

**Appendix 7 – December 18, 2015 IPL Formal Challenge to Cost Increase Resulting  
from ITC-M Bonus Depreciation Tax Treatment Opt Out (Docket No. ER15-1250)**

**FILED WITH  
Executive Secretary  
December 22, 2015  
IOWA UTILITIES BOARD**



its ADIT and increasing unduly the transmission charges that IPL must pay for transmission service and adversely affecting consumers served by IPL. If ITC Midwest is permitted to opt out of using bonus depreciation with impunity under circumstances in which it would be imprudent for it to do so, many other utilities might similarly decide to opt out of bonus depreciation, and thereby inflate the rate base used to determine their FERC-jurisdictional rates.

## **I. SERVICE AND COMMUNICATIONS**

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Proceeding on behalf of IPL are:

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## **II. BACKGROUND**

### **A. The Parties**

IPL is a load-serving public utility that owns and operates electric facilities for the generation, distribution, and sale of electric power and energy to approximately 490,000 retail electric service customers in Iowa. Because transmission facilities previously owned and operated by IPL have been sold to ITC Midwest, an independent, stand-alone transmission company, IPL is a transmission-dependent utility. Operational control over the transmission facilities owned and operated by ITC Midwest has been transferred to MISO, and transmission service needed by IPL is acquired from MISO pursuant to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (the "MISO Tariff").

ITC Midwest is a wholly-owned subsidiary of ITC Holdings Corp. (“ITC Holdings”) that owns and operates transmission facilities in Iowa, Minnesota, Illinois and Missouri. ITC Midwest is a transmission-owning member of MISO. Charges for transmission service within the ITC Midwest zone of MISO are determined pursuant to a cost-of-service formula rate set forth in Attachment O-ITC Midwest of the MISO Tariff. A copy of Attachment O-ITC Midwest of the MISO Tariff is attached (Exhibit 1). The Attachment O cost-of-service formula rate (“revenue requirement”) provides for ITC Midwest to receive a rate of return on its net investment in rate base. The rate base used for this purpose is the sum of net plant in service (gross plant in service less accumulated depreciation), land held for future use, and working capital, less certain adjustments. The adjustments include ADIT amounts recorded in Accounts 281-283, offset by amounts included in Account 190—Accumulated deferred income taxes.

ITC Midwest is organized as a single-member limited liability company of ITC Holdings, which is taxed as a corporation for federal income tax purposes. Additionally, ITC Midwest is included with ITC Holdings and various other affiliates in each of the different states for which ITC Holdings files state income tax returns. ITC Midwest records Federal and state income taxes and makes payments to ITC Holdings based on its stand-alone company tax position in accordance with an intercompany tax sharing arrangement with ITC Holdings. Although ITC Midwest and ITC Holdings are separate entities, many senior officers of ITC Midwest are also senior officers of ITC Holdings. Therefore, any tax-related decisions that impact ITC Midwest, which nominally are subject to the discretion of the management of ITC Holdings, may be made by individuals who have a fiduciary duty as officials of ITC Midwest.

### **B. Use of Bonus Depreciation**

In general, assets used in providing public utility service are depreciated for ratemaking purposes through use of straight-line depreciation over the estimated service lives of such facilities. In contrast, the Code allows taxpayers to accelerate the depreciation of certain assets for tax purposes using the Modified Accelerated Cost Recovery System (“MACRS”), which was adopted through the Tax Reform Act of 1986. Systems for accelerated depreciation share a common Congressional purpose - to subsidize the cost of investing in depreciable assets. This purpose is accomplished by having the government extend interest-free “loans” to taxpayers who acquire these assets. The difference in the amount of tax determined due to accelerated depreciation of an asset for Federal income tax purposes and straight line depreciation of the asset for ratemaking purposes (the “loan”) results in an increase in ADIT as recorded on the books of the utility, and therefore results in a lower rate base and lower revenue requirement.

Various legislative actions have permitted taxpayers to accelerate further the depreciation of certain assets for tax purposes by taking additional first year depreciation (“bonus depreciation”) on qualified property under Section 168(k) of the Code. Bonus depreciation was enacted in 2008 under the Economic Stimulus Act of 2008. It has since been extended through multiple pieces of legislation. For equipment purchased after December 31, 2007 and before January 1, 2015, and placed into service prior to December 31, 2015, taxpayers generally have been allowed bonus depreciation of 50% of the cost of the eligible property, while taxpayers could take bonus depreciation on equipment purchased after September 8, 2010 and before January 1, 2012 and placed into service before January 1, 2012, on 100% of the cost of the eligible property.

Congress used the tax system to extend as well as to have the taxpayer repay the “loans.” When, in the early years of an asset’s life, the taxpayer claims accelerated depreciation on its tax return, its tax liability is reduced. This leaves it with incremental cash - the “loan.” In the later years of the asset’s life, there comes a point when tax depreciation associated with the specified assets is less than the straight-line depreciation typically used for ratemaking purposes. From that point on, the taxpayer’s tax liability will be higher than it otherwise would have been, resulting in the repayment of the “loan.” Because the “loan” is both extended and repaid through the filing of Federal income tax returns, there is no interest imposed on the taxpayer with respect to the “extra” cash it is able to retain earlier in the life of the asset.

All systems of accelerated depreciation used, including bonus depreciation, have incorporated one or more alternatives in the event that the most “favorable” depreciation system offered was not, for some reason, the most beneficial for a particular taxpayer. Such alternatives are occasionally selected - generally where the benefit of the interest-free “loan” associated with the claiming of accelerated depreciation is more than offset by the loss of some other tax benefit (*e.g.*, where the “extra” depreciation deductions would cause a net operating loss (“NOL”) or tax credit carryforward to expire unused, or where they would diminish a domestic production activity deduction [a “Section 199” deduction]). So the availability of an election to opt out of bonus depreciation is certainly not unique. In fact, a procedure allowing the taxpayer to opt out of using accelerated depreciation is a common feature of tax provisions authorizing use of accelerated depreciation.

Because forms of accelerated tax depreciation, including bonus depreciation, lead to an increase in ADIT as recorded in Account 282, the deduction in calculating rate base increases and results in a lower revenue requirement. To the extent that bonus depreciation results in a

NOL carryforward due to accumulated taxable losses, an offset to ADIT is recorded as a debit in Account 190, thereby mitigating some of the ADIT-related reduction in rate base.

Section 168(k)(2)(D)(iii) of the Code allows a corporate tax filer to opt out of bonus depreciation on an originally-filed Federal income tax return. By utilizing Section 168(k)(2)(D)(iii) of the Code, ITC Holdings has affirmatively opted out of taking bonus depreciation in its Federal income tax returns for years 2010 through 2014. Due to its structure and tax sharing agreement, the decision by ITC Holdings to opt out of bonus depreciation has caused ITC Midwest to opt out of bonus depreciation as well. As reported in ITC Midwest's FERC Forms 1 for 2011 through 2014, ITC Midwest charged approximately \$141 million in Federal income taxes on its income statement for those years and made Federal cash tax payments of approximately \$135 million to ITC Holdings. ITC Midwest did not make any Federal income tax payments in 2010, because it remained in a NOL carryforward position following the utilization of bonus depreciation prior to 2010.

If it had not opted out of bonus depreciation from 2010 through 2014, ITC Midwest would not have had any Federal income tax liability for any of those years because it placed a significant amount of capital assets into service at that time. Due to the inter-deductibility of Federal income taxes for Iowa state income tax purposes, IPL estimates that ITC Midwest would have paid \$127 million less in Federal cash tax payments between 2011 and 2014 if it had not opted out of bonus depreciation during those years.<sup>2</sup> Based on ITC Midwest's currently authorized return on common equity, IPL has calculated that ITC Holdings' decision to opt out of bonus depreciation from 2010 through 2014 resulted in an increase in the ITC Midwest revenue requirement for 2015 under ITC Midwest's cost-of-service formula rate of

<sup>2</sup> An estimated \$135 million in lower Federal cash tax payments less an estimated \$8 million in higher state income tax payments, for a net reduction of \$127 million in cash tax payments.

approximately \$18 million, the largest share of which has been passed through to IPL, and ultimately, to IPL's customers.

ITC Midwest has stated that "use of bonus depreciation is a disincentive to ITC Midwest because it would operate to reduce ITC Midwest's rate base and revenue requirement."<sup>3</sup> It has further stated that "[b]ecause bonus depreciation serves as a disincentive to ITC Midwest and therefore is in direct conflict with the policy objectives of FERC to stimulate transmission investment, ITC Midwest believes all stakeholders benefit from ITC Midwest's decision."<sup>4</sup>

Representatives of ITC Midwest have advised IPL that ITC Holdings intends to continue opting out of bonus depreciation into the future, which, due to its current structure and tax sharing agreement, would apply to ITC Midwest. Without a reversal in the election to opt out of bonus depreciation, ITC Midwest's revenue requirement will continue to be higher in the future than it would be if ITC Midwest used bonus depreciation. Although ITC Holdings' tax returns for 2010 and 2011 are now closed, ITC Midwest could receive refunds for most, if not all, the Federal cash tax payments between [2011] and 2014 if it successfully sought adjustment of its election to opt out of bonus depreciation for its 2012 through 2014 federal income tax returns.

### C. IPL Challenges

By letter dated June 25, 2015, IPL asked ITC Midwest to provide it with certain information desired by IPL in order for it to better understand ITC Midwest's use or lack thereof of bonus depreciation and the impact of such decisions on IPL's customers. ITC Midwest responded to that inquiry on August 4, 2015. Pursuant to Section III of Attachment-O—ITC Midwest to the MISO Tariff, IPL subsequently initiated use of Information Exchange Procedures with ITC Midwest to learn more about ITC Midwest's decision regarding use of bonus

<sup>3</sup> Response of ITC Midwest, LLC, dated Sept. 11, 2015; response to item Alliant-2.

<sup>4</sup> *Id.*, response to item Alliant-1.

depreciation. As with the prior correspondence, ITC Midwest has continually failed to provide a clear and rational explanation of how its decision might possibly have been prudent. Copies of correspondence between IPL and ITC Midwest prior to and in implementation of the Information Exchange Procedure are attached as Exhibit 2.<sup>5</sup>

Attachment O-ITC Midwest also establishes certain procedures under which transmission customers of ITC Midwest may challenge the inputs used by ITC Midwest to calculate charges under its cost-of-service formula rate. Pursuant to Section IV of Attachment O-ITC Midwest, IPL submitted an Informal Challenge to ITC Midwest dated October 6, 2015 in which it challenged the inflated rate base used by ITC Midwest to calculate its transmission service rates, which reflected its decision to opt out of using bonus depreciation.<sup>6</sup> In that Informal Challenge, IPL asked ITC Midwest to remedy the decisions to opt out of taking bonus depreciation for Federal income tax purposes, and to provide assurance that it would not do so in the future without clear justification.

ITC Midwest responded to the Informal Challenge in a letter dated November 4, 2015 (Exhibit 4). In its response, ITC Midwest effectively denied the relief that had been requested by IPL, *inter alia*, because, in its view, any requirement for it to take bonus depreciation under any circumstances “would intrude on management’s appropriate discretion and would override an election right provided by Congress to the taxpayer.”

As discussed below, ITC Midwest’s failure to use bonus depreciation under current circumstances when calculating its Federal income taxes is unreasonable and imprudent. For that reason, IPL hereby submits this Formal Challenge to the cost-of-service formula rates being charged by ITC Midwest on the basis that ITC Midwest’s failure to use bonus depreciation, the

<sup>5</sup> The Responses of ITC Midwest, LLC, dated Sept. 11, 2015, discussed in footnotes 2 and 3 are included in Exhibit 2.

<sup>6</sup> A copy of the Informal Challenge is attached as Exhibit 3.

effect of which is to reduce the ADIT deduction from rate base, unduly increases transmission charges to IPL.

**D. Request for Relief.**

IPL respectfully requests that the FERC order ITC Midwest to take such actions as may be necessary or appropriate for it to reverse its decision to opt out of using bonus depreciation and to refund to its transmission service customers, including IPL, the excess amounts collected by ITC Midwest for transmission service beginning in 2012 over amounts that would have been collected if ITC Midwest had not opted out of using bonus depreciation, together with interest calculated in accordance with Section 35.19a of the FERC's regulations. IPL is also requesting that the FERC order ITC Midwest to justify any future decision to opt out of using bonus depreciation. To the extent it has authority to do so, the FERC should also:

1. Require ITC Midwest to request a Private Letter Ruling from the Internal Revenue Service to revoke its decisions to opt out of using bonus depreciation for 2014 and all available prior years.
2. Require ITC Midwest to adjust its Attachment O cost-of-service formula rate prospectively for billing purposes, beginning on January 1, 2016, to reflect the increase in ADIT that would result from a successful Private Letter Ruling.
3. Preclude ITC Midwest from opting out of use of bonus depreciation in future years in the absence of a filing with the FERC which establishes a clear justification and documentation of benefits to customers from its doing so, including *pro forma* rate calculations that quantify the benefits to customers of its doing so, as posted on its OASIS.

In the event that the FERC is unable to require such remedies, it should impose an alternative obligation upon ITC Midwest based on its imprudent actions in order to remedy and sanction past and ongoing overcharges.

### III. DISCUSSION

#### A. ITC Midwest's Decision to Opt Out of Using Bonus Depreciation Was Imprudent.

As explained in the attached Affidavit of Neil E. Michek, Manager-Financial Planning of Alliant Energy Corporate Services, Inc. ("AECS"), a service company affiliate of IPL (the "Michek Affidavit") (Exhibit 5) at PP 4-5, use of bonus depreciation helps to reduce electric service rates because:

Bonus depreciation reduces taxable income reported to the IRS, and therefore generates improved cash flows to the utility through lower tax payments, all else equal. Regulated utilities are required to account for the timing differences between payment of income taxes due to IRS and recording of book income taxes reflected in rates in various Accumulated Deferred Income Taxes ("ADIT") accounts.

Ratemaking practices at the [FERC], the Public Service Commission of Wisconsin, and the Iowa Utilities Board and, to my knowledge, other state jurisdictions, reflect the plant related balances of ADIT in the calculation of Net Investment Rate Base ("NIRB") that is used in establishing rates. Since the implementation of accelerated tax depreciation methods for income taxes, ADIT balances have generally reduced NIRB and therefore resulted in a reduction of revenue requirements. This reduction of NIRB recognizes that deferred income taxes are effectively an interest free loan from the federal (or state) government and that the benefit of that interest free loan should flow through the utility's rates for the benefit of its ratepayers. Bonus Depreciation (absent being a NOL position) results in a reduction of NIRB and therefore customer rates are reduced.

Regulations adopted by the U.S. Treasury Department assume that utilities will use bonus depreciation for qualified properties to the extent they are eligible to do so, and therefore, the default practice under such regulations is to use bonus depreciation. Among other things, as discussed in the Informal Challenge at 2, the use of bonus depreciation by transmission companies such as ITC Midwest is consistent with FERC policies because it provides a cost-free source of financing that benefits customers:

The FERC and many state regulatory agencies have typically reflected Accumulated Deferred Income Tax (ADIT) balances in the calculation of rate base on the basis that accelerated tax depreciation, including bonus depreciation, is a cost free source of financing that should benefit customers. Accelerated tax

depreciation, including bonus depreciation, results in improved cash flows due to lower income tax payments and thus lowers the need for equity or debt financing costs. FERC, in summarizing the tools it has to incentivize transmission investment as provided in its Order 679, highlights accelerated depreciation.

By failing to take advantage of bonus depreciation under current circumstances, ITC Midwest has unreasonably increased transmission service charges to IPL and its other customers.

As discussed in *New England Power Company*, 31 FERC ¶ 61,047 at 61,084 (1985), costs incurred by a regulated utility are prudently-incurred costs that may be recovered by that utility through cost-based rates only if they:

...are costs which a reasonable utility management (or that of another jurisdictional entity) would have made, in good faith, under the same circumstances, and at the relevant point in time....[O]ur task is to review the prudence of the utility's actions and the costs resulting therefrom based on the particular circumstances existing either at the time the challenged costs were actually incurred, or the time the utility became committed to incur those expenses.

In the context of decisions to opt out of using bonus depreciation, IPL noted in the Informal Challenge at 1 that “a decision which results in increased customer costs for the benefit of equity investors, with no corresponding customer benefit, is imprudent.”

Consistent with *New England Power Company*, a determination of whether ITC Midwest has been imprudent by failing to reduce its costs by using bonus depreciation to the extent bonus depreciation is available depends on consideration of whether a reasonable utility management would have opted out of bonus depreciation in good faith, and therefore incurred additional costs, under the same circumstances and at the relevant point in time. Mr. Michek explained that insofar as he is aware, there is no customer-focused (i.e., lower rates) rationale for ITC Midwest to elect out of bonus depreciation (Michek Affidavit at 2).

Indeed, as shown in the attached Affidavit of Jennifer E. Janecek, Director-Taxes of AECS (the “Janecek Affidavit”) (Exhibit 6), the almost universal practice in the electric utility

industry is for utilities to use bonus depreciation when it is available in order to reduce charges to ratepayers unless, by doing so, the utility would realize a permanent loss of a tax benefit such as a reduction of the permanent Manufacturing Production Deduction or the expiration of a net operating loss (Janecek Affidavit at P 13).

ITC Midwest is not faced with risk of a permanent loss of a tax benefit such as permanent tax credits or the manufacturing deduction (Janecek Affidavit at P\_14). Under such circumstances, ITC Midwest's failure and refusal to use bonus depreciation to the extent its facilities are eligible for use of bonus depreciation is unreasonable and imprudent.

Accordingly, the FERC should grant this Formal Challenge and require ITC Midwest to take all such actions as may be appropriate for it to use bonus depreciation for calculation of its Federal income taxes beginning in the 2012 tax year, and to adjust ADIT used to calculate charges in its cost-of-service formula rate, beginning on January 1, 2012, on the basis of Federal income tax expense determined in that manner.

B. The Decision of ITC Midwest to Opt Out of Using Bonus Depreciation is Inconsistent With Congressional Purposes.

As discussed above, bonus depreciation is intended to provide an incentive for certain taxpayers to invest in specified types of assets during specified periods of time. Although ITC Midwest owns assets that are eligible for bonus depreciation, ITC Midwest has availed itself of the opportunity to opt-out of bonus depreciation for a number of years (2010-2014), and thereby to forfeit the additional bonus portion of the depreciation deduction. In other words, ITC Midwest did not elect out of all accelerated depreciation, just the additional bonus portion. This action has an indisputable impact of increasing ITC Midwest's rates and, therefore, the costs to its customers. Therefore, ITC Midwest's rationale for taking this action bears analysis and scrutiny.

According to ITC Midwest's filings, ITC Midwest paid taxes in the years in which ITC Holdings opted out of bonus depreciation. Further, it appears as though the ITC Holdings' consolidated tax group paid income taxes in the years in which ITC Midwest elected out of bonus depreciation. If this were, in fact, the case then ITC Midwest's claiming bonus depreciation would have reduced the group's income tax liability and, thereby, would have initiated additional interest-free governmental "loans" to ITC Midwest.

As mentioned above, it would make sense to forgo bonus depreciation if the benefit of the resulting incremental interest-free "loans" would have been neutralized or worse by the compromise of other tax benefits. However, this does not appear to be ITC Midwest's or ITC Holdings' situation. In footnote 10 on pages 75-76 of ITC Holding's 2014 Form 10-K, ITC Holdings indicated that, as of the end of 2014, it had state net NOL carryforwards but the footnote did not disclose the existence of any Federal NOL or tax credit carryforwards (disclosure of which, if they existed, would have been required). The lack of such tax attributes (*i.e.*, carryforwards) is confirmed by the deferred income tax asset schedule on page 76 which, likewise, discloses no Federal NOL or tax credit carryforwards. And the effective tax rate calculation shown on page 75 does not indicate that ITC Holdings, or any company in the ITC Holdings consolidated tax group, claimed a Section 199 deduction.<sup>7</sup> Consequently, there does not appear to be any "tax-based" reason for the determination by ITC Midwest to opt out of bonus depreciation.<sup>8</sup>

<sup>7</sup> This result is predictable since such a deduction can be created only as a result of engaging in a production activity and the electric transmission business is specifically excluded from the tax law's definition of such an activity.

<sup>8</sup> See, letter from Krista Tanner of ITC Midwest to Joel Schmidt of IPL dated August 4, 2015, which is included in Exhibit 2. In response to a question on the potential loss of various tax attributes that could result from using bonus depreciation, Ms. Tanner responded that "ITC does not have such credits; however, credits and tax loss carryforwards are not the sole determining factor for ITC's rationale for whether or not to elect bonus depreciation in any given year." She noted in this response and follow-up responses that there was no incentive for ITC Midwest to use bonus depreciation because it reduced rate base and revenue requirements.

Under these circumstances, it is hard to fathom why any rational enterprise would ever make the tax election that ITC Midwest made – except, perhaps, for an enterprise whose rates were set on the basis of its costs (including a return on its invested capital). For a regulated utility with captive customers, the interest-free nature of all accelerated depreciation (including bonus)-produced “loans” is recognized and passed on to ratepayers by reducing rate base by the utility’s ADIT balance. Ratepayers are not called on to provide a return on rate base that is funded by these interest-free “loans.” In essence, the utility retains none of the benefits of having procured an interest-free “loan.” In contrast to an enterprise operating in a competitive marketplace, such a “loan” cannot directly produce any incremental earnings for a regulated utility with cost-based rates. As a result of this treatment, the Congressional incentive for entities to invest in depreciable assets provided by access to bonus depreciation is not nearly as strong for a regulated utility, such as ITC Midwest, as it is for an entity providing service at competitively-set rates.<sup>9</sup>

ITC Midwest’s position appears to be that it has access to sources of capital other than interest-free governmental “loans,” and, since it can recover the cost of that capital from its customers, bonus depreciation is of no benefit to it. But that rationale may well prove too much. Based on that same logic, not only should ITC Midwest have opted out of bonus depreciation in each and every year it was available (which it did not do), it should also have affirmatively claimed the most unattractive elective tax depreciation method available in each and every year in order to minimize the interest-free governmental “loans.” The question is, when ITC Midwest had zero-cost capital available to it, under what, if any, circumstances might it be prudent for

<sup>9</sup> See, letter of ITC Midwest, LLC dated August 4, 2015, at 4 (“[g]iven ITC’s rate construct, bonus depreciation does not serve as the incentive to invest that congress intended.”)

ITC Midwest to decline to use that zero-cost capital and instead, to use more expensive – much more expensive - sources of capital?

Finally, the fact that bonus depreciation provides no positive incentive to ITC Midwest does not constitute a valid reason for it to opt out. Even in the absence of such a positive incentive for ITC Midwest to expand its transmission system, bonus depreciation (and the additional positive cash flow it would provide to ITC Midwest) would provide a benefit to ITC Midwest's customers. What remains unexplained – and, perhaps, is unexplainable – is how ITC Midwest is affirmatively harmed by availing itself of the incremental interest-free “loans” the government offered it.

C. ITC Midwest's Decision to Opt Out of Bonus Depreciation Improperly Subsidizes ITC Holdings and Its Related Subsidiaries of ITC Holdings.

As stated in ITC Midwest's response to IPL's Informal Challenge, ITC Holdings has caused its subsidiaries to be considered pass-through entities for tax purposes, so-called disregarded entities.<sup>10</sup> The Code provides an opportunity to change this classification for entities like ITC Midwest by utilizing Form 8832. Were ITC Holdings to do so, the decision regarding bonus depreciation made by ITC Midwest would only apply to ITC Midwest and not to the rest of ITC Holdings and its related subsidiaries.

Besides increasing the rate base and revenue requirement of ITC Midwest, the decision by ITC Holdings, as the corporate tax filer, to opt out of bonus depreciation creates a tangible and significant benefit to the parent and related subsidiaries of ITC Holdings that is paid for by the additional tax payments made by ITC Midwest. As shown in Exhibit 5, the four FERC-

<sup>10</sup> Response to Informal Challenge, dated November 4, 2015, at 2 (“ITC Midwest itself is not a taxpayer, but rather is part of a holding company system in which ITC Holding is the taxpayer for IRS purposes.”)

regulated subsidiaries of ITC Holdings<sup>11</sup> paid a combined \$607 million in income tax payments to ITC Holdings in accordance with the terms of its intercompany tax sharing agreement,<sup>12</sup> including \$500 million in Federal tax payments and \$107 million in state tax payments. However, ITC Holdings paid only \$149 million in income tax payments over that same time period, resulting in a significant cash benefit to the parent company and related subsidiaries.

To the extent there is taxable income at its major regulated subsidiaries, ITC Holdings is able to offset taxable losses at the parent company and related subsidiaries such that they can immediately generate the cash benefit from their taxable losses. By causing its regulated subsidiaries to opt out of bonus depreciation and thus have substantial taxable income, ITC Holdings is able to generate the cash tax benefits without deferring these benefits into future periods. According to its annual Form 10-K filings with the Securities and Exchange Commission<sup>13</sup>, ITC Holdings incurred \$613 million in parent company operating losses before income taxes from 2010-2014. Of these losses, \$500 million related to interest expense or losses on the extinguishment of debt. ITC Holdings currently has approximately \$2.1 billion of long-term debt at the parent company (plus an additional \$219 million of short-term debt which ITC expects to refinance with long-term debt) resulting in annual interest expense over \$100 million, yielding over \$35 million in annual cash savings from the resulting tax deductions. Under such circumstances, any decision by ITC Midwest to take certain actions which benefit its corporate parent at the expense of its ratepayers must be considered to be imprudent.

<sup>11</sup> ITC Midwest, LLC; International Transmission Company; Michigan Electric Transmission Company; ITC Great Plains LLC; These four subsidiaries has FERC net income of \$1.348 billion from 2010-2014, versus the reported total GAAP-based equity earnings from consolidated subsidiaries of ITC Holdings of \$1.329 billion from 2010-2014.

<sup>12</sup> See, Attachment B, Schedule 9 to Affidavit of Neil E. Michek.

<sup>13</sup> Presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP)

D. Challenges to Inputs into Formula Rates Based On Imprudence Are Permissible At Any Time.

As discussed above, ITC Midwest has been imprudent by affirmatively opting out of taking bonus depreciation for every year beginning with 2010. Although the Federal income tax returns filed for ITC Midwest and ITC Holdings for tax years 2010 and 2011 are final, the tax returns of ITC Midwest and ITC Holdings beginning with their 2012 tax year remain subject to modification by the IRS. Accordingly, ITC Midwest may, upon receipt of an appropriate Private Letter Ruling from the IRS permitting it to use bonus depreciation for the 2012 tax years and thereafter, revise charges under its cost-of-service formula rates beginning as of January 1, 2012 to reflect the use of bonus depreciation during the 2012 and subsequent tax years.

The FERC observed in *Ameren Corporation*, 147 FERC ¶ 61,225 at P 27 (2014), that purchasers under FERC-jurisdictional rate schedules containing cost-of-service formula rates may challenge charges under those rates on the basis of allegations of imprudence well after the generally-applicable period for challenging those charges had expired (emphasis added; inner quotes omitted):

The Commission's long-standing precedent is that, under formula rates, parties have the right to challenge the inputs to or the implementation of the formula at whatever time they discover errors in the inputs to or implementation of the formula. The reason for permitting such challenges and related refunds is because customers may not uncover errors in data or imprudent or otherwise inappropriate costs until well after the challenge period.

The FERC subsequently reiterated in *Midcontinent Independent System Operator, Inc.*, 150 FERC ¶ 61,024 at P 12 (2015), that nothing in the protocols for challenging of charges under cost-of-service formula rates of the MISO Tariff precluded customers from challenging (emphasis added):

...the prior years' annual updates under section 206 of the FPA if there becomes reason to believe that those prior years' annual updates were in violation of the filed rate, or that unjust and unreasonable (i.e., imprudently incurred) costs were

passed through the formula in the charges assessed pursuant to those updates, and the Commission has authority to order refunds of charges pursuant to those prior years' annual updates to the extent those are found to have occurred.

The Commission has previously used its authority to order refunds of imprudently incurred costs charged to customers through a formula rate in *Yankee Atomic Electric Company*, 69 FERC ¶ 61,316 at 62,096-62,097 (1992). The FERC should similarly use its authority to order ITC Midwest to refund to its transmission customers all charges based on costs that were imprudently incurred due to its decision to opt out of using bonus depreciation.

E. ITC Midwest Has Not Shown That The Remedies Sought By IPL Are Unwarranted.

In the Response to the Informal Challenge, ITC Midwest has proffered three reasons for rejecting the Informal Challenge. Significantly, each of those reasons is procedural in nature. Nowhere in its Response to the Informal Challenge does ITC Midwest refute the merits of IPL's concerns or attempt to show that the additional costs being passed through the cost-of-service formula rate to transmission customers using ITC Midwest's facilities as a result of its decision to opt out of bonus depreciation are prudently incurred. For that reason, it is essential that the FERC grant this Formal Challenge and order ITC Midwest to adjust charges under its cost-of-service formula rate to ensure that such charges are just and reasonable.

1. The Formal Challenge Is Appropriate Under Attachment O-ITC Midwest of the MISO Tariff.

ITC Midwest erroneously claims that the Informal Challenge was outside the scope of its Attachment O Annual True-Up, Information Exchange and Challenge Procedures because it relates to decisions of ITC Holdings' management with respect to a discretionary tax matter. As discussed herein, both the Informal Challenge and this Formal Challenge relate specifically to the prudence of actual costs and expenditures included in the rate base of ITC Midwest on which

charges under the cost-of-service formula rate are based as a result of the decision by ITC Midwest and its corporate parent to opt out of using bonus depreciation.

Section IV. D of Attachment O-ITC Midwest provides that challenges may be based, *inter alia*, on “(5) the prudence of actual costs and expenditures,” and “(7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.” In substantially all cases involving questions of prudence, the issue to be resolved is whether it was reasonable for the management of a utility to exercise its discretion to incur certain costs in the way it did under specified circumstances. Accordingly, the mere fact that the incurrence of certain costs may be within managerial discretion does not insulate those costs from FERC review. Because this Formal Challenge relates to the prudence of ADIT amounts to be deducted from ITC Midwest’s rate base in accordance with its cost-of-service formula rate, it is clearly within the scope of matters that may be challenged under Section IV.D of Attachment O-ITC Midwest of the MISO Tariff.

2. The Formal Challenge Does Not Involve Efforts At Impermissible Retroactive Ratemaking.

ITC Midwest claims that the challenge somehow constitutes impermissible retroactive ratemaking because it “relates to decisions made by ITC Holdings’ management for time periods preceding 2014.”<sup>14</sup> This claim is erroneous for several reasons.

First, the “decisions made by ITC Holdings’ management for time periods preceding 2014” were decisions affirmatively to opt out of bonus depreciation. Those decisions affect the transmission service charges currently being collected by ITC Midwest, and will have an impact on charges for future years. The mere fact that those decisions were made in prior years does not

<sup>14</sup> Response to Informal Challenge at P 2.

immunize them from scrutiny by the FERC when it evaluates whether the costs being collected by ITC Midwest under its current rates were prudently incurred.

Second, IPL requested in the Informal Challenge that ITC Midwest seek permission from the IRS “to revoke its decisions for 2014 and all available prior years to elect out of bonus depreciation,” and to:

...adjust its Attachment O formula rate for billing purposes to begin January 1, 2016, to reflect the increase in Accumulated Deferred Income Taxes that would result from a Successful Private Letter Ruling, and refund to customers the impacts of such revisions in prior years (to the extent not a normalization violation).<sup>15</sup>

Contrary to ITC Midwest’s mischaracterization, IPL is not demanding to have ITC Midwest adjust its rates retroactively in a way that is inconsistent with FERC policy. IPL is simply challenging the prudence of certain inputs into the cost-of-service formula rate of ITC Midwest for the purpose of calculating current transmission charges. Because prior decisions regarding use of bonus depreciation affect the reasonableness of rates currently being charged by ITC Midwest, IPL is seeking to have charges for transmission service by ITC Midwest beginning on January 1, 2012, reflect use of bonus depreciation by ITC Midwest for prior years to the extent that bonus depreciation is available with respect to such prior years. The FERC’s decision in *Ameren Corporation* and cases cited therein, *supra*, make clear that such a challenge does not constitute an improper effort at retroactive ratemaking.

In any event, IPL is not asking ITC Midwest to “refund to its customers the rate reductions that would result from a fictional taking of bonus depreciation” for tax years 2010 through 2014.<sup>16</sup> ITC Midwest has the ability to seek authorization to amend its Federal income tax returns for 2012 through 2014. Charges for transmission service during 2012 and 2013

<sup>15</sup> Informal Challenge, dated October 6, 2015, at 3-4.

<sup>16</sup> Response to Informal Challenge at page 2.

remain subject to modification to the extent they are based on costs that were imprudent. Charges for 2014 remain subject to True-Up provisions of Attachment O-ITC Midwest, and charges for subsequent years are also subject to change. IPL is simply asking ITC Midwest to file a request for a Private Letter Ruling that will permit it to amend its prior Federal income tax returns and reduce its actual Federal income tax expense for such prior years based on use of bonus depreciation, and to use the reduced rate base in calculating transmission service charges for 2012 and subsequent years.

This Formal Challenge is entirely consistent with the protocols incorporated in Attachment O-ITC Midwest of the MISO Tariff. IPL explained in the Informal Challenge at 2 that:

In this Informal Challenge, IPL objects to the increase in ITCM's 2014 projected and actual revenue requirements, the increase in ITCM's 2015 and 2016 projected revenue requirements, and the increase in ITCM's 2016 Attachment O rates, as a result of its decision to elect out of using bonus depreciation when calculating its federal income tax liability.

Section II of Attachment O-ITC Midwest requires ITC Midwest to provide its Annual True-Up of charges during 2014 (based on information in ITC Midwest's FERC Form No. 1 for 2014) no later than June 1, 2015, and to provide its projected net revenue requirement for 2016 no later than September 1, 2015. Section IV.A. of Attachment O-ITC Midwest then gives interested parties until January 31, 2016 to notify ITC Midwest "of any specific Informal Challenges to the Annual True-Up or projected net revenue requirements." The Informal Challenge lodged by IPL was within this time frame. It is therefore evident that the Informal Challenge submitted by IPL to ITC Midwest does not constitute a "belated challenge" of charges collected by ITC Midwest in prior years.

3. The Remedies Requested by IPL Are Reasonable And Feasible.

As discussed herein, IPL is seeking a remedy for the imprudent decision of ITC Midwest to opt out of using bonus depreciation beginning in 2010, the effect of which is to increase transmission charges in the ITC Midwest zone of MISO. In developing a remedy, the FERC should be cognizant of the fact that the breadth of its discretion is at its zenith when it is fashioning remedies.<sup>17</sup>

A. Request by ITC Midwest for Private Letter Ruling

As noted above, IPL has asked ITC Midwest “to request a Private Letter Ruling from the IRS to revoke the decisions for 2014 and all available prior years to elect out of bonus depreciation.” Because ITC Midwest and its corporate parent have previously filed Federal income tax returns based on a decision to opt out of using bonus depreciation, a Private Letter Ruling from the IRS is needed for ITC Midwest to revoke its prior decisions for all years in which taxes remain open for review by the IRS and revise its calculation of ADIT.

ITC Midwest acknowledges that it is part of a holding company system in which ITC Holdings is the taxpayer for IRS Purposes, and “ITC Holdings’ tax years 2012-2014 are technically still ‘open’ with respect to IRS review.” Because many senior officers of ITC Midwest are also senior officers of ITC Holdings, senior officials of ITC Midwest have a significant role in decisions affecting the use of bonus depreciation by ITC Midwest. Under such circumstances, there is no valid reason why ITC Midwest could not request, through its corporate parent, that the IRS issue a Private Letter Ruling permitting it to revoke its prior decisions on use of bonus depreciation for tax years 2012 through 2014, or why the IRS might not grant such a Private Letter Ruling if it is requested.

<sup>17</sup> *Niagara Mohawk Power Corp. v. Federal Power Commission*, 379 F. 2d 153, 159 (D.C. Cir. 1967).

B. Decision Not to Elect Out of Bonus Depreciation in Future Years.

The prevailing practice is for utilities to use bonus depreciation of eligible facilities when calculating Federal income tax expense to the extent they are permitted to do so under applicable rules. Although utilities may opt out of using bonus depreciation, a decision by a utility to do so when it has assets that are eligible to use bonus depreciation is highly unusual, and is only justified under very limited circumstances. For that reason, IPL asked that ITC Midwest “not elect out of bonus depreciation in future years without clear justification and documentation of the benefits to customers from doing so.”

ITC Midwest objects to making any commitment regarding its future use of bonus depreciation, *inter alia*, because, in its view:<sup>18</sup>

Congress gave every eligible taxpayer the right to choose whether or not to take bonus depreciation based on its own specific circumstances. Any attempt to require ITC Holdings to take bonus depreciation under any circumstances would intrude on management’s appropriate discretion and would override an election right provided by Congress to the taxpayer.

Contrary to ITC Midwest’s apparent assumption, IPL is not seeking to diminish the right of ITC Midwest to opt out of bonus depreciation where it would be prudent for ITC Midwest to do so. Under IPL’s proposal, ITC Midwest would retain its discretion to determine in the first instance whether to opt out of bonus depreciation. However, ITC Midwest does not have the unfettered discretion to recover costs from ratepayers that were incurred imprudently. IPL is simply seeking to have ITC Midwest provide clear justification and documentation of the benefits to customers from any decision for ITC Midwest to opt out of bonus depreciation, and to provide sufficient information with which ratepayers such as IPL might challenge any such decision, if appropriate, on the basis that such decision was imprudent.

<sup>18</sup> Response to Informal Challenge, dated November 4, 2015, at 3.

The mere fact that a taxpayer is allowed to opt out of bonus depreciation does not imply that a decision to do so is prudent under all circumstances. Even if a taxpayer is allowed to opt out of bonus depreciation under the Code, there is nothing in the Federal Power Act or any decision of the FERC thereunder which authorizes ITC Midwest to collect from its transmission service customers any costs that have been incurred imprudently. The unjustified failure and refusal of ITC Midwest via its parent to use bonus depreciation when calculating its Federal income taxes in the future to the full extent that such facilities are eligible for bonus depreciation would render the charges for transmission service under Attachment O-ITC Midwest excessive and unjust and unreasonable.

Finally, ITC Midwest asserts that “bonus depreciation expired at the end of 2014. Thus, the relief requested by IPL here is entirely hypothetical at this point and, in any case, is irrelevant to ITC Midwest’s 2014 Attachment O True-Up that defines the scope of this Informal Challenge.” Contrary to ITC Midwest’s claim, revision of the Federal income tax returns of ITC Midwest for tax years 2012 through 2014 to reflect use of bonus depreciation will affect both ITC Midwest’s 2014 Attachment O True-Up and the calculation of transmission charges by ITC Midwest in subsequent years. It is thus evident that the relief being sought by IPL is immediate and real.

Although the use of bonus depreciation expired at the end of 2014, the Janecek Affidavit shows it is likely that the authorization granted in the Code for utilities to use bonus depreciation will be extended for an additional five years. If so, all qualified utility property that is placed in service from 2015 through 2019 will be eligible to use bonus depreciation (Janecek Affidavit at P 7). Obviously, however, if the bonus depreciation provisions of the Code are not extended

beyond 2014, the issue of whether ITC Midwest or its corporate parent may opt out of using bonus depreciation during 2015 and in subsequent years would be moot.

Although the Informal Challenge by IPL related primarily to the ITCM 2014 Attachment O True-Up Reporting package, the filing of an Informal Challenge is not a necessary condition precedent to the filing of a Formal Challenge. Because the resolution of this issue will affect charges for transmission service on facilities owned by ITC Midwest in 2014 and future years, it is appropriate for the FERC to adopt appropriate safeguards affecting future decisions for ITC Midwest to opt out of using bonus depreciation.

#### IV. REQUIRED INFORMATION

Section IV.C. of Attachment O-ITC Midwest of the MISO Tariff requires certain information to be included in each Formal Challenge. IPL hereby provides the following information which is required to be included in a Formal Challenge:

- (a) Clearly identify the action or inaction which is alleged to violate the filed rate formula or protocols.

ITC Midwest has been imprudent by opting out of use of bonus depreciation since 2010, and is seeking to recover imprudently-incurred costs through its cost-of-service formula rate, in violation of the rate protocols.

- (b) Explain how the action or inaction violates the filed rate formula or protocols.

The costs that may be recovered through the cost-of-service formula rate of ITC Midwest are limited to costs that are prudently incurred. Section IV.D. of Attachment O-ITC Midwest to the MISO Tariff permits challenges to charges being collected by ITC Midwest based on the prudence of actual costs and expenditures.

- (c) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge.

This Formal Challenge involves consideration of (a) whether ITC Midwest and ITC Holdings acted imprudently by opting out of use of bonus depreciation beginning in 2010, and (b) whether ITC Midwest may recover through transmission charges under its cost-of-service formula rate the increased costs it incurred as a result of the decision to opt out of using bonus depreciation.

- (d) Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction.

IPL estimates that if the FERC grants the relief requested herein, transmission charges by ITC Midwest during 2015, most of which are payable by IPL pursuant to Attachment O-ITC Midwest of the MISO Tariff, will be reduced by approximately \$18 million. Charges for transmission service in future years will also be reduced.

- (e) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum.

Issues relating to the prudence of decisions by ITC Midwest to opt out of taking bonus depreciation are being raised by Wisconsin Power and Light Company, an affiliate of IPL, in *Midcontinent Independent System Operator, Inc.*, FERC Docket No. ER16-206-000. However, the issues in that docket relate only to the use of bonus depreciation with respect to the cost of network upgrades installed by ITC Midwest to support interconnection of a recently-installed generation facility, whereas this Formal Challenge relates to use of bonus depreciation for tax purposes of all transmission facilities owned by ITC Midwest that are eligible for bonus depreciation.

- (f) State the specific relief or remedy requested, and the basis for that relief.

As discussed herein, IPL is asking the FERC to order ITC Midwest to take such actions as may be necessary or appropriate for it to reverse its decision to opt out of using bonus depreciation and to refund to its transmission service customers, including IPL, the excess amounts collected by ITC Midwest for transmission service beginning in 2012 over amounts that would have been collected if ITC Midwest had not opted out of using bonus depreciation, together with interest calculated in accordance with Section 35.19a of the FERC's regulations. IPL is also requesting that the FERC order ITC Midwest to justify any future decision to opt out of using bonus depreciation.

- (g) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits.

The following exhibits are being submitted in conjunction with this Formal Complaint:

Exhibit 1—Attachment O-ITC Midwest of the MISO Tariff.

Exhibit 2—Correspondence between IPL and ITC Midwest during Information Exchange.

Exhibit 3—Informal Challenge, dated October 6, 2015.

Exhibit 4—Response to Informal Challenge, dated November 4, 2015.

Exhibit 5—Affidavit of Neil E. Michek, Manager-Financial Planning of Alliant Energy Corporate Services

Exhibit 6—Affidavit of Jennifer E. Janecek, Director-Taxes of Alliant Energy Corporate Services.

- (h) State whether the filing party 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.

IPL has used the Informal Challenge procedures. A copy of the Informal Challenge is attached as Exhibit 3, and a copy of the Response to Informal Challenge is attached as Exhibit 4.

WHEREFORE, inasmuch as the decision by ITC Midwest, through its corporate parent, to opt out of taking bonus depreciation for 2014 and prior years was imprudent and unreasonably inflates transmission service rates paid by IPL and other transmission service customers under Attachment O-ITC Midwest of the MISO Tariff, IPL respectfully requests that the FERC issue an order requiring ITC Midwest (a) to file a request for a Private Letter Ruling permitting it to revoke its prior decisions to opt out of using bonus depreciation and to file amended Federal income taxes for 2012 through 2014 based on use of bonus depreciation, (b) to adjust its transmission service rates for 2012 and subsequent years as discussed herein and refund to its transmission service customers amounts collected from such customers in excess of amounts that would have been collected if ITC had calculated its taxes for 2012 through 2014 based on using bonus depreciation, and (c) to refrain from opting out of using bonus depreciation in the future in the absence of evidence that a decision to opt out of using bonus depreciation will be beneficial to its ratepayers.

Respectfully submitted,

INTERSTATE POWER AND LIGHT  
COMPANY

By James K. Mitchell  
James K. Mitchell  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue, NW  
Washington, DC 20006  
202-973-4241

Its Attorney

December 18, 2015

Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary of the Commission in the above-captioned proceeding.

Dated at Washington, DC this 18<sup>th</sup> day of December, 2015.

James K. Mitchell  
James K. Mitchell

**EXHIBIT 1**

**ATTACHMENT O-ITC MIDWEST**

MISO  
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ITCM Rate Formula Template  
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Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/...

Line No.	(1)	(2)		(3)	(4)	(5)
		Total	Allocation			
1	GROSS REVENUE REQUIREMENT (Page 3, Line 31)		12 months			
	REVENUE CREDITS (Note T)					
2	Account No. 454 (Page 4, Line 34)	0	TP 0.00000	0	0	0
3	Account No. 456.1 (Page 4, Line 37)	0	TP 0.00000	0	0	0
4	Revenues from Grandfathered Interzonal Transactions	0	TP 0.00000	0	0	0
5	Revenues from service provided by the ISO at a discount	0	TP 0.00000	0	0	0
6	TOTAL REVENUE CREDITS (Sum Lines 2-5)	0		0	0	0
6A	True-Up Adjustment (See Note I.)			0	0	0
7	NET REVENUE REQUIREMENT (Line 1 minus Line 6 plus Line 6A)			\$0	\$0	\$0
	DIVISOR					
8	Average of 12 coincident system peaks for requirements (RQ) service (Note A)			0		0
9	Plus 12 CP of firm bundled sales over one year not in Line 8 (Note B)					0
10	Plus 12 CP of Network Load not in Line 8 (Note C)					0
11	Less 12 CP of firm P-T-P over one year (enter negative) (Note D)					0
12	Plus Contract Demand of firm P-T-P over one year					0
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note E)					0
14	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)					0
15	Divisor (Sum Lines 8-14)			0	0	0
16	Annual Cost (\$ / kW / Yr) (Line 7 / Line 15)	0.000				
17	Network & P-to-P Rate (\$ / kW / Mo) (Line 16 / 12)	0.000				
			Peak Rate		Off-Peak Rate	
18	Point-To-Point Rate (\$ / kW / WD) (Line 16 / 52; Line 16 / 52)	0.000		\$0.000	\$0.000	
19	Point-To-Point Rate (\$ / kW / Day) (Line 16 / 260; Line 16 / 365)	0.000	Capped at weekly rate	\$0.000	\$0.000	
20	Point-To-Point Rate (\$ / MWh) (Line 16 / 4160; Line 16 / 8760 * 1000)	0.000	Capped at weekly and daily rates	\$0.000	\$0.000	
21	FERC Annual Charge (\$ / MWh) (Note E)		Short Term	\$0.000	Short Term	
22			Long Term	\$0.000	Long Term	

Note 1. Calculated in accordance with the ITC Midwest, LLC Annual Rate Calculation and True-up Procedures in Attachment O-Midwest of this Tariff.

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Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

ITC Midwest LLC

Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col. 3 times Col. 4)	(6) Adjustment	(7) Adjusted
<b>GROSS PLANT IN SERVICE (Note AA)</b>							
1	Production	205.46 g	0	NA	0	0	0
2	Transmission (Note U)	207.58 g	0	TP	0.00000	0	0
3	Distribution	201.75 g	0	NA	0	0	0
4	General & Intangible (Note U)	205.5 g & 2 07.99 g	0	W/S	0.00000	0	0
5	Common	156.1	0	CE	0.00000	0	0
6	<b>TOTAL GROSS PLANT (Sum Lines 1-5)</b>		<u>0</u>	<b>GP =</b>	<b>0.0000%</b>	<u>0</u>	<u>0</u>
<b>ACCUMULATED DEPRECIATION (Note AA)</b>							
7	Production	219.20-24 c	0	NA	0	0	0
8	Transmission (Note U)	219.23 c	0	TP	0.00000	0	0
9	Distribution	219.26 c	0	NA	0	0	0
10	General & Intangible (Note U)	219.28 c & 200.21 c	0	W/S	0.00000	0	0
11	Common	156.1	0	CE	0.00000	0	0
12	<b>TOTAL ACCUM. DEPRECIATION (Sum Lines 7-11)</b>		<u>0</u>			<u>0</u>	<u>0</u>
<b>NET PLANT IN SERVICE</b>							
13	Production	(Line 1-Line 7)	0		0	0	0
14	Transmission	(Line 2-Line 8)	0		0	0	0
15	Distribution	(Line 3-Line 9)	0		0	0	0
16	General & Intangible	(Line 4-Line 10)	0		0	0	0
17	Common	(Line 5-Line 11)	0		0	0	0
18	<b>TOTAL NET PLANT (Sum Lines 13-17)</b>		<u>0</u>	<b>NP =</b>	<b>0.0000%</b>	<u>0</u>	<u>0</u>
<b>ADJUSTMENTS TO RATE BASE (Note F)</b>							
19	Account No. 281 (enter negative) (Note V)	273.8 k	0	NA	0.00000	0	0
20	Account No. 282 (enter negative) (Note V)	275.2 k	0	NP	0.00000	0	0
21	Account No. 283 (enter negative) (Note V)	271.9 k	0	NP	0.00000	0	0
22	Account No. 190 (Note V) (See Note 2.1)	234.8 k	0	NP	0.00000	0	0
23	Account No. 235 (enter negative) (Note V)	267.8 h	0	NP	0.00000	0	0
24	<b>TOTAL ADJUSTMENTS (Sum Lines 19-23B)</b>		<u>0</u>			<u>0</u>	<u>0</u>
25	<b>LAND HELD FOR FUTURE USE (Note V)</b>	214. x d (Note C)	0	TP	0.00000	0	0
<b>WORKING CAPITAL (Note H)</b>							
26	CWC	calculated	0		0	0	0
27	Materials & Supplies (Note C) (Note V)	227.8 c & 16 c	0	TP	0.00000	0	0
28	Prepayments (Account 165) (Note V)	111.57 c	0	OP	0.00000	0	0
29	<b>TOTAL WORKING CAPITAL (Sum Lines 26-28)</b>		<u>0</u>			<u>0</u>	<u>0</u>
30	<b>RATE BASE (Sum Lines 18, 24, 25, &amp; 29)</b>		<u>0</u>			<u>0</u>	<u>0</u>

Note 2. Excludes deferred taxes associated with the True-up Adjustment that are not otherwise included in rate base.

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Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		Attachment G-ITCM Page 3 of 3 For the 12 months ended 12/31/16			
Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	(6) Adjustments	(7) Adjusted
1	O&M						
1	Transmission (See Note 3)	511.152 b		TE	0.00000	0	0
2	Less Accrued 365	331.96 b		TE	0.00000	0	0
3	A&G	323.197 b		W/S	0.00000	0	0
4	Less FERC Annual Fees			W/S	0.00000	0	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note 3)			W/S	0.00000	0	0
5a	Plus Transmission Related Reg. Comm. Exp. (Note 1)			TP	0.00000	0	0
6	Common	356 f		CE	0.00000	0	0
7	Transmission Lease Payments				0.00000	0	0
8	TOTAL O&M (Sum Lines 1, 2, 3, 4, 5, 5a, 6, 7 less Lines 2, 4, 5)		0		0	0	0
<b>DEPRECIATION &amp; AMORTIZATION EXPENSE (Note A/A)</b>							
9	Transmission	336.7 b&c		TP	0.00000	0	0
10	General & Intangible	336.30 f & 336.3 f		W/S	0.00000	0	0
11	Common	336.11 b&c		CE	0.00000	0	0
12	TOTAL DEPRECIATION (Sum Lines 9-11B)		0		0	0	0
<b>TAXES OTHER THAN INCOME TAXES (Note J)</b>							
<b>LABOR RELATED</b>							
13	Payroll	263 j	0	W/S	0.00000	0	0
14	Highway and vehicle	263 j		W/S	0.00000	0	0
<b>PLANT RELATED</b>							
16	Property	263 i	0	GP	0.00000	0	0
17	Gross Receipts	263 j		MA	0.00000	0	0
18	Other	263 i		GP	0.00000	0	0
19	Payments in lieu of taxes			GP	0.00000	0	0
20	TOTAL OTHER TAXES (Sum Lines 13-19)		0		0	0	0
<b>INCOME TAXES (Note K)</b>							
21	$T = [(I - SIT) * (1 - FIT)] / (1 - SIT + FIT * p) =$		0.00%				
22	$CIT = (T * T) * (1 - WCLTD) =$		0.00%				
where WCLTD = (Page 4, Line 21) and R = (Page 4, Line 30) and FIT, SIT & p are as given in footnote K.							
23	$I / (1 - T) =$ (from Line 21)		0.0000				
24	Amortized Investment Tax Credit (266.8) (enter negative)						
24a	(Excess) Deficient Deferred Income Taxes (Note AB)						
24b	Tax Effect of Permanent Differences and AFUDC Equity (Note AC)						
25	Income Tax Calculation = Line 23 * Line 24		0	NA	0.00000	0	0
26	ITC adjustment (Line 23 * Line 24)		0	NP	0.00000	0	0
26a	(Excess) Deficient Deferred Income Tax Adjustments (Line 23 * Line 24a)		0	NP	0.00000	0	0
26b	Permanent Differences and AFUDC Equity Tax Adjustments (Line 23 * Line 24b)		0	NP	0.00000	0	0
27	Total Income Taxes (Line 25 + Line 26 + 26a + 26b)		0	NP	0.00000	0	0
28	RETURN [Rate Base (Page 2, Line 30) * Rate of Return (Page 4, Line 30)]		0	NA	0.00000	0	0
29	REV REQUIREMENT (Sum Lines 8, 12, 20, 27, 28)		0		0	0	0
30	LESS ATTACHMENT G G ADJUSTMENT (Attachment GG, Page 2, Line 3, Column 10) (Note W) [Revenue Requirement for facilities included on Page 2, Line 2, and also included in Attachment GG]		0		0	0	0

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30a	LESS ATTACHMENT MM ADJUSTMENT (Attachment MM, Page 2, Line 3, Column 14) (Note 7) (Revenue Requirement for facilities included on Page 2, Line 3, and also included in Attachment MM)	0	0	0	0
31	REV REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O (Line 29 - Line 30 - Line 30a)	0	0	0	0

Note 3 Adjustments to Line 1 will equal the sum of the amounts on ITC's Report on FERC Form No. 1 for Customer Accounts Expenses (FERC Form No. 1, 323.164 b), Customer Service and Informational Expenses (FERC Form No. 1, 323.171 b), and Sales Expenses (FERC Form No. 1, 323.178 b) that are not otherwise recoverable through some other tariff. Adjustments to be made before calculation of allocator for Line 1, Column (4)

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Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/...

ITC Midwest LLC  
SUPPORTING CALCULATIONS AND NOTES

Line No.	Description	Amount	TP	Allocation	Weighting	Adjusted Amount
1	TRANSMISSION PLANT INCLUDED IN ISO RATES					
2	Total transmission plant (Page 2, Line 3, Column 3)	0				
3	Less transmission plant excluded from ISO rates (Note M)	0				
4	Less transmission plant included in OATT Ancillary Services (Note N)	0				
5	Transmission plant included in ISO rates (Line 1 less Lines 2 & 3)	0				
6	Percentage of transmission plant included in ISO Rates (Line 4 divided by Line 1)	0.0000	TP =			
7	TRANSMISSION EXPENSES					
8	Total transmission expenses (Page 3, Line 1, Column 3)	0				
9	Less transmission expenses included in OATT Ancillary Services (Note L)	0				
10	Included transmission expenses (Line 8 less Line 9)	0				
11	Percentage of transmission expenses after adjustment (Line 8 divided by Line 9)	0.0000	TP =			
12	Percentage of transmission plant included in ISO Rates (Line 5)	0.0000	TP =			
13	Percentage of transmission expenses included in ISO Rates (Line 9 times Line 10)	0.0000	TE =			
14	WAGES & SALARY ALLOCATOR (WAS)					
15	Production	354,210 b		0		
16	Transmission	354,211 b	0.00	0		
17	Distribution	354,233 b	0.00	0		
18	Other	354,244, 35, 26 b	0.00	0		
19	Total (Sum Lines 15-18)	0		0		
20	COMMON PLANT ALLOCATOR (CE) (Note O)					
21	Electric	210 3 c		0		
22	Gas	301,3 4		0.0000		
23	Water	301,3 4		0.0000		
24	Total (Sum Lines 21-23)	0		0		
25	RETURN (R)					
26	Long Term Interest (117, sum of 62 c through 67 c)					
27	Preferred Dividends (118 29c) (positive number)					
28	Development of Common Stock:					
29	Proprietary Capital (112, 16 c) (Note U)					
30	Less Preferred Stock (Line 28) (Note U)					
31	Less Accum 216 1 (112, 12 c) (Note V) (negative) (Note U)					
32	Common Stock (Sum Lines 27-31)					
33	Long Term Debt (112, sum of 18 c through 21 c) (Note U)					
34	Preferred Stock (112, 3 c) (Note U)					
35	Common Stock (Line 32) [See Note 4]					
36	Total (Sum Lines 27-32)					
37	REVENUE CREDITS					
38	ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)					
39	a. Bonded Non-RQ Sales for Resale (311, a b)					
40	b. Bonded Sales for Resale included in Division Page 1					
41	Total (310-311)					
42	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)					
43	ACCOUNT 456 1 (OTHER ELECTRIC REVENUES) (330 xxx)					
44	a. Transmission charges for all transmission transactions					
45	b. Transmission charges for all transmission transactions included in Division Page 1					

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17  
ITCM Rate Formula Template  
35.0.0

16a	c. Transmission charges from Schedules associated with Attachment GQ (Note XI)	\$0
36b	d. Transmission charges from Schedules associated with Attachment M&T (Note XI)	\$0
37	Total of (a)-(b)-(c)-(d)	\$0

Note 4. Allowed ROE set at 12.11%

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ITCM Rate Formula Template  
35.0.0

Attachment O-ITCM  
Page 3 of 3  
For the 12 months ended 12/31/\_\_\_

Formula Rate - Non-Levelized

Rate Formula Template  
Utilizing FERC Form 1 Data

ITC Midwest LLC

General Note: References to pages in this formula are indicated as: (Page #, Line #, Col #)  
References to data from FERC Form 1 are indicated as: #, y, s (Page, Line, Column)

Note Letter

- A Peak as would be reported on Page 401, Column d of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
- B Labeled LP, LU, IF, IU on Pages 310-311 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
- C Labeled L on Page 328 of Form 1 at the time of the applicable pricing zone coincident monthly peaks
- D Labeled LF on Page 328 of Form 1 at the time of the applicable pricing zone coincident monthly peaks
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff
- F The balances in Accounts 190, 281, 282 and 293, as adjusted by any amount in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109.  
Exclude ADIT balances when the associated income tax consequences have been paid by others.  
Balance of Account 235 is reduced by prior flow throughs and excluded if the utility elects to utilize amortization of tax credits against taxable income as discussed in Note K. Account 2M is not allocated.  
The calculation of ADIT in the annual true-up calculation will use the beginning-of-year balances and end-of-year balances; the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation section 1.167(f)-1(h)(6).
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on Page 3, Line 8, Column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 Line 57 in the Form 1.
- I Line 3 - EPR's Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 391.h and non-safety related advertising included in Account 930.i. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission filing increased at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments changed 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.
- K The currently effective income tax rate, where FIT is the Federal income tax rate, SIT is the State income tax rate, and p = "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 developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/(1-T)) (Page 3, Line 36).  
Inputs Required:  
FIT = 0.00%  
SIT = 0.00% (State Income Tax Rate or Composite SIT)  
p = 0.00% (percent of federal income tax deductible for state purposes)
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Accounts Nos. 361.1, 361.2, 361.3, and 361.3A.
- M 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).
- N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator station on which there is no through-flow when the generator is shut down.
- O Enter dollar amount.
- P Debt cost rate = long-term interest (Line 21) / long term debt (Line 27). Preferred cost rate = preferred dividends (Line 22) / preferred outstanding (Line 28). ROE will be reported in the original filing and no change in ROE may be made absent a filing with FERC. A 50 basis point adder for RTO participation and 50 basis point adder for independence may be added to the allowed ROE up to the upper end of the zone of reasonableness established by FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account 46, 456.1 and all other uses are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Grandfathered agreements whose rates have been changed to eliminate or mitigate grandfathering - the revenues are not included in Line 4, Page 1 and the loads are included in Line 13, Page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate grandfathering - the revenues are not included in Line 4, Page 1 nor are the loads included in Line 13, Page 1.
- T The revenues credited on Page 1 Lines 2-3 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSU) which are not recovered under this Rate Formula Template.
- U Calculate using 13 month average balance
- V Calculate using average of beginning and end of year balances.
- W Pursuant to Attachment GO of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GO.
- X Removes from revenue credits revenues that are distributed pursuant to Schedules associated with Attachment GO of the Midwest ISO Tariff, since the Transmission Owner's Attachment D revenue requirements have already been reduced by the Attachment GO revenue requirements.
- Y Pursuant to Attachment MH of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment MH.

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- 2 Removes from revenue credits reserves that are distributed pursuant to Schedule associated with Attachment M04 of the Midwest ISO Tariff, since the Transmission Owners Attachment O revenue requirements have already been reduced by the Attachment M04 revenue requirements.
- AA Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
- AB Includes the amortization of any excess/deficient deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority. Excess and deficient deferred income taxes will reduce or increase tax expense by the amount of the excess or deficiency multiplied by (1/i-T) (page 3, line 266).
- AC Includes the annual income tax cost or benefits due to permanent differences or differences between the amounts of expenses or revenues recognized in one period for rate-making purposes and the amounts recognized for income tax purposes which do not reverse in one or more other periods, including the cost of income taxes on the Allowance for Other Funds Used During Construction. T multiplied by the amount of permanent differences and depreciation expense associated with Allowance for Other Funds Used During Construction is included in page 3, line 24b and will increase or decrease tax expense by the amount of the expense or benefit included on line 24b multiplied by (1/i-T) (page 3, line 266).

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MISO  
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17A  
ITCM Depreciation Rates  
31.0.0

Company Name: ITC Midwest LLC

Cost Year: \_\_\_\_\_  
Projected/Actual: \_\_\_\_\_

Attachment O-  
ITCM  
Page 6 of 6

Depreciation Rates		Account No.	Description	Depreciation Rates
1	Intangible Plant		Intangible Plant	
2				
3		303	Miscellaneous Intangible Plant (Note 1)	2.00%
4	Transmission Plant Accounts (Note 2)			
5		350	Land Rights	1.33%
6		352	Structures & Improvements	1.55%
7		353	Station Equipment	2.05%
8		354	Towers & Fixtures	1.22%
9		355	Poles & Fixtures	1.69%
10		356	Overhead Conductors & Devices	1.81%
11		357	Underground Conduit	1.57%
12		358	Underground Conductors & Devices	1.66%
13		359	Roads and Trails	1.33%
14	General Plant Accounts (Note 2)			
15		389	Land Rights	1.33%
16		390	Structures & Improvements	1.50%
17		391-A	Office Furniture & Equipment--	5.00%

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17A  
ITCM Depreciation Rates  
31.0.0

	Equipment	
18	391-B Office Furn & Eq--Computers	20.00%
19	391-C Office Furniture & Equipment-- Software	20.00%
20	392 Transportation Equipment	20.13%
21	393 Stores Equipment	10.00%
22	394 Tools, Shop & Garage Equipment	10.00%
23	395 Laboratory Equipment	10.00%
24	396 Power Operated Equipment	6.36%
25	397 Communication Equipment	10.00%
26	398 General Miscellaneous Equipment	10.00%

- 27
- 28 Note 1: The amortization rate for Account 303, intangible plant, was authorized in  
 29 FERC Docket No. \_\_\_\_\_
- 30 Note 2: Depreciation rates for transmission and general plant were authorized  
 31 in FERC Docket No. ER10-2110, filed August 2, 2010, Order received September 2, 2010.

Effective On: January 1, 2016

**ITC Midwest LLC**  
**Attachment O - Midwest**  
**ANNUAL TRUE-UP, INFORMATION EXCHANGE,**  
**AND CHALLENGE PROCEDURES**

**Section I. Applicability**

The following procedures shall apply to the ITC Midwest LLC ("ITC Midwest") calculation of its actual net revenue requirement, True-Up Adjustment, and projected net revenue requirement.

