-	-	-	-	-	-
7	June	Rate Year	-	-	-	-	-	-	-
8	July	Rate Year	-	-	-	-	-	-	-
9	August	Rate Year	-	-	-	-	-	-	-
10	September	Rate Year	-	-	-	-	-	-	-
11	October	Rate Year	-	-	-	-	-	-	-
12	November	Rate Year	-	-	-	-	-	-	-
13	December	Rate Year	-	-	-	-	-	-	-
	Average of the 13 Monthly Balances								
14		-	-	-	-	-	-	-	-

Adjustments to Rate Base

Month (j)	Unamortized Regulatory Asset (k)	Unamortized Abandoned Plant (l)
	Note C	Note D
15 December	Rate Year-1	-
16 January	Rate Year	-
17 February	Rate Year	-
18 March	Rate Year	-
19 April	Rate Year	-
20 May	Rate Year	-
21 June	Rate Year	-
22 July	Rate Year	-
23 August	Rate Year	-
24 September	Rate Year	-
25 October	Rate Year	-
26 November	Rate Year	-
27 December	Rate Year	-
28 Average of the 13 Monthly Balances	-	-

Attachment 4
Rate Base Worksheet
LS Power Grid California, LLC

Reconciliation of CWIP in Rate Base to FERC Form 1 - Note B

		Total CWIP (a)	Less: CWIP and AFUDC Excluded from Rate Base (b)	CWIP allowed in Rate Base (c) = (a) - (b)
	216.b for end of year, records for other months		Company records	
29	December	Rate Year-1	-	-
30	January	Rate Year	-	-
31	February	Rate Year	-	-
32	March	Rate Year	-	-
33	April	Rate Year	-	-
34	May	Rate Year	-	-
35	June	Rate Year	-	-
36	July	Rate Year	-	-
37	August	Rate Year	-	-
38	September	Rate Year	-	-
39	October	Rate Year	-	-
40	November	Rate Year	-	-
41	December	Rate Year	-	-
	Average of the 13 Monthly Balances	-	-	-

Unfunded Reserves (Notes A and F and G)

	(a)	(b)	(b.i)	(b.ii)	(c)	(d)	(e)	(f)	(g)	(h)
List of all reserves		FERC balance sheet account where reserves are recorded	FERC income statement account where expenses are recorded	Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers less the percent associated with an offsetting liability on the balance sheet (Note H)	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g	
42a	Reserve 1	-	-	-	-	-	-	-	-	-
42b	Reserve 2	-	-	-	-	-	-	-	-	-
43	Total	-	-	-	-	-	-	-	-	-

Notes:

- A Calculate using 13 month average balance.
- B Recovery of CWIP in rate base must be approved by FERC. Lines 29-41 of page 2 provide a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on this Attachment.
- C Recovery of a Regulatory Asset is permitted only for pre-commercial and formation expenses, and is subject to FERC approval before the amortization of the Regulatory Asset can be included in rates. Recovery of any other regulatory assets requires authorization from the Commission.
- D Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC.
- E Reserved.
- F The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account (see Note H)). Each unfunded reserve will be included on lines 42 above. The allocator in Col. (g) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by creating an offsetting balance sheet account, rather than through cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.
- G Not all unfunded reserves are created only from contributions from customers. Many are created by creating an offsetting liability in whole or in part. Column (f) ensures only the portion of the unfunded reserve contributed by the customer (and not created by an offsetting liability) is a reduction to rate base.
- H The inputs in Column (f) are the percentage of the unfunded reserve that was created by an offsetting liability. The percentage shown in Column (f) is then equal to the percentage that customers have contributed to the unfunded reserve.

Attachment 5
Return on Rate Base Worksheet
LS Power Grid California, LLC

RETURN ON RATE BASE (R)

			\$				
1	Long Term Interest (117, sum of 62.c through 67.c) (Note D)		-				
2	Preferred Dividends (118.29c) (positive number)		-				
3	Proprietary Capital (Line 25 (c))		-				
4	Less Preferred Stock (Line 9)		-				
5	Less Account 216.1 Undistributed Subsidiary Earnings (Line 25 (d))		-				
6	Less Account 219 Accum. Other Comprehensive Income (Line 25 (e))		-				
7	Common Stock (Sum of Lines 3 through 6)		-				
			\$	%	Cost	Weighted	
8	Long Term Debt	Line 25 (a), Note A and Appendix III Note Q	-	0%	0.00%	0.00%	=WCLTD
9	Preferred Stock	Line 25 (b), Note B and Appendix III Note Q	-	0%	0.00%	0.00%	
10	Common Stock	Line 7, Note C and Appendix III Notes Q and T	-	0%	0.00%	0.00%	
11	Total	(Sum of Lines 8 through 10)	-			0.00%	=R

	(a)	(b)	(c)	(d)	(e)
Monthly Balances for Capital Structure	Long Term Debt (112.24.c)	Preferred Stock (112.3.c)	Proprietary Capital (112.16.c)	Undistributed Sub Earnings 216.1 (112.12.c)	Accum Other Comp. Income 219 (112.15.c)
12	December (Prior Year)	-	-	-	-
13	January	-	-	-	-
14	February	-	-	-	-
15	March	-	-	-	-
16	April	-	-	-	-
17	May	-	-	-	-
18	June	-	-	-	-
19	July	-	-	-	-
20	August	-	-	-	-
21	September	-	-	-	-
22	October	-	-	-	-
23	November	-	-	-	-
24	December	-	-	-	-
25	13-Month Average	-	-	-	-

Notes

- A Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is
- B Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 line 3.c in the Form No. 1
- C Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on Form 1 page 112 line 16.c less lines 3.c , 12.c, and 15.c
- D Long-term interest will exclude any short-term interest included in FERC Account 430, Interest on Debt to Associated Companies

Attachment 6
Interest on True-Up
LS Power Grid California, LLC

Line	Rate Year		Rate Year		Over (Under) Recovery
	Projected Revenue Requirement (Note A)		Actual Net Revenue Requirement (Note B)		
1	\$ -	Less	\$ -	Equals	\$ -

Note A - Projected ATRR for the true-up year from Page 1, Line 1 of Projection Appendix III minus Line 6 of Projection Appendix III.

Note B - Actual Net ATRR for the true-up year from Page 1, Line 9 of True-Up Appendix III.

	Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 6a	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
2			0.000%				

An over or under collection will be recovered pro rata over year collected, held for one year and returned pro rata over next year

<u>Calculation of Interest</u>				<u>Monthly</u>			
3	January	Rate Year	-	0.000%	12	-	-
4	February	Rate Year	-	0.000%	11	-	-
5	March	Rate Year	-	0.000%	10	-	-
6	April	Rate Year	-	0.000%	9	-	-
7	May	Rate Year	-	0.000%	8	-	-
8	June	Rate Year	-	0.000%	7	-	-
9	July	Rate Year	-	0.000%	6	-	-
10	August	Rate Year	-	0.000%	5	-	-
11	September	Rate Year	-	0.000%	4	-	-
12	October	Rate Year	-	0.000%	3	-	-
13	November	Rate Year	-	0.000%	2	-	-
14	December	Rate Year	-	0.000%	1	-	-
15						-	-
16	January through December	Rate Yr. + 1	-	0.000%	12	-	-
						<u>Annual</u>	
						-	-
						<u>Monthly</u>	
17	January	Rate Yr. + 2	-	0.000%	-	-	-
18	February	Rate Yr. + 2	-	0.000%	-	-	-
19	March	Rate Yr. + 2	-	0.000%	-	-	-
20	April	Rate Yr. + 2	-	0.000%	-	-	-
21	May	Rate Yr. + 2	-	0.000%	-	-	-
22	June	Rate Yr. + 2	-	0.000%	-	-	-
23	July	Rate Yr. + 2	-	0.000%	-	-	-
24	August	Rate Yr. + 2	-	0.000%	-	-	-
25	September	Rate Yr. + 2	-	0.000%	-	-	-
26	October	Rate Yr. + 2	-	0.000%	-	-	-
27	November	Rate Yr. + 2	-	0.000%	-	-	-
28	December	Rate Yr. + 2	-	0.000%	-	-	-
29						-	-
30	Total Amount of True-Up Adjustment					-	-
31	Less Over (Under) Recovery					-	-
32	Total Interest					-	-

Attachment 6a
True-Up Interest Rate Calculator
LS Power Grid California, LLC

This Attachment is used to compute the interest rate to be applied to each year's revenue requirement true-up.

Applicable FERC Interest Rate (Note A):

1	Rate Year January	-
2	Rate Year February	-
3	Rate Year March	-
4	Rate Year April	-
5	Rate Year May	-
6	Rate Year June	-
7	Rate Year July	-
8	Rate Year August	-
9	Rate Year September	-
10	Rate Year October	-
11	Rate Year November	-
12	Rate Year December	-
13	Rate Year Plus 1 January	-
14	Rate Year Plus 1 February	-
15	Rate Year Plus 1 March	-
16	Rate Year Plus 1 April	-
17	Rate Year Plus 1 May	-
18	Average Rate	-
19	Monthly Average Rate	0.00%

Note A - Lines 1-17 are the FERC interest rates under section 35.19a of the regulations for the period shown. Line 18 is the average of lines 1-17.

