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

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

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

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

Distribution General & Intangible Ge.396,943 95,769,231 (29,372,28 10,078,694 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 (20,152,078 10,078,694 (20,152,078 10,078,694 (20,152,078 10,078,694 (20,152,078 10,078,694 (20,152,078	Line No.		_	2016 Actual	2016 Projected	Variance
Production	RATE	BASE				
Transmission		GROSS PLANT IN SERVICE				
Distribution General & Intangible Ge,396,943 95,769,231 (29,372,28 10,078,694 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 130,230,769 (20,152,078 10,078,694 (20,152,078 130,463 234,231 76,23 (20,152,078 130,463 234,231 76,23 (20,152,078 130,463 234,231 (20,152,078 130,463 234,231 (20,152,078 130,478 130,478 (20,1	1	Production		-	-	-
General & Intangible	2	Transmission		43,681,750	34,461,538	9,220,212
5 TOTAL GROSS PLANT (sum lines 1-4) Note 1 110,078,694 130,230,769 (20,152,07) 6 ACCUMULATED DEPRECIATION & AMORTIZATION Production -	3	Distribution		-	-	-
6 ACCUMULATED DEPRECIATION & AMORTIZATION 7 Production -						(29,372,287)
7 Production	5	TOTAL GROSS PLANT (sum lines 1-4)	Note 1	110,078,694	130,230,769	(20,152,076)
8 Transmission 310,463 234,231 76,23 9 Distribution - - - - 10 General & Intangible 489,827 654,849 (165,02) 11 TOTAL ACCUM. DEPRECIATION (sum lines 7-10) 800,291 889,080 (88,76) 12 NET PLANT IN SERVICE - <td>6</td> <td>ACCUMULATED DEPRECIATION & AMORTIZATION</td> <td></td> <td></td> <td></td> <td></td>	6	ACCUMULATED DEPRECIATION & AMORTIZATION				
Distribution Seneral & Intangible 489,827 654,849 (165,02)	7	Production		-	-	-
TOTAL ACCUM. DEPRECIATION (sum lines 7-10) Sum 100, 291 Sum	8	Transmission		310,463	234,231	76,233
11 TOTAL ACCUM. DEPRECIATION (sum lines 7-10) 800,291 889,080 (88,78) 12 NET PLANT IN SERVICE - <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td>				-	-	-
12 NET PLANT IN SERVICE 13 Production - <t< td=""><td></td><td></td><td></td><td></td><td></td><td>(165,022)</td></t<>						(165,022)
Production	11	TOTAL ACCUM. DEPRECIATION (sum lines 7-10)		800,291	889,080	(88,789)
14 Transmission 43,371,287 34,227,308 9,143,97 15 Distribution - - - 16 General & Intangible 65,907,116 95,114,382 (29,207,26 17 TOTAL NET PLANT (sum lines 13-16) 109,278,403 129,341,690 (20,063,26 18 ADJUSTMENTS TO RATE BASE (1,545,186) (1,256,730) (288,45 19 Account No. 255 (enter negative) - - - - 20 Account No. 255 (enter negative) - - - - - 21 CWIP - <td< td=""><td></td><td>NET PLANT IN SERVICE</td><td></td><td></td><td></td><td></td></td<>		NET PLANT IN SERVICE				
Distribution	_	Production		-	-	-
16 General & Intangible 65,907,116 95,114,382 (29,207,26 17 TOTAL NET PLANT (sum lines 13-16) 109,278,403 129,341,690 (20,063,28 18 ADJUSTMENTS TO RATE BASE (1,545,186) (1,256,730) (288,48 20 Account No. 255 (enter negative) - - - - 21 CWIP - - - - 22 Unfunded Reserves (enter negative) - - - - - 23 Unamortized Regulatory Assets 5,353,308 4,603,043 750,26 -				43,371,287	34,227,308	9,143,979
17 TOTAL NET PLANT (sum lines 13-16) 109,278,403 129,341,690 (20,063,28 18 ADJUSTMENTS TO RATE BASE 19 ADIT (1,545,186) (1,256,730) (288,45 20 Account No. 255 (enter negative) - - - - - 21 CWIP -<				-	-	-
18 ADJUSTMENTS TO RATE BASE 19 ADIT (1,545,186) (1,256,730) (288,45) 20 Account No. 255 (enter negative)						(29,207,266)
19 ADIT (1,545,186) (1,256,730) (288,45) 20 Account No. 255 (enter negative) - - - 21 CWIP - - - 22 Unfunded Reserves (enter negative) - - - 23 Unamortized Regulatory Assets 5,353,308 4,603,043 750,26 24 Unamortized Abandoned Plant - - - - 25 TOTAL ADJUSTMENTS (sum lines 19-24) 3,808,122 3,346,313 461,80 26 LAND HELD FOR FUTURE USE - - - 27 WORKING CAPITAL 340,518 666,827 (326,30 29 Materials & Supplies - - - 30 Prepayments - - - - 31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05)	17	TOTAL NET PLANT (sum lines 13-16)		109,278,403	129,341,690	(20,063,287)