**Section II. Annual True-Up and Projected Net Revenue Requirement**

- A. Beginning on or before June 1, 2014, and on or before each subsequent June 1, ITC Midwest shall determine its Annual True-Up under this Attachment O-ITC Midwest and Section VII of these protocols, to derive a True-Up Adjustment to be included in ITC Midwest's projected net revenue requirement for the subsequent calendar year (the "Rate Year").
- B. On or before June 1, 2014, and on or before each subsequent June 1, ITC Midwest shall provide its Annual True-Up, actual net revenue requirement, and True-Up Adjustment to MISO and cause such information to be posted on the MISO website and OASIS. Within ten (10) days of such posting, MISO shall provide notice of such posting via an email exploder list. Interested Parties can subscribe to the MISO exploder list on the MISO website.
- C. On or before September 1, 2014, and on or before each subsequent September 1, ITC Midwest shall provide its projected net revenue requirement to MISO and cause such

Effective On: January 1, 2014

- information to be posted on the MISO website and OASIS. Within ten (10) days of posting of the projected net revenue requirement, MISO shall provide notice of such posting to an email exploder list.
- D. If the date for posting the Annual True-Up or projected net revenue requirement falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day. The date on which posting of the Annual True-Up occurs shall be that year's "Publication Date." Any delay in the Publication Date or in the posting of the projected net revenue requirement will result in an equivalent extension of time for the submission of Information Requests discussed in Section III of these protocols.
- E. The Annual True-Up shall:
1. Include a workable data-populated Formula Rate Template and underlying workpapers in native format with all formulas and links intact;
  2. Be based on ITC Midwest's FERC Form No. 1 for the prior calendar year;
  3. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the Annual True-Up that are not otherwise available in FERC Form No. 1;<sup>1</sup>
  4. Provide sufficient information to enable Interested Parties (as that term is defined in Section II.G of these protocols) to replicate the calculation of the Annual True-Up results from FERC Form No. 1;

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<sup>1</sup> It is the intent of the formula rate, including the supporting explanations and allocations described therein, that each input to the formula rate will be either taken directly from FERC Form No. 1 or reconcilable to 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(s) is (are) discontinued, equivalent information as that provided in the discontinued form(s) shall be utilized.

5. Identify any changes in the formula references (page and line numbers) to FERC Form No. 1;
6. Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to FERC Form No. 1 and any adjustments not shown in FERC Form No. 1;
7. Provide underlying data for formula rate inputs that provide greater granularity than is required for FERC Form No. 1;
8. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate (“Accounting Change”):
  - a. Identify any Accounting Changes, 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;
    - 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. Identify items included in the Annual True-Up at an amount other than on a historic cost basis (e.g., fair value adjustments);

- c. 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 Annual True-Up;
  - d. Provide, for each item identified pursuant to items II.E.8.a - II.E.8.c of these protocols, a narrative explanation of the individual impact of such changes on the True-Up Adjustment.
- F. The projected net revenue requirement shall:
- 1. Include a workable data-populated Formula Rate Template and underlying workpapers in native format with all formulas and links intact;
  - 2. Provide the formula rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the projected net revenue requirement;
  - 3. Provide sufficient information to enable Interested Parties (as that term is defined in Section II.G of these protocols) to replicate the calculation of the projected net revenue requirement;
  - 4. With respect to any change in accounting that affects inputs to the formula rate or the resulting charges billed under the formula rate ("Accounting Change"):
    - a. Identify any Accounting Changes, 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;

- iii. correction of errors and prior period adjustments that impact the projected net revenue requirement calculation;
  - iv. the implementation of new estimation methods or policies that change prior estimates; and
  - v. changes to income tax elections;
- b. Identify items included in the projected net revenue requirement at an amount other than on a historic cost basis (e.g., fair value adjustments);
  - c. 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;
  - d. Provide, for each item identified pursuant to items II.F.4.a - II.F.4.c of these protocols, a narrative explanation of the individual impact of such changes on the projected net revenue requirement.
- G. ITC Midwest shall hold an open meeting among Interested Parties (“Annual True-Up Meeting”) between the Publication Date and September 1. No less than seven (7) days prior to such Annual True-Up Meeting, ITC Midwest shall provide notice on MISO’s internet website and OASIS of the time, date, and location of the Annual Meeting and MISO shall provide notice of such meeting to an email exploder list. For purposes of these procedures, the term Interested Party includes, but is not limited to, customers under the Tariff, state utility regulatory commissions, OMS, consumer advocacy agencies, and state attorneys general. The Annual True-Up Meeting shall (i) permit ITC Midwest to explain and clarify its Annual True-Up and True-Up Adjustment; and (ii)

provide Interested Parties an opportunity to seek information and clarifications from ITC Midwest about the Annual True-Up and True-Up Adjustment.

- H. ITC Midwest shall hold an open meeting among Interested Parties (“Annual Projected Rate Meeting”) between the date that the projected net revenue requirement is posted to the MISO website and OASIS (as described in Section II.C of these protocols) and October 31. No less than seven (7) days prior to such Annual Projected Rate Meeting, ITC Midwest shall provide notice on MISO’s internet website and OASIS of the time, date, and location of the Annual Projected Rate Meeting and MISO shall provide notice of such meeting to an email exploder list. The Annual Projected Rate Meeting shall (i) permit ITC Midwest to explain and clarify its projected net revenue requirement and (ii) provide Interested Parties an opportunity to seek information and clarifications from ITC Midwest about the projected net revenue requirement.
- I. Transmission Owners with transmission projects that utilize a regional cost sharing mechanism shall hold a joint informational meeting to enable all interested parties to understand how those Transmission Owners are implementing their formula rates for cost recovery of such projects. Such meeting shall occur by November 1 of each year (or the next business day if November 1 falls on a weekend or holiday recognized by FERC). Notice of joint informational meetings, including the time, date, and location, shall be posted on the MISO website and OASIS and distributed to the email exploder list no less than seven (7) days prior to such meetings.

### **Section III. Information Exchange Procedures**

Each Annual True-Up and projected net revenue requirement shall be subject to the following information exchange procedures (“Information Exchange Procedures”):

A. Interested Parties shall have until December 1 following the Publication Date (unless such period is extended with the written consent of ITC Midwest or by FERC order) to serve reasonable information and document requests on ITC Midwest (“Information Exchange Period”). If December 1 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:

- (1) the extent or effect of an Accounting Change;
- (2) whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols;
- (3) the proper application of the formula rate and procedures in these protocols;
- (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual True-Up or projected net revenue requirement;
- (5) the prudence of actual costs and expenditures;
- (6) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
- (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.

The information and document requests shall not otherwise be directed to ascertaining whether the formula rate is just and reasonable.

- B. ITC Midwest shall make a good faith effort to respond to information and document requests within fifteen (15) business days of receipt of such requests. ITC Midwest shall respond to all information and document requests by no later than January 10 following the Publication Date, unless the Information Exchange Period is extended by ITC Midwest or FERC.
- C. ITC Midwest will cause to be posted on the MISO website and OASIS all information requests from Interested Parties and ITC Midwest's response(s) to such requests; except, however, if responses to information and document requests include material deemed by ITC Midwest 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 ITC Midwest and the requesting party.
- D. ITC Midwest shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege, in any subsequent FERC proceeding addressing ITC Midwest's Annual True-Up or projected net revenue requirement.

#### **Section IV. Challenge Procedures**

- A. Interested Parties shall have until January 31 following the Publication Date (unless such period is extended with the written consent of ITC Midwest or by FERC order) to review the inputs, supporting explanations, allocations and calculations and to notify ITC Midwest in writing, which may be made electronically, of any specific Informal

Challenges to the Annual True-Up or projected net revenue requirement. The period of time from the Publication Date until January 31 shall be referred to as the Review Period. If January 31 falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue an issue through an Informal Challenge or to lodge a Formal Challenge regarding any issue as to a given Annual True-Up or projected net revenue requirement shall bar pursuit of such issue with respect to that Annual True-Up or projected net revenue requirement, but shall not bar pursuit of such issue or the lodging of a Formal Challenge as to such issue as it relates to a subsequent Annual True-Up or projected net revenue requirement.

- B. A party submitting an Informal Challenge to ITC Midwest 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. ITC Midwest shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. ITC Midwest, and where applicable, the Transmission Provider, shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If ITC Midwest disagrees with such challenge, ITC Midwest will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. No Informal Challenge may be submitted after January 31, and ITC Midwest must respond to all Informal Challenges

by no later than February 28, unless the Review Period is extended by ITC Midwest or FERC.

C. Informal Challenges shall be subject to the resolution procedures and limitations in this Section IV. Formal Challenges shall be filed pursuant to these protocols and shall satisfy all of the following requirements.

(1) A Formal Challenge shall:

- (a) Clearly identify the action or inaction which is alleged to violate the filed rate formula or protocols;
- (b) Explain how the action or inaction violates the filed rate formula or protocols;
- (c) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
  - (i) The extent or effect of an Accounting Change;
  - (ii) Whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols;
  - (iii) The proper application of the formula rate and procedures in these protocols;
  - (iv) The accuracy of data and consistency with the formula rate of the charges shown in the Annual True-Up or projected net revenue requirement;

- (v) The prudence of actual costs and expenditures;
  - (vi) The effect of any change to the underlying Uniform System of Accounts or FERC Form 1; or
  - (vii) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- (d) Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
- (e) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
- (f) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
- (g) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
- (h) State whether the filing party 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.
- (2) Service. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on ITC Midwest. Service to ITC Midwest must be simultaneous with

filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with § 385.2010(f)(3), facsimile, express delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on ITC Midwest's Informational Filing required under Section VI of these protocols.

- D. Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual True-Up or projected net revenue requirement fails to include data properly recorded in accordance with these protocols; (3) the proper application of the formula rate and procedures in these protocols; (4) the accuracy of data and consistency with the formula rate of the calculations shown in the Annual True-Up and projected net revenue requirement; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- E. ITC Midwest will cause to be posted all Informal Challenges from Interested Parties and ITC Midwest's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by ITC Midwest 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 ITC Midwest and the requesting party.

- F. Any changes or adjustments to the True-Up Adjustment or projected net revenue requirement resulting from the Information Exchange and Informal Challenge processes that are agreed to by ITC Midwest will be reported in the Informational Filing required pursuant to Section VI of these protocols. Any such changes or adjustments agreed to by ITC Midwest on or before December 1 will be reflected in the projected net revenue requirement for the upcoming Rate Year. Any changes or adjustments agreed to by ITC Midwest after December 1 will be reflected in the following year's Annual True-Up, as discussed in Section V of these protocols.
- G. An Interested Party shall have until April 15 following the Review Period (unless such date is extended with the written consent of ITC Midwest to continue efforts to resolve the Informal Challenge) to make a Formal Challenge with FERC, which shall be served on ITC Midwest on the date of such filing as specified in Section IV.C(2) above. A Formal Challenge shall be filed in the same docket as ITC Midwest's Informational Filing discussed in Section VI of these protocols. ITC Midwest shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on any issue during the applicable Review Period.
- H. In any proceeding initiated by FERC concerning the Annual True-Up or projected net revenue requirement or in response to a Formal Challenge, ITC Midwest shall bear the burden, consistent with section 205 of the Federal Power Act, of proving that it has correctly applied the terms of the formula rate consistent with these protocols, and that it followed the applicable requirements and procedures in this Attachment O-ITC Midwest.

Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

- I. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of ITC Midwest to file unilaterally, pursuant to Federal Power Act section 205 and the regulations thereunder, to change the formula rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the formula rate with a stated rate, or the right of any other party to request such changes pursuant to section 206 of the Federal Power Act and the regulations thereunder.
- J. No party shall seek to modify the formula rate under the Challenge Procedures set forth in these protocols and the Annual True-Up and projected net revenue requirement shall not be subject to challenge by anyone for the purpose of modifying the formula rate. Any modifications to the formula rate will require, as applicable, a Federal Power Act section 205 or section 206 filing.
- K. Any Interested Party seeking changes to the application of the formula rate due to a change in the Uniform System of Accounts or FERC Form No. 1, shall first raise the matter with ITC Midwest in accordance with this Section IV before pursuing a Formal Challenge.

**Section V. Changes to True-Up Adjustment or Projected Net Revenue Requirement**

Except as provided in Section IV.F of these protocols, any changes to the data inputs, including but not limited to revisions to ITC Midwest's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual True-Up or projected net revenue requirement, or as a

result of the procedures set forth herein, shall be incorporated into the formula rate and the charges produced by the formula rate in the projected net revenue requirement for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge shall be calculated in accordance with the procedures outlined in Section VII of these protocols.

**Section VI. Informational Filings**

- A. By March 15 of each year, ITC Midwest shall submit to FERC an informational filing (“Informational Filing”) of its projected net revenue requirement for the Rate Year, including its Annual True-Up and True-Up Adjustment. This Informational Filing must include the information that is reasonably necessary to determine: (1) that input data under the formula rate are properly recorded in any underlying workpapers; (2) that ITC Midwest has properly applied the formula rate and these procedures; (3) the accuracy of data and the consistency with the formula rate of the Transmission Revenue Requirement and rates under review; (4) the extent of accounting changes that affect formula rate inputs; and (5) 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 formula rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. Within five (5) days of such Informational Filing, MISO shall provide notice of the Informational Filing via an email exploder list and by posting the docket number assigned to ITC Midwest's Informational Filing on the MISO website and OASIS.

- B. Any challenges to the implementation of the Attachment O-ITC Midwest formula rate must be made through the Challenge Procedures described in Section IV of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

#### **Section VII. Calculation of True-Up Adjustment**

The True-Up Adjustment will be determined in the following manner:

- (1) Actual Transmission revenues associated with transactions included in the Divisor on page 1, line 15 of Attachment O for the previous year will be compared to Net Revenue Requirement not including any prior year True-Up Adjustment (page 1, line 7, less line 6A, of Attachment O of this Tariff) calculated in accordance with ITC Midwest's Attachment O for the previous year using ITC Midwest's FERC Form No. 1 for that same year to determine any over or under recovery ("True-Up Adjustment"). The True-Up Adjustment and related calculations shall be posted to the Transmission Provider's website and OASIS no later than June 1 (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No. 1 for the previous year, as set forth in Section II of these protocols.
- (2) Interest on any over recovery of the net revenue requirement shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a. Interest on any under recovery of the net revenue requirement shall be determined using the interest rate equal to ITC Midwest's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using the

average of the interest rates used to calculate the time value of money for the twenty-four (24) months during which the over or under recovery in the net revenue requirement exists. The simple interest rate to be applied to the over or under recovery in the net revenue requirement will be determined using the average rate for the nineteen (19) months preceding August of the current year.

- (3) The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year and a True-Up Adjustment (included on page 1, line 6A of the ITC Midwest Attachment O) for the previous year, including interest as explained above.

#### **Example for 2009 Net Revenue Requirement**

In September 2008, the 2009 net revenue requirement and load will be projected for the purpose of deriving projected 2009 rates. In May 2010, actual transmission revenues will be compared to the Net Revenue Requirement calculated using ITC Midwest's 2009 FERC Form No. 1. If there is a difference, interest will be applied for the period July 1, 2009 until July 1, 2011. For any over recovery, the interest rate to be applied will be the average monthly FERC rate of return on refunds in effect from January 1, 2009 through July 31, 2010. For any under recovery, the interest rate to be applied will be equal to ITC Midwest's actual short-term debt costs capped at the applicable FERC refund interest rate in effect from January 1, 2009 through July 31, 2010. The True-Up Adjustment will be included on page 1, line 6A of the ITC Midwest Attachment O in the projected 2011 Net Revenue Requirement and estimated rates that will be made available to customers, the IUB, MPUC, and ICC, by September 1, 2010. New rates will take effect on January 1, 2011.

**EXHIBIT 2**

**CORRESPONDENCE BETWEEN  
INTERSTATE POWER AND LIGHT COMPANY  
AND ITC MIDWEST LLC**



Joel J. Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.

Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52408-0351  
319-786-4525  
joel.schmidt@alliantenergy.com

June 25, 2015

Ms. Krista K. Tanner  
President  
ITC Midwest  
100 East Grand Avenue, Suite 230  
Des Moines, IA 50309

Dear Krista:

We are concerned that our customer's transmission costs may be higher than necessary if ITC Midwest (ITCM) is an industry outlier and is not taking advantage of bonus depreciation as most other utilities we are aware of do. Our initial, high level review indicates this could have a significant annual ITCM customer cost impact. We are aware of only one other utility which has not taken advantage of bonus depreciation and they returned the foregone benefit that customers would have received to customers for the single year they did not take it. We and our state regulators expect ITCM to reduce costs incurred by ITCM's customers and accordingly grant the benefits to ITCM's customers regardless of whether or not the bonus depreciation deductions are taken.

We would like to better understand ITCM's use or lack thereof of bonus depreciation and the impact of such decisions on our customers. I am providing you with some questions that I would like ITCM to address. Given the upcoming September 15, 2015 deadline for filing a 2014 tax year return, we would like to understand this issue more fully and have opportunity for further dialogue with ITCM on it before ITCM has to make final decisions regarding preparation of its 2014 return. In light of this, we would appreciate ITCM responding, in writing, to our questions no later than Friday, July 10<sup>th</sup>. We thought it would be best to have an informal exchange of information before potentially taking other, more formal actions.

As you are aware, IPL's regulators, customers and other stakeholders are very engaged with IPL in its management of its processes and relationship with ITCM that influence transmission benefits, service levels and costs to IPL customers. This issue is important to our customers and other stakeholders and we expect to share ITCM's responses to these questions with our customers and stakeholders or include them in future regulatory filings.

#### Questions

Since 2008, various legislation has provided taxpayers the option to elect special depreciation allowances ("bonus depreciation") on qualified property under Section 168(k) of the Internal Revenue Code of 50% for equipment purchased after December 31, 2007 and before January 1, 2014, and 100% for equipment purchased after September 8, 2010 and before January 1, 2012 and placed into service before January 1, 2012. A corporate tax filer can make a formal election to not take advantage of the special depreciation allowances on an originally filed federal tax return. Any question assuming that ITCM is a tax filer can be presumed to apply to any related company filing corporate tax returns on behalf of ITCM.

- A. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.

- B. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- C. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
- D. Did the 2014 Attachment O true-up filing include an assumption that ITCM would use federal bonus depreciation incentives or elect to opt out of federal bonus depreciation incentives available for 2014?
- E. If ITCM deducted federal bonus depreciation incentives to the extent possible for tax years 2010 through 2014 federal tax returns:
  - 1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
  - 2. What would be the increase in deferred tax liabilities for ITCM for 2010-2014 (year end and 13-month average)?
  - 3. What would be the reduction in rate base for ITCM for 2010-2014 (year end and 13-month average)?
  - 4. What would be the reduction in net revenue requirement for ITCM for 2010-2014 and estimated for 2015?
- F. Does ITCM prepare a separate company tax return excluding the effects of affiliated entities within the ITC holding company?
- G. Quantify the general business credits and investment tax credits with finite carryforward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?
- H. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?

Please contact me if you have questions regarding our request. I look forward to ITCM's timely response on or before July 10<sup>th</sup>.

Sincerely,



Joel Schmidt  
Vice President, Regulatory Affairs

cc: Pat Kumpling  
Linda Mattes  
Tom Hanson  
Eric Guelker  
Jennifer Janecek



**ITC MIDWEST**  
100 East Grand Ave, Suite 230  
Des Moines, IA 50309  
phone: 515-282-5300  
www.itctransco.com

August 4, 2015

Mr. Joel Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.  
Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids IA 52406-0351

Dear Joel:

I appreciate your interest in ITC Midwest's plans regarding bonus depreciation. I hope that this response answers your questions.

As you know, ITC, like Alliant Energy, works to balance the many needs of stakeholders, including customers and investors, to ensure the long-term success of the organization and ability to serve the needs of the constituencies that depend on the company. ITC is committed to keeping customer rates as low as practical, while ensuring adequate access to capital to make the needed investments in the system.

As just one recent example of ITC's vigilance in seeking regulatory relief to help reduce impacts on customer costs, last year ITC requested a private letter ruling with the IRS to advocate for the existing treatment of the simple averaging of beginning of year and end of year deferred taxes in its formula rate to the benefit of customers as opposed to prorating deferred tax balances as required by the IRS for certain situations involving projected test periods. In the IRS ruling received, the IRS agreed that for purposes of calculating actual revenue requirement, deferred tax balances do not need to be prorated. Some companies in the industry, including ATC to the best of our knowledge, are prorating actual deferred tax balances or advocating for the use of prorated actual balances, which results in a lower deferred tax offset to rate base, and therefore a higher rate base. ITC's approach, in contrast, results in a lower rate base. ITC estimates that its approach vs. the proration method used by other utilities has an impact of reducing ITC Midwest's rate base by approximately \$10 million per year for 2014. The redacted IRS rulings were published in early August 2015.

ITC is continually looking for opportunities that will benefit its ratepayers. At the same time, ITC also has an obligation to respond to customer needs for transmission service and generator interconnection. We are committed to improved reliability within the footprint. ITC has made historically high levels of investment in the Midwest footprint, which has been the primary driver for transmission rate increases. This investment has provided demonstrated reliability

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improvements, which is reflected in both the quantitative results shown through studies like SGS, as well as the anecdotal responses from customers that I am pleased to hear on a regular basis. Those improvements in the system have the added benefit of reducing congestion costs and allowing access to a wider variety of generating sources, which I anticipate has reduced generation costs for IPL. Certainly that also benefits IPL customers.

In regard to the specific questions about bonus depreciation, ITC evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. In recent years, as it became clearer that bonus depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant. These detrimental effects began to outweigh the rate benefits ITC could reasonably provide other stakeholders, and when considering these and other relevant factors noted throughout this response, ITC elected out of bonus depreciation as is clearly contemplated in the IRS regulations. Our responses to your specific questions should further clarify our position.

#### QUESTIONS/ANSWERS

- Q. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.
- A. As indicated in the question, companies have the ability to elect out of bonus depreciation. Since bonus depreciation first appeared in law in 2002, the statutory rules have specifically provided that taxpayers may elect not to claim bonus depreciation. Further, Congress has specifically recognized that certain regulated utility taxpayers may wish not to claim bonus depreciation. Finally, in response to the request raised in the initial paragraph of the Alliant letter dated June 25, 2015 for ITCM to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, ITC is not able to grant this. This would clearly be a normalization violation based on 2012 legislation, which would prohibit ITC from using all forms of accelerated tax depreciation prospectively.

The items below are considered when making the determination to use or to elect out of bonus depreciation.

- Congressional intent of bonus depreciation and whether it results in an incentive for ITC to increase spending on infrastructure or conflicts with FERC intent to stimulate transmission investment.
- ITC considers the impact on customer rates, as well as the impact on earnings, cash flows and credit metrics.
- Mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

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- Q. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- A. ITCM elected federal bonus depreciation in 2008 and 2009. ITC elected out of federal bonus depreciation in 2010 – 2013.
- Q. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
- A. ITCM intends to elect out of federal bonus depreciation for the tax year ending December 31, 2014.
- Q. Did the 2014 Attachment O true-up filing include an assumption that ITCM would use federal bonus depreciation incentives or elect to opt out of federal bonus depreciation incentives available for 2014?
- A. 2014 Attachment O true up filing assumes ITCM will elect out of federal bonus depreciation for 2014.
- Q. If ITCM deducted federal bonus depreciation incentives to the extent possible for tax years 2010 through 2014 federal tax returns:
1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
  2. What would be the increase in deferred tax liabilities for ITCM for 2010-2014 (year end and 13-month average)?
  3. What would be the reduction in rate base for ITCM for 2010-2014 (year end and 13-month average)?
  4. What would be the reduction in net revenue requirement for ITCM for 2010-2014 and estimated for 2015?
- A. It is not practical to estimate the effects for historical periods without undue effort. As noted throughout these responses, other impacts beyond the impacts requested above are considered as to whether ITC elects bonus depreciation.
- Q. Does ITCM prepare a separate company tax return excluding the effects of affiliated entities within the ITC holding company?
- A. No separate return is filed with the IRS for ITCM, as it is a disregarded entity (a single-member LLC) for federal income tax filing purposes. However, ITCM records income taxes for accounting purposes based on its stand-alone company tax position.
- Q. Quantify the general business credits and investment tax credits with finite carry-forward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable

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future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?

A. ITC does not have such credits; however, credits and tax loss carryforwards are not the sole determining factor for ITC's rationale for whether or not to elect bonus depreciation in any given year.

Q. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?

A. As noted in response to Question A, ITC considers many factors, including the effect on customer rates, when considering bonus depreciation. ITCM customers have benefitted from management's decision to elect out of bonus depreciation by ITCM making consistent investment in necessary transmission infrastructure. Given ITC's rate construct, bonus depreciation does not serve as the incentive to invest that congress intended and it actually serves as a disincentive and conflicts with FERC intent to stimulate transmission investment. Additionally, ITCM has continued to utilize accelerated tax depreciation methods (15 year MACRS for transmission investment) and expects to continue to use accelerated methods.

ITC appreciates the opportunity to respond to your questions regarding bonus depreciation. If you have additional questions after you have had an opportunity to review our response, please call me and we can discuss further.

Sincerely,



Krista K. Tanner

cc: Rejji Hayes

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Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351

1-800-ALLIANT (1-800-255-4268)  
alliantenergy.com

August 21, 2015

RE: ITCM-Annual True-up, Information Exchange, and Challenge Procedures—Information Exchange Request

To: [misoformularates@itctransco.com](mailto:misoformularates@itctransco.com)

Alliant Energy – Interstate Power & Light Co. (IPL) initiates and submits this information request pursuant to Section III of the ITC Midwest LLC (ITCM) Attachment O Annual True-Up, Information Exchange, and Challenge Procedures published as part of the Midcontinent Independent System Operator, Inc. (MISO) Tariff. The following Information Exchange questions relate to the ITCM 2014 Attachment O True-Up – Preliminary information posted on ITCM’s OASIS (<http://www.oasis.oati.com/ITCM/>) under item 101 dated May 29, 2015 (“Publication Date”) and the ITCM 2014 Attachment O True-Up Presentation under item number 103 dated July 8, 2015.

#### Background

Since 2008, various legislation has provided taxpayers special depreciation allowances (“bonus depreciation”) on qualified property under Section 168(k) of the Internal Revenue Code of 50% for equipment purchased after December 31, 2007 and before January 1, 2014, and 100% for equipment purchased after September 8, 2010 and before January 1, 2012 and placed into service before January 1, 2012. A corporate tax filer may make a formal election to not take advantage of the special depreciation allowances on an originally filed federal tax return.

In June 2015 discussions between IPL and ITCM, ITCM personnel indicated that ITCM has not taken bonus depreciation since 2010 by electing to opt out. In lieu of initiating the ITCM Attachment O Annual True-Up, Information Exchange, and Challenge Procedures, IPL sent a letter on June 25, 2015 to ITCM with questions regarding bonus depreciation treatment, impacts and rationale, requesting a written response by July 10, 2015. IPL’s June 25, 2015 inquiry and ITCM’s response of August 4, 2015 are attached for reference.

#### Information Exchange Questions

The following are follow-up questions to the response ITCM provided on August 4, 2015 to IPL’s June 25, 2015 inquiry, and relate to the extent to which ITCM elected to use bonus depreciation in 2014, how that decision impacted the 2014 projected and actual revenue requirements and how the resulting 2014 True-Up will impact the 2016 Attachment O rates.

1. In its August 4, 2015 response, ITCM indicated that it evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. ITCM further indicates that “in recent years, as it became clearer that bonus

depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant."

The FERC Form 1 filings for ITCM for 2010-2014 show a total current federal tax payable of approximately \$141 million.

- a) What stakeholders benefit from the decision to not take bonus depreciation and what are those benefits for each stakeholder?
  - b) What stakeholders are negatively impacted from the decision not to take bonus depreciation and what are those negative impacts for each stakeholder?
  - c) Given that bonus depreciation is generally viewed as a cash flow benefit that reduces the need to make federal cash tax payments (or would have eliminated the need to make federal cash tax payments in the case of ITCM), how does ITCM consider bonus depreciation a detrimental impact on cash flow?
2. In its August 4, 2015 response, ITCM indicates that the detrimental effects of taking bonus depreciation outweigh the rate benefits ITCM could provide; suggesting it has quantified these impacts, yet indicates it is not practical to estimate the effects for historical periods, including 2014, without undue effort.

How did ITCM make the business decision to opt out of electing bonus depreciation, making the determination that detrimental effects outweigh the rate benefits, without making undue effort to quantify each?

3. In its August 4, 2015 response, ITCM indicates that among the items considered, when making the determination to use or to elect out of bonus depreciation, is the mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

Please provide examples of situations where taking bonus depreciation on its federal income tax returns (and reflecting the impacts to Accumulated Deferred Income Tax (ADIT) account balances in the Attachment O formula rate, including the ADIT impacts of applicable net operating losses), would cause a normalization violation.

4. In its August 4, 2015 response, ITCM indicated that it is not able to grant IPL's request to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, as this would be considered as a normalization violation.
- a) If ITCM takes bonus depreciation on its 2014 federal income tax return and in the 2014 Attachment O True-Up, does ITCM believe this would be considered a normalization violation?
  - b) If yes, what support is offered for this conclusion?
5. Does ITCM prepare a pro forma federal tax return or other stand alone tax calculation for the ITCM entity that is not filed with the IRS as part of the support for income tax allocations to ITCM and any resultant income tax payments from ITCM to the ITC parent? Please provide calculations and work papers that support the reported current and deferred income tax calculations and payments reported in FERC Form 1 and Attachment O protocol.

6. In its August 4, 2015 response, ITCM indicates that it sought and was recently granted a private letter ruling to provide for averaging of beginning and end of year deferred taxes, rather than proration in its formula rate to the benefit of customers. IPL has reviewed the three identical Private Letter Rulings (PLRs) from the Internal Revenue Service (IRS) issued on July 31, 2015, presumably for the three operating companies of ITC Holdings Corp., including ITCM. They indicate "The computation by Taxpayer of accumulated deferred income taxes for purposes of calculating average rate base without application of the rules for future test periods under §1.167(l)-1(h)(6) involving the proration formula for its projected revenue requirement does not comply with the normalization requirements of §168(i)(9)."
  - a) When does ITCM plan to comply with the normalization requirements and PLR by prorating its accumulated deferred income taxes for future test periods?
  - b) What will the impact be on the 2014 Attachment O True-Up?
  - c) What will the impact be on any current or future rate base and rates?

IPL appreciates ITCM's support of its continued efforts to better understand the components of the ITCM formula rate and manage IPL's transmission expense and transmission costs for its customers. According to the ITCM Attachment O Annual True-Up, Information Exchange, and Challenge Procedures, ITCM shall make a good faith effort to respond within fifteen business days, or approximately September 11, 2015. Please post this letter in its entire, original format on the ITCM OASIS along with your response when responding. IPL looks forward to ITCM's response.

Thank you,

John Weyer  
Manager –Transmission Services  
Alliant Energy Corporate Services, Inc.  
319-786-7112  
[johnweyer@alliantenergy.com](mailto:johnweyer@alliantenergy.com)



Joel J. Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.

Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351  
319-786-4525  
joelschmidt@alliantenergy.com

June 25, 2015

Ms. Krista K. Tanner  
President  
ITC Midwest  
100 East Grand Avenue, Suite 230  
Des Moines, IA 50309

Dear Krista:

We are concerned that our customer's transmission costs may be higher than necessary if ITC Midwest (ITCM) is an industry outlier and is not taking advantage of bonus depreciation as most other utilities we are aware of do. Our initial, high level review indicates this could have a significant annual ITCM customer cost impact. We are aware of only one other utility which has not taken advantage of bonus depreciation and they returned the foregone benefit that customers would have received to customers for the single year they did not take it. We and our state regulators expect ITCM to reduce costs incurred by ITCM's customers and accordingly grant the benefits to ITCM's customers regardless of whether or not the bonus depreciation deductions are taken.

We would like to better understand ITCM's use or lack thereof of bonus depreciation and the impact of such decisions on our customers. I am providing you with some questions that I would like ITCM to address. Given the upcoming September 15, 2015 deadline for filing a 2014 tax year return, we would like to understand this issue more fully and have opportunity for further dialogue with ITCM on it before ITCM has to make final decisions regarding preparation of its 2014 return. In light of this, we would appreciate ITCM responding in writing to our questions no later than Friday, July 10<sup>th</sup>. We thought it would be best to have an informal exchange of information before potentially taking other, more formal actions.

As you are aware, IPL's regulators, customers and other stakeholders are very engaged with IPL in its management of its processes and relationship with ITCM that influence transmission benefits, service levels and costs to IPL customers. This issue is important to our customers and other stakeholders and we expect to share ITCM's responses to these questions with our customers and stakeholders or include them in future regulatory filings.

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- A. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.

- B. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- C. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
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  - 1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
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- G. Quantify the general business credits and investment tax credits with finite carryforward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?
- H. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?

Please contact me if you have questions regarding our request. I look forward to ITCM's timely response on or before July 10<sup>th</sup>.

Sincerely,



Vice President, Regulatory Affairs

cc: Pat Kampling  
Linda Mattes  
Tom Hanson  
Eric Guelker  
Jennifer Janecek



ITC MIDWEST  
100 East Grand Ave, Suite 230  
Des Moines, IA 50309  
phone: 515-282-5300  
www.itctransco.com

August 4, 2015

Mr. Joel Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.  
Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids IA 52406-0351

Dear Joel:

I appreciate your interest in ITC Midwest's plans regarding bonus depreciation. I hope that this response answers your questions.

As you know, ITC, like Alliant Energy, works to balance the many needs of stakeholders, including customers and investors, to ensure the long-term success of the organization and ability to serve the needs of the constituencies that depend on the company. ITC is committed to keeping customer rates as low as practical, while ensuring adequate access to capital to make the needed investments in the system.

As just one recent example of ITC's vigilance in seeking regulatory relief to help reduce impacts on customer costs, last year ITC requested a private letter ruling with the IRS to advocate for the existing treatment of the simple averaging of beginning of year and end of year deferred taxes in its formula rate to the benefit of customers as opposed to prorating deferred tax balances as required by the IRS for certain situations involving projected test periods. In the IRS ruling received, the IRS agreed that for purposes of calculating actual revenue requirement, deferred tax balances do not need to be prorated. Some companies in the industry, including ATC to the best of our knowledge, are prorating actual deferred tax balances or advocating for the use of prorated actual balances, which results in a lower deferred tax offset to rate base, and therefore a higher rate base. ITC's approach, in contrast, results in a lower rate base. ITC estimates that its approach vs. the proration method used by other utilities has an impact of reducing ITC Midwest's rate base by approximately \$10 million per year for 2014. The redacted IRS rulings were published in early August 2015.

ITC is continually looking for opportunities that will benefit its ratepayers. At the same time, ITC also has an obligation to respond to customer needs for transmission service and generator interconnection. We are committed to improved reliability within the footprint. ITC has made historically high levels of investment in the Midwest footprint, which has been the primary driver for transmission rate increases. This investment has provided demonstrated reliability

improvements, which is reflected in both the quantitative results shown through studies like SGS, as well as the anecdotal responses from customers that I am pleased to hear on a regular basis. Those improvements in the system have the added benefit of reducing congestion costs and allowing access to a wider variety of generating sources, which I anticipate has reduced generation costs for IPL. Certainly that also benefits IPL customers.

In regard to the specific questions about bonus depreciation, ITC evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. In recent years, as it became clearer that bonus depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant. These detrimental effects began to outweigh the rate benefits ITC could reasonably provide other stakeholders, and when considering these and other relevant factors noted throughout this response, ITC elected out of bonus depreciation as is clearly contemplated in the IRS regulations. Our responses to your specific questions should further clarify our position.

#### QUESTIONS/ANSWERS

- Q. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.
- A. As indicated in the question, companies have the ability to elect out of bonus depreciation. Since bonus depreciation first appeared in law in 2002, the statutory rules have specifically provided that taxpayers may elect not to claim bonus depreciation. Further, Congress has specifically recognized that certain regulated utility taxpayers may wish not to claim bonus depreciation. Finally, in response to the request raised in the initial paragraph of the Alliant letter dated June 25, 2015 for ITCM to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, ITC is not able to grant this. This would clearly be a normalization violation based on 2012 legislation, which would prohibit ITC from using all forms of accelerated tax depreciation prospectively.

The items below are considered when making the determination to use or to elect out of bonus depreciation.

- Congressional intent of bonus depreciation and whether it results in an incentive for ITC to increase spending on infrastructure or conflicts with FERC intent to stimulate transmission investment.
- ITC considers the impact on customer rates, as well as the impact on earnings, cash flows and credit metrics.
- Mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

- Q. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- A. ITCM elected federal bonus depreciation in 2008 and 2009. ITC elected out of federal bonus depreciation in 2010 – 2013.
- Q. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
- A. ITCM intends to elect out of federal bonus depreciation for the tax year ending December 31, 2014.
- Q. Did the 2014 Attachment O true-up filing include an assumption that ITCM would use federal bonus depreciation incentives or elect to opt out of federal bonus depreciation incentives available for 2014?
- A. 2014 Attachment O true up filing assumes ITCM will elect out of federal bonus depreciation for 2014.
- Q. If ITCM deducted federal bonus depreciation incentives to the extent possible for tax years 2010 through 2014 federal tax returns:
1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
  2. What would be the increase in deferred tax liabilities for ITCM for 2010-2014 (year end and 13-month average)?
  3. What would be the reduction in rate base for ITCM for 2010-2014 (year end and 13-month average)?
  4. What would be the reduction in net revenue requirement for ITCM for 2010-2014 and estimated for 2015?
- A. It is not practical to estimate the effects for historical periods without undue effort. As noted throughout these responses, other impacts beyond the impacts requested above are considered as to whether ITC elects bonus depreciation.
- Q. Does ITCM prepare a separate company tax return excluding the effects of affiliated entities within the ITC holding company?
- A. No separate return is filed with the IRS for ITCM, as it is a disregarded entity (a single-member LLC) for federal income tax filing purposes. However, ITCM records income taxes for accounting purposes based on its stand-alone company tax position.
- Q. Quantify the general business credits and investment tax credits with finite carry-forward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable

future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?

- A. ITC does not have such credits; however, credits and tax loss carryforwards are not the sole determining factor for ITC's rationale for whether or not to elect bonus depreciation in any given year.
- Q. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?
  - A. As noted in response to Question A, ITC considers many factors, including the effect on customer rates, when considering bonus depreciation. ITCM customers have benefitted from management's decision to elect out of bonus depreciation by ITCM making consistent investment in necessary transmission infrastructure. Given ITC's rate construct, bonus depreciation does not serve as the incentive to invest that congress intended and it actually serves as a disincentive and conflicts with FERC intent to stimulate transmission investment. Additionally, ITCM has continued to utilize accelerated tax depreciation methods (15 year MACRS for transmission investment) and expects to continue to use accelerated methods.

ITC appreciates the opportunity to respond to your questions regarding bonus depreciation. If you have additional questions after you have had an opportunity to review our response, please call me and we can discuss further.

Sincerely,



Krista K. Tanner

cc: Rejji Hayes



**RESPONSES OF ITC MIDWEST LLC, DATED SEPTEMBER 11, 2015,  
TO ALLIANT ENERGY'S SECOND SET OF INFORMATION REQUESTS, DATED AUGUST 21, 2015**

**2-ITCMW--ALLIANT-1.** In its August 4, 2015 response, ITCM indicated that it evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. ITCM further indicates that "in recent years, as it became clearer that bonus depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant."

The FERC Form 1 filings for ITCM for 2010-2014 show a total current federal tax payable of approximately \$141 million.

- a) What stakeholders benefit from the decision to not take bonus depreciation and what are those benefits for each stakeholder?
- b) What stakeholders are negatively impacted from the decision not to take bonus depreciation and what are those negative impacts for each stakeholder?
- c) Given that bonus depreciation is generally viewed as a cash flow benefit that reduces the need to make federal cash tax payments (or would have eliminated the need to make federal cash tax payments in the case of ITCM), how does ITCM consider bonus depreciation a detrimental impact on cash flow?

**RESPONSE:**

a) Because bonus depreciation serves as a disincentive to ITC Midwest LLC ("ITCM") and therefore is in direct conflict with the policy objectives of FERC to stimulate transmission investment, ITCM believes all stakeholders benefit from ITCM's decision.

b) See response to a) above.

c) As suggested by the question, there would be an increase in cash flow produced by the accelerated tax deduction in the initial year bonus depreciation is elected. However, that initial cash flow effect is more than offset by the ongoing cash flow detriments caused by the reduction in ITCM's rate base over a several year period. This reduction in rate base directly reduces ITCM's revenue requirement, and thus its continuing cash flows.

These longer term effects of electing bonus depreciation can be more manageable when limited to a single instance. As Alliant is already aware, ITCM elected to use bonus depreciation for tax years 2008 and 2009. However, it is the cumulative long-term effects on cash flow of electing bonus depreciation on a year-over-year basis which become



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burdensome for the company and that has strongly influenced ITCM's determination to elect out of bonus depreciation in recent years.



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How did ITCM make the business decision to opt out of electing bonus depreciation, making the determination that detrimental effects outweigh the rate benefits, without making undue effort to quantify each?

**RESPONSE:** ITCM's August 4, 2015 letter response regarding the detrimental effects of bonus depreciation was a qualitative statement on the impact, and was not a quantified impact as question 2 has implied. Additionally, ITCM's statement in that response that it was not practical to estimate the effects on ITCM's historical calculations for taxes, rate base and revenue requirements was in response to a detailed question that would have required ITCM to make hypothetical calculations for multiple financial measures for 2010-2014. Again then, a precise calculation of the impacts of federal bonus depreciation for several historical years, including 2014, taking into account which projects would qualify for bonus depreciation based on the timing of the project investment and the in-service date of the project, would be unduly burdensome.

Although ITCM has not attempted to precisely quantify the historical impact, the illustrative effects are as follows. For an assumed \$1 million investment in plant, when electing bonus depreciation, the Accumulated Deferred Income Tax (ADIT) amount is \$175,000 (\$1 million x 50% first year deduction x 35% federal tax rate), resulting in a net rate base of \$825,000 (\$1 million less \$175,000). The \$175,000 reduction in rate base would reduce revenue requirement by \$26,250 (\$175,000 times the weighted average cost of capital plus income taxes totaling approximately 15%).

Thus, contrary to Congress' intent in adopting bonus depreciation, use of bonus depreciation is a disincentive to ITCM because it would operate to reduce ITCM's rate base and revenue requirement. Electing not to use bonus depreciation, an option that Congress provided, is therefore appropriate.



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**2-ITCMW-ALLIANT-3.** In its August 4, 2015 response, ITCM indicates that among the items considered, when making the determination to use or to elect out of bonus depreciation, is the mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

Please provide examples of situations where taking bonus depreciation on its federal income tax returns (and reflecting the impacts to Accumulated Deferred Income Tax (ADIT) account balances in the Attachment O formula rate, including the ADIT impacts of applicable net operating losses), would cause a normalization violation.

**RESPONSE:** The IRS has not prescribed a generally applicable safe harbor approach for handling Net Operating Losses ("NOLs") resulting from bonus depreciation under the normalization rules, so there is risk associated with that issue. The regulations indicate there is no specific mandate on methods, and provides that the IRS has discretion to determine whether a particular method satisfies the normalization requirements. The risk involving the determination of the portion of an NOL carry forward attributable to accelerated depreciation is significant enough to have caused several entities to request Private Letter Rulings ("PLRs") from the IRS. Several PLRs have been issued by the IRS (e.g. PLRs 201230012, 201418024, 201436037, 201436038, 201519021, 201438003 and 201534001) that assess the attribution of NOLs to rate base or the effects of NOLs on investment tax credit amortization in the contexts of whether the ratemaking treatment proposed violates the normalization rules. Because those PLRs are explicit in that the fact patterns addressed are specific to the filing taxpayers, and are only binding with respect to the applicable taxpayer and its operations in a specific regulatory jurisdiction, they are only partially instructive to the industry and to ITC. Risk remains, therefore, even in light of the recent IRS rulings.



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**2-ITCMW-ALLIANT-4.** In its August 4, 2015 response, ITCM indicated that it is not able to grant IPL's request to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, as this would be considered as a normalization violation.

a) If ITCM takes bonus depreciation on its 2014 federal income tax return and in the 2014 Attachment O True-Up, does ITCM believe this would be considered a normalization violation?

b) If yes, what support is offered for this conclusion?

**RESPONSE:**

a) For clarity, ITCM's August 4, 2015 response was addressing Alliant's request to give customers the benefits of bonus depreciation even though bonus depreciation was not deducted by ITC Holdings Corp. on its filed tax return. That would clearly be a normalization violation. Regarding this question, 4.a, there would likely be no normalization concerns if there were no NOL carryforwards that resulted from bonus depreciation. However, as noted above in the response to question 3, the amount of any NOLs to be added to rate base resulting from bonus depreciation would need to be determined and would ultimately require approval by the Internal Revenue Service to eliminate the risk (because the applicable regulations do not prescribe a computational approach, but instead indicate that the IRS has the discretion to determine whether any particular method satisfies such regulations). Risk of a normalization violation exists if any portion of the deferred tax liability attributable to accelerated depreciation reduces rate base prior to utilization of NOLs.

b) See a) above



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**2-ITCMW--ALLIANT-5.** Does ITCM prepare a pro forma federal tax return or other stand alone tax calculation for the ITC Midwest entity that is not filed with the IRS as part of the support for income tax allocations to ITCM and any resultant income tax payments from ITCM to the ITC parent? Please provide calculations and work papers that support the reported current and deferred income tax calculations and payments reported in FERC Form 1 and Attachment O protocol.

**RESPONSE:** ITCM's 2014 FERC Form No. 1 reflects the stand alone ITCM tax calculation being requested. Current federal income tax calculation appears on page 261, and the book vs. tax differences that impact ITCM's deferred tax balances are also displayed on page 261. The tax payments to ITC Holdings Corp. (the parent) are based on this stand-alone federal income tax calculation.



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**2-ITCMW-ALLIANT-6.** In its August 4, 2015 response, ITCM indicates that it sought and was recently granted a private letter ruling to provide for averaging of beginning and end of year deferred taxes, rather than proration in its formula rate to the benefit of customers. IPL has reviewed the three identical Private Letter Rulings (PLRs) from the Internal Revenue Service (IRS) issued on July 31, 2015, presumably for the three operating companies of ITC Holdings Corp., including ITCM. They indicate "The computation by Taxpayer of accumulated deferred income taxes for purposes of calculating average rate base without application of the rules for future test periods under §1.167(l)-1(h)(6) involving the proration formula for its projected revenue requirement does not comply with the normalization requirements of §168(i)(9)."

- a) When does ITCM plan to comply with the normalization requirements and PLR by prorating its accumulated deferred income taxes for future test periods?
- b) What will the impact be on the 2014 Attachment O True-Up?
- c) What will the impact be on any current or future rate base and rates?

**RESPONSE:**

- a) This was included in the ITCM 2016 projected rate posted on August 31, 2015.
- b) There is no effect on the 2014 Attachment O true-up, as neither the 2014 projected or actual deferred tax balances were prorated.
- c) There is no change in deferred taxes required for the calculation of actual revenue requirement (which do not require proration). Only the projected revenue requirements will be affected by the proration of deferred taxes, so it will affect the true-up adjustment all else being equal.

**EXHIBIT 3**  
**INFORMAL CHALLENGE**



Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351

1-800-ALLIANT (1-800-255-4268)  
alliantenergy.com

October 6, 2015

RE: ITCM-Annual True-up, Information Exchange, and Challenge Procedures—Informal Challenge

To: [misoformularates@itctransco.com](mailto:misoformularates@itctransco.com)

**Informal Challenge**

Alliant Energy – Interstate Power and Light Company (IPL) submits this Informal Challenge pursuant to Section IV of the ITC Midwest LLC (ITCM) Attachment O Annual True-Up, Information Exchange, and Challenge Procedures published as part of the Midcontinent Independent System Operator, Inc. (MISO) Tariff. The following Informal Challenge relates to the ITCM 2014 Attachment O True-Up Reporting package posted on ITCM’s OASIS (<http://www.oasis.oati.com/ITCM/>) under item 101 on May 29, 2015 (“Publication Date”), the ITCM 2014 Attachment O True-Up Presentation under item number 103 on July 8, 2015, and the ITC\_Midwest\_Response\_to\_Alliant\_Questions, 09112015 on September 11, 2015 under item number 107.

The challenge raised by IPL in this instance concerns the prudence of ITCM’s decision to elect out of taking federal bonus depreciation for income tax purposes for the years 2010-2013 and its communicated intent to elect out of taking federal bonus depreciation in 2014. Based on ITCM’s responses to IPL’s information exchange requests (attached), the intent and effect of this decision is to increase ITCM’s rate base and increase revenue requirements.

ITCM justifies its decision based on its arguments that:

1. Bonus depreciation is a disincentive to transmission investment as it lowers ITCM’s rate base and revenue requirement, and thus runs counter to FERC’s policy objectives to stimulate transmission investment, which makes electing out of bonus depreciation in the best interests of IPL and all other stakeholders.
2. Bonus depreciation is detrimental to cash flow as it results in lower revenue requirements.
3. There is some risk of a normalization violation if taking bonus depreciation results in a net operating loss, citing the presence of Private Letter Rulings from the Internal Revenue Service (IRS) as evidence that other entities are also concerned about this risk.

Such arguments are specious. In fact, ITCM’s decisions to elect out of bonus depreciation are imprudent. Such decisions have had and continue to have a demonstrable and significant negative impact on customers by increasing their rates without any corresponding benefit. IPL believes a decision which results in increased customer costs for the benefit of equity investors, with no corresponding customer benefit, is imprudent.

### Impact of ITCM Decision to Elect Out of Use of Bonus Depreciation

As reported in ITCM's FERC Form 1s, between 2011 and 2014, ITCM charged \$141 million in federal income taxes on its income statement and made federal cash tax payments of \$135 million. If it had not elected out of bonus depreciation, ITCM would not have had any federal tax liability for the years 2011 through 2014. Due to the inter-deductibility of federal income taxes for Iowa state income tax purposes, IPL estimates that ITCM would have paid \$127 million less in federal cash tax payments between 2011 and 2014 if it had not elected out of bonus depreciation. This amount is the net effect bonus depreciation would have had on ITCM's FERC Accounts 281 (Accumulated Deferred Income Taxes—Accelerated Amortization Property) and 190 (Accumulated Deferred Income Taxes). These amounts could have been used to lower the rate base of ITCM, and ultimately the Attachment O, GG and MM rates paid by ITCM's customers, including IPL. Based upon ITCM's currently authorized ROE, ITCM's decision results in an increase in the ITCM annual revenue requirement of approximately \$18 million as of year-end 2014<sup>1</sup>.

In this Informal Challenge, IPL objects to the increase in ITCM's 2014 projected and actual revenue requirements, the increase in ITCM's 2015 and 2016 projected revenue requirements, and the increase in ITCM's 2016 Attachment O rates, as a result of its decision to elect out of using bonus depreciation when calculating its federal income tax liability.

### Discussion of ITCM Arguments

#### **1. FERC Policy Objectives and Customer Interests**

The FERC and many state regulatory agencies have typically reflected Accumulated Deferred Income Tax (ADIT) balances in the calculation of rate base on the basis that accelerated tax depreciation, including bonus depreciation, is a cost free source of financing that should benefit customers. Accelerated tax depreciation, including bonus depreciation, results in improved cash flows due to lower income tax payments and thus lowers the need for equity or debt financing costs. FERC, in summarizing<sup>2</sup> the tools it has to incentivize transmission investment as provided in its Order 679, highlights accelerated depreciation.<sup>3</sup> FERC identifies this as a tool to incentivize transmission investment whereas ITCM asserts using it runs counter to FERC transmission incentive policy. Indeed, the only reason that revenue requirements and ongoing cash flow is lower when using bonus depreciation is that there is a timing difference between recognition of bonus depreciation for book purposes and recognition of such depreciation for tax purposes. This results in revenue collected by ITCM which is not needed immediately to pay Federal income taxes. It becomes a source of cost-free capital that reduces the need to incur incremental equity and debt financing costs.

<sup>1</sup> Annualized revenue requirement of approximately \$18 million calculating by multiplying the \$127 million of additional rate base by ITCM's 14.5% pre-tax cost of capital.

<sup>2</sup> <http://www.ferc.gov/industries/electric/indus-act/trans-invest.asp>

<sup>3</sup> Note that the accelerated depreciation relates to book depreciation versus tax depreciation, but both result in lower rate base and revenue requirements, objectives that ITCM claims are a disincentive to transmission investment and run counter to FERC policy objectives.

## 2. Lowering Rate Base and Revenue Requirement

Using the same logic as ITCM has proffered to elect out of bonus depreciation, IPL should desire and consider it prudent that ITCM inflate (i.e. pay an above market price of construction for no defensible reason) the cost of all its transmission investments, and FERC and any other stakeholders should think that such actions were prudent and to their benefit. Inflating the cost of a transmission investment would increase ITCM's rate base and revenue requirements, similar to electing out of bonus depreciation. Inflating the cost of the project would temporarily impact cash flow through increased capital expenditures, but would be more than offset by long-term improvements in the cash flow from higher revenue requirements. Does ITCM believe that doing so would be a benefit to its customers?

Of course the above example would be considered imprudent and not sustainable. Why would ITCM electing out of bonus depreciation to accomplish the same objective be deemed otherwise?

## 3. Risk of a Normalization Violation

IPL's research indicates that virtually every other investor-owned utility in the U.S. is without legitimate reason for electing out of bonus depreciation<sup>4</sup>, and finds that the risk of a normalization violation is either immaterial or non-existent if they have used bonus depreciation to lower customer costs. This may be in part because FERC addressed the issue even prior to the formation of ITCM<sup>5</sup> and has continued to enable the use of FERC Account No. 190 (Accumulated Deferred Income Taxes) as an offset to Account No. 282 (Accumulated Deferred Income Taxes—Other Property). IPL, as ITCM's single largest customer, foresees no circumstance where it would argue that Account No. 190 should not be used as an offset to Account No. 282. The cited Private Letter Rulings all seem to relate to state utility commissions that are challenging the use of Account No. 190 as an offset, with the requesting utilities seeking to demonstrate to their respective state utility commissions that it would create a normalization violation. This risk is non-existent based on FERC rulings. If this is of concern to ITCM, ITCM can eliminate this risk with a request to the Internal Revenue Service (IRS) for a private letter ruling detailing ITCM's facts and circumstances. ITCM has requested private letter rulings in the past, so ITCM should be familiar with this process.

### Requested Remedies

Due to ITCM's insistence to elect out of taking federal bonus depreciation for income tax purposes, which IPL believes imprudent, IPL submits this Informal Challenge and requests several remedies to mitigate the negative impact on customer rates of the actions taken to date.

1. IPL requests ITCM to request a Private Letter Ruling from the IRS to revoke its decisions for 2014 and all available prior years to elect out of bonus depreciation.
2. IPL requests ITCM to adjust its Attachment O formula rate for billing purposes to begin January 1, 2016, to reflect the increase in Accumulated Deferred Income Taxes that would result from a

<sup>4</sup> A legitimate reason for electing out of bonus depreciation would be to avoid the permanent loss of tax credits and/or deductions, whose loss is estimated to be greater than the value of delaying tax payments. According to its response dated August 4, 2015, there are no such permanent tax loss considerations for ITCM where it could weigh such a trade-off.

<sup>5</sup> Opinion No. 486 issued October 19, 2006 (Docket No. RP04-274-000)

- successful Private Letter Ruling, and refund to customers the impacts of such revisions in prior years (to the extent not a normalization violation).
3. IPL requests that ITCM not elect out of bonus depreciation in future years without clear justification and documentation of the benefits to customers from doing so. If ITCM proposes to elect out of bonus depreciation in future years, IPL also requests that ITCM make such documentation and justification available on OASIS, including pro forma rate calculations that quantify the benefits from doing so.

John Weyer  
Manager –Transmission Services  
Alliant Energy Corporate Services, Inc.  
319-786-7112  
[johnweyer@alliantenergy.com](mailto:johnweyer@alliantenergy.com)



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- a) Because bonus depreciation serves as a disincentive to ITC Midwest LLC ("ITCM") and therefore is in direct conflict with the policy objectives of FERC to stimulate transmission investment, ITCM believes all stakeholders benefit from ITCM's decision.
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**2-ITCMW–ALLIANT-6.** In its August 4, 2015 response, ITCM indicates that it sought and was recently granted a private letter ruling to provide for averaging of beginning and end of year deferred taxes, rather than proration in its formula rate to the benefit of customers. IPL has reviewed the three identical Private Letter Rulings (PLRs) from the Internal Revenue Service (IRS) issued on July 31, 2015, presumably for the three operating companies of ITC Holdings Corp., including ITCM. They indicate "The computation by Taxpayer of accumulated deferred income taxes for purposes of calculating average rate base without application of the rules for future test periods under §1.167(l)-1(h)(6) involving the proration formula for its projected revenue requirement does not comply with the normalization requirements of §168(i)(9)."

- a) When does ITCM plan to comply with the normalization requirements and PLR by prorating its accumulated deferred income taxes for future test periods?
- b) What will the impact be on the 2014 Attachment O True-Up?
- c) What will the impact be on any current or future rate base and rates?

**RESPONSE:**

- a) This was included in the ITCM 2016 projected rate posted on August 31, 2015.
- b) There is no effect on the 2014 Attachment O true-up, as neither the 2014 projected or actual deferred tax balances were prorated.
- c) There is no change in deferred taxes required for the calculation of actual revenue requirement (which do not require proration). Only the projected revenue requirements will be affected by the proration of deferred taxes, so it will affect the true-up adjustment all else being equal.



Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351

1-800-ALLIANT (1-800-255-4288)  
alliantenergy.com

August 21, 2015

RE: ITCM-Annual True-up, Information Exchange, and Challenge Procedures—Information Exchange Request

To: [misoformularates@itctransco.com](mailto:misoformularates@itctransco.com)

Alliant Energy – Interstate Power & Light Co. (IPL) initiates and submits this information request pursuant to Section III of the ITC Midwest LLC (ITCM) Attachment O Annual True-Up, Information Exchange, and Challenge Procedures published as part of the Midcontinent Independent System Operator, Inc. (MISO) Tariff. The following Information Exchange questions relate to the ITCM 2014 Attachment O True-Up – Preliminary information posted on ITCM’s OASIS (<http://www.oasis.oati.com/ITCM/>) under item 101 dated May 29, 2015 (“Publication Date”) and the ITCM 2014 Attachment O True-Up Presentation under item number 103 dated July 8, 2015.

#### Background

Since 2008, various legislation has provided taxpayers special depreciation allowances (“bonus depreciation”) on qualified property under Section 168(k) of the Internal Revenue Code of 50% for equipment purchased after December 31, 2007 and before January 1, 2014, and 100% for equipment purchased after September 8, 2010 and before January 1, 2012 and placed into service before January 1, 2012. A corporate tax filer may make a formal election to not take advantage of the special depreciation allowances on an originally filed federal tax return.

In June 2015 discussions between IPL and ITCM, ITCM personnel indicated that ITCM has not taken bonus depreciation since 2010 by electing to opt out. In lieu of initiating the ITCM Attachment O Annual True-Up, Information Exchange, and Challenge Procedures, IPL sent a letter on June 25, 2015 to ITCM with questions regarding bonus depreciation treatment, impacts and rationale, requesting a written response by July 10, 2015. IPL’s June 25, 2015 inquiry and ITCM’s response of August 4, 2015 are attached for reference.

#### Information Exchange Questions

The following are follow-up questions to the response ITCM provided on August 4, 2015 to IPL’s June 25, 2015 inquiry, and relate to the extent to which ITCM elected to use bonus depreciation in 2014, how that decision impacted the 2014 projected and actual revenue requirements and how the resulting 2014 True-Up will impact the 2016 Attachment O rates.

1. In its August 4, 2015 response, ITCM indicated that it evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. ITCM further indicates that “in recent years, as it became clearer that bonus

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ITCM-Annual True-up, Information Exchange, and Challenge Procedures- Informal Challenge

depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant."

The FERC Form 1 filings for ITCM for 2010-2014 show a total current federal tax payable of approximately \$141 million.

- a) What stakeholders benefit from the decision to not take bonus depreciation and what are those benefits for each stakeholder?
  - b) What stakeholders are negatively impacted from the decision not to take bonus depreciation and what are those negative impacts for each stakeholder?
  - c) Given that bonus depreciation is generally viewed as a cash flow benefit that reduces the need to make federal cash tax payments (or would have eliminated the need to make federal cash tax payments in the case of ITCM), how does ITCM consider bonus depreciation a detrimental impact on cash flow?
2. In its August 4, 2015 response, ITCM indicates that the detrimental effects of taking bonus depreciation outweigh the rate benefits ITCM could provide; suggesting it has quantified these impacts, yet indicates it is not practical to estimate the effects for historical periods, including 2014, without undue effort.

How did ITCM make the business decision to opt out of electing bonus depreciation, making the determination that detrimental effects outweigh the rate benefits, without making undue effort to quantify each?

3. In its August 4, 2015 response, ITCM indicates that among the items considered, when making the determination to use or to elect out of bonus depreciation, is the mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

Please provide examples of situations where taking bonus depreciation on its federal income tax returns (and reflecting the impacts to Accumulated Deferred Income Tax (ADIT) account balances in the Attachment O formula rate, including the ADIT impacts of applicable net operating losses), would cause a normalization violation.

4. In its August 4, 2015 response, ITCM indicated that it is not able to grant IPL's request to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, as this would be considered as a normalization violation.
- a) If ITCM takes bonus depreciation on its 2014 federal income tax return and in the 2014 Attachment O True-Up, does ITCM believe this would be considered a normalization violation?
  - b) If yes, what support is offered for this conclusion?
5. Does ITCM prepare a pro forma federal tax return or other stand alone tax calculation for the ITCM entity that is not filed with the IRS as part of the support for income tax allocations to ITCM and any resultant income tax payments from ITCM to the ITC parent? Please provide calculations and work papers that support the reported current and deferred income tax calculations and payments reported in FERC Form 1 and Attachment O protocol.

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6. In its August 4, 2015 response, ITCM indicates that it sought and was recently granted a private letter ruling to provide for averaging of beginning and end of year deferred taxes, rather than proration in its formula rate to the benefit of customers. IPL has reviewed the three identical Private Letter Rulings (PLRs) from the Internal Revenue Service (IRS) issued on July 31, 2015, presumably for the three operating companies of ITC Holdings Corp., including ITCM. They indicate "The computation by Taxpayer of accumulated deferred income taxes for purposes of calculating average rate base without application of the rules for future test periods under §1.167(l)-1(h)(6) involving the proration formula for its projected revenue requirement does not comply with the normalization requirements of §168(i)(9)."

- a) When does ITCM plan to comply with the normalization requirements and PLR by prorating its accumulated deferred income taxes for future test periods?
- b) What will the impact be on the 2014 Attachment O True-Up?
- c) What will the impact be on any current or future rate base and rates?

IPL appreciates ITCM's support of its continued efforts to better understand the components of the ITCM formula rate and manage IPL's transmission expense and transmission costs for its customers. According to the ITCM Attachment O Annual True-Up, Information Exchange, and Challenge Procedures, ITCM shall make a good faith effort to respond within fifteen business days, or approximately September 11, 2015. Please post this letter in its entire, original format on the ITCM OASIS along with your response when responding. IPL looks forward to ITCM's response.

Thank you,

John Weyer  
Manager –Transmission Services  
Alliant Energy Corporate Services, Inc.  
319-786-7112  
[johnweyer@alliantenergy.com](mailto:johnweyer@alliantenergy.com)



Joel J. Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.

Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids, IA 52406-0351  
319-786-4525  
joelschmidt@alliantenergy.com

June 25, 2015

Ms. Krista K. Tanner  
President  
ITC Midwest  
100 East Grand Avenue, Suite 230  
Des Moines, IA 50309

Dear Krista:

We are concerned that our customer's transmission costs may be higher than necessary if ITC Midwest (ITCM) is an industry outlier and is not taking advantage of bonus depreciation as most other utilities we are aware of do. Our initial, high level review indicates this could have a significant annual ITCM customer cost impact. We are aware of only one other utility which has not taken advantage of bonus depreciation and they returned the foregone benefit that customers would have received to customers for the single year they did not take it. We and our state regulators expect ITCM to reduce costs incurred by ITCM's customers and accordingly grant the benefits to ITCM's customers regardless of whether or not the bonus depreciation deductions are taken.

We would like to better understand ITCM's use or lack thereof of bonus depreciation and the impact of such decisions on our customers. I am providing you with some questions that I would like ITCM to address. Given the upcoming September 15, 2015 deadline for filing a 2014 tax year return, we would like to understand this issue more fully and have opportunity for further dialogue with ITCM on it before ITCM has to make final decisions regarding preparation of its 2014 return. In light of this, we would appreciate ITCM responding, in writing, to our questions no later than Friday, July 10<sup>th</sup>. We thought it would be best to have an informal exchange of information before potentially taking other, more formal actions.

As you are aware, IPL's regulators, customers and other stakeholders are very engaged with IPL in its management of its processes and relationship with ITCM that influence transmission benefits, service levels and costs to IPL customers. This issue is important to our customers and other stakeholders and we expect to share ITCM's responses to these questions with our customers and stakeholders or include them in future regulatory filings.

