

New York Transco LLC
True-Up Variance Schedule for Calendar Year 2016

<u>Line No.</u>	<u>2016 Actual</u>	<u>2016 Projected</u>	<u>Variance</u>
NET ADJUSTED REVENUE REQUIREMENT			
1 GROSS REVENUE REQUIREMENT	\$ 19,570,680	\$ 25,720,312	\$ (6,149,632)
2 REVENUE CREDITS Total Revenue Credits	-	-	-
3 Net Revenue Requirement	19,570,680	25,720,312	(6,149,632)
4 True-up Adjustment	-	-	-
5 NET ADJUSTED REVENUE REQUIREMENT	<u>\$ 19,570,680</u>	<u>\$ 25,720,312</u>	<u>\$ (6,149,632)</u>

The primary variances between the 2016 Projection and the 2016 True-Up revenue requirement are as follows:

- Return on rate base was below the projection by approximately \$1.9 million due to actual rate base being \$19.8 million lower than the projection due to the TOTS Projects coming in under budget
- Operating and maintenance expenses were \$2.6 million less than the projection
- Taxes other than income taxes were \$1.0 million less than the projection
- See pages 2 and 3 for additional variance information

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Line No.	<u>2016 Actual</u>	<u>2016 Projected</u>	<u>Variance</u>
RATE BASE			
	GROSS PLANT IN SERVICE		
1	-	-	-
2	43,681,750	34,461,538	9,220,212
3	-	-	-
4	66,396,943	95,769,231	(29,372,287)
5	Note 1 110,078,694	130,230,769	(20,152,076)
	ACCUMULATED DEPRECIATION & AMORTIZATION		
6	-	-	-
7	-	-	-
8	310,463	234,231	76,233
9	-	-	-
10	489,827	654,849	(165,022)
11	800,291	889,080	(88,789)
	NET PLANT IN SERVICE		
12	-	-	-
13	-	-	-
14	43,371,287	34,227,308	9,143,979
15	-	-	-
16	65,907,116	95,114,382	(29,207,266)
17	109,278,403	129,341,690	(20,063,287)
	ADJUSTMENTS TO RATE BASE		
18	-	-	-
19	(1,545,186)	(1,256,730)	(288,457)
20	-	-	-
21	-	-	-
22	-	-	-
23	5,353,308	4,603,043	750,266
24	-	-	-
25	3,808,122	3,346,313	461,809
26	-	-	-
	WORKING CAPITAL		
27	-	-	-
28	340,518	666,827	(326,309)
29	-	-	-
30	136,256	-	136,256
31	476,775	666,827	(190,052)
32	<u>113,563,300</u>	<u>133,354,830</u>	<u>(19,791,530)</u>

Note 1

- Variance due to TOTS Projects coming in under budget

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	<u>2016 Actual</u>	<u>2016 Projected</u>	<u>Variance</u>	
Operating and Maintenance Expenses				
1	Transmission	896,809	2,085,216	(1,188,407)
2	Less Accounts 565, 561 and 561.1 to 561.8	-	-	-
3	A&G	1,831,398	3,249,400	(1,418,002)
4	Less EPRI & Reg. Comm. Exp. & Other Ad.	-	-	-
5	Plus Transmission Related Reg. Comm. Exp.	-	-	-
6	PBOP expense adjustment	(4,061)	-	(4,061)
6a	Less Account 566	1,622	943,416	(941,794)
6b	Amortization of Regulatory Assets	678,835	943,416	(264,581)
6c	Account 566 excluding amort. of Reg Assets	(677,213)	-	(677,213)
7	TOTAL O&M (sum lines 1, 3, 5, 6, 6b, 6c less lines 2 & 4, 6a Note 1	2,724,146	5,334,616	(2,610,470)
DEPRECIATION EXPENSE				
8	Transmission	926,600	761,248	165,352
9	General and Intangible	1,694,057	2,131,537	(437,480)
10	Amortization of Abandoned Plant	-	-	-
11	TOTAL DEPRECIATION (Sum lines 8-10) Note 2	2,620,657	2,892,785	(272,128)
TAXES OTHER THAN INCOME TAXES				
12	TAXES OTHER THAN INCOME TAXES			
13	LABOR RELATED			
14	Payroll	5,567	-	5,567
15	Highway and vehicle	-	-	-
16	PLANT RELATED			
17	Property	2,400,092	3,425,400	(1,025,308)
18	Gross Receipts	-	-	-
19	Other	-	-	-
20	TOTAL OTHER TAXES (sum lines 14-19) Note 3	2,405,659	3,425,400	(1,019,741)
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)	4,058,958	4,404,928	(345,970)
29	ITC adjustment (line 26 * line 27 * (1- n))	-	-	-
30	Total Income Taxes Note 4	4,058,958	4,404,928	(345,970)
31	RETURN			
32	Rate Base (line 32) * Rate of Return Note 5	7,265,719	9,127,471	(1,861,752)
33	Rev Requirement before Incentive Projects (sum lines 7, 11, 20, 30, 32)	19,075,139	25,185,200	(6,110,061)
34	Incentive Return and Income Tax on Authorized Projects	495,541	535,112	(39,571)
35	Total Revenue Requirement (sum lines 33 & 34)	<u>19,570,680</u>	<u>25,720,312</u>	<u>(6,149,632)</u>

Note 1

- Transmission O&M lower than expected for the new TOTS Projects placed in service in June 2016
- A&G costs were lower than expected due to fewer FTE's (\$500k) and lower than expected outside services (\$1,000k)

Note 2

- Depreciation lower than expected due to TOTS Projects coming in under budget

Note 3

- Lower than expected property taxes for the new TOTS Projects placed in service in June 2016

Note 4

- Reduced income taxes due to reduced return on rate base, partially offset by increased state tax rate

Note 5

- Variance is the result of reduced rate base as noted above