

SCHEDULE 10-FERC

FERC Annual Charges Recovery

I. GENERAL

As a public utility, the Transmission Provider under this Tariff is subject to annual charges assessed by the Commission in accordance with Part 382 of the Commission's regulations. This Schedule 10-FERC recovers the Transmission Provider's obligation to the Commission for its annual charge. The Commission assesses its annual charge (referred to, variously, as "FERC Assessment," "FERC Annual Charge," "Annual FERC Assessment," "[year] FERC Assessment," or "[year] FERC Charge") to the Transmission Provider and other public utilities based on their usage of transmission of electric energy in interstate commerce as reported on FERC Form 582. Accordingly, the charge under this Schedule 10-FERC shall be assessed monthly to the Transmission Provider's Transmission Customers based on their MWh of Transmission Service used in a Month. The assessment will be a rate per MWh derived from a forecast of upcoming Annual FERC Assessment divided by a forecast of the MWh of Transmission Service to be used over the twelve (12) month period of time associated with the upcoming Annual FERC Assessment. The annual rate per MWh shall include a true-up component to account for any difference between the amount owed and the amount collected over the previous twelve (12) month period.

II. COLLECTION OF FERC ANNUAL CHARGE

A. RATE

To determine the monthly Schedule 10-FERC to be billed for a given Transmission Customer's MWh of Transmission Service, the FERC Charge Recovery Rate ("FCRR") shall be

calculated each year in accordance with the following formula:

$$FCRR_t = \frac{EFC_t + (IFC_{pF} - CFC_{pF})}{ETTSP_t}$$

Where:

t = the Effective 12-month period (September – August)

pF = the Previous 12-month period (September – August)

$FCRR_t$ = FERC Charge Recovery Rate for the Effective 12-month period

EFC_t = Estimated FERC Charge for the Effective 12-month period

Represents the estimated costs directly related to FERC Annual Charges for the Effective 12-month period for which $FCRR_t$ is being calculated.

IFC_{pF} = Invoiced FERC Charge from the Previous FERC Fiscal Year

Represents the total amount of FERC Annual Charge invoiced by FERC and paid by the Transmission Provider: (a) for the FERC Fiscal Year preceding the Effective 12-month period for which $FCRR_t$ is being calculated, and (b) the true up for the FERC Fiscal Year preceding the FERC Fiscal Year in subpart (a) above.

CFC_{pF} = Collected FERC Charge from the Previous FERC Fiscal Year

Represents the total amount of FERC Annual Charge collected from to Transmission Customers by the Transmission Provider under this Schedule 10-FERC for the FERC Fiscal Year preceding the Effective 12-month period for which $FCRR_t$ is being calculated.

$ETTSP_t$ = Estimated Total Transmission Service Provided for the Effective 12-month period

Represents the estimated total quantity in MWh of Transmission Service to be

taken by all Transmission Customers for which $FCRR_t$ is being calculated under this Tariff where $ETTSP_t$ shall be equal to the most recent twelve months of historical data, applying a two percent (2%) growth rate and adjusting for any known and measurable variables.

The difference (true up) between the IFC_{pF} and CFC_{pF} charges represents the difference in the invoiced FERC Assessment and the collected FERC Assessment for the previous FERC Fiscal Year, as well as any uncollectible Assessment charges.

B. CHARGES

The Schedule 10-FERC charges to be billed to a given Transmission Customer each Month shall be calculated by multiplying the FERC Charge Recovery Rate (“FCRR”) by the total quantity in MWh of Transmission Service delivered to such Transmission Customer from the Transmission Provider under this Tariff during the specific Month being billed. The charge calculation methodology is shown below:

$$BS10F_{pm} = FCRR_t * TTSP_{pm},$$

Where:

P = Designation for the individual Transmission Customer

m = Designation for the specific Month being billed

$BS10F_{pm}$ = Billed Schedule 10-FERC charge for the individual Transmission Customer for the specific Month being billed.

$FCRR_t$ = FERC Charge Recovery Rate for the Effective 12-month period as calculated in Section II.A. of this Schedule 10-FERC.

$TTSP_{pm}$ = Total Transmission Service (measured in MWh of Transmission Service)

Represents the total quantity in MWh of Transmission Service taken by the individual Transmission Customer under this Tariff during the specific Month being billed.

As the Transmission Provider receives payments from its Transmission Customers for charges under Section II.B of this Schedule 10-FERC, these monies will be deposited as received in a segregated bank account and shall earn interest at the Transmission Provider's overnight bank rate. The interest earned monthly on all funds in this segregated bank account shall be used to reduce the next Month's Schedule 10 billing rate for all Transmission Customers.

III. COLLECTION OF CHARGES FROM WITHDRAWN TRANSMISSION OWNERS

The Transmission Provider shall invoice those Transmission Owners that have withdrawn pursuant to Article V of the ISO Agreement, on behalf of the withdrawn Transmission Owners' transmission customers, any remaining Schedule 10-FERC charges for which funds have not been collected for the period the transmission customers received services from the Transmission Provider. Because the Transmission Provider is invoiced in arrears by FERC, withdrawn Transmission Owners will be invoiced for such Schedule 10-FERC charges pursuant to Section II of this Schedule 10-FERC and Article V of the ISO Agreement after the applicable Transmission Owner has left the Transmission Provider organization.

To calculate the amount due from a withdrawn Transmission Owner on behalf of its transmission customers, the Transmission Provider will use the applicable transmission customers' MWh reported in the appropriate FERC 582 and apply the rate from the Annual FERC Assessment invoice for the applicable period the transmission customers obtained

Transmission Service from the Transmission Provider. The total amount due associated with those transmission customers' respective share of the Annual FERC Assessment is the amount calculated minus a credit for the assessment amounts previously invoiced and collected by the Transmission Provider from the transmission customers prior to the date of the applicable Transmission Owner's withdrawal.

No later than July 31, the Transmission Provider shall deliver to the withdrawn Transmission Owner a written statement setting forth the total amount owed for their respective transmission customers' portion of the Annual FERC Assessment as calculated above. No later than thirty (30) calendar days after delivery to the withdrawn Transmission Owners of the written statements setting forth the total amount owed for their transmission customers' portion of the Annual FERC Assessment, the withdrawn Transmission Owners shall pay on behalf of their transmission customers their applicable portion of the Annual FERC Assessment.

Any controversy, claim or dispute arising out of or in connection with this Annual FERC Assessment or its calculation shall be resolved pursuant to the dispute resolution procedures outlined in Attachment HH of the Tariff.