#### Questions

Since 2008, various legislation has provided taxpayers the option to elect special depreciation allowances ("bonus depreciation") on qualified property under Section 168(k) of the Internal Revenue Code of 50% for equipment purchased after December 31, 2007 and before January 1, 2014, and 100% for equipment purchased after September 8, 2010 and before January 1, 2012 and placed into service before January 1, 2012. A corporate tax filer can make a formal election to not take advantage of the special depreciation allowances on an originally filed federal tax return. Any question assuming that ITCM is a tax filer can be presumed to apply to any related company filing corporate tax returns on behalf of ITCM.

- A. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.

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ITCM-Annual True-up, Information Exchange, and Challenge Procedures-Infomal Challenge

- B. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- C. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
- D. Did the 2014 Attachment O true-up filing include an assumption that ITCM would use federal bonus depreciation incentives or elect to opt out of federal bonus depreciation incentives available for 2014?
- E. If ITCM deducted federal bonus depreciation incentives to the extent possible for tax years 2010 through 2014 federal tax returns:
  - 1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
  - 2. What would be the increase in deferred tax liabilities for ITCM for 2010-2014 (year end and 13-month average)?
  - 3. What would be the reduction in rate base for ITCM for 2010-2014 (year end and 13-month average)?
  - 4. What would be the reduction in net revenue requirement for ITCM for 2010-2014 and estimated for 2015?
- F. Does ITCM prepare a separate company tax return excluding the effects of affiliated entities within the ITC holding company?
- G. Quantify the general business credits and investment tax credits with finite carryforward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?
- H. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?

Please contact me if you have questions regarding our request. I look forward to ITCM's timely response on or before July 10<sup>th</sup>.

Sincerely,



Vice President, Regulatory Affairs

cc: Pat Kampling  
Linda Mattes  
Tom Hanson  
Eric Guelker  
Jennifer Janeczek



ITC MIDWEST  
100 East Grand Ave, Suite 230  
Des Moines, IA 50309  
phone: 515-282-5300  
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August 4, 2015

Mr. Joel Schmidt  
Vice President, Regulatory Affairs  
Interstate Power and Light Co.  
Alliant Energy  
200 First Street SE  
P.O. Box 351  
Cedar Rapids IA 52406-0351

Dear Joel:

I appreciate your interest in ITC Midwest's plans regarding bonus depreciation. I hope that this response answers your questions.

As you know, ITC, like Alliant Energy, works to balance the many needs of stakeholders, including customers and investors, to ensure the long-term success of the organization and ability to serve the needs of the constituencies that depend on the company. ITC is committed to keeping customer rates as low as practical, while ensuring adequate access to capital to make the needed investments in the system.

As just one recent example of ITC's vigilance in seeking regulatory relief to help reduce impacts on customer costs, last year ITC requested a private letter ruling with the IRS to advocate for the existing treatment of the simple averaging of beginning of year and end of year deferred taxes in its formula rate to the benefit of customers as opposed to prorating deferred tax balances as required by the IRS for certain situations involving projected test periods. In the IRS ruling received, the IRS agreed that for purposes of calculating actual revenue requirement, deferred tax balances do not need to be prorated. Some companies in the industry, including ATC to the best of our knowledge, are prorating actual deferred tax balances or advocating for the use of prorated actual balances, which results in a lower deferred tax offset to rate base, and therefore a higher rate base. ITC's approach, in contrast, results in a lower rate base. ITC estimates that its approach vs. the proration method used by other utilities has an impact of reducing ITC Midwest's rate base by approximately \$10 million per year for 2014. The redacted IRS rulings were published in early August 2015.

ITC is continually looking for opportunities that will benefit its ratepayers. At the same time, ITC also has an obligation to respond to customer needs for transmission service and generator interconnection. We are committed to improved reliability within the footprint. ITC has made historically high levels of investment in the Midwest footprint, which has been the primary driver for transmission rate increases. This investment has provided demonstrated reliability

improvements, which is reflected in both the quantitative results shown through studies like SGS, as well as the anecdotal responses from customers that I am pleased to hear on a regular basis. Those improvements in the system have the added benefit of reducing congestion costs and allowing access to a wider variety of generating sources, which I anticipate has reduced generation costs for IPL. Certainly that also benefits IPL customers.

In regard to the specific questions about bonus depreciation, ITC evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders. In recent years, as it became clearer that bonus depreciation was not the temporary stimulus that had been initially intended, the detrimental effects to ITC's earnings and cash flows became more significant. These detrimental effects began to outweigh the rate benefits ITC could reasonably provide other stakeholders, and when considering these and other relevant factors noted throughout this response, ITC elected out of bonus depreciation as is clearly contemplated in the IRS regulations. Our responses to your specific questions should further clarify our position.

#### QUESTIONS/ANSWERS

Q. Please list the factors considered when making the determination to use or to opt out of federal bonus depreciation.

A. As indicated in the question, companies have the ability to elect out of bonus depreciation. Since bonus depreciation first appeared in law in 2002, the statutory rules have specifically provided that taxpayers may elect not to claim bonus depreciation. Further, Congress has specifically recognized that certain regulated utility taxpayers may wish not to claim bonus depreciation. Finally, in response to the request raised in the initial paragraph of the Alliant letter dated June 25, 2015 for ITCM to grant customers the benefits of bonus depreciation regardless of whether the deductions are taken, ITC is not able to grant this. This would clearly be a normalization violation based on 2012 legislation, which would prohibit ITC from using all forms of accelerated tax depreciation prospectively.

The items below are considered when making the determination to use or to elect out of bonus depreciation.

- Congressional intent of bonus depreciation and whether it results in an incentive for ITC to increase spending on infrastructure or conflicts with FERC intent to stimulate transmission investment.
- ITC considers the impact on customer rates, as well as the impact on earnings, cash flows and credit metrics.
- Mitigation of potential violations of IRS tax normalization rules relating to bonus depreciation and any related tax net operating losses, and avoiding the risk of permanent loss of all accelerated depreciation.

- Q. For which tax years did ITCM use federal bonus depreciation incentives and for which tax years did ITCM make the election to opt out of taking federal bonus depreciation incentives?
- A. ITCM elected federal bonus depreciation in 2008 and 2009. ITC elected out of federal bonus depreciation in 2010 – 2013.
- Q. Does ITCM intend to use or to opt out of taking federal bonus depreciation for the tax year ending December 31, 2014?
- A. ITCM intends to elect out of federal bonus depreciation for the tax year ending December 31, 2014.
- Q. Did the 2014 Attachment O true-up filing include an assumption that ITCM would use federal bonus depreciation incentives or elect to opt out of federal bonus depreciation incentives available for 2014?
- A. 2014 Attachment O true up filing assumes ITCM will elect out of federal bonus depreciation for 2014.
- Q. If ITCM deducted federal bonus depreciation incentives to the extent possible for tax years 2010 through 2014 federal tax returns:
1. What would be the change in income taxes paid to ITC Holdings for 2010 through 2014 relative to amounts currently shown in ITCM's FERC Form 1 annual reports?
  2. What would be the increase in deferred tax liabilities for ITCM for 2010-2014 (year end and 13-month average)?
  3. What would be the reduction in rate base for ITCM for 2010-2014 (year end and 13-month average)?
  4. What would be the reduction in net revenue requirement for ITCM for 2010-2014 and estimated for 2015?
- A. It is not practical to estimate the effects for historical periods without undue effort. As noted throughout these responses, other impacts beyond the impacts requested above are considered as to whether ITC elects bonus depreciation.
- Q. Does ITCM prepare a separate company tax return excluding the effects of affiliated entities within the ITC holding company?
- A. No separate return is filed with the IRS for ITCM, as it is a disregarded entity (a single-member LLC) for federal income tax filing purposes. However, ITCM records income taxes for accounting purposes based on its stand-alone company tax position.
- Q. Quantify the general business credits and investment tax credits with finite carry-forward periods that have been claimed by ITCM that could be lost if a decision to not elect to opt out of bonus depreciation would extend federal taxable losses into the foreseeable

future. How would this impact ITCM's net revenue requirements, net investment rate base and the deferred tax liabilities in 2014 and 2015?

A. ITC does not have such credits; however, credits and tax loss carryforwards are not the sole determining factor for ITC's rationale for whether or not to elect bonus depreciation in any given year.

Q. What is the benefit(s) to customers of ITCM related to its management decision to either use or opt out of federal bonus depreciation incentives?

A. As noted in response to Question A, ITC considers many factors, including the effect on customer rates, when considering bonus depreciation. ITCM customers have benefitted from management's decision to elect out of bonus depreciation by ITCM making consistent investment in necessary transmission infrastructure. Given ITC's rate construct, bonus depreciation does not serve as the incentive to invest that congress intended and it actually serves as a disincentive and conflicts with FERC intent to stimulate transmission investment. Additionally, ITCM has continued to utilize accelerated tax depreciation methods (15 year MACRS for transmission investment) and expects to continue to use accelerated methods.

ITC appreciates the opportunity to respond to your questions regarding bonus depreciation. If you have additional questions after you have had an opportunity to review our response, please call me and we can discuss further.

Sincerely,



Krista K. Tanner

cc: Rejji Hayes

**EXHIBIT 4**  
**RESPONSE TO INFORMAL CHALLENGE**



November 4, 2015

Mr. John Weyer  
Manager - Transmission Services  
Alliant Energy Corporate Services, Inc.  
Alliant Energy  
200 First Street SE  
P. O. Box 351  
Cedar Rapids, IA 52401-0351

**RE: Response to Informal Challenge**

Dear Mr. Weyer:

ITC Midwest LLC ("ITC Midwest") has received the Alliant Energy-Interstate Power and Light Company (IPL) ("IPL") October 6, 2015 Informal Challenge ("Informal Challenge") related to ITC Midwest's 2014 Attachment O True-Up, as posted on OASIS on May 29, 2015. In accordance with Section IV.B of the ITC Midwest Annual True-Up, Information Exchange and Challenge Procedures ("Protocols"), ITC Midwest responds as follows:

1. This challenge relates to decisions of ITC Holdings Corp.'s ("ITC Holdings") management with respect to a discretionary tax matter rather than to any input, allocation, calculation, application or implementation of ITC Midwest's Attachment O formula rate. Accordingly, the decision challenged by IPL here is not within the scope of ITC Midwest's Attachment O Annual True-Up, Information Exchange, and Challenge Procedures.<sup>1</sup>
2. This challenge also relates to decisions made by ITC Holdings' management for time periods preceding 2014. Efforts to revisit these pre-2014 decisions constitute impermissible retroactive ratemaking. The protocol process provides for challenges to a single year's formula rate update. In approving the Midcontinent Independent Transmission System Operator, Inc. ("MISO") Transmission Owners' ("TOs") protocols compliance filings, the Federal Energy Regulatory Commission ("FERC") rejected

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<sup>1</sup> Section IV.D. of the ITC Midwest Formula Rate Protocols states: "Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update fails to include data properly recorded in accordance with these protocols; (3) the proper application of the formula rate and procedures in these protocols; (4) the accuracy of data and consistency with the formula rate of the charges shown in the Annual Update; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or the Applicable Form; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula."

November 2, 2015  
Mr. John Weyer

requests to make the protocols applicable for periods prior to January 1, 2014, declining to authorize what the Commission termed "belated challenges."<sup>2</sup>

3. The remedies requested by IPL are infeasible and illustrate that this challenge does not relate to the accurate calculation, implementation or application of ITC Midwest's Attachment O formula rate for 2014.

*First*, "IPL requests [ITC Midwest] to request a Private Letter Ruling from the IRS to revoke its decisions for 2014 and all available prior years to elect out of bonus depreciation." (p. 3.)

ITC Midwest itself is not a taxpayer, but rather is part of a holding company system in which ITC Holdings is the taxpayer for IRS purposes. ITC Holdings' decisions with respect to bonus depreciation for the years 2010-2011 are final and irrevocable. ITC Holdings' tax years 2012-2014 are technically still "open" with respect to IRS review. However, assuming for purposes of argument that ITC Midwest, who is not itself a taxpayer, could request a Private Letter Ruling ("PLR") from the IRS with respect to ITC Holdings' bonus depreciation decisions, any effort to reverse or revise ITC Holdings' decisions on bonus depreciation with respect to years 2012-2013 would amount to an impermissible retroactive application of this 2014 true-up challenge procedure. With respect to ITC Holdings' bonus depreciation decision for 2014, we are unaware that FERC ever has ordered a public utility to seek a PLR for any reason and question FERC's ability to do so, let alone to reverse a decision entrusted by the Internal Revenue Code to the discretion of ITC Holdings' management. We note that even if ITC Holdings submits such a PLR, the IRS need not grant it.

*Second*, "IPL requests [ITC Midwest] to adjust its Attachment O formula rate for billing purposes to begin January 1, 2016, to reflect the increase in Accumulated Deferred Income Taxes that would result from a successful Private Letter Ruling, and refund to customers the impacts of such revisions in prior years (to the extent not a normalization violation)." (p. 3.)

IPL effectively is demanding here that ITC Midwest adjust its rates retroactively to assume that bonus depreciation had been elected for tax years 2010 through 2014, and that ITC Midwest refund to its customers the rate reductions that would result from such a fictional taking of bonus depreciation in those past years. As described above, because 2014 is the only year subject to this 2014 true-up challenge procedure, "a successful Private Letter Ruling" at most could only be applied to 2014, and even that is uncertain. As IPL seems to acknowledge, forcing ITC Midwest to make refunds, and to calculate its rates prospectively, as if bonus depreciation had been taken when it could not be and was not taken, would be a normalization violation and cannot be done.

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<sup>2</sup> *Midcontinent Independent System Operator, Inc.*, Order on Compliance Filings, 146 FERC ¶ 61,212, P 128 (2014); *Midcontinent Independent System Operator, Inc.*, Order on Rehearing, 150 FERC ¶ 61,024, P 12 (2015).

November 2, 2015  
Mr. John Weyer

*Third*, "IPL requests that [ITC Midwest] not elect out of bonus depreciation in future years without clear justification and documentation of the benefits to customers from doing so. If [ITC Midwest] proposes to elect out of bonus depreciation in future years, IPL also requests that [ITC Midwest] make such documentation and justification available on OASIS, including pro forma rate calculations that quantify the benefits from doing so." (p. 4.)

Again, IPL is challenging possible future decisions that may be made by ITC Holdings, not decisions that will be made by ITC Midwest. Congress gave every eligible taxpayer the right to choose whether or not to take bonus depreciation based on its own specific circumstances. Any attempt to require ITC Holdings to take bonus depreciation under any circumstances would intrude on management's appropriate discretion and would override an election right provided by Congress to the taxpayer. Moreover, bonus depreciation expired at the end of 2014. Thus, the relief requested by IPL here is entirely hypothetical at this point and, in any case, is irrelevant to ITC Midwest's 2014 Attachment O True-Up that defines the scope of this Informal Challenge.

Pursuant to Section IV.B of the Protocols, I am the appointed senior representative of ITC Midwest designated to work with IPL toward resolution of this informal challenge. I am available to discuss this matter with you at any mutually convenient time.

Sincerely,

A rectangular area of the document is redacted with a dense, grey, textured pattern, obscuring the signature of the sender.

Krista Tanner  
President, ITC Midwest LLC

100 East Grand Avenue  
Suite 230  
Des Moines, IA 50309  
(515) 282-5300 x 454  
[ktanner@itctransco.com](mailto:ktanner@itctransco.com)

cc: Eric Guelker

**EXHIBIT 5**

**AFFIDAVIT OF NEIL E. MICHEK,  
MANAGER-FINANCIAL PLANNING**

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

ITC-Midwest Bonus Depreciation

Docket No.

AFFIDAVIT OF  
NEIL E. MICHEK

**Introduction**

1. My name is Neil E. Michek. I am employed by Alliant Energy Corporate Services, Inc. ("AECS"), a service company subsidiary of Alliant Energy Corporation (Alliant Energy). My job title is Manager – Financial Planning. In this position, I am responsible for financial forecasting and analysis in support of regulatory finance compliance filings, regulatory rate proceedings and other state and federal regulatory dockets on behalf of AECS, Wisconsin Power and Light Company ("WPL") and Interstate Power and Light Company ("IPL"). The financial forecasting aspect of my work includes responsibilities for the oversight of forecasting and budgeting of WPL's and IPL's fuel and transmission costs.

2. My educational background includes a Bachelor's degree in Accounting and Business Administration from the University of Wisconsin – Platteville. I have been employed in the regulated utility industry for 25 years. I have been employed by AECS or WPL since 2001, and have held several positions including Lead Analyst II – Financial Planning and Analysis, Senior Financial Consultant – GENCO, and Manager – Regulatory Affairs prior to my current position. I was employed by the Public Service Commission of Wisconsin ("PSCW") as a Public Utility Auditor from 1990 until beginning my employment at AECS and WPL.

**Rate Making Impacts of Accumulated Deferred Income Taxes - General**

3. Ms. Janecek's affidavit provides background information regarding the applicability and accounting impacts of Bonus Depreciation. Ms. Janecek's affidavit also addresses possible extension of Bonus Depreciation by Congress, the relationship between Bonus Depreciation and Net Operating Losses ("NOL") for tax purposes, and her understanding of general utility industry practice not to opt out of Bonus Depreciation.

4. Bonus Depreciation reduces taxable income reported to the Internal Revenue Service ("IRS"), and therefore generates improved cash flows to the utility through lower tax payments, all else equal. Regulated utilities are required to account for the timing differences between payment of income taxes due to IRS and recording of book income taxes reflected in rates in various Accumulated Deferred Income Taxes ("ADIT") accounts.<sup>1</sup>

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<sup>1</sup> Uniform System of Accounts: 18CFR Chapter 1, Subchapter C, Part 101: Account 190 – Accumulated Deferred Income Taxes; Account 281 – Accumulated Deferred Income Taxes – Accelerated Amortization;

5. Ratemaking practices at the Federal Energy Regulatory Commission (“FERC”), the PSCW, and the Iowa Utilities Board, and, to my knowledge other state jurisdictions, reflect the plant related balances of ADIT in the calculation of Net Investment Rate Base (“NIRB”) that is used in establishing rates.<sup>2</sup> Since the implementation of accelerated tax depreciation methods for income taxes, ADIT balances have generally reduced NIRB and therefore resulted in a reduction of revenue requirements. This reduction of NIRB recognizes that deferred income taxes are effectively an interest free loan from the federal (or state) government and that the benefit of that interest free loan should flow through the utility’s rates for the benefit of its ratepayers. Bonus Depreciation (absent being in a NOL position) results in a reduction of NIRB and therefore customer rates are reduced.

6. ITC-Midwest, LLC’s (“ITCM”) Attachment O formula rates reflect ADIT balances as a component of NIRB. To my knowledge, all transmission providers in the Midcontinent Independent System Operator, Inc. footprint include ADIT in their Attachment O formula rate calculations to the extent that the transmission providers are subject to state and/or federal income taxes.

#### **Impacts of ITCM Elections to Not Utilize Bonus Depreciation**

7. ITCM, by the actions of its holding company parent, ITC Holdings, has consistently elected out of Bonus Depreciation in recent years, and, as recently as ITCM’s response to interventions and protests in Docket No. ER16-206-000, has indicated that ITCM plans to elect out of the use of Bonus Depreciation for 2015.

8. I am unaware of any customer focused (i.e. lower rates) rationale for ITCM to elect out of Bonus Depreciation. However, ITCM’s (via ITC Holdings) elections out of the use of Bonus Depreciation have material impacts on ITCM’s Attachment O, and related transmission rates.

9. In an August 4, 2015 letter to Joel Schmidt, Vice President, Regulatory Affairs, IPL, ITCM indicated that “In regard to the specific questions about bonus depreciation, ITC evaluates the costs and benefits of any regulatory or financial decision, to balance the needs of its multiple stakeholders, including customers and shareholders.” However, in that same letter it states that “It is not practical to estimate the effects for historical periods without undue effort.”

10. While ITCM holds all of the detailed information that would be necessary to complete detailed calculations, by utilizing publicly available information from ITCM’s FERC Form 1 reports downloaded from SNL, or separately identified from the reports, and ITCM’s Attachment O postings on OASIS, I estimate that the impacts of ITCM’s (via ITC Holdings’) decisions to not utilize Bonus Depreciation since 2009 results in a

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Account 282 – Accumulated Deferred Income Taxes – Other Property; and Account 283 – Accumulated Deferred Income Taxes - Other

<sup>2</sup> Specific treatment of the various individual ADIT account balances, or sub account information may vary by jurisdiction.

cumulative revenue requirement impact of approximately \$18 million for 2014. I also calculated that the cumulative revenue requirement impacts of these elections to not utilize Bonus Depreciation increases ITCM's total revenue requirements over the life of the assets by approximately \$232 million, in year-of-occurrence dollars, and by approximately \$105 million on a net present value basis. The life cycle calculations reflect only the impacts of plant additions through 2014 and the resultant run-out of deferred tax differences.

### **Explanation of Calculations**

11. The calculations attached to this affidavit support the above stated estimated impacts of ITCM's (via ITC Holdings') decision to elect out of the use of Bonus Depreciation.

12. In order to calculate the above impacts, I performed calculations of estimated capital revenue requirements (return-on and return-of investment) related to historical plant additions for two different scenarios. One scenario assumed no bonus depreciation ("No Bonus Scenario") and the other scenario assumed bonus depreciation ("Bonus Scenario"). However, for both scenarios, I assumed that ITCM utilized bonus depreciation in 2008 and 2009 based upon ITCM's responses to information requests.

13. Each set of calculations contained three subsets of calculations due to the different tax depreciation lives of the historical plant additions (i.e. 15 year, 10 year and 7 year). I segregated the FERC Form 1 reported plant additions into these different categories of tax depreciation lives based upon the reported plant accounts to which the additions were booked and feedback from Ms. Janecek. While there may be some variances resulting from not having full details from ITCM, I believe the classifications to be reasonable for estimation purposes.

14. In the Bonus Scenario, I limited the incremental deferred tax impacts of bonus depreciation to the level of actual federal tax payments made by ITCM to its parent company for each year. This was done as a proxy for ITCM, on a stand-alone basis, reaching an NOL position in that year. This NOL position was then reversed in subsequent years so that the full impacts of bonus depreciation were ultimately recognized in the calculations of future years' revenue requirements. For simplicity of modeling, I made all of the NOL adjustments in Schedule 3 that deals with assets having a 15 year tax depreciation life.

15. As stated above, I used information that is publicly available from ITCM's FERC Form 1 reports, either directly from copies of the reports or from information downloaded from SNL, for these estimates in the absence of detailed information from ITCM. In particular, I relied upon:

- a. Reported plant additions by year, by functional category, and FERC plant accounts (i.e. Transmission, and General) for the years 2008 through 2014.
- b. Reported income tax payments by ITCM to its parent company ITC Holdings.

- c. An assumed book depreciation life of 50 years for transmission assets and shorter book depreciation lives for the shorter tax life assets.

16. My calculations of the estimated impacts also utilized actual Attachment O revenue requirement inputs from true-up calculations for 2008 through 2014, and used the 2014 true-up information for forward looking years, including:

- a. Weighted Cost of Capital
- b. Effective Income Tax Rates

17. Attachment B, Schedule 1 also provides the calculations of the net present value of the revenue requirement calculations. The discount rate utilized is based upon ITCM's reported Attachment O capital structure, and was calculated in the same manner used by ITCM in Docket ER16-206-000 for a Facilities Services Agreement between ITCM and WPL.

#### **Attachment Schedules**

18. Attachment A provides a high-level calculation of the revenue requirement impacts on ITCM's gross revenue requirement resulting from ITCM's decisions to elect out of the use of Bonus Depreciation. This calculation is the same as used in the affidavit of Ms. Janecek. Attachment A also provides a comparison of that high-level estimate to more detailed calculations in Attachment B, described below. The high-level estimate in Attachment A and the more detailed calculations in Attachment B arrive at very similar estimated impacts.

19. Attachment B, Schedule 1, summarizes my calculations of the annual revenue requirement impacts of historical plant additions with and without the utilization of Bonus Depreciation by assumed Modified Accelerated Cost Recovery System ("MACRS") life class of assets. Schedule 1 then calculates the annual revenue requirement differences and the net present value impact of the annual revenue requirement differences.

20. Attachment B, Schedule 2, provides estimated annual revenue requirement calculations for 15 year MACRS property assuming normal MACRS depreciation is applied.

21. Attachment B, Schedule 3, provides estimated annual revenue requirement calculations for 15 year MACRS property assuming that Bonus Depreciation was utilized. Schedule 3 includes adjustments that reflect the assumption that not electing out of Bonus Depreciation would have resulted in ITCM being in a NOL position by 2014 and then unwinds that position in the future. As a modeling simplification, all impacts of NOL positions are reflected in Schedule 3 rather than including separate adjustments for 7 and 5 year MACRS property in their respective schedules.

22. Attachment B, Schedule 4, provides estimated annual revenue requirement calculations for 7 year MACRS property assuming normal MACRS depreciation.

23. Attachment B, Schedule 5, provides estimated revenue requirements for 7 year MACRS property assuming Bonus Depreciation was utilized.
24. Attachment B, Schedule 6, provides estimated annual revenue requirement calculations for 5 year MACRS property assuming normal MACRS depreciation.
25. Attachment B, Schedule 7, provides estimated annual revenue requirement calculations for 5 year MACRS property assuming Bonus Depreciation was utilized.
26. Attachment B, Schedule 8, summarizes certain assumptions used in calculations of revenue requirements including capital structure, weighted cost of capital and income tax rates. The information in Schedule 8 is based upon ITCM's 2014 Attachment O true-up calculations.
27. Attachment B, Schedule 9, provides selected ITC company tax payment information either entered directly from FERC Form 1 reports or downloaded from SNL for the years 2007 through 2014.
28. Attachment B, Schedule 10, summarizes ITCM General Plant plant additions for 2007 through 2014 based on information provided in Schedule 11.
29. Attachment B, Schedule 11, provides ITCM actual plant data from ITCM FERC Form 1 reports and information downloaded from SNL.
30. Attachment B, Schedule 12, provides select data from ITCM's actual Attachment O true-up calculations through 2014.

NEIL E. MICHEK being duly sworn, deposes and states: that he prepared the Affidavit of Neil E. Michek and that the statements contained therein and the Exhibits attached thereto are true and correct to the best of his knowledge and belief.

[Redacted signature]

Neil E. Michek

Subscribed and sworn before me this 16<sup>th</sup> day of December, 2015.

[Redacted signature]

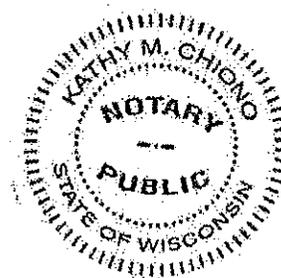
Notary Public, State of Wisconsin

Printed Name:

Kathy M. Chiono

My Commission Expires:

2/5/2017



Appendix 7  
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Interstate Power and Light Company  
Proforma Revenue Requirement Calculations  
High-Level Estimate of Impacts of Bonus Depreciation

Attachment A

Line #	Line Description		2010	2011	2012	2013	2014	Cumulative
	(5000)							
1	Federal Income Taxes Paid	\$	-	\$ 37,469	\$ 35,772	\$ 29,475	\$ 32,616	\$ 135,332
2	Less: Est. Interdeductibility of State Income Tax*	\$	-	\$ (2,248)	\$ (2,146)	\$ (1,769)	\$ (1,957)	\$ (8,120)
3	Net Income Taxes Paid	\$	-	\$ 35,221	\$ 33,626	\$ 27,707	\$ 30,659	\$ 127,212
4	Cumulative	\$	-	\$ 35,221	\$ 68,846	\$ 96,553	\$ 127,212	
5	Rate Base Impact (Simple Average)	\$	-	\$ 17,610	\$ 52,033	\$ 82,699	\$ 111,882	
6	WACC (Attachment O true-up)		9.823%	9.602%	9.451%	9.313%	9.193%	
7	Income Taxes - CIT		53.47%	54.79%	55.67%	56.49%	57.23%	
8	Pre-tax WACC		15.07%	14.86%	14.71%	14.57%	14.45%	
9	Revenue Requirement Impact (Ending Balance)	\$	-	\$ 5,235	\$ 10,128	\$ 14,072	\$ 18,387	
10	Revenue Requirement Impact (Avg. Balance)	\$	-	\$ 2,618	\$ 7,655	\$ 12,053	\$ 16,171	\$ 38,497
11	* Assumes 100% earnings apportionment to Iowa							
12	Attachment B Estimate - 2014 Impact					\$ 18,130		Attachment B, Schedule 1
13	NPV of Life Cycle Impacts --- Attachment B					\$ 105,422		Attachment B, Schedule 1

Appendix 7  
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Interstate Power and Light Company  
Profirms Revenue Requirement Calculations  
Summary: Estimated Calculations with and without Bonus Depreciation  
Estimates Based on Publicly Available Information

Attachment B  
Schedule I

Line #	Year	15 Year Transmission w/o Bonus Tax Depr Rev. Requirements (A)	15 Year Transmission with Bonus Tax Depr Rev. Requirements (B)	7 Year General Assets w/o Bonus Tax Depr Rev. Requirements (C)	7 Year General Assets with Bonus Tax Depr Rev. Requirements (D)	5 Year General Assets w/o Bonus Tax Depr Rev. Requirements (E)	5 Year General Assets with Bonus Tax Depr Rev. Requirements (F)	Without Bonus Tax Rev. Requirements (G) = (A) - (C) - (E)	With Bonus Tax Rev. Requirements (H) = (B) - (D) - (F)	Annual Dividend (H) - (G) - (H)
1	2009	\$ 3,932,987	\$ 2,932,987	\$ 2,938,863	\$ 2,938,863	\$ 2,190,233	\$ 2,190,233	\$ 8,672,963	\$ 9,672,963	\$ -
2	2009	\$ 18,226,328	\$ 18,226,328	\$ 5,542,844	\$ 5,542,844	\$ 4,910,494	\$ 4,910,494	\$ 28,084,666	\$ 29,288,666	\$ -
3	2010	\$ 44,664,844	\$ 42,143,645	\$ 6,600,894	\$ 6,501,154	\$ 5,717,710	\$ 5,677,126	\$ 56,923,448	\$ 54,223,925	\$ 2,599,522
4	2011	\$ 76,109,993	\$ 68,474,907	\$ 7,519,282	\$ 7,516,447	\$ 6,885,768	\$ 6,843,580	\$ 93,814,642	\$ 82,628,929	\$ 8,185,714
5	2012	\$ 123,223,057	\$ 92,279,456	\$ 8,462,758	\$ 8,051,132	\$ 7,515,594	\$ 7,184,300	\$ 121,201,409	\$ 102,516,893	\$ 13,684,511
6	2013	\$ 150,235,479	\$ 134,901,972	\$ 8,045,738	\$ 8,541,297	\$ 7,215,919	\$ 6,989,993	\$ 166,457,197	\$ 150,222,463	\$ 16,234,734
7	2014	\$ 195,993,889	\$ 178,405,736	\$ 9,027,510	\$ 8,650,581	\$ 7,153,702	\$ 6,877,431	\$ 212,176,301	\$ 194,044,076	\$ 18,132,225
8	2015	\$ 206,054,387	\$ 183,011,177	\$ 8,044,603	\$ 8,214,917	\$ 6,817,333	\$ 6,703,778	\$ 221,276,323	\$ 197,929,891	\$ 23,346,432
9	2016	\$ 197,470,928	\$ 172,554,562	\$ 7,805,697	\$ 7,618,565	\$ 6,216,245	\$ 6,167,784	\$ 211,322,870	\$ 186,340,851	\$ 25,052,019
10	2017	\$ 185,238,450	\$ 156,922,175	\$ 7,176,478	\$ 7,067,175	\$ 5,433,327	\$ 5,233,808	\$ 197,260,295	\$ 174,813,670	\$ 22,446,625
11	2018	\$ 181,453,021	\$ 161,300,343	\$ 6,955,307	\$ 6,549,527	\$ 5,819	\$ 5,602	\$ 188,969,748	\$ 168,260,672	\$ 20,709,075
12	2019	\$ 173,925,245	\$ 156,224,549	\$ 6,649,350	\$ 6,325,615	\$ 3,657	\$ 2,137	\$ 179,378,292	\$ 162,352,201	\$ 17,026,091
13	2020	\$ 166,507,288	\$ 151,033,777	\$ 1,236,263	\$ 1,238,266	\$ -	\$ -	\$ 167,343,631	\$ 152,212,759	\$ 15,130,872
14	2021	\$ 159,102,596	\$ 145,815,723	\$ 2,548	\$ 1,471	\$ -	\$ -	\$ 158,111,442	\$ 143,816,854	\$ 14,294,588
15	2022	\$ 151,713,259	\$ 140,618,496	\$ -	\$ -	\$ -	\$ -	\$ 151,213,259	\$ 140,618,496	\$ 10,594,762
16	2023	\$ 144,344,246	\$ 133,446,085	\$ -	\$ -	\$ -	\$ -	\$ 144,344,246	\$ 133,446,085	\$ 8,898,161
17	2024	\$ 137,109,311	\$ 126,409,530	\$ -	\$ -	\$ -	\$ -	\$ 137,109,311	\$ 126,409,530	\$ 6,699,781
18	2025	\$ 130,226,283	\$ 123,651,605	\$ -	\$ -	\$ -	\$ -	\$ 130,226,283	\$ 123,651,605	\$ 4,574,678
19	2026	\$ 123,058,135	\$ 121,201,183	\$ -	\$ -	\$ -	\$ -	\$ 123,058,135	\$ 121,201,183	\$ 2,756,952
20	2027	\$ 118,456,227	\$ 117,026,473	\$ -	\$ -	\$ -	\$ -	\$ 118,456,227	\$ 117,026,473	\$ 1,399,753
21	2028	\$ 113,757,861	\$ 113,255,195	\$ -	\$ -	\$ -	\$ -	\$ 113,757,861	\$ 113,255,199	\$ 502,661
22	2029	\$ 110,242,984	\$ 110,158,372	\$ -	\$ -	\$ -	\$ -	\$ 110,242,984	\$ 110,158,372	\$ 84,611
23	2030	\$ 107,516,280	\$ 107,516,280	\$ -	\$ -	\$ -	\$ -	\$ 107,516,280	\$ 107,516,280	\$ -
24	2031	\$ 104,990,928	\$ 104,990,928	\$ -	\$ -	\$ -	\$ -	\$ 104,990,928	\$ 104,990,928	\$ -
25	2032	\$ 102,465,576	\$ 102,465,576	\$ -	\$ -	\$ -	\$ -	\$ 102,465,576	\$ 102,465,576	\$ -
26	2033	\$ 99,940,224	\$ 99,940,224	\$ -	\$ -	\$ -	\$ -	\$ 99,940,224	\$ 99,940,224	\$ -
27	2034	\$ 97,414,872	\$ 97,414,872	\$ -	\$ -	\$ -	\$ -	\$ 97,414,872	\$ 97,414,872	\$ -
28	2035	\$ 94,889,520	\$ 94,889,520	\$ -	\$ -	\$ -	\$ -	\$ 94,889,520	\$ 94,889,520	\$ -
29	2036	\$ 92,364,168	\$ 92,364,168	\$ -	\$ -	\$ -	\$ -	\$ 92,364,168	\$ 92,364,168	\$ -
30	2037	\$ 89,838,816	\$ 89,838,816	\$ -	\$ -	\$ -	\$ -	\$ 89,838,816	\$ 89,838,816	\$ -
31	2038	\$ 87,313,464	\$ 87,313,464	\$ -	\$ -	\$ -	\$ -	\$ 87,313,464	\$ 87,313,464	\$ -
32	2039	\$ 84,788,112	\$ 84,788,112	\$ -	\$ -	\$ -	\$ -	\$ 84,788,112	\$ 84,788,112	\$ -
33	2040	\$ 82,262,760	\$ 82,262,760	\$ -	\$ -	\$ -	\$ -	\$ 82,262,760	\$ 82,262,760	\$ -
34	2041	\$ 79,737,408	\$ 79,737,408	\$ -	\$ -	\$ -	\$ -	\$ 79,737,408	\$ 79,737,408	\$ -
35	2042	\$ 77,212,056	\$ 77,212,056	\$ -	\$ -	\$ -	\$ -	\$ 77,212,056	\$ 77,212,056	\$ -
36	2043	\$ 74,686,704	\$ 74,686,704	\$ -	\$ -	\$ -	\$ -	\$ 74,686,704	\$ 74,686,704	\$ -
37	2044	\$ 72,161,352	\$ 72,161,352	\$ -	\$ -	\$ -	\$ -	\$ 72,161,352	\$ 72,161,352	\$ -
38	2045	\$ 69,636,000	\$ 69,636,000	\$ -	\$ -	\$ -	\$ -	\$ 69,636,000	\$ 69,636,000	\$ -
39	2046	\$ 67,110,648	\$ 67,110,648	\$ -	\$ -	\$ -	\$ -	\$ 67,110,648	\$ 67,110,648	\$ -
40	2047	\$ 64,585,296	\$ 64,585,296	\$ -	\$ -	\$ -	\$ -	\$ 64,585,296	\$ 64,585,296	\$ -
41	2048	\$ 62,059,944	\$ 62,059,944	\$ -	\$ -	\$ -	\$ -	\$ 62,059,944	\$ 62,059,944	\$ -
42	2049	\$ 59,534,592	\$ 59,534,592	\$ -	\$ -	\$ -	\$ -	\$ 59,534,592	\$ 59,534,592	\$ -
43	2050	\$ 57,009,240	\$ 57,009,240	\$ -	\$ -	\$ -	\$ -	\$ 57,009,240	\$ 57,009,240	\$ -
44	2051	\$ 54,483,888	\$ 54,483,888	\$ -	\$ -	\$ -	\$ -	\$ 54,483,888	\$ 54,483,888	\$ -
45	2052	\$ 51,958,536	\$ 51,958,536	\$ -	\$ -	\$ -	\$ -	\$ 51,958,536	\$ 51,958,536	\$ -
46	2053	\$ 49,433,184	\$ 49,433,184	\$ -	\$ -	\$ -	\$ -	\$ 49,433,184	\$ 49,433,184	\$ -
47	2054	\$ 46,907,832	\$ 46,907,832	\$ -	\$ -	\$ -	\$ -	\$ 46,907,832	\$ 46,907,832	\$ -
48	2055	\$ 44,382,480	\$ 44,382,480	\$ -	\$ -	\$ -	\$ -	\$ 44,382,480	\$ 44,382,480	\$ -
49	2056	\$ 41,857,128	\$ 41,857,128	\$ -	\$ -	\$ -	\$ -	\$ 41,857,128	\$ 41,857,128	\$ -
50	2057	\$ 39,331,776	\$ 39,331,776	\$ -	\$ -	\$ -	\$ -	\$ 39,331,776	\$ 39,331,776	\$ -
51	2058	\$ 36,806,424	\$ 36,806,424	\$ -	\$ -	\$ -	\$ -	\$ 36,806,424	\$ 36,806,424	\$ -
52	2059	\$ 34,281,072	\$ 34,281,072	\$ -	\$ -	\$ -	\$ -	\$ 34,281,072	\$ 34,281,072	\$ -
53	2060	\$ 31,755,720	\$ 31,755,720	\$ -	\$ -	\$ -	\$ -	\$ 31,755,720	\$ 31,755,720	\$ -
54	2061	\$ 29,230,368	\$ 29,230,368	\$ -	\$ -	\$ -	\$ -	\$ 29,230,368	\$ 29,230,368	\$ -
55	2062	\$ 4,880,762	\$ 4,880,762	\$ -	\$ -	\$ -	\$ -	\$ 4,880,762	\$ 4,880,762	\$ -
56	2063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57		\$ 5,000,769,323	\$ 4,880,762,755	\$ 87,933,915	\$ 84,758,576	\$ 53,488,242	\$ 54,262,726	\$ 5,233,271,079	\$ 5,001,221,200	\$ 232,052,879
58		\$ 4,992,829,327	\$ 4,872,829,327	\$ 87,933,915	\$ 84,758,576	\$ 53,488,242	\$ 54,262,726	\$ 5,233,271,079	\$ 5,001,221,200	\$ 232,052,879
59		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	Discount Rate	\$ 4.7%	\$ 4.5%	\$ 4.5%	\$ 4.5%	\$ 4.6%	\$ 4.6%	\$ 4.6%	\$ 4.6%	\$ 4.6%
63		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64	NPV	\$ 1,119,192,556	\$ 1,087,322,755	\$ 1,552,196	\$ 1,260,228	\$ 75,077,843	\$ 75,417,155	\$ 1,397,763,539	\$ 1,297,266,141	\$ 105,422,299

Appendix 7  
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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

Attachment B  
Schedule 2  
Page 1 of 6

In-Service Period of Year

Line #	Year	Bank Basis Construction Work in Progress and Utility Plant In Service									
		IAI	IBI	ICI	IDI	IEI	IFI	IGI	IHI	IJI	
		Annual Plant Additions	Cumulative Expenditures	Percentage AFUDC	AFUDC Rate	Annual AFUDC	Cumulative AFUDC	CWIP Balance (Excluding AFUDC)	Utility Plant In Service (UPIS)	UPIS or CWIP Excluding Current Return	
1	2008	\$ 54,447,000	\$ 54,447,000	100%	4.411%	\$ 1,200,920	\$ 1,200,920	\$ -	\$ 55,547,920	\$ 55,547,920	
2	2009	\$ 145,438,000	\$ 199,885,000	100%	4.411%	\$ 3,207,878	\$ 4,408,798	\$ -	\$ 204,293,798	\$ 204,293,798	
3	2010	\$ 152,018,000	\$ 351,903,000	100%	4.411%	\$ 4,235,278	\$ 8,644,076	\$ -	\$ 400,547,076	\$ 400,547,076	
4	2011	\$ 268,579,000	\$ 601,482,000	100%	4.411%	\$ 4,600,539	\$ 13,244,615	\$ -	\$ 613,726,635	\$ 613,726,635	
5	2012	\$ 183,942,000	\$ 785,984,000	100%	4.411%	\$ 4,091,557	\$ 17,336,172	\$ -	\$ 803,320,192	\$ 803,320,192	
6	2013	\$ 421,566,000	\$ 1,207,490,000	100%	4.411%	\$ 9,297,020	\$ 26,633,211	\$ -	\$ 1,234,123,211	\$ 1,234,123,211	
7	2014	\$ 223,952,000	\$ 1,431,482,000	100%	4.411%	\$ 4,940,518	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
8	2015	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
9	2016	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
10	2017	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
11	2018	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
12	2019	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
13	2020	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
14	2021	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
15	2022	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
16	2023	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
17	2024	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
18	2025	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
19	2026	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
20	2027	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
21	2028	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
22	2029	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
23	2030	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
24	2031	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
25	2032	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
26	2033	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
27	2034	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
28	2035	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
29	2036	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
30	2037	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
31	2038	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
32	2039	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
33	2040	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
34	2041	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
35	2042	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
36	2043	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
37	2044	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
38	2045	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
39	2046	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
40	2047	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
41	2048	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
42	2049	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
43	2050	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
44	2051	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
45	2052	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
46	2053	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
47	2054	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
48	2055	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
49	2056	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
50	2057	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
51	2058	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
52	2059	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
53	2060	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
54	2061	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
55	2062	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	
56	2063	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 31,573,730	\$ -	\$ 1,463,055,730	\$ 1,463,055,730	

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

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In-Service Period of Year

50%

Line #	Year	Tax Basis Plant In Service						
		(I) Annual Expenditures	(II) Cumulative Expenditures	(III) Interest Rate	(IV) Estimated Capitalized Interest	(V) Cumulative Capitalized Interest	(VI) Cumulative Expenditures (Incl. Cap. Interest)	(VII) Tax Basis Plant in Service
1	2008	\$ 54,447,000	\$ 54,447,000	4.411%	\$ 1,209,920	\$ 55,647,920	\$ 55,647,920	\$ 55,647,920
2	2009	\$ 145,438,000	\$ 199,885,000	4.411%	\$ 3,207,878	\$ 148,645,878	\$ 204,293,798	\$ 204,293,798
3	2010	\$ 192,318,000	\$ 391,903,000	4.411%	\$ 4,235,278	\$ 196,253,278	\$ 406,547,076	\$ 406,547,076
4	2011	\$ 205,579,000	\$ 606,482,000	4.411%	\$ 4,606,559	\$ 213,179,559	\$ 613,726,635	\$ 613,726,635
5	2012	\$ 185,202,000	\$ 792,384,000	4.411%	\$ 4,091,557	\$ 189,593,557	\$ 803,320,192	\$ 803,320,192
6	2013	\$ 421,506,000	\$ 1,213,890,000	4.411%	\$ 9,297,020	\$ 430,803,020	\$ 1,234,723,211	\$ 1,234,723,211
7	2014	\$ 223,992,000	\$ 1,431,482,000	4.411%	\$ 4,940,518	\$ 228,932,518	\$ 1,463,055,730	\$ 1,463,055,730
8	2015	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
9	2016	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
10	2017	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
11	2018	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
12	2019	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
13	2020	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
14	2021	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
15	2022	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
16	2023	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
17	2024	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
18	2025	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
19	2026	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
20	2027	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
21	2028	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
22	2029	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
23	2030	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
24	2031	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
25	2032	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
26	2033	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
27	2034	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
28	2035	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
29	2036	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
30	2037	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
31	2038	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
32	2039	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
33	2040	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
34	2041	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
35	2042	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
36	2043	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
37	2044	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
38	2045	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
39	2046	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
40	2047	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
41	2048	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
42	2049	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
43	2050	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
44	2051	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
45	2052	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
46	2053	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
47	2054	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
48	2055	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
49	2056	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
50	2057	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
51	2058	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
52	2059	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
53	2060	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
54	2061	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
55	2062	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
56	2063	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730

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Interstate Power and Light Company  
Proforma Rev. Req. Calcs.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

Attachment B  
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In-Service Period of Year

50%		Depreciation Expense, Accumulated Depreciation and Accumulated Deferred Income Taxes													
Line #	Year	IRI		ISI	ITI		IUI		IWI		IXI	Fcd Deferred Tax Expense	Fcd Deferred Tax Balance (Debit)	State Deferred Tax Expense	IYI
		Depreciation Rates			Book Depreciation Expense		Tax Depreciation Expense								
		SP	IRI	Tax	Book	Accumulated	Annual Fcd	Annual State	Accumulated	Annual Fcd	Annual State	Accumulated	Balance (Debit)	Balance (Debit)	Balance (Debit)
1	2008	As Spent	As Spent	As Spent	\$ 567,609	\$ 567,609	\$ 29,215,158	\$ 2,782,396	\$ 29,215,158	\$ 10,026,642	\$ 10,026,642	\$ 143,075	\$ 143,075		
2	2009	As Spent	As Spent	As Spent	\$ 2,651,406	\$ 3,219,014	\$ 80,682,362	\$ 12,718,846	\$ 89,897,520	\$ 27,310,835	\$ 37,337,477	\$ 650,257	\$ 793,452		
3	2010	As Spent	As Spent	As Spent	\$ 6,169,377	\$ 9,388,391	\$ 19,252,292	\$ 28,691,019	\$ 129,149,812	\$ 4,579,020	\$ 41,916,497	\$ 1,454,956	\$ 2,248,388		
4	2011	As Spent	As Spent	As Spent	\$ 10,245,592	\$ 19,733,983	\$ 32,800,095	\$ 46,297,152	\$ 164,949,907	\$ 9,609,076	\$ 51,525,574	\$ 2,322,471	\$ 4,570,859		
5	2012	As Spent	As Spent	As Spent	\$ 14,452,878	\$ 34,187,861	\$ 54,102,458	\$ 61,812,525	\$ 221,112,365	\$ 13,895,003	\$ 65,423,577	\$ 3,059,433	\$ 7,630,292		
6	2013	As Spent	As Spent	As Spent	\$ 20,781,923	\$ 54,969,783	\$ 79,773,906	\$ 86,657,918	\$ 304,886,271	\$ 20,647,194	\$ 86,079,771	\$ 4,255,589	\$ 11,885,881		
7	2014	As Spent	As Spent	As Spent	\$ 27,511,225	\$ 82,451,989	\$ 104,870,273	\$ 111,142,306	\$ 405,756,544	\$ 27,075,667	\$ 113,146,437	\$ 5,402,561	\$ 17,288,443		
8	2015	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 112,227,343	\$ 106,207,541	\$ 112,234,208	\$ 511,964,085	\$ 26,726,421	\$ 139,872,959	\$ 5,222,256	\$ 22,610,699		
9	2016	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 142,173,682	\$ 96,773,876	\$ 103,803,325	\$ 608,737,961	\$ 23,424,539	\$ 163,297,497	\$ 4,715,021	\$ 27,323,731		
10	2017	As Spent	As Spent	As Spent	\$ 25,846,337	\$ 172,020,019	\$ 89,484,768	\$ 95,518,868	\$ 698,222,729	\$ 20,873,431	\$ 184,170,948	\$ 4,242,445	\$ 31,566,166		
11	2018	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 201,866,356	\$ 94,095,094	\$ 90,125,133	\$ 782,318,413	\$ 18,587,271	\$ 203,176,220	\$ 3,694,619	\$ 25,466,176		
12	2019	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 231,712,693	\$ 81,977,849	\$ 87,111,948	\$ 873,396,261	\$ 17,921,029	\$ 223,089,249	\$ 3,694,619	\$ 29,159,535		
13	2020	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 261,559,030	\$ 69,334,988	\$ 76,364,438	\$ 943,731,249	\$ 17,671,028	\$ 238,761,277	\$ 3,651,069	\$ 42,810,664		
14	2021	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 291,405,367	\$ 58,163,452	\$ 65,399,551	\$ 1,024,096,701	\$ 17,681,090	\$ 256,441,967	\$ 3,653,328	\$ 46,463,942		
15	2022	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 321,251,704	\$ 47,037,881	\$ 56,397,331	\$ 1,104,454,582	\$ 17,679,041	\$ 274,121,008	\$ 3,632,548	\$ 50,116,490		
16	2023	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 351,098,041	\$ 35,844,545	\$ 44,757,937	\$ 1,183,999,217	\$ 17,294,408	\$ 291,515,415	\$ 3,547,260	\$ 53,663,779		
17	2024	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 380,944,377	\$ 24,620,959	\$ 29,715,485	\$ 1,263,520,156	\$ 16,336,118	\$ 307,851,533	\$ 3,156,818	\$ 56,820,597		
18	2025	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 410,790,714	\$ 13,451,881	\$ 13,529,602,056	\$ 1,343,440	\$ 321,394,973	\$ 2,499,732	\$ 61,998,383			
19	2026	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 440,637,051	\$ 2,341,066	\$ 56,441,066	\$ 1,385,935,137	\$ 9,208,155	\$ 320,703,128	\$ 1,718,020	\$ 61,038,349		
20	2027	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 470,483,388	\$ 1,166,487	\$ 44,366,487	\$ 1,430,663,619	\$ 5,142,953	\$ 335,833,081	\$ 956,534	\$ 61,998,383		
21	2028	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 500,329,725	\$ 26,238,601	\$ 26,238,601	\$ 1,463,302,220	\$ (1,262,718)	\$ 334,590,373	\$ (233,040)	\$ 61,753,823		
22	2029	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 530,176,062	\$ 6,733,509	\$ 6,733,509	\$ 1,463,055,730	\$ (8,082,490)	\$ 336,507,884	\$ (1,491,797)	\$ 62,264,027		
23	2030	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 560,022,399	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 316,061,666	\$ (1,928,073)	\$ 68,325,955		
24	2031	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 589,868,736	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 305,615,448	\$ (1,928,073)	\$ 68,417,830		
25	2032	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 619,715,072	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 295,169,230	\$ (1,928,073)	\$ 68,479,805		
26	2033	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 649,561,409	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 284,723,012	\$ (1,928,073)	\$ 68,551,733		
27	2034	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 679,407,746	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 274,276,794	\$ (1,928,073)	\$ 68,623,660		
28	2035	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 709,254,083	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 263,830,576	\$ (1,928,073)	\$ 68,695,586		
29	2036	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 739,100,420	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 253,384,358	\$ (1,928,073)	\$ 68,767,513		
30	2037	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 768,946,757	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 242,938,140	\$ (1,928,073)	\$ 68,839,440		
31	2038	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 798,793,094	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 232,491,922	\$ (1,928,073)	\$ 68,911,366		
32	2039	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 828,639,431	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 222,045,705	\$ (1,928,073)	\$ 68,983,293		
33	2040	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 858,485,768	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 211,599,487	\$ (1,928,073)	\$ 69,055,220		
34	2041	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 888,332,104	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 201,153,269	\$ (1,928,073)	\$ 69,127,146		
35	2042	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 918,178,441	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 190,707,051	\$ (1,928,073)	\$ 69,199,073		
36	2043	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 948,024,778	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 180,260,833	\$ (1,928,073)	\$ 69,270,999		
37	2044	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 977,871,115	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 169,814,615	\$ (1,928,073)	\$ 69,342,926		
38	2045	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,007,717,452	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 159,368,397	\$ (1,928,073)	\$ 69,414,853		
39	2046	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,037,563,789	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 148,922,179	\$ (1,928,073)	\$ 69,486,779		
40	2047	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,067,410,126	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 138,475,961	\$ (1,928,073)	\$ 69,558,706		
41	2048	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,097,256,463	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 128,029,743	\$ (1,928,073)	\$ 69,630,633		
42	2049	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,127,102,799	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 117,583,525	\$ (1,928,073)	\$ 69,702,559		
43	2050	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,156,949,136	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 107,137,307	\$ (1,928,073)	\$ 69,774,486		
44	2051	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,186,795,473	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 96,691,090	\$ (1,928,073)	\$ 69,846,413		
45	2052	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,216,641,810	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 86,244,872	\$ (1,928,073)	\$ 69,918,339		
46	2053	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,246,488,147	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 75,798,654	\$ (1,928,073)	\$ 70,000,266		
47	2054	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,276,334,484	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 65,352,436	\$ (1,928,073)	\$ 70,082,193		
48	2055	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,306,180,821	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 54,906,218	\$ (1,928,073)	\$ 70,164,119		
49	2056	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,336,027,158	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 44,460,000	\$ (1,928,073)	\$ 70,246,046		
50	2057	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,365,873,495	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 34,013,782	\$ (1,928,073)	\$ 70,327,973		
51	2058	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,395,719,831	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 23,567,564	\$ (1,928,073)	\$ 70,409,900		
52	2059	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,425,566,168	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 13,121,346	\$ (1,928,073)	\$ 70,491,827		
53	2060	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,455,412,505	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ 2,675,129	\$ (1,928,073)	\$ 70,573,754		
54	2061	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,485,258,842	\$ -	\$ -	\$ 1,463,055,730	\$ (10,446,218)	\$ (7,774,089)	\$ (1,928,073)	\$ 70,655,681		
55	2062	As Spent	As Spent	As Spent	\$ 7,038,002	\$ 1,492,216,844	\$ -	\$ -	\$ 1,463,055,730	\$ (2,470,301)	\$ (10,241,390)	\$ (455,947)	\$ 70,737,608		
56	2063	As Spent	As Spent	As Spent	\$ -	\$ 1,492,216,844	\$ -	\$ -	\$ 1,463,055,730	\$ -	\$ 1,890,268	\$ -	\$ -		

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Interstate Power and Light Company  
Proforma Rev. Req. Calc.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

Attachment B  
Schedule 2  
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In-Service Period of Year

58%

Line #	Year	Rate Base and Revenue Requirements				
		[Z] Year End Net Rate Base	[LA] Average Net Rate Base	[AB] NBV	[AC] [AD] REVENUE REQUIREMENTS	
					Depreciation	Total
1	2008	\$ 44,910,593	\$ 22,455,297	\$ 3,365,378	\$ 567,609	\$ 3,932,987
2	2009	\$ 162,942,575	\$ 103,927,224	\$ 15,674,722	\$ 2,651,406	\$ 18,326,128
3	2010	\$ 346,993,799	\$ 254,968,827	\$ 38,425,467	\$ 6,169,277	\$ 44,604,844
4	2011	\$ 537,895,289	\$ 442,445,059	\$ 65,763,591	\$ 10,345,592	\$ 76,109,022
5	2012	\$ 696,078,462	\$ 616,987,341	\$ 90,769,180	\$ 14,453,878	\$ 105,223,057
6	2013	\$ 1,081,194,776	\$ 838,637,619	\$ 129,512,556	\$ 20,781,923	\$ 150,295,479
7	2014	\$ 1,250,139,841	\$ 1,165,868,308	\$ 168,481,864	\$ 27,311,125	\$ 195,993,089
8	2015	\$ 1,188,244,826	\$ 1,219,192,233	\$ 176,218,059	\$ 29,846,337	\$ 206,064,397
9	2016	\$ 1,136,260,829	\$ 1,159,232,827	\$ 167,534,591	\$ 29,846,337	\$ 197,400,928
10	2017	\$ 1,075,296,596	\$ 1,102,779,712	\$ 159,392,153	\$ 29,846,337	\$ 189,238,490
11	2018	\$ 1,022,570,977	\$ 1,048,234,786	\$ 151,609,534	\$ 29,846,337	\$ 181,455,921
12	2019	\$ 971,090,251	\$ 996,832,615	\$ 144,078,598	\$ 29,846,337	\$ 173,925,245
13	2020	\$ 919,625,819	\$ 945,610,036	\$ 136,660,911	\$ 29,846,337	\$ 166,507,248
14	2021	\$ 868,764,454	\$ 894,355,156	\$ 129,264,259	\$ 29,846,337	\$ 159,110,596
15	2022	\$ 817,566,528	\$ 843,155,491	\$ 121,866,922	\$ 29,846,337	\$ 151,713,259
16	2023	\$ 766,778,494	\$ 792,172,511	\$ 114,498,009	\$ 29,846,337	\$ 144,344,346
17	2024	\$ 717,439,222	\$ 742,105,858	\$ 107,261,924	\$ 29,846,337	\$ 137,108,311
18	2025	\$ 671,549,713	\$ 694,494,467	\$ 100,379,946	\$ 29,846,337	\$ 130,226,283
19	2026	\$ 630,677,201	\$ 651,113,457	\$ 94,059,798	\$ 29,846,337	\$ 123,906,135
20	2027	\$ 594,730,378	\$ 612,703,789	\$ 88,558,191	\$ 29,846,337	\$ 118,404,527
21	2028	\$ 566,379,808	\$ 580,555,093	\$ 83,911,524	\$ 29,846,337	\$ 113,757,861
22	2029	\$ 546,167,757	\$ 556,245,783	\$ 80,397,647	\$ 29,846,337	\$ 110,243,984
23	2030	\$ 528,626,712	\$ 537,371,735	\$ 77,669,943	\$ 29,846,337	\$ 107,516,280
24	2031	\$ 511,163,666	\$ 519,899,689	\$ 75,144,591	\$ 29,846,337	\$ 104,990,928
25	2032	\$ 493,691,621	\$ 502,427,642	\$ 72,619,229	\$ 29,846,337	\$ 102,465,576
26	2033	\$ 476,219,575	\$ 484,955,598	\$ 70,093,887	\$ 29,846,337	\$ 99,940,224
27	2034	\$ 458,747,529	\$ 467,483,552	\$ 67,568,535	\$ 29,846,337	\$ 97,414,872
28	2035	\$ 441,275,484	\$ 450,011,507	\$ 65,043,183	\$ 29,846,337	\$ 94,889,520
29	2036	\$ 423,803,438	\$ 432,539,461	\$ 62,517,831	\$ 29,846,337	\$ 92,364,168
30	2037	\$ 406,331,393	\$ 415,067,415	\$ 59,992,479	\$ 29,846,337	\$ 89,838,816
31	2038	\$ 388,859,347	\$ 397,595,370	\$ 57,467,127	\$ 29,846,337	\$ 87,313,464
32	2039	\$ 371,387,301	\$ 380,123,324	\$ 54,941,775	\$ 29,846,337	\$ 84,788,112
33	2040	\$ 353,915,256	\$ 362,651,279	\$ 52,416,423	\$ 29,846,337	\$ 82,262,760
34	2041	\$ 336,443,210	\$ 345,179,233	\$ 49,891,071	\$ 29,846,337	\$ 79,737,408
35	2042	\$ 318,971,165	\$ 327,707,187	\$ 47,365,719	\$ 29,846,337	\$ 77,212,056
36	2043	\$ 301,499,119	\$ 310,235,142	\$ 44,840,367	\$ 29,846,337	\$ 74,686,704
37	2044	\$ 284,027,073	\$ 292,763,096	\$ 42,315,015	\$ 29,846,337	\$ 72,161,352
38	2045	\$ 266,555,028	\$ 275,291,050	\$ 39,789,663	\$ 29,846,337	\$ 69,636,000
39	2046	\$ 249,082,982	\$ 257,819,005	\$ 37,264,311	\$ 29,846,337	\$ 67,110,648
40	2047	\$ 231,610,936	\$ 240,346,959	\$ 34,738,959	\$ 29,846,337	\$ 64,585,296
41	2048	\$ 214,138,891	\$ 222,874,914	\$ 32,213,607	\$ 29,846,337	\$ 62,059,944
42	2049	\$ 196,666,845	\$ 205,402,868	\$ 29,688,255	\$ 29,846,337	\$ 59,534,592
43	2050	\$ 179,194,800	\$ 187,930,822	\$ 27,162,903	\$ 29,846,337	\$ 57,009,240
44	2051	\$ 161,722,754	\$ 170,458,777	\$ 24,637,551	\$ 29,846,337	\$ 54,483,888
45	2052	\$ 144,250,708	\$ 152,986,731	\$ 22,112,199	\$ 29,846,337	\$ 51,958,536
46	2053	\$ 126,778,663	\$ 135,514,686	\$ 19,586,847	\$ 29,846,337	\$ 49,433,184
47	2054	\$ 109,306,617	\$ 118,042,640	\$ 17,061,495	\$ 29,846,337	\$ 46,907,832
48	2055	\$ 91,834,572	\$ 100,570,594	\$ 14,536,143	\$ 29,846,337	\$ 44,382,480
49	2056	\$ 74,362,526	\$ 83,098,549	\$ 12,010,791	\$ 29,846,337	\$ 41,857,128
50	2057	\$ 56,890,480	\$ 65,626,503	\$ 9,485,439	\$ 29,846,337	\$ 39,331,776
51	2058	\$ 39,418,435	\$ 48,154,458	\$ 6,960,087	\$ 29,846,337	\$ 36,806,424
52	2059	\$ 21,946,389	\$ 30,682,412	\$ 4,434,735	\$ 29,846,337	\$ 34,281,072
53	2060	\$ 4,474,344	\$ 13,210,366	\$ 1,919,283	\$ 29,846,337	\$ 31,755,720
54	2061	\$ (12,997,702)	\$ (4,261,679)	\$ (645,969)	\$ 29,846,337	\$ 29,230,268
55	2062	\$ (17,129,656)	\$ (15,663,579)	\$ (2,777,249)	\$ 7,058,002	\$ 4,880,762
56	2063	\$ (29,261,115)	\$ -	\$ -	\$ -	\$ -

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

Attachment B  
Schedule Z  
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In-Service Period of Year

