



# QBR Follow Up

## Concerning the Network revenue requirement: Changes in Segmented Transmission Revenue Requirements from BP-14 Initial Proposal to Final Proposal

- There were no changes to the O&M expenses from IPR;
- Transmission Acquisition & Ancillary Services expense primarily reflects the Gen Inputs settlement with updates to other inter-business unit expenses from Power's final proposal;
- Depreciation reflects updates from the final Segmentation Study (FY 2012 plant investment) and revised plant forecast resulting from IPR2;
- Net interest reflects updated actual borrowings, revised borrowing forecast from IPR2 capital reductions, new interest rate forecast and updated AFUDC;
- Planned Net Revenue reflects non-cash changes (depreciation and the recalculation of LGIA revenues) – principal payments, both Federal and non-Federal, did not change from the initial proposal;
- Application of the use of Transmission reserves to offset expenses was prorated to the segments based on the total revenue requirement in each segment (for Ancillary Services, exclusive of Gen Inputs).

**(\$thousands)**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
		<b>Generation</b>		<b>Southern</b>	<b>Eastern</b>	<b>Utility</b>	<b>DSI</b>	<b>Ancillary</b>
<b>FY 2014</b>	<b>TOTAL</b>	<b>Integration</b>	<b>NETWORK</b>	<b>Intertie</b>	<b>Intertie</b>	<b>Delivery</b>	<b>Delivery</b>	<b>Services</b>
1 Operations & Maintenance	0	0	0	0	0	0	0	0
2 Transmission Acquisition & Ancillary Services	(15,092)	(6)	(323)	(132)	3	78	(5)	(14,708)
3 Depreciation	197	78	(1,744)	(247)	(11)	(13)	(2)	2,135
4 Net Interest Expense	(5,319)	157	(7,263)	214	153	12	11	1,397
5 Planned Net Revenues	3,087	112	2,001	(111)	112	11	10	952
6 Total Transmission Revenue Requirement	(17,128)	343	(7,329)	(275)	256	89	13	(10,224)
<b>FY 2015</b>								
7 Operations & Maintenance	0	0	0	0	0	0	0	0
8 Transmission Acquisition & Ancillary Services	(15,092)	(6)	(323)	(132)	3	78	(5)	(14,708)
9 Depreciation	(5,630)	52	(5,212)	(756)	(27)	(36)	(12)	361
10 Net Interest Expense	(7,578)	159	(9,520)	95	148	7	6	1,527
11 Planned Net Revenues	8,061	211	6,163	434	250	56	47	900
12 Total Transmission Revenue Requirement	(20,239)	417	(8,892)	(359)	374	105	37	(11,921)
<b>REDUCTION FROM USE OF TS FINANCIAL RESERVES</b>								
		<b>Generation</b>		<b>Southern</b>	<b>Eastern</b>	<b>Utility</b>	<b>DSI</b>	<b>SCD</b>
<b>FY 2014</b>	<b>TOTAL</b>	<b>Integration</b>	<b>NETWORK</b>	<b>Intertie</b>	<b>Intertie</b>	<b>Delivery</b>	<b>Delivery</b>	<b>Only</b>
13 Application of TS Reserves	(20,000)	(213)	(14,298)	(2,084)	(220)	(139)	(75)	(2,971)
14 Total Transmission Revenue Requirement	(37,128)	129	(21,627)	(2,359)	36	(50)	(61)	(13,196)
<b>FY 2015</b>								
15 Application of TS Reserves	(20,000)	(210)	(14,404)	(2,054)	(216)	(136)	(73)	(2,905)
16 Total Transmission Revenue Requirement	(40,239)	207	(23,296)	(2,413)	158	(32)	(37)	(14,826)