Attachment 7
Depreciation Rates
LS Power Grid California, LLC

INITIAL PROPOSED TRANSMISSION AND GENERAL PLANT DEPRECIATION RATES

		Initial Annual Depreciation Rates (Note A)
Line No. INTANGIBLE PLANT		
1	301.0 Organization	1.68%
2	302.0 Franchises and Consents	20.00%
3	303.0 Computer Software	20.00%
3a	303.1 Contributions in Aid of Construction	Note B
TRANSMISSION PLANT		
4	350.1 Fee Land	0.00%
5	350.2 Land Rights	1.67%
6	352.0 Structures & Improvements	2.20%
7	353.0 Station Equipment	2.65%
8	354.0 Towers & Fixtures	1.98%
9	355.0 Poles & Fixtures	2.56%
10	356.0 Overhead Conductors & Devices	2.56%
11	359.0 Roads and Trails	1.70%
GENERAL PLANT		
12	391.0 Office Furniture & Equipment	1.70%
13	391.1 Computer Hardware	20.00%
14	392.0 Transportation Equipment	20.00%
15	393.0 Stores Equipment	4.95%
16	397.0 Communication Equipment	10.10%

Notes

- A These depreciation rates will not be changed absent a FERC order.
- B In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in the lines above, and the resultant weighted average depreciation rate will be used to amortize the CIAC. The CIAC depreciation rate for each facility will be determined at the time the plant is placed into service, and will not change without FERC approval.

Attachment 8
Prior Period Adjustments
LS Power Grid California, LLC

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>(a)</u> <u>Revenue Impact of Correction</u>	<u>(b)</u> Calendar Year
				<u>Revenue Requirement</u>
1	Filing Name and Date			-
2	Original Revenue Requirement			-
3				
4	Description of Correction 1			-
5	Description of Correction 2			-
6				
7	Total Corrections	Line 4 + 5		-
8				
9	Corrected Revenue Requirement	Line 2 + 7		-
10				
11				
12	Total Corrections	Line 7		-
13				
14	Average Monthly FERC Refund Rate	Note A		0.00%
15	Number of Months of Interest	Note B		30
16	Interest on Correction	Line 12 x 14 x 15		-
17				
18	Total Annual Amount Due from / (to) Customers	Line 12 + 16		-

Notes

- A The interest rate on corrections will be the average monthly FERC interest rate for the period from the beginning of the year being corrected through the most recent month available as of the time the correction is computed and included in an annual filing.
- B The number of months interest due on the correction will be the number of months from the beginning of the year being corrected through June of the year in which the correction will be reflected in rates. In this manner the interest computed will reflect all years prior to when the correction is reflected in rates plus interest on the average unrefunded balance of the correction during the year the correction is reflected in rates.

Attachment 9
Revenue Credit Detail
LS Power Grid California, LLC

Line No.	(Note A)	Source	(a) Company Total	(b) Less: Non Transmission	(c) = (a) - (b) Transmission-related
1	Account 454 - Rent from Electric Property				
2	Joint pole attachments - telephone	Company books	-	-	-
3	Joint pole attachments - cable	Company books	-	-	-
4	Underground rentals	Company books	-	-	-
5	Transmission tower wireless rentals	Company books	-	-	-
6	Other rentals	Company books	-	-	-
7	Other rentals	Company books	-	-	-
8	Account 454 Revenue Credit	Form 1 300.19.b	-	-	-
9	Account 456 and 456.1 Other Operating Revenues				
10	CAISO NITS	Company books	-	-	-
11	CAISO Point to Point	Company books	-	-	-
12	Over/Under recovery deferral	Company books	-	-	-
13	Other CAISO revenues	Company books	-	-	-
14	Other	Company books	-	-	-
15	Total Per Books	(300.21.b + 300.22.b)	-	-	-
16	Less: Revenues received pursuant to this Formula Rate		-	-	-
17	Less: Over/Under recovery deferral		-	-	-
18	Less: Revenue Credits included in the TRBAA		-	-	-
19	Account 456 and 456.1 Revenue Credit	(Line 15 - line 16 - line 17 - line 18)	-	-	-
20	Total Revenue Credits	(Line 8 + line 19)	-	-	-

Note A All 454 and 456.1 revenues will be detailed from Company books and records or FERC Form 1, and additional rows added if necessary. Non-transmission-related amounts will be deducted to determine transmission-related amounts.

LS Power Grid California, LLC

Attachment 10 - Excess or Deficient Accumulated Deferred Income Taxes - Summary

[Year] [Projected or Actual]

Line No.

- 1 The primary purposes of this worksheet are to:
 - reconcile the amounts of regulatory assets and liabilities comprising the rate base adjustment mechanism on Appendix III, Page 2, Line 22a (ADJUSTMENTS TO RATE BASE > Deficient or (Excess) ADIT) as of the beginning and end of the current test period (summarized beginning at Line 3 below) and
 - to support the amount of excess deferred tax expense or benefit recognized due to enacted change(s) in tax rate(s) on Appendix III, Page 3, Line 40 (INCOME TAXES > Deficient or (Excess) Deferred Income Taxes) and the effect of such excess deferred tax expense or benefit on the revenue requirement as reflected in the income tax allowance adjustment mechanism on Appendix III, Page 3, Line 44 (INCOME TAXES > Deficient or (Excess) Deferred Income Tax Adjustment) during the test period (summarized beginning on Line 9 below).

This worksheet supports the computation of the projected revenue requirement or, as appropriate, the actual revenue requirement used to compute the true-up adjustment.

Each tax law change addressed by this worksheet with its associated explanatory note is listed below. Amounts related to each tax law change are provided and supported throughout this worksheet. Additional lines and explanatory notes will be added to this worksheet as necessary as tax law changes are enacted without the need for an FPA Section 205 filing.

2 [List of tax law changes, accounting treatment, and associated explanatory notes.]

3 **Rate Base Adjustment Mechanism - Summary**

4	Account	Amount	References
5	182.3 (debit or <credit>)	-	
6	254 (debit or <credit>)	-	
7	Total Deficient or (Excess) ADIT (sum of lines 5-6)	-	To Appendix III, Page 2, Line 22a, Col. (3)

- 8 The amounts summarized above are computed in the Rate Base Adjustment Mechanism-Reconciliation of Beginning and End of Test Period Balances section of the worksheet with proration and averaging of activity during the test period computed in different section of Attachment 10.1 for projected revenue requirement calculations and actual revenue requirement calculations.

9 **Income Tax Allowance Adjustment Mechanism - Summary**

10	(a)	(b)	(c)	(d)	(e)	(f)
				Amortization or Mitigation of Deficient or <Excess> ADIT	Tax Gross-up Factor	Amortization or Mitigation with Tax Gross-up
11	[Insert rows as necessary]			-		-
11a	[Insert rows as necessary]			-		-
11...	[Insert rows as necessary]			-		-
12	Total	(sum of lines 11_)		-		-
13				To Appendix III, Page 3, Line 40, Col. (3)		To Appendix III, Page 3, Line 44, Col. (3)

14 [Explanatory statements as needed]

15 **Rate Base Adjustment Mechanism - Reconciliation of Beginning and End of Test Period Balances**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
				Balance at Beginning of Year	Re- measurement of ADIT	Annual Amortization (Note 4)	Other Adjustments (Note 5)	Balance at End of Year (d)+(e)+(f)+ (g)	Whether subject to normalization rules (Note 6)	Amortization period and method
	Description (+ = debit, <= = credit)									
17	[Insert rows as necessary]									
17a	[Insert rows as necessary]									
17b	[Insert rows as necessary]									
17...	[Insert rows as necessary]									
18	Total for account 182.3	(sum of lines 17_)		-	-	-	-	-	-	-
19				FN1. pg 232				FN1. pg 232		
20	[Insert rows as necessary]									
20a	[Insert rows as necessary]									
20b	[Insert rows as necessary]									
20...	[Insert rows as necessary]									
21	Total for account 254	(sum of lines 20_)		-	-	-	-	-	-	-
22				FN1. pg 278				FN1. pg 278		

23 **Analysis** - Balances of tax-related regulatory assets and liabilities include tax gross-up. Accordingly, for the regulatory assets and liabilities for deficient or excess deferred taxes included in rate base, the related deferred tax assets and liabilities are also included in rate base. Remeasurements in column (e) are described in Notes 2 and 3 and are based on the journal entry below and the support on the worksheet for the applicable tax law change. Averaging or proration of amounts affecting rate base is computed on different sections of Attachment 10.1 for projected revenue requirement and actual revenue requirement.

24 **Income Tax Allowance Adjustment Mechanism**

25 The income tax allowance adjustment mechanism may include amortization of excess or deficient ADIT pertaining to deferred tax expense or benefit reflected in rates at a historical tax rate when the underlying timing difference(s) originated (computed under Amortization of Excess or Deficient ADIT within the Income Tax Allowance Adjustment Mechanism section of this worksheet) as well as an adjustment for tax law changes with prospective effective dates intended to mitigate the over- or under-recovery of deferred income taxes originating prior to the effective date of such tax law changes (computed under Adjustment for Tax Law Changes with Prospective Effective Dates within the Income Tax Allowance Adjustment Mechanism section of this worksheet).