Line #	Year	Revenue Requirements Test									
		[AE]	[AF]	[AG]	[AH]	[AI]	[AJ]	[AK]	[AL]	[AM]	[AN]
		Revenue Test	Depreciation	Interest	Taxable	Income	Net	Preferred	Common	Common	Check
		Revenue	Expense		Income	Taxes	Income	Dividends	Earnings	Equity	ROE
1	2008	\$ 3,932,987	\$ (567,609)	\$ (915,083)	\$ 2,850,295	\$ (1,182,621)	\$ 1,667,673	\$ -	\$ 1,667,673	\$ 13,473,625	12.38%
2	2009	\$ 38,324,128	\$ (2,651,496)	\$ (2,468,499)	\$ 32,204,263	\$ (5,479,305)	\$ 7,726,928	\$ -	\$ 7,726,928	\$ 62,358,083	12.39%
3	2010	\$ 44,604,864	\$ (6,169,377)	\$ (6,106,520)	\$ 31,328,947	\$ (3,390,811)	\$ 9,938,135	\$ -	\$ 9,938,135	\$ 152,987,053	12.38%
4	2011	\$ 76,109,093	\$ (18,345,592)	\$ (6,617,634)	\$ 56,145,867	\$ (3,278,970)	\$ 32,266,897	\$ -	\$ 32,266,897	\$ 265,476,955	12.38%
5	2012	\$ 105,273,057	\$ (24,453,878)	\$ (2,477,534)	\$ 78,341,423	\$ (2,458,234)	\$ 45,933,199	\$ -	\$ 45,933,199	\$ 370,206,321	12.38%
6	2013	\$ 130,295,479	\$ (29,781,923)	\$ (6,753,665)	\$ 102,760,492	\$ (4,750,500)	\$ 66,909,992	\$ -	\$ 66,909,992	\$ 533,202,615	12.38%
7	2014	\$ 185,993,089	\$ (77,511,425)	\$ (28,507,451)	\$ 147,974,412	\$ (61,325,315)	\$ 86,589,097	\$ -	\$ 86,589,097	\$ 699,427,277	12.38%
8	2015	\$ 236,304,267	\$ (29,846,337)	\$ (21,511,808)	\$ 184,746,201	\$ (64,141,192)	\$ 90,565,011	\$ -	\$ 90,565,011	\$ 731,542,899	12.38%
9	2016	\$ 197,429,928	\$ (29,846,337)	\$ (20,454,254)	\$ 147,129,337	\$ (69,997,800)	\$ 86,112,537	\$ -	\$ 86,112,537	\$ 695,577,844	12.38%
10	2017	\$ 189,259,400	\$ (29,846,337)	\$ (19,457,823)	\$ 139,954,929	\$ (58,016,733)	\$ 81,917,556	\$ -	\$ 81,917,556	\$ 661,692,701	12.38%
11	2018	\$ 181,455,921	\$ (29,846,337)	\$ (18,597,765)	\$ 133,301,819	\$ (55,184,014)	\$ 77,917,805	\$ -	\$ 77,917,805	\$ 629,384,531	12.38%
12	2019	\$ 172,875,245	\$ (29,846,337)	\$ (17,588,456)	\$ 126,490,451	\$ (52,442,941)	\$ 74,847,510	\$ -	\$ 74,847,510	\$ 598,122,053	12.38%
13	2020	\$ 164,107,236	\$ (29,846,337)	\$ (16,653,900)	\$ 119,978,008	\$ (49,742,892)	\$ 70,235,126	\$ -	\$ 70,235,126	\$ 567,327,348	12.38%
14	2021	\$ 155,116,596	\$ (29,846,337)	\$ (15,779,956)	\$ 113,484,203	\$ (47,050,592)	\$ 66,433,711	\$ -	\$ 66,433,711	\$ 536,631,254	12.38%
15	2022	\$ 145,713,239	\$ (29,846,337)	\$ (14,896,923)	\$ 106,989,997	\$ (44,358,053)	\$ 62,031,944	\$ -	\$ 62,031,944	\$ 505,912,312	12.38%
16	2023	\$ 144,244,346	\$ (29,846,337)	\$ (13,977,363)	\$ 109,325,646	\$ (41,675,860)	\$ 58,844,766	\$ -	\$ 58,844,766	\$ 475,211,374	12.38%
17	2024	\$ 137,108,511	\$ (29,846,337)	\$ (13,034,023)	\$ 94,157,950	\$ (38,442,025)	\$ 55,125,918	\$ -	\$ 55,125,918	\$ 445,292,053	12.38%
18	2025	\$ 130,226,283	\$ (29,846,337)	\$ (12,133,899)	\$ 88,126,048	\$ (36,537,059)	\$ 51,588,988	\$ -	\$ 51,588,988	\$ 416,712,345	12.38%
19	2026	\$ 121,935,433	\$ (29,846,337)	\$ (11,188,469)	\$ 82,621,329	\$ (34,254,803)	\$ 48,566,526	\$ -	\$ 48,566,526	\$ 390,682,760	12.38%
20	2027	\$ 118,484,527	\$ (29,846,337)	\$ (10,180,296)	\$ 77,747,433	\$ (32,234,086)	\$ 45,513,248	\$ -	\$ 45,513,248	\$ 367,636,093	12.38%
21	2028	\$ 113,737,861	\$ (29,846,337)	\$ (9,243,513)	\$ 73,666,611	\$ (30,542,757)	\$ 43,475,253	\$ -	\$ 43,475,253	\$ 348,346,150	12.38%
22	2029	\$ 110,240,984	\$ (29,846,337)	\$ (8,344,556)	\$ 70,483,091	\$ (28,262,749)	\$ 41,319,341	\$ -	\$ 41,319,341	\$ 333,738,816	12.38%
23	2030	\$ 107,516,280	\$ (29,846,337)	\$ (7,481,571)	\$ 68,388,372	\$ (28,278,899)	\$ 39,171,473	\$ -	\$ 39,171,473	\$ 322,435,163	12.38%
24	2031	\$ 104,990,928	\$ (29,846,337)	\$ (6,571,202)	\$ 65,971,303	\$ (27,351,702)	\$ 38,649,661	\$ -	\$ 38,649,661	\$ 311,951,540	12.38%
25	2032	\$ 102,465,576	\$ (29,846,337)	\$ (5,856,006)	\$ 63,754,234	\$ (26,452,505)	\$ 37,221,728	\$ -	\$ 37,221,728	\$ 302,467,918	12.38%
26	2033	\$ 99,546,224	\$ (29,846,337)	\$ (5,266,723)	\$ 61,527,164	\$ (25,513,368)	\$ 36,023,856	\$ -	\$ 36,023,856	\$ 290,984,297	12.38%
27	2034	\$ 97,414,872	\$ (29,846,337)	\$ (4,828,440)	\$ 59,200,995	\$ (24,594,111)	\$ 34,725,984	\$ -	\$ 34,725,984	\$ 280,506,676	12.38%
28	2035	\$ 94,889,520	\$ (29,846,337)	\$ (4,410,157)	\$ 57,102,026	\$ (23,674,914)	\$ 33,428,111	\$ -	\$ 33,428,111	\$ 270,017,054	12.38%
29	2036	\$ 92,364,168	\$ (29,846,337)	\$ (4,013,875)	\$ 54,885,957	\$ (22,755,718)	\$ 32,130,239	\$ -	\$ 32,130,239	\$ 259,531,433	12.38%
30	2037	\$ 89,838,816	\$ (29,846,337)	\$ (3,638,592)	\$ 52,668,887	\$ (21,836,521)	\$ 30,832,367	\$ -	\$ 30,832,367	\$ 249,049,811	12.38%
31	2038	\$ 87,313,464	\$ (29,846,337)	\$ (3,285,308)	\$ 50,451,818	\$ (20,917,324)	\$ 29,531,494	\$ -	\$ 29,531,494	\$ 238,566,190	12.38%
32	2039	\$ 84,788,112	\$ (29,846,337)	\$ (2,952,024)	\$ 48,234,749	\$ (19,998,127)	\$ 28,236,622	\$ -	\$ 28,236,622	\$ 228,082,568	12.38%
33	2040	\$ 82,762,760	\$ (29,846,337)	\$ (2,638,740)	\$ 46,017,680	\$ (19,078,930)	\$ 26,938,750	\$ -	\$ 26,938,750	\$ 217,598,947	12.38%
34	2041	\$ 80,737,408	\$ (29,846,337)	\$ (2,344,456)	\$ 43,800,610	\$ (18,159,733)	\$ 25,640,877	\$ -	\$ 25,640,877	\$ 207,115,325	12.38%
35	2042	\$ 78,712,056	\$ (29,846,337)	\$ (2,069,172)	\$ 41,583,541	\$ (17,240,536)	\$ 24,343,005	\$ -	\$ 24,343,005	\$ 196,631,704	12.38%
36	2043	\$ 76,686,704	\$ (29,846,337)	\$ (1,812,888)	\$ 39,366,472	\$ (16,321,239)	\$ 23,045,133	\$ -	\$ 23,045,133	\$ 186,148,582	12.38%
37	2044	\$ 74,661,352	\$ (29,846,337)	\$ (1,574,604)	\$ 37,149,463	\$ (15,402,942)	\$ 21,747,260	\$ -	\$ 21,747,260	\$ 175,664,460	12.38%
38	2045	\$ 72,636,000	\$ (29,846,337)	\$ (1,344,320)	\$ 34,932,333	\$ (14,482,645)	\$ 20,449,388	\$ -	\$ 20,449,388	\$ 165,180,840	12.38%
39	2046	\$ 70,610,648	\$ (29,846,337)	\$ (1,121,036)	\$ 32,715,264	\$ (13,563,348)	\$ 19,151,516	\$ -	\$ 19,151,516	\$ 154,697,218	12.38%
40	2047	\$ 68,585,296	\$ (29,846,337)	\$ (903,752)	\$ 30,498,195	\$ (12,644,051)	\$ 17,853,643	\$ -	\$ 17,853,643	\$ 144,213,597	12.38%
41	2048	\$ 66,559,944	\$ (29,846,337)	\$ (696,468)	\$ 28,281,126	\$ (11,725,355)	\$ 16,555,771	\$ -	\$ 16,555,771	\$ 133,729,975	12.38%
42	2049	\$ 64,534,592	\$ (29,846,337)	\$ (499,184)	\$ 26,064,056	\$ (10,806,058)	\$ 15,257,899	\$ -	\$ 15,257,899	\$ 123,246,354	12.38%
43	2050	\$ 62,509,240	\$ (29,846,337)	\$ (301,900)	\$ 23,846,987	\$ (9,886,761)	\$ 13,950,026	\$ -	\$ 13,950,026	\$ 112,762,732	12.38%
44	2051	\$ 60,483,888	\$ (29,846,337)	\$ (104,616)	\$ 21,629,918	\$ (8,967,464)	\$ 12,642,154	\$ -	\$ 12,642,154	\$ 102,279,111	12.38%
45	2052	\$ 58,458,536	\$ (29,846,337)	\$ (84,332)	\$ 19,412,849	\$ (8,048,167)	\$ 11,334,282	\$ -	\$ 11,334,282	\$ 91,795,489	12.38%
46	2053	\$ 56,433,184	\$ (29,846,337)	\$ (64,048)	\$ 17,195,779	\$ (7,128,870)	\$ 10,026,410	\$ -	\$ 10,026,410	\$ 81,311,868	12.38%
47	2054	\$ 54,407,832	\$ (29,846,337)	\$ (43,764)	\$ 14,978,710	\$ (6,209,573)	\$ 8,718,537	\$ -	\$ 8,718,537	\$ 70,828,246	12.38%
48	2055	\$ 52,382,480	\$ (29,846,337)	\$ (23,480)	\$ 12,761,641	\$ (5,290,276)	\$ 7,470,665	\$ -	\$ 7,470,665	\$ 60,344,625	12.38%
49	2056	\$ 50,357,128	\$ (29,846,337)	\$ (3,196)	\$ 10,544,572	\$ (4,371,779)	\$ 6,172,792	\$ -	\$ 6,172,792	\$ 49,861,004	12.38%
50	2057	\$ 48,331,776	\$ (29,846,337)	\$ (1,172)	\$ 8,327,502	\$ (3,452,582)	\$ 4,874,920	\$ -	\$ 4,874,920	\$ 39,377,382	12.38%
51	2058	\$ 46,306,424	\$ (29,846,337)	\$ (878)	\$ 6,110,433	\$ (2,533,385)	\$ 3,577,648	\$ -	\$ 3,577,648	\$ 28,893,761	12.38%
52	2059	\$ 44,281,072	\$ (29,846,337)	\$ (684)	\$ 3,893,264	\$ (1,614,189)	\$ 2,279,175	\$ -	\$ 2,279,175	\$ 18,410,139	12.38%
53	2060	\$ 42,255,720	\$ (29,846,337)	\$ (490)	\$ 1,676,295	\$ (994,992)	\$ 981,203	\$ -	\$ 981,203	\$ 7,926,518	12.38%
54	2061	\$ 40,230,368	\$ (29,846,337)	\$ (296)	\$ (50,773)	\$ (24,205)	\$ (16,569)	\$ -	\$ (16,569)	\$ (2,657,104)	12.38%
55	2062	\$ 38,205,016	\$ (29,846,337)	\$ (102)	\$ (262,489)	\$ (1,118,965)	\$ (1,118,965)	\$ -	\$ (1,118,965)	\$ (6,938,487)	12.38%
56	2063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014) Plant Additions  
15 Year MACRS Property - No Bonus

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In-Service Period of Year

Line #	Year	Revenue Requirements - Key Cost Assumptions				
		IAOI Pre-Tax WACC	IAPI Composite Weighted Cost of Debt	IAOI Composite Weighted Cost of Equity	IAE Effective Tax Rate	IAS Common Equity Ratio
1	2008	14.99%	2.29%	0.00%	41.491%	60.99%
2	2009	15.08%	2.38%	0.00%	41.490%	60.08%
3	2010	15.07%	2.40%	0.00%	41.421%	60.07%
4	2011	14.86%	2.19%	0.00%	41.462%	60.06%
5	2012	14.71%	2.01%	0.00%	41.453%	60.01%
6	2013	14.57%	1.80%	0.00%	41.460%	60.06%
7	2014	14.45%	1.76%	0.00%	41.460%	60.05%
8	2015	14.45%	1.76%	0.00%	41.460%	60.05%
9	2016	14.45%	1.76%	0.00%	41.460%	60.05%
10	2017	14.45%	1.76%	0.00%	41.460%	60.05%
11	2018	14.45%	1.76%	0.00%	41.460%	60.05%
12	2019	14.45%	1.76%	0.00%	41.460%	60.05%
13	2020	14.45%	1.76%	0.00%	41.460%	60.05%
14	2021	14.45%	1.76%	0.00%	41.460%	60.05%
15	2022	14.45%	1.76%	0.00%	41.460%	60.05%
16	2023	14.45%	1.76%	0.00%	41.460%	60.05%
17	2024	14.45%	1.76%	0.00%	41.460%	60.05%
18	2025	14.45%	1.76%	0.00%	41.460%	60.05%
19	2026	14.45%	1.76%	0.00%	41.460%	60.05%
20	2027	14.45%	1.76%	0.00%	41.460%	60.05%
21	2028	14.45%	1.76%	0.00%	41.460%	60.05%
22	2029	14.45%	1.76%	0.00%	41.460%	60.05%
23	2030	14.45%	1.76%	0.00%	41.460%	60.05%
24	2031	14.45%	1.76%	0.00%	41.460%	60.05%
25	2032	14.45%	1.76%	0.00%	41.460%	60.05%
26	2033	14.45%	1.76%	0.00%	41.460%	60.05%
27	2034	14.45%	1.76%	0.00%	41.460%	60.05%
28	2035	14.45%	1.76%	0.00%	41.460%	60.05%
29	2036	14.45%	1.76%	0.00%	41.460%	60.05%
30	2037	14.45%	1.76%	0.00%	41.460%	60.05%
31	2038	14.45%	1.76%	0.00%	41.460%	60.05%
32	2039	14.45%	1.76%	0.00%	41.460%	60.05%
33	2040	14.45%	1.76%	0.00%	41.460%	60.05%
34	2041	14.45%	1.76%	0.00%	41.460%	60.05%
35	2042	14.45%	1.76%	0.00%	41.460%	60.05%
36	2043	14.45%	1.76%	0.00%	41.460%	60.05%
37	2044	14.45%	1.76%	0.00%	41.460%	60.05%
38	2045	14.45%	1.76%	0.00%	41.460%	60.05%
39	2046	14.45%	1.76%	0.00%	41.460%	60.05%
40	2047	14.45%	1.76%	0.00%	41.460%	60.05%
41	2048	14.45%	1.76%	0.00%	41.460%	60.05%
42	2049	14.45%	1.76%	0.00%	41.460%	60.05%
43	2050	14.45%	1.76%	0.00%	41.460%	60.05%
44	2051	14.45%	1.76%	0.00%	41.460%	60.05%
45	2052	14.45%	1.76%	0.00%	41.460%	60.05%
46	2053	14.45%	1.76%	0.00%	41.460%	60.05%
47	2054	14.45%	1.76%	0.00%	41.460%	60.05%
48	2055	14.45%	1.76%	0.00%	41.460%	60.05%
49	2056	14.45%	1.76%	0.00%	41.460%	60.05%
50	2057	14.45%	1.76%	0.00%	41.460%	60.05%
51	2058	14.45%	1.76%	0.00%	41.460%	60.05%
52	2059	14.45%	1.76%	0.00%	41.460%	60.05%
53	2060	14.45%	1.76%	0.00%	41.460%	60.05%
54	2061	14.45%	1.76%	0.00%	41.460%	60.05%
55	2062	14.45%	1.76%	0.00%	41.460%	60.05%
56	2063	14.45%	1.76%	0.00%	41.460%	60.05%

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014)  
15 Year MACRS Property - Bonus

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In-Service Period of Year

		Book Build Construction Work in Progress and Utility Plant in Service									
Line #	Year	(A) Annual Plant Additions	(B) Cumulative Expenditures	(C) Percentage AFUDC	(D) AFUDC Rate	(E) Annual AFUDC	(F) Cumulative AFUDC	(G) CWIP Balance (Excluding AFUDC)	(H) UG/In-Service Plant (URR)	(I) UPI/In-Service Current Return	
1	2008	\$ 54,447,000	\$ 54,447,000	100%	4.411%	\$ 2,397,875	\$ 2,397,875	\$ 55,647,920	\$ 55,647,920	\$ 55,647,920	
2	2009	\$ 145,438,000	\$ 199,885,000	100%	4.411%	\$ 8,614,076	\$ 11,011,951	\$ 204,293,798	\$ 204,293,798	\$ 204,293,798	
3	2010	\$ 192,018,000	\$ 391,903,000	100%	4.411%	\$ 17,228,152	\$ 28,240,103	\$ 400,547,076	\$ 400,547,076	\$ 400,547,076	
4	2011	\$ 208,579,000	\$ 600,482,000	100%	4.411%	\$ 22,242,635	\$ 50,482,738	\$ 613,726,635	\$ 613,726,635	\$ 613,726,635	
5	2012	\$ 185,502,000	\$ 785,984,000	100%	4.411%	\$ 19,261,557	\$ 69,744,295	\$ 803,320,192	\$ 803,320,192	\$ 803,320,192	
6	2012	\$ 421,595,000	\$ 1,207,579,000	100%	4.411%	\$ 22,633,211	\$ 92,377,506	\$ 1,234,125,211	\$ 1,234,125,211	\$ 1,234,125,211	
7	2014	\$ 221,992,000	\$ 1,429,571,000	100%	4.411%	\$ 9,980,518	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
8	2015	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
9	2016	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
10	2017	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
11	2018	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
12	2019	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
13	2020	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
14	2021	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
15	2022	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
16	2023	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
17	2024	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
18	2025	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
19	2026	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
20	2027	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
21	2028	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
22	2029	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
23	2030	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
24	2031	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
25	2032	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
26	2033	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
27	2034	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
28	2035	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
29	2036	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
30	2027	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
31	2038	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
32	2039	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
33	2040	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
34	2041	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
35	2042	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
36	2043	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
37	2044	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
38	2045	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
39	2046	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
40	2047	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
41	2048	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
42	2049	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
43	2050	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
44	2051	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
45	2052	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
46	2053	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
47	2054	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
48	2055	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
49	2056	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
50	2057	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
51	2058	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
52	2059	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
53	2060	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
54	2061	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
55	2062	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	
56	2063	\$ -	\$ 1,431,482,000	100%	4.411%	\$ -	\$ 102,358,024	\$ 1,463,055,730	\$ 1,463,055,730	\$ 1,463,055,730	

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Interstate Power and Light Company  
Proforma Rev. Req. Calc.  
ITC Midwest (2008 - 2014)  
15 Year MACRS Property - Bonus

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In-Service Period of Year

50%

Line #	Year	Tax Basis Plan: In Service						IPI Tax Basis Plant in Service
		Capital Expenditures for Tax						
		(J)	(K)	(L)	(M)	(N)	(O)	
Annual Expenditures	Cumulative Expenditures	Interest Rate	Estimated Capitalized Interest	Cumulative Capitalized Interest	Cumulative Expenditures incl. Cap. Interest			
1	2008	\$ 54,447,000	\$ 54,447,000	4.411%	\$ 1,206,920	\$ 55,647,920	\$ 55,647,920	\$ 55,647,920
2	2009	\$ 145,435,000	\$ 199,882,000	4.411%	\$ 2,207,878	\$ 148,645,878	\$ 204,293,798	\$ 204,293,798
3	2010	\$ 192,018,000	\$ 291,900,000	4.411%	\$ 4,255,278	\$ 196,253,278	\$ 400,547,076	\$ 400,547,076
4	2011	\$ 208,579,000	\$ 490,482,000	4.411%	\$ 4,600,559	\$ 213,179,559	\$ 613,726,635	\$ 613,726,635
5	2012	\$ 185,582,000	\$ 785,984,000	4.411%	\$ 4,091,557	\$ 189,593,557	\$ 803,320,192	\$ 803,320,192
6	2013	\$ 421,506,000	\$ 1,207,490,000	4.411%	\$ 9,297,920	\$ 430,803,020	\$ 1,234,123,211	\$ 1,234,123,211
7	2014	\$ 223,592,000	\$ 1,431,482,000	4.411%	\$ 4,940,518	\$ 238,993,518	\$ 1,463,055,730	\$ 1,463,055,730
8	2015	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
9	2016	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
10	2017	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
11	2018	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
12	2019	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
13	2020	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
14	2021	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
15	2022	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
16	2023	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
17	2024	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
18	2025	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
19	2026	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
20	2027	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
21	2028	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
22	2029	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
23	2030	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
24	2031	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
25	2032	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
26	2033	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
27	2034	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
28	2035	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
29	2036	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
30	2037	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
31	2038	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
32	2039	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
33	2040	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
34	2041	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
35	2042	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
36	2043	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
37	2044	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
38	2045	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
39	2046	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
40	2047	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
41	2048	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
42	2049	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
43	2050	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
44	2051	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
45	2052	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
46	2053	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
47	2054	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
48	2055	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
49	2056	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
50	2057	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
51	2058	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
52	2059	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
53	2060	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
54	2061	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
55	2062	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730
56	2063	\$ -	\$ 1,431,482,000	4.411%	\$ -	\$ -	\$ 1,463,055,730	\$ 1,463,055,730

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
15 Year MACRS Property - Bonus

Attachment B  
Schedule 3  
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In-Service Period of Year		Depreciation Expense, Accru									
Line #	Year	50	IRI	ISI	ITI	IUI	IVI	IWI			
		Book Year	Tax Year	Tax	Book Depreciation Expense		Tax Depreciation Expense (Unlimited)				
					Book	Accumulated	Annual Fed	Annual State	Accumulated		
1	2008	As Spent	As Spent	As Spent	\$ 567,609	\$ 567,609	\$ 29,215,158	\$ 1,782,396	\$ 29,215,158		
2	2009	As Spent	As Spent	As Spent	\$ 2,651,006	\$ 3,219,014	\$ 83,682,562	\$ 12,718,846	\$ 109,897,320		
3	2010	As Spent	As Spent	As Spent	\$ 6,169,377	\$ 9,388,391	\$ 112,472,599	\$ 25,694,919	\$ 222,370,119		
4	2011	As Spent	As Spent	As Spent	\$ 10,345,592	\$ 19,733,983	\$ 230,998,646	\$ 46,297,152	\$ 455,368,764		
5	2012	As Spent	As Spent	As Spent	\$ 14,453,878	\$ 34,187,861	\$ 115,577,512	\$ 61,813,525	\$ 568,946,276		
6	2013	As Spent	As Spent	As Spent	\$ 20,780,923	\$ 54,969,783	\$ 249,617,042	\$ 86,632,918	\$ 818,563,210		
7	2014	As Spent	As Spent	As Spent	\$ 27,511,225	\$ 82,481,009	\$ 161,829,949	\$ 111,142,246	\$ 980,393,268		
8	2015	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 112,327,345	\$ 48,730,432	\$ 112,234,208	\$ 1,079,123,700		
9	2016	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 142,173,682	\$ 44,761,119	\$ 102,803,325	\$ 1,073,884,826		
10	2017	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 172,020,019	\$ 41,479,637	\$ 93,518,868	\$ 1,112,355,416		
11	2018	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 201,866,356	\$ 38,773,770	\$ 90,125,152	\$ 1,154,129,226		
12	2019	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 231,712,693	\$ 37,256,518	\$ 87,121,948	\$ 1,191,265,744		
13	2020	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 261,559,030	\$ 36,893,422	\$ 85,366,438	\$ 1,229,179,166		
14	2021	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 291,405,367	\$ 36,500,219	\$ 83,299,354	\$ 1,265,178,485		
15	2022	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 321,251,704	\$ 36,093,868	\$ 81,087,318	\$ 1,302,084,314		
16	2023	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 351,098,041	\$ 35,679,513	\$ 78,787,927	\$ 1,338,163,866		
17	2024	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 380,944,377	\$ 35,067,946	\$ 76,713,485	\$ 1,371,231,812		
18	2025	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 410,790,714	\$ 27,871,484	\$ 68,521,881	\$ 1,399,263,296		
19	2026	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 440,637,051	\$ 25,076,135	\$ 56,441,056	\$ 1,424,279,431		
20	2027	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 470,483,388	\$ 22,280,243	\$ 44,566,487	\$ 1,446,559,674		
21	2028	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 500,329,725	\$ 19,119,240	\$ 26,338,601	\$ 1,459,678,975		
22	2029	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 530,176,062	\$ 13,795,755	\$ 6,753,500	\$ 1,463,055,730		
23	2030	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 560,022,399	\$ -	\$ -	\$ 1,463,055,730		
24	2031	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 589,868,736	\$ -	\$ -	\$ 1,463,055,730		
25	2032	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 619,715,072	\$ -	\$ -	\$ 1,463,055,730		
26	2033	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 649,561,409	\$ -	\$ -	\$ 1,463,055,730		
27	2034	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 679,407,746	\$ -	\$ -	\$ 1,463,055,730		
28	2035	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 709,254,083	\$ -	\$ -	\$ 1,463,055,730		
29	2036	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 739,100,420	\$ -	\$ -	\$ 1,463,055,730		
30	2037	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 768,946,757	\$ -	\$ -	\$ 1,463,055,730		
31	2038	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 798,793,094	\$ -	\$ -	\$ 1,463,055,730		
32	2039	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 828,639,431	\$ -	\$ -	\$ 1,463,055,730		
33	2040	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 858,485,768	\$ -	\$ -	\$ 1,463,055,730		
34	2041	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 888,332,104	\$ -	\$ -	\$ 1,463,055,730		
35	2042	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 918,178,441	\$ -	\$ -	\$ 1,463,055,730		
36	2043	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 948,024,777	\$ -	\$ -	\$ 1,463,055,730		
37	2044	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 977,871,113	\$ -	\$ -	\$ 1,463,055,730		
38	2045	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,007,717,450	\$ -	\$ -	\$ 1,463,055,730		
39	2046	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,037,563,787	\$ -	\$ -	\$ 1,463,055,730		
40	2047	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,067,410,124	\$ -	\$ -	\$ 1,463,055,730		
41	2048	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,097,256,461	\$ -	\$ -	\$ 1,463,055,730		
42	2049	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,127,102,798	\$ -	\$ -	\$ 1,463,055,730		
43	2050	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,156,949,136	\$ -	\$ -	\$ 1,463,055,730		
44	2051	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,186,795,473	\$ -	\$ -	\$ 1,463,055,730		
45	2052	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,216,641,810	\$ -	\$ -	\$ 1,463,055,730		
46	2053	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,246,488,147	\$ -	\$ -	\$ 1,463,055,730		
47	2054	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,276,334,484	\$ -	\$ -	\$ 1,463,055,730		
48	2055	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,306,180,821	\$ -	\$ -	\$ 1,463,055,730		
49	2056	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,336,027,158	\$ -	\$ -	\$ 1,463,055,730		
50	2057	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,365,873,495	\$ -	\$ -	\$ 1,463,055,730		
51	2058	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,395,719,832	\$ -	\$ -	\$ 1,463,055,730		
52	2059	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,425,566,169	\$ -	\$ -	\$ 1,463,055,730		
53	2060	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,455,412,506	\$ -	\$ -	\$ 1,463,055,730		
54	2061	As Spent	As Spent	As Spent	\$ 29,846,337	\$ 1,485,258,842	\$ -	\$ -	\$ 1,463,055,730		
55	2062	As Spent	As Spent	As Spent	\$ 7,858,662	\$ 1,492,316,844	\$ -	\$ -	\$ 1,463,055,730		
56	2063	As Spent	As Spent	As Spent	\$ -	\$ 1,492,316,844	\$ -	\$ -	\$ 1,463,055,730		

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Interstate Power and Light Company  
Proforma Rev. Req. Calif.  
ITC Midwest (2008 - 2014)  
15 Year MACRS Property - Bonus

Attachment B  
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In-Service Period of Year

50%

ated Depreciation and Accumulated Deferred Income Taxes

Line #	Year	(X) Fed Deferred Tax Expend Calculated	Fed Deferred Tax Men	Bonus Unaffiliated Corporations	Utilization of Prior Bonus	Fed Deferred Tax Recognized	Fed Deferred Tax Balance (Debit)	State Deferred Tax Expense	(Y) State Deferred Tax Balance (Debit)
1	2005	\$ 10,026,642	\$ 10,026,642	\$ -	\$ -	\$ 10,026,642	\$ 10,026,642	\$ 443,095	\$ 443,095
2	2009	\$ 27,310,835	\$ 27,310,835	\$ -	\$ -	\$ 27,310,835	\$ 37,337,477	\$ 650,357	\$ 793,432
3	2010	\$ 37,206,128	\$ 37,206,128	\$ -	\$ -	\$ 37,206,128	\$ 74,543,605	\$ 1,454,956	\$ 2,248,388
4	2011	\$ 77,234,559	\$ 47,077,727	\$ 30,156,842	\$ -	\$ 47,077,727	\$ 121,621,332	\$ 2,522,471	\$ 4,570,859
5	2012	\$ 35,295,272	\$ 49,670,003	\$ 30,156,842	\$ 14,276,731	\$ 49,670,003	\$ 171,291,335	\$ 3,059,433	\$ 7,630,292
6	2013	\$ 80,192,292	\$ 59,122,194	\$ 45,544,208	\$ (29,970,099)	\$ 20,152,096	\$ 191,443,431	\$ 4,255,589	\$ 11,885,381
7	2014	\$ 47,611,553	\$ 39,691,667	\$ 75,814,206	\$ 12,680,113	\$ 59,695,457	\$ 251,135,088	\$ 5,402,561	\$ 17,288,443
8	2015	\$ 6,609,433	\$ 6,609,433	\$ 63,134,193	\$ 63,134,193	\$ 69,743,626	\$ 320,878,724	\$ 5,322,256	\$ 22,610,699
9	2016	\$ 5,220,174	\$ 5,220,174	\$ -	\$ -	\$ 5,220,174	\$ 326,098,898	\$ 4,713,021	\$ 27,323,721
10	2017	\$ 4,068,505	\$ 4,068,505	\$ -	\$ -	\$ 4,068,505	\$ 330,167,403	\$ 4,242,445	\$ 31,566,166
11	2018	\$ 3,124,601	\$ 3,124,601	\$ -	\$ -	\$ 3,124,601	\$ 333,292,004	\$ 3,894,030	\$ 35,460,176
12	2019	\$ 2,593,563	\$ 2,593,563	\$ -	\$ -	\$ 2,593,563	\$ 335,885,568	\$ 3,699,358	\$ 39,159,535
13	2020	\$ 2,466,480	\$ 2,466,480	\$ -	\$ -	\$ 2,466,480	\$ 338,352,048	\$ 3,651,089	\$ 42,810,604
14	2021	\$ 2,468,894	\$ 2,468,894	\$ -	\$ -	\$ 2,468,894	\$ 340,820,941	\$ 3,653,336	\$ 46,463,942
15	2022	\$ 2,470,486	\$ 2,470,486	\$ -	\$ -	\$ 2,470,486	\$ 343,291,428	\$ 3,652,548	\$ 50,116,490
16	2023	\$ 2,181,612	\$ 2,181,612	\$ -	\$ -	\$ 2,181,612	\$ 345,473,039	\$ 3,547,289	\$ 53,663,779
17	2024	\$ 1,127,563	\$ 1,127,563	\$ -	\$ -	\$ 1,127,563	\$ 346,600,602	\$ 3,156,918	\$ 56,820,597
18	2025	\$ (656,198)	\$ (656,198)	\$ -	\$ -	\$ (656,198)	\$ 345,944,404	\$ 2,499,732	\$ 59,320,229
19	2026	\$ (1,669,571)	\$ (1,669,571)	\$ -	\$ -	\$ (1,669,571)	\$ 344,274,833	\$ 1,718,100	\$ 61,038,349
20	2027	\$ (2,548,133)	\$ (2,548,133)	\$ -	\$ -	\$ (2,548,133)	\$ 341,726,700	\$ 950,534	\$ 61,988,883
21	2028	\$ (5,854,463)	\$ (5,854,463)	\$ -	\$ -	\$ (5,854,463)	\$ 335,872,237	\$ (734,069)	\$ 61,755,823
22	2029	\$ (9,264,354)	\$ (9,264,354)	\$ -	\$ -	\$ (9,264,354)	\$ 326,607,884	\$ (1,491,797)	\$ 60,264,027
23	2030	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 316,161,666	\$ (1,928,073)	\$ 58,335,953
24	2031	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 305,715,448	\$ (1,928,073)	\$ 56,407,880
25	2032	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 295,269,230	\$ (1,928,073)	\$ 54,479,806
26	2033	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 284,823,012	\$ (1,928,073)	\$ 52,551,733
27	2034	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 274,376,794	\$ (1,928,073)	\$ 50,623,660
28	2035	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 263,930,576	\$ (1,928,073)	\$ 48,695,586
29	2036	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 253,484,358	\$ (1,928,073)	\$ 46,767,513
30	2037	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 243,038,140	\$ (1,928,073)	\$ 44,839,440
31	2038	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 232,591,922	\$ (1,928,073)	\$ 42,911,366
32	2039	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 222,145,704	\$ (1,928,073)	\$ 40,983,293
33	2040	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 211,699,486	\$ (1,928,073)	\$ 39,055,220
34	2041	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 201,253,268	\$ (1,928,073)	\$ 37,127,146
35	2042	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 190,807,050	\$ (1,928,073)	\$ 35,199,073
36	2043	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 180,360,832	\$ (1,928,073)	\$ 33,270,999
37	2044	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 169,914,614	\$ (1,928,073)	\$ 31,342,926
38	2045	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 159,468,396	\$ (1,928,073)	\$ 29,414,853
39	2046	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 149,022,178	\$ (1,928,073)	\$ 27,486,779
40	2047	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 138,575,960	\$ (1,928,073)	\$ 25,558,706
41	2048	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 128,129,742	\$ (1,928,073)	\$ 23,630,633
42	2049	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 117,683,524	\$ (1,928,073)	\$ 21,702,560
43	2050	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 107,237,306	\$ (1,928,073)	\$ 19,774,486
44	2051	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 96,791,088	\$ (1,928,073)	\$ 17,846,413
45	2052	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 86,344,870	\$ (1,928,073)	\$ 15,918,340
46	2053	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 75,898,652	\$ (1,928,073)	\$ 13,990,266
47	2054	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 65,452,434	\$ (1,928,073)	\$ 12,062,193
48	2055	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 54,996,216	\$ (1,928,073)	\$ 10,134,119
49	2056	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 44,540,000	\$ (1,928,073)	\$ 8,206,046
50	2057	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 34,083,782	\$ (1,928,073)	\$ 6,277,972
51	2058	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 23,627,564	\$ (1,928,073)	\$ 4,349,899
52	2059	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 13,171,346	\$ (1,928,073)	\$ 2,421,826
53	2060	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ 2,715,128	\$ (1,928,073)	\$ 497,752
54	2061	\$ (10,446,218)	\$ (10,446,218)	\$ -	\$ -	\$ (10,446,218)	\$ (7,771,089)	\$ (1,928,073)	\$ (1,434,221)
55	2062	\$ (2,470,301)	\$ (2,470,301)	\$ -	\$ -	\$ (2,470,301)	\$ (10,241,390)	\$ (455,947)	\$ (1,880,268)
56	2063	\$ 1,899,268	\$ 1,899,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014)  
15 Year MACRS Property - Bonus

Attachment B  
Schedule 3  
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In-Service Period of Year

90%

Line #	Year	Rate Base and Revenue Requirements				
		I(2) Year End Net Rate Base	I(A) Average Net Rate Base	I(B) NBV	I(C) Depreciation Expense	I(D) Total
1	2008	\$ 44,910,393	\$ 22,455,297	\$ 2,365,378	\$ 567,609	\$ 1,932,987
2	2009	\$ 162,943,875	\$ 103,927,234	\$ 15,674,722	\$ 2,591,406	\$ 18,326,128
3	2010	\$ 314,265,692	\$ 238,635,233	\$ 35,976,268	\$ 6,169,377	\$ 42,345,645
4	2011	\$ 467,806,461	\$ 391,083,376	\$ 58,129,315	\$ 10,345,592	\$ 68,474,907
5	2012	\$ 590,210,764	\$ 529,605,582	\$ 77,825,588	\$ 14,453,878	\$ 92,279,466
6	2013	\$ 975,824,115	\$ 785,017,469	\$ 114,126,050	\$ 20,781,923	\$ 134,901,972
7	2014	\$ 1,112,151,189	\$ 1,043,987,648	\$ 159,894,541	\$ 27,511,225	\$ 178,405,766
8	2015	\$ 1,027,238,561	\$ 1,059,693,070	\$ 153,164,840	\$ 29,846,337	\$ 183,011,177
9	2016	\$ 967,459,428	\$ 987,549,194	\$ 142,708,295	\$ 29,846,337	\$ 172,554,542
10	2017	\$ 929,302,141	\$ 948,380,785	\$ 137,975,840	\$ 29,846,337	\$ 166,922,176
11	2018	\$ 892,427,392	\$ 910,869,507	\$ 131,654,106	\$ 29,846,337	\$ 161,509,443
12	2019	\$ 856,297,934	\$ 874,367,362	\$ 126,378,212	\$ 29,846,337	\$ 156,224,549
13	2020	\$ 820,324,048	\$ 836,315,991	\$ 121,167,436	\$ 29,846,337	\$ 151,013,773
14	2021	\$ 784,265,079	\$ 802,349,764	\$ 115,968,996	\$ 29,846,337	\$ 145,815,333
15	2022	\$ 748,296,108	\$ 766,388,794	\$ 110,770,159	\$ 29,846,337	\$ 140,616,496
16	2023	\$ 712,326,871	\$ 730,608,489	\$ 105,599,742	\$ 29,846,337	\$ 135,444,085
17	2024	\$ 676,396,153	\$ 695,735,512	\$ 100,462,273	\$ 29,846,337	\$ 130,308,550
18	2025	\$ 640,466,262	\$ 662,845,217	\$ 95,380,468	\$ 29,846,337	\$ 125,231,805
19	2026	\$ 604,536,371	\$ 630,954,922	\$ 90,348,663	\$ 29,846,337	\$ 120,198,050
20	2027	\$ 568,606,480	\$ 601,064,627	\$ 85,366,858	\$ 29,846,337	\$ 115,196,473
21	2028	\$ 532,676,589	\$ 573,174,332	\$ 80,435,053	\$ 29,846,337	\$ 110,234,896
22	2029	\$ 496,746,698	\$ 545,284,037	\$ 75,563,248	\$ 29,846,337	\$ 105,313,319
23	2030	\$ 460,816,807	\$ 517,393,742	\$ 70,751,443	\$ 29,846,337	\$ 100,431,742
24	2031	\$ 424,886,916	\$ 489,503,447	\$ 65,999,638	\$ 29,846,337	\$ 95,590,165
25	2032	\$ 388,957,025	\$ 461,613,152	\$ 61,307,833	\$ 29,846,337	\$ 90,788,588
26	2033	\$ 353,027,134	\$ 433,722,857	\$ 56,676,028	\$ 29,846,337	\$ 86,027,011
27	2034	\$ 317,097,243	\$ 405,832,562	\$ 52,104,223	\$ 29,846,337	\$ 81,315,434
28	2035	\$ 281,167,352	\$ 377,942,267	\$ 47,592,418	\$ 29,846,337	\$ 76,653,857
29	2036	\$ 245,237,461	\$ 350,051,972	\$ 43,140,613	\$ 29,846,337	\$ 72,052,280
30	2037	\$ 209,307,570	\$ 322,161,677	\$ 38,748,808	\$ 29,846,337	\$ 67,510,703
31	2038	\$ 173,377,679	\$ 294,271,382	\$ 34,417,003	\$ 29,846,337	\$ 63,029,126
32	2039	\$ 137,447,788	\$ 266,381,087	\$ 30,145,198	\$ 29,846,337	\$ 58,607,549
33	2040	\$ 101,517,897	\$ 238,490,792	\$ 25,933,393	\$ 29,846,337	\$ 54,245,972
34	2041	\$ 65,587,906	\$ 210,600,497	\$ 21,781,588	\$ 29,846,337	\$ 49,944,395
35	2042	\$ 29,657,915	\$ 182,710,202	\$ 17,689,783	\$ 29,846,337	\$ 45,703,818
36	2043	\$ -3,272,076	\$ 154,819,907	\$ 13,657,978	\$ 29,846,337	\$ 41,512,241
37	2044	\$ -16,342,185	\$ 126,929,612	\$ 9,686,173	\$ 29,846,337	\$ 37,370,664
38	2045	\$ -29,412,294	\$ 99,039,317	\$ 5,774,368	\$ 29,846,337	\$ 33,279,087
39	2046	\$ -42,482,403	\$ 71,149,022	\$ 1,922,563	\$ 29,846,337	\$ 29,227,510
40	2047	\$ -55,552,512	\$ 43,258,727	\$ -2,070,758	\$ 29,846,337	\$ 25,216,933
41	2048	\$ -68,622,621	\$ 15,368,432	\$ -6,278,953	\$ 29,846,337	\$ 21,247,356
42	2049	\$ -81,692,730	\$ -12,541,863	\$ -12,541,863	\$ 29,846,337	\$ 17,317,779
43	2050	\$ -94,762,839	\$ -40,651,568	\$ -40,651,568	\$ 29,846,337	\$ 13,427,202
44	2051	\$ -107,832,948	\$ -68,761,273	\$ -68,761,273	\$ 29,846,337	\$ 9,576,625
45	2052	\$ -120,903,057	\$ -96,870,978	\$ -96,870,978	\$ 29,846,337	\$ 5,766,048
46	2053	\$ -133,973,166	\$ -124,980,683	\$ -124,980,683	\$ 29,846,337	\$ 1,995,471
47	2054	\$ -147,043,275	\$ -153,090,388	\$ -153,090,388	\$ 29,846,337	\$ -1,815,106
48	2055	\$ -160,113,384	\$ -181,200,093	\$ -181,200,093	\$ 29,846,337	\$ -6,044,529
49	2056	\$ -173,183,493	\$ -209,309,798	\$ -209,309,798	\$ 29,846,337	\$ -12,273,952
50	2057	\$ -186,253,602	\$ -237,419,503	\$ -237,419,503	\$ 29,846,337	\$ -18,503,375
51	2058	\$ -199,323,711	\$ -265,529,208	\$ -265,529,208	\$ 29,846,337	\$ -24,732,798
52	2059	\$ -212,393,820	\$ -293,638,913	\$ -293,638,913	\$ 29,846,337	\$ -30,962,221
53	2060	\$ -225,463,929	\$ -321,748,618	\$ -321,748,618	\$ 29,846,337	\$ -37,191,644
54	2061	\$ -238,534,038	\$ -349,858,323	\$ -349,858,323	\$ 29,846,337	\$ -43,421,067
55	2062	\$ -251,604,147	\$ -377,968,028	\$ -377,968,028	\$ 29,846,337	\$ -49,650,490
56	2063	\$ -264,674,256	\$ -406,077,733	\$ -406,077,733	\$ 29,846,337	\$ -55,879,913

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In-Service Period of Year

Line #	Year	Revenue Requirements Test									
		(A[E]) Revenue Test Revenue	(A[F]) Depreciation Expense	(A[G]) Interest	(A[H]) Taxable Income	(A[I]) Income Taxes	(A[J]) Net Income	(A[K]) Preferred Dividends	(A[L]) Common Earnings	(A[M]) Common Equity	(A[N]) Check ROE
1	2008	\$ 3,932,987	\$ (567,609)	\$ (515,683)	\$ 2,850,295	\$ (1,182,621)	\$ 1,667,673	\$ -	\$ 1,667,673	\$ 13,473,685	12.38%
2	2009	\$ 18,326,128	\$ (2,651,406)	\$ (2,468,459)	\$ 13,206,263	\$ (5,479,305)	\$ 7,726,958	\$ -	\$ 7,726,958	\$ 62,388,685	12.38%
3	2010	\$ 42,145,645	\$ (6,169,372)	\$ (5,715,810)	\$ 30,260,458	\$ (12,524,933)	\$ 17,735,525	\$ -	\$ 17,735,525	\$ 143,198,553	12.38%
4	2011	\$ 68,474,907	\$ (10,345,592)	\$ (8,501,167)	\$ 49,628,149	\$ (20,576,620)	\$ 29,051,528	\$ -	\$ 29,051,528	\$ 234,638,967	12.38%
5	2012	\$ 92,279,466	\$ (14,453,878)	\$ (10,698,441)	\$ 67,127,147	\$ (27,829,715)	\$ 39,297,432	\$ -	\$ 39,297,432	\$ 317,415,281	12.38%
6	2013	\$ 134,901,972	\$ (20,781,923)	\$ (14,784,857)	\$ 99,336,193	\$ (41,193,967)	\$ 58,142,226	\$ -	\$ 58,142,226	\$ 469,828,107	12.38%
7	2014	\$ 178,405,766	\$ (27,511,225)	\$ (18,420,476)	\$ 132,474,065	\$ (54,923,747)	\$ 77,550,318	\$ -	\$ 77,550,318	\$ 626,416,136	12.38%
8	2015	\$ 183,011,177	\$ (29,846,337)	\$ (18,697,623)	\$ 134,467,217	\$ (55,750,168)	\$ 78,717,049	\$ -	\$ 78,717,049	\$ 635,840,944	12.38%
9	2016	\$ 172,554,542	\$ (29,846,337)	\$ (17,421,128)	\$ 125,287,078	\$ (54,944,822)	\$ 70,342,256	\$ -	\$ 70,342,256	\$ 592,431,787	12.38%
10	2017	\$ 166,922,176	\$ (29,846,337)	\$ (16,733,556)	\$ 120,342,284	\$ (50,893,911)	\$ 69,448,373	\$ -	\$ 69,448,373	\$ 569,549,862	12.38%
11	2018	\$ 161,500,443	\$ (29,846,337)	\$ (16,073,697)	\$ 115,580,409	\$ (47,920,467)	\$ 67,661,942	\$ -	\$ 67,661,942	\$ 546,542,345	12.38%
12	2019	\$ 156,228,549	\$ (29,846,337)	\$ (15,427,441)	\$ 110,580,571	\$ (46,000,197)	\$ 64,580,374	\$ -	\$ 64,580,374	\$ 524,640,259	12.38%
13	2020	\$ 151,013,773	\$ (29,846,337)	\$ (14,791,335)	\$ 106,375,905	\$ (44,103,449)	\$ 62,272,456	\$ -	\$ 62,272,456	\$ 503,608,503	12.38%
14	2021	\$ 145,815,233	\$ (29,846,337)	\$ (14,156,234)	\$ 101,812,062	\$ (42,211,281)	\$ 59,600,781	\$ -	\$ 59,600,781	\$ 481,427,955	12.38%
15	2022	\$ 140,616,496	\$ (29,846,337)	\$ (13,522,286)	\$ 97,247,874	\$ (40,318,959)	\$ 56,928,915	\$ -	\$ 56,928,915	\$ 459,845,762	12.38%
16	2023	\$ 135,416,635	\$ (29,846,337)	\$ (12,891,107)	\$ 92,708,641	\$ (38,437,023)	\$ 54,271,618	\$ -	\$ 54,271,618	\$ 438,284,573	12.38%
17	2024	\$ 130,218,556	\$ (29,846,337)	\$ (12,276,149)	\$ 88,286,065	\$ (36,603,472)	\$ 51,682,593	\$ -	\$ 51,682,593	\$ 417,469,000	12.38%
18	2025	\$ 125,018,505	\$ (29,846,337)	\$ (11,665,466)	\$ 84,189,999	\$ (34,872,066)	\$ 49,317,933	\$ -	\$ 49,317,933	\$ 397,222,081	12.38%
19	2026	\$ 121,761,783	\$ (29,846,337)	\$ (11,152,158)	\$ 80,202,688	\$ (33,252,034)	\$ 46,950,654	\$ -	\$ 46,950,654	\$ 379,245,990	12.38%
20	2027	\$ 117,496,473	\$ (29,846,337)	\$ (10,640,888)	\$ 76,320,948	\$ (31,725,212)	\$ 44,595,736	\$ -	\$ 44,595,736	\$ 361,832,278	12.38%
21	2028	\$ 113,255,199	\$ (29,846,337)	\$ (10,132,151)	\$ 72,276,712	\$ (30,359,795)	\$ 42,916,917	\$ -	\$ 42,916,917	\$ 346,259,427	12.38%
22	2029	\$ 109,158,572	\$ (29,846,337)	\$ (9,634,125)	\$ 68,308,106	\$ (29,022,663)	\$ 41,275,443	\$ -	\$ 41,275,443	\$ 332,464,243	12.38%
23	2030	\$ 105,116,286	\$ (29,846,337)	\$ (9,143,578)	\$ 64,488,372	\$ (27,820,897)	\$ 39,667,475	\$ -	\$ 39,667,475	\$ 322,435,161	12.38%
24	2031	\$ 101,139,928	\$ (29,846,337)	\$ (8,673,285)	\$ 60,797,263	\$ (26,751,702)	\$ 38,045,561	\$ -	\$ 38,045,561	\$ 311,751,540	12.38%
25	2032	\$ 97,224,576	\$ (29,846,337)	\$ (8,221,065)	\$ 57,254,234	\$ (25,749,505)	\$ 36,504,729	\$ -	\$ 36,504,729	\$ 301,467,948	12.38%
26	2033	\$ 93,374,224	\$ (29,846,337)	\$ (7,784,723)	\$ 53,857,164	\$ (24,813,305)	\$ 35,043,859	\$ -	\$ 35,043,859	\$ 290,884,297	12.38%
27	2034	\$ 89,574,872	\$ (29,846,337)	\$ (7,360,140)	\$ 50,594,055	\$ (24,054,111)	\$ 33,539,944	\$ -	\$ 33,539,944	\$ 280,506,676	12.38%
28	2035	\$ 85,820,520	\$ (29,846,337)	\$ (6,946,157)	\$ 47,468,887	\$ (23,364,514)	\$ 32,104,373	\$ -	\$ 32,104,373	\$ 270,017,034	12.38%
29	2036	\$ 82,116,168	\$ (29,846,337)	\$ (6,541,875)	\$ 44,468,057	\$ (22,745,718)	\$ 30,712,339	\$ -	\$ 30,712,339	\$ 259,523,433	12.38%
30	2037	\$ 78,456,816	\$ (29,846,337)	\$ (6,146,152)	\$ 41,588,887	\$ (22,166,521)	\$ 29,352,367	\$ -	\$ 29,352,367	\$ 249,045,811	12.38%
31	2038	\$ 74,837,464	\$ (29,846,337)	\$ (5,750,100)	\$ 38,834,818	\$ (21,617,224)	\$ 28,027,594	\$ -	\$ 28,027,594	\$ 238,562,190	12.38%
32	2039	\$ 71,254,112	\$ (29,846,337)	\$ (5,361,026)	\$ 36,234,740	\$ (21,098,127)	\$ 26,736,612	\$ -	\$ 26,736,612	\$ 228,082,568	12.38%
33	2040	\$ 67,701,760	\$ (29,846,337)	\$ (4,976,744)	\$ 33,779,680	\$ (20,607,990)	\$ 25,481,690	\$ -	\$ 25,481,690	\$ 217,598,947	12.38%
34	2041	\$ 64,184,408	\$ (29,846,337)	\$ (4,596,462)	\$ 31,456,610	\$ (20,159,733)	\$ 24,296,877	\$ -	\$ 24,296,877	\$ 207,115,325	12.38%
35	2042	\$ 60,697,056	\$ (29,846,337)	\$ (4,220,178)	\$ 29,279,540	\$ (19,701,536)	\$ 23,147,004	\$ -	\$ 23,147,004	\$ 196,631,704	12.38%
36	2043	\$ 57,234,704	\$ (29,846,337)	\$ (3,857,895)	\$ 27,226,472	\$ (19,232,239)	\$ 22,024,233	\$ -	\$ 22,024,233	\$ 186,148,082	12.38%
37	2044	\$ 53,799,352	\$ (29,846,337)	\$ (3,500,612)	\$ 25,326,400	\$ (18,742,042)	\$ 20,944,358	\$ -	\$ 20,944,358	\$ 175,664,461	12.38%
38	2045	\$ 50,384,000	\$ (29,846,337)	\$ (3,149,330)	\$ 23,494,333	\$ (18,232,745)	\$ 20,011,588	\$ -	\$ 20,011,588	\$ 165,180,840	12.38%
39	2046	\$ 46,987,648	\$ (29,846,337)	\$ (2,803,047)	\$ 21,726,264	\$ (17,693,488)	\$ 19,112,776	\$ -	\$ 19,112,776	\$ 154,697,218	12.38%
40	2047	\$ 43,607,296	\$ (29,846,337)	\$ (2,461,764)	\$ 20,099,195	\$ (17,124,231)	\$ 18,244,964	\$ -	\$ 18,244,964	\$ 144,213,597	12.38%
41	2048	\$ 40,241,944	\$ (29,846,337)	\$ (2,124,481)	\$ 18,599,116	\$ (16,524,974)	\$ 17,377,140	\$ -	\$ 17,377,140	\$ 133,728,975	12.38%
42	2049	\$ 36,892,592	\$ (29,846,337)	\$ (1,791,198)	\$ 17,126,610	\$ (15,845,727)	\$ 16,509,316	\$ -	\$ 16,509,316	\$ 123,244,354	12.38%
43	2050	\$ 33,558,240	\$ (29,846,337)	\$ (1,461,915)	\$ 15,782,540	\$ (15,097,480)	\$ 15,641,836	\$ -	\$ 15,641,836	\$ 112,762,732	12.38%
44	2051	\$ 30,237,888	\$ (29,846,337)	\$ (1,144,632)	\$ 14,464,416	\$ (14,278,233)	\$ 14,763,603	\$ -	\$ 14,763,603	\$ 102,279,111	12.38%
45	2052	\$ 26,928,536	\$ (29,846,337)	\$ (837,349)	\$ 13,279,315	\$ (13,390,986)	\$ 13,872,617	\$ -	\$ 13,872,617	\$ 91,795,489	12.38%
46	2053	\$ 23,629,184	\$ (29,846,337)	\$ (530,066)	\$ 12,219,214	\$ (12,442,739)	\$ 13,009,884	\$ -	\$ 13,009,884	\$ 81,311,868	12.38%
47	2054	\$ 20,339,832	\$ (29,846,337)	\$ (222,783)	\$ 11,276,811	\$ (11,424,492)	\$ 12,151,392	\$ -	\$ 12,151,392	\$ 70,828,246	12.38%
48	2055	\$ 17,050,480	\$ (29,846,337)	\$ (75,500)	\$ 10,455,761	\$ (10,339,245)	\$ 11,302,140	\$ -	\$ 11,302,140	\$ 60,344,625	12.38%
49	2056	\$ 13,761,128	\$ (29,846,337)	\$ (181,217)	\$ 9,774,621	\$ (9,271,998)	\$ 10,450,142	\$ -	\$ 10,450,142	\$ 49,861,004	12.38%
50	2057	\$ 10,471,776	\$ (29,846,337)	\$ (115,934)	\$ 9,225,542	\$ (8,422,251)	\$ 9,602,890	\$ -	\$ 9,602,890	\$ 39,377,382	12.38%
51	2058	\$ 7,182,424	\$ (29,846,337)	\$ (46,651)	\$ 8,775,433	\$ (7,533,004)	\$ 9,059,888	\$ -	\$ 9,059,888	\$ 28,893,761	12.38%
52	2059	\$ 3,893,072	\$ (29,846,337)	\$ (11,368)	\$ 8,326,364	\$ (6,184,159)	\$ 8,572,729	\$ -	\$ 8,572,729	\$ 18,410,139	12.38%
53	2060	\$ 603,720	\$ (29,846,337)	\$ (23,083)	\$ 7,879,295	\$ (4,992,922)	\$ 8,880,807	\$ -	\$ 8,880,807	\$ 7,926,518	12.38%
54	2061	\$ 29,236,568	\$ (29,846,337)	\$ 75,155	\$ 1,755,205	\$ (16,569,775)	\$ 224,205	\$ -	\$ (16,569,775)	\$ (2,557,104)	12.38%
55	2062	\$ 4,880,762	\$ (29,846,337)	\$ 265,787	\$ (1,911,433)	\$ 792,489	\$ (1,118,966)	\$ -	\$ (1,118,966)	\$ (9,038,487)	12.38%
56	2063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12.38%

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ITC Midwest (2008 - 2014)  
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In-Service Period of Year

Line #	Year	Revenue Requirements - Rev Cost Assumptions				
		IAOI Pre-Tax WACC	IAP Composite Weighted Cost of Debt	IAOI Composite Weighted Cost of Equity	IAR Effective Tax Rate	IASI Common Equity Ratio
1	2008	14.90%	2.29%	0.00%	41.24%	59.55%
2	2009	13.08%	2.58%	0.00%	41.24%	60.00%
3	2010	13.07%	2.40%	0.00%	41.42%	60.00%
4	2011	14.86%	2.17%	0.00%	41.46%	60.00%
5	2012	14.71%	2.02%	0.00%	41.46%	60.00%
6	2013	14.57%	1.89%	0.00%	41.46%	60.00%
7	2014	14.43%	1.76%	0.00%	41.46%	60.00%
8	2015	14.43%	1.76%	0.00%	41.460%	60.00%
9	2016	14.43%	1.76%	0.00%	41.460%	60.00%
10	2017	14.43%	1.76%	0.00%	41.460%	60.00%
11	2018	14.43%	1.76%	0.00%	41.460%	60.00%
12	2019	14.43%	1.76%	0.00%	41.460%	60.00%
13	2020	14.43%	1.76%	0.00%	41.460%	60.00%
14	2021	14.43%	1.76%	0.00%	41.460%	60.00%
15	2022	14.43%	1.76%	0.00%	41.460%	60.00%
16	2023	14.43%	1.76%	0.00%	41.460%	60.00%
17	2024	14.43%	1.76%	0.00%	41.460%	60.00%
18	2025	14.43%	1.76%	0.00%	41.460%	60.00%
19	2026	14.43%	1.76%	0.00%	41.460%	60.00%
20	2027	14.43%	1.76%	0.00%	41.460%	60.00%
21	2028	14.43%	1.76%	0.00%	41.460%	60.00%
22	2029	14.43%	1.76%	0.00%	41.460%	60.00%
23	2030	14.43%	1.76%	0.00%	41.460%	60.00%
24	2031	14.43%	1.76%	0.00%	41.460%	60.00%
25	2032	14.43%	1.76%	0.00%	41.460%	60.00%
26	2033	14.43%	1.76%	0.00%	41.460%	60.00%
27	2034	14.43%	1.76%	0.00%	41.460%	60.00%
28	2035	14.43%	1.76%	0.00%	41.460%	60.00%
29	2036	14.43%	1.76%	0.00%	41.460%	60.00%
30	2037	14.43%	1.76%	0.00%	41.460%	60.00%
31	2038	14.43%	1.76%	0.00%	41.460%	60.00%
32	2039	14.43%	1.76%	0.00%	41.460%	60.00%
33	2040	14.43%	1.76%	0.00%	41.460%	60.00%
34	2041	14.43%	1.76%	0.00%	41.460%	60.00%
35	2042	14.43%	1.76%	0.00%	41.460%	60.00%
36	2043	14.43%	1.76%	0.00%	41.460%	60.00%
37	2044	14.43%	1.76%	0.00%	41.460%	60.00%
38	2045	14.43%	1.76%	0.00%	41.460%	60.00%
39	2046	14.43%	1.76%	0.00%	41.460%	60.00%
40	2047	14.43%	1.76%	0.00%	41.460%	60.00%
41	2048	14.43%	1.76%	0.00%	41.460%	60.00%
42	2049	14.43%	1.76%	0.00%	41.460%	60.00%
43	2050	14.43%	1.76%	0.00%	41.460%	60.00%
44	2051	14.43%	1.76%	0.00%	41.460%	60.00%
45	2052	14.43%	1.76%	0.00%	41.460%	60.00%
46	2053	14.43%	1.76%	0.00%	41.460%	60.00%
47	2054	14.43%	1.76%	0.00%	41.460%	60.00%
48	2055	14.43%	1.76%	0.00%	41.460%	60.00%
49	2056	14.43%	1.76%	0.00%	41.460%	60.00%
50	2057	14.43%	1.76%	0.00%	41.460%	60.00%
51	2058	14.43%	1.76%	0.00%	41.460%	60.00%
52	2059	14.43%	1.76%	0.00%	41.460%	60.00%
53	2060	14.43%	1.76%	0.00%	41.460%	60.00%
54	2061	14.43%	1.76%	0.00%	41.460%	60.00%
55	2062	14.43%	1.76%	0.00%	41.460%	60.00%
56	2063	14.43%	1.76%	0.00%	41.460%	60.00%

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

50%

		Book Basis Construction Work in Progress and Utility Plant In Service									
Line #	Year	IAI	IBI	ICI	IBI	IEI	IFI	ICI	IHI	III	
		Annual Plant Addition	Cumulative Expenditures	Percentage AFUDC	AFUDC Rate	Annual AFUDC	Cumulative AFUDC	CWIP Balance (Excluding AFUDC)	Utility Plant In Service (UPIS)	UPIS or CWIP Balance Current Year	
1	2008	\$ 26,949,000	\$ 26,949,000	100%	4.411%	\$ 594,425	\$ 594,425	\$ -	\$ 27,543,405	\$ 27,543,405	
2	2009	\$ 1,581,000	\$ 28,530,000	100%	4.411%	\$ 34,872	\$ 629,277	\$ -	\$ 29,159,277	\$ 29,159,277	
3	2010	\$ 8,632,750	\$ 37,162,750	100%	4.411%	\$ 190,393	\$ 819,670	\$ -	\$ 27,981,670	\$ 27,981,670	
4	2011	\$ 6,177,000	\$ 43,339,750	100%	4.411%	\$ 126,244	\$ 955,914	\$ -	\$ 44,294,914	\$ 44,294,914	
5	2012	\$ 4,755,000	\$ 48,094,750	100%	4.411%	\$ 104,879	\$ 1,060,794	\$ -	\$ 49,154,794	\$ 49,154,794	
6	2013	\$ 5,371,000	\$ 53,465,750	100%	4.411%	\$ 118,465	\$ 1,179,260	\$ -	\$ 54,664,260	\$ 54,664,260	
7	2014	\$ 1,864,000	\$ 55,329,750	100%	4.411%	\$ 41,314	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
8	2015	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
9	2016	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
10	2017	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
11	2018	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
12	2019	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
13	2020	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
14	2021	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
15	2022	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
16	2023	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
17	2024	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
18	2025	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
19	2026	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
20	2027	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
21	2028	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
22	2029	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
23	2030	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
24	2031	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
25	2032	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
26	2033	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
27	2034	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
28	2035	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
29	2036	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
30	2037	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
31	2038	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
32	2039	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
33	2040	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
34	2041	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
35	2042	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
36	2043	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
37	2044	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
38	2045	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
39	2046	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
40	2047	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
41	2048	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
42	2049	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
43	2050	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
44	2051	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
45	2052	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
46	2053	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
47	2054	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
48	2055	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
49	2056	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
50	2057	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
51	2058	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
52	2059	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
53	2060	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
54	2061	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
55	2062	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	
56	2063	\$ -	\$ 55,329,750	100%	4.411%	\$ -	\$ 1,220,574	\$ -	\$ 56,549,374	\$ 56,549,374	

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Interstate Power and Light Company  
Proforma Rev. Req. Calc.  
17C Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

