

Rate Formula Template
Utilizing FERC Form 1 Data
Horizon West Transmission, LLC
(Horizon West)

Projected Annual Transmission Revenue Requirement
For the 12 months ended 12/31/2024

Formula Rate Index

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Formula Rate - Non-Levelized

Line No.		(1)	(2)	(3)
1	GROSS REVENUE REQUIREMENT (line 67)		12 months	\$ 30,263,580
REVENUE CREDITS				
2	Total Revenue Credits	Total	Allocator	
3	True-up Adjustment	-	TP 1.0000	-
		7,120,863	DA 1.00000	7,120,863
4	NET REVENUE REQUIREMENT (line 1 minus line 2 plus line 3)			\$ 37,384,443

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Horizon West Transmission, LLC

Line No.	(1)	(2)	(3)	(4)	(5)	
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)	
	RATE BASE:					
	GROSS PLANT IN SERVICE (Notes M & P)					
5	Transmission	(Attach 2, line 15)	72,749,260	TP	1.0000	72,749,260
6	General & Intangible	(Attach 2, lines 30 & 45)	1,571,619	W/S	1.0000	1,571,619
7	TOTAL GROSS PLANT (sum lines 5-6)	(If line 5>0, GP= line 7, column 5 / line 7, column 3. If line 5=0, GP=0)	74,320,879	GP=	1.0000	74,320,879
	ACCUMULATED DEPRECIATION & AMORTIZATION (Notes M & P)					
9	Transmission	(Attach 2, line 61)	2,946,577	TP	1.0000	2,946,577
10	General & Intangible	(Attach 2, lines 76 & 91)	2,125,043	W/S	1.0000	2,125,043
11	TOTAL ACCUM. DEPRECIATION (sum lines 9-10)		5,071,620			5,071,620
	NET PLANT IN SERVICE					
13	Transmission	(line 5- line 9)	69,802,683			69,802,683
14	General & Intangible	(line 6- line 10)	(553,425)			(553,425)
15	TOTAL NET PLANT (sum lines 13-14)	(If line 13>0, NP= line 15, column 5 / line 15, column 3. If line 15=0, NP=0)	69,249,258	NP=	1.0000	69,249,258
	ADJUSTMENTS TO RATE BASE (Note A)					
17	ADIT	(Attach 6a, line 8, column E)	(7,077,371)	NP	1.0000	(7,077,371)
18	Account No. 255 (enter negative) (Note F)	(Attach 2, line 93)	-	NP	1.0000	-
19	CWIP	(Attach 2, line 125, "Incentive" column)	-	DA	1.0000	-
20	Reserves (enter negative)	(Attach 2, line 127a)	-	DA	1.0000	-
21	Unamortized Regulatory Assets	(Attach 2, line 148) (Note L)	11,076,833	DA	1.0000	11,076,833
22	Unamortized Abandoned Plant	(Attach 2, line 94) (Note K)	-	DA	1.0000	-
23	TOTAL ADJUSTMENTS (sum lines 17-22)		3,999,462			3,999,462
24	LAND HELD FOR FUTURE USE	(Attach 2, line 126a)	2,036,138	TP	1.0000	2,036,138
	WORKING CAPITAL (Note C)					
26	CWC	calculated (1/8 * (line 38 less line 33b))	2,222,800			2,222,800
27	Materials & Supplies (Note B)	(Attach 2, line 146)	-	TP	1.0000	-
28	Prepayments (Account 165 - Note C)	(Attach 2, line 110)	-	GP	1.0000	-
29	TOTAL WORKING CAPITAL (sum lines 26-28)		2,222,800			2,222,800
30	RATE BASE (sum lines 15, 23, 24, & 29)		<u>77,507,658</u>			<u>77,507,658</u>

For the 12 months ended 12/31/2024

Horizon West Transmission, LLC

	(1)	(2)	(3)	(4)	(5)
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)
31	O&M				
32	Transmission	321.112.b & (Note O)	18,294,344	TP	18,294,344
33	Less Accounts 565, 561, 561.1, 561.3, and 561.6 to 561.8,	321.84.b to 92.b, 96.b & 97.b	997,720	TP	997,720
33a	Account 566 excluding Amortization of Regulatory Assets	321.85 less line 33b	-	DA	-
33b	Account 566 Amortization of Regulatory Assets	(Attach 2, line 147)	997,720	DA	997,720
34	A&G	323.197.b	485,775	W/S	485,775
35	Less EPRI & Reg. Comm. Exp. & Other Ad.	(Attach 2, lines 128, 129, 131) (Note D)	-	W/S	-
36	Plus Transmission Related Reg. Comm. Exp.	(Attach 2, line 129) (Note D)	