20 Account No. 255 (enter negative) -		ADJUSTMENTS TO RATE BASE				
CWIP				(1,545,186)	(1,256,730)	(288,457)
22 Unfunded Reserves (enter negative) - - - 23 Unamortized Regulatory Assets 5,353,308 4,603,043 750,26 24 Unamortized Abandoned Plant - - - - 25 TOTAL ADJUSTMENTS (sum lines 19-24) 3,808,122 3,346,313 461,80 26 LAND HELD FOR FUTURE USE - - - - 27 WORKING CAPITAL 28 CWC 340,518 666,827 (326,30 29 Materials & Supplies - - - - 30 Prepayments 136,256 - 136,25 31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05				-	-	-
23 Unamortized Regulatory Assets 5,353,308 4,603,043 750,26 24 Unamortized Abandoned Plant - - - 25 TOTAL ADJUSTMENTS (sum lines 19-24) 3,808,122 3,346,313 461,80 26 LAND HELD FOR FUTURE USE - - - - 27 WORKING CAPITAL 28 CWC 340,518 666,827 (326,30 29 Materials & Supplies - - - - 30 Prepayments 136,256 - 136,256 31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05		-		-	-	-
24 Unamortized Abandoned Plant -				-	=	-
25 TOTAL ADJUSTMENTS (sum lines 19-24) 26 LAND HELD FOR FUTURE USE 27 WORKING CAPITAL 28 CWC 29 Materials & Supplies 30 Prepayments 31 TOTAL WORKING CAPITAL (sum lines 28-30) 3,808,122 3,346,313 461,80 461,80 3,808,122 3,346,313 461,80 476,715 666,827 (326,30 476,775 666,827 (190,05)				5,353,308	4,603,043	750,266
26 LAND HELD FOR FUTURE USE 27 WORKING CAPITAL 28 CWC 29 Materials & Supplies 30 Prepayments 136,256 1 TOTAL WORKING CAPITAL (sum lines 28-30) 30 LAND HELD FOR FUTURE USE						
27 WORKING CAPITAL 28 CWC 340,518 666,827 (326,30 29 Materials & Supplies - - - - 30 Prepayments 136,256 - 136,256 31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05	25	TOTAL ADJUSTMENTS (sum lines 19-24)		3,808,122	3,346,313	461,809
28 CWC 340,518 666,827 (326,30 29 Materials & Supplies - - - 30 Prepayments 136,256 - 136,25 31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05	26	LAND HELD FOR FUTURE USE		-	-	-
29 Materials & Supplies	27	WORKING CAPITAL				
29 Materials & Supplies	28	CWC		340,518	666,827	(326,309)
31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05	29	Materials & Supplies		-	=	= ,
31 TOTAL WORKING CAPITAL (sum lines 28-30) 476,775 666,827 (190,05		Prepayments			<u>-</u>	136,256
32 RATE BASE (sum lines 17, 25, 26, & 31) 113,563,300 133,354,830 (19,791,53	31	TOTAL WORKING CAPITAL (sum lines 28-30)			666,827	(190,052)
	32	RATE BASE (sum lines 17, 25, 26, & 31)	<u> </u>	113,563,300	133,354,830	(19,791,530)

Note 1

⁻ Variance due to TOTS Projects coming in under budget

New York Transco LLC

True-Up Variance Schedule for Calendar Year 2016

		_	2016 Actual	2016 Projected	Variance
Operat	ing 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)	- 040 440	(4,061)
6a	Less Account 566		1,622	943,416	(941,794)
6b 6c	Amortization of Regulatory Assets Account 566 excluding amort, of Reg Assets		678,835 (677,213)	943,416	(264,581) (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)
DEPRE	CIATION 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		<u> </u>		-
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 19	Gross Receipts Other		-	-	-
20	TOTAL OTHER TAXES (sum lines 14-19)	Note 3	2,405,659	3,425,400	(1,019,741)
	E TAXES				
21	INCOME TAXES				
22 23	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p))}*(1-n) = 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 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))		-	-	<u> </u>
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)	_	19,570,680	25,720,312	(6,149,632)

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**

Note 3

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

LowerNote 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

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