50%

Line #	Year	Tax Basis Plant in Service						
		(J) Annual Expenditures	(K) Cumulative Expenditures	(L) Interest Rate	(M) Estimated Capitalized Interest	(N) Cumulative Capitalized Interest	(O) Cumulative Expenditures incl. Capitalized Interest	(P) Tax Basis Plant in Service
1	2008	\$ 26,949,000	\$ 26,949,000	4.411%	\$ 594,405	\$ 27,543,405	\$ 27,543,405	\$ 27,543,405
2	2009	\$ 1,581,000	\$ 28,530,000	4.411%	\$ 34,872	\$ 27,578,277	\$ 29,159,277	\$ 29,159,277
3	2010	\$ 8,632,000	\$ 37,162,000	4.411%	\$ 190,393	\$ 27,768,670	\$ 35,981,670	\$ 35,981,670
4	2011	\$ 6,177,000	\$ 43,339,000	4.411%	\$ 136,244	\$ 27,904,914	\$ 42,204,914	\$ 42,204,914
5	2012	\$ 4,755,000	\$ 48,094,000	4.411%	\$ 104,879	\$ 28,009,793	\$ 47,154,793	\$ 47,154,793
6	2013	\$ 5,371,000	\$ 53,465,000	4.411%	\$ 118,466	\$ 28,128,259	\$ 52,644,259	\$ 52,644,259
7	2014	\$ 1,864,000	\$ 55,329,000	4.411%	\$ 41,314	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
8	2015	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
9	2016	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
10	2017	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
11	2018	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
12	2019	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
13	2020	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
14	2021	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
15	2022	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
16	2023	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
17	2024	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
18	2025	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
19	2026	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
20	2027	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
21	2028	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
22	2029	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
23	2030	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
24	2031	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
25	2032	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
26	2033	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
27	2034	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
28	2035	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
29	2036	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
30	2037	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
31	2038	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
32	2039	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
33	2040	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
34	2041	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
35	2042	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
36	2043	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
37	2044	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
38	2045	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
39	2046	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
40	2047	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
41	2048	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
42	2049	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
43	2050	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
44	2051	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
45	2052	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
46	2053	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
47	2054	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
48	2055	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
49	2056	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
50	2057	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
51	2058	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
52	2059	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
53	2060	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
54	2061	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
55	2062	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374
56	2063	\$ -	\$ 55,329,000	4.411%	\$ -	\$ 28,169,573	\$ 56,549,374	\$ 56,549,374

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

50%

Line #	Year	Depreciation Expense, Accumulated Depreciation and Accumulated Deferred Income Taxes											
		Depreciation Rates			Book Depreciation Expense		Tax Depreciation Expense		Fed Deferred Tax Expense	Fed Deferred Tax Balance (Dr/Cr)	State Deferred Tax Expense	State Deferred Tax Balance (Dr/Cr)	
		SO Book Year	IRI Tax Year	ISI Tax	Book Book	Accumulated	Annual/Fed	Annual/State	Accumulated	Expense	Balance (Dr/Cr)	Expense	Balance (Dr/Cr)
1	2008	As Spent	As Spent	As Spent	\$ 1,377,376	\$ 1,377,376	\$ 15,739,679	\$ 3,935,653	\$ 15,739,679	\$ 5,616,878	\$ 5,026,878	\$ 165,297	\$ 165,297
2	2009	As Spent	As Spent	As Spent	\$ 2,836,134	\$ 4,213,510	\$ 4,296,080	\$ 6,976,284	\$ 20,035,739	\$ 514,331	\$ 5,538,209	\$ 267,519	\$ 432,816
3	2010	As Spent	As Spent	As Spent	\$ 3,387,047	\$ 7,600,557	\$ 7,682,256	\$ 6,472,789	\$ 23,902,011	\$ 178,572	\$ 5,716,781	\$ 201,341	\$ 634,157
4	2011	As Spent	As Spent	As Spent	\$ 4,113,829	\$ 11,714,386	\$ 11,682,181	\$ 4,924,160	\$ 27,826,171	\$ 283,616	\$ 6,009,397	\$ 172,593	\$ 806,751
5	2012	As Spent	As Spent	As Spent	\$ 4,672,485	\$ 16,386,871	\$ 16,354,666	\$ 5,114,351	\$ 32,940,522	\$ 154,653	\$ 6,155,050	\$ 144,509	\$ 921,260
6	2013	As Spent	As Spent	As Spent	\$ 5,189,952	\$ 21,576,823	\$ 21,544,619	\$ 5,401,317	\$ 38,341,839	\$ 101,978	\$ 6,257,028	\$ 102,840	\$ 1,024,100
7	2014	As Spent	As Spent	As Spent	\$ 5,559,682	\$ 27,136,505	\$ 27,104,301	\$ 5,344,849	\$ 43,686,688	\$ (75,192)	\$ 6,181,836	\$ 76,223	\$ 1,094,323
8	2015	As Spent	As Spent	As Spent	\$ 5,854,937	\$ 32,991,442	\$ 32,959,238	\$ 4,070,765	\$ 47,757,453	\$ (54,466)	\$ 5,627,376	\$ (57,976)	\$ 1,036,325
9	2016	As Spent	As Spent	As Spent	\$ 5,854,937	\$ 38,846,379	\$ 38,814,175	\$ 2,839,841	\$ 50,597,294	\$ (85,244)	\$ 4,442,693	\$ (179,227)	\$ 856,798
10	2017	As Spent	As Spent	As Spent	\$ 5,854,937	\$ 44,701,316	\$ 44,669,112	\$ 2,118,911	\$ 52,716,205	\$ (1,232,609)	\$ 3,404,483	\$ (228,427)	\$ 528,370
11	2018	As Spent	As Spent	As Spent	\$ 5,854,937	\$ 49,556,253	\$ 49,524,049	\$ 1,375,345	\$ 54,091,550	\$ (1,497,857)	\$ 1,906,626	\$ (276,462)	\$ 351,909
12	2019	As Spent	As Spent	As Spent	\$ 5,854,937	\$ 53,411,190	\$ 53,378,986	\$ 876,896	\$ 54,968,446	\$ (1,672,314)	\$ 234,211	\$ (348,661)	\$ 43,247
13	2020	As Spent	As Spent	As Spent	\$ 1,169,286	\$ 56,549,374	\$ 56,549,374	\$ 414,957	\$ 55,553,489	\$ (164,050)	\$ (29,739)	\$ (48,736)	\$ (5,489)
14	2021	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ 29,739	\$ -	\$ -	\$ 5,489
15	2022	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
16	2023	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
17	2024	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
18	2025	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
19	2026	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
20	2027	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
21	2028	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
22	2029	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
23	2030	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
24	2031	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
25	2032	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
26	2033	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
27	2034	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
28	2035	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
29	2036	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
30	2037	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
31	2038	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
32	2039	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
33	2040	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
34	2041	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
35	2042	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
36	2043	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
37	2044	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
38	2045	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
39	2046	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
40	2047	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
41	2048	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
42	2049	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
43	2050	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
44	2051	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
45	2052	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
46	2053	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
47	2054	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
48	2055	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
49	2056	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
50	2057	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
51	2058	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
52	2059	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
53	2060	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
54	2061	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
55	2062	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -
56	2063	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 56,549,374	\$ -	\$ 55,553,489	\$ -	\$ -	\$ -	\$ -

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Interstate Power and Light Company  
Performance Rev. Reqn. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

Line #	Year	Rate Base and Revenue Requirements				
		I2I Year End Net Rate Base	IAA1 Average Net Rate Base	REVENUE REQUIREMENTS		
				IAB1 NDY	IAC1 Depreciation Economic	IAD1 Total
1	2008	\$ 20,974,660	\$ 10,487,113	\$ 1,571,691	\$ 1,377,170	\$ 2,948,863
2	2009	\$ 18,975,948	\$ 19,975,064	\$ 3,012,710	\$ 2,825,134	\$ 5,837,844
3	2010	\$ 24,061,380	\$ 21,518,664	\$ 3,243,847	\$ 3,357,947	\$ 6,601,794
4	2011	\$ 25,804,585	\$ 24,932,982	\$ 3,705,953	\$ 4,113,829	\$ 7,819,782
5	2012	\$ 23,722,817	\$ 25,763,701	\$ 3,769,272	\$ 4,672,465	\$ 8,441,737
6	2013	\$ 25,817,513	\$ 25,770,165	\$ 3,755,846	\$ 5,189,953	\$ 8,945,799
7	2014	\$ 22,167,913	\$ 23,992,713	\$ 3,467,828	\$ 5,359,682	\$ 8,827,510
8	2015	\$ 17,125,424	\$ 19,646,674	\$ 2,839,666	\$ 5,654,937	\$ 8,494,603
9	2016	\$ 12,635,508	\$ 14,889,371	\$ 2,150,760	\$ 5,654,937	\$ 7,805,697
10	2017	\$ 8,446,407	\$ 10,540,858	\$ 1,523,541	\$ 5,654,937	\$ 7,178,478
11	2018	\$ 4,365,789	\$ 6,586,098	\$ 940,370	\$ 5,654,937	\$ 6,595,307
12	2019	\$ 891,828	\$ 2,728,808	\$ 394,415	\$ 5,654,937	\$ 6,049,250
13	2020	\$ 25,278	\$ 463,528	\$ 68,997	\$ 1,169,386	\$ 1,238,383
14	2021	\$ (0)	\$ 17,814	\$ 2,546	\$ -	\$ 2,546
15	2022	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
16	2023	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
17	2024	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
18	2025	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
19	2026	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
20	2027	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
21	2028	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
22	2029	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
23	2030	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
24	2031	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
25	2032	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
26	2033	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
27	2034	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
28	2035	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
29	2036	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
30	2037	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
31	2038	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
32	2039	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
33	2040	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
34	2041	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
35	2042	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
36	2043	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
37	2044	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
38	2045	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
39	2046	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
40	2047	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
41	2048	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
42	2049	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
43	2050	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
44	2051	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
45	2052	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
46	2053	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
47	2054	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
48	2055	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
49	2056	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
50	2057	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
51	2058	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
52	2059	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
53	2060	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
54	2061	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
55	2062	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
56	2063	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)

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Interstate Power and Light Company  
Proforma Rev. Req. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

50%

Line #	Year	Revenue Requirements Test										Check RQE
		[AE] Revenue Test Revenue	[AF] Depreciation Expense	[AG] Interest	[AH] Taxable Income	[AI] Income Taxes	[AJ] Net Income	[AK] Preferred Dividends	[AL] Common Earnings	[AM] Common Equity	[AN]	
1	2008	\$ 2,948,863	\$ (1,977,170)	\$ (240,553)	\$ 1,331,139	\$ (552,306)	\$ 778,834	\$ -	\$ 778,834	\$ 6,292,454	\$ (0)	12.38%
2	2009	\$ 5,847,844	\$ (2,803,134)	\$ (474,440)	\$ 2,538,268	\$ (1,053,132)	\$ 1,485,135	\$ -	\$ 1,485,135	\$ 11,985,453	\$ (0)	12.38%
3	2010	\$ 6,600,894	\$ (3,257,047)	\$ (515,373)	\$ 2,728,474	\$ (1,130,147)	\$ 1,598,326	\$ -	\$ 1,598,326	\$ 12,911,683	\$ (0)	12.38%
4	2011	\$ 7,919,782	\$ (4,113,829)	\$ (541,880)	\$ 3,161,973	\$ (1,211,833)	\$ 1,950,139	\$ -	\$ 1,950,139	\$ 14,960,352	\$ (0)	12.38%
5	2012	\$ 8,462,718	\$ (4,672,285)	\$ (571,077)	\$ 3,269,235	\$ (1,255,167)	\$ 1,914,068	\$ -	\$ 1,914,068	\$ 15,458,802	\$ (0)	12.38%
6	2013	\$ 8,945,798	\$ (5,189,933)	\$ (605,833)	\$ 3,270,015	\$ (1,255,747)	\$ 1,914,266	\$ -	\$ 1,914,266	\$ 15,462,680	\$ (0)	12.38%
7	2014	\$ 9,077,510	\$ (5,519,682)	\$ (623,336)	\$ 3,044,492	\$ (1,262,246)	\$ 1,782,246	\$ -	\$ 1,782,246	\$ 14,296,469	\$ (0)	12.38%
8	2015	\$ 8,494,603	\$ (5,654,937)	\$ (646,553)	\$ 2,493,013	\$ (1,000,603)	\$ 1,492,410	\$ -	\$ 1,492,410	\$ 11,788,447	\$ (0)	12.38%
9	2016	\$ 7,805,697	\$ (5,654,937)	\$ (662,554)	\$ 1,888,206	\$ (782,810)	\$ 1,105,395	\$ -	\$ 1,105,395	\$ 8,928,558	\$ (0)	12.38%
10	2017	\$ 7,178,478	\$ (5,654,937)	\$ (685,987)	\$ 1,337,554	\$ (564,559)	\$ 783,004	\$ -	\$ 783,004	\$ 6,724,752	\$ (0)	12.38%
11	2018	\$ 6,595,307	\$ (5,654,937)	\$ (714,796)	\$ 875,574	\$ (342,283)	\$ 483,291	\$ -	\$ 483,291	\$ 3,903,806	\$ (0)	12.38%
12	2019	\$ 6,049,380	\$ (5,654,937)	\$ (748,149)	\$ 446,265	\$ (140,561)	\$ 285,703	\$ -	\$ 285,703	\$ 1,637,346	\$ (0)	12.38%
13	2020	\$ 1,236,380	\$ (1,169,586)	\$ (8179)	\$ 58,818	\$ (24,386)	\$ 34,432	\$ -	\$ 34,432	\$ 278,127	\$ (0)	12.38%
14	2021	\$ 2,546	\$ -	\$ -	\$ 2,235	\$ (927)	\$ 1,308	\$ -	\$ 1,308	\$ 10,569	\$ (0)	12.38%
15	2022	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
16	2023	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
17	2024	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
18	2025	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
19	2026	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
20	2027	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
21	2028	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
22	2029	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
23	2030	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
24	2031	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
25	2032	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
26	2033	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
27	2034	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
28	2035	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
29	2036	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
30	2037	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
31	2038	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
32	2039	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
33	2040	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
34	2041	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
35	2042	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
36	2043	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
37	2044	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
38	2045	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
39	2046	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
40	2047	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
41	2048	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
42	2049	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
43	2050	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
44	2051	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
45	2052	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
46	2053	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
47	2054	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
48	2055	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
49	2056	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
50	2057	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
51	2058	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
52	2059	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
53	2060	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
54	2061	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
55	2062	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%
56	2063	\$ (0)	\$ -	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	12.38%

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - No Bonus

Attachment B  
Schedule 4  
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In-Service Period of Year

50%

		Revenue Requirements - Key Cost Assumptions				
Line #	Year	(AQ) Pre-Tax WACC	(AP) Composite Weighted Cost of Debt	(AQ) Composite Weighted Cost of Pref St	(ARI) Effective Tax Rate	(ASI) Common Equity Ratio
1	2008	14.99%	2.29%	0.00%	41.891%	59.99%
2	2009	15.08%	2.38%	0.00%	41.890%	60.06%
3	2010	15.07%	2.40%	0.00%	41.421%	60.00%
4	2011	14.86%	2.17%	0.00%	41.462%	60.00%
5	2012	14.71%	2.02%	0.00%	41.458%	60.01%
6	2013	14.57%	1.89%	0.00%	41.460%	60.00%
7	2014	14.45%	1.76%	0.00%	41.460%	60.00%
8	2015	14.45%	1.76%	0.00%	41.460%	60.00%
9	2016	14.45%	1.76%	0.00%	41.460%	60.00%
10	2017	14.45%	1.76%	0.00%	41.460%	60.00%
11	2018	14.45%	1.76%	0.00%	41.460%	60.00%
12	2019	14.45%	1.76%	0.00%	41.460%	60.00%
13	2020	14.45%	1.76%	0.00%	41.460%	60.00%
14	2021	14.45%	1.76%	0.00%	41.460%	60.00%
15	2022	14.45%	1.76%	0.00%	41.460%	60.00%
16	2023	14.45%	1.76%	0.00%	41.460%	60.00%
17	2024	14.45%	1.76%	0.00%	41.460%	60.00%
18	2025	14.45%	1.76%	0.00%	41.460%	60.00%
19	2026	14.45%	1.76%	0.00%	41.460%	60.00%
20	2027	14.45%	1.76%	0.00%	41.460%	60.00%
21	2028	14.45%	1.76%	0.00%	41.460%	60.00%
22	2029	14.45%	1.76%	0.00%	41.460%	60.00%
23	2030	14.45%	1.76%	0.00%	41.460%	60.00%
24	2031	14.45%	1.76%	0.00%	41.460%	60.00%
25	2032	14.45%	1.76%	0.00%	41.460%	60.00%
26	2033	14.45%	1.76%	0.00%	41.460%	60.00%
27	2034	14.45%	1.76%	0.00%	41.460%	60.00%
28	2035	14.45%	1.76%	0.00%	41.460%	60.00%
29	2036	14.45%	1.76%	0.00%	41.460%	60.00%
30	2037	14.45%	1.76%	0.00%	41.460%	60.00%
31	2038	14.45%	1.76%	0.00%	41.460%	60.00%
32	2039	14.45%	1.76%	0.00%	41.460%	60.00%
33	2040	14.45%	1.76%	0.00%	41.460%	60.00%
34	2041	14.45%	1.76%	0.00%	41.460%	60.00%
35	2042	14.45%	1.76%	0.00%	41.460%	60.00%
36	2043	14.45%	1.76%	0.00%	41.460%	60.00%
37	2044	14.45%	1.76%	0.00%	41.460%	60.00%
38	2045	14.45%	1.76%	0.00%	41.460%	60.00%
39	2046	14.45%	1.76%	0.00%	41.460%	60.00%
40	2047	14.45%	1.76%	0.00%	41.460%	60.00%
41	2048	14.45%	1.76%	0.00%	41.460%	60.00%
42	2049	14.45%	1.76%	0.00%	41.460%	60.00%
43	2050	14.45%	1.76%	0.00%	41.460%	60.00%
44	2051	14.45%	1.76%	0.00%	41.460%	60.00%
45	2052	14.45%	1.76%	0.00%	41.460%	60.00%
46	2053	14.45%	1.76%	0.00%	41.460%	60.00%
47	2054	14.45%	1.76%	0.00%	41.460%	60.00%
48	2055	14.45%	1.76%	0.00%	41.460%	60.00%
49	2056	14.45%	1.76%	0.00%	41.460%	60.00%
50	2057	14.45%	1.76%	0.00%	41.460%	60.00%
51	2058	14.45%	1.76%	0.00%	41.460%	60.00%
52	2059	14.45%	1.76%	0.00%	41.460%	60.00%
53	2060	14.45%	1.76%	0.00%	41.460%	60.00%
54	2061	14.45%	1.76%	0.00%	41.460%	60.00%
55	2062	14.45%	1.76%	0.00%	41.460%	60.00%
56	2063	14.45%	1.76%	0.00%	41.460%	60.00%

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Interstate Power and Light Company  
Performance Rev. Req. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - Bonus

Schedule B  
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In-Service Period of Year

Line #	Year	Book Basis Construction Work in Progress and Utility Plant in Service								
		(A) Annual Plant Additions	(B) Cumulative Expenditures	(C) Percentage AFUDC	(D) AFUDC Rate	(E) Annual AFUDC	(F) Cumulative AFUDC	(G) CWIP Balance (Excludes AFUDC)	(H) Utility Plant In Service (UPIS)	(I) UPIS or CWIP (Savings Current Returns)
1	2008	\$ 26,949,000	\$ 26,949,000	100%	4.411%	\$ 994,405	\$ 994,405	\$ -	\$ 27,543,405	\$ 27,543,405
2	2009	\$ 1,581,890	\$ 28,530,890	100%	4.411%	\$ 124,872	\$ 1,119,277	\$ -	\$ 29,159,277	\$ 29,159,277
3	2010	\$ 8,632,400	\$ 37,163,290	100%	4.411%	\$ 166,295	\$ 1,285,572	\$ -	\$ 37,081,670	\$ 37,081,670
4	2011	\$ 6,177,100	\$ 43,340,390	100%	4.411%	\$ 196,244	\$ 1,481,816	\$ -	\$ 44,294,014	\$ 44,294,014
5	2012	\$ 4,755,000	\$ 48,095,390	100%	4.411%	\$ 164,879	\$ 1,646,695	\$ -	\$ 49,154,794	\$ 49,154,794
6	2013	\$ 5,371,000	\$ 53,466,390	100%	4.411%	\$ 178,466	\$ 1,825,161	\$ -	\$ 54,644,260	\$ 54,644,260
7	2014	\$ 1,864,000	\$ 55,329,390	100%	4.411%	\$ 41,114	\$ 1,866,275	\$ -	\$ 56,549,374	\$ 56,549,374
8	2015	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
9	2016	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
10	2017	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
11	2018	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
12	2019	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
13	2020	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
14	2021	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
15	2022	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
16	2023	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
17	2024	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
18	2025	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
19	2026	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
20	2027	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
21	2028	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
22	2029	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
23	2030	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
24	2031	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
25	2032	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
26	2033	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
27	2034	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
28	2035	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
29	2036	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
30	2037	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
31	2038	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
32	2039	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
33	2040	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
34	2041	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
35	2042	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
36	2043	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
37	2044	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
38	2045	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
39	2046	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
40	2047	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
41	2048	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
42	2049	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
43	2050	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
44	2051	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
45	2052	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
46	2053	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
47	2054	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
48	2055	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
49	2056	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
50	2057	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
51	2058	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
52	2059	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
53	2060	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
54	2061	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
55	2062	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374
56	2063	\$ -	\$ 55,329,390	100%	4.411%	\$ -	\$ 1,825,161	\$ -	\$ 56,549,374	\$ 56,549,374

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - Bonus

Attachment B  
Schedule 5  
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In-Service Period of Year

50%

Line #	Year	Tax Basis Plant in Service						
		Capital Expenditures for Tax						
		(J) Annual Expenditures	(K) Cumulative Expenditures	(L) Interest Rate	(M) Estimated Capitalized Interest	(N) Cumulative Capitalized Interest	(O) Cumulative Expenditures Incl. Cap. Interest	(P) Tax Basis Plant in Service
1	2008	\$ 26,949,200	\$ 26,949,000	4.411%	\$ 594,495	\$ 27,543,495	\$ 27,543,405	\$ 27,543,405
2	2009	\$ 1,581,000	\$ 28,530,000	4.411%	\$ 34,872	\$ 1,615,872	\$ 29,145,872	\$ 29,145,277
3	2010	\$ 8,632,000	\$ 37,162,000	4.411%	\$ 290,393	\$ 8,922,393	\$ 37,981,670	\$ 37,981,670
4	2011	\$ 6,177,000	\$ 43,339,000	4.411%	\$ 126,244	\$ 6,313,244	\$ 44,294,914	\$ 44,294,914
5	2012	\$ 4,255,000	\$ 48,094,000	4.411%	\$ 184,879	\$ 4,339,879	\$ 49,154,794	\$ 49,154,794
6	2013	\$ 5,371,000	\$ 53,465,000	4.411%	\$ 118,466	\$ 5,489,466	\$ 54,644,260	\$ 54,644,260
7	2014	\$ 1,854,000	\$ 55,329,000	4.411%	\$ 41,114	\$ 1,905,114	\$ 56,549,374	\$ 56,549,374
8	2015	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
9	2016	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
10	2017	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
11	2018	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
12	2019	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
13	2020	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
14	2021	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
15	2022	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
16	2023	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
17	2024	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
18	2025	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
19	2026	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
20	2027	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
21	2028	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
22	2029	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
23	2030	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
24	2031	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
25	2032	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
26	2033	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
27	2034	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
28	2035	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
29	2036	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
30	2037	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
31	2038	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
32	2039	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
33	2040	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
34	2041	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
35	2042	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
36	2043	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
37	2044	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
38	2045	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
39	2046	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
40	2047	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
41	2048	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
42	2049	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
43	2050	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
44	2051	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
45	2052	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
46	2053	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
47	2054	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
48	2055	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
49	2056	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
50	2057	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
51	2058	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
52	2059	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
53	2060	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
54	2061	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
55	2062	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374
56	2063	\$ -	\$ 55,329,000	4.411%	\$ -	\$ -	\$ 56,549,374	\$ 56,549,374

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc's  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - Bonus

Attachment #  
Schedule 5  
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In-Service Period of Year

50%

		Depreciation Expense, Accumulated Depreciation and Accumulated Deferred Income Taxes															
Line #	Year	Depreciation Rates			Book Depreciation Expense					Tax Depreciation Expense			Fed Deferred Tax	Fed Deferred Tax	State Deferred Tax	State Deferred Tax	
		IRI	ISI	ITI	III	IVI	IVI	IVI	IVI	IVI	IVI	IVI	IVI	IVI	IVI	IVI	IVI
		50	50	50	Book	Accumulated	Annual	Annual	Accumulated	Expense	Balance (Debit)	Expense	Balance (Debit)	Expense	Balance (Debit)	Expense	Balance (Debit)
1	2008	As Spent	As Spent	As Spent	\$ 1,377,170	\$ 1,377,170	\$ 15,739,679	\$ 3,935,953	\$ 15,739,679	\$ 5,026,878	\$ 5,026,878	\$ 165,297	\$ 165,297				
2	2009	As Spent	As Spent	As Spent	\$ 2,835,134	\$ 4,212,304	\$ 4,236,000	\$ 6,976,288	\$ 20,635,735	\$ 5,113,31	\$ 5,538,205	\$ 267,519	\$ 432,816				
3	2010	As Spent	As Spent	As Spent	\$ 3,377,047	\$ 7,589,352	\$ 7,548,391	\$ 5,473,789	\$ 27,643,859	\$ 1,501,865	\$ 7,040,074	\$ 201,341	\$ 634,157				
4	2011	As Spent	As Spent	As Spent	\$ 4,113,829	\$ 11,683,181	\$ 9,254,940	\$ 6,785,454	\$ 36,928,789	\$ 1,799,389	\$ 8,839,463	\$ 172,593	\$ 806,752				
5	2012	As Spent	As Spent	As Spent	\$ 4,672,485	\$ 16,355,666	\$ 4,879,421	\$ 6,445,975	\$ 41,818,210	\$ 72,427	\$ 8,911,893	\$ 114,509	\$ 923,260				
6	2013	As Spent	As Spent	As Spent	\$ 5,189,953	\$ 21,545,619	\$ 5,583,591	\$ 6,781,902	\$ 47,401,801	\$ 137,773	\$ 9,049,664	\$ 102,840	\$ 1,024,100				
7	2014	As Spent	As Spent	As Spent	\$ 5,599,682	\$ 27,185,301	\$ 3,881,660	\$ 6,646,730	\$ 51,282,460	\$ (587,368)	\$ 8,462,256	\$ 70,223	\$ 1,094,323				
8	2015	As Spent	As Spent	As Spent	\$ 3,634,937	\$ 22,769,236	\$ 2,096,680	\$ 4,757,132	\$ 53,380,140	\$ (1,245,590)	\$ 7,795,966	\$ (57,598)	\$ 1,026,525				
9	2016	As Spent	As Spent	As Spent	\$ 3,654,937	\$ 38,415,175	\$ 1,116,367	\$ 2,875,875	\$ 54,536,507	\$ (1,574,560)	\$ 5,642,466	\$ (179,567)	\$ 856,298				
10	2017	As Spent	As Spent	As Spent	\$ 5,654,937	\$ 44,070,113	\$ 777,509	\$ 2,116,911	\$ 56,314,076	\$ (1,787,079)	\$ 1,925,387	\$ (228,827)	\$ 628,370				
11	2018	As Spent	As Spent	As Spent	\$ 5,654,937	\$ 49,725,050	\$ 546,887	\$ 1,315,345	\$ 58,860,963	\$ (1,825,771)	\$ 321,798	\$ (268,661)	\$ 43,747				
12	2019	As Spent	As Spent	As Spent	\$ 1,109,386	\$ 56,549,374	\$ 207,479	\$ 414,657	\$ 60,504,890	\$ (336,655)	\$ (48,765)	\$ (5,482)	\$ (5,482)				
13	2020	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ 42,884	\$ 84,368	\$ 60,549,374	\$ (4,869)	\$ 0	\$ 0	\$ 0				
14	2021	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
15	2022	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
16	2023	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
17	2024	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
18	2025	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
19	2026	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
20	2027	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
21	2028	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
22	2029	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
23	2030	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
24	2031	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
25	2032	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
26	2033	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
27	2034	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
28	2035	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
29	2036	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
30	2037	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
31	2038	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
32	2039	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
33	2040	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
34	2041	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
35	2042	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
36	2043	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
37	2044	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
38	2045	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
39	2046	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
40	2047	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
41	2048	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
42	2049	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
43	2050	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
44	2051	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
45	2052	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
46	2053	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
47	2054	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
48	2055	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
49	2056	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
50	2057	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
51	2058	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
52	2059	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
53	2060	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
54	2061	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
55	2062	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				
56	2063	As Spent	As Spent	As Spent	\$ -	\$ 56,549,374	\$ -	\$ -	\$ 60,549,374	\$ -	\$ 0	\$ 0	\$ 0				

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs  
ITC Midwest (2009 - 2014)  
7 Year MACRS Property - Bonus

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In-Service Period of Year

Line #	Year	Rate Base and Revenue Requirements				
		I21	I22	I23	I24	I25
		Year End Net Rate Base	Average Net Rate Base	Net	Depreciation Expense	Total
1	2008	\$ 29,974,060	\$ 10,487,030	\$ 1,571,692	\$ 3,377,170	\$ 2,948,863
2	2009	\$ 28,975,948	\$ 19,975,004	\$ 3,012,710	\$ 2,835,134	\$ 3,847,844
3	2010	\$ 22,738,087	\$ 20,857,017	\$ 3,144,107	\$ 2,357,047	\$ 5,501,154
4	2011	\$ 22,965,519	\$ 22,851,803	\$ 3,295,613	\$ 4,113,829	\$ 7,510,442
5	2012	\$ 22,965,977	\$ 22,965,748	\$ 3,378,647	\$ 4,672,485	\$ 8,051,132
6	2013	\$ 23,024,877	\$ 22,995,427	\$ 3,351,444	\$ 5,189,953	\$ 8,541,397
7	2014	\$ 19,807,394	\$ 21,456,136	\$ 3,101,199	\$ 5,559,682	\$ 8,666,881
8	2015	\$ 15,535,845	\$ 17,711,619	\$ 2,559,979	\$ 5,654,937	\$ 8,214,917
9	2016	\$ 11,634,933	\$ 12,585,390	\$ 1,963,588	\$ 5,654,937	\$ 7,618,525
10	2017	\$ 7,915,503	\$ 9,773,289	\$ 1,412,878	\$ 5,654,937	\$ 7,067,815
11	2018	\$ 4,324,845	\$ 6,120,174	\$ 884,590	\$ 5,654,937	\$ 6,539,527
12	2019	\$ 864,541	\$ 2,564,593	\$ 370,678	\$ 5,654,937	\$ 6,025,615
13	2020	\$ 20,338	\$ 412,550	\$ 59,600	\$ 1,169,386	\$ 1,228,986
14	2021	\$ (0)	\$ 10,179	\$ 1,471	\$ -	\$ 1,471
15	2022	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
16	2023	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
17	2024	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
18	2025	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
19	2026	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
20	2027	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
21	2028	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
22	2029	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
23	2030	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
24	2031	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
25	2032	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
26	2033	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
27	2034	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
28	2035	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
29	2036	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
30	2037	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
31	2038	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
32	2039	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
33	2040	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
34	2041	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
35	2042	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
36	2043	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
37	2044	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
38	2045	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
39	2046	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
40	2047	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
41	2048	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
42	2049	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
43	2050	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
44	2051	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
45	2052	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
46	2053	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
47	2054	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
48	2055	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
49	2056	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
50	2057	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
51	2058	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
52	2059	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
53	2060	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
54	2061	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
55	2062	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)
56	2063	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
7 Year MACRS Property - Bonus

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In-Service Period of Year

Line #	Year	Revenue Requirements Test										Check RQE
		[A]E	[A]F	[A]C	[A]H	[A]I	[A]J	[A]K	[A]L	[A]M	[A]N	
		Revenue Test Revenue	Depreciation Expense	Interest	Taxable Income	Income Taxes	Net Income	Preferred Dividends	Common Dividends	Common Equity		
1	2008	\$ 2,948,860	\$ (1,277,170)	\$ (240,553)	\$ 1,331,139	\$ (552,206)	\$ 778,934	\$ -	\$ 778,934	\$ 6,292,454		12.38%
2	2009	\$ 5,847,844	\$ (2,835,134)	\$ (474,442)	\$ 2,528,268	\$ (1,053,132)	\$ 1,485,135	\$ -	\$ 1,485,135	\$ 11,985,453		12.29%
3	2010	\$ 6,501,154	\$ (3,357,047)	\$ (495,527)	\$ 2,644,380	\$ (1,095,298)	\$ 1,549,082	\$ -	\$ 1,549,082	\$ 12,514,681		12.38%
4	2011	\$ 7,510,442	\$ (4,113,829)	\$ (496,740)	\$ 2,899,873	\$ (1,202,333)	\$ 1,697,539	\$ -	\$ 1,697,539	\$ 13,711,597		12.38%
5	2012	\$ 8,051,132	\$ (4,672,485)	\$ (464,852)	\$ 2,914,194	\$ (1,208,175)	\$ 1,706,022	\$ -	\$ 1,706,022	\$ 13,729,967		12.38%
6	2013	\$ 8,541,397	\$ (5,189,953)	\$ (433,322)	\$ 2,917,972	\$ (1,209,771)	\$ 1,708,152	\$ -	\$ 1,708,152	\$ 13,797,775		12.38%
7	2014	\$ 8,640,881	\$ (5,559,682)	\$ (378,579)	\$ 2,722,620	\$ (1,128,796)	\$ 1,593,822	\$ -	\$ 1,593,822	\$ 12,824,165		12.38%
8	2015	\$ 8,214,917	\$ (5,654,937)	\$ (312,510)	\$ 2,247,469	\$ (931,801)	\$ 1,315,669	\$ -	\$ 1,315,669	\$ 10,627,171		12.38%
9	2016	\$ 7,618,525	\$ (5,654,937)	\$ (259,762)	\$ 1,723,882	\$ (714,722)	\$ 1,009,161	\$ -	\$ 1,009,161	\$ 8,151,540		12.38%
10	2017	\$ 7,667,815	\$ (5,654,937)	\$ (172,477)	\$ 1,240,401	\$ (514,270)	\$ 726,131	\$ -	\$ 726,131	\$ 5,865,352		12.38%
11	2018	\$ 6,539,427	\$ (5,654,937)	\$ (107,986)	\$ 736,603	\$ (321,280)	\$ 454,624	\$ -	\$ 454,624	\$ 3,672,242		12.38%
12	2019	\$ 6,025,615	\$ (5,654,937)	\$ (85,251)	\$ 325,427	\$ (134,921)	\$ 190,505	\$ -	\$ 190,505	\$ 1,538,814		12.38%
13	2020	\$ 1,228,986	\$ (1,169,386)	\$ (7,276)	\$ 52,324	\$ (21,674)	\$ 30,630	\$ -	\$ 30,630	\$ 247,619		12.38%
14	2021	\$ 1,471	\$ -	\$ -	\$ 1,291	\$ (516)	\$ 756	\$ -	\$ 756	\$ 6,108		12.38%
15	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
16	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
17	2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
18	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
19	2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
20	2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
21	2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
22	2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
23	2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
24	2031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
25	2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
26	2033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
27	2034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
28	2035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
29	2036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
30	2037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
31	2038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
32	2039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
33	2040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
34	2041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
35	2042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
36	2043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
37	2044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
38	2045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
39	2046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
40	2047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
41	2048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
42	2049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
43	2050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
44	2051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
45	2052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
46	2053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
47	2054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
48	2055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
49	2056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
50	2057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
51	2058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
52	2059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
53	2060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
54	2061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
55	2062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%
56	2063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12.38%

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In-Service Period of Year

50%		Revenue Requirements - Key Cost Assumptions				
Line #	Year	IAQI Pre-Tax WACC	IAP1 Composite Weighted Cost of Debt	IAQI Composite Weighted Cost of Prof.SI	IARI Effective Tax Rate	IASI Common Equity Ratio
1	2008	14.79%	2.23%	0.00%	41.491%	59.09%
2	2009	15.08%	2.35%	0.00%	41.420%	60.06%
3	2010	15.07%	2.40%	0.00%	41.421%	60.00%
4	2011	14.86%	2.17%	0.00%	41.462%	60.00%
5	2012	14.71%	2.03%	0.00%	41.452%	60.01%
6	2013	14.57%	1.89%	0.00%	41.460%	60.00%
7	2014	14.45%	1.76%	0.00%	41.460%	60.00%
8	2015	14.45%	1.76%	0.00%	41.460%	60.00%
9	2016	14.45%	1.76%	0.00%	41.460%	60.00%
10	2017	14.45%	1.76%	0.00%	41.460%	60.00%
11	2018	14.45%	1.76%	0.00%	41.460%	60.00%
12	2019	14.45%	1.76%	0.00%	41.460%	60.00%
13	2020	14.45%	1.76%	0.00%	41.460%	60.00%
14	2021	14.45%	1.76%	0.00%	41.460%	60.00%
15	2022	14.45%	1.76%	0.00%	41.460%	60.00%
16	2023	14.45%	1.76%	0.00%	41.460%	60.00%
17	2024	14.45%	1.76%	0.00%	41.460%	60.00%
18	2025	14.45%	1.76%	0.00%	41.460%	60.00%
19	2026	14.45%	1.76%	0.00%	41.460%	60.00%
20	2027	14.45%	1.76%	0.00%	41.460%	60.00%
21	2028	14.45%	1.76%	0.00%	41.460%	60.00%
22	2029	14.45%	1.76%	0.00%	41.460%	60.00%
23	2030	14.45%	1.76%	0.00%	41.460%	60.00%
24	2031	14.45%	1.76%	0.00%	41.460%	60.00%
25	2032	14.45%	1.76%	0.00%	41.460%	60.00%
26	2033	14.45%	1.76%	0.00%	41.460%	60.00%
27	2034	14.45%	1.76%	0.00%	41.460%	60.00%
28	2035	14.45%	1.76%	0.00%	41.460%	60.00%
29	2036	14.45%	1.76%	0.00%	41.460%	60.00%
30	2037	14.45%	1.76%	0.00%	41.460%	60.00%
31	2038	14.45%	1.76%	0.00%	41.460%	60.00%
32	2039	14.45%	1.76%	0.00%	41.460%	60.00%
33	2040	14.45%	1.76%	0.00%	41.460%	60.00%
34	2041	14.45%	1.76%	0.00%	41.460%	60.00%
35	2042	14.45%	1.76%	0.00%	41.460%	60.00%
36	2043	14.45%	1.76%	0.00%	41.460%	60.00%
37	2044	14.45%	1.76%	0.00%	41.460%	60.00%
38	2045	14.45%	1.76%	0.00%	41.460%	60.00%
39	2046	14.45%	1.76%	0.00%	41.460%	60.00%
40	2047	14.45%	1.76%	0.00%	41.460%	60.00%
41	2048	14.45%	1.76%	0.00%	41.460%	60.00%
42	2049	14.45%	1.76%	0.00%	41.460%	60.00%
43	2050	14.45%	1.76%	0.00%	41.460%	60.00%
44	2051	14.45%	1.76%	0.00%	41.460%	60.00%
45	2052	14.45%	1.76%	0.00%	41.460%	60.00%
46	2053	14.45%	1.76%	0.00%	41.460%	60.00%
47	2054	14.45%	1.76%	0.00%	41.460%	60.00%
48	2055	14.45%	1.76%	0.00%	41.460%	60.00%
49	2056	14.45%	1.76%	0.00%	41.460%	60.00%
50	2057	14.45%	1.76%	0.00%	41.460%	60.00%
51	2058	14.45%	1.76%	0.00%	41.460%	60.00%
52	2059	14.45%	1.76%	0.00%	41.460%	60.00%
53	2060	14.45%	1.76%	0.00%	41.460%	60.00%
54	2061	14.45%	1.76%	0.00%	41.460%	60.00%
55	2062	14.45%	1.76%	0.00%	41.460%	60.00%
56	2063	14.45%	1.76%	0.00%	41.460%	60.00%

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
Schedule 6  
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In-Service Period of Year

Line #	Year	Book Basis Construction Work in Progress and Utility Plant In Service									
		(A) Annual Plant Additions	(B) Cumulative Expenditures	(C) Percentage AFUDC	(D) AFUDC Rate	(E) Annual AFUDC	(F) Cumulative AFUDC	(G) CWIP Balance (Excluding AFUDC)	(H) Utility Plant In Service (UPIS)	(I) UMS or CWIP Estimate Current Return	
1	2008	\$ 16,937,000	\$ 16,937,000	100%	4.411%	\$ 373,574	\$ 373,574	\$ -	\$ 17,310,574	\$ 17,310,574	
2	2009	\$ 5,669,000	\$ 22,606,000	100%	4.411%	\$ 123,716	\$ 497,290	\$ -	\$ 22,043,290	\$ 22,043,290	
3	2010	\$ 3,762,000	\$ 26,368,000	100%	4.411%	\$ 82,999	\$ 580,289	\$ -	\$ 25,889,289	\$ 25,889,289	
4	2011	\$ 3,377,000	\$ 34,686,000	100%	4.411%	\$ 184,769	\$ 765,058	\$ -	\$ 35,451,058	\$ 35,451,058	
5	2012	\$ 867,000	\$ 35,553,000	100%	4.411%	\$ 15,123	\$ 780,181	\$ -	\$ 36,337,181	\$ 36,337,181	
6	2013	\$ 2,115,000	\$ 37,668,000	100%	4.411%	\$ 46,650	\$ 826,831	\$ -	\$ 38,498,831	\$ 38,498,831	
7	2014	\$ 2,096,000	\$ 39,764,000	100%	4.411%	\$ 46,251	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
8	2015	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
9	2016	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
10	2017	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
11	2018	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
12	2019	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
13	2020	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
14	2021	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
15	2022	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
16	2023	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
17	2024	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
18	2025	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
19	2026	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
20	2027	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
21	2028	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
22	2029	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
23	2030	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
24	2031	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
25	2032	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
26	2033	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
27	2034	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
28	2035	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
29	2036	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
30	2037	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
31	2038	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
32	2039	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
33	2040	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
34	2041	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
35	2042	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
36	2043	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
37	2044	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
38	2045	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
39	2046	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
40	2047	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
41	2048	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
42	2049	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
43	2050	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
44	2051	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
45	2052	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
46	2053	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
47	2054	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
48	2055	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
49	2056	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
50	2057	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
51	2058	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
52	2059	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
53	2060	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
54	2061	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
55	2062	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	
56	2063	\$ -	\$ 39,764,000	100%	4.411%	\$ -	\$ 877,082	\$ -	\$ 40,641,082	\$ 40,641,082	

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Interstate Power and Light Company  
Prof orma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
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In-Service Period of Year

55%

Line #	Year	Tax Basis Plant in Service						
		Annual Expenditures	Cumulative Expenditures	Interest Rate	Estimated Capitalized Interest	Interest Capitalized	Cumulative Expenditures incl. Cap. Interest	Tax Basis Plant in Service
1	2008	\$ 16,937,600	\$ 16,937,600	4.411%	\$ 378,374	\$ 17,315,974	\$ 17,316,574	\$ 12,316,574
2	2009	\$ 5,609,000	\$ 22,546,600	4.411%	\$ 123,716	\$ 1,732,716	\$ 23,543,290	\$ 23,043,290
3	2010	\$ 3,763,000	\$ 26,309,600	4.411%	\$ 82,999	\$ 1,845,999	\$ 26,589,249	\$ 26,089,249
4	2011	\$ 8,377,000	\$ 34,686,600	4.411%	\$ 194,769	\$ 8,541,769	\$ 35,451,058	\$ 35,451,058
5	2012	\$ 867,000	\$ 35,553,600	4.411%	\$ 19,123	\$ 886,123	\$ 36,337,181	\$ 36,337,181
6	2013	\$ 2,115,000	\$ 37,668,600	4.411%	\$ 46,650	\$ 2,161,650	\$ 38,498,831	\$ 38,498,831
7	2014	\$ 2,096,000	\$ 39,764,600	4.411%	\$ 46,231	\$ 2,142,231	\$ 40,641,062	\$ 40,641,062
8	2015	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
9	2016	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
10	2017	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
11	2018	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
12	2019	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
13	2020	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
14	2021	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
15	2022	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
16	2023	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
17	2024	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
18	2025	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
19	2026	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
20	2027	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
21	2028	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
22	2029	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
23	2030	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
24	2031	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
25	2032	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
26	2033	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
27	2034	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
28	2035	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
29	2036	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
30	2037	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
31	2038	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
32	2039	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
33	2040	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
34	2041	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
35	2042	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
36	2043	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
37	2044	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
38	2045	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
39	2046	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
40	2047	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
41	2048	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
42	2049	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
43	2050	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
44	2051	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
45	2052	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
46	2053	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
47	2054	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
48	2055	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
49	2056	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
50	2057	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
51	2058	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
52	2059	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
53	2060	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
54	2061	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
55	2062	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062
56	2063	\$ -	\$ 39,764,600	4.411%	\$ -	\$ -	\$ 40,641,062	\$ 40,641,062

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
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In-Service Period of Year

50%

Line #	Year	Depreciation Expense, Accumulated Depreciation and Accumulated Deferred Income Taxes											
		Depreciation Rates			Book Depreciation Expense		Tax Depreciation Expense		Fed Deferred Tax Expense	Fed Deferred Tax Balance (Debit)	State Deferred Tax Expense	State Deferred Tax Balance (Debit)	
		IQI	IRI	ISI	ITI	IUI	IVI	IWI					JXI
50 Book Year	Tax Year	Tax	Book	Accumulated	Annual, Fed	Annual, State	Accumulated						
1	2008	As Spent	As Spent	As Spent	\$ 1,236,470	\$ 1,236,470	\$ 10,286,344	\$ 3,462,115	\$ 10,386,344	\$ 2,202,456	\$ 2,202,456	\$ 143,777	\$ 143,777
2	2009	As Spent	As Spent	As Spent	\$ 2,892,319	\$ 4,118,889	\$ 6,209,321	\$ 6,685,227	\$ 16,555,666	\$ 1,164,416	\$ 3,366,872	\$ 244,707	\$ 389,483
3	2010	As Spent	As Spent	As Spent	\$ 3,366,413	\$ 7,485,301	\$ 2,348,249	\$ 5,927,289	\$ 19,943,915	\$ (76,427)	\$ 4,290,445	\$ 152,509	\$ 541,984
4	2011	As Spent	As Spent	As Spent	\$ 4,452,882	\$ 11,938,383	\$ 4,029,503	\$ 6,027,933	\$ 24,434,448	\$ 13,167	\$ 4,303,612	\$ 102,394	\$ 644,378
5	2012	As Spent	As Spent	As Spent	\$ 3,127,731	\$ 17,266,114	\$ 4,982,716	\$ 6,210,009	\$ 29,417,134	\$ (80,755)	\$ 4,252,857	\$ 76,378	\$ 720,752
6	2013	As Spent	As Spent	As Spent	\$ 5,245,429	\$ 22,611,544	\$ 7,631,357	\$ 4,460,306	\$ 33,048,691	\$ (599,855)	\$ 3,653,002	\$ (57,279)	\$ 663,574
7	2014	As Spent	As Spent	As Spent	\$ 4,652,849	\$ 28,264,393	\$ 2,854,787	\$ 3,049,889	\$ 35,933,478	\$ (968,822)	\$ 2,684,180	\$ (163,151)	\$ 495,423
8	2015	As Spent	As Spent	As Spent	\$ 5,835,866	\$ 34,070,259	\$ 2,418,477	\$ 2,418,477	\$ 38,343,956	\$ (1,188,386)	\$ 1,455,794	\$ (219,242)	\$ 276,991
9	2016	As Spent	As Spent	As Spent	\$ 5,835,866	\$ 39,876,125	\$ 1,255,579	\$ 1,255,579	\$ 39,599,525	\$ (1,592,604)	\$ (96,810)	\$ (293,549)	\$ (17,866)
10	2017	As Spent	As Spent	As Spent	\$ 764,936	\$ 40,641,062	\$ 546,848	\$ 546,848	\$ 40,146,373	\$ (76,331)	\$ (173,341)	\$ (14,088)	\$ (31,957)
11	2018	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ 371,296	\$ 371,296	\$ 40,517,669	\$ 129,954	\$ (43,187)	\$ 32,986	\$ 17,971
12	2019	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ 123,292	\$ 123,292	\$ 40,641,062	\$ 43,187	\$ 0	\$ 7,971	\$ 0
13	2020	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
14	2021	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
15	2022	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
16	2023	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
17	2024	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
18	2025	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
19	2026	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
20	2027	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
21	2028	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
22	2029	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
23	2030	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
24	2031	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
25	2032	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
26	2033	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
27	2034	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
28	2035	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
29	2036	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
30	2037	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
31	2038	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
32	2039	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
33	2040	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
34	2041	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
35	2042	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
36	2043	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
37	2044	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
38	2045	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
39	2046	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
40	2047	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
41	2048	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
42	2049	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
43	2050	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
44	2051	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
45	2052	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
46	2053	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
47	2054	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
48	2055	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
49	2056	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
50	2057	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
51	2058	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
52	2059	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
53	2060	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
54	2061	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
55	2062	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0
56	2063	As Spent	As Spent	As Spent	\$ -	\$ 40,641,062	\$ -	\$ -	\$ 40,641,062	\$ -	\$ 0	\$ -	\$ 0

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
Schedule 6  
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In-Service Period of Year

50%

Line #	Year	Rate Base and Revenue Requirements					
		TZI Year End Net Rate Base	JAAI Average Net Rate Base	JAB	JAC		JAD
					REVENUE	REQUIREMENTS	
				NBV	Depreciation Expense	Total	
1	2008	\$ 32,727,871	\$ 6,363,936	\$	\$ 853,764	\$ 1,256,476	\$ 2,199,233
2	2009	\$ 14,168,046	\$ 13,447,959	\$	\$ 2,028,275	\$ 2,882,419	\$ 4,910,694
3	2010	\$ 14,371,359	\$ 14,269,763	\$	\$ 2,151,097	\$ 3,566,613	\$ 5,717,710
4	2011	\$ 18,364,684	\$ 16,368,022	\$	\$ 2,432,886	\$ 4,442,882	\$ 6,885,768
5	2012	\$ 14,097,456	\$ 16,231,070	\$	\$ 2,087,883	\$ 5,127,731	\$ 7,215,614
6	2013	\$ 11,370,711	\$ 12,874,084	\$	\$ 1,870,497	\$ 5,345,429	\$ 7,215,926
7	2014	\$ 9,197,066	\$ 10,383,862	\$	\$ 1,504,853	\$ 4,652,849	\$ 6,157,702
8	2015	\$ 4,798,928	\$ 6,997,997	\$	\$ 1,011,467	\$ 3,805,656	\$ 4,817,123
9	2016	\$ 879,615	\$ 7,839,271	\$	\$ 410,379	\$ 5,805,866	\$ 6,216,245
10	2017	\$ 263,498	\$ 542,356	\$	\$ 78,390	\$ 764,036	\$ 842,327
11	2018	\$ 51,139	\$ 128,128	\$	\$ 18,519	\$	\$ 18,519
12	2019	\$ (0)	\$ 25,579	\$	\$ 3,697	\$	\$ 3,697
13	2020	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
14	2021	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
15	2022	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
16	2023	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
17	2024	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
18	2025	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
19	2026	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
20	2027	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
21	2028	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
22	2029	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
23	2030	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
24	2031	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
25	2032	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
26	2033	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
27	2034	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
28	2035	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
29	2036	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
30	2037	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
31	2038	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
32	2039	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
33	2040	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
34	2041	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
35	2042	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
36	2043	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
37	2044	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
38	2045	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
39	2046	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
40	2047	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
41	2048	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
42	2049	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
43	2050	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
44	2051	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
45	2052	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
46	2053	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
47	2054	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
48	2055	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
49	2056	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
50	2057	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
51	2058	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
52	2059	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
53	2060	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
54	2061	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
55	2062	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)
56	2063	\$ (0)	\$ (0)	\$	\$ (0)	\$	\$ (0)

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Interstate Power and Light Company  
Proforma Rev. Requ. Calc.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
Schedule 6  
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In-Service Period of Year

50%

Line #	Year	Revenue Requirements - Year										
		[IAE]	[IAF]	[IAG]	[IAH]	[IAI]	[IAJ]	[IAK]	[IAL]	[IAM]	[IAN]	Check ROE
		Revenue Test Revenue	Depreciation Expense	Interest	Taxable Income	Income Taxes	Net Income	Preferred Dividends	Common Earnings	Common Equity		
1	2008	\$ 2,170,233	\$(1,236,470)	\$(145,577)	\$ 807,287	\$(133,160)	\$ 472,626	\$ -	\$ 472,626	\$ 3,818,505		12.36%
2	2009	\$ 4,910,694	\$(2,882,459)	\$(319,413)	\$ 1,708,862	\$(209,016)	\$ 999,852	\$ -	\$ 999,852	\$ 8,059,079		12.37%
3	2010	\$ 5,717,710	\$(3,366,630)	\$(341,261)	\$ 1,809,337	\$(249,436)	\$ 1,059,900	\$ -	\$ 1,059,900	\$ 8,552,143		12.38%
4	2011	\$ 6,865,766	\$(4,452,882)	\$(355,799)	\$ 2,077,087	\$(261,193)	\$ 1,215,894	\$ -	\$ 1,215,894	\$ 9,821,182		12.39%
5	2012	\$ 7,315,919	\$(4,345,439)	\$(241,954)	\$ 1,628,535	\$(253,878)	\$ 675,191	\$ -	\$ 675,191	\$ 9,796,948		12.38%
6	2013	\$ 7,315,919	\$(4,345,439)	\$(241,954)	\$ 1,628,535	\$(253,878)	\$ 675,191	\$ -	\$ 675,191	\$ 9,796,948		12.38%
7	2014	\$ 7,315,919	\$(4,345,439)	\$(241,954)	\$ 1,628,535	\$(253,878)	\$ 675,191	\$ -	\$ 675,191	\$ 9,796,948		12.38%
8	2015	\$ 6,817,233	\$(3,803,266)	\$(121,475)	\$ 897,992	\$(368,162)	\$ 519,821	\$ -	\$ 519,821	\$ 4,198,536		12.38%
9	2016	\$ 6,216,234	\$(3,803,266)	\$(80,897)	\$ 664,282	\$(149,372)	\$ 210,599	\$ -	\$ 210,599	\$ 1,793,627		12.38%
10	2017	\$ 843,327	\$(764,935)	\$(9,370)	\$ 88,821	\$(28,533)	\$ 46,288	\$ -	\$ 46,288	\$ 76,880		12.38%
11	2018	\$ 18,519	\$ -	\$(2,611)	\$ 15,258	\$(6,741)	\$ 9,518	\$ -	\$ 9,518	\$ 15,348		12.38%
12	2019	\$ 3,597	\$ -	\$(451)	\$ 3,246	\$(1,345)	\$ 1,901	\$ -	\$ 1,901	\$ -		12.38%
13	2020	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
14	2021	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
15	2022	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
16	2023	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
17	2024	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
18	2025	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
19	2026	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
20	2027	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
21	2028	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
22	2029	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
23	2030	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
24	2031	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
25	2032	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
26	2033	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
27	2034	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
28	2035	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
29	2036	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
30	2037	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
31	2038	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
32	2039	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
33	2040	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
34	2041	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
35	2042	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
36	2043	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
37	2044	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
38	2045	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
39	2046	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
40	2047	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
41	2048	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
42	2049	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
43	2050	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
44	2051	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
45	2052	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
46	2053	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
47	2054	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
48	2055	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
49	2056	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
50	2057	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
51	2058	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
52	2059	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
53	2060	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
54	2061	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
55	2062	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%
56	2063	\$ (0)	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -		12.38%

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Interstate Power and Light Company  
Proforma Rev. Requ. Calcs.  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - No Bonus

Attachment B  
Schedule 6  
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In-Service Period of Year

50%

Revenue Requirements - Key Cost Assumptions

Line #	Year	IAQI Pre-Tax WACC	IAPL Composite Weighted Cost of Debt	IAQI Composite Weighted Cost of Pref(S)	IARI Effective Tax Rate	IASI Common Equity Rate
1	2008	14.99%	2.29%	0.00%	41.491%	59.99%
2	2009	15.08%	2.30%	0.00%	41.490%	60.00%
3	2010	15.07%	2.30%	0.00%	41.431%	60.00%
4	2011	14.86%	2.17%	0.00%	41.462%	60.00%
5	2012	14.71%	2.02%	0.00%	41.453%	60.01%
6	2013	14.57%	1.89%	0.00%	41.460%	60.00%
7	2014	14.45%	1.76%	0.00%	41.460%	60.00%
8	2015	14.45%	1.76%	0.00%	41.460%	60.00%
9	2016	14.45%	1.76%	0.00%	41.460%	60.00%
10	2017	14.45%	1.76%	0.00%	41.460%	60.00%
11	2018	14.45%	1.76%	0.00%	41.460%	60.00%
12	2019	14.45%	1.76%	0.00%	41.460%	60.00%
13	2020	14.45%	1.76%	0.00%	41.460%	60.00%
14	2021	14.45%	1.76%	0.00%	41.460%	60.00%
15	2022	14.45%	1.76%	0.00%	41.460%	60.00%
16	2023	14.45%	1.76%	0.00%	41.460%	60.00%
17	2024	14.45%	1.76%	0.00%	41.460%	60.00%
18	2025	14.45%	1.76%	0.00%	41.460%	60.00%
19	2026	14.45%	1.76%	0.00%	41.460%	60.00%
20	2027	14.45%	1.76%	0.00%	41.460%	60.00%
21	2028	14.45%	1.76%	0.00%	41.460%	60.00%
22	2029	14.45%	1.76%	0.00%	41.460%	60.00%
23	2030	14.45%	1.76%	0.00%	41.460%	60.00%
24	2031	14.45%	1.76%	0.00%	41.460%	60.00%
25	2032	14.45%	1.76%	0.00%	41.460%	60.00%
26	2033	14.45%	1.76%	0.00%	41.460%	60.00%
27	2034	14.45%	1.76%	0.00%	41.460%	60.00%
28	2035	14.45%	1.76%	0.00%	41.460%	60.00%
29	2036	14.45%	1.76%	0.00%	41.460%	60.00%
30	2037	14.45%	1.76%	0.00%	41.460%	60.00%
31	2038	14.45%	1.76%	0.00%	41.460%	60.00%
32	2039	14.45%	1.76%	0.00%	41.460%	60.00%
33	2040	14.45%	1.76%	0.00%	41.460%	60.00%
34	2041	14.45%	1.76%	0.00%	41.460%	60.00%
35	2042	14.45%	1.76%	0.00%	41.460%	60.00%
36	2043	14.45%	1.76%	0.00%	41.460%	60.00%
37	2044	14.45%	1.76%	0.00%	41.460%	60.00%
38	2045	14.45%	1.76%	0.00%	41.460%	60.00%
39	2046	14.45%	1.76%	0.00%	41.460%	60.00%
40	2047	14.45%	1.76%	0.00%	41.460%	60.00%
41	2048	14.45%	1.76%	0.00%	41.460%	60.00%
42	2049	14.45%	1.76%	0.00%	41.460%	60.00%
43	2050	14.45%	1.76%	0.00%	41.460%	60.00%
44	2051	14.45%	1.76%	0.00%	41.460%	60.00%
45	2052	14.45%	1.76%	0.00%	41.460%	60.00%
46	2053	14.45%	1.76%	0.00%	41.460%	60.00%
47	2054	14.45%	1.76%	0.00%	41.460%	60.00%
48	2055	14.45%	1.76%	0.00%	41.460%	60.00%
49	2056	14.45%	1.76%	0.00%	41.460%	60.00%
50	2057	14.45%	1.76%	0.00%	41.460%	60.00%
51	2058	14.45%	1.76%	0.00%	41.460%	60.00%
52	2059	14.45%	1.76%	0.00%	41.460%	60.00%
53	2060	14.45%	1.76%	0.00%	41.460%	60.00%
54	2061	14.45%	1.76%	0.00%	41.460%	60.00%
55	2062	14.45%	1.76%	0.00%	41.460%	60.00%
56	2063	14.45%	1.76%	0.00%	41.460%	60.00%

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Interstate Power and Light Company  
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5 Year MACRS Property - Bonus

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In-Service Period of Year

Line #	Year	Book Basis Construction Work-in Progress and Utility Plant In Service									
		(A) Annual Plant Additions	(B) Cumulative Expenditures	(C) Percentage AFUDC	(D) AFUDC Rate	(E) Annual AFUDC	(F) Cumulative AFUDC	(G) CWIP Balance (Excluding AFUDC)	(H) Utility Plant In Service (IPIS)	(I) UPIS or CWIP Expense Current Return	
1	2006	\$ 16,937,000	\$ 16,937,000	100%	4.411%	\$ 747,374	\$ 747,374	\$ -	\$ 17,310,574	\$ 17,310,574	
2	2009	\$ 5,649,000	\$ 22,586,000	100%	4.411%	\$ 997,290	\$ 1,744,664	\$ -	\$ 23,043,290	\$ 23,043,290	
3	2010	\$ 3,763,000	\$ 26,349,000	100%	4.411%	\$ 82,999	\$ 1,827,663	\$ -	\$ 26,899,289	\$ 26,899,289	
4	2011	\$ 8,377,000	\$ 34,726,000	100%	4.411%	\$ 184,769	\$ 2,012,432	\$ -	\$ 35,451,058	\$ 35,451,058	
5	2012	\$ 867,000	\$ 35,593,000	100%	4.411%	\$ 19,123	\$ 2,031,555	\$ -	\$ 36,337,181	\$ 36,337,181	
6	2013	\$ 2,115,000	\$ 37,708,000	100%	4.411%	\$ 46,650	\$ 2,078,205	\$ -	\$ 38,498,831	\$ 38,498,831	
7	2014	\$ 2,096,000	\$ 39,804,000	100%	4.411%	\$ 46,231	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
8	2015	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
9	2016	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
10	2017	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
11	2018	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
12	2019	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
13	2020	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
14	2021	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
15	2022	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
16	2023	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
17	2024	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
18	2025	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
19	2026	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
20	2027	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
21	2028	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
22	2029	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
23	2030	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
24	2031	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
25	2032	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
26	2033	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
27	2034	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
28	2035	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
29	2036	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
30	2037	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
31	2038	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
32	2039	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
33	2040	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
34	2041	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
35	2042	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
36	2043	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
37	2044	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
38	2045	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
39	2046	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
40	2047	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
41	2048	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
42	2049	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
43	2050	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
44	2051	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
45	2052	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
46	2053	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
47	2054	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
48	2055	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
49	2056	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
50	2057	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
51	2058	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
52	2059	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
53	2060	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
54	2061	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
55	2062	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	
56	2063	\$ -	\$ 39,804,000	100%	4.411%	\$ -	\$ 2,124,436	\$ -	\$ 40,641,062	\$ 40,641,062	

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ITC Midwest (2008 - 2014)  
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In-Service Period of Year

100%

Line #	Year	Tax Basis Plant In Service						
		Annual Expenditures	Cumulative Expenditures	Capital Expenditures for Tax				IPI Tax Basis Plant in Service
				Interest Rate	Estimated Capitalized Interest	Cumulative Capitalized Interest	Cumulative Expenditures incl. Cap. Interest	
1	2026	\$ 16,937,000	\$ 16,937,000	4.411%	\$ 373,574	\$ 17,310,574	\$ 17,310,574	
2	2029	\$ 5,609,000	\$ 22,546,000	4.411%	\$ 123,716	\$ 5,732,716	\$ 23,043,290	
3	2010	\$ 3,763,050	\$ 26,309,050	4.411%	\$ 82,999	\$ 3,845,999	\$ 26,889,259	
4	2011	\$ 8,377,000	\$ 34,686,050	4.411%	\$ 184,769	\$ 4,030,769	\$ 35,451,038	
5	2012	\$ 867,000	\$ 35,553,050	4.411%	\$ 19,423	\$ 4,050,192	\$ 35,337,151	
6	2013	\$ 2,115,000	\$ 37,668,050	4.411%	\$ 46,650	\$ 2,156,842	\$ 38,498,311	
7	2014	\$ 2,026,000	\$ 39,764,050	4.411%	\$ 46,231	\$ 2,142,231	\$ 40,641,062	
8	2015	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
9	2016	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
10	2017	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
11	2018	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
12	2019	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
13	2020	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
14	2021	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
15	2022	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
16	2023	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
17	2024	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
18	2025	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
19	2026	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
20	2027	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
21	2028	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
22	2029	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
23	2030	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
24	2031	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
25	2032	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
26	2033	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
27	2034	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
28	2035	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
29	2036	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
30	2037	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
31	2038	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
32	2039	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
33	2040	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
34	2041	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
35	2042	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
36	2043	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
37	2044	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
38	2045	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
39	2046	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
40	2047	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
41	2048	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
42	2049	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
43	2050	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
44	2051	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
45	2052	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
46	2053	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
47	2054	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
48	2055	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
49	2056	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
50	2057	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
51	2058	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
52	2059	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
53	2060	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
54	2061	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
55	2062	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	
56	2063	\$ -	\$ 39,764,000	4.411%	\$ -	\$ -	\$ 40,641,062	

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ITC Midwest (2008 - 2014)  
5 Year MACRS Property - Bonus