26 **Amortization of Excess or Deficient ADIT**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
					Annual Amortization from Table Above (Note 4)	Debit or <Credit> to Account 410.1	Debit or <Credit> to Account 411.1	Debit or <Credit> to Account 190	Debit or <Credit> to Account 283	Comments
	Description (+ = debit, <= = credit)									
28	[Insert rows as necessary]									
28a	[Insert rows as necessary]									
28b	[Insert rows as necessary]									
28...	[Insert rows as necessary]									
29	Total for account 182.3	(sum of lines 28_)		-	-	-	-	-	-	-
30	[Insert rows as necessary]									
30a	[Insert rows as necessary]									
30b	[Insert rows as necessary]									
30...	[Insert rows as necessary]									
31	Total for account 254	(sum of lines 30_)		-	-	-	-	-	-	-
32	Total amortization and offsetting entries			(sum of lines 29 & 31)				(sum of lines 29 & 31)		
33	Net income tax expense or benefit			(sum of lines 32(f) & 32(g))				To line 11		

34 Adjustment for Tax Law Changes with Prospective Effective Dates

35 In the case of tax law changes with an effective date(s) after the beginning of the test period, the impact of a timing difference on current tax expense or benefit differs from the impact on ADIT. For example, in the case of a deductible timing difference originating in a tax year with a higher enacted tax rate than will apply when the difference will reverse, the current tax benefit will exceed the deferred tax expense. In this situation, the adjustment computed below to recoverable income tax expense is made in order to avoid over-recovering income tax expense in the current test period due to the excess of current tax benefit over deferred tax expense (computed based on the estimated amount of the future tax liability) with respect to a given timing difference. The adjustment to recoverable tax expense during the test period in which a timing difference originates mitigates the need for refund of a regulatory liability for excess deferred taxes in a future period (or, as applicable, the need for recovery of a regulatory asset for deficient deferred taxes in a future period). Amounts in column (i) are reported in the Income Tax Allowance Adjustment Mechanism - Summary on this worksheet.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
36			Originating Taxable or (Deductible) Book / Tax Difference for Test Year	Tax Rate for Test Year	Current Tax Expense or (Benefit) in Test Year	Tax Gross-up Factor for Test Year	Revenue Requirement Impact for Test Year	Enacted Tax Rate for the Reversal Year(s)	Deferred Tax Expense or (Benefit) in Test Year	Total Tax Expense or (Benefit) in Test Year	Adjustment to Mitigate Over/under-recovery of Deferred Taxes
37					(c) x (d)	1 / (1- (d))	(e) x (f)		- [(c) x (h)]	(e) + (i)	(j) x (f)
38	[Insert rows as necessary]				-		-		-	-	-
38...	[Insert rows as necessary]				-		-		-	-	-

To line 11
To line 11

39 Note 1 - Summary of re-measurement of ADIT resulting from tax law changes

40 The purposes of this portion of the worksheet are, for each change in tax law, to explain:

- how any ADIT accounts were re-measured,
- the excess or deficient ADIT contained therein, and
- the accounting for any excess or deficient amounts in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities).

Note 2 describes how ADIT accounts are re-measured upon a change in income tax law. A separate summary (i.e., Note 1a, Note 1b, etc.) will be added for each tax law change resulting in a re-measurement of ADIT.

41 Note 1a - Summary of re-measurement of ADIT resulting from [name of tax law change] Additional information is provided in Note []

42 Re-measurement entry

	(a)	(b)	(c)
43	Account	Debit or <Credit>	Comments or References
44	190		
45	281		
46	282		
47	283		
48	182.3 (tax-related, included in rate base - protected)		
49	182.3 (tax-related, included in rate base - unprotected)		
50	182.3 (tax-related, not in rate base)		
51	190 (related to portion of acct. 182.3 not in rate base)		
52	254 (tax-related, included in rate base - protected)		
53	254 (tax-related, included in rate base - unprotected)		
54	254 (tax-related, not in rate base)		
55	283 (related to portion of acct. 254 not in rate base)		
56	Account 410.1		
57	Account 411.1		
58	Account 410.2		
59	Account 411.2		
60	Total (sum of lines 44 - 59)	-	

61 [Insert additional analysis.]

62 **Note 1b - Summary of** [name of tax law change] Additional information is provided in Note []

63 [Insert additional analysis.]

64 **Note 1b - Summary of** [name of tax law change] Additional information is provided in Note []

65 **Note 2 - Explanation of how ADIT accounts are re-measured upon a change in income tax law**
Deferred tax assets and liabilities are adjusted (re-measured) for the effect of the changes in tax law (including tax rates) in the period that the change is enacted. Adjustments are recorded in the appropriate deferred tax balance sheet accounts (Accounts 190, 281, 282 and 283) based on the nature of the temporary difference and the related classification requirements of the accounts. If as a result of action or expected action by a regulator, it is probable that the future increase or decrease in taxes payable due to the change in tax law or rates will be recovered from or returned to customers through future rates, a regulatory asset or liability is recognized in Account 182.3 (Other Regulatory Assets), or Account 254 (Other Regulatory Liabilities), as appropriate, for that probable future revenue or reduction in future revenue. Re-measurements of deferred tax balance sheet accounts may also result in re-measurements of tax-related regulatory assets or liabilities that had been recorded prior to the change in tax law. If it is not probable that the future increase or decrease in taxes payable due to the change in tax law or rates will be recovered from or returned to customers through future rates, tax expense is recognized in Account 410.2 (Provision for Deferred Income Taxes, Other Income or Deductions) or tax benefit is recognized in Account 411.2 (Provision for Deferred Income Taxes-Credit, Other Income or Deductions), as appropriate.

66 **Note 3 - [Complete to support information above.]**

67 **Note 4 -** The amortization of the deficient or excess ADIT reducing Account 254 (Other Regulatory Liabilities) is recorded with credits to Account 411.1 (Provision for Deferred Income Taxes – Credit, Utility Operating Income) and to Account 190 (Accumulated Deferred Income Taxes) or Account 283 (Accumulated Deferred Income Taxes—Other), as appropriate, in accordance with the Commission’s Accounting for Income Taxes Guidance. The amortization of the deficient or excess ADIT reducing Account 182.3 (Other Regulatory Assets) is recorded with debits to Account 410.1 (Provision for Deferred Income Taxes, Utility Operating Income) and to Account 190 (Accumulated Deferred Income Taxes) or Account 283 (Accumulated Deferred Income Taxes—Other), as appropriate, in accordance with the Commission’s Accounting for Income Taxes Guidance. This activity is summarized in the table "Income Tax Allowance Mechanism - Projected" or the table "Income Tax Allowance Mechanism - Actual," as appropriate. The annual amortization in the tables above reflects tax gross-up and is stated at the revenue requirement level.

68 **Note 5 - [Complete to support information above.]**

69 **Note 6 -** The worksheet indicates whether each excess or deficient ADIT amounts are protected (i.e., subject to normalization rules of a taxing jurisdiction) or unprotected (i.e., not subject to normalization rules of a taxing jurisdiction). To the extent that normalization requirements apply to ADIT remeasurements, additional computations (e.g., proration of excess deferred tax activity related to future test periods) may be necessary.

[Continuation of note with respect to particular changes in tax law.]

70 [Insert additional notes as needed.]

LS Power Grid California, LLC

Attachment 10.1 - Regulatory Assets/Liabilities for Deficient/Excess ADIT - Averaging and Proration Adjustments

Support for Attachment 10 (Excess or Deficient Accumulated Deferred Income Taxes - Summary)

[Year] [Projected or Actual]

Line No.

- 1 Rate year =
- 2 Test period days after rates become effective

This attachment includes sections that are populated only with actual data and thus, these sections remain blank when the formula rate template is calculating a projected revenue requirement. Columns (i) through (n) below are not used for the projection and are only populated with actual data for the Annual Update.

- 3 **Note 1** - The computations below apply the proration rules of Treasury Regulation section 1.167(l)-1(h)(6) to the annual activity of the portions of the deficient or excess accumulated deferred income taxes recorded in account 182.3 or 254 that are subject to the normalization requirements. Activity related to the portions of the account balances reflected in rate base but not subject to the proration requirement is averaged instead of prorated. The balances below include tax gross-up. The corresponding portions of the deferred tax asset related to the portions of the regulatory liability and the corresponding portions of the deferred tax liability related to the portions of the regulatory asset are also reflected in rate base and prorated or averaged, as appropriate. Columns (a) through (h) are used for projected and actual revenue requirements computations. Columns (i) through (n) are used for actual revenue requirement computations.

4 **Account 182.3 - Other Regulatory Assets (portion related to deficient or excess ADIT)**

		Amount	
		debit / <credit>	
5			
6	Beginning balance (debit or <credit>)	-	
7	Less: Portion not related to transmission	-	
8	Less: Portion not reflected in rate base	-	
9	Subtotal: Portion reflected in rate base	-	
10	Less: Portion subject to proration	-	
11	Portion subject to averaging (debit or <credit>)	-	
12	Ending balance (debit or <credit>)	-	
13	Less: Portion not related to transmission	-	
14	Less: Portion not reflected in rate base	-	
15	Subtotal: Portion reflected in rate base	-	
16	Less: Portion subject to proration (before proration)	-	
17	Portion subject to averaging (before averaging) (debit or <credit>)	-	
18	Ending balance of portion subject to proration (prorated) (debit or <credit>)	-	From Line 36(n)
19	Average balance of portion subject to averaging	-	
20	Amount reflected in rate base (debit or <credit>)	-	To Att. 10, Line 5

21 **Account 182.3 - Other Regulatory Assets (portion related to deficient or excess ADIT)**

Columns (i) through (n) are not used for the calculation of the projected revenue requirement

