

SCHEDULE 12

Gross Receipts Tax Adder

Each Transmission Customer that does not demonstrate to the Transmission Provider that it is exempt from the charges under this Schedule shall, in addition to the other charges for Transmission Service, pay the charge set forth in this Schedule to recover Gross Receipts Taxes. For ITC Services, see the applicable ITC Rate Schedule. As used herein, Gross Receipts Taxes are charges levied by a taxing authority on a Transmission Owner, ITC, ITC Participant and/or the Transmission Provider (in either case, whether imposed on such entity directly or as a collection agent for liability imposed on an end-use customer) on the basis of such entity's gross revenues attributed to a particular service. A seller's capital gains tax liability may be recovered under certain circumstances as set forth in Schedule 12A of this Tariff.

A Transmission Customer may avoid payment of the charge under this Schedule only to the extent such customer demonstrates to the satisfaction of the Transmission Provider, with appropriate documentation, that such customer is exempt, under state or local law, from liability for the Gross Receipts Tax[es] which would be determined, absent such exemption, to be applicable or attributable to the revenues from service to such customer.

For service to a Transmission Customer for load[s] located within the Transmission Provider Region, (including any ITC System), the charges under this Schedule shall equal the product of: (i) the respective actual published or effective (estimated, if necessary, based on data for the prior tax year) Gross Receipts Tax rate[s] for each of the states, cities, towns, and/or other taxing authorities where such customer's load[s] are located; times (ii) the total amounts billed to the Transmission Customer under this Tariff (including any ITC Rate

Schedule) but (excluding amounts billed under this Schedule 12) attributable or allocable to each such load in each such taxing authority.

For service to a Transmission Customer for load[s] not located in the Transmission Provider Region (including any ITC System), the charges under this Schedule shall equal the product of: (i) the combined weighted average Gross Receipts Tax rate for all rate zones, as calculated by the Transmission Provider; times (ii) the total amounts billed to such Transmission Customer under this Tariff (including any ITC Rate Schedule) but (excluding amounts billed under this Schedule 12) attributable to load not located in the Transmission Provider Region (including any ITC System). The weighting used for purposes of such calculation shall be consistent with the method then in effect for distributing revenues among the Transmission Owners and ITCs for such service.

The Transmission Provider shall post on its OASIS the Gross Receipts Tax rate[s] applied under this Schedule. Transmission Customers shall provide all information reasonably requested by the Transmission Provider to determine the applicability of any Gross Receipts Tax[es] to such customer, regardless of whether such customer seeks an exemption from the charges under this Schedule.