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In-Service Period of Year

50%

		Depreciation Expense, Accumulated Depreciation and Accumulated Deferred Income Taxes																				
Line #	Year	(Q)	IRI		ISL	ITL	ICL	IVI	IWI	IXI	Fed Deferred Tax	State Deferred Tax	State Deferred Tax									
		SO Book Year	Depreciation Rates Tax Year	Tax	Book Depreciation Expense Book	Accumulated	Tax Depreciation Expense Annual/Fed	Annual/State	Accumulated	Expense	Balance (Debit)	Expense	Balance (Debit)									
1	2008	As Spent	As Spent	As Spent	\$	1,236,479	\$	1,236,479	\$	10,386,344	\$	3,462,115	\$	10,386,344	\$	3,202,456	\$	3,202,456	\$	163,777	\$	163,777
2	2009	As Spent	As Spent	As Spent	\$	2,882,419	\$	4,118,888	\$	6,209,371	\$	6,645,927	\$	16,593,666	\$	1,164,416	\$	4,368,872	\$	245,707	\$	389,483
3	2010	As Spent	As Spent	As Spent	\$	3,566,612	\$	7,685,501	\$	4,886,549	\$	5,927,393	\$	21,482,315	\$	462,012	\$	4,828,885	\$	152,520	\$	543,984
4	2011	As Spent	As Spent	As Spent	\$	4,452,882	\$	12,138,383	\$	10,734,538	\$	6,027,933	\$	32,206,873	\$	2,195,687	\$	7,023,972	\$	102,394	\$	644,378
5	2012	As Spent	As Spent	As Spent	\$	5,127,731	\$	17,266,114	\$	2,228,183	\$	6,310,099	\$	34,435,057	\$	(1,014,642)	\$	6,209,130	\$	76,375	\$	720,753
6	2013	As Spent	As Spent	As Spent	\$	5,345,429	\$	22,611,544	\$	2,489,048	\$	4,460,306	\$	36,924,105	\$	(909,733)	\$	5,609,396	\$	(57,179)	\$	662,574
7	2014	As Spent	As Spent	As Spent	\$	5,652,849	\$	28,264,393	\$	2,692,902	\$	3,049,369	\$	39,827,607	\$	(1,242,482)	\$	3,766,915	\$	(168,151)	\$	455,423
8	2015	As Spent	As Spent	As Spent	\$	5,805,866	\$	34,070,259	\$	712,081	\$	2,490,477	\$	39,739,888	\$	(1,782,825)	\$	1,984,090	\$	(219,342)	\$	276,881
9	2016	As Spent	As Spent	As Spent	\$	5,805,866	\$	39,876,125	\$	381,206	\$	1,255,370	\$	40,126,293	\$	(1,598,631)	\$	85,459	\$	(282,049)	\$	(17,868)
10	2017	As Spent	As Spent	As Spent	\$	761,536	\$	40,641,062	\$	273,424	\$	546,848	\$	40,393,717	\$	(172,029)	\$	(86,570)	\$	(4,089)	\$	(31,957)
11	2018	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	183,648	\$	372,296	\$	40,579,365	\$	64,977	\$	(21,594)	\$	23,986	\$	(7,971)
12	2019	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	61,696	\$	122,292	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
13	2020	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
14	2021	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
15	2022	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
16	2023	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
17	2024	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
18	2025	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
19	2026	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
20	2027	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
21	2028	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
22	2029	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
23	2030	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
24	2031	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
25	2032	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
26	2033	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
27	2034	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
28	2035	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
29	2036	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
30	2037	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
31	2038	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
32	2039	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
33	2040	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
34	2041	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
35	2042	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
36	2043	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
37	2044	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
38	2045	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
39	2046	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
40	2047	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
41	2048	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
42	2049	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
43	2050	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
44	2051	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
45	2052	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
46	2053	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
47	2054	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
48	2055	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
49	2056	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
50	2057	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
51	2058	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
52	2059	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
53	2060	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
54	2061	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
55	2062	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0
56	2063	As Spent	As Spent	As Spent	\$	-	\$	40,641,062	\$	-	\$	-	\$	40,641,062	\$	-	\$	-	\$	-	\$	0

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Interstate Power and Light Company  
Proforma Revenue Requirement Calculations  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - Bonus

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In-Service Period of Year

50%

Line #	Year	Rate Base and Revenue Requirements					
		EZI Year End Net Rate Base	IAA Average Net Rate Base	IAD NBV	IAC REVENUE REQUIREMENTS		IAD Total
					Depreciation	Expenses	
1	2008	\$ 12,777,871	\$ 6,363,936	\$ 952,764	\$ 1,236,470	\$ 2,194,233	
2	2009	\$ 14,168,246	\$ 8,447,959	\$ 2,928,275	\$ 2,882,419	\$ 4,910,694	
3	2010	\$ 13,832,919	\$ 14,600,483	\$ 2,110,513	\$ 3,565,613	\$ 5,677,126	
4	2011	\$ 15,644,225	\$ 14,738,622	\$ 2,190,698	\$ 4,452,882	\$ 6,643,580	
5	2012	\$ 12,341,184	\$ 13,992,754	\$ 2,058,569	\$ 5,127,731	\$ 7,186,300	
6	2013	\$ 10,214,316	\$ 11,277,750	\$ 1,643,654	\$ 5,345,429	\$ 6,989,083	
7	2014	\$ 8,114,331	\$ 9,164,204	\$ 1,324,581	\$ 5,632,849	\$ 6,977,430	
8	2015	\$ 4,385,632	\$ 5,212,481	\$ 897,932	\$ 5,803,866	\$ 6,703,798	
9	2016	\$ 697,348	\$ 2,503,989	\$ 361,918	\$ 5,803,866	\$ 6,167,784	
10	2017	\$ 118,527	\$ 487,927	\$ 56,962	\$ 764,936	\$ 823,898	
11	2018	\$ 29,565	\$ 74,646	\$ 19,762	\$ -	\$ 10,762	
12	2019	\$ (0)	\$ 14,782	\$ 2,137	\$ -	\$ 2,137	
13	2020	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
14	2021	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
15	2022	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
16	2023	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
17	2024	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
18	2025	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
19	2026	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
20	2027	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
21	2028	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
22	2029	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
23	2030	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
24	2031	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
25	2032	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
26	2033	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
27	2034	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
28	2035	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
29	2036	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
30	2037	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
31	2038	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
32	2039	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
33	2040	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
34	2041	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
35	2042	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
36	2043	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
37	2044	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
38	2045	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
39	2046	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
40	2047	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
41	2048	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
42	2049	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
43	2050	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
44	2051	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
45	2052	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
46	2053	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
47	2054	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
48	2055	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
49	2056	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
50	2057	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
51	2058	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
52	2059	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
53	2060	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
54	2061	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
55	2062	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	
56	2063	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	

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Interstate Power and Light Company  
Proforma Revenue Requirement Calculations  
ITC Mid-west (2008 - 2014)  
5 Year MACRS Property - Bonus

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In-Service Period of Year

Line #	Year	Revenue Requirements Test									
		IAEI	IAPF	IACI	IAMI	IAII	IAVI	IAMI	IALI	IAMI	IANI
		Revenue Test	Depreciation	Intergat	Taxable	Income	Net	Preferred	Common	Common	Check
		Revenue	Expense		Income	Taxes	Income	Dividends	Earnings	Equity	R/QE
1	2008	\$ 2,190,233	\$ (1,226,478)	\$ (145,977)	\$ 507,787	\$ (335,860)	\$ 472,626	\$ -	\$ 472,626	\$ 3,335,505	12.38%
2	2009	\$ 4,910,654	\$ (2,882,419)	\$ (319,412)	\$ 1,708,862	\$ (709,019)	\$ 999,852	\$ -	\$ 999,852	\$ 8,069,079	12.38%
3	2010	\$ 5,577,125	\$ (3,566,613)	\$ (353,212)	\$ 1,775,200	\$ (735,297)	\$ 1,039,904	\$ -	\$ 1,039,904	\$ 8,408,665	12.38%
4	2011	\$ 6,643,580	\$ (4,452,582)	\$ (320,380)	\$ 1,870,518	\$ (775,465)	\$ 1,094,854	\$ -	\$ 1,094,854	\$ 8,943,506	12.38%
5	2012	\$ 7,186,300	\$ (5,127,791)	\$ (282,985)	\$ 1,775,584	\$ (736,175)	\$ 1,039,408	\$ -	\$ 1,039,408	\$ 9,385,768	12.38%
6	2013	\$ 6,989,092	\$ (5,245,429)	\$ (212,614)	\$ 1,431,030	\$ (592,212)	\$ 837,737	\$ -	\$ 837,737	\$ 6,766,904	12.38%
7	2014	\$ 6,977,451	\$ (5,652,849)	\$ (161,698)	\$ 1,162,893	\$ (487,131)	\$ 680,752	\$ -	\$ 680,752	\$ 5,496,801	12.38%
8	2015	\$ 6,763,758	\$ (5,895,866)	\$ (189,615)	\$ 788,316	\$ (326,836)	\$ 461,480	\$ -	\$ 461,480	\$ 3,727,629	12.38%
9	2016	\$ 6,167,784	\$ (5,805,866)	\$ (54,181)	\$ 317,737	\$ (131,734)	\$ 186,003	\$ -	\$ 186,003	\$ 1,502,450	12.38%
10	2017	\$ 623,898	\$ (764,938)	\$ (7,198)	\$ 51,764	\$ (21,461)	\$ 30,303	\$ -	\$ 30,303	\$ 244,771	12.38%
11	2018	\$ 10,702	\$ -	\$ (1,208)	\$ 9,396	\$ (3,895)	\$ 5,500	\$ -	\$ 5,500	\$ 44,429	12.38%
12	2019	\$ 2,177	\$ -	\$ (261)	\$ 1,876	\$ (778)	\$ 1,098	\$ -	\$ 1,098	\$ 8,870	12.38%
13	2020	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
14	2021	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
15	2022	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
16	2023	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
17	2024	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
18	2025	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
19	2026	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
20	2027	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
21	2028	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
22	2029	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
23	2030	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
24	2031	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
25	2032	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
26	2033	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
27	2034	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
28	2035	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
29	2036	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
30	2037	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
31	2038	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
32	2039	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
33	2040	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
34	2041	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
35	2042	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
36	2043	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
37	2044	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
38	2045	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
39	2046	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
40	2047	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
41	2048	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
42	2049	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
43	2050	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
44	2051	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
45	2052	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
46	2053	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
47	2054	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
48	2055	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
49	2056	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
50	2057	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
51	2058	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
52	2059	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
53	2060	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
54	2061	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
55	2062	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%
56	2063	\$ (0)	\$ -	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	12.38%

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Interstate Power and Light Company  
Proforma Revenue Requirement Calculations  
ITC Midwest (2008 - 2014)  
5 Year MACRS Property - Bonus

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In-Service Period of Year

50%		Revenue Requirements - Key Assumptions				
Line #	Year	IAOI Pre-Tax WACC	IAPF Composite Weighted Cost of Debt	IAQI Composite Weighted Cost of Equity	IARF Effective Tax Rate	IASJ Common Equity Ratio
1	2008	14.99%	2.25%	0.00%	41.491%	59.99%
2	2009	15.08%	2.28%	0.00%	41.490%	60.06%
3	2010	15.07%	2.40%	0.00%	41.421%	60.09%
4	2011	14.86%	2.17%	0.00%	41.462%	60.30%
5	2012	14.71%	2.02%	0.00%	41.458%	60.01%
6	2013	14.57%	1.89%	0.00%	41.450%	60.00%
7	2014	14.45%	1.76%	0.00%	41.450%	60.00%
8	2015	14.45%	1.76%	0.00%	41.450%	60.00%
9	2016	14.45%	1.76%	0.00%	41.450%	60.00%
10	2017	14.45%	1.76%	0.00%	41.450%	60.00%
11	2018	14.45%	1.76%	0.00%	41.450%	60.00%
12	2019	14.45%	1.76%	0.00%	41.450%	60.00%
13	2020	14.45%	1.76%	0.00%	41.450%	60.00%
14	2021	14.45%	1.76%	0.00%	41.450%	60.00%
15	2022	14.45%	1.76%	0.00%	41.450%	60.00%
16	2023	14.45%	1.76%	0.00%	41.450%	60.00%
17	2024	14.45%	1.76%	0.00%	41.450%	60.00%
18	2025	14.45%	1.76%	0.00%	41.450%	60.00%
19	2026	14.45%	1.76%	0.00%	41.450%	60.00%
20	2027	14.45%	1.76%	0.00%	41.450%	60.00%
21	2028	14.45%	1.76%	0.00%	41.450%	60.00%
22	2029	14.45%	1.76%	0.00%	41.450%	60.00%
23	2030	14.45%	1.76%	0.00%	41.450%	60.00%
24	2031	14.45%	1.76%	0.00%	41.450%	60.00%
25	2032	14.45%	1.76%	0.00%	41.450%	60.00%
26	2033	14.45%	1.76%	0.00%	41.450%	60.00%
27	2034	14.45%	1.76%	0.00%	41.450%	60.00%
28	2035	14.45%	1.76%	0.00%	41.450%	60.00%
29	2036	14.45%	1.76%	0.00%	41.450%	60.00%
30	2037	14.45%	1.76%	0.00%	41.450%	60.00%
31	2038	14.45%	1.76%	0.00%	41.450%	60.00%
32	2039	14.45%	1.76%	0.00%	41.450%	60.00%
33	2040	14.45%	1.76%	0.00%	41.450%	60.00%
34	2041	14.45%	1.76%	0.00%	41.450%	60.00%
35	2042	14.45%	1.76%	0.00%	41.450%	60.00%
36	2043	14.45%	1.76%	0.00%	41.450%	60.00%
37	2044	14.45%	1.76%	0.00%	41.450%	60.00%
38	2045	14.45%	1.76%	0.00%	41.450%	60.00%
39	2046	14.45%	1.76%	0.00%	41.450%	60.00%
40	2047	14.45%	1.76%	0.00%	41.450%	60.00%
41	2048	14.45%	1.76%	0.00%	41.450%	60.00%
42	2049	14.45%	1.76%	0.00%	41.450%	60.00%
43	2050	14.45%	1.76%	0.00%	41.450%	60.00%
44	2051	14.45%	1.76%	0.00%	41.450%	60.00%
45	2052	14.45%	1.76%	0.00%	41.450%	60.00%
46	2053	14.45%	1.76%	0.00%	41.450%	60.00%
47	2054	14.45%	1.76%	0.00%	41.450%	60.00%
48	2055	14.45%	1.76%	0.00%	41.450%	60.00%
49	2056	14.45%	1.76%	0.00%	41.450%	60.00%
50	2057	14.45%	1.76%	0.00%	41.450%	60.00%
51	2058	14.45%	1.76%	0.00%	41.450%	60.00%
52	2059	14.45%	1.76%	0.00%	41.450%	60.00%
53	2060	14.45%	1.76%	0.00%	41.450%	60.00%
54	2061	14.45%	1.76%	0.00%	41.450%	60.00%
55	2062	14.45%	1.76%	0.00%	41.450%	60.00%
56	2063	14.45%	1.76%	0.00%	41.450%	60.00%



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IITC Holdings: Subsidiary and Parent Company Summary Information

Reference	(\$000s)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-2009	2010-2014
<b>IITC Midwest LLC</b>													
<b>Taxes Charged During Year</b>													
FERC Form 1, Page 262	Federal income tax	-	-	-	-	-	-	50,712	25,457	32,853	32,213	-	141,235
FERC Form 1, Page 262	State income tax	-	-	-	-	47	3,480	16,093	7,130	9,291	8,628	47	46,623
<b>Taxes Paid During Year</b>													
FERC Form 1, Page 262	Federal income tax	-	-	-	-	-	-	37,469	35,772	29,475	32,516	-	135,332
FERC Form 1, Page 262	State income tax	-	-	-	-	-	3,380	6,940	10,971	12,876	10,266	-	43,973
Sum Total	Income taxes paid to ITC Holdings	-	-	-	-	-	3,380	14,669	36,743	42,351	42,902	-	179,306
<b>International Transmission Company</b>													
<b>Taxes Charged During Year</b>													
FERC Form 1, Page 262	Federal income tax	313	16,225	30,379	18,257	22,874	48,768	74,052	33,835	27,532	32,018	88,049	216,205
FERC Form 1, Page 262	State income tax	362	1,519	-	5,122	5,494	11,665	10,434	4,258	5,499	5,804	12,497	37,702
<b>Taxes Paid During Year</b>													
FERC Form 1, Page 262	Federal income tax	186	561	38,924	30,000	13,681	46,520	80,568	21,750	28,063	35,640	84,245	213,441
FERC Form 1, Page 262	State income tax	-	1,682	-	-	9,709	6,310	8,234	1,905	14,624	8,334	11,431	37,602
Sum Total	Income taxes paid to ITC Holdings	186	2,243	38,924	30,000	23,390	52,830	88,801	23,655	42,687	42,474	95,676	251,043
<b>Michigan Electric Transmission Co.</b>													
<b>Taxes Charged During Year</b>													
FERC Form 1, Page 262	Federal income tax	-	2,717	-	-	907	17,324	31,944	23,855	29,799	23,461	3,623	136,403
FERC Form 1, Page 262	State income tax	-	213	-	1,009	3,665	1,330	2,304	3,841	5,185	5,914	4,858	23,577
<b>Taxes Paid During Year</b>													
FERC Form 1, Page 262	Federal income tax	-	-	-	-	907	-	34,494	35,426	24,080	36,942	907	136,932
FERC Form 1, Page 262	State income tax	-	277	-	-	3,360	3,510	928	1,450	8,151	6,862	3,777	21,131
Sum Total	Income taxes paid to ITC Holdings	-	277	-	-	3,360	3,510	25,422	36,906	32,231	43,804	3,777	158,063
<b>Net Income</b>													
FERC Form 1, Page 117	Net Income	49,341	44,485	70,662	79,972	80,731	85,472	83,348	87,409	107,470	111,068	325,391	474,907
FERC Form 1, Page 120	Cash Outflows for Plant	121,375	162,344	217,850	140,032	89,017	57,255	63,472	309,617	219,898	225,051	730,418	792,282
FERC Form 1, Page 206, Line 100	Electric Plant Additions	117,371	143,362	142,878	195,010	82,707	65,441	61,781	135,319	310,106	161,743	682,728	759,290
FERC Form 1, Page 261 (Footnote)	Book Depreciation	30,167	33,665	40,130	45,191	36,392	33,177	35,663	39,544	41,505	45,774	145,304	197,665
FERC Form 1, Page 261 (Footnote)	Tax Depreciation and Losses on Disposals	55,763	47,954	59,689	94,964	57,613	68,949	68,909	74,554	84,732	107,799	255,963	409,045
FERC Form 1, Page 234	Federal NOL carryforwards	-	-	-	-	-	-	-	-	-	-	-	-
FERC Form 1, Page 234	State NOL carryforwards (net of tax benefit)	832	-	13,289	10,025	10,025	-	-	-	-	-	-	-

Note 1. Due to the acquisition of METC by ITC in September 2005, only restated financials for the period years of ownership are used (as shown in 2007 FERC Form 1)

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ITC Holdings: Subsidiary and Parent Company Summary Information

Reference	(SPDVs)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-2009	2010-2014
	<b>ITC Great Plains LLC</b>												
	<b>Taxes Charged During Year</b>												
FERC Form 1, Page 262	Federal income tax								5,295	7,887	12,699	-	25,880
FERC Form 1, Page 262	State income tax								1,421	1,190	2,217	-	4,828
	<b>Taxes Paid During Year</b>												
FERC Form 1, Page 262	Federal income tax								3,613	7,424	9,322	-	20,359
FERC Form 1, Page 262	State income tax								698	1,264	1,274	-	3,236
Sum Total	Income taxes paid to ITC Holdings								4,311	9,388	10,596	-	23,595
	<b>Net Income</b>						1,241	6,093	14,554	23,215	33,965	-	79,068
FERC Form 1, Page 120	Cash Outflows for Plant						16,441	11,224	102,547	155,973	136,640	-	502,445
FERC Form 1, Page 206, Line 100	Electric Plant Additions					94	1,215	187	187,994	11,269	365,008	94	505,624
FERC Form 1, Page 261 (Footnote)	Book Depreciation					39	114	120	1,709	4,495	5,085	19	11,143
FERC Form 1, Page 261 (Footnote)	Tax Depreciation and Losses on Disposals					248	456	433	9,730	14,674	17,856	748	43,157
FERC Form 1, Page 234	Federal NOL carryforwards				1,764	4,282	4,537	-	-	-	-	-	-
FERC Form 1, Page 234	State NOL carryforwards (net of fed. benefit)				162	232	493	-	-	-	-	-	-
	<b>Combined FERC Form 1 Filers</b>												
	<b>Taxes Charged During Year</b>												
Sum Total	Federal income tax	313	18,042	30,379	18,247	23,781	66,092	156,708	88,441	98,071	110,412	91,672	519,223
Sum Total	State income tax	263	1,732	-	6,132	9,206	16,477	23,374	16,630	21,167	22,563	17,432	110,720
	<b>Taxes Paid During Year</b>												
Sum Total	Federal income tax	180	561	38,924	30,920	14,557	46,529	154,531	96,551	89,951	114,520	85,152	500,383
Sum Total	State income tax	-	1,050	-	-	13,269	16,192	14,754	37,815	25,255	15,235	106,647	-
Sum Total	Income taxes paid to ITC Holdings	180	2,510	38,924	30,920	26,950	59,640	164,632	130,915	127,166	139,755	95,475	606,723
	<b>Net Income</b>	49,541	47,799	109,276	156,159	174,844	198,027	223,893	263,397	322,796	329,659	537,619	1,347,792
Sum Total	Cash Outflows for Plant	(21,375)	167,687	1,648,685	302,608	379,948	467,557	555,720	766,317	839,597	741,537	2,099,384	2,370,428
Sum Total	Electric Plant Additions	117,771	143,362	235,914	394,635	356,678	412,054	282,773	718,762	914,820	809,165	1,242,160	3,229,774
Sum Total	Book Depreciation	39,167	33,665	58,368	83,987	78,193	75,273	83,582	96,733	108,521	117,809	284,283	481,929
Sum Total	Tax Depreciation and Losses on Disposals	55,763	47,954	91,848	257,005	314,472	200,025	213,375	254,395	306,253	337,287	777,044	1,325,936
Sum Total	Federal NOL carryforwards	-	-	11,109	51,647	48,769	11,427	-	-	-	-	-	-
Sum Total	State NOL carryforwards (net of fed. benefit)	832	-	22,577	23,460	23,796	12,345	-	-	-	-	-	-
	<b>ITC Holdings - Consolidated (GAAP)</b>												
SEC Form 10-K	Expenditures for property, plant and equipment	118,586	167,496	287,170	401,840	404,514	384,401	556,931	802,763	821,588	753,145	1,379,665	3,302,828
SEC Form 10-K	Net Operating Loss, Net	68,100	102,400	116,400	253,400	266,900	61,200	2,300	-	-	-	-	-
SEC Form 10-K	Federal Income Tax NOL (ADIT)	23,851	32,677	32,176	78,186	86,457	2,347	1,451	-	-	-	-	-
SEC Form 10-K	State Income Tax NOL (ADIT)	-	-	3,100	14,874	17,103	29,152	10,582	11,559	-	-	-	-
SEC Form 10-K	Income Taxes paid - net	180	561	2,028	1,317	1,967	6,244	34,327	41,373	20,692	44,524	6,063	148,261

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ITC Holdings: Subsidiary and Parent Company Summary Information

References	(\$000's)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-2009	2010-2014
	<b>ITC Holdings - Parent Company Only (GAAP)</b>												
	<b>INCOME STATEMENT</b>												
SEC Form 10-K	Other Income	251	1,225	833	1,392	1,154	1,518	2,556	2,165	1,487	786	4,855	8,512
SEC Form 10-K	G&A Expense	(7,762)	(3,569)	(9,766)	(5,232)	(5,539)	(8,692)	(11,609)	(31,833)	(56,707)	(7,316)	(31,410)	(116,184)
SEC Form 10-K	Interest Expense	(15,381)	(22,862)	(53,830)	(79,394)	(80,538)	(87,610)	(88,658)	(90,289)	(98,660)	(105,411)	(252,623)	(470,588)
SEC Form 10-K	Loss on extinguishment of debt	-	-	(349)	-	(1,263)	-	-	-	-	-	(29,205)	(29,205)
SEC Form 10-K	Other Expenses	(84)	(8,184)	(780)	(1,605)	(544)	(285)	(612)	(612)	(5,694)	(1,985)	(4,285)	(5,115)
SEC Form 10-K	Loss before Income Taxes	(21,833)	(26,387)	(63,888)	(85,139)	(86,600)	(95,272)	(97,938)	(112,749)	(117,489)	(111,364)	(284,883)	(612,840)
SEC Form 10-K	Income Tax Benefit	(7,963)	(9,419)	(22,590)	(35,881)	(55,296)	(41,437)	(47,548)	(48,348)	(72,284)	(55,646)	(111,311)	(256,529)
SEC Form 10-K	Loss after Taxes	(14,470)	(16,968)	(41,118)	(49,218)	(31,304)	(33,835)	(30,433)	(37,626)	(38,469)	(35,716)	(173,076)	(344,293)
SEC Form 10-K	Equity in Subsidiaries Net Earnings	49,841	59,861	11,414	15,516	191,752	195,493	222,178	297,664	319,882	329,289	584,278	1,229,121
SEC Form 10-K	Net Income	\$4,671	\$3,222	\$2,296	\$199,298	\$159,950	\$145,675	\$177,667	\$187,876	\$233,506	\$244,953	\$391,298	\$922,828
	<b>BALANCE SHEET</b>												
	<b>ASSETS</b>												
SEC Form 10-K	<b>Current assets</b>												
SEC Form 10-K	Cash and cash equivalents	5,612	5,737	1,320	19,272	20,583	71,384	49,249	22,546	25,853	8,305	-	-
SEC Form 10-K	Accounts receivable from subsidiaries	-	-	37,387	21,716	29,273	49,645	47,815	51,805	50,196	42,665	-	-
SEC Form 10-K	Deferred income taxes	-	-	3,370	3,936	4,672	-	-	-	-	-	-	-
SEC Form 10-K	Other	35	452	422	420	438	2,520	954	27,551	7,302	3,165	-	-
SEC Form 10-K	<b>Total current assets</b>	<b>6,647</b>	<b>6,189</b>	<b>42,109</b>	<b>45,434</b>	<b>106,066</b>	<b>123,549</b>	<b>98,009</b>	<b>101,002</b>	<b>84,351</b>	<b>52,135</b>	-	-
SEC Form 10-K	<b>Other assets</b>												
SEC Form 10-K	Investment in subsidiaries	591,483	1,277,817	2,035,481	2,729,875	2,375,583	2,492,969	2,668,109	3,052,902	3,450,999	3,784,509	-	-
SEC Form 10-K	Intercompany advances to ITC Midwest	-	-	175,000	-	-	-	-	-	-	-	-	-
SEC Form 10-K	Deferred financing fees (net of accumulated amort)	2,851	7,541	8,165	9,698	10,295	9,294	8,756	7,308	11,241	14,117	-	-
SEC Form 10-K	Deferred income taxes	23,260	33,133	19,245	22,534	30,675	9,474	29,444	35,272	29,519	34,267	-	-
SEC Form 10-K	Other	438	1,442	14,754	45,368	24,156	31,877	41,008	55,933	67,660	67,276	-	-
SEC Form 10-K	<b>Total other assets</b>	<b>617,972</b>	<b>1,319,933</b>	<b>2,262,635</b>	<b>2,777,495</b>	<b>2,440,710</b>	<b>2,545,414</b>	<b>2,747,717</b>	<b>3,190,475</b>	<b>3,535,409</b>	<b>3,870,409</b>	-	-
SEC Form 10-K	<b>TOTAL ASSETS</b>	<b>\$684,619</b>	<b>\$1,326,122</b>	<b>\$2,294,344</b>	<b>\$2,222,929</b>	<b>\$2,546,776</b>	<b>\$2,669,063</b>	<b>\$2,845,726</b>	<b>\$3,291,477</b>	<b>\$3,619,760</b>	<b>\$3,942,614</b>	-	-
	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>												
	<b>Current liabilities</b>												
SEC Form 10-K	Accounts payable	-	144	3,950	3,654	3,432	1,804	5,930	8,594	6,300	2,431	-	-
SEC Form 10-K	Accounts payable to subsidiaries	729	4,170	-	-	-	-	-	-	-	-	-	-
SEC Form 10-K	Accounts payable	-	-	8,481	10,329	13,648	18,606	18,012	20,760	21,930	22,562	-	-
SEC Form 10-K	Accrued interest	6,463	13,493	17,480	25,835	26,352	30,827	30,892	30,915	37,486	34,815	-	-
SEC Form 10-K	Deferred income taxes	-	-	-	-	-	2,348	-	-	-	-	-	-
SEC Form 10-K	Accrued taxes	-	-	-	-	-	-	-	456,935	50,000	-	-	-
SEC Form 10-K	Debt maturing within one year	-	-	-	-	-	-	-	-	-	-	-	-
SEC Form 10-K	Other	31	196	112	294	57	931	2,136	32,991	2,546	1,228	-	-
SEC Form 10-K	<b>Total current liabilities</b>	<b>7,214</b>	<b>17,913</b>	<b>30,023</b>	<b>40,141</b>	<b>43,082</b>	<b>54,516</b>	<b>56,973</b>	<b>560,245</b>	<b>119,298</b>	<b>65,014</b>	-	-
SEC Form 10-K	<b>Accrued pension and other postretirement liabilities</b>												
SEC Form 10-K	Other	-	-	1,123	1,688	1,854	2,825	25,339	920	1,305	2,237	-	-
SEC Form 10-K	Low-term debt (net of discounts)	266,104	775,963	1,587,193	1,327,741	1,458,757	1,459,178	1,459,599	1,222,694	1,231,918	2,135,244	-	-
SEC Form 10-K	<b>STOCKHOLDERS' EQUITY</b>												
SEC Form 10-K	Common stock, without par value	253,415	526,485	523,393	848,624	862,512	886,808	943,444	989,234	1,014,425	922,191	-	-
SEC Form 10-K	Unamortized compensation - restricted stock	(1,794)	-	-	-	-	-	-	-	-	-	-	-
SEC Form 10-K	Retained earnings	11,792	6,714	31,864	81,268	149,776	229,437	330,816	343,549	592,971	741,550	-	-
SEC Form 10-K	Accumulated other comprehensive loss	(1,722)	(953)	(892)	(1,275)	(765)	(1,184)	(13,341)	(18,048)	(6,327)	(2,816)	-	-
SEC Form 10-K	<b>Total stockholders' equity</b>	<b>261,791</b>	<b>531,244</b>	<b>563,655</b>	<b>929,662</b>	<b>1,011,623</b>	<b>1,117,433</b>	<b>1,259,832</b>	<b>1,414,855</b>	<b>1,611,733</b>	<b>1,669,557</b>	-	-
SEC Form 10-K	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$948,610</b>	<b>\$1,326,122</b>	<b>\$2,294,344</b>	<b>\$2,222,929</b>	<b>\$2,546,776</b>	<b>\$2,669,063</b>	<b>\$2,845,726</b>	<b>\$3,291,477</b>	<b>\$3,619,760</b>	<b>\$3,942,614</b>	-	-

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Summarized General Plant Additions - ITC Midwest

			2007	2008	2009	2010	2011	2012	2013	2014
						<b>Annual Plant Additions</b>				
(389) Land and Land Rights	n/a	No	\$ -	\$ -	\$ -	\$ -	\$ 641,000	\$ 253,000	\$ (1,000)	\$ 3,000
(390) Structures and Improvements	n/a	No	\$ -	\$ -	\$ 1,359,000	\$ 1,158,000	\$ (1,832,000)	\$ 983,000	\$ 1,201,000	\$ 244,000
(391) Office Furniture and Equipment	7	Yes	\$ 1,525,000	\$ 16,937,000	\$ 4,929,000	\$ 471,000	\$ 1,256,000	\$ 87,000	\$ 358,000	\$ 343,000
(392) Transportation Equipment	5	Yes	\$ -	\$ 26,949,000	\$ 1,538,000	\$ 1,286,000	\$ 735,000	\$ 2,421,000	\$ 3,697,000	\$ 866,000
(393) Stores Equipment	7	Yes	\$ -	\$ -	\$ 78,000	\$ 2,000	\$ 960,000	\$ 307,000	\$ (154,000)	\$ -
(394) Tools, Shop and Garage Equipment	7	Yes	\$ -	\$ -	\$ 602,000	\$ 3,290,000	\$ 3,261,000	\$ 473,000	\$ 1,901,000	\$ 1,753,000
(395) Laboratory Equipment	7	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(396) Power Operated Equipment	5	Yes	\$ -	\$ -	\$ 43,000	\$ 7,346,000	\$ 5,442,000	\$ 2,334,000	\$ 1,674,000	\$ 998,000
(397) Communication Equipment	7	Yes	\$ -	\$ -	\$ -	\$ -	\$ 2,900,000	\$ -	\$ 10,000	\$ -
(398) Miscellaneous Equipment	7	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Check Totals</b>			<b>\$ 1,525,000</b>	<b>\$ 43,886,000</b>	<b>\$ 8,549,000</b>	<b>\$ 13,553,000</b>	<b>\$ 13,363,000</b>	<b>\$ 6,858,000</b>	<b>\$ 8,678,000</b>	<b>\$ 4,207,000</b>
<b>Total 5 year</b>	<b>5</b>		<b>\$ -</b>	<b>\$ 26,949,000</b>	<b>\$ 1,581,000</b>	<b>\$ 8,632,000</b>	<b>\$ 6,177,000</b>	<b>\$ 4,755,000</b>	<b>\$ 5,371,000</b>	<b>\$ 1,864,000</b>
<b>Total 7 Year</b>	<b>7</b>		<b>\$ 1,525,000</b>	<b>\$ 16,937,000</b>	<b>\$ 5,609,000</b>	<b>\$ 3,765,000</b>	<b>\$ 8,377,000</b>	<b>\$ 867,000</b>	<b>\$ 2,115,000</b>	<b>\$ 2,096,000</b>
<b>Total General and Common - Excluding Land &amp; Buildings</b>			<b>\$ 1,525,000</b>	<b>\$ 43,886,000</b>	<b>\$ 7,190,000</b>	<b>\$ 12,395,000</b>	<b>\$ 14,554,000</b>	<b>\$ 5,622,000</b>	<b>\$ 7,486,000</b>	<b>\$ 3,960,000</b>



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Schedule 11

ITC Midwest Plant Data: Source SNL

ELECTRIC PLANT IN SERVICE (ACCOUNT 101, 102, 103 AND 104)											
Plant	Line	Account	ITC Midwest LLC	NA							
			12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	
205	58b	TOTAL Transmission Plant Beginning	0	515,653	779,270	801,151	1,075,177	1,399,066	1,468,475	1,872,660	NA
206	58c	Additions	2,558	54,417	115,456	192,018	208,578	185,542	-21,500	273,993	NA
207	58d	Retirements	0	430	4,877	7,801	10,373	9,463	10,512	14,823	NA
207	58e	Adjustments	723,101	0	165	5	71	0	-120	0	NA
207	58f	Transfers	0	0	-24,837	-100	19,615	-430	2,359	612	NA
207	58g	TOTAL Transmission Plant (Enter total of lines 48 thru 57)	725,659	719,740	891,157	1,075,172	1,293,066	1,468,475	1,872,660	2,087,448	NA
208	59	PROPERTY PLANT									
206	60b	Land and Land Rights-Beginning	289	0	0	2,731	3,731	4,277	4,620	4,931	NA
206	60c	Additions	0	0	0	0	0	231	0	0	NA
207	60d	Retirements	0	0	0	0	0	0	0	0	NA
207	60e	Adjustments	0	0	0	0	0	0	0	0	NA
207	60f	Transfers	0	0	5,231	1,231	4,571	4,620	-4,620	4,620	NA
207	60g	Land and Land Rights (389)	289	0	0	2,731	3,731	4,277	4,620	4,931	NA
206	67b	Structures and Improvements-Beginning	200	0	0	22,601	23,601	21,412	22,412	23,601	NA
206	67c	Additions	0	0	1,350	1,150	-1,813	983	1,291	214	NA
207	67d	Retirements	0	0	0	0	0	0	0	0	NA
207	67e	Adjustments	0	0	0	0	0	0	0	0	NA
207	67f	Transfers	0	0	10,741	0	0	0	0	0	NA
207	67g	Structures and Improvements (390)	200	0	11,161	-13,364	21,432	22,415	22,601	23,811	NA
206	68b	Office Furniture and Equipment-Beginning	391	0	1,123	16,462	16,171	16,640	15,879	15,423	NA
206	68c	Additions	1,123	18,917	4,010	471	3,216	47	-355	341	NA
207	68d	Retirements	0	0	0	0	0	0	0	0	NA
207	68e	Adjustments	0	0	0	0	0	0	0	0	NA
207	68f	Transfers	0	0	-2,221	0	0	0	0	0	NA
207	68g	Office Furniture and Equipment (391)	391	1,123	14,171	-14,411	19,847	15,911	15,423	15,411	NA
206	69b	Transportation Equipment-Beginning	393	0	20,949	20,949	20,949	20,949	20,949	20,949	NA
206	69c	Additions	0	76,047	1,534	1,244	715	2,321	3,977	5,218	NA
207	69d	Retirements	0	0	0	0	0	114	0	0	NA
207	69e	Adjustments	0	0	0	0	0	0	0	0	NA
207	69f	Transfers	0	0	-2,512	0	0	0	0	0	NA
207	69g	Transportation Equipment (393)	393	26,949	27,659	29,189	29,914	29,272	29,206	31,771	NA
206	70b	Tools, Shop and Garage Equipment-Beginning	399	0	0	0	0	0	1,048	1,153	NA
206	70c	Additions	0	0	0	0	0	207	-152	0	NA
207	70d	Retirements	0	0	0	0	0	0	0	0	NA
207	70e	Adjustments	0	0	0	0	0	0	0	0	NA
207	70f	Transfers	0	0	0	0	0	0	0	0	NA
207	70g	Tools, Shop and Garage Equipment (394)	399	0	0	0	0	207	-152	0	NA
206	71b	Laboratory Equipment-Beginning	393	0	0	0	0	0	0	0	NA
206	71c	Additions	0	0	0	0	0	0	0	0	NA
207	71d	Retirements	0	0	0	0	0	0	0	0	NA
207	71e	Adjustments	0	0	0	0	0	0	0	0	NA
207	71f	Transfers	0	0	0	0	0	0	0	0	NA
207	71g	Tools, Shop and Garage Equipment (394)	393	0	0	0	0	0	0	0	NA
206	72b	Laboratory Equipment-Beginning	393	0	0	0	0	0	0	0	NA
206	72c	Additions	0	0	0	0	0	0	0	0	NA
207	72d	Retirements	0	0	0	0	0	0	0	0	NA
207	72e	Adjustments	0	0	0	0	0	0	0	0	NA
207	72f	Transfers	0	0	0	0	0	0	0	0	NA
207	72g	Laboratory Equipment (395)	393	0	0	0	0	0	0	0	NA
206	73b	Power Operated Equipment-Beginning	390	0	0	0	0	0	0	0	NA
206	73c	Additions	0	0	0	0	0	0	0	0	NA
207	73d	Retirements	0	0	0	0	0	0	0	0	NA
207	73e	Adjustments	0	0	0	0	0	0	0	0	NA
207	73f	Transfers	0	0	0	0	0	0	0	0	NA
207	73g	Power Operated Equipment (396)	390	0	0	0	0	0	0	0	NA
206	74b	Communication Equipment-Beginning	397	0	0	0	0	0	0	0	NA
206	74c	Additions	0	0	0	0	0	0	0	0	NA
207	74d	Retirements	0	0	0	0	0	0	0	0	NA
207	74e	Adjustments	0	0	0	0	0	0	0	0	NA
207	74f	Transfers	0	0	0	0	0	0	0	0	NA
207	74g	Communication Equipment (397)	397	0	0	0	0	0	0	0	NA
206	75b	Miscellaneous Equipment-Beginning	208	0	0	0	0	0	0	0	NA
206	75c	Additions	0	0	0	0	0	0	0	0	NA
207	75d	Retirements	0	0	0	0	0	0	0	0	NA
207	75e	Adjustments	0	0	0	0	0	0	0	0	NA
207	75f	Transfers	0	0	0	0	0	0	0	0	NA
207	75g	Miscellaneous Equipment (398)	208	0	0	0	0	0	0	0	NA
206	76b	TOTAL-Debt-Beginning	1,223	0	45,417	78,400	92,333	107,101	104,245	113,207	NA
206	76c	Additions	0	0	0	0	0	0	0	0	NA
207	76d	Retirements	0	0	0	0	0	0	0	0	NA
207	76e	Adjustments	0	0	0	0	0	0	0	0	NA
207	76f	Transfers	0	0	0	0	0	0	0	0	NA
207	76g	TOTAL-Debt (Enter total of lines 66 thru 95)	1,223	-15,417	78,400	92,333	107,101	104,245	104,245	113,207	NA
206	77b	Other Tangible Property-Beginning	399	0	0	0	0	0	0	0	NA
206	77c	Additions	0	0	0	0	0	0	0	0	NA
207	77d	Retirements	0	0	0	0	0	0	0	0	NA
207	77e	Adjustments	0	0	0	0	0	0	0	0	NA
207	77f	Transfers	0	0	0	0	0	0	0	0	NA
207	77g	Other Tangible Property (399)	399	0	0	0	0	0	0	0	NA
206	78b	Asset Retirement Costs for General Production-Beginning	399.1	0	0	0	0	0	0	0	NA
206	78c	Additions	0	0	0	0	0	0	0	0	NA
207	78d	Retirements	0	0	0	0	0	0	0	0	NA
207	78e	Adjustments	0	0	0	0	0	0	0	0	NA
207	78f	Transfers	0	0	0	0	0	0	0	0	NA
207	78g	Asset Retirement Costs for General Production (399.1)	399.1	0	0	0	0	0	0	0	NA
206	79b	TOTAL General Plant-Beginning	1,223	1,223	45,417	78,400	92,333	107,101	104,245	113,207	NA
206	79c	Additions	1,123	18,917	4,010	471	3,216	47	-355	341	NA
207	79d	Retirements	0	0	0	0	0	0	0	0	NA
207	79e	Adjustments	0	0	0	0	0	0	0	0	NA
207	79f	Transfers	0	0	0	0	0	0	0	0	NA

Interstate Power and Light Company  
Performa Revenue Requirement Calculations

Attachment B  
Schedule 11

ITC Midwest Plant Data: Source SNL

ELECTRIC PLANT IN SERVICE (ACCOUNT 101, 102, 103 AND 104)										
Line No.	Description	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	NA
207	207 Transfers	0	0	24,835	0	0	0	0	0	NA
207	202 TOTAL, General Plant (Enter total of lines 96, 97 and 98)	1,525	45,413	78,109	62,553	103,108	109,512	106,243	105,897	NA
206	104a 104a Beginning	0	727,178	824,681	958,097	1,167,526	1,396,174	1,577,927	1,678,268	NA
206	104b Additions	4,033	98,314	153,987	205,571	219,334	192,366	430,184	329,970	NA
207	104c Retirements	0	815	8,377	7,993	10,715	5,917	31,493	19,383	NA
207	104d Adjustments	727,178	0	163	2	21	0	-128	0	NA
207	104e Transfers	0	0	0	-100	19,416	-630	2,350	621	NA
207	104g TOTAL (Accounts 101 and 102)	227,178	727,601	989,957	1,167,526	1,396,174	1,577,987	1,978,959	2,190,316	NA
206	104h Electric Plant Retirements-Engineering	0	0	0	0	0	0	0	0	NA
206	104i Additions	0	0	0	0	17,579	335	957	170	NA
207	104j Retirements	0	0	0	0	0	0	0	0	NA
207	104k Adjustments	0	0	0	29	0	0	0	0	NA
207	104l Transfers	0	0	0	0	-19,788	-617	-2,355	-882	NA
207	104m Electric Plant Retired-End of the Year (102)	0	0	0	0	0	0	0	0	NA
206	102b Less (102) Electric Plant Retirements	0	0	0	0	0	0	0	0	NA
206	102c Additions	0	0	0	0	0	0	0	0	NA
207	102d Retirements	0	0	0	0	0	0	0	0	NA
207	102e Adjustments	0	0	0	17	-11	-11	0	611	NA
207	102f Transfers	0	0	0	-126	-173	-1,067	0	-265	NA
207	102g Less (102) Electric Plant Retired-End of the Year	0	0	0	0	0	0	0	0	NA
206	102h Less: Specialized Plant Retirements-Engineering	0	0	0	0	0	0	0	0	NA
206	102i Additions	0	0	0	0	0	0	0	0	NA
207	102j Retirements	0	0	0	0	0	0	0	0	NA
207	102k Adjustments	0	0	0	0	0	0	0	0	NA
207	102l Transfers	0	0	0	0	0	0	0	0	NA
207	102m Electric Plant Retired-End of the Year (103)	0	0	0	0	0	0	0	0	NA
206	103b Less (103) Specialized Plant Retirements-Engineering	0	0	0	0	0	0	0	0	NA
206	103c Additions	0	0	0	0	0	0	0	0	NA
207	103d Retirements	0	0	0	0	0	0	0	0	NA
207	103e Adjustments	0	0	0	0	0	0	0	0	NA
207	103f Transfers	0	0	0	0	0	0	0	0	NA
207	103g Specialized Plant Retired-End of the Year (103)	0	0	0	0	0	0	0	0	NA
206	TOTAL Electric Plant in Service-Beginning (Enter total of lines 100 and 103)	0	727,178	824,681	958,097	1,167,526	1,396,174	1,577,927	1,678,268	NA
206	106 Additions	4,033	98,314	153,987	205,571	219,334	192,366	430,184	329,970	NA
207	106d Retirements	0	815	8,377	7,993	10,715	5,917	31,493	19,383	NA
207	106e Adjustments	727,178	0	163	2	21	0	-128	0	NA
207	106f Transfers	0	0	0	0	0	0	0	0	NA
207	TOTAL Electric Plant in Service (Enter total of lines 100 thru 103) End of the Year	227,178	824,681	989,957	1,167,526	1,396,174	1,577,987	1,978,959	2,190,316	NA

AGGREGATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT										
Section B. Balance at End of Year according to Financial Classification										
Line No.	Description	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	NA
219	20 Steam Production	NA	NA							
219	21 Nuclear Production	0	0	0	0	0	0	0	0	NA
219	22 Hydroelectric Production - Conventional	0	0	0	0	0	0	0	0	NA
219	23 Hydroelectric Production - Pumped Storage	0	0	0	0	0	0	0	0	NA
219	24 Other Production	0	0	0	0	0	0	0	0	NA
219	25 Transmission	271,977	284,813	329,914	394,367	363,169	309,948	310,790	377,847	NA
219	26 Distribution	0	0	0	0	0	0	0	0	NA
219	27 Regional Transmission and Market Operations	0	0	0	0	0	0	0	0	NA
219	28 General	0	2,561	12,968	32,470	33,566	43,480	43,580	46,105	NA
219	29 Total (Enter Total of lines 20 thru 27)	271,977	287,374	342,882	376,837	366,735	353,428	354,370	374,952	NA
Net Plant Calculations (Total Plant Less Accum Deprec)										
	Net Steam Plant	0	0	0	0	0	0	0	0	NA
	Net Nuclear Plant	0	0	0	0	0	0	0	0	NA
	Net Hydro Plant	0	0	0	0	0	0	0	0	NA
	Net Other Prod Plant	0	0	0	0	0	0	0	0	NA
	Net Production Plant	0	0	0	0	0	0	0	0	NA
	Net Transmission Plant	271,977	284,813	329,914	394,367	363,169	309,948	310,790	377,847	NA
	Net Dist. Plant	0	0	0	0	0	0	0	0	NA
	Net RTO Plant	0	0	0	0	0	0	0	0	NA
	Net General Plant	0	2,561	12,968	32,470	33,566	43,480	43,580	46,105	NA
	Net Electric Plant	271,977	287,374	342,882	376,837	366,735	353,428	354,370	374,952	NA

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Accounts 101, 102, 103, 104)										
Line No.	Description	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	NA
336	1 Intangible Plant	0	0	0	0	0	0	0	0	NA
336	2 Steam Production Plant	0	0	0	0	0	0	0	0	NA
336	3 Nuclear Production Plant	0	0	0	0	0	0	0	0	NA
336	4 Hydroelectric Production Plant - Conventional	0	0	0	0	0	0	0	0	NA
336	5 Hydroelectric Production Plant - Pumped Storage	0	0	0	0	0	0	0	0	NA
336	6 Other Production Plant	0	0	0	0	0	0	0	0	NA
336	7 Transmission Plant	619	46,352	18,412	17,113	20,114	24,694	29,873	35,353	NA
336	8 Distribution Plant	0	0	0	0	0	0	0	0	NA
336	9 Regional Transmission and Market Operation	0	0	0	0	0	0	0	0	NA
336	10 General Plant	0	2,561	12,968	32,470	33,566	43,480	43,580	46,105	NA
336	11 Conventional Plant - Electric	0	0	0	0	0	0	0	0	NA
336	12 TOTAL	619	48,913	31,380	31,763	37,794	48,174	59,746	66,458	NA

ADDITIONS										
Line No.	Description	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	NA
	Intangible Plant	0	0	0	0	0	0	0	0	NA
	Steam Plant	1,550	54,840	145,418	192,108	208,179	181,502	431,596	231,692	NA
	Nuclear Plant	0	0	0	0	0	0	0	0	NA
	General Plant	1,525	43,882	8,549	13,563	10,755	6,858	6,678	4,208	NA
	Electric Plant Additions	4,033	98,314	153,967	205,671	218,934	188,360	438,274	235,900	NA
	Electric Plant Retired	0	0	0	0	17,370	331	957	170	NA
	Less: Electric Plant Sold	0	0	0	0	189	216	0	201	NA
	Less: Specialized Plant (As Retired)	0	0	0	0	0	0	0	0	NA
	Total	4,033	98,314	153,967	205,671	236,523	187,863	437,317	235,729	NA



**EXHIBIT 6**

**AFFIDAVIT OF JENNIFER E. JANECEK  
DIRECTOR-TAXES**

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

ITC-Midwest LLC Bonus Depreciation

Docket No.

AFFIDAVIT OF  
JENNIFER E. JANECEK

Introduction

1. My name is Jennifer Janecek. I am employed by Alliant Energy Corporate Services, Inc. (AECS), a service company subsidiary of Alliant Energy Corporation (Alliant Energy). My job title is Director - Taxes. In this position, most of my time is spent working for Alliant Energy's wholly-owned utility subsidiaries, Interstate Power and Light Company (IPL), and Wisconsin Power and Light Company (WPL). My educational background includes a Bachelor's degree in Accounting from the University of Wisconsin – Whitewater and a Master's degree in Taxation from the University of Wisconsin – Milwaukee. I am currently a licensed CPA in Wisconsin. I started my career at Ernst & Young LLP as a tax consultant. After three years at Ernst & Young LLP, I have worked exclusively for Alliant Energy or its predecessor companies. My entire career has been focused on the tax area with the last four years as the Director-Taxes. In addition to my work at Alliant Energy, I am an active member of Edison Electric Institute's (EEI) Tax Analysis and Research Subcommittee (TARS) and lead an EEI's User Group that focuses on system issues in calculating tax provisions and depreciation for regulated entities.

Bonus Depreciation

2. Bonus depreciation is the result of provisions in the federal tax laws that allow a corporation to deduct either 50 percent or 100 percent of the qualifying capital investments in the first year an investment is placed in-service for tax purposes. In the case of the 50 percent bonus depreciation that was in effect in 2014, the remaining 50 percent of the investment is depreciated for tax purposes using the existing accelerated depreciation schedules.
3. Bonus depreciation significantly increases deferred tax liabilities. For utilities, the deferred tax liabilities associated with bonus depreciation are required to be included in rate base, which has the impact of reducing rate base and lowering customer costs. For example, if a transmission line that qualified for bonus depreciation and cost \$100 million was placed in-service in 2014, the reduction in rate base at the end of 2014 would be approximately \$18 million as illustrated in Table 1 in the column labeled Deferred Tax Impact.

**TABLE 1**

Asset	Book Basis*	Tax Basis**	Difference	Deferred Tax Impact (35%)
Transmission Line	\$ 100,000,000	\$ 100,000,000	\$ -	\$ -
2014 Depreciation	\$ 2,000,000	\$ 52,500,000	\$ (50,500,000)	\$ (17,675,000)
2014 Asset Balance	\$ 98,000,000	\$ 47,500,000	\$ 50,500,000	\$ 17,675,000
2015 Depreciation	\$ 2,000,000	\$ 4,750,000	\$ (2,750,000)	\$ (962,500)
2015 Asset Balance	\$ 96,000,000	\$ 42,750,000	\$ 53,250,000	\$ 18,637,500
* Book basis assumes 50-year useful life (2.0% depreciation rate)				
** Tax basis assumes 15-year MACRS (i.e., Year 1 = 5.00%; Year 2 = 9.50%)				

4. The default for tax depreciation assumes that companies will take bonus depreciation. However, the U.S. Treasury Department has provided taxpayers with an opportunity to opt out of taking bonus depreciation. This opt out election is available to all companies and can be useful when failure to do so might cause a permanent loss of tax benefits. There are many elections available to a taxpayer regarding the depreciation methods for tax purposes, but there are costs and benefits to each of these elections.
5. If a company does elect out of bonus depreciation, but later changes its mind and wants to take bonus depreciation, it may request to revoke the election by obtaining IRS consent with a private letter ruling.<sup>1</sup>

**Potential Law Changes – Bonus Depreciation**

6. Bonus depreciation has been in effect since 2008 through a reenactment and numerous extensions in the law as shown in Table 2.

**TABLE 2**

Law	Enacted	Bonus Depreciation for costs incurred through
2009 American Recovery and Reinvestment Act	February 2009	December 2009
Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010*	December 2010	December 2011
American Taxpayer Relief Act of 2012	January 2013	December 2013
Federal Tax Increase Prevention Act	December 2014	December 2014

\* Bonus depreciation of 100 percent was enacted for 2011 and 2012 qualifying capital additions. All other laws enacted or extended the 50% bonus depreciation provisions.

<sup>1</sup> IRS Publication 946 (2014), How to Depreciate Property

7. Congress is currently looking at the potential of extending many of the tax provisions in the Internal Revenue Code that expired at the end of 2014 including a five year extension for bonus tax depreciation under which expenditures through December 2019 would qualify for bonus depreciation. This extension of bonus depreciation is part of the "Protecting Americans from Tax Hikes Act of 2015"<sup>2</sup> and has been passed by the House of Representatives. Alliant Energy expects, similar to prior years, that the tax extenders will be signed into law sometime before the end of 2015 and will apply to facilities placed into service from 2015 through 2019.

Net Operating Losses

8. Net operating losses are incurred by a company when its tax deductions are greater than its taxable income. Many utilities have been generating net operating losses over the last several years due to the extension of bonus depreciation. As noted earlier, deferred tax liabilities associated with bonus depreciation are included in rate base and, therefore, the offsetting deferred tax asset associated with net operating losses due to bonus depreciation should also be included in rate base to be consistent with the normalization rules of the Internal Revenue Code (IRC). While this has been an area of controversy, the most recent private letter rulings (PLRs)<sup>3</sup> from the U.S. Internal Revenue Service (IRS) have all indicated that regulated utilities should include in rate base deferred tax assets related to the net operating loss as determined by comparing the taxable income or loss with depreciation to the taxable income or loss without depreciation, as shown in the next two examples.

Example 1

Taxable Income without tax depreciation	\$ 50,000,000
Tax depreciation	<u>( 200,000,000)</u>
Taxable Net Operating Loss with depreciation	<u>(\$150,000,000)</u>

Example 2

Taxable Loss without tax depreciation	(\$ 50,000,000)
Tax Depreciation	<u>( 200,000,000)</u>
Taxable Net Operating Loss with depreciation	<u>(\$250,000,000)</u>

9. If all of the net operating losses are due to the depreciation as shown in Example 1 above, the deferred tax assets related to the \$150 million net operating loss should be included in rate base to avoid a normalization violation. To calculate the deferred tax asset that would be included in rate base in Example 1, you would multiply the entire net operating loss by a 35% federal tax rate. The result would be a \$52.5 million increase in rate base, since the entire net operating loss is due to tax depreciation deductions.

<sup>2</sup> Amendment #2 to the Senate Amendment to H.R. 2029, December 15, 2015

<sup>3</sup> PLRs 201426037, 201436038, 201438003, 201519021

10. If a separate company was in a loss without tax depreciation as shown in Example 2, the tax impacts of the net operating loss would be calculated by taking the amount of the net operating loss associated with the tax depreciation deduction and multiplying that by the federal tax rate to avoid a normalization violation. To calculate the deferred tax asset that would be included in rate base in Example 2, you would multiply the \$200 million of the net operating loss associated with tax depreciation by a 35% federal tax rate. The result would be a \$70 million increase in rate base, since only a portion of the net operating loss is due to depreciation.
11. As long as deferred tax assets from net operating losses at the individual company are included in rate base, there should be no normalization violation. Normalization violations generally occur when the U.S. Federal Energy Regulatory Commission (FERC) or state utility regulators do not allow a utility to include the deferred tax assets in rate base that are calculated on net operating losses that are related to tax depreciation.
12. To gain more clarity on the amount of deferred tax assets to include in rate base to preclude any type of normalization violation, a utility would simply need to request a private letter ruling to receive a clarification from the IRS that is specific to its facts and circumstances. In fact, ITC-Midwest LLC (ITCM) has experience with this process since it recently received a private letter ruling from the IRS on another normalization issue related to the proration of deferred taxes in rate base<sup>4</sup>.

#### Industry practice

13. Based on discussions with many of my colleagues at EEI and in various utility meetings, a significant majority of all utilities has taken bonus depreciation to the extent possible. At a recent EEI taxation committee meeting, participants were asked if anyone in the meeting elected out of bonus depreciation.<sup>5</sup> Out of approximately 40-50 utility companies represented no one raised their hand. The one or two utilities of which I am aware that have elected out of bonus depreciation had the potential to realize a permanent loss of a tax benefit if they failed to do so with the exception of ITCM. A loss of permanent tax credits, such as the reduction of the permanent Manufacturing Production Deduction<sup>6</sup>, or the expiration of a net operating loss, could be a prudent reason to opt out of bonus depreciation, depending on the impacts of these benefits compared to the impacts of bonus depreciation.
14. It would be imprudent for a company to elect out of bonus depreciation if it is paying current taxes and is not protecting any permanent tax benefits. ITCM's

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<sup>4</sup> PLRs 201531010, 201531011, and 201531012 were for the three operating utilities of ITC Holdings including ITC-Midwest.

<sup>5</sup> EEI Taxation Committee Meeting, Portland, Maine, June 8, 2015

<sup>6</sup> §199 of the Internal Revenue Code

FERC Form 1 shows that it has paid approximately \$135 million of current federal taxes since 2010 and is not carrying forward any net operating losses. ITCM has also confirmed that it does not have permanent tax credits and is not eligible for the manufacturing production deduction<sup>7</sup>. This shows that ITCM is simply not taking advantage of a tax benefit that has been provided to all utilities to the detriment of its customers.

15. Bonus depreciation reduces customer costs and increases cash flow by reducing tax payments. As shown in Table 3, if ITCM had taken full advantage of bonus depreciation, it would have reduced customer costs by more than \$38 million and would have reduced cash tax payments by approximately \$127 million from 2010 through 2014, thus improving cash flow from operations.

**TABLE 3**

(\$000)	2010	2011	2012	2013	2014	Cumulative
Federal Income Taxes Paid	\$ -	\$ 37,469	\$ 35,772	\$ 29,475	\$ 32,616	\$ 135,332
Less: Est. Interdeductibility of State Income Tax*	\$ -	\$ (2,348)	\$ (2,146)	\$ (1,769)	\$ (1,957)	\$ (8,120)
Net Income Taxes Paid	\$ -	\$ 35,221	\$ 33,626	\$ 27,707	\$ 30,659	\$ 127,212
Cumulative	\$ -	\$ 35,221	\$ 68,846	\$ 96,553	\$ 127,212	
Rate Base Impact (Simple Average)	\$ -	\$ 17,610	\$ 52,033	\$ 82,699	\$ 111,882	
WACC (Attachment O Intert-up)	9.823%	9.602%	9.451%	9.313%	9.193%	
Income Taxes - CIT	53.47%	54.79%	55.67%	56.49%	57.23%	
Pre-tax WACC	15.07%	14.86%	14.71%	14.57%	14.45%	
Revenue Requirement Impact (Ending Balance)	\$ -	\$ 5,235	\$ 10,128	\$ 14,072	\$ 18,387	
Revenue Requirement Impact (Avg. Balance)	\$ -	\$ 2,618	\$ 7,655	\$ 12,053	\$ 16,171	\$ 38,497

\* Assumes 100% earnings apportionment to Iowa

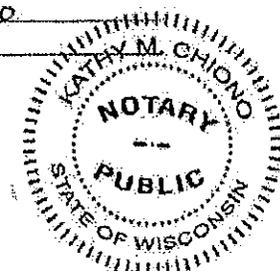
JENNIFER E. JANECEK being duly sworn, deposes and states: that she prepared the Affidavit of Jennifer E. Janeczek and that the statements contained therein and the Exhibits attached thereto are true and correct to the best of her knowledge and belief.

Jennifer E. Janeczek

Subscribed and sworn before me this 17<sup>th</sup> day of December, 2015.

Notary Public, State of Wisconsin

Printed Name: Kathy M. Chiono  
My Commission Expires: 2/5/2017



<sup>7</sup> ITCM's response to IPL on August 5, 2015.

Appendix 8 – November 10, 2015 Order Denying Rehearing Request of NextEra  
(Docket No. EL12-104-002)

Appendix 8  
Page 1 of 13153 FERC ¶ 61,160  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, Tony Clark,  
and Colette D. Honorable.

Interstate Power and Light Company

v.

Docket No. EL12-104-002

ITC Midwest, LLC

## ORDER DENYING REHEARING

(Issued November 10, 2015)

1. On March 24, 2014, NextEra Energy Resources, LLC (NextEra) requested rehearing of the Commission's February 20, 2014 order<sup>1</sup> on rehearing and clarification of the Commission's July 18, 2013 order in this proceeding.<sup>2</sup> The Complaint Order addressed a complaint filed, pursuant to section 206 of the Federal Power Act (FPA),<sup>3</sup> by Interstate Power and Light Company (IPL) against ITC Midwest, LLC (ITCM). IPL, a customer in the ITCM pricing zone of the Midcontinent Independent System Operator, Inc. (MISO), had complained that Attachment FF, Transmission Expansion Planning Protocol (Attachment FF), of MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) was unjust, unreasonable, and unduly discriminatory in its reimbursement treatment of generator interconnection-related network upgrade costs in the ITCM pricing zone as applied to IPL and IPL's customers. In the Complaint

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<sup>1</sup> *Interstate Power and Light Co. v. ITC Midwest, LLC*, 146 FERC ¶ 61,113 (2014) (Clarification Order).

<sup>2</sup> *Interstate Power and Light Co. v. ITC Midwest, LLC*, 144 FERC ¶ 61,052 (2013) (Complaint Order).

<sup>3</sup> 16 U.S.C. § 824e (2012).

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Order, the Commission granted the complaint. In the Clarification Order, the Commission denied rehearing but granted, in part, clarification of the Complaint Order.

2. NextEra's rehearing request concerns provisional Generator Interconnection Agreements (provisional GIAs)<sup>4</sup> in effect before the Complaint Order. Specifically, NextEra seeks rehearing of the clarification, in the Clarification Order, of the reimbursement treatment to be afforded to network upgrades that are included in amendments to provisional GIAs where such amendments are executed, or filed unexecuted, after the date of the Complaint Order. For the reasons discussed below, we deny rehearing.

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<sup>4</sup> Provisional GIAs are discussed in the MISO Tariff at Attachment X, Generator Interconnection Procedures (Attachment X), section 11.5, Special Considerations (Section 11.5). Pertinent provisions of Section 11.5 state:

Upon the request of Interconnection Customer, and prior to completion of requisite Network Upgrades or Stand Alone Network Upgrades, Transmission Provider may provide a provisional [GIA] for limited operation at the discretion of Transmission Provider based upon the results of available studies. . . . Where available studies indicate that such facilities that are required for the interconnection of a new . . . generator are not currently in place, Transmission Provider will perform an Interconnection Facilities Study in order to confirm the facilities that are required for provisional interconnection service and to determine the details (*e.g.* configuration) of such facilities. . . . The maximum permissible output of the Generating Facility in the provisional [GIA] will be updated on a quarterly basis. . . . Interconnection Customer assumes all risks and liabilities with respect to changes, which may impact the [GIA] including, but not limited to, change in output limits and future Network Upgrade cost responsibilities.

The section was added to MISO's Generator Interconnection Procedures in 2008, *Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,183 (2008), *order on reh'g*, 127 FERC ¶ 61,294 (2009) (Queue Reform Order). The original term "temporary GIA" was later replaced with "provisional GIA." See *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,301 (2009).