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month-end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month-end Balance debit / <credit>	Actual Monthly Activity	Difference between projected monthly and actual monthly activity.	Preserve projected proration when actual monthly and projected monthly activity are either both increases or decreases.	Fifty percent of the difference between projected and actual activity when actual and projected activity are either both increases or decreases.	Fifty percent of actual monthly activity when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase.	Balance reflecting proration or averaging
23				prior month (d) + (c)		Line 2	[(c) x (e) / (f)]	prior month (h) + (g)		(i) - (c) [Note 4]	[Note 5]	[Note 6]	[Note 7]	(k) + (l) + (m) [Note 8]
24	December 31,	-	NA	-	NA	0	NA	-	NA	NA	NA	NA	NA	-
25	January	-	-	-		0	-	-	-	-	-	-	-	-
26	February	-	-	-	307	0	-	-	-	-	-	-	-	-
27	March	-	-	-	276	0	-	-	-	-	-	-	-	-
28	April	-	-	-	246	0	-	-	-	-	-	-	-	-
29	May	-	-	-	215	0	-	-	-	-	-	-	-	-
30	June	-	-	-	185	0	-	-	-	-	-	-	-	-
31	July	-	-	-	154	0	-	-	-	-	-	-	-	-
32	August	-	-	-	123	0	-	-	-	-	-	-	-	-
33	September	-	-	-	93	0	-	-	-	-	-	-	-	-
34	October	-	-	-	62	0	-	-	-	-	-	-	-	-
35	November	-	-	-	32	0	-	-	-	-	-	-	-	-
36	December	-	-	-	1	0	-	-	-	-	-	-	-	-
37	Total		-	-					-	-	-	-	-	-

38 **Note 2 -**

39 **Account 254 - Other Regulatory Liabilities (portion related to deficient or excess ADIT)**

	Amount debit / <credit>
40	
41	Beginning balance (debit or <credit>)
42	Less: Portion not related to transmission
43	Less: Portion not reflected in rate base
44	Subtotal: Portion reflected in rate base
45	Less: Portion subject to proration
46	Portion subject to averaging (debit or <credit>)
47	Ending balance (debit or <credit>)
48	Less: Portion not related to transmission
49	Less: Portion not reflected in rate base
50	Subtotal: Portion reflected in rate base
51	Less: Portion subject to proration (before proration)
52	Portion subject to averaging (before averaging) (debit or <credit>)
53	Ending balance of portion subject to proration (prorated) (debit or <credit>)
54	Average balance of portion subject to averaging
55	Amount reflected in rate base (debit or <credit>)

From Line 70(n)

To Att. 10, Line 6

56 Account 254 - Other Regulatory Liabilities (portion related to deficient or excess ADIT)

Columns (i) through (n) are not used for the calculation of the projected revenue requirement

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
	Month	Year	Forecasted Monthly Activity debit / <credit>	Forecasted Month-end Balance debit / <credit>	Days until End of Test Period	Days in Test Period	Prorated Forecasted Monthly Activity debit / <credit>	Forecasted Prorated Month-end Balance debit / <credit>	Actual Monthly Activity	Difference between projected monthly and actual monthly activity.	Preserve projected proration when actual monthly and projected monthly activity are either both increases or decreases.	Fifty percent of the difference between projected and actual activity when actual and projected activity are either both increases or decreases.	Fifty percent of actual projected activity when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase.	Balance reflecting proration or averaging
58				prior month (d) + (c)		Line 2	[(c) x (e) / (f)]	prior month (h) + (g)		(i) - (c) [Note 4]	[Note 5]	[Note 6]	[Note 7]	(k) + (l) + (m) [Note 8]
58	December 31,	-	NA	-	NA	0	NA	-	-	NA	NA	NA	NA	-
59	January	-	-	-	0	0	-	-	-	-	-	-	-	-
60	February	-	-	-	307	0	-	-	-	-	-	-	-	-
61	March	-	-	-	276	0	-	-	-	-	-	-	-	-
62	April	-	-	-	246	0	-	-	-	-	-	-	-	-
63	May	-	-	-	215	0	-	-	-	-	-	-	-	-
64	June	-	-	-	185	0	-	-	-	-	-	-	-	-
65	July	-	-	-	154	0	-	-	-	-	-	-	-	-
66	August	-	-	-	123	0	-	-	-	-	-	-	-	-
67	September	-	-	-	93	0	-	-	-	-	-	-	-	-
68	October	-	-	-	62	0	-	-	-	-	-	-	-	-
69	November	-	-	-	32	0	-	-	-	-	-	-	-	-
70	December	-	-	-	1	0	-	-	-	-	-	-	-	-
71	Total		-						-	-				-

72 Note 3 -

73 Note 4 - Column J is the difference between actual monthly and projected monthly activity (Column I minus Column C). Specifically, if projected and actual activity are both positive, a negative in Column J represents over-projection (i.e., the amount of projected activity that did not occur) and a positive in Column J represents under-projection (i.e., the excess of actual activity over projected activity). If projected and actual activity are both negative, a negative in Column J represents under-projection (i.e., the excess of actual activity over projected activity) and a positive in Column J represents over-projection (i.e., the amount of projected activity that did not occur).

74 Note 5 - Column K preserves the effects of excess ADIT proration from the projected revenue requirement when actual monthly excess ADIT activity and projected monthly excess ADIT activity are either both increases or decreases. Specifically, if Column J indicates that excess ADIT activity was over-projected, enter Column G x [Column I / Column C]. If Column J indicates that excess ADIT activity was under-projected, enter the amount from Column G and complete Column L. In other situations, enter zero.

75 Note 6 - Column L applies when (1) Column J indicates that excess ADIT activity was under-projected AND (2) actual monthly and projected monthly activity are either both increases or both decreases. Enter 50 percent of the amount from Column J. In other situations, enter zero. The excess ADIT activity in column L is multiplied by 50 percent to reflect averaging of rate base to the extent that the proration requirement has not been applied to a portion of the monthly excess ADIT activity.

76 Note 7 - Column M applies when (1) projected monthly activity was an increase while actual monthly activity was a decrease OR (2) projected monthly activity was a decrease while actual monthly activity was an increase. Enter 50 percent of the amount of actual monthly activity (Column I). In other situations, enter zero. The excess ADIT activity in column M is multiplied by 50 percent to reflect averaging of rate base to the extent that the proration requirement has not been applied to a portion of the monthly excess ADIT activity.

77 Note 8 - Column N is computed by adding the balance at the end of the prior month to EITHER (1) the sum of prorated monthly excess ADIT activity, if any, from Column K and the portion of monthly excess ADIT activity, if any, from Column L OR (2) the portion of monthly excess ADIT activity in Column M.

LS Power Grid California, LLC

Attachment 10.2 - Re-measurement of ADIT and Tax-related Regulatory Assets and Liabilities Resulting from the Tax Change Identified in Line 1
Support for Attachment 10 (Excess or Deficient Accumulated Deferred Income Taxes - Summary)

[Year] [Projected or Actual]

Line No.

- 1 [Identify/describe the tax legislation/change]
- 2 [Describe the computation.]
- 3 The ratemaking treatment of each item in terms of whether it is subject to the normalization requirements (i.e., P or "protected") or not subject to the normalization requirements (i.e., U or "unprotected") and included in rate base or not (i.e., RB or non-RB) is indicated in column (b). The balances are measured at the composite tax rate in effect immediately before effective date of the change in tax law and remeasured immediately after the change in tax law. Each set of balances includes the appropriate income tax rates and tax gross-up factors (as computed in the specific note for this tax law change in Att. 10). The journal entry to record the remeasurements (Line 16) is based on the differences in balances of accounts recorded prior to the change in law (columns (d)-(h)) and activity in other accounts resulting from the remeasurement (columns (i)-(n)). The remeasurement entry is also included in Att. 10. The accounting is further described in Att. 10, Note 2.
- 4 This worksheet will be included in support of the revenue requirement computation until the excess or deficient ADIT is fully amortized. A similar worksheet will be used for subsequent changes in tax law resulting in re-measurement of ADIT.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
5	Balances and rates prior to remeasurement													
6				[tax rate]	[tax rate]	[tax rate]	[1/(1-tax rate)]	[tax rate]						
7	Item	Normalized?	Amount	Account	Account	Account	Account	Account						
8	[Insert rows as necessary]													
8a	[Insert rows as necessary]													
8b	[Insert rows as necessary]													
8...	[Insert rows as necessary]													
9	Total			-	-	-	-	-						
10	Remeasured balances and rates													
11				[tax rate]	[tax rate]	[tax rate]	[1/(1-tax rate)]	[tax rate]	Other accounts affected by remeasurement					
12	Item	Normalized?	Amount	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account
13	Item	Normalized?	Amount	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account	Account
14	[Insert rows as necessary]													
14a	[Insert rows as necessary]													
14b	[Insert rows as necessary]													
14...	[Insert rows as necessary]													
15	Total			-	-	-	-	-	-	-	-	-	-	-
16	Remeasurement journal entry: debt or <credit> (to Attachment 10)													
17	Summary of Effects on Tax-related Regulatory Assets and Liabilities													
18	Account 182.3 - included in rate base, subject to normalization rules													
19	Account 182.3 - included in rate base, not subject to normalization rules													
20	Account 182.3 - not included in rate base													
21	Account 254 - included in rate base, subject to normalization rules													
22	Account 254 - included in rate base, not subject to normalization rules													
23	Account 254 - not included in rate base													

Attachment 11
 Binding Cost Containment Commitments
 LS Power Grid California, LLC

This worksheet will be used by LS Power Grid California, LLC ("LSPGC") to demonstrate compliance with the binding cost containment commitments made for the Gates and Round Mountain Projects (together the "Projects") in the Approved Project Sponsor Agreements between LSPGC and the California Independent System Operator Corporation dated May 19, 2020 ("Gates APSA"), and July 15, 2020 ("Round Mountain APSA") (together the "APSAs").

