

New York Transco LLC
True-Up Variance Schedule for Calendar Year 2017
Tax Reform Adjustment Line Included - Consistent with Waiver Request

| Line No. | <u>2017 Actual</u> | <u>2017 Projected</u> | <u>Variance</u> | |
|---|---|-----------------------------|-----------------------------|----------------------------|
| NET ADJUSTED REVENUE REQUIREMENT | | | | |
| 1 | GROSS REVENUE REQUIREMENT | \$ 35,083,918 | \$ 35,973,041 | \$ (889,123) |
| REVENUE CREDITS | | | | |
| 2 | Total Revenue Credits | - | - | - |
| 3 | Net Revenue Requirement | 35,083,918 | 35,973,041 | (889,123) |
| 4 | True-up Adjustment | - | - | - |
| 5 | NET ADJUSTED REVENUE REQUIREMENT | <u>\$ 35,083,918</u> | <u>\$ 35,973,041</u> | <u>\$ (889,123)</u> |

The primary variances between the 2017 Projection and the 2017 True-Up revenue requirement are as follows:

- Operating and maintenance expenses were \$0.96 million less than the projection
- Return on rate base was below the projection by approximately \$0.15 million
- Income taxes were \$0.11 million more than the projection
- Other minor variances were \$0.11 million more than the projection
- See pages 2 and 3 for additional variance information

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| Line No. | | 2017 Actual | 2017 Projected | Variance |
|------------------|--|---------------------------|--------------------|--------------------|
| RATE BASE | | | | |
| | GROSS PLANT IN SERVICE | | | |
| 1 | Production | - | - | - |
| 2 | Transmission | 73,684,534 | 86,663,000 | (12,978,466) |
| 3 | Distribution | - | - | - |
| 4 | General & Intangible | 135,488,080 | 123,773,000 | 11,715,080 |
| 5 | TOTAL GROSS PLANT (sum lines 1-4) | Note 1 209,172,614 | 210,436,000 | (1,263,386) |
| 6 | ACCUMULATED DEPRECIATION & AMORTIZATION | | | |
| 7 | Production | - | - | - |
| 8 | Transmission | 1,720,763 | 1,981,000 | (260,237) |
| 9 | Distribution | - | - | - |
| 10 | General & Intangible | 3,194,284 | 2,903,000 | 291,284 |
| 11 | TOTAL ACCUM. DEPRECIATION (sum lines 7-10) | 4,915,047 | 4,884,000 | 31,047 |
| 12 | NET PLANT IN SERVICE | | | |
| 13 | Production | - | - | - |
| 14 | Transmission | 71,963,771 | 84,682,000 | (12,718,229) |
| 15 | Distribution | - | - | - |
| 16 | General & Intangible | 132,293,796 | 120,870,000 | 11,423,796 |
| 17 | TOTAL NET PLANT (sum lines 13-16) | 204,257,567 | 205,552,000 | (1,294,433) |
| 18 | ADJUSTMENTS TO RATE BASE | | | |
| 19 | ADIT | Note 2 (4,501,689) | (7,246,500) | 2,744,811 |
| 19b | Tax Reform | Note 3 (1,822,262) | - | (1,822,262) |
| 20 | Account No. 255 (enter negative) | - | - | - |
| 21 | CWIP | - | - | - |
| 22 | Unfunded Reserves (enter negative) | - | - | - |
| 23 | Unamortized Regulatory Assets | 4,557,890 | 4,557,892 | (2) |
| 24 | Unamortized Abandoned Plant | - | - | - |
| 25 | TOTAL ADJUSTMENTS (sum lines 19-24) | (1,766,061) | (2,688,608) | 922,547 |
| 26 | LAND HELD FOR FUTURE USE | - | - | - |
| 27 | WORKING CAPITAL | | | |
| 28 | CWC | 633,337 | 753,740 | (120,403) |
| 29 | Materials & Supplies | - | - | - |
| 30 | Prepayments | Note 4 213,684 | 796,941 | (583,257) |
| 31 | TOTAL WORKING CAPITAL (sum lines 28-30) | 847,021 | 1,550,681 | (703,660) |
| 32 | RATE BASE (sum lines 17, 25, 26, & 31) | <u>203,338,527</u> | <u>204,414,073</u> | <u>(1,075,546)</u> |

Note 1

- Variance due to beginning gross plant balance projection (Dec. 31, 2016) being higher than actual at December 31, 2016