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Appendix 8  
Page 3 of 13**I. Background**

3. Prior to the Complaint Order, eligible interconnection customers in the ITCM pricing zone could be reimbursed up to 100 percent of their interconnection-related network upgrade costs (ITCM Policy).<sup>5</sup> However, under the reimbursement policy for generator interconnection-related network upgrades generally used elsewhere in MISO (MISO Policy), the interconnection customer is repaid 10 percent of the cost of network upgrades above 345 kV and is fully responsible for the cost of network upgrades 345 kV and below.<sup>6</sup> IPL, which describes itself as the largest customer in the ITCM pricing zone, complained about the disparity between these two reimbursement policies.

4. In the Complaint Order, the Commission granted IPL's complaint. It found that the ITCM Policy resulted in an improper subsidy and was therefore unjust, unreasonable, and unduly discriminatory or preferential.<sup>7</sup> The Commission directed MISO to revise Attachment FF such that interconnection customers in the ITCM pricing zone may receive up to 10 percent reimbursement for the cost of their interconnection-related network upgrades, in conformance with the generator interconnection cost recovery provisions applicable to most other MISO pricing zones, i.e., the MISO Policy.<sup>8</sup> The Commission held that, consistent with precedent, the reimbursement policy to be applied to interconnection customers will be the policy in effect on the date that a GIA is executed or filed with the Commission, if unexecuted.<sup>9</sup> Regarding amendments to GIAs for additional network upgrades, the Commission stated that such amendments are more appropriately addressed on a case-by-case basis to give consideration to the situation giving rise to the amendments.<sup>10</sup>

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<sup>5</sup> Attachment FF, section III.A.2.d.4, sets forth the ITCM Policy. Reimbursement eligibility is described in the Complaint Order, 144 FERC ¶ 61,052 at P 39.

<sup>6</sup> Attachment FF, section III.A.2.d.1, describes the MISO Policy.

<sup>7</sup> Complaint Order, 144 FERC ¶ 61,052 at P 33.

<sup>8</sup> *Id.* P 42.

<sup>9</sup> *Id.* P 43.

<sup>10</sup> *Id.* P 44.

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5. ITCM sought rehearing of the Complaint Order, arguing that the Commission had insufficiently justified this change in reimbursement policy for the ITCM pricing zone.<sup>11</sup> If the Commission did not grant rehearing, ITCM alternatively sought clarifications regarding two classes of its interconnection customers: First, ITCM requested that its interconnection customers that connected under provisional GIAs prior to the Complaint Order will be treated under the previous 100 percent reimbursement policy when their studies are completed and network upgrades determined. Second, ITCM requested that all its interconnection customers that had reached the MISO generator interconnection queue process M2 Milestone<sup>12</sup> by July 18, 2013, will remain under the previous 100 percent reimbursement policy.<sup>13</sup>

6. IPL sought clarification of the reimbursement policy to be applied to existing GIAs (without distinguishing between provisional and non-provisional GIAs) that are amended *after* July 18, 2013. IPL referenced the Complaint Order's holding that amendments to GIAs that add additional network upgrades are appropriately addressed on a case-by-case basis to give consideration to the situation giving rise to the amendments.<sup>14</sup> IPL requested clarification that amendments to existing GIAs that result in additional network upgrades should be treated the same as new interconnection requests or new GIAs and, accordingly, that the additional network upgrades are reimbursed according to the MISO Policy.<sup>15</sup>

7. In the Clarification Order, the Commission denied ITCM's rehearing request but granted its clarification request, in part. The Commission found, regarding the impact of the Complaint Order on provisional GIAs, that the appropriate reimbursement policy is the one in effect on the date a GIA is executed or filed unexecuted with the Commission. Accordingly, it held, reimbursement for network upgrades identified in a provisional GIA that was executed or filed unexecuted with the Commission prior to July 18, 2013, will be governed by the ITCM Policy. However, reimbursement for any upgrades that are subsequently (i.e., after July 18, 2013) identified and incorporated into an executed or

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<sup>11</sup> ITCM, Aug. 16, 2013 Rehearing and, Alternatively, Clarification Requests at 1-3 (ITCM Rehearing/Clarification).

<sup>12</sup> Attachment X, section 8.2, "Eligibility for the Definitive Planning Phase," describes the M2 Milestone.

<sup>13</sup> ITCM Rehearing/Clarification at 28.

<sup>14</sup> Complaint Order, 144 FERC ¶ 61,052 at P 44.

<sup>15</sup> IPL, Aug. 19, 2013, Clarification Request at 3, 5.

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filed-unexecuted provisional GIA will be governed by the MISO Policy.<sup>16</sup> The Commission denied ITCM's clarification request that all ITCM's interconnection customers that had reached the M2 Milestone<sup>17</sup> by July 18, 2013, will remain under the ITCM Policy.<sup>18</sup>

8. The Commission also granted in part IPL's requested clarification. The Commission first referred to its clarification concerning provisional GIAs, made in response to ITCM, that network upgrades not incorporated into a provisional GIA prior to July 18, 2013 will be governed by the MISO Policy in effect in the ITCM pricing zone after July 18, 2013. It then affirmed the holding, in the Complaint Order, that amendments to non-provisional GIAs are more appropriately addressed on a case-by-case basis to give consideration to the situation giving rise to the amendments.<sup>19</sup>

## II. Rehearing Request

9. NextEra seeks rehearing of the Commission's clarification that network upgrades that are included in amendments to provisional GIAs, where such amendments are executed or filed unexecuted after July 18, 2013, will be subject to the MISO Policy.

10. NextEra prefaces its arguments to the Commission by describing the situation that causes it to seek rehearing of the Clarification Order. NextEra states that it has two generating projects (NextEra Projects) that commenced commercial operation under provisional GIAs: Project No. G735, for a 200-MW project, executed on December 19, 2008, amended without capacity increase or facility modification on December 11, 2009, and Project No. J091, for a 66-MW project, executed on December 11, 2009.<sup>20</sup> NextEra states that both projects' provisional GIAs did not identify any network upgrades but stated that network upgrades will be determined upon completion of applicable interconnection studies. NextEra continues that these projects have not increased their capacity nor taken any other action that might cause delay in identifying network upgrades. NextEra claims that the fault lies with MISO for the failure to identify network

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<sup>16</sup> Clarification Order, 146 FERC ¶ 61,113 at P 26 (citation omitted).

<sup>17</sup> *See supra* P 5 & n.12.

<sup>18</sup> Clarification Order, 146 FERC ¶ 61,113 at P 27.

<sup>19</sup> *Id.* P 28 (citation omitted).

<sup>20</sup> Rehearing Request at 8-9.

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upgrades and incorporate them into the NextEra Projects' provisional GIAs before July 18, 2013.<sup>21</sup>

11. NextEra notes that MISO's delays in processing the interconnection requests were due, in part, to revising the interconnection procedures to a "first ready, first served" approach.<sup>22</sup> NextEra states that additional delays were caused by withdrawal of some higher-queued generators in an earlier study group. This caused MISO to suspend studies for the projects in the lower-queued study groups, which included the NextEra Projects.<sup>23</sup>

12. NextEra states that although MISO commenced the Definitive Planning Phase System Impact Studies in August 2012, and completed these studies in March 2013, MISO failed to issue the required Facilities Study and to update the NextEra Projects' provisional GIAs prior to the Complaint Order.<sup>24</sup> NextEra states that it repeatedly but unavailingly asked MISO to produce the interconnection studies results and to amend the NextEra Projects' provisional GIAs.<sup>25</sup>

13. NextEra recognizes that, in Community Wind II, the Commission took an approach contrary to NextEra's request here.<sup>26</sup> Specifically, the Commission stated that the mere fact of having a temporary (i.e., provisional) GIA does not grandfather any particular cost allocation methodology, that the Commission's general policy is that the tariff that should apply is the one that is effective and on file on the date that the interconnection agreement is executed or filed unexecuted. NextEra also states that the

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<sup>21</sup> *Id.* at 9-10.

<sup>22</sup> The revisions were adopted in the Queue Reform Order. *See supra* n.4.

<sup>23</sup> Rehearing Request at 10-12.

<sup>24</sup> *Id.* at 12-13.

<sup>25</sup> *Id.* at 13.

<sup>26</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,019 (2009), *order on reh'g and compliance*, 131 FERC ¶ 61,165, *order on reh'g*, 133 FERC ¶ 61,011 (2010) (Community Wind II). This proceeding, under Attachment FF of MISO's Tariff, addressed the disputed cost allocation for a particular network upgrade, the construction of a new transmission line.

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Commission concluded in Community Wind II that the rules in effect when the GIA was updated, not originally executed, should apply.<sup>27</sup>

14. However, NextEra criticizes the Commission's analysis in Community Wind II as ignoring that a provisional GIA is fully as binding on the interconnection customer as is the eventual amended GIA. NextEra states that the terms and conditions in the body of the agreement are the same for both, and that the interconnection customer in both commits to the same cost responsibility. NextEra states that the difference between the two is in the appendices as the later GIA will be amended to incorporate network upgrades after MISO has completed some or all interconnection studies. NextEra contrasts the commitment of an interconnection customer having a provisional GIA with the commitment of an entity with a "permanent" GIA. It states that, typically, under a provisional GIA, the interconnection customer is required to accelerate its part in the interconnection process by constructing and operating its generating facility. By contrast, NextEra states, some of the queue processing problems over the last decade have been caused by entities that suspended their GIAs or else terminated their GIAs at the last minute, before construction funding was required, with negative effects on other interconnection customers.<sup>28</sup>

15. NextEra states that the Commission's reference, in Community Wind II, to the "mere fact" that a generator has a provisional GIA may indicate the Commission's belief that requesting a provisional GIA signals a lack of commitment to the project. It offers that the Commission may be unaware of the interconnection customer's obligations under a provisional GIA, and that, therefore, Community Wind II did not fully vet the relevant issues and is not significant precedent.<sup>29</sup>

16. NextEra urges the Commission to treat provisional GIAs the same as other GIAs. For NextEra, the key issue is "whether the generator has contracted for the capacity required by the network upgrades before or after the new effective date."<sup>30</sup> NextEra argues that because a generator with a provisional GIA has committed to pay for the network upgrades, the same as an interconnection customer with any other GIA, reimbursement rules, when they change, should give the generator with a provisional

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<sup>27</sup> Rehearing Request at 17-18 (citing Community Wind II, 131 FERC ¶ 61,165 at P 32).

<sup>28</sup> *Id.* at 18.

<sup>29</sup> *Id.* at 18-19.

<sup>30</sup> *Id.* at 19.

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Page 8 of 13

GIA and the interconnection customer the same grandfathering protections. NextEra states that the Commission's decision in the Clarification Order was not based on substantial evidence because the Commission failed to consider any evidence to support its distinction between generators with provisional GIAs and generators with other GIAs.<sup>31</sup>

17. NextEra objects that the Commission is punishing the NextEra Projects because of MISO's failure to complete the projects' interconnection studies in a timely manner, when other projects with provisional GIAs executed or filed unexecuted at later dates are eligible for reimbursement.<sup>32</sup> NextEra states that reasonably-timed processing of interconnection requests by MISO would have already incorporated the needed network upgrades in the NextEra Projects' GIAs. NextEra recognizes that due to delays in administering the interconnection queue, because of the Queue Reform Order's changes in MISO's Generator Interconnection Procedures, compounded by problems in processing prior-queued projects in the area of NextEra's projects, MISO did not complete its studies and update the NextEra provisional GIAs.<sup>33</sup> However, NextEra objects that when the Commission decided, in the Clarification Order, to apply the MISO Policy to all provisional GIAs whose network upgrades had not been incorporated as of July 18, 2013, it took no account of why MISO had not amended provisional GIAs to state the network upgrades.<sup>34</sup>

18. NextEra compares the treatment of its projects to five other projects, whose interconnection requests were submitted in the same 2007-2009 time frame as the NextEra Projects and whose provisional GIAs were executed after those of the NextEra Projects. NextEra states that MISO has already updated those five projects' provisional GIAs with at least some identified network upgrades. NextEra objects that those five projects, all of which are later-queued than the NextEra Projects, may qualify, under the Clarification Order, for the ITCM Policy.<sup>35</sup>

19. NextEra objects that the Commission has not explained why it is just and reasonable for those projects to be grandfathered under the ITCM Policy but not the

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<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 2, 20-22.

<sup>33</sup> *Id.* at 20.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 20-22.

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NextEra Projects. The different treatment in identifying network upgrades and incorporating upgrades into GIAs, according to NextEra, is due to MISO not updating the NextEra Project provisional GIAs with interconnection study results, a distinction that NextEra considers to be arbitrary and to lack valid policy purposes. NextEra adds that the Clarification Order's holding will not promote more efficient siting for projects that are already sited and operating, like the NextEra Projects, and that the holding makes a retroactive rule that punishes the generator for the Transmission Provider's failure to complete its obligations under the GIA and to comply diligently with its tariff obligations.<sup>36</sup>

20. NextEra states that it reasonably relied on the continued existence of the ITCM Policy and on MISO completing interconnection studies and identifying network upgrades in a timely manner when it executed the provisional GIAs for the NextEra Projects, constructed the projects, and negotiated the price and terms of the projects' power sales contracts. NextEra states that it did not anticipate that the Commission, in a rehearing proceeding, would retroactively apply the MISO Policy to projects that have waited for years for MISO to complete interconnection studies.<sup>37</sup> NextEra claims that the Clarification Order's ruling is inexplicable in light of the Commission's policy of not allowing punitive retroactive effects, and its recognition that stability and predictability are crucial to attracting investment in the utility business.<sup>38</sup>

21. NextEra recognizes that its provisional GIAs contain the following generic notification of risk provision:

The Interconnection Customer assumes all risks and liabilities with respect to changes, which may impact the [GIA] including, but not limited to, change in output limits and responsibilities for future Network Upgrade cost responsibilities that have not yet been identified on the direct connect Transmission System as well as all affected

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<sup>36</sup> *Id.* at 22-23.

<sup>37</sup> *Id.* at 23-24.

<sup>38</sup> *Id.* at 24 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 117 FERC ¶ 61,128, at P 26 (2006), *reh'g denied*, 119 FERC ¶ 61,097 (2007)). Those orders rejected MISO's proposed tariff revisions to Attachment FF to change the cost allocation of network upgrades in existing GIAs; the orders did not discuss temporary (i.e., provisional) GIAs.

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Appendix 8  
Page 10 of 13Transmission, Distribution or Generation System(s),  
including non-Transmission Provider Systems.[<sup>39</sup>]

22. NextEra contends that this text does not mean that all regulatory change will inevitably be thrust upon a provisional GIA without recourse to the Commission determining what is just and reasonable in the circumstances. Rather, NextEra urges, the Commission is obliged to guard against unjust and unreasonable regulatory changes that subject market participants to punitive consequences. NextEra continues that it is not just and reasonable to subject a small set of generators to retroactive policy changes that they could not guard against, but are due to the Transmission Provider's lengthy delays in performing its obligations. NextEra states that its projects have assumed the risk of output limits and lost energy production due to these limits, and also the risk of not getting reimbursement due to not securing qualifying power sales contracts. It is not just and reasonable, according to NextEra, to say this generic assumption of risk provision automatically encompass discriminatory, unexpected, and financially costly retroactive application of revised market rules.<sup>40</sup>

23. As requested relief for holders of provisional GIAs, NextEra offers three alternatives. NextEra's preferred alternative is for the Commission to hold that provisional GIAs in effect before July 18, 2013 are subject to the ITCM Policy for network upgrades identified after July 18, 2013 if such network upgrades are required under the capacity contracted by the generator in the provisional GIA before July 18, 2013, including if the network upgrades are identified and the GIA is amended after July 18, 2013 because of delayed completion of interconnection studies. NextEra's second alternative, for provisional GIAs in effect before July 18, 2013, is reimbursement under the ITCM Policy for network upgrades that are identified in interconnection studies (and as amended in later studies) completed before July 18, 2013, even if MISO has not yet updated the GIAs to incorporate network upgrades. NextEra's last alternative is that the Commission provide for case-by-case review of provisional GIAs in effect before July 18, 2013 whose network upgrades have yet to be incorporated in their GIAs to give

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<sup>39</sup> *Id.* at 25. This *pro forma* language is found in Appendix H of MISO's *pro forma* GIA that was conditionally accepted for filing in *Midwest Indep. Transmission Sys. Operator, Inc.*, 138 FERC ¶ 61,233, *order on reh'g*, 139 FERC ¶ 61,253 (2012), *order on clarification*, 150 FERC ¶ 61,035 (2015).

<sup>40</sup> *Id.* at 24-25 (citing *Nat'l Fuel Gas Supply Corp. v. FERC*, 468 F.3d. 831 (D.C. Cir. 2006)).

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consideration to the situation giving rise to the need for network upgrades in each provisional GIA.<sup>41</sup>

### III. Discussion

24. We deny NextEra's request for rehearing. We affirm the determination in the Clarification Order that upgrades identified in a provisional GIA that was executed or filed unexecuted with the Commission prior to July 18, 2013 will be governed by the ITCM Policy. We further affirm that any upgrades that are subsequently identified and incorporated into an amendment to such a provisional GIA, but which were not included in the provisional GIA that was executed or filed unexecuted with the Commission prior to July 18, 2013, will be governed by the MISO Policy in effect in the ITCM pricing zone after July 18, 2013.<sup>42</sup> As noted in the Clarification Order, this determination is consistent with the Commission's policy that the appropriate reimbursement policy is the one in effect on the date a GIA is executed or is filed unexecuted with the Commission.<sup>43</sup>

25. Furthermore, NextEra acknowledges that its provisional GIAs contain the following generic notification of risk provision:

The Interconnection Customer assumes all risks and liabilities with respect to changes, which may impact the [GIA] including, but not limited to, change in output limits and responsibilities for future Network Upgrade cost responsibilities that have not yet been identified on the direct connect Transmission System as well as all affected Transmission, Distribution or Generation System(s), including non-Transmission Provider Systems.<sup>[44]</sup>

We find that the fact that the Commission may require MISO to revise its Tariff to change its interconnection customer network upgrade cost responsibility reimbursement

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<sup>41</sup> *Id.* at 25-26.

<sup>42</sup> *See* Clarification Order, 146 FERC ¶ 61,113 at P 26.

<sup>43</sup> *Id.* (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,060, at P 62 (2009); *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,106, at P 70 (2006)). *See also West Deptford Energy, LLC v. FERC*, 766 F.3d 10, 19-20 (D.C. Cir. 2014).

<sup>44</sup> Rehearing Request at 25.

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policy during the time it takes MISO to complete a given interconnection study and to amend a provisional GIA to include network upgrades is a risk that NextEra assumed when it entered into the provisional GIAs for the NextEra Projects.

26. NextEra also argues that it is being punished because of MISO's failure to complete its interconnection studies in a timely manner, when other projects with provisional GIAs executed or filed unexecuted at later dates are eligible for reimbursement under the ITCM Policy. As NextEra acknowledges, MISO's queue procedures have been revised to follow a "first ready, first served" approach, but there is no guarantee that a particular interconnection request will be completed first simply because it proceeded to a provisional GIA before another request. However, MISO's queue procedures do not alter the Commission's clearly established policy that bases the applicable cost allocation method on when a GIA is executed or filed unexecuted with the Commission.

27. Last, in Community Wind II, the Commission made clear that merely having a provisional GIA does not grandfather any particular cost allocation methodology and that the tariff that should apply is the one that is effective and on file on the date that the interconnection agreement is executed or filed unexecuted, and that the rules in effect when the GIA is updated, not originally executed, should apply.<sup>45</sup> This precedent, specific to provisional GIAs, is consistent with the Commission's long-standing policy towards cost allocations in GIAs as being governed by the tariff in effect on the date of the particular GIA's execution or filing unexecuted with the Commission, as noted above.

The Commission orders:

NextEra's request for rehearing is hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>45</sup> Community Wind II, 131 FERC ¶ 61,165 at P 32. *See supra* P 13.

Document Content(s)

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**Appendix 9 – January 12, 2015 OTP Complaint on MISO Self-Fund Policy (Docket No. ER15-36-000)**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Otter Tail Power Company	)	
Complainant,	)	
	)	
v.	)	Docket No. EL15-____-000
	)	
Midcontinent Independent System	)	
Operator, Inc.	)	
Respondent.	)	

**COMPLAINT AND REQUEST FOR FAST-TRACK PROCESSING OF OTTER  
TAIL POWER COMPANY AGAINST THE MIDCONTINENT INDEPENDENT  
SYSTEM OPERATOR, INC.**

Pursuant to sections 206 and 306 of the Federal Power Act (“FPA”), 16 U.S.C. §§ 824e & 825e, and Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.206, Otter Tail Power Company (“Otter Tail”) submits this Complaint for an order: (1) finding that the Midcontinent Independent System Operator, Inc. (“MISO”) Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”)<sup>1</sup> is unjust and unreasonable to the extent that the *pro forma* Facilities Construction Agreement (“FCA”) contained therein does not permit an Affected System Operator to elect to self-fund Network Upgrades; and (2) directing MISO to revise the Tariff to include a provision in the *pro forma* FCA that permits an Affected System Operator to self-fund such Network Upgrades.

<sup>1</sup> Capitalized terms not expressly defined herein shall be as set forth in the Tariff or the Transmission Owners Agreement, as applicable.

Appendix 9  
Page 2 of 34**I. INTRODUCTION AND SUMMARY**

This Complaint seeks to provide Affected System Operators with the right to elect to self-fund Network Upgrades, a right afforded to directly connected Transmission Owners under the Tariff. This inconsistency in the Tariff must be remedied because, as demonstrated below, there is no meaningful distinction between an Affected System Operator and a directly connected Transmission Owner. Both are Transmission Owners under the Tariff and should therefore be treated equally. The point at which an Interconnection Customer chooses to connect to the MISO transmission grid should in no way affect a Transmission Owner's right to self-fund the Network Upgrades that are necessary to accommodate that Interconnection Customer's request.

Since Order No. 2003,<sup>2</sup> the Commission has recognized that Affected System Operators and directly connected Transmission Owners perform similar functions and are equally necessary to the interconnection process. The Commission's principle of comparability, which requires that similarly situated parties be treated equally, demands that Affected System Operators and directly connected Transmission Owners be afforded the same rights under the MISO Tariff. The *pro forma* FCA's failure to provide Affected System Operators with the ability to elect to self-fund Network Upgrades, a right explicitly provided to directly connected Transmission Owners under the Tariff, is

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<sup>2</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,171, *order on reh'g*, Order No. 2003-C, 2001-2005 FERC Stats. & Regs., Regs. Preambles ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Utils. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

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therefore unjust and unreasonable. To remedy this error, Otter Tail proposes to revise the *pro forma* FCA so that Affected System Operators can elect to self-fund Network Upgrades comparable to a directly connected Transmission Owner.

## II. BACKGROUND

### A. Order No. 2003 and Its Progeny

As an initial matter, Otter Tail notes that the nomenclature found in Order No. 2003 can be confusing. This is particularly true of the distinction between a Transmission Provider and a Transmission Owner. In the case of members of an independent system operator or regional transmission organization, as is the case within MISO, MISO is the Transmission Provider but individual utilities – Transmission Owners – continue to own their own systems. Thus, when the Commission uses the term “Transmission Provider” in Order No. 2003, it is actually referring to a Transmission Owner in the context of an independent system operator or regional transmission organization. And the “Affected System Operator” referenced in Order No. 2003 is simply another Transmission Owner, but a Transmission Owner not directly connecting with the Interconnection Customer.

In Order No. 2003, the Commission established standardized Generation Interconnection Procedures (“GIP”), which included a *pro forma* Large Generator Interconnection Agreement (“LGIA”) in Appendix 6 to the GIP.<sup>3</sup> The *pro forma* LGIA “contain[s] the Parties’ contractual Interconnection Service rights and obligations” and “specifie[s] the allocation of the responsibilities among the Interconnection Customer, the Transmission Provider and Transmission Owner (where the latter is a Party other than the

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<sup>3</sup> Order No. 2003 at P 292.

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Transmission Provider that owns the facilities to which the interconnection is being made).”<sup>4</sup> Article 11 of the *pro forma* LGIA addresses, among other things, the Interconnection Customer’s performance obligations, including payment, in the event Network Upgrades<sup>5</sup> on the Transmission Owner’s Transmission System are required to complete the Interconnection Request. The Commission explained that Network Upgrades “would be funded initially by the Interconnection Customer unless the Transmission Provider elects to fund them” and, when funded by the Interconnection Customer, “[t]he Interconnection Customer would then be entitled to a cash equivalent refund (*i.e.*, credit) equal to the total amount paid for the Network Upgrades, including any tax gross-up or other tax-related payments.”<sup>6</sup> Furthermore, the Commission recognized that an Affected System Operator should be treated the same as a directly connected Transmission Owner.<sup>7</sup>

As required by Order No. 2003, MISO adopted a version of the GIP as Attachment X to its Tariff that included a *pro forma* Generator Interconnection

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<sup>4</sup> *Id.* at PP 293-94.

<sup>5</sup> The Commission defined Network Upgrades “as all facilities and equipment constructed at or beyond the Point of Interconnection for the purpose of accommodating the new Generating Facility.” *Id.* at P 676.

<sup>6</sup> *Id.*

<sup>7</sup> *See id.* at P 29 n.32, 738. Specifically, the Commission recognized that in some instances, “Network Upgrades must be constructed on Affected Systems to protect the reliability of those systems,” and stated that “an Affected System Operator may require the Interconnection Customer to pay for all . . . Network Upgrades constructed to accommodate the Interconnection Customer’s Interconnection Request.” *Id.* at P 738.

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Agreement (“GIA”) and a *pro forma* FCA.<sup>8</sup> Consistent with Order No. 2003, the MISO GIP defines an Affected System as “an electric transmission or distribution system or the electric system associated with an existing generating facility or of a higher queued Generating Facility, which is an electric system other than the Transmission Owner’s Transmission System that is affected by the Interconnection Request.”<sup>9</sup>

In 2009, the Commission conditionally accepted MISO’s proposed revisions to, among other things, include a new *pro forma* FCA, subject to modification regarding suspension language.<sup>10</sup> Also in 2009, the Commission accepted MISO’s currently-effective participant funding policy.<sup>11</sup> As part of the participant funding policy, MISO revised Attachment FF of the Tariff to increase the cost responsibility of an Interconnection Customer to 100 percent of Network Upgrade costs, but allowed for a 10 percent reimbursement for Network Upgrades that were 345 kV and above.<sup>12</sup>

### B. Funding of Network Upgrades

At the time the participant funding policy was implemented, the Tariff contemplated three mechanisms for funding the costs of Network Upgrades for generator interconnections. First, under Option 1, the Interconnection Customer would provide up-

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<sup>8</sup> Tariff, Att. X, App. 6 & 8, respectively. See *Midwest Indep. Transmission Sys. Operator, Inc.*, 108 FERC ¶ 61,027, *order on reh’g, clarification, & compliance filing*, 109 FERC ¶ 61,085 (2004) (accepting MISO’s Order No. 2003 compliance filing).

<sup>9</sup> Tariff, Att. X § 1 (Definitions).

<sup>10</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,301 (2009).

<sup>11</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,060, at P 8 (2009).

<sup>12</sup> *Id.* at P 8.

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front funding for the Network Upgrades subject to participant funding. Then, upon completion of the Network Upgrades, the transmission owner would refund 100 percent of such costs, plus interest, back to the Interconnection Customer. The Transmission Owner would assess the Interconnection Customer a monthly Network Upgrade charge based on a formula contained in Attachment GG of the Tariff. Option 1 permitted the Transmission Owner to unilaterally elect to fund the costs of Network Upgrades for generator interconnections.<sup>13</sup> In 2011, in response to a complaint, the Commission issued an order directing the removal of Option 1 from Attachment FF.<sup>14</sup>

Second, under Option 2, which is also referred to as the customer-fund option, the Interconnection Customer would provide up-front funding for Network Upgrades. The Transmission Owner would then refund the reimbursable portion of the payment to the Interconnection Customer via a credit to reduce transmission service charges incurred by the transmission customer. Option 2 would require no further financial obligations on the Interconnection Customer for the cost of the upgrades.<sup>15</sup> Both Option 1 and Option 2 were described in Attachment FF to the Tariff and were incorporated into MISO's *pro forma* GIA by reference.

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<sup>13</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 149 FERC ¶ 61,224, at P 3 n.5 (2014) (“December 12 Order”).

<sup>14</sup> *E.ON Climate & Renewables N. Am, LLC*, 137 FERC ¶ 61,076, at P 34, 37 (2011), *order on reh'g*, 142 FERC ¶ 61,048, at PP 6, 34 (2013). Specifically, the Commission found that it was not just and reasonable to “require an interconnection customer to bear the burden of funding the network upgrades up-front but then be repaid these costs and be subjected to a monthly Network Upgrade Charge reflecting the transmission owner’s capital costs and income tax allowance, . . . solely at the discretion of the transmission owner.” *Id.*

<sup>15</sup> *See* Tariff, Attachment FF § III.A.2.d.(1).

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Third, Article 11.3 of MISO's *pro forma* GIA established a "self-fund" option.<sup>16</sup> The self-fund option, which was first discussed in Order No. 2003,<sup>17</sup> enables the Transmission Owner to elect to provide the up-front funding for the capital cost of the Network Upgrades. Though the *pro forma* GIA addresses the self-fund concept, the Tariff does not describe how MISO's participant funding policy is to be implemented under the self-fund option.<sup>18</sup>

### C. Commission Precedent

The Commission has upheld a Transmission Owner's ability to self-fund Network Upgrades in MISO. In *Hoopeston*, which involved an unexecuted GIA, the Commission found that "it is just and reasonable and not unduly discriminatory for the Transmission Owner to recover capital costs for network upgrades through a network charge established using the formula in Attachment GG."<sup>19</sup> In addition, the Commission

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<sup>16</sup> See Tariff, Attachment X, App. 6, Art. 11.

<sup>17</sup> Order No. 2003 at P 720; *see also* Order No. 2003-A at PP 617-18.

<sup>18</sup> Article 11.3 of *pro forma* GIA, titled Network Upgrades, System Protection Facilities and Distribution Upgrades states:

Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, Transmission Owner's System Protection Facilities and Distribution Upgrades described in Appendix A. Interconnection Customer shall be responsible for all costs related to Distribution Upgrades and/or Generator Upgrades. *Transmission Owner shall provide Transmission Provider and Interconnection Customer with written notice pursuant to Article 15 if Transmission Owner elects to fund the capital for the Network Upgrades and Transmission Owner's System Protection Facilities; otherwise, such facilities, if any, shall be solely funded by Interconnection Customer.*

Tariff, Att. X, App. 6, Art. 11.3 (emphasis added).

<sup>19</sup> *Midcontinent Indep. Sys. Operator, Inc.* 145 FERC ¶ 61,111, at P 41 (2013) ("*Hoopeston*"), *order on reh'g & compliance*, 149 FERC ¶ 61,099 (2014).

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explained that a Transmission Owner is permitted to recover costs for the return of and on capital from the Interconnection Customer under the self-funding option.<sup>20</sup> The Commission also noted that the Transmission Owner's decision to self-fund Network Upgrades was consistent with Order Nos. 2003 and 2003-A, which explicitly granted the Transmission Owner this right.<sup>21</sup>

Furthermore, in *Sugar Creek*, the Commission accepted an executed GIA in which the Transmission Owner elected to self-fund Network Upgrades.<sup>22</sup> In its filing of the GIA, MISO stated that the GIA was "just and reasonable."<sup>23</sup> Because the Tariff does not address how costs are to be recovered when a Transmission Owner elects the self-funding option, MISO explained in the October 15 Filing how the self-funding option would be implemented.<sup>24</sup> Specifically, MISO explained that the Transmission Owner would fund the Network Upgrades, but that the Interconnection Customer would be responsible for providing security for those Network Upgrades.<sup>25</sup> MISO also explained that the Interconnection Customer would be responsible for paying the Transmission

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<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at P 42 (citing Order No. 2003-A at P 720).

<sup>22</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, Letter Order, Docket No. ER13-125-000 (Dec. 12, 2012) ("*Sugar Creek*").

<sup>23</sup> Filing of Executed Generator Interconnection Agreement of Midwest Independent System Operator, Inc., Docket No. ER13-125-000, at 2 (Oct. 15, 2012) ("October 15 Filing").

<sup>24</sup> *Id.* at 3.

<sup>25</sup> *Id.* at 4.

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Owner's revenue requirement associated with the Network Upgrades through a Network Upgrade Charge established using the formula in MISO Attachment GG.<sup>26</sup>

**D. The December 12 Order**

On December 12, 2014, the Commission issued an order conditionally accepting an unexecuted non-conforming FCA ("Border Winds FCA") among Border Winds Energy, LLC ("Border Winds"), as the Interconnection Customer, Otter Tail as the Transmission Owner, and MISO, as the Transmission Provider, subject to removal of proposed revisions that deviated from the *pro forma* FCA.<sup>27</sup> In the Border Winds FCA, MISO proposed, consistent with *Hoopeston* and *Sugar Creek*, but over the objection of Border Winds, to include a provision that would permit Otter Tail to self-fund Network Upgrades.<sup>28</sup> The Commission found that MISO did not meet its burden to justify the proposed non-conforming provision.<sup>29</sup> In particular, the Commission found that "MISO does not assert any specific reliability concerns, novel legal issues, or other unique factors to justify the proposed non-conforming provisions."<sup>30</sup>

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<sup>26</sup> *Id.*

<sup>27</sup> December 12 Order at P 1.

<sup>28</sup> *Id.* at PP 13-16.

<sup>29</sup> *Id.* at P 22.

<sup>30</sup> *Id.* at P 25.

**III. DISCUSSION****A. The MISO Tariff Is Unjust and Unreasonable to the Extent that It Does Not Treat an Affected System Operator Comparably to a Directly Connected Transmission Owner**

1. *The Commission's principle of comparability requires that the Commission grant the Complaint.*

The Tariff's distinction between an Affected System Operator and a directly connected Transmission Owner is one of form over substance. An Affected System Operator, like a directly connected Transmission Owner, must construct necessary Network Upgrades to accommodate an Interconnection Customer's request. An Interconnection Customer's decision as to where it will connect on the MISO system should not have any bearing on a Transmission Owner's ability to self-fund the Network Upgrades.

The Commission has made clear that the principle of comparability requires that similarly situated entities receive similar treatment.<sup>31</sup> The cornerstone of the Commission's comparability principle is section 205(b) of the FPA, which prohibits undue discrimination.<sup>32</sup> In particular, the Commission has stated that "[t]he protection against undue discrimination prohibits the dissimilar treatment of similarly situated

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<sup>31</sup> See, e.g., *S.C. Elec. & Gas Co.*, 143 FERC ¶ 61,058, at P 48 (2013) ("The comparability principle requires public utility transmission providers . . . to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers . . . comparably in transmission system planning."), *order on reh'g*, 147 FERC ¶ 61,126 (2014); see also *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,161, at P 63 (2009) ("[S]ince Merchant Transmission Facilities and zones are similarly situated, they should be comparably treated.").

<sup>32</sup> 16 U.S.C. § 824d(b).

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entities.”<sup>33</sup> The Commission added that “rate differences may be justified and rendered lawful based on the specific factual differences between the entities at issue.”<sup>34</sup> Since an Affected System Operator is simply another Transmission Owner, albeit one not directly connected to the Interconnection Customer, it certainly is similarly situated to a directly connected Transmission Owner. It therefore follows that the Tariff should provide an Affected System Operator the rights provided to a directly connected Transmission Owner, including the ability to self-fund Network Upgrades.

Importantly, the principle of comparability affirmatively applies in the context of generation interconnection,<sup>35</sup> and is the very reason for *pro forma* interconnection agreements, as the Commission has acknowledged that, “the need to treat all generation interconnection customers comparably underlies the need for a *pro forma* [interconnection agreement].”<sup>36</sup> Throughout Order No. 2003 and its progeny, the Commission recognized that an Affected System Operator and directly connected Transmission Owner are similarly situated. For example, in Order No. 2003-A, the Commission stated that “[w]ith regard to the pricing of Network Upgrades on Affected Systems, the Commission concludes . . . that our interconnection pricing policy as it applies to an Affected System Operator that is not independent should be consistent with

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<sup>33</sup> *W. Grid Dev. LLC*, 133 FERC ¶ 61,029, at P 17 (2013).

<sup>34</sup> *Id.*

<sup>35</sup> *See, e.g.*, Order No. 2003-A at P 416 (holding that comparability requires that the Interconnection Customer be paid for reactive power service the same as the Transmission Provider pays its own or affiliated generators for that service).

<sup>36</sup> *Mich. Elec. Transmission Co.*, 97 FERC ¶ 61,187, at 61,852 (2001) (“*Michigan Electric*”).

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the policy we adopt for the non-independent Transmission Provider.”<sup>37</sup> Again in Order No. 2003-C, the Commission noted its policy of “treating a non-independent Affected System Operator the same as a non-independent Transmission Provider because both have the same incentive to frustrate the development of new, competitive generation.”<sup>38</sup> In doing so, the Commission clarified that “both the Transmission Provider and an Affected System Operator need provide credits for transmission service.”<sup>39</sup> MISO itself recognizes that the principle of comparability weighs in favor of revising the *pro forma* FCA, and has shown a willingness to make revisions, although it has not yet taken the action to do so.<sup>40</sup>

Commission precedent not only recognizes that Affected System Operators are similarly situated to Transmission Owners, but provides that the policy regarding an Affected System Operator should be consistent with the policy for a Transmission Owner. Treating Affected System Operators comparably to Transmission Owners should therefore include permitting an Affected System Operator to self-fund Network Upgrades on its Transmission System in a manner comparable to how it would self-fund Network Upgrades if the interconnection was made directly to its Transmission System.

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<sup>37</sup> Order No. 2003-A at P 636; *see also Michigan Electric*, 97 FERC ¶ 61,187, at 61,852.

<sup>38</sup> Order No. 2003-C at P 13.

<sup>39</sup> *Id.*

<sup>40</sup> Filing of Unexecuted Facilities Construction Agreement of Midcontinent Independent System Operator, Inc., Docket No. ER14-2464-000, at 2 (July 18, 2014) (“July 18 Filing”).

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2. *Commission precedent dictates that an Affected System Operator should be permitted to self-fund Network Upgrades and recover its capital costs from an Interconnection Customer.*

In finding that an Affected System Operator is entitled to self-fund Network Upgrades, the Commission should find that, consistent with Commission precedent, an Affected System Operator may recover capital costs for Network Upgrades through a Network Upgrade charge established using the formula in Attachment GG of the Tariff. As described above,<sup>41</sup> in *Hoopeston*, the Commission determined that it is just and reasonable for a Transmission Owner to elect to self-fund necessary Network Upgrades pursuant to a self-fund option under an interconnection agreement and recover from the relevant Interconnection Customer a return of and on the capital costs of the upgrades.<sup>42</sup> The Commission concluded that this approach is consistent with the funding approach underlying funding Option 2 of the Attachment FF of the MISO Tariff.<sup>43</sup> Furthermore, the Commission determined that the Transmission Owner's decision to self-fund the Network Upgrades was consistent with the Commission's findings in Order Nos. 2003 and 2003-A.<sup>44</sup>

Similarly, as described above, in *Sugar Creek*, the Commission accepted a GIA in which the Transmission Owner elected to self-fund Network Upgrades. The GIA, which MISO stated was "just and reasonable," provided that that the Interconnection Customer would be responsible for paying the Transmission Owner's revenue requirement via a

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<sup>41</sup> *See supra* section II.C.

<sup>42</sup> *Hoopeston* at P 41.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.* at P 42 (citing Order No. 2003-A at P 720).

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Network Upgrade Charge established using the formula in MISO's Attachment GG.<sup>45</sup> The Commission's decisions in *Hoopston* and *Sugar Creek* to uphold a Transmission Owner's ability to self-fund Network Upgrades, coupled with the fact that an Affected System Operator is entitled to the same treatment as a directly connected Transmission Owner, demonstrates clearly that, like the *pro forma* GIA, the *pro forma* FCA should expressly provide an Affected System Operator the ability to elect to self-fund Network Upgrades.

3. *The technical and engineering requirements for Network Upgrades are similar for directly connected Transmission Owners and Affected System Operators.*

The attached Affidavit of Dean Pawlowski, demonstrates that there exists no technical or engineering reason to treat differently Network Upgrades made in response to indirect impacts from generator interconnections and Network Upgrades made in response to direct generator interconnections.<sup>46</sup> In his Affidavit, Mr. Pawlowski explains that, over the next several years, there could be several indirect and direct interconnections Network Upgrades for new generation sources (mostly wind) to the Otter Tail Transmission System.<sup>47</sup> Mr. Pawlowski's Affidavit illustrates that the type of Network Upgrades Otter Tail may have to install to facilitate the integration of these resources are similar and being made for similar reasons, regardless of whether a generator directly or indirectly connects with the Otter Tail Transmission System.<sup>48</sup>

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<sup>45</sup> October 15 Filing at 2.

<sup>46</sup> Exhibit No. Otter Tail-1 ¶ 10.

<sup>47</sup> *Id.* ¶ 4.

<sup>48</sup> *Id.*

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Specifically, as Mr. Pawlowski notes in the Affidavit, looking at the MISO queue for generation interconnection, there are 42 projects amounting to 3,710 MW requesting interconnection within Minnesota, North Dakota, and South Dakota.<sup>49</sup> Otter Tail and its neighboring transmission systems will therefore be confronting a need to fund and construct both direct Network Upgrades and indirect Network Upgrades for new generation.<sup>50</sup> From a Transmission Owner perspective, the funding and construction obligations are equally acute when the connection of a new generator is direct or indirect, as in both cases the satisfactory completion of Network Upgrades is a prerequisite to a generator receiving reliable interconnection service at its requested level of output.<sup>51</sup> In each case, Otter Tail must conduct the same types of facilities studies, complete similar engineering and procurement tasks, complete similar types of upgrades, and pay for similar services and materials in order to complete each Network Upgrade.<sup>52</sup>

Mr. Pawlowski further explains that, as a Transmission Owner and operator, Otter Tail does not prioritize Network Upgrades for direct interconnections over those needed to respond to indirect impacts.<sup>53</sup> Rather, Otter Tail responds to the need for Network Upgrades as it enters into project agreements. Thus, on a practical level, Otter Tail treats and responds to direct and indirect interconnection impacts and their attendant system

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<sup>49</sup> *Id.* ¶ 6.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> *Id.* ¶ 7.

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upgrade needs in a non-discriminatory way.<sup>54</sup> Therefore, the principle of comparability, taken alongside the fact that Otter Tail is similarly situated whether it is installing Network Upgrades to respond to a direct or indirect connection with its system, dictates that Network Upgrades made pursuant to a *pro forma* FCA should be equally eligible for self-funding as Network Upgrades made pursuant to a *pro forma* GIA. Put simply, the Tariff should provide all Transmission Owners with the option to self-fund Network Upgrades, regardless of whether the Network Upgrades are a result of a direct or indirect interconnection.

**B. The Commission Should Require MISO to Revise the Tariff to Permit an Affected System Operator to Self-Fund Network Upgrades.**

As Otter Tail has demonstrated above, the Tariff is unjust and unreasonable to the extent that it does not permit an Affected System Operator to self-fund Network Upgrades necessitated by an Interconnection Customer's request to connect to a Transmission Owner's system. Thus, Otter Tail requests that the Commission direct MISO to revise the *pro forma* FCA to explicitly permit an Affected System Operator to self-fund such Network Upgrades.

Article 11.3 of the *pro forma* GIA expressly permits a Transmission Owner to elect to self-fund Network Upgrades. Specifically, Article 11.3 states:

Transmission Owner shall design, procure, construct, install, and own the Network Upgrades, Transmission Owner's System Protection Facilities and Distribution Upgrades described in Appendix A. Interconnection Customer shall be responsible for all costs related to Distribution Upgrades and/or Generator Upgrades. *Transmission Owner shall provide Transmission Provider and Interconnection Customer with written notice pursuant to Article 15 if Transmission Owner elects to fund the capital for the Network Upgrades and Transmission Owner's System Protection*

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<sup>54</sup> *Id.*

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*Facilities; otherwise, such facilities, if any, shall be solely funded by Interconnection Customer.*<sup>55</sup>

To ensure that Affected System Operators are treated comparably, Otter Tail requests that a comparable provision be included in the *pro forma* FCA. Accordingly, Otter Tail requests that section 3.2.1 of the *pro forma* FCA be revised to read as follows:

**Costs.** Interconnection Customer shall pay to the Transmission Owner costs (including taxes and financing costs) associated with seeking and obtaining all necessary approvals and of designing, engineering, constructing, and testing the Network Upgrades and System Protection Facilities, as identified in Appendix A, in accordance with the cost recovery method provided herein, except to the extent that Transmission Owner has elected to self-fund the Network Upgrades and System Protection Facilities as detailed in Appendix A.

In addition to Otter Tail's proposed revisions to section 3.2.1, Otter Tail recognizes that it may be necessary to make corresponding revisions to Appendix A of the *pro forma* FCA.

**C. The Complaint Is Not Barred by the Doctrine of Collateral Estoppel, Nor Does It Constitute a Collateral Attack Upon the December 12 Order.**

The issue of whether the *pro forma* FCA found in the Tariff should be revised to permit an Affected System Operator to elect to self-fund Network Upgrades is one of first impression for the Commission. Consequently, the Commission should not find that Otter Tail is collaterally estopped from litigating the issues in this proceeding or that this Complaint constitutes a collateral attack on any previous Commission order.

The Commission has held that “[t]he doctrine of issue preclusion, or collateral estoppel, prevents parties from reviving issues that were previously decided against them, or from raising new issues that should have been presented as part of a prior litigated

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<sup>55</sup> Tariff, Att. X, App. 6, Art. 11.3 (emphasis added).

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matter.”<sup>56</sup> The Commission elaborated that “[i]ssue preclusion generally refers to the effect of a prior judgment in foreclosing successive litigation of an issue of fact or law *actually litigated and resolved* in a valid court determination essential to the final judgment, whether or not the issue arises on the same or a different claim.”<sup>57</sup>

The issue now before the Commission is not the same the Commission faced in the December 12 Order. In this Complaint, Otter Tail asks whether the *pro forma* FCA is unjust and unreasonable to the extent that it does not permit an Affected System Operator to elect to self-fund Network Upgrades on a comparable basis to that of similarly situated Transmission Owners. In the December 12 Order, on the other hand, the issue before the Commission was whether MISO had met its burden to justify the proposed non-conforming provisions of the Border Winds FCA. In finding that MISO had not satisfied its burden regarding the non-conforming FCA, the Commission did not address, and thus did not actually adjudicate, whether an Affected System Operator should be permitted to self-fund Network Upgrades in MISO. The Commission specifically acknowledged this in a footnote, which stated that “we do not pre-judge whether it would be just and reasonable to amend the *pro forma* [FCA] to adopt the self-fund option on a generic

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<sup>56</sup> *California ex rel. Brown v. Powerex*, 139 FERC ¶ 61,210, at P 11 (2012) (“*Brown*”). See also *Algonquin Gas Transmission Co.*, 64 FERC ¶ 63,014, at 65,052 n.4 (1993) (“Issue preclusion, also termed collateral estoppel, refers to the effect of a judgment which forecloses relitigation of a matter that has been litigated and decided.”) (citing *Migra v. Warren City School Dist. Bd. of Educ.*, 465 U.S. 75, 77 n.1 (1984)).

<sup>57</sup> *Brown* at P 11 (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748-749 (2001) (emphasis added)); see also *Exxon Co., U.S.A. v. Amerada Hess Pipeline Corp.*, 83 FERC ¶ 63,011, at 65,094 (1998) (“However, the preclusion doctrines only apply to issues that were actually litigated, decided and whose resolution were necessary for the matter to be decided.”) (citing *Norfolk & W. Ry Co. v. U.S.*, 768 F.2d 373 (D.C. Cir. 1985)).

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basis.”<sup>58</sup> With this Complaint, Otter Tail seeks a Commission determination on the previously unlitigated issue of whether it is unjust and unreasonable for the MISO *pro forma* FCA to not contain a self-fund option comparable to the one contained in the MISO *pro forma* GIA.<sup>59</sup> Thus, this Complaint is not prohibited by the doctrine of collateral estoppel.

Likewise, this Complaint is not a collateral attack on any previous Commission order. The Commission has previously explained that “a collateral attack is [a]n attack on a judgment in a proceeding other than a direct appeal, and is generally prohibited.”<sup>60</sup> Because the Commission has never reached a merits decision on the issue of whether it is unjust and unreasonable for the MISO *pro forma* FCA to not contain a self-fund option comparable to the one contained in the MISO *pro forma* GIA, this pleading is not a collateral attack on the December 12 Order.

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<sup>58</sup> December 12 Order at P 25 n.57.

<sup>59</sup> Otter Tail notes that the doctrine of *res judicata*, or claim preclusion, is also inapplicable to this proceeding because this complaint does not seek to re-litigate the non-conforming FCA that was at issue in the December 12 Order. See *McCulloch Interstate Gas Corp.*, 9 FERC ¶ 61,152, at 61,305 (1979) (“*Res judicata* applies . . . where a second suit or proceeding is brought on the same cause of action between the same parties or those in privity with them. The original judgment on the merits is conclusive not only as to matters actually raised but also to matters which could have been raised and litigated.”) (quoting *Gulf Oil Corp. v. FPC*, 563 F.2d 588, 602 (3rd Cir. 1977)).

<sup>60</sup> *ISO New England, Inc.*, 138 FERC ¶ 61,238, at P 17 (2012) (internal quotation marks omitted) (citing *New England Conf. of Pub. Utils. Commrs. v. Bangor Hydro-Electric Co.*, 135 FERC ¶ 61,140, at P 27 (2011) (citing *Wall v. Kholi*, 131 S. Ct. 1278 (2011))).

**IV. RULE 206 REQUIREMENTS****A. Rule 206(b)(1): Clearly identify the action or inaction which is alleged to violate applicable statutory standards or regulatory requirements**

As discussed above in Section III, the MISO Tariff is unjust and unreasonable to the extent that the *pro forma* FCA contained therein does not permit an Affected System Operator to elect to self-fund Network Upgrades, and the Commission should exercise its authority under section 206 of the FPA to direct MISO to revise the Tariff to add a provision to its *pro forma* FCA to permit an Affected System Operator to self-fund such Network Upgrades.

**B. Rule 206(b)(2): Explain how the action or inaction violates applicable statutory standards or regulatory requirements.**

The legal bases for this Complaint are set forth in detail in Section III above.

**C. Rule 206(b)(3): Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the complainant.**

MISO unjustly deprives Otter Tail and other Affected System Operators under the MISO Tariff the ability to elect to self-fund Network Upgrades under MISO's *pro forma* FCA in a way comparable to the self-funding opportunity present in MISO's *pro forma* GIA. Both Affected System Operators and directly connected Transmission Owners are Transmission Owners under the MISO Tariff and should therefore be afforded the same rights.

**D. Rule 206(b)(4): Make a good faith effort to quantify the financial impact or burden (if any) created for the complainant as a result of the action or inaction.**

Although it would be difficult to quantify the exact costs of there not being a self-funding option under MISO's *pro forma* FCA, the cost impact includes the opportunity cost of being forced to use Option 2 funding rather than self-funding, including the

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inability to pay for Network Upgrade costs up front and recover a return of and return on such up front payments from the interconnecting generator. Otter Tail has recently been denied the opportunity to self-fund Network Upgrades under a MISO FCA, and anticipates seeking to use a self-funding mechanism again in the near future.

**E. Rule 206(b)(5): Indicate the practical, operational, or other nonfinancial impacts imposed as a result of the action or inaction, including, where applicable, the environmental, safety or reliability impacts of the action or inaction.**

The practical impact imposed as a result of MISO's failure to revise the *pro forma* FCA is that the Tariff provides an Affected System Operator fewer rights, namely it deprives them of the right to self-fund Network Upgrades, than it provides a directly connected Transmission Owner. This inconsistency is underscored by the fact that an Affected System Operator and directly connected Transmission Owner are both Transmission Owners under the Tariff and the Network Upgrades required for each are equally necessary to accommodate an Interconnection Customer's request. The lack of self-funding availability could impede future Network Upgrades from being undertaken, completed, or completed in a timely fashion. For example, it is possible to envision a scenario in which an Interconnection Customer must forego or delay interconnection because it does not have the financial resources to fund all the necessary Network Upgrades up front and, because some of the Network Upgrades are on the system of an Affected System Operator, the Transmission Owner that is an Affected System Operator has no choice but to require the Interconnection Customer to provide the up front funding.

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- F. Rule 206(b)(6): State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the complainant is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum**

The only issue presented in this Complaint – whether the *pro forma* FCA found in the Tariff should be revised to permit an Affected System Operator to elect to self-fund Network Upgrades – is not pending in another proceeding.

- G. Rule 206(b)(7): State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief.**

Otter Tail requests that the Commission use its authority under section 206 of the FPA to direct MISO to revise the Tariff to include a provision in the *pro forma* FCA that permits an Affected System Operator to self-fund Network Upgrades.

- H. Rule 206(b)(8): Include all documents that support the facts in the complaint in possession of, or otherwise attainable by, the complainant, including, but not limited to, contracts and affidavits.**

All relevant documents are included in the attachments and exhibits to this Complaint.

- I. Rule 206(b)(9)(i): State whether the Enforcement Hotline, Dispute Resolution Service, tariff-based dispute resolution mechanisms, or other informal dispute resolution procedures were used, or why these procedures were not used.**

Otter Tail has worked with MISO on this issue for a number of years, and though MISO has expressed an interest in revising its *pro forma* FCA as requested here, it has yet to make the Tariff revision of its own accord. In light of this, Otter Tail believes this Complaint presents the most appropriate avenue for resolving this issue and is necessary to protect its rights. Otter Tail has not reported this issue to the Enforcement Hotline or the Commission's dispute resolution service.

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- J. Rule 206(b)(10): Include a form of notice of the complaint suitable for publication in the Federal Register in accordance with the specifications in § 385.203(d) of this part.**

A form of notice is attached hereto.

- K. Rule 206(b)(11): Explain with respect to requests for Fast Track processing pursuant to section 385.206(h), why the standard process will not be adequate for expeditiously resolving the complaint.**

Otter Tail requests fast-track processing of this Complaint. Expeditious resolution of the issues presented herein is critical because, in the near future, there are expected to be several indirect interconnections between new generation sources and the Otter Tail Transmission System. Accordingly, Otter Tail asks the Commission to grant fast-track processing for this Complaint to the extent necessary so that Otter Tail will be permitted to elect to self-fund the Network Upgrades associated with these interconnections on the same comparable basis as if Otter Tail was the Transmission Owner being directly interconnected with.

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## V. COMMUNICATIONS

All correspondence and other communications regarding this Complaint should be directed to:<sup>61</sup>

Jennifer O. Smestad  
General Counsel  
Otter Tail Power Company  
25 S. Cascade Street  
Fergus Falls, MN 56538  
(218) 739-8892 (phone)  
(218) 998-3165 (fax)  
jsmestad@otpc.com

Wendy B. Warren  
Victoria M. Lauterbach  
Brett K. White  
Wright & Talisman, P.C.  
1200 G Street, N.W.  
Suite 600  
Washington, D.C. 20005  
Telephone: (202) 393-1200  
Fax: (202) 393-1240  
warren@wrightlaw.com  
lauterbach@wrightlaw.com  
white@wrightlaw.com

## VI. CONCLUSION

For the foregoing reasons, the Commission should grant the Complaint in its entirety and order MISO to revise the Tariff to include a provision in the *pro forma* FCA that permits an Affected System Operator to self-fund Network Upgrades using the proposed language provided herein.

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<sup>61</sup> To the extent necessary, Otter Tail respectfully requests waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.203(b), to permit all of the persons listed to be placed on the official service list for this proceeding.

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Respectfully submitted,

/s/ Wendy B. Warren  
Wendy B. Warren  
Victoria Lauterbach  
Brett K. White  
WRIGHT & TALISMAN, P.C.  
1200 G Street, N.W., Suite 600  
Washington, D.C. 20005-3802  
Telephone: (202) 393-1200  
Fax: (202) 393-1240  
warren@wrightlaw.com  
lauterbach@wrightlaw.com  
white@wrightlaw.com

*Attorneys for  
Otter Tail Power Company*

January 12, 2015

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## **Exhibit No. Otter Tail-1**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Otter Tail Power Company ) Docket No. EL15-\_\_ -\_\_

**AFFIDAVIT OF  
DEAN PAWLOWSKI**

**I. INTRODUCTION**

1. My name is Dean Pawlowski. I am a Principal Engineer with Otter Tail Power Company (“Otter Tail”). My business address is 215 South Cascade, Fergus Falls, MN 56537. I received a Bachelor of Science degree in Mechanical Engineering (“BSME”) from the University of North Dakota in 1991. I also received a Masters Degree in Business Administration from North Dakota State University in 2006.

2. I have been employed at Otter Tail for over twenty-three years and held various positions, including serving as a Results Engineer, Project Manager, and Capital Budget Specialist. I currently serve as a Principal Engineer, and my current role entails negotiating interconnection agreements with entities that would like to interconnect to Otter Tail’s electrical system.

3. I was hired by Otter Tail Power Company immediately after receiving my BSME in May of 1991 as a Results Engineer at the Big Stone Plant in Big Stone City, SD. This position entailed monitoring the performance of the plant and implementing projects to improve its performance. In November 1998, I became a Plant Engineer at the Hoot Lake Plant in Fergus Fall, Minnesota. In October of 2001, I transferred to Otter Tail’s General Office to work as a Development Engineer. Responsibilities in that role included researching Otter Tail’s future generation options. In October of 2002, I took on the position of Capital Budget Specialist, which entailed assisting Otter Tail in reviewing and prioritizing the use of the company’s capital funds. In 2003, I was the project manager for a project to install the underground collector system for three wind farms in North Dakota and South Dakota. In July of 2005, I became Project Manager of Otter Tail’s Big Stone Transmission project. In January 2010, I assumed my current role as Principal Engineer.

4. The purpose of my affidavit is to describe how Otter Tail responds when its transmission system (the “Otter Tail Transmission System”) is indirectly affected by an interconnection request between a new generator and another utility transmission system within the Midcontinent Independent System Operator, Inc. (“MISO”) footprint, and to explain the many similarities between that scenario and how Otter Tail responds when it receives a new generator’s request to directly interconnect with the Otter Tail

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System. Interconnections over the next several years could include several such indirect and direct interconnections between new generation resources (mostly wind) and the Otter Tail Transmission System. The types of Network Upgrades Otter Tail must install to facilitate the integration of such resources are similar and being made for similar reasons, regardless of whether a generator directly or indirectly connects with the Otter Tail Transmission System. Other transmission owners in MISO, such as Otter Tail's neighbor Northern States Power Company ("NSP"), also are experiencing similar direct and indirect transmission impacts and responding with Network Upgrades. For this reason, and as described in more detail below, there exists no technical or engineering reason to treat differently Network Upgrades made in response to indirect impacts from generator interconnections and Network Upgrades made in response to direct generator interconnections.

5. Under the MISO tariff, direct interconnections between generators and transmission systems are governed by generator interconnection agreements ("GIAs") between the generator, the transmission owner of the system with which the generator will directly interconnect, and MISO, while Network Upgrades that need to be made on other transmission systems due to the indirect impacts of those generator interconnections are governed by facilities construction agreements ("FCAs") between the generator, a transmission owner that will be indirectly impacted by the generator's interconnection, and MISO. MISO's *pro forma* FCA is based on its *pro forma* GIA. Although the *pro forma* GIA includes an option for the directly affected transmission owner to self-fund needed transmission Network Upgrades, the *pro forma* FCA that the indirectly affected transmission owner is party to for the same interconnection is silent on the matter, neither providing for nor prohibiting it.

6. Network Upgrades required to integrate directly connected and indirectly impactful generator interconnections are often quite similar, and are made for similar reasons. Looking at the MISO queue for generation interconnection, there are 42 upcoming projects amounting to 3,710 MW requesting interconnection within Minnesota, North Dakota, and South Dakota. With this many projects in the queue, it is clear that Otter Tail and its neighboring transmission systems are rapidly confronting the need to fund and construct both direct and indirect Network Upgrades for new generation. In each case, Otter Tail must conduct the same types of facilities studies, complete similar engineering and procurement tasks, complete similar types of Network Upgrades, and pay for similar services and materials in order to complete each Network Upgrade. Otter Tail contemplates that, because of the inconsistency between the *pro forma* GIA and *pro forma* FCA regarding the self-funding of Network Upgrades, Otter Tail will experience future situations that are similar to the one it currently faces in Docket Nos. ER14-2464-000, et al., where the Interconnection Customer is challenging Otter Tail's decision to self-fund the necessary Network Upgrades.

7. As a transmission owner and operator, Otter Tail does not prioritize Network Upgrades for direct interconnections over those needed to respond to indirect impacts. Rather, Otter Tail responds to the need for Network Upgrades as it enters into project agreements with interconnection customers. For example, in the case of Otter

Tail's work to complete Network Upgrades necessary to account for indirect impacts to the Otter Tail Transmission System as a result of Border Winds Energy, LLC's interconnection with NSP, Otter Tail continues to make steady progress toward the completion of all necessary Network Upgrades for that interconnection despite current regulatory uncertainty regarding whether the Commission will permit Otter Tail to self-fund the Network Upgrades under an FCA. As shown by the fact that Otter Tail's interconnection upgrade process responds to upgrade needs as they arise without regard to whether they relate to a direct or indirect interconnection, and responds to those needs in a similar fashion, Otter Tail treats direct and indirect interconnection impacts and their attendant Network Upgrade needs in a comparable manner.

8. Nonetheless, the MISO *pro forma* GIA and FCA treat upgrades made for direct and indirect interconnection customers differently. This fails to reflect the similarity of the upgrades called for by the two agreements. For example, the MISO transmission system is so well integrated in Minnesota, North Dakota, and South Dakota that a transmission line sometimes has more than one owner. If one of these transmission owners is a party to a GIA and the other to an FCA in order to provide Network Upgrades on the commonly-owned line to accommodate a single interconnection request, both transmission owners are similarly situated in terms of the Network Upgrades they may need to provide, and there is no reason to treat them differently. As such, the MISO tariff should provide all Transmission Owners with the option to self-fund Network Upgrades, regardless of whether the Network Upgrades are a result of a direct or indirect interconnection.

9. In conclusion, and for the reasons stated above, I attest that there exists no technical or engineering reason to treat differently Network Upgrades made in response to indirect impacts from generator interconnections and upgrades made in response to direct generator interconnections. Thus, transmission owners should have the option to self-fund upgrades made in response to indirect impacts of adjacent generator interconnections to the same extent as they may self-fund upgrades made in response to direct interconnections.

10. This concludes my affidavit.

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

Otter Tail Power Company ) Docket No. EL15-\_\_\_\_-\_\_\_\_

**Affidavit of Dean Pawlowski**

Dean Pawlowski, being first duly sworn, deposes and says that he has read the foregoing Affidavit of Dean Pawlowski, that he is familiar with the contents thereof, and that the matters and things set forth therein are true and correct to the best of his knowledge, information, and belief.



Dean Pawlowski

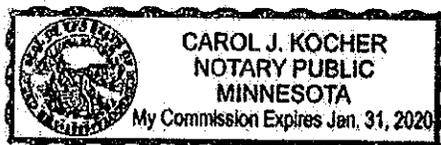
Sworn to and subscribed before me this 12th day of January, 2015.



*CAROL J. KOCHER*

(Print Name)

Notary Public



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UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Otter Tail Power Company	)	
Complainant,	)	
	)	
v.	)	Docket No. EL15-___-000
	)	
Midcontinent Independent System	)	
Operator, Inc.	)	
Respondent.	)	

NOTICE OF COMPLAINT

(                    )

Take notice that on January \_\_\_, 2015, Otter Tail Power Company (“Otter Tail”) filed a formal complaint against the Midcontinent Independent System Operator, Inc. (“MISO”) pursuant to sections 206 of the Federal Power Act alleging that the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff is unjust and unreasonable to the extent that the *pro forma* Facilities Construction Agreement (“FCA”) contained therein does not permit an Affected System Operator to elect to self-fund Network Upgrades. Otter Tail requests that the Commission direct MISO to revise the *pro forma* FCA to include a provision that permits an Affected System Operator to self-fund Network Upgrades.

Otter Tail certifies that copies of the Complaint were served on the contacts for MISO as listed on the Commission’s list of Corporate Officials.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure, (18 C.F.R. 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. The Respondent’s answer and all interventions, or protests must be filed on or before the comment date. The Respondent’s answer, motions to intervene, and protests must be served on the Complainants.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the “eFiling” link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington,

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D.C. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 pm Eastern Time on (insert date).

Kimberly D. Bose  
Secretary

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 12th day of January, 2015, I caused a copy of the foregoing document to be served electronically on the Respondent, Midcontinent Independent System Operator, Inc., to the individuals listed on the Commission's Corporate Officials List, which are listed below.