1 Categorization of Form No. 1 Gross Plant and Unamortized Regulatory Asset

LSPGC will report its regulatory asset and gross plant in service in FERC Form No. 1 page 232 line 44 column f and FERC Form No. 1 page 207 line 104 column g, respectively, which may include initial Project Costs and Excluded Costs (as defined in the APSAs).

Line No.	Description	Notes	Gates Amount	Round Mountain Amount
1	Total Gross Plant in Service (Line 1a + Line 1b)	A	\$ -	\$ -
1a	Gross Plant In Service – Project Costs (other than Excluded Costs)	C		
1b	Gross Plant In Service – Excluded Costs	C		
2	Total Unamortized Regulatory Asset (Line 2a + Line 2b)	B	\$ -	\$ -
2a	Unamortized Regulatory Asset – Project Costs (other than Excluded Costs)	C		
2b	Unamortized Regulatory Asset – Excluded Costs	C		
Notes:				
A	Total reported in FERC Form 1, 207.104.g			
B	Total reported in FERC Form 1, 232.44.f			
C	Project Costs and Excluded Costs as defined in the APSAs			

2 Binding Capital Cost Cap

Article 10.1.1 and Appendix E to each of the APSAs reflect LSPGC's commitment that it will not seek recovery or a return on any cost for the Projects, as defined in the APSAs, above the specified Binding Capital Cost Caps. The Binding Capital Cost Caps for Gates and Round Mountain are \$68.3 million, and \$75.5 million, respectively (subject to adjustments, deviations and exclusions pursuant to the terms of the APSAs regarding Excluded Costs). If the actual Project Costs for either Project net of Excluded Costs exceed the applicable Binding Capital Cost Cap, LSPGC will first adjust the Regulatory Asset and then, if necessary, the Gross Plant in Service amount for the applicable Project prior to populating Attachment 4 as demonstrated below.

Line No.	Description	Notes	Gates Amount	Round Mountain Amount
1	Actual Project Costs other than Excluded Costs (Line 1a + Line 1b)		\$ -	\$ -
1a	Gross Plant In Service – Project Costs (other than Excluded Costs)	A	\$ -	\$ -
1b	Unamortized Regulatory Asset – Project Costs (other than Excluded Costs)	A	\$ -	\$ -
2	Binding Capital Cost Cap	B	\$ 68,300,000	\$ 75,500,000
3	Project Costs in excess of Binding Capital Cost Cap, if any (Line 1 - Line 2)	C	\$ -	\$ -
4	Adjustment to Project Costs to meet Binding Capital Cost Cap if necessary (Line 4a + Line 4b)	D	\$ -	\$ -
4a	Adjustment to Project Costs in Unamortized Regulatory Asset to comply with Binding Capital Cost Cap, if necessary	E	\$ -	\$ -
4b	Adjustment to Project Costs in Gross Plant in Service to comply with Binding Capital Cost Cap, if necessary	F	\$ -	\$ -
5	Project Costs other than Excluded Costs after adjustment (Line 5a + Line 5b)	G	\$ -	\$ -
5a	Adjusted Gross Plant In Service other than Excluded Costs (Line 1a + Line 4b)		\$ -	\$ -
5b	Adjusted Unamortized Regulatory Asset other than Excluded Costs (Line 1b + Line 4a)		\$ -	\$ -
6	Total Project Costs included in rates after adjustment (Line 6a + Line 6b)		\$ -	\$ -
6a	Adjusted Gross Plant In Service included in rates, (Line 5a + Excluded Costs)	H	\$ -	\$ -
6b	Adjusted Unamortized Regulatory Asset included in rates, (Line 5b + Excluded Costs)	I	\$ -	\$ -
Notes:				
A	Actual costs other than Excluded Costs as defined in the APSAs (from Section 1 above)			
B	As defined in the APSAs.			
C	If Line 2 is greater than Line 1, excess is zero.			
D	The sum of Line 3 and Line 4 must be zero.			
E	If Line 3 is zero, adjustment is zero. Otherwise, if Line 1b is greater than or equal to Line 3, adjustment is the negative of Line 3. If Line 1b is less than Line 3, adjustment is the negative of Line 1a.			
F	If Line 1b is less than Line 3, adjustment is the negative difference between Line 1b and Line 3. Otherwise, adjustment is zero.			
G	This amount shall not exceed the Binding Capital Cost Cap			
H	Input the sum of Gates and RM results into Attachment 4, Page 1, Columns b and c.			
I	Input the sum of Gates and RM results into Attachment 4, Page 1, Column k.			

3 Return on Equity

Appendix E to each of the APSAs memorializes LSPGC's commitment to not seek or reflect in its rates a return on equity ("ROE") in excess of 9.80% (inclusive of all ROE adders/incentives).

4 Equity Percentage Cap

Appendix E to each of the APSAs confirms LSPGC's commitment to limit equity as a percentage of overall capital structure to be no more than forty five percent (45%) for the 40 year life of the Project investment. If LSPGC's actual equity percentage is above 45% then a capital structure consisting of 45% equity and 55% debt will be used for the purpose of rates.

Line No.		Debt	Equity (Common Stock)
Gates			
1	Actual % of total capital		
2	% of total capital to be input into Attachment 5, Rows 8 & 10		
Round Mountain			
1	Actual % of total capital		
2	% of total capital to be input into Attachment 5, Rows 8 & 10		

5 Annual Revenue Requirement Cap

Article 10.1.1 and Appendix E to each of the APSAs reflect LSPGC's commitment that it will not seek a transmission revenue requirement for the Projects above the specified Binding Annual Revenue Requirement Caps for each of the first fifteen (15) full calendar years of Project operations. The Binding Annual Revenue Requirement Caps for Gates and Round Mountain are given in Tables 5a and 5b below (subject to adjustments, deviations and exclusions pursuant to the terms of the APSAs regarding Excluded Costs, and exclusive of CAISO's Transmission Revenue Balancing Account Adjustment, "TRBAA"). If the actual gross revenue Requirement for each Project, net of Excluded Costs and the TRBAA (the "Applicable TRR"), exceeds the Binding Annual Revenue Requirement Cap, LSPGC will insert the difference as a Competitive Concession in Column 13 of Attachment 1 as demonstrated in Tables 5a and 5b below. In accordance with Appendix E of the APSAs, in the event the Applicable TRR for a rate year is lower than the Binding Annual Revenue Requirement Cap applicable to that year, the difference will be added to the Binding Annual Revenue Requirement Cap for the subsequent year.

5a Gates Annual Revenue Requirement Cap						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Binding Annual Revenue Requirement Cap	Cumulative Binding Annual Revenue Requirement Cap	Applicable Annual Revenue Requirement (Gross Revenue Requirement net of Excluded Costs)	Cumulative Annual Revenue Requirement (Prior Year Actual Plus Current Year)	Competitive Concessions (5)-(3), if less than zero	Allowed Annual TRR
1	\$8,800,000	\$8,800,000		\$0	\$0	\$0
2	\$8,600,000	\$17,400,000		\$0	\$0	\$0
3	\$8,300,000	\$25,700,000		\$0	\$0	\$0
4	\$8,200,000	\$33,900,000		\$0	\$0	\$0
5	\$8,100,000	\$42,000,000		\$0	\$0	\$0
6	\$7,600,000	\$49,600,000		\$0	\$0	\$0
7	\$7,400,000	\$57,000,000		\$0	\$0	\$0
8	\$7,300,000	\$64,300,000		\$0	\$0	\$0
9	\$7,000,000	\$71,300,000		\$0	\$0	\$0
10	\$7,100,000	\$78,400,000		\$0	\$0	\$0
11	\$6,600,000	\$85,000,000		\$0	\$0	\$0
12	\$6,600,000	\$91,600,000		\$0	\$0	\$0
13	\$6,300,000	\$97,900,000		\$0	\$0	\$0
14	\$6,200,000	\$104,100,000		\$0	\$0	\$0
15	\$6,100,000	\$110,200,000		\$0	\$0	\$0

[2] Appendix E of the Gates APSA, subject to periodic amendments

[3] Cumulative Binding Annual Revenue Requirement Cap for Rate Year and all prior years

[4] Internal Support

[5] Prior Years Annual TRR (Column 7) plus current year TRR (Column 4).

[6] Concession for current rate year based on Cumulative TRR being greater than Cumulative Binding Annual Revenue Requirement Cap. To be entered as a negative value in Attachment 1, Line 1a, Column 13.