Note 2

- Decrease in ADIT liability primarily due to a reduction in the maximum federal income tax rate from 35% to 21%

Note 3

- Actual amount represents the impact from the reduction of the federal income tax rate from 35% to 21% on the ADIT balances

Note 4

- Decrease in prepaid balance due to the timing of property tax payments

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| | | <u>2017 Actual</u> | <u>2017 Projected</u> | <u>Variance</u> |
|---|--|--------------------------|---------------------------|---------------------|
| Operating and Maintenance Expenses | | | | |
| 1 | Transmission | 1,699,420 | 1,735,517 | (36,097) |
| 2 | Less Accounts 565, 561 and 561.1 to 561.8 | - | - | - |
| 3 | A&G | Note 1 3,368,569 | 4,294,400 | (925,831) |
| 4 | Less EPRI & Reg. Comm. Exp. & Other Ad. | - | - | - |
| 5 | Plus Transmission Related Reg. Comm. Exp. | - | - | - |
| 6 | PBOP expense adjustment | (1,295) | - | (1,295) |
| 6a | Less Account 566 | 1,219,945 | 1,163,717 | 56,228 |
| 6b | Amortization of Regulatory Assets | 1,163,717 | 1,163,717 | - |
| 6c | Account 566 excluding amort. of Reg Assets | 56,228 | - | 56,228 |
| 7 | TOTAL O&M (sum lines 1, 3, 5, 6, 6b, 6c less lines 2 & 4, 6a) | 5,066,694 | 6,029,917 | (963,223) |
| DEPRECIATION EXPENSE | | | | |
| 8 | Transmission | 1,587,651 | 1,872,000 | (284,349) |
| 9 | General and Intangible | 3,070,093 | 2,748,000 | 322,093 |
| 10 | Amortization of Abandoned Plant | - | - | - |
| 11 | TOTAL DEPRECIATION (Sum lines 8-10) | 4,657,744 | 4,620,000 | 37,744 |
| TAXES OTHER THAN INCOME TAXES | | | | |
| 12 | TAXES OTHER THAN INCOME TAXES | | | |
| 13 | LABOR RELATED | | | |
| 14 | Payroll | 11,180 | - | 11,180 |
| 15 | Highway and vehicle | - | - | - |
| 16 | PLANT RELATED | | | |
| 17 | Property | 4,211,688 | 4,147,200 | 64,488 |
| 18 | Gross Receipts | - | - | - |
| 19 | Other | - | - | - |
| 20 | TOTAL OTHER TAXES (sum lines 14-19) | 4,222,868 | 4,147,200 | 75,668 |
| INCOME TAXES | | | | |
| 21 | INCOME TAXES | | | |
| 22 | $T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} * (1-n) =$ | | | |
| 23 | $CIT=(T/1-T) * (1-(WCLTD/R)) =$ | | | |
| 24 | where WCLTD=(line 52) and R= (line 55) | | | |
| 25 | and FIT, SIT, p, & n. | | | |
| 26 | $1 / (1 - T) = (T \text{ from line 22})$ | | | |
| 27 | Amortized Investment Tax Credit (Attachment 4, line 14) | | | |
| 28 | Income Tax Calculation = line 23 * line 32 * (1-n) | Note 2 7,185,707 | 7,076,940 | 108,767 |
| 29 | ITC adjustment (line 26 * line 27 * (1- n)) | - | - | - |
| 30 | Total Income Taxes | 7,185,707 | 7,076,940 | 108,767 |
| 31 | RETURN | | | |
| 32 | Rate Base (line 32) * Rate of Return | Note 3 13,033,064 | 13,184,093 | (151,029) |
| 33 | Rev Requirement before Incentive Projects (sum lines 7, 11, 20, 30, 32) | 34,166,077 | 35,058,150 | (892,073) |
| 34 | Incentive Return and Income Tax on Authorized Projects | 917,841 | 914,892 | 2,949 |
| 35 | Total Revenue Requirement (sum lines 33 & 34) | <u>\$ 35,083,918</u> | <u>\$ 35,973,042</u> | <u>\$ (889,124)</u> |

Note 1

- A&G costs were lower than expected due to fewer FTE's

Note 2

- Primarily due to actual state and local income tax rate being higher than estimated

Note 3

- Decrease due to reduction in rate base as noted on page 2