Stephen G. Kozey  
Vice President & General Counsel  
Midcontinent Independent System Operator, Inc.  
P.O. Box 4202  
Carmel, IN 46082-4202  
Telephone: 317-249-5431  
Fax: 317-249-5912  
Email: skozey@midwestiso.org

Lori A. Spence  
Deputy General Counsel  
Midcontinent Independent System Operator, Inc.  
P.O. Box 4202  
Carmel, IN 46082-4202  
Telephone: 317-249-5442  
Fax: 317-249-5912  
Email: lspence@midwestiso.org

Dated at Washington, D.C., this 12th day of January, 2015.

/s/ Brett K. White  
Brett K. White  
WRIGHT & TALISMAN, P.C.  
1200 G Street, N.W., Suite 600  
Washington, DC 20005-3802

*Attorney for  
Otter Tail Power Company*

Document Content(s)

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**Appendix 10 – June 18, 2015 Order on OTP Self-Fund Complaint (Docket Nos. ER15-36-000, EL15-68-000)**

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151 FERC ¶ 61,220  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Philip D. Moeller, Cheryl A. LaFleur,  
Tony Clark, and Colette D. Honorable.

Midcontinent Independent System Operator, Inc. Docket Nos. ER14-2464-002

Otter Tail Power Company EL15-36-000

v.

Midcontinent Independent System Operator, Inc.

Midcontinent Independent System Operator, Inc. EL15-68-000  
(not consolidated)

ORDER DENYING REHEARING, GRANTING IN PART AND DENYING IN PART  
COMPLAINT, AND INSTITUTING SECTION 206 PROCEEDING

(Issued June 18, 2015)

1. On December 12, 2014, in Docket Nos. ER14-2464-000 and ER14-2464-001, the Commission issued an order conditionally accepting an unexecuted non-conforming Facilities Construction Agreement (FCA) among Border Winds Energy, LLC (Border Winds) as interconnection customer; Otter Tail Power Company (Otter Tail) as transmission owner; and Midcontinent Independent System Operator, Inc. (MISO) as transmission provider (Border Winds FCA), subject to the removal of provisions that deviate from MISO's *pro forma* FCA.<sup>1</sup> On January 12, 2015, in Docket No. ER14-2464-002, MISO and Otter Tail each filed a request for rehearing of the Border Winds FCA Order. In this order, we deny the requests for rehearing.

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<sup>1</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 149 FERC ¶ 61,224 (2014) (Border Winds FCA Order).

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2. On January 12, 2015, in Docket No. EL15-36-000, Otter Tail filed a complaint, pursuant to sections 206 and 306 of the Federal Power Act (FPA),<sup>2</sup> alleging that MISO's Open Access Transmission, Energy and Operating Reserve Markets Tariff (Tariff) is unjust and unreasonable to the extent that the *pro forma* FCA contained therein does not permit an affected system operator the same right to elect to provide the initial funding for network upgrades that is given to directly-connected transmission owners under MISO's *pro forma* Generator Interconnection Agreement (GIA).<sup>3</sup> In this order, we grant in part and deny in part Otter Tail's complaint. We also find that MISO's *pro forma* GIA may similarly be unjust, unreasonable, unduly discriminatory or preferential because it provides opportunities for undue discrimination and for increasing costs to interconnection customers where there is no increase in service, given that interconnection customers within MISO are held responsible for network upgrade costs and do not receive credits that reimburse them for those costs. Accordingly, we institute a proceeding to examine MISO's *pro forma* FCA, GIA, and Multi-Party Facilities Construction Agreement (MPFCA) pursuant to section 206 of the FPA in Docket No. EL15-68-000, as discussed more fully below.

### **I. Background**

3. MISO's *pro forma* GIA governs the network upgrades constructed for the interconnection customer by the transmission owner with which it directly interconnects. In October 2009, the Commission accepted MISO's proposal for cost responsibility for network upgrades as set forth in revised Attachment FF of its Tariff.<sup>4</sup> As such, under the existing Tariff, an interconnection customer is responsible for 100 percent of network upgrade costs, with a possible 10 percent reimbursement for projects that are 345 kV and

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<sup>2</sup> 16 U.S.C. §§ 824e, 825e (2012).

<sup>3</sup> Otter Tail January 12, 2015 Complaint and Request for Fast-Track Processing, Docket No. EL15-36-000, at 1 (filed Jan. 12, 2015) (Otter Tail Complaint).

<sup>4</sup> Attachment FF (Transmission Planning Expansion Protocol) of the MISO Tariff describes the process to be used by MISO to develop the MISO Transmission Expansion Plan, which facilitates the expansion of and/or modification to MISO's transmission system.

Docket No. ER14-2464-002, *et al.*

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above.<sup>5</sup> This is referred to herein as MISO's Interconnection Customer Funding Policy. At that time, MISO's Tariff provided three alternatives for funding the costs of network upgrades for generator interconnections. Attachment FF of the Tariff described two of these alternatives (Option 1 and Option 2), which were incorporated into MISO's *pro forma* GIA by reference, while Article 11.3 in MISO's *pro forma* GIA<sup>6</sup> contemplated a third.

4. Under Option 1: (1) the interconnection customer provided up-front funding for network upgrades; (2) the transmission owner provided a 100 percent refund of the cost of network upgrades to the interconnection customer upon completion of the network upgrades; and (3) the transmission owner assessed the interconnection customer a monthly network upgrade charge to recover the cost of the non-reimbursable portion of the network upgrade costs over time and based on a formula contained in Attachment GG<sup>7</sup> of the MISO Tariff. The charge was established through a separate facilities service agreement (FSA).

5. Under Option 2: (1) the interconnection customer provides up-front funding for network upgrades and (2) the transmission owner refunds the reimbursable portion of the payment, as applicable, to the interconnection customer in the form of a credit to reduce the transmission service charges incurred by the transmission customer with no further financial obligations on the interconnection customer for the cost of upgrades.

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<sup>5</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,060, at P 8 (2009). The Commission allows flexibility as to the specifics of interconnection pricing policies for transmission providers that are independent entities, and MISO's proposal was accepted by the Commission as an independent entity variation from the Commission-approved *pro forma* Large Generator Interconnection Agreement (LGIA). *Id.* P 50.

<sup>6</sup> MISO's *pro forma* GIA is located in Appendix 6 to Attachment X of the MISO Tariff (Generator Interconnection Procedures).

<sup>7</sup> Attachment GG (Network Upgrade Charge) of the MISO Tariff includes in the calculation of the network upgrade charge a return on capital investment, income taxes, depreciation expense, operating and maintenance expense (O&M), administrative and general expense, and other direct and indirect costs.

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6. Under a third alternative set forth in Article 11.3 of MISO's *pro forma* GIA, the transmission owner can unilaterally elect to provide the up-front funding for the capital cost of the network upgrades.<sup>8</sup> MISO's existing *pro forma* GIA at Article 11.3 reads as follows:

Transmission Owner shall provide Transmission Provider and Interconnection Customer with written notice pursuant to Article 15 if Transmission Owner elects to fund the capital for the Network Upgrades and Transmission Owner's System Protection Facilities; otherwise, such facilities, if any, shall be solely funded by Interconnection Customer.

The transmission owner could unilaterally elect any of the three options to fund the costs of network upgrades for generator interconnections.

7. On October 20, 2011, the Commission responded to a complaint filed in March 2011 by ordering the removal of Option 1 from MISO's Attachment FF, finding that this option increased the costs directly assigned to the interconnection customer with no corresponding increase in service compared to other funding options.<sup>9</sup> The Commission found that it was unjust and unreasonable to require an interconnection customer to provide up-front funding for network upgrades and then permit the transmission owner to

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<sup>8</sup> This option was originally identified in Order No. 2003. *See Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 720 (2003) (Order No. 2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160, at PP 618, 658 (Order No. 2003-A), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005) (Order No. 2003-C), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. 1230 (2008). The option in the *pro forma* LGIA established by Order No. 2003 differs from the option in MISO's Tariff. Specifically, under Article 11.3 of the Order No. 2003 *pro forma* LGIA, a transmission owner electing to initially fund network upgrades would provide the up-front funding for the capital cost of the network upgrades, and then recover the costs of the network upgrades through its transmission rates charged to *all* transmission customers. In contrast, in MISO, a transmission owner electing to initially fund network upgrades would assign the non-reimbursable portion of the costs of the network upgrades directly to the interconnection customer through a network upgrade charge, and would not provide credits to reimburse the interconnection customer for projects under 345 kV.

<sup>9</sup> *E.ON Climate & Renewables North America, LLC v. Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,076, at P 34 (2011) (*E.ON*), *order on reh'g*, 142 FERC ¶ 61,048, at P 34 (2013).

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repay the amount and charge the interconnection customer for the transmission owner's capital costs and income tax allowance.<sup>10</sup> The Commission also found that leaving the election of Option 1 to the sole discretion of a transmission owner "creates unacceptable opportunities for undue discrimination by affording a transmission owner the discretion to increase the costs of interconnection service by assigning both increased capital costs, as well as non-capital costs . . . to particular interconnecting generators, but not others."<sup>11</sup> The Commission noted that a third option (described below) was still available under MISO's *pro forma* GIA as an alternative to Option 2.<sup>12</sup>

8. In 2013, the Commission was presented for the first time with MISO's implementation of the transmission owner's election under Article 11.3 of MISO's *pro forma* GIA to initially fund network upgrades whose costs are directly assigned to the interconnecting customer under MISO's Interconnection Customer Funding Policy.<sup>13</sup> In *Hoopeston*, the Commission found that it is just and reasonable and not unduly discriminatory for the transmission owner electing to initially fund network upgrades under MISO's *pro forma* GIA to recover the capital costs for network upgrades through a network upgrade charge assessed to the interconnection customer, established using the formula in Attachment GG and consistent with MISO's Interconnection Customer Funding Policy.<sup>14</sup> However, consistent with its findings in *E.ON*, the Commission found that it is unduly discriminatory for a transmission owner to recover costs other than the return of and on the capital costs of the network upgrades (such as O&M, taxes other than income taxes, and general and common plant costs) from an interconnection customer under this option, because an interconnection customer charged under Option 2 would only be required to pay for the capital costs of the network upgrades. Therefore, the Commission directed MISO to revise the GIA at issue in that case so that the network upgrade charge does not include the recovery of costs other than the return of and on the capital costs of the network upgrades.<sup>15</sup>

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<sup>10</sup> *E.ON*, 137 FERC ¶ 61,076 at P 37.

<sup>11</sup> *Id.* P 38.

<sup>12</sup> *Id.* P 37.

<sup>13</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 145 FERC ¶ 61,111 (2013) (*Hoopeston*), *aff'd on reh'g*, 149 FERC ¶ 61,099 (2014).

<sup>14</sup> *Hoopeston*, 145 FERC ¶ 61,111 at P 41.

<sup>15</sup> Thus, in *Hoopeston*, the Commission sought to make the types of costs to be recovered pursuant to Article 11.3, when the transmission owner elects to initially fund the network upgrades, comparable with the costs recovered under Option 2.

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9. In addition to MISO's *pro forma* GIA, the Commission has also accepted MISO's *pro forma* FCA and *pro forma* MPFCA.<sup>16</sup> The *pro forma* FCA is an agreement for network upgrades on affected systems, or network upgrades constructed for an interconnection customer by a transmission owner other than the transmission owner with which it directly interconnects. This indirectly-connected transmission owner is known as the affected system operator under the FCA. The *pro forma* MPFCA is used when multiple interconnection requests cause the need for construction of common network upgrades (upgrades that are constructed by a transmission owner for more than one interconnection customer) on a directly-connected transmission system or the transmission system of an affected system operator. The *pro forma* FCA and *pro forma* MPFCA are appendices to MISO's generator interconnection procedures and, as with the *pro forma* GIA, these agreements reference MISO's Interconnection Customer Funding Policy and the network upgrade cost recovery provisions in Attachment FF of MISO's Tariff. However, the *pro forma* FCA and the *pro forma* MPFCA do not include the unilateral initial funding option contained in Article 11.3 of MISO's *pro forma* GIA.

## **II. Border Winds Facilities Construction Agreement Proceeding, Docket No. ER14-2464**

### **A. MISO's Filing**

10. On July 18, 2014, as amended on October 14, 2014, MISO, pursuant to section 205 of the FPA,<sup>17</sup> submitted for filing the unexecuted non-conforming Border Winds FCA. MISO stated that the unexecuted Border Winds FCA generally conformed to the *pro forma* FCA, with the exception of non-conforming language in section 3.2.1 that provided Otter Tail (as the affected system operator) with the option to elect to provide the initial funding for the network upgrades.<sup>18</sup> MISO argued that the non-conforming language was just and reasonable because an affected system operator under MISO's *pro forma* FCA is similarly situated to a directly-connected transmission owner under MISO's *pro forma* GIA, and the two entities should have the same rights and obligations regarding funding and recovery options for network upgrades.<sup>19</sup> MISO proposed a mechanism to recover Otter Tail's capital costs for the network upgrades using an annual

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<sup>16</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,301, at P 5 (2009).

<sup>17</sup> 16 U.S.C. § 824d (2012).

<sup>18</sup> MISO Border Winds FCA Filing, Docket No. ER14-2464-000, Transmittal Letter at 2 (filed July 18, 2014) (MISO Border Winds FCA Filing).

<sup>19</sup> *Id.* at 3.

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fixed charge rate of 15.8 percent, based on Otter Tail's currently effective rates set forth in Attachment GG<sup>20</sup> of MISO's Tariff, to derive a network upgrade charge that would be assessed to the interconnection customer over 20 years pursuant to a separate FSA.<sup>21</sup> The Border Winds FCA was submitted unexecuted because Border Winds disagreed with the addition of the non-conforming language allowing Otter Tail to elect to initially fund network upgrades.

### B. The Border Winds FCA Order

11. On December 12, 2014, the Commission conditionally accepted the unexecuted Border Winds FCA, to become effective July 19, 2014, as requested, subject to removal of the non-conforming language that would have provided Otter Tail the unilateral right to elect to initially fund the network upgrades and subsequently assess a network upgrade charge.<sup>22</sup> The Commission noted that a transmission provider seeking Commission acceptance of a non-conforming agreement bears a high burden to justify and explain that the non-conforming aspects of the agreement are not merely consistent with or superior to the *pro forma* provisions of the agreement, but that they are necessary.<sup>23</sup> The Commission found that MISO did not assert any specific reliability concerns, novel legal issues, or other unique factors to justify the proposed non-conforming provisions in the Border Winds FCA, as it found that the initial funding option was an issue that was not novel or unique to the Border Winds interconnection.<sup>24</sup> The Commission therefore directed MISO to revise the Border Winds FCA to conform to MISO's *pro forma* FCA and remove provisions from the appendices to the Border Winds FCA that implemented the initial funding option. The Commission also required MISO to report the executed revised Border Winds FCA in its electric quarterly reports and submit an informational filing to notify the Commission of the agreement's execution.<sup>25</sup>

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<sup>20</sup> The formula rate in Attachment GG includes in the calculation of the network upgrade charge a return on capital investment, income taxes, and depreciation expense.

<sup>21</sup> MISO Border Winds FCA Filing, Transmittal Letter at 2.

<sup>22</sup> Border Winds FCA Order, 149 FERC ¶ 61,224 at PP 1, 22.

<sup>23</sup> *Id.* P 24.

<sup>24</sup> *Id.* P 25.

<sup>25</sup> *Id.* P 26.

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Appendix 10  
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12. MISO filed a request for rehearing and clarification of the Border Winds FCA Order in Docket No. ER14-2464-002. Otter Tail filed a request for rehearing of the Border Winds FCA Order, request for stay and interim relief, and request for expedited action and shortened answer period in Docket No. ER14-2464-002.

13. MISO states that the Border Winds FCA Order can be interpreted two ways, either that: (1) the Commission rejected MISO's non-conforming edits as unnecessary, but will permit the initial funding option in the Border Winds FCA because the use of this option is not novel or unique to this particular interconnection (and the Commission would generally permit this option in FCAs); or (2) the Commission rejected the initial funding option.<sup>26</sup> MISO requests that, if the Border Winds FCA Order did reject the initial funding option, the Commission should clarify whether it is rejecting that option for all FCAs, absent a change to the MISO *pro forma* FCA.<sup>27</sup> MISO states that, in the past, the Commission has accepted GIAs with non-conforming deviations and directed MISO to include such non-conforming provisions in the *pro forma* GIA so that they are clearly available to all parties on a transparent basis.<sup>28</sup> MISO claims that the Commission could use the same approach here and accept the proposed non-conforming provisions in this FCA and allow MISO to modify its *pro forma* FCA to ensure that this option is available to all parties on a consistent basis.<sup>29</sup> MISO states that it does not anticipate that parties will execute the Border Winds FCA until they receive the requested clarification.

14. Otter Tail asserts that the Border Winds FCA Order: (1) fails to address whether the comparability principle requires the Commission to allow the transmission owner to elect to initially fund network upgrades under MISO's *pro forma* FCA, just as they are allowed in MISO's *pro forma* GIA; (2) fails to recognize that Otter Tail's particular situation justifies acceptance of the non-conforming FCA; (3) errs by effectively rejecting a proposed non-conforming FCA and ordering the replacement of it with a *pro forma* FCA without instituting a proceeding under FPA section 206; and (4) discriminates

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<sup>26</sup> MISO Request for Rehearing and Clarification, Docket No. ER14-2464-002, at 5-6 (filed Jan. 12, 2015).

<sup>27</sup> *Id.* at 5.

<sup>28</sup> *Id.* at 6 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 116 FERC ¶ 61,306, at PP 4-5 (2006)).

<sup>29</sup> *Id.* at 7.

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against Otter Tail by rejecting the Border Winds FCA, when the Commission has accepted non-conforming FCAs in the past under similar circumstances.<sup>30</sup>

15. Otter Tail states that the principle of comparability requires that similarly situated entities receive similar treatment, and argues that this principle was incorporated into generator interconnection policies through the Order No. 2003 proceedings.<sup>31</sup> Otter Tail states that the Commission explained in Order No. 2003-A that “[w]ith regard to the pricing of Network Upgrades on Affected Systems,’ the Commission’s ‘interconnection pricing policy as it applies to an Affected System Operator that is not independent *should be consistent* with the policy [it] adopt[ed] for the non-independent Transmission Provider.’”<sup>32</sup> Additionally, Otter Tail asserts that neither the Order No. 2003 *pro forma* LGIA nor MISO’s *pro forma* GIA expressly prohibit initial funding by an affected system operator of network upgrades on its transmission system, and further notes that MISO has expressly offered to modify its own *pro forma* FCA to explicitly allow such initial funding.<sup>33</sup> Otter Tail argues that affected system operators are similarly situated to directly-connected transmission owners, and that the Commission erred by failing to accept the non-confirming provision in the Border Winds FCA giving Otter Tail the same right to elect to initially fund network upgrades that is given to transmission owners in MISO’s *pro forma* GIA.<sup>34</sup>

16. Otter Tail contends that it did show that a novel legal issue or other unique factor warrants the acceptance of the non-conforming Border Winds FCA.<sup>35</sup> Otter Tail states that the Border Winds FCA is the first filing where an affected system operator has requested to provide the initial funding for network upgrades necessary to facilitate the generator interconnection, and argues that this presents a novel legal issue of the application of the initial funding option to an FCA, as well as a unique factual

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<sup>30</sup> Otter Tail Request for Rehearing, Docket No. ER14-2464-002, at 1-2 (filed Jan. 12, 2015).

<sup>31</sup> *Id.* at 12-13.

<sup>32</sup> *Id.* at 13 (citing Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 636 (emphasis added)). Otter Tail notes that the reference to “non-independent” refers to vertically-integrated utilities like Otter Tail.

<sup>33</sup> *Id.* at 14.

<sup>34</sup> *Id.* at 13-14.

<sup>35</sup> *Id.* at 15.

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circumstance.<sup>36</sup> Furthermore, Otter Tail argues that the proposed non-conforming provisions are more than merely consistent with or superior to the *pro forma* provisions of MISO's FCA because the comparability principle requires the addition of the initial funding option to the FCA.<sup>37</sup> Otter Tail argues that the Commission has discriminated against Otter Tail by rejecting its non-conforming provisions when, in the past, the Commission has accepted non-conforming provisions when the agreement provides for the transmission owner's election to initially fund upgrades under terms not contemplated in the *pro forma* agreement, and has accepted this option under MISO's *pro forma* GIA.<sup>38</sup> Otter Tail also states that the Commission has accepted non-conforming provisions in a GIA when the agreement requests a type of interconnection not contemplated by a *pro forma* GIA,<sup>39</sup> or the agreement involves a non-jurisdictional municipal utility.<sup>40</sup> Otter Tail argues that the Commission's decision to reject the non-conforming provisions of the Border Winds FCA fails to acknowledge, much less differentiate, the Commission's prior acceptance of non-conforming agreements without novel legal issues or factual circumstances.<sup>41</sup>

17. Otter Tail claims that the Commission does not have the authority to reject a proposed non-conforming FCA and order it to be replaced with a *pro forma* FCA without instituting an FPA section 206 proceeding.<sup>42</sup> Otter Tail explains that the courts have made clear that the Commission bears the burden under section 206 of the FPA whenever

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<sup>36</sup> *Id.* at 16-17.

<sup>37</sup> *Id.* at 17.

<sup>38</sup> *Id.* at 20-21 (citing *Southern California Edison Co.*, 133 FERC ¶ 61,200, at P 35 (2010); *Southern California Edison Co.*, 133 FERC ¶ 61,019, at PP 5, 37 (2010); *Southern California Edison Co.*, 132 FERC ¶ 61,150, at P 30 (2010)).

<sup>39</sup> *Id.* at 16 (citing *New York Indep. Sys. Operator, Inc.*, 139 FERC ¶ 61,180, at P 9 (2012); *New York Indep. Sys. Operator, Inc.*, 135 FERC ¶ 61,264, at P 14 (2011); *Southwest Power Pool, Inc.*, 134 FERC ¶ 61,224, at P 12 (2011)).

<sup>40</sup> *Id.* (citing *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,073, at P 10 (2014); *Midwest Indep. Transmission Sys. Operator, Inc.*, 131 FERC ¶ 61,199, at P 6 (2010)).

<sup>41</sup> *Id.* at 21 (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 120 FERC ¶ 61,066, at P 35 (2007) (*Endeavor*)).

<sup>42</sup> *Id.* at 18.

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it moves beyond rejection of a proposed rate to the task of redesigning it,<sup>43</sup> and argues that the Commission went beyond rejecting proposed modifications to the MISO *pro forma* FCA when it imposed its own rates by ordering the use of the *pro forma* FCA. Otter Tail argues that directing MISO to secure an executed FCA is out of MISO's control and is tantamount to taking away from MISO, Otter Tail, and Border Winds the liberty of contract, and amounts to dictating redesign of the FCA rather than allowing for MISO to remove the rejected language and proceed with an alternate route for moving forward with the Border Winds FCA.<sup>44</sup> Otter Tail states that if the Commission does not grant rehearing it should allow MISO, Otter Tail, and Border Winds to attempt to negotiate an executed *pro forma* FCA, or, in the alternative, file an unexecuted *pro forma* FCA. Further, Otter Tail claims that in the past, when the Commission has rejected a non-conforming interconnection agreement, it has allowed parties to refile a new FCA rather than forcing them to execute an agreement.<sup>45</sup>

18. Otter Tail requests a stay of the Border Winds FCA Order and other interim relief as may be necessary to ensure that the Border Winds FCA as filed is in effect from July 18, 2014 until the Commission accepts the agreement on rehearing or a replacement agreement is finalized.<sup>46</sup> Otter Tail explains that the stay is necessary to work through several practical issues that would affect the schedule for construction of the network upgrades that are the subject of the Border Winds FCA, which include: (1) how to compensate Otter Tail for its funding of the project to date; (2) how and when to transition to Option 2-style funding; and (3) how to address its financial exposure in the event that the Border Winds FCA is terminated while the effect of the Border Winds FCA Order is uncertain.<sup>47</sup> Otter Tail requests a shortened answer period of five days for its request for stay and interim relief.<sup>48</sup>

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<sup>43</sup> *Id.* (citing *Wisconsin Pub. Serv. Corp.*, 120 FERC ¶ 61,269, at P 91 (2007); *W. Res. v. FERC*, 9 F.3d 1568, 1579 (D.C. Cir. 1993); *Atl. City Elec. Co. v. FERC*, 295 F.3d, 1, 10 (D.C. Cir. 2002)).

<sup>44</sup> *Id.* at 19.

<sup>45</sup> *Id.* at 19-20 (citing *Endeavor*, 120 FERC ¶ 61,066 at P 35).

<sup>46</sup> *Id.* at 22-23.

<sup>47</sup> *Id.* at 22.

<sup>48</sup> *Id.* at 23.

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19. Border Winds and the American Wind Energy Association (AWEA) filed answers to the requests for rehearing in Docket No. ER14-2464-002.

#### D. Discussion

##### 1. Procedural Issues

20. Rule 713(d)(1) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.713(d)(1) (2014), prohibits an answer to a request for rehearing. Therefore, we reject the answers of Border Winds and AWEA.

##### 2. Substantive Issues

21. In response to MISO's request for clarification, we clarify that, in the Border Winds FCA Order, the Commission rejected the use of the initial funding option in the Border Winds FCA; MISO is required to remove the non-conforming language from the agreement and revise the agreement to conform to MISO's *pro forma* FCA. Thus, the revised Border Winds FCA will not provide Otter Tail with the option to elect to provide the initial funding for network upgrades, consistent with MISO's *pro forma* FCA. We further clarify that this holding is specific to the Border Winds FCA.

22. We deny the requests for rehearing of the Border Winds FCA Order. As noted in the Border Winds FCA Order, although the Commission has encouraged the use of *pro forma* agreements because a *pro forma* agreement minimizes opportunities for undue discrimination,<sup>49</sup> the Commission recognizes that agreements that do not conform to *pro forma* agreements may be necessary in situations with specific reliability concerns, novel legal issues, or other unique factors. The Commission has stated that a transmission provider seeking Commission acceptance of a non-conforming agreement bears a high burden to justify that the non-conforming aspects of the agreement are not merely "consistent with or superior to" a *pro forma* agreement, but are in fact *necessary*.<sup>50</sup>

23. We find that MISO's proposed non-conforming deviations merely reflect Otter Tail's preference to elect to initially fund network upgrades, an option that is not available to Otter Tail under MISO's *pro forma* FCA. MISO and Otter Tail did not show that this particular interconnection, or the network upgrades necessary to facilitate the interconnection, involves any unique factual or technical characteristics, novel legal

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<sup>49</sup> Border Winds FCA Order, 149 FERC ¶ 61,224 at PP 23-24 (citing Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at PP 11, 12).

<sup>50</sup> *Id.* P 24 (citing *PJM Interconnection, L.L.C.*, 111 FERC ¶ 61,163 (2005)).

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issues, or particular reliability concerns that would distinguish this interconnection from others and require deviations from the *pro forma* FCA. Although Otter Tail asserts that the non-conforming provisions are superior to the *pro forma* FCA from Otter Tail's perspective, Otter Tail does not meet the high burden to justify its proposed deviations as necessary. Border Winds, the interconnection customer that is obligated to pay for network upgrades under MISO's Interconnection Customer Funding Policy, opposed the addition of the non-conforming language, which provides evidence that the non-conforming deviations were not in fact necessary for this interconnection and distinguishes the Border Winds FCA proceeding from the other proceedings cited to by the parties. Otter Tail has not demonstrated how the underlying interconnection requires a cost recovery mechanism other than that which is provided in the *pro forma* FCA.<sup>51</sup> Because the Border Winds FCA did not meet the Commission's standard for deviations from a *pro forma* agreement, we affirm the Commission's rejection of these non-conforming deviations from MISO's *pro forma* FCA.<sup>52</sup>

24. We disagree with Otter Tail's assertion that the Commission erred in failing to address its comparability argument and that the comparability principle requires acceptance of the Border Winds FCA. The issue in the Border Winds FCA Order was whether MISO's proposed deviations from the *pro forma* FCA met the Commission's standards for non-conforming deviations. The Commission properly found that MISO and Otter Tail did not meet their high burden to justify the non-conforming language proposed in the Border Winds FCA. The issue of comparability does not present a novel legal issue or unique circumstance specific to this interconnection; rather, the addition of the initial funding option to the Border Winds FCA would confer benefits specifically and solely to Otter Tail.<sup>53</sup> MISO and Otter Tail failed to show that the non-conforming

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<sup>51</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 141 FERC ¶ 61,203, at P 13 (2012) (finding that the filing parties did not demonstrate how the location of the interconnection underlying an FCA requires a non-conforming cost recovery mechanism).

<sup>52</sup> We also disagree with Otter Tail's assertion that the Commission failed to acknowledge and follow its prior precedent accepting non-conforming provisions. Otter Tail Request for Rehearing at 16, 20-21. Each case presents different factual circumstances, and in those cases, unlike here, the parties met their burden to show that there were unique circumstances of the interconnection that required non-conforming provisions.

<sup>53</sup> A novel legal issue might exist, for example, where a *pro forma* agreement would be inconsistent with state law. See *Southwest Power Pool*, 146 FERC ¶ 61,073, at PP 8-10 (2014); *Midwest Indep. Sys. Operator, Inc.*, 131 FERC ¶ 61,199, at P 6 (2010).

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provision is necessary to reflect extraordinary circumstances associated with this interconnection. If affected system operators should be afforded the same option available to transmission owners under MISO's *pro forma* GIA, these benefits should be made available to all affected system operators in a transparent, non-discriminatory manner so that MISO cannot favor Otter Tail over other affected system operators in an unduly discriminatory manner.<sup>54</sup>

25. Moreover, we deny MISO's suggestion to accept the proposed non-conforming provisions in the Border Winds FCA and allow MISO to modify its *pro forma* FCA to ensure that this option is available to all parties, as that suggestion would have us apply non-conforming language in an unexecuted FCA over the objection of the interconnection customer, and then apply that same non-conforming language to all interconnection customers in MISO FCAs, without any process for the impacted customers. We note that, in the cases where the Commission conditioned acceptance of non-conforming provisions on MISO filing changes to the *pro forma* agreement, the non-conforming provisions provided additional service opportunities that would not otherwise be available, and they did not harm or adversely impact any customers.<sup>55</sup> We affirm the Commission's conditional acceptance of the non-conforming Border Winds FCA, subject to MISO filing a revised Border Winds FCA that retains the provisions of the *pro forma* FCA, consistent with Commission precedent.<sup>56</sup>

26. We disagree with Otter Tail's assertion here that the Commission must institute a proceeding under section 206 of the FPA, because, Otter Tail argues, in rejecting the non-conforming Border Winds FCA and imposing the *pro forma* FCA language, the Commission was actually redesigning a rate. Otter Tail's argument, if accepted, would undercut the purpose of a *pro forma* agreement. MISO's *pro forma* FCA serves as a way to minimize undue discrimination and eliminate the need for parties to negotiate the individual terms of each agreement. As the Commission has stated, if parties want to negotiate provisions that deviate from the *pro forma* agreement, that agreement must be filed for Commission approval under section 205 of the FPA, and the transmission provider bears the high burden to justify that the non-conforming provisions are

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<sup>54</sup> See *MidAmerican Energy Co.*, 116 FERC ¶ 61,018, at P 12 (2006); *Midwest Indep. Transmission Sys. Operator, Inc.*, 115 FERC ¶ 61,257, at PP 23-24 (2006).

<sup>55</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 116 FERC ¶ 61,009 (2006).

<sup>56</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 141 FERC ¶ 61,203, at P 16 (2012) (conditionally accepting a non-conforming FCA, subject to MISO filing a revised FCA that retains the provisions of the *pro forma* FCA); *Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,223, at P 15 (2011).

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necessary due to specific reliability concerns, novel legal issues, or other unique factors.<sup>57</sup> The Commission determined in the Border Winds FCA Order that MISO did not meet this burden because it did not show that the non-conforming provisions of the Border Winds FCA were necessary; therefore, the Commission ordered MISO to revise the Border Winds FCA to conform to MISO's *pro forma* FCA.<sup>58</sup> Thus, the Commission did not redesign any rate or impose a new rate, but only required the Border Winds FCA to remain consistent with MISO's Commission-approved *pro forma* Tariff language. Furthermore, we disagree with Otter Tail's argument that the Commission is denying the parties to the Border Winds FCA the liberty to contract. The agreement was filed unexecuted because the interconnection customer determined that negotiations were at impasse regarding inclusion of the non-conforming language. Because the Commission found that Otter Tail did not justify the inclusion of the non-conforming language, there is no longer any obstruction to executing the FCA once it is revised to apply the standard funding mechanism, consistent with MISO's *pro forma* FCA.

27. We deny Otter Tail's request for a stay and interim relief. In order to ensure finality in Commission proceedings, the Commission typically does not stay its orders.<sup>59</sup> When evaluating a request for stay of an order, the Commission considers: (1) whether the moving party will suffer irreparable injury without a stay; (2) whether issuing a stay

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<sup>57</sup> See *PJM Interconnection, LLC*, 111 FERC ¶ 61,163 (2005).

<sup>58</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 149 FERC ¶ 61,224, at PP 24-26 (2014). The Commission has in several prior cases made similar determinations rejecting non-conforming agreements and imposing the *pro forma* language. See, e.g., *Southwest Power Pool, Inc.*, 132 FERC ¶ 61,159 (2010) (rejecting a non-conforming meter agent agreement and directing the transmission provider to revise the agreement to conform to the *pro forma* meter agent agreement); *MidAmerican Energy Co.*, 116 FERC ¶ 61,018 (2006) (rejecting non-conforming deviations including stylistic changes, clarifying phrases, and modifications to insurance provisions; rejecting deviations that were requested by the customer; and rejecting deviations that the customer asserted were necessary to reflect the positions of the parties); *Midwest Indep. Transmission Sys. Operator, Inc.*, 111 FERC ¶ 61,421 (2005) (rejecting deviations to correct mistakes in the *pro forma* agreement); *PJM Interconnection, LLC*, 111 FERC ¶ 61,163 (2005) (rejecting a one-sided indemnification provision and changes corresponding to a cancelled agreement).

<sup>59</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 111 FERC ¶ 61,142, at PP 17-18 (2005).

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will substantially harm other parties; and (3) whether a stay is in the public interest.<sup>60</sup> Moreover, the Commission has found that irreparable injury must be more than unfavorable circumstances, loss or loss of profits.<sup>61</sup> Otter Tail has not met the burden to show that it will suffer irreparable injury without a stay and that a stay is in the public interest. As affirmed, the Border Winds FCA Order rejects the proposed initial funding option in the Border Winds FCA, and as a result, the parties should be in a position as if Border Winds funded the upgrades from the start. Thus, there is no question as to when to transition to Option 2 funding, and there remains no uncertainty as to the effect of the Border Winds FCA Order. Furthermore, Border Winds has provided a source for the payment for the network upgrades associated with the Border Winds FCA in the form of security posted in a cash-funded escrow account on July 17, 2014.<sup>62</sup>

### III. Otter Tail Complaint Proceeding, Docket No. EL15-36-000

#### A. Otter Tail Complaint

28. On January 12, 2015, Otter Tail filed a complaint, pursuant to sections 206 and 306 of the FPA,<sup>63</sup> alleging that MISO's Tariff is unjust and unreasonable to the extent that the *pro forma* FCA contained therein does not permit an affected system operator to elect to provide the initial funding for network upgrades, a right which is provided to directly-connected transmission owners under MISO's *pro forma* GIA.<sup>64</sup> Otter Tail requests that the Commission direct MISO to revise the Tariff to include a provision in the *pro forma* FCA that permits an affected system operator to elect to initially fund network upgrades. Otter Tail also requests fast-track processing of the complaint to allow Otter Tail to elect to initially fund the network upgrades associated with upcoming indirect interconnections between new generation sources and the Otter Tail transmission system.<sup>65</sup>

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<sup>60</sup> See, e.g., *Ameren Servs. Co.*, 127 FERC ¶ 61,121, at P 44 (2009); *Town of Norwood v. National Grid*, 115 FERC ¶ 61,396 (2006).

<sup>61</sup> *Olympic Pipe Line Co.*, 102 FERC ¶ 61,055, at P 17 (2003).

<sup>62</sup> MISO Border Winds FCA Filing, Tab B, Appendix A to the FCA, Table 1.

<sup>63</sup> 16 U.S.C. §§ 824e, 825e (2012).

<sup>64</sup> Otter Tail Complaint at 1.

<sup>65</sup> *Id.* at 1, 23.

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29. Otter Tail argues that there is no meaningful distinction between an affected system operator under an FCA and a transmission owner under a GIA, because an affected system operator is simply a transmission owner that is not directly connected to the interconnection customer. Otter Tail claims that the Commission's principle of comparability, which requires that similarly situated parties be treated equally, requires that affected system operators and directly-connected transmission owners be afforded the same rights under the MISO Tariff.<sup>66</sup> Otter Tail states that "the cornerstone of the Commission's comparability principle is section 205(b) of the FPA, which prohibits undue discrimination,"<sup>67</sup> and that the Commission has stated that the protection against undue discrimination prohibits the dissimilar treatment of similarly situated entities.<sup>68</sup>

30. Otter Tail states that the Commission has recognized since Order No. 2003 that affected system operators and directly connected transmission owners perform similar functions and are equally necessary to the interconnection process.<sup>69</sup> Otter Tail references Order No. 2003 to support its position. Specifically, Otter Tail cites to Order 2003-A, where the Commission stated: "[w]ith regard to the pricing of Network Upgrades on Affected Systems, the Commission concludes . . . that our interconnection pricing policy as it applies to an Affected System Operator that is not independent should be consistent with the policy we adopt for the non-independent Transmission Provider."<sup>70</sup> Otter Tail also references Order No. 2003-C, where the Commission noted its policy of "treating a non-independent Affected System Operator the same as a non-independent Transmission Provider because both have the same incentive to frustrate the development of new, competitive generation."<sup>71</sup>

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<sup>66</sup> *Id.* at 10 (citing *Southern California Elec. & Gas Co.*, 143 FERC ¶ 61,058, at P 48 (2013) ("The comparability principle requires public utility transmission providers . . . to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers . . . comparably in transmission system planning."), *order on reh'g*, 147 FERC ¶ 61,126 (2014); *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,161, at P 63 (2009)).

<sup>67</sup> *Id.* (quoting 16 U.S.C. § 824d(b) (2012)).

<sup>68</sup> *Id.* at 10-11 (citing *Western Grid Dev. LLC*, 133 FERC ¶ 61,029, at P 17 (2010)).

<sup>69</sup> *Id.* at 2.

<sup>70</sup> *Id.* at 11-12 (quoting Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 636).

<sup>71</sup> *Id.* at 12 (quoting Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 at P 13).

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31. Otter Tail submitted with its complaint the affidavit of Mr. Dean Pawlowski, which Otter Tail argues demonstrates that there is no technical or engineering reason to treat network upgrades made in response to direct generator interconnections any differently than network upgrades made in response to indirect impacts from generator interconnections.<sup>72</sup> Otter Tail states that the Pawlowski Affidavit illustrates that, when funding and constructing network upgrades to facilitate the integration of new generation sources to its transmission system, regardless of whether a generator directly or indirectly connects with the transmission system, Otter Tail must conduct the same facilities studies, complete similar engineering and procurement tasks, and pay for similar services and materials.<sup>73</sup> The Pawlowski Affidavit explains that Otter Tail does not prioritize network upgrades for direct interconnections over those needed to respond to indirect impacts.<sup>74</sup> Otter Tail thus argues that it treats and responds to direct and indirect interconnection impacts and their attendant system upgrade needs in a non-discriminatory manner.<sup>75</sup>

32. Otter Tail argues that, consistent with Commission precedent, an affected system operator should be able to elect to initially fund network upgrades and recover capital costs for those upgrades through a network upgrade charge established using the formula in Attachment GG of the Tariff. Otter Tail cites *Hoopeston*, where the Commission determined that it is just and reasonable for a transmission owner under a GIA to elect to initially fund necessary network upgrades and recover from the interconnection customer a return of and on the capital costs of the network upgrades.<sup>76</sup> Otter Tail states that the Commission noted in *Hoopeston* that the transmission owner's decision to initially fund network upgrades was consistent with Orders Nos. 2003 and 2003-A.<sup>77</sup> Otter Tail also cites a case in which an executed GIA allowing a transmission owner to elect to initially fund network upgrades was accepted under delegated authority.<sup>78</sup>

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<sup>72</sup> *Id.* at 14 (citing Ex. No. Otter Tail-1 at ¶ 10) (Pawlowski Affidavit).

<sup>73</sup> *Id.* at 15 (citing Pawlowski Affidavit at ¶ 6).

<sup>74</sup> *Id.* at 15-16 (citing Pawlowski Affidavit at ¶ 7).

<sup>75</sup> *Id.* at 16 (citing Pawlowski Affidavit at ¶ 7).

<sup>76</sup> *Id.* at 13 (citing *Hoopeston*, 145 FERC ¶ 61,111 at P 41).

<sup>77</sup> *Id.* (citing Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 720).

<sup>78</sup> *Id.* (citing *Midwest Indep. Transmission Sys. Operator, Inc.*, Docket No. ER13-125-000, at 1 (Dec. 12, 2012) (delegated letter order)).

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33. Otter Tail states that Article 11.3 of MISO's *pro forma* GIA expressly permits a transmission owner to elect to provide the initial funding for network upgrades,<sup>79</sup> and therefore, to ensure that an affected system operator and a transmission owner are treated comparably, Otter Tail requests that section 3.2.1 of MISO's *pro forma* FCA be revised as follows:

Costs. Interconnection Customer shall pay to the Transmission Owner costs (including taxes and financing costs) associated with seeking and obtaining all necessary approvals and of designing, engineering, constructing, and testing the Network Upgrades and System Protection Facilities, as identified in Appendix A, in accordance with the cost recovery method provided herein, *except to the extent that Transmission Owner has elected to self-fund the Network Upgrades and System Protection Facilities as detailed in Appendix A.*<sup>80</sup>

Otter Tail also notes that it may be necessary to make additional revisions to the FSA contained in Appendix A of the *pro forma* FCA to correspond with the aforementioned changes.<sup>81</sup>

34. Otter Tail argues that the cost impact of not having the option to initially fund network upgrades under the *pro forma* FCA includes the opportunity cost of Otter Tail being forced to use Option 2 funding, which in turn includes the inability to fund network upgrades up-front and recover a return of and on such payments from the interconnection customer.<sup>82</sup> Otter Tail also argues that not having the initial funding option could impede future network upgrades from being undertaken or completed in a timely fashion. Otter Tail states that it could envision a scenario in which an interconnection customer must forego or delay interconnection because it does not have the financial resources to fund all the necessary network upgrades up-front and, because some of the network upgrades are on an affected system operator's transmission system, the affected system operator

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<sup>79</sup> *Id.* at 16 (citing MISO Tariff, FERC Electric Tariff, Attachment X (Generator Interconnection Procedures), Appendix 6 (Generator Interconnection Agreement), art. 11.3 (37.0.0)).

<sup>80</sup> *Id.* at 17 (citing MISO Tariff, FERC Electric Tariff, Attachment X (Generator Interconnection Procedures), Appendix 8 (Facilities Construction Agreement), art. 3.2.1 (35.0.0)) (proposed revision in italics).

<sup>81</sup> *Id.*

<sup>82</sup> *Id.* at 20-21.

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would have no choice but to require the interconnection customer to provide the up-front funding.<sup>83</sup>

35. Otter Tail asserts that its complaint is not barred by the doctrine of collateral estoppel, which would prevent parties from reviving issues that were previously decided against them or that should have been presented as part of a prior litigated matter.<sup>84</sup> Otter Tail argues the issue now before the Commission is not the same issue the Commission faced in the Border Winds FCA Order. Otter Tail states that, in its complaint, it asks whether MISO's *pro forma* FCA is unjust and unreasonable to the extent that it does not permit an affected system operator to elect to provide the initial funding for network upgrades on a comparable basis to that of similarly situated transmission owners. Otter Tail states that, in the Border Winds FCA Order, the issue before the Commission was whether MISO had met its burden to justify the proposed non-conforming provisions of the Border Winds FCA, and the Commission did not address whether an affected system operator should be permitted to initially fund network upgrades in MISO.<sup>85</sup> Additionally, Otter Tail argues that its complaint is not a collateral attack on the Border Winds FCA Order because the Commission has never reached a merits decision on whether it is unjust and unreasonable for MISO's *pro forma* FCA not to contain an initial funding option comparable to the one in MISO's *pro forma* GIA.<sup>86</sup> Otter Tail also notes that the doctrine of *res judicata*, or claim preclusion, is also inapplicable to this proceeding because this complaint does not seek to re-litigate the non-conforming FCA that was at issue in the Border Winds FCA Order.<sup>87</sup>

#### **B. Notice and Responsive Pleadings**

36. Notice of the complaint was published in the *Federal Register*, 80 Fed. Reg. 2691 (2015), with answers, protests, and interventions due on or before February 2, 2015. On February 2, 2015, MISO filed an answer to the complaint.

37. International Transmission Company d/b/a ITC*Transmission*, Michigan Electric Transmission Company, LLC, and ITC Midwest LLC (collectively, ITC Companies) filed a timely motion to intervene and comments. Exelon Corporation, Calpine

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<sup>83</sup> *Id.* at 21.

<sup>84</sup> *Id.* at 17-18.

<sup>85</sup> *Id.* at 18.

<sup>86</sup> *Id.* at 17, 19.

<sup>87</sup> *Id.* at 19 n.59.

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Corporation, Ameren Services Company, E.ON Climate & Renewables North America LLC, the MISO Transmission Owners,<sup>88</sup> EDF Renewable Energy, Inc., Xcel Energy Services Inc., AWEA, and Wind on the Wires (WOW) filed timely motions to intervene. AWEA and WOW filed a timely protest of the complaint.

38. Although MISO states that it is in general agreement with and does not specifically dispute any of the factual allegations contained in the complaint, MISO contends that the issues presented in the complaint are pending before the Commission in Docket No. ER14-2464-002, and timely resolution can be achieved in that docket.<sup>89</sup> MISO states that it has sought clarification in the aforementioned docket because it believes the Border Winds FCA Order could be read in two ways; one that directed removal of the non-conforming language and rejected the initial funding option, and one that directed removal of the language in question but permitted the initial funding option.<sup>90</sup> MISO asserts that the issues pending on rehearing in Docket No. ER14-2464-

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<sup>88</sup> The MISO Transmission Owners for this proceeding consist of: American Transmission Company LLC; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC; Dairyland Power Cooperative; Duke Energy Business Services, LLC for Duke Energy Indiana, Inc.; East Texas Electric Cooperative; Entergy Arkansas, Inc.; Entergy Louisiana, LLC; Entergy Gulf States Louisiana, L.L.C.; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; Entergy Texas, Inc.; Great River Energy; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Missouri River Energy Services; Montana-Dakota Utilities Co.; Northern Indiana Public Service Company; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Prairie Power Inc.; South Mississippi Electric Power Association; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a Vectren Energy Delivery of Indiana); Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc.

<sup>89</sup> MISO Answer to the Complaint, Docket No. EL15-36-000, at 4 (filed Feb. 2, 2015). MISO asserts in that Rule 206(b)(6) of the Commission's Rules of Practice and Procedure provides that a complaint must: "State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the complainant is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum[.]" *Id.* at 4 n.8 (citing 18 C.F.R. § 385.206(b)(6) (2014)).

<sup>90</sup> *Id.* at 7.

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002 could be resolved, and the complaint mooted, by the Commission accepting the non-conforming edits to the Border Winds FCA and ordering MISO to include such provisions in the *pro forma* FCA in the rehearing proceedings.<sup>91</sup>

39. Although MISO argues that the initial funding option is currently available under its *pro forma* FCA, based on Commission precedent,<sup>92</sup> MISO states that it is amenable to making revisions to its Tariff and *pro forma* FCA to explicitly allow an affected system operator to elect to provide the initial funding for network upgrades.<sup>93</sup> Further, MISO states that it believes that the initial funding option should be available to transmission owners and affected system operators under MISO's *pro forma* MPFCA, FCA, and GIA, as the upgrades contemplated under these agreements are essentially the same. Thus, to the extent that the Commission determines it is appropriate to address the *pro forma* FCA and MPFCA in this complaint proceeding, MISO states it is willing to amend the MISO Tariff to clarify that the initial funding option is available under the MISO *pro forma* MPFCA.<sup>94</sup>

40. ITC Companies support Otter Tail's position that MISO's *pro forma* FCA should be revised to include a provision that allows an affected system operator to provide the initial funding for network upgrades. ITC Companies reference *Hoopeston* to reinforce the point that a transmission owner directly connected to an interconnection customer may elect to initially fund network upgrades.<sup>95</sup> ITC Companies reiterate Otter Tail's argument that the transmission owner and the affected system operator are obligated to perform similar functions and are equally necessary to the interconnection process, and therefore, it is just and reasonable to treat an affected system operator comparably to the directly-connected transmission owner.<sup>96</sup>

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<sup>91</sup> *Id.* at 7-8.

<sup>92</sup> *Id.* at 9 (citing *Hoopeston*, 145 FERC ¶ 61,111 at P 42 n.62; Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 720).

<sup>93</sup> *Id.* at 2.

<sup>94</sup> *Id.* at 3, 8-10.

<sup>95</sup> Motion to Intervene and Comments of the ITC Companies, Docket No. EL15-36-000, at 1, 3 (filed Jan. 30, 2015) (ITC Companies Comments).

<sup>96</sup> *Id.* at 3.

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41. ITC Companies argue that an affected system operator that elects to initially fund network upgrades should not be limited to calculating its revenue requirement for network upgrades pursuant to Attachment GG, but rather should be able to calculate its revenue requirement in any manner that is just and reasonable, given the relevant circumstances of each case. ITC Companies reference a template accepted by the Commission in Docket No. ER15-884-001 as an example of an alternative methodology for calculating the revenue requirement for network upgrades the transmission owner proposes to initially fund.<sup>97</sup> ITC Companies suggest that any proposed revisions to MISO's *pro forma* FCA should provide an affected system operator the flexibility to calculate the revenue requirement for network upgrades in any manner that is just and reasonable, given the circumstances of each case.<sup>98</sup>

42. AWEA and WOW request that the Commission reject the complaint without prejudice or, in the alternative, set the matter for hearing.<sup>99</sup> AWEA and WOW argue that Otter Tail has bypassed MISO's committee and stakeholder process, which they argue is the first step for amending MISO's Tariff to include the initial funding option in its *pro forma* FCA.<sup>100</sup> AWEA and WOW argue that Otter Tail provides no evidence that it raised the present issue in the appropriate MISO committee, or that MISO has thwarted Otter Tail's attempt to do so.<sup>101</sup> AWEA and WOW assert that, if the Commission grants Otter Tail's request for relief, it would signal to industry participants that the committee and stakeholder process can be bypassed whenever a market participant desires, and

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<sup>97</sup> See ITC Holdings Corp., Docket No. ER15-884-001 (May 14, 2015) (unpublished letter order). This FSA implements the initial funding option and establishes a charge to recover the return of and on the costs of the network upgrades, i.e., the monthly revenue requirement, using a formula that calculates a levelized fixed charge rate based on the initial capital cost, the term of the facilities services agreement, and certain data from the ITC Midwest Attachment O Formula Rate under the MISO Tariff, including: (i) the ITC Midwest combined tax rate; (ii) the ITC Midwest interest rate on long term debt; (iii) the long term debt and common equity balances; and (iv) the Commission-approved return on equity for ITC Midwest. See MISO Facilities Service Agreement Filing, Docket No. ER15-884-000, Transmittal Letter at 1-3 (filed Jan. 21, 2015).

<sup>98</sup> ITC Companies Comments at 4.

<sup>99</sup> Protest of the American Wind Energy Association and Wind on the Wires, Docket No. EL15-36-000, at 1 (filed Feb. 2, 2015).

<sup>100</sup> *Id.* at 2-4.

<sup>101</sup> *Id.* at 2.

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would be contrary to the required Commission-approved independent system operator or regional transmission organization business practices and procedures related to the board of directors' responsiveness to customers and other stakeholders.<sup>102</sup>

43. AWEA and WOW argue that the initial funding issue is an issue of first impression and requires adequate opportunity for debate and discussion among affected regional stakeholders to vet costs, benefits, and implications.<sup>103</sup> AWEA and WOW argue that the Commission in Order No. 2003 did not discuss the ability of the transmission owner to provide the initial funding for network upgrades on an affected transmission system that neighbors an interconnecting transmission owner under an FCA, and that it has not discussed in a MISO proceeding before the Commission the initial funding option under the *pro forma* FCA. AWEA and WOW note that the relief Otter Tail seeks is not limited to its system and facilities, but could impact all transmission owners and customers in the region.

44. AWEA and WOW argue that, contrary to Otter Tail's claim that the inability to initially fund network upgrades could impede future network upgrades from being undertaken or completed in a timely manner, no interconnection customer has made such a claim, and numerous FCAs have been executed within MISO with no delays.<sup>104</sup> Further, AWEA and WOW state that if the interconnection customer would prefer the transmission owner to elect to provide the initial funding for network upgrades, this ability should be the choice of the interconnection customer, rather than the prerogative of the transmission owner to impose its costs of capital on the interconnection customer.<sup>105</sup> In response to Otter Tail's request for fast-track processing, which Otter Tail argues is critical to support near future indirect interconnections between new generation sources and its transmission system, AWEA and WOW argue that the current *pro forma* FCA has not caused delays or adversely impacted the interconnection customer's ability to provide its own up-front funding.<sup>106</sup>

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<sup>102</sup> *Id.* at 4-5 (citing 18 C.F.R. § 35.28(g)(6) (2014)).

<sup>103</sup> *Id.* at 5.

<sup>104</sup> *Id.*

<sup>105</sup> *Id.* at 5-6.

<sup>106</sup> *Id.* at 7-8.

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45. AWEA and WOW request that, if the Commission grants the complaint, it should set the matter for hearing, as factual support addressing the costs, benefits and impacts is needed.<sup>107</sup> Furthermore, AWEA and WOW note that, due to the nationwide implication of the revisions to the *pro forma* FCA that Otter Tail is seeking, the Commission should consider allowing industry-wide comment.

### C. Discussion

#### 1. Procedural Matters

46. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

#### 2. Substantive Matters

##### a. The Transmission Owner's Election to Provide Initial Funding for Network Upgrades

47. We grant Otter Tail's complaint in part because we agree with Otter Tail, ITC Companies, and MISO that the customers of an affected system operator under MISO's *pro forma* FCA or MPFCA and the customers of a directly-connected transmission owner under MISO's *pro forma* GIA are similarly situated, and the comparability principle requires similarly situated customers to be treated comparably in the transmission system planning context.<sup>108</sup> In Order No. 2003, the Commission recognized that affected system operators and directly-connected transmission owners perform similar functions and are equally necessary to the interconnection process. For instance, the Commission recognized that in some instances, "Network Upgrades must be constructed on Affected Systems to protect the reliability of those systems," and stated that "an Affected System Operator may require the Interconnection Customer to pay for all . . . Network Upgrades constructed to accommodate the Interconnection Customer's Interconnection Request."<sup>109</sup>

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<sup>107</sup> *Id.* at 8.

<sup>108</sup> See, e.g., *South Carolina Elec. & Gas Co.*, 143 FERC ¶ 61,058 at P 48; see also *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,161 at P 63.

<sup>109</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 29 n.32 and P 738. In Order No. 2003-A, the Commission stated that, with respect to the pricing of network upgrades on affected system, the Commission's "pricing policy as it applies to an Affected System Operator that is not independent should be consistent with the policy [adopted] for the non-independent Transmission Provider." Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 at P 636. The term "transmission provider" as it is used here also

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We are also persuaded by the affidavit submitted with Otter Tail's complaint, which demonstrates that the funding and construction obligations are equal whether the connection of a new generator is direct or indirect, and that both affected system operators and directly-connected transmission owners must conduct the same types of studies, complete similar engineering tasks, and pay for similar types of services in order to complete their respective network upgrades, which are built for the same purpose of interconnecting generation to the transmission system. Therefore, in order to avoid undue discrimination among interconnection customers under MISO's Tariff, we find that the same funding options should be available to all interconnection customers in MISO, regardless of whether their upgrades are governed pursuant to MISO's *pro forma* GIA or MISO's *pro forma* FCA.

48. However, we deny Otter Tail's complaint in part because we disagree with Otter Tail and MISO that the *pro forma* FCA should adopt the language of MISO's *pro forma* GIA, which currently allows the transmission owner to unilaterally elect to provide the initial funding for network upgrades. Upon review of Article 11.3 of MISO's *pro forma* GIA, it appears that this provision may be similarly unjust, unreasonable, unduly discriminatory or preferential because it allows the transmission owner the discretion to elect to initially fund the upgrades and subsequently assess the interconnection customer a network upgrade charge that is not later reimbursed to the interconnection customer through the provision of credits, which may result in discriminatory treatment by the transmission owner of different interconnection customers. We additionally find that, by *unilaterally* electing to initially fund network upgrades where the interconnection customer is held responsible for such costs and does not receive credits to reimburse it for those costs, pursuant to MISO's Interconnection Customer Funding Policy, the affected system operator or transmission owner may deprive the interconnection customer of other options to finance the cost of the network upgrades that provide more favorable terms and rates. Thus, allowing the transmission owner to charge more for upgrade costs than the interconnection customer may have incurred on its own may result in unjust and unreasonable rates, given interconnection customers' limited ability to receive transmission credits for funding upgrades under MISO's Interconnection Customer Funding Policy.

49. The unilateral election to initially fund network upgrades in MISO's *pro forma* GIA also triggers the requirement for the interconnection customer to post security on the full cost of the network upgrades over the term of the construction phase and over the

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refers to a transmission owner because, in the context of an independent system operator or regional transmission organization, the individual utilities continue to own their own systems and are therefore transmission owners.

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term of the FSA,<sup>110</sup> which, under Option 2, is only required over the term of the construction phase of the network upgrades. Yet the need for security is a direct result of the transmission owner's election of the initial funding option; such costs would be avoided if the interconnection customer paid the network upgrade costs up-front, as the Tariff would otherwise provide. The security requirement on the network upgrade charge imposes an additional cost on the interconnection customer. An increase to the interconnection customer's total costs of the network upgrades may, in turn, frustrate the development of new, competitive generation, which would contradict a stated purpose of Order No. 2003 to "increas[e] the number and variety of new generation that will compete in the wholesale electricity market."<sup>111</sup> We note that the *unilateral* election to initially fund network upgrades (where the interconnection customer is held responsible for such costs and does not receive credits to reimburse it for those costs, pursuant to MISO's Interconnection Customer Funding Policy), which may increase costs of interconnection service by assigning increased capital costs and a security requirement to the interconnection customer with no corresponding increase in service, shares similar characteristics to those of Option 1, which the Commission eliminated in *E.ON*.<sup>112</sup>

50. In its complaint, Otter Tail argues that the lack of a unilateral option to initially fund network upgrades would harm Otter Tail (as an affected system operator) through the cost impact of being forced to use Option 2 customer funding.<sup>113</sup> This argument implies that the affected system operator is owed the interconnection customer's financing business and need not allow the interconnection customer to choose freely how to fund the costs of network upgrades for which the interconnection customer is responsible. Furthermore, as the costs for network upgrades under 345 kV in MISO are the responsibility of the interconnection customer under MISO's Interconnection Customer Funding Policy,<sup>114</sup> it stands to reason that the interconnection customer would have the incentive to find the lowest cost solution to funding network upgrades associated

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<sup>110</sup> The amount of security provided in the FSA is theoretically reduced ratably by the depreciated portion of the network upgrade charge rate, which is also called the return of capital.

<sup>111</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at P 1.

<sup>112</sup> *E.ON*, 137 FERC ¶ 61,076 at P 37 (finding that "the election of Option 1 by a transmission owner increases the costs that are directly assigned to the interconnection customer, but there is no difference in the interconnection service provided.").

<sup>113</sup> Otter Tail Complaint at 21.

<sup>114</sup> The interconnection customer may receive 10 percent reimbursement for the costs of projects that are 345 kV or above.

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with its interconnection requests, and therefore the transmission owner should not have control over the interconnection customer's funding decision. Additionally, Otter Tail would not be forced to use Option 2 if the option to initially fund network upgrades is allowed under mutual agreement between the transmission owner and the interconnection customer, as the option to initially fund would still be available to the transmission owner if the interconnection customer is in agreement. We are also not persuaded by Otter Tail's assertion that the possibility of an interconnection customer lacking the means to fund the network upgrades is grounds to provide the transmission owner with the unilateral right to elect the initial funding option in MISO. Otter Tail has not provided any evidence of this scenario occurring in MISO, let alone demonstrated that individual instances where that could occur warrant conferring a unilateral right to transmission owners for all generator interconnections in MISO, given interconnection customers' limited ability to receive transmission credits for funding upgrades under MISO's Interconnection Customer Funding Policy.

51. We disagree with Otter Tail's assertion that *Hoopeston* provides support for applying the unilateral initial funding option to MISO's *pro forma* FCA. In *Hoopeston*, the Commission did not consider whether the *unilateral* aspect of the initial funding option in Article 11.3 of MISO's *pro forma* GIA was just and reasonable, and no party challenged the Tariff language. Rather, the Commission was presented for the first time with the issue of how MISO's Interconnection Customer Funding Policy should be implemented under the initial funding option, as it was written into MISO's *pro forma* GIA. The Commission implemented the existing Tariff language and found it unduly discriminatory for a transmission owner to recover costs other than the return of and on the capital costs of the network upgrades from an interconnection customer under the initial funding option, because an interconnection customer charged under Option 2 would only be required to pay for the capital costs of the network upgrades.<sup>115</sup>

52. By contrast, in this complaint proceeding, Otter Tail alleges that the existing Tariff is unjust, unreasonable and unduly discriminatory and seeks to revise that Tariff under FPA section 206 to extend the unilateral initial funding election in MISO's *pro forma* GIA to MISO's *pro forma* FCA. We now consider the justness and reasonableness of the unilateral initial funding language in MISO's *pro forma* GIA, and we find that, because there is the possibility for an increase in costs presented by a transmission owner's unilateral election to provide initial funding as compared with Option 2, and yet there is no increase in interconnection service provided, such unilateral election may be contrary to *E.ON*, and may otherwise be unjust and unreasonable for the reasons discussed above.

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<sup>115</sup> *Hoopeston*, 145 FERC ¶ 61,111 at P 41.

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53. We have examined Article 11.3 of MISO's *pro forma* GIA and it appears that this provision may be unjust, unreasonable, unduly discriminatory or preferential in light of the opportunities for undue discrimination and for increasing costs where there is no increase in service, given that interconnection customers are held responsible for network upgrade costs and do not receive credits that reimburse them for those costs under MISO's Interconnection Customer Funding Policy, as discussed above. Accordingly, we reject Otter Tail's request to revise the *pro forma* FCA to include the language that is currently available in Article 11.3 of MISO's *pro forma* GIA and institute a proceeding in Docket No. EL15-68-000, pursuant to section 206 of the FPA, to examine MISO's *pro forma* FCA, GIA, and MPFCA. Upon initial review, we find that the potentially unjust and unreasonable Tariff language could be remedied by revising MISO's Tariff to provide that the transmission owner or affected system operator may only elect to provide the initial funding for network upgrades if the interconnection customer agrees to such election; otherwise, the interconnection customer must fund the network upgrades associated with its interconnection request through other means. Specifically, MISO could revise Article 11.3 of its *pro forma* GIA to remove the ability for a transmission owner to unilaterally elect to initially fund network upgrades, as follows:

Transmission Owner shall provide Transmission Provider and Interconnection Customer with written notice pursuant to Article 15 ~~that~~ Transmission Owner elects to fund the capital for the Network Upgrades and Transmission Owner's System Protection Facilities, which election shall only be available upon mutual agreement of Interconnection Customer and Transmission Owner; otherwise, such facilities, if any, shall be solely funded by Interconnection Customer.

As we have determined that the customers of an affected system operator under MISO's *pro forma* FCA or an affected system operator under MISO's *pro forma* MPFCA must be treated similarly to the customers of a directly-connected transmission owner under MISO's *pro forma* GIA, MISO would also include the initial funding language above in its *pro forma* FCA and *pro forma* MPFCA, revising as necessary to reflect the proper terminology for each *pro forma* agreement.

54. The Commission requires MISO, within 60 days of the date of publication of notice of the Commission's initiation of Docket No. EL15-68-000, either to (1) report whether it will propose Tariff changes as suggested by the Commission, providing that the transmission owner or affected system operator may only elect to provide the initial funding for network upgrades if the interconnection customer agrees to such election, or (2) explain why such changes are not necessary to address the potential that MISO transmission owners may exercise their discretion to increase the network upgrade costs that are directly assigned to interconnection customers under MISO's Interconnection Customer Funding Policy.