5b Round Mountain Annual Revenue Requirement Cap						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Binding Annual Revenue Requirement Cap	Cumulative Binding Annual Revenue Requirement Cap	Applicable Annual Revenue Requirement (Gross Revenue Requirement net of Excluded Costs)	Cumulative Annual Revenue Requirement (Prior Year Actual Plus Current Year)	Competitive Concessions (5)-(3), if less than zero	Allowed Annual TRR
1	\$9,600,000	\$9,600,000		\$0	\$0	\$0
2	\$9,400,000	\$19,000,000		\$0	\$0	\$0
3	\$9,100,000	\$28,100,000		\$0	\$0	\$0
4	\$9,000,000	\$37,100,000		\$0	\$0	\$0
5	\$9,100,000	\$46,200,000		\$0	\$0	\$0
6	\$8,300,000	\$54,500,000		\$0	\$0	\$0
7	\$8,100,000	\$62,600,000		\$0	\$0	\$0
8	\$7,900,000	\$70,500,000		\$0	\$0	\$0
9	\$7,600,000	\$78,100,000		\$0	\$0	\$0
10	\$7,900,000	\$86,000,000		\$0	\$0	\$0
11	\$7,200,000	\$93,200,000		\$0	\$0	\$0
12	\$7,100,000	\$100,300,000		\$0	\$0	\$0
13	\$6,800,000	\$107,100,000		\$0	\$0	\$0
14	\$6,700,000	\$113,800,000		\$0	\$0	\$0
15	\$6,900,000	\$120,700,000		\$0	\$0	\$0

[2] Appendix E of the Round Mountain APSA, subject to periodic amendments

[3] Cumulative Binding Annual Revenue Requirement Cap for Rate Year and all prior years

[4] Internal Support

[5] Prior Years Annual TRR (Column 7) plus current year TRR (Column 4).

[6] Concession for current rate year based on Cumulative TRR being greater than Cumulative Binding Annual Revenue Requirement Cap. To be entered as a negative value in

APPENDIX IV**LS POWER GRID CALIFORNIA, LLC
FORMULA RATE IMPLEMENTATION PROTOCOLS**

The formula rate template (“Template”) and these formula rate implementation protocols (“Protocols”) together comprise the filed rate (“Formula Rate”) of LS Power Grid California, LLC (“LSPGC”) for transmission revenue requirement determinations under the California Independent System Operator Corporation’s (“CAISO”) Regional Transmission Access Charge (“TAC”) determined in accordance with the CAISO Transmission Tariff (“CAISO Tariff”). LSPGC shall follow the instructions specified in the Formula Rate to calculate annually its net revenue requirement, as set forth in Appendix III at page 1, line 9 of the Template (“Net Revenue Requirement”). The Net Revenue Requirement shall be determined for January 1 to December 31 of a given calendar year (the “Rate Year”). The Formula Rate shall become effective for recovery of LSPGC’s Net Revenue Requirement upon the effective date for incorporation into the CAISO Tariff through an appropriate filing with the Federal Energy Regulatory Commission (“FERC” or “Commission”) under Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d. CAISO will post a single link on its website to the LSPGC website for access to the TO Tariff and all rate filings.

Section 1. Annual Projection

- a. No later than October 5 preceding the first Rate Year that LSPGC expects to recover Net Revenue Requirements under the CAISO Tariff, and each subsequent Rate Year thereafter, LSPGC shall determine its projected Net Revenue Requirement for the upcoming Rate Year in accordance with LSPGC’s Formula Rate (“Annual Projection”). The Annual Projection shall include the True-up Adjustment described and defined in Section 2 below, if applicable.

- b. *Posting, Format, and Notice of Annual Projection.* No later than October 5 preceding the first Rate Year, and each subsequent Rate Year, LSPGC shall cause an electronic version of the Annual Projection to be posted in both a Portable Document Format (“PDF”) and fully-functioning Excel file at a publicly accessible location on LSPGC’s internet website. LSPGC’s posting shall include all inputs in sufficient detail to identify the components of LSPGC’s projected Net Revenue Requirement, explanations of the bases for the projections and input data, and sufficient detail and explanation to enable Interested Parties¹ to replicate the calculation of the projected Net Revenue Requirement. If the date for making such posting of the Annual Projection should fall on a weekend or a holiday recognized by FERC, then the posting shall be made no later than the next business day. Within ten (10) days of such posting, LSPGC shall electronically serve each Annual Projection upon the Service List.²
- c. With its Annual Projection, LSPGC will provide a separate worksheet in its Template identifying the cost containment commitments set forth in the Approved Project Sponsor Agreement by and between LSPGC and CAISO. In the worksheet LSPGC shall annually confirm its compliance with the cost

¹ As used in these Protocols, “Interested Parties” shall include but not be limited to: (i) any Eligible Customer under the CAISO Tariff; (ii) any regulatory agency with rate jurisdiction over a public utility located within the CAISO footprint; (iii) any state attorneys general; (iv) any consumer advocate authorized by state law to review and contest the rates for any public utility located within the CAISO footprint; (v) any party requesting to be listed on the “Service List” as defined under footnote 2 hereto; and (vi) any party with standing under FPA Section 205 or Section 206.

² As used in these Protocols, the term “Service List” shall mean: (i) the email list of CAISO Tariff Participating Transmission Owners and Approved Project Sponsors maintained by the CAISO on its website; (ii) any state regulatory agency with rate jurisdiction over a public utility located within the CAISO footprint; (iii) any consumer advocate agency empowered by law to review and contest the rates for any such public utility, provided that such consumer advocate agency requests to be placed on the Service List and provides an e-mail address to LSPGC; (iv) parties included on the service list for FERC Docket No. ER--000; (v) any person or entity admitted as a party in any Annual Update proceeding filed by LSPGC in accordance with these Protocols; and (vi) any other Interested Party, as that term is defined in Section 1(b), that wishes to be included on the Service List, provided that such Interested Party requests to be placed on the Service List and provides an e-mail address to LSPGC.

containment commitments and identify the appropriate entries in the Formula Rate Template identifying such compliance.

- d. *Accounting Changes.* With respect to any Accounting Change (as that term is defined in Section 3.d.iii), LSPGC shall (i) identify any Accounting Changes, including the initial implementation of an accounting standard or policy, the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction, correction of errors and prior period adjustments that impact the projected Net Revenue Requirement calculation, the implementation of new estimation methods or policies that change prior estimates, and changes to income tax elections; (ii) identify items included in the projected Net Revenue Requirement at an amount other than on a historic cost basis (e.g., fair value adjustments); (iii) identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the projected Net Revenue Requirement; and (iv) provide, for each item identified pursuant to Section 1.d.i – iii of these Protocols, a narrative explanation of the individual impact of such changes on the projected Net Revenue Requirement.
- e. *Annual Projection Meeting.* No less than twenty (20) business days and no more than thirty (30) business days after October 5, LSPGC shall hold a stakeholder meeting with Interested Parties in order for LSPGC to explain its Annual Projection and to provide Interested Parties an opportunity to seek information and clarifications regarding the Annual Projection (“Annual Projection Meeting”). LSPGC shall cause to be posted on its internet website and distributed to the Service List, the time, date and location of the Annual Projection Meeting

no fewer than seven (7) days prior to the Annual Projection Meeting, and LSPGC shall provide remote access to the Annual Projection Meeting to allow all Interested Parties the opportunity to remotely participate in such meetings.

- f. *Revisions to the Annual Projection.* To the extent LSPGC agrees to make changes in the Annual Projection for a given Rate Year, such revised Annual Projection shall be promptly posted at a publicly accessible location on LSPGC's internet website, and distributed to the Service List. Changes posted prior to December 1 of the preceding Rate Year, or the next business day if December 1 is not a business day (or such later date as can be accommodated under CAISO's billing practices), shall be reflected in the Annual Projection collected during the Rate Year; changes posted after that date will be reflected, as appropriate, in the True-up Adjustment for the Rate Year in the following year's Annual Update.
- g. *Review and Challenge of the Annual Projection.* The Annual Projection, including the True-Up Adjustment, for each Rate Year shall be subject to review, challenge, true-up and refunds or surcharges with interest at the applicable FERC rate pursuant to Sections 4, 5, and 6 of these Protocols.

Section 2. True-Up Adjustment and Actual Net Revenue Requirement

- a. LSPGC will calculate the amount of under- or over-collection of its actual Net Revenue Requirement during the preceding Rate Year ("True-Up Adjustment") after the FERC Form No. 1 data for that Rate Year has been filed with the Commission. The True-Up Adjustment shall be the sum of the True-Up Adjustment Over/Under Recovery as determined in Section 2(b) and the Interest on the True-Up Adjustment Over/Under Recovery as determined in Section 2(c).

- b. *Calculation of the True-Up Adjustment.* To determine any over- or under-recovery (“True-Up Adjustment Over/Under Recovery”), LSPGC’s projected Net Revenue Requirement collected during the previous Rate Year³ will be compared to LSPGC’s actual Net Revenue Requirement for the previous Rate Year. LSPGC shall calculate its actual Net Revenue Requirement in accordance with LSPGC’s Formula Rate and based upon: (i) LSPGC’s FERC Form No. 1 for that same Rate Year; (ii) any FERC orders specifically applicable to LSPGC’s calculation of its annual revenue requirement; (iii) the books and records of LSPGC (which shall be maintained consistent with the FERC Uniform System of Accounts (“USofA”)); (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates; and (v) any aspects of the CAISO Governing Documents⁴ that apply to the calculation of annual revenue requirements under individual transmission owner formula rates.
- c. *Calculation of Interest.* Interest on any True-up Adjustment Over/Under Recovery of the actual Net Revenue Requirement shall be calculated in accordance with Attachment 6 of the Formula Rate.
- d. *Variance Analysis.* LSPGC will include a variance analysis of, at minimum, actual Net Revenue Requirement components of rate base, operating and maintenance expenses, depreciation expense, taxes, return on rate base, and revenue credits as compared to the corresponding components in the projected

³ If the initial use of the Formula Rate covers only part of a calendar year, the initial projected Net Revenue Requirement will be divided by the number of months the Formula Rate is in effect to calculate the monthly projected cost of service to be collected each month of the first year. Similarly, the actual Net Revenue Requirement will be divided by the number of months the rate is in effect to calculate the actual cost of service to be collected each month of the first year. The first True-up Adjustment will compare the projected Net Revenue Requirement billed and the actual Net Revenue Requirement for that initial Rate Year.

⁴ Governing Documents include the CAISO Tariff, Business Practice Manuals, and other applicable contracts and agreements.

Net Revenue Requirement that was calculated for the prior Rate Year with an explanation of material changes.

Section 3. Annual Update

- a. No later than July 1 following each Rate Year, LSPGC shall calculate its actual Net Revenue Requirement and the True-Up Adjustment as described in Section 2 (“Annual Update”) for such Rate Year.
- b. *Posting and Notice of the Annual Update; Publication Date.* No later than July 1 following each Rate Year, LSPGC shall cause such Annual Update, together with such other information described in this Section 3, to be posted in both a PDF and fully-functioning Excel format at a publicly accessible location on its internet website and distributed to the Service List. The date on which the last of the events listed in this Section 3.b occurs shall be that year’s “Publication Date,” which shall occur within ten (10) business days of LSPGC posting the Annual Update. If the date for making the Annual Update posting should fall on a weekend or a holiday recognized by the FERC, then the posting shall be due on the next business day.
- c. *Annual Update Meeting.* No less than twenty (20) business days and no more than thirty (30) business days after July 1, LSPGC shall hold a stakeholder meeting with Interested Parties in order for LSPGC to explain its Annual Update and to provide Interested Parties an opportunity to seek information and clarifications regarding the Annual Update (“Annual Update Meeting”). LSPGC shall cause to be posted on the its website and distributed to the Service List, the time, date and location for the Annual Update Meeting no fewer than seven (7) days prior to the Annual Update Meeting, and shall provide remote access to

Annual Update Meetings to allow all Interested Parties the opportunity to remotely participate in such meetings.

- d. The Annual Update for the Rate Year:
- (i) Shall provide, via the Formula Rate worksheets, sufficiently detailed supporting documentation for data (and all adjustments thereto or allocations thereof) used in the Formula Rate that are not stated in the FERC Form No. 1;⁵
 - (ii) Shall provide sufficient detail and sufficient explanation to enable Interested Parties to replicate the calculation of the Annual True-Up results from the FERC Form No. 1 and verify that each input to the Template is consistent with the requirements of the Formula Rate;
 - (iii) Shall identify:
 - A. any change in accounting that affects inputs to the Template or the resulting charges billed under the Formula Rate (“Accounting Change”), including:
 - I. the initial implementation of an accounting standard or policy;
 - II. the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;

⁵ It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of determining the actual Net Revenue Requirement for a given Rate Year will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the referenced form is superseded, the successor form(s) shall be utilized and supplemented as necessary to provide equivalent information as that provided in the superseded form. If the referenced form is discontinued, equivalent information as that provided in the discontinued form shall be utilized.

- III. correction of errors and prior period adjustments that impact the True-Up Adjustment calculation;
 - IV. the implementation of new estimation methods or policies that change prior estimates; and
 - V. changes to income tax elections;
- B. any items included in the Annual True-Up at an amount other than on a historic cost basis (e.g., fair value adjustments); any reorganization or merger transaction during the previous year and an explanation of the effect of the accounting for such transaction(s) on inputs to the True-Up Adjustment;
- C. for each item identified pursuant to Sections 3.d.iii.A – B of these Protocols, the individual impact (in narrative format) of such changes on the True-Up Adjustment;
- (iv) Shall not seek to modify the Formula Rate and shall not be subject to challenge by any Interested Party seeking to modify the Formula Rate (*i.e.*, any modifications to the Formula Rate will require, as applicable, an FPA Section 205 or Section 206 filing or initiation of a Section 206 investigation); and
- (v) Shall include for the applicable Rate Year the following information related to affiliate cost allocation: (A) a detailed description of the methodologies used to allocate and directly assign costs between LSPGC and its affiliates by service category and function; and (B) the magnitude of such costs that have been allocated or directly assigned between LSPGC and each affiliate by service category or function.

- e. *Stated Value Inputs.* The following Formula Rate inputs shall be stated values to be used in the Formula Rate until changed pursuant to an FPA Section 205 or Section 206 proceeding: (i) rate of return on common equity (“ROE”); (ii) Post-Employment Benefits other than Pensions (“PBOP”) charges pursuant to Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Postretirement Benefits Other Than Pensions; and (iii) the depreciation and/or amortization rates as set forth in Attachment 7 to the Formula Rate template.
- f. *Review and Challenge of the Annual Update.* The Annual Update shall be subject to review, challenge, true-up and refunds or surcharges in accordance with the procedures set forth in Sections 4, 5, and 6 of these Protocols, including the prudence of any costs and expenditures included for recovery in the Annual Update; provided, however, that nothing in these Protocols is intended to modify the Commission’s applicable precedent with respect to the burden of going forward or burden of proof under formula rates in such prudence challenges.
- g. Example – Timeline for 2024 Annual Update:
On or before October 5, 2023, LSPGC will determine the projected Net Revenue Requirement for the 2024 Rate Year. LSPGC will post the Annual Projection for the 2024 Rate Year in accordance with Section 1 above. LSPGC will not determine a True-up Adjustment or post an Annual Update on July 1, 2024 if no costs have been recovered under the Formula Rate during 2023. On or before October 5, 2024, LSPGC will post the Annual Projection for the 2025 Rate Year. On or before July 1, 2025, LSPGC will post its first Annual Update, consisting of the actual Net Revenue Requirement and True-Up Adjustment for the 2024 Rate Year determined pursuant to Section 2 above. Such True-Up Adjustment will be

reflected in the Annual Projection of the Net Revenue Requirement for the 2026 Rate Year posted on or before October 5, 2025. The Annual Update posted July 1, 2025 will be subject to the customer review and challenge procedures described in Sections 4, 5, and 6 of these Protocols.

Section 4. Annual Review Procedures

The Annual Update and Annual Projection for each Rate Year shall be subject to the following review procedures (“Annual Review Procedures”):

- a. Information Requests and Responses
 - (i) *Deadlines.* Interested Parties shall have until January 1 following each annual Publication Date (provided that any delay in the Publication Date will result in an equivalent extension of time for submission of information requests) to serve reasonable information and document requests on LSPGC. LSPGC shall make a good faith effort to respond to information and document requests pertaining to the Annual Update and Annual Projection within fifteen (15) business days of receipt of such requests. LSPGC shall respond to all timely information and document requests by February 1 following each annual Publication Date; provided, however, that LSPGC may reasonably extend the deadline for its own responses in the event that it extends the deadline for submission of information and document requests. If the date for submitting or responding to information and document requests should fall on a weekend or a holiday recognized by the FERC, then the submissions or responses shall be due on the next business day.

- (ii) *Scope.* Information requests shall be limited to what is necessary to determine: (A) the extent, effect, or impact of an Accounting Change; (B) whether the True-Up Adjustment fails to include data properly recorded in accordance with the Protocols; (C) the proper application of the Template and procedures in the Protocols; (D) the accuracy of data and consistency with the Formula Rate of the charges shown in the Annual Update or Annual Projection; (E) the prudence of the actual costs and expenditures; (F) the effect of any change to the underlying USofA or applicable form; and (G) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate.
- (iii) *Limitation on Scope.* Information requests shall not solicit information concerning costs or allocations where the costs or allocation methods have been determined to be appropriate by FERC in the context of prior LSPGC Annual Updates, except that such information requests shall be permitted if they (A) seek to determine if there has been a change in circumstances, (B) are in connection with corrections pursuant to Section 6 of these Protocols, or (C) relate to costs or allocations that have not previously been challenged and adjudicated by FERC.
- (iv) *Public Availability of Information Requests and Responses.* Information requests received by LSPGC and LSPGC's responses thereto will be posted at a publicly accessible location on its's internet website and a link to the website will be distributed to the Service List; provided, however, that if responses to information and document requests include material deemed by LSPGC to be confidential information, such information will

not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPGC and the requesting party.

- (v) *Privilege.* LSPGC shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent proceeding addressing LSPGC's Annual Update or Annual Projection.
- (vi) *Disputes.* To the extent LSPGC and any Interested Person(s) are unable to resolve disputes related to information requests submitted in accordance with these Annual Review Procedures, LSPGC or the Interested Person(s) may petition the FERC to appoint an Administrative Law Judge as a discovery master to resolve the discovery dispute(s) in accordance with these Protocols and consistent with FERC's discovery rules.

b. Informal Challenges

- (i) *Deadlines.* Interested Parties shall have the period of time from the Publication Date until March 1 ("Review Period") to review the calculations and to notify LSPGC in writing of any specific challenges to the Annual Update and Annual Projection ("Informal Challenge"), including challenges related to Accounting Changes; provided, however, that such Review Period may be extended with the written consent of LSPGC or by FERC order. If March 1 should fall on a weekend or a holiday recognized by the FERC, then Informal Challenges shall be due on the next business day. LSPGC shall make a good faith effort to respond to Informal Challenges within twenty (20) days of receipt of such

challenge. LSPGC shall respond to all Informal Challenges no later than April 1; provided, however, that LSPGC may reasonably extend the deadline for its own responses in the event that it extends the Review Period. If April 1 should fall on a weekend or a holiday recognized by the FERC, then LSPGC's responses to Informal Challenges shall be due on the next business day.

- (ii) *Contents and Scope.* An Interested Party submitting an Informal Challenge to LSPGC must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. A party may raise in an Informal Challenge all issues that may be necessary to determine: (A) the extent, effect, or impact of an Accounting Change; (B) whether the True-Up Adjustment fails to include data properly recorded in accordance with the Protocols; (C) the proper application of the Template and procedures in the Protocols; (D) the accuracy of data and consistency with the Formula Rate of the charges shown in the Annual Update; (E) the prudence of the actual costs and expenditures; (F) the effect of any change to the underlying USofA or applicable form; and (G) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate.
- (iii) *Responses to Informal Challenges.* In its responses, LSPGC shall notify the challenging party of the extent to which LSPGC agrees or disagrees

with the challenge. If LSPGC disagrees with the Informal Challenge, its response shall include supporting documentation.

- (iv) *Public Availability of Informal Challenges and Responses.* LSPGC shall promptly cause to be posted all Informal Challenges and LSPGC's responses to such Informal Challenges at a publicly accessible location on its's internet website and a link to the website will be e-mailed to the Service List; provided, however, that if Informal Challenges or LSPGC's responses to such Informal Challenges include material deemed by LSPGC to be confidential information, such challenges and responses will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by LSPGC and the requesting party.
- (v) *Senior Representatives.* LSPGC, and where applicable, the transmission provider, shall appoint a senior representative to work with the Interested Person(s) that submitted the Informal Challenge (or its representative) toward a resolution of the challenge.

c. Accounting Changes

- (i) *Challenges Related to Accounting Changes.* Informal or Formal Challenges (as described in Sections 4 and 5) related to Accounting Changes shall be treated in the same manner under these Protocols as other challenges to the Annual Update or Annual Projection. Failure to make an Informal Challenge with respect to an Accounting Change in an Annual Update or Annual Projection shall not act as a bar with respect to a Formal Challenge with respect to that Annual Update, nor shall such

failure bar a subsequent Informal Challenge related to a subsequent Annual Update to the extent such Accounting Change affects the subsequent Annual Update.

- (ii) *Remedies.* If a change made by LSPGC to its accounting policies, practices or procedures, or the application of the Formula Rate, is found by the FERC to be unjust, unreasonable, or unduly discriminatory or preferential, then the calculation of the charges to be assessed during the Rate Year then under review, and the charges to be assessed during any subsequent Rate Years, including any True-up Adjustments, shall not include such change, but shall include any remedy that may be prescribed by FERC in the exercise of its discretion as of the effective date of such remedy, to ensure that the Formula Rate continues to operate in a manner that is just, reasonable, and not unduly discriminatory or preferential.

Section 5. Resolution of Challenges

- a. *Deadlines.* Any Interested Person(s) may file a challenge with the FERC (“Formal Challenge”) contesting some action or inaction by LSPGC with respect to the Annual Update or Annual Projection, and shall do so no later than May 15 following the end of the Review Period; provided, however, that such deadline may be extended with the written consent of LSPGC to continue efforts to resolve an issue or by FERC order. If May 15 should fall on a weekend or a holiday recognized by the FERC, then Formal Challenges shall be due on the next business day.

- b. *Contents of Formal Challenges.* Formal Challenges shall be filed pursuant to these protocols. All information and correspondence produced by LSPGC pursuant to these Protocols may be included in any Formal Challenge or other FERC proceeding relating to the Formula Rate, subject to any applicable confidentiality and Critical Energy Infrastructure Information restrictions. The Interested Person(s) filing such a Formal Challenge shall do all of the following:
- (i) Clearly identify the action or inaction which is alleged to violate the Formula Rate (including the Template and/or these Protocols);
 - (ii) Explain how the action or inaction violates the Formula Rate (including the Template and/or these Protocols);
 - (iii) Set forth the business, commercial, economic, or other issues presented by the action or inaction as such relate to or affect the Interested Person(s) filing the Formal Challenge, including: (A) the extent or effect of an Accounting Change; (B) whether the True-Up Adjustment fails to include data properly recorded in accordance with the Protocols; (C) the proper application of the Template and procedures in the Protocols; (D) the accuracy of data and consistency with the Formula Rate of the charges shown in the Annual Update; (E) the prudence of the actual costs and expenditures; (F) the effect of any change to the underlying USofA or applicable form; and (G) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate;

- (iv) Make a good faith effort to quantify the financial impact or burden (if any) created for the Interested Person(s) filing the Formal Challenge as a result of the action or inaction;
 - (v) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the Interested Person(s) filing the Formal Challenge is a party, and, if so, provide an explanation as to why timely resolution cannot be achieved in that forum;
 - (vi) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
 - (vii) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the Interested Person(s) filing the Formal Challenge, including, but not limited to, contracts and affidavits; and
 - (viii) State whether the Interested Person(s) filing the Formal Challenge utilized the Informal Challenge procedures described in these protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.
- c. *Docketing and Service.* Interested Person(s) shall submit Formal Challenges with the Commission in the same docket as the informational filing described in Section 7 and shall serve Formal Challenges on LSPGC by electronic service on the date of such filing in accordance with Section 385.2010(f)(3) of the Commission's regulations.
- d. *Other Requirements.* Failure to raise an issue in an Informal Challenge shall not bar an Interested Person from raising that issue in a Formal Challenge, provided

the Interested Person submitted an Informal Challenge during the Review Period with respect to one or more other issues.

- e. *Responses to Formal Challenges by LSPGC.* Any response by LSPGC to a Formal Challenge must be submitted to the FERC within thirty (30) calendar days of the date of the filing of the Formal Challenge, and shall be served on the Interested Person(s) filing the Formal Challenge and the Service List on the date of such filing. If such deadline should fall on a weekend or a holiday recognized by the FERC, then LSPGC's responses to Informal Challenges shall be due on the next business day.
- f. *Burden.* In any Formal Challenge proceeding concerning a given year's Annual Update (including corrections) or Accounting Change(s), LSPGC shall demonstrate the justness and reasonableness of the rate resulting from its application of the Formula Rate by demonstrating that it has reasonably and accurately calculated the Annual Update and/or reasonably adopted and applied the Accounting Change.
- g. *Reservation of Rights under FPA Sections 205 and 206.* Except as specifically provided in these Protocols and subject to the terms of the final FERC Order under Docket No. [insert #], nothing herein shall be deemed to limit in any way the right of LSPGC to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, an application seeking changes to the Formula Rate or to any of the stated value inputs requiring a Section 205 filing under these Protocols (including, but not limited to, ROE and depreciation rates), or the right of any Interested Parties or the Commission to seek such changes pursuant to Section 206 of the FPA and the regulations thereunder.

Section 6. Changes to Annual Updates

- a. If LSPGC determines or concedes under Sections 4 and/or 5 of these Protocols that corrections to the Annual Update are required (including but not limited to those requiring corrections to its FERC Form No. 1 or input data used for a Rate Year that would have affected the Annual Update for that Rate Year), LSPGC shall promptly cause a correction to the Annual Update to be posted at a publicly accessible location on its's internet website and such correction to be distributed to the Service List.
- b. Such corrections shall be reflected in the next Annual Update, with interest. Interest on any over- or under-recovery due to corrections for preceding True-up Adjustments shall be calculated monthly on such over- or under-recovery from January 1 of the corrected Rate Year through December 31 of the Rate Year in which such over- or under-recovery is reflected ("Correction Period"). That is equivalent to two years interest applied to over- or under- collection. The applicable monthly interest rates for the Correction Period for an over-recovery or under-recovery shall be the annual interest rates for each month pursuant to 18 C.F.R. § 35.19a divided by twelve (12) for each month from the beginning of the Correction Period through December 31 of the Rate Year immediately preceding the Rate Year in which such over-recovery is reflected.
- c. Such corrections shall be subject to review at the time they are made, and the corrected posting shall be followed by a review period ("Correction Review Period"), during which the scope of review shall be limited to the aspects of the Annual Update affected by the corrections. LSPGC and any Interested Person(s)

shall work together in good faith to set a reasonable duration for such Correction Review Period and the deadlines for submission and/or responses to information and document requests, Informal Challenges, and Formal Challenges.

Section 7. Informational Filing

- a. *Deadline.* LSPGC shall submit to FERC an informational filing (“Informational Filing”), in a newly established FERC docket, of its projected Net Revenue Requirement for a Rate Year, including the True-Up Adjustment determined during the preceding Annual Update, by April 15 of the Rate Year; provided, however, that LSPGC may delay the deadline for filing the Informational Update to account for any previous delays in the Review Period or deadline for submitting or responding to Informal Challenges. If April 15 should fall on a weekend or a holiday recognized by the FERC, then the Informational Filing shall be due on the next business day. LSPGC will provide notification of the FERC Docket number for the Informational Filing directly to CAISO and to other parties through the Service List maintained by LSPGC.
- b. *Contents.* This Informational Filing must include the information that is reasonably necessary to determine: (i) that input data under the formula rate are properly recorded in any underlying workpapers; (ii) that LSPGC has properly applied the formula rate and these procedures; (iii) the accuracy of data and the consistency with the formula rate of the Net Revenue Requirement and rates under review; (iv) the extent of Accounting Changes that affect Formula Rate inputs; and (v) the reasonableness of projected costs. The Informational Filing must also describe any corrections or adjustments made during that period, and

must describe all aspects of the Annual Update or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures.

- c. *Challenges.* Any challenges to the implementation of the Template must be made through the procedures described in Sections 4 and 5 of these protocols or in a separate complaint proceeding, and must not be made in response to the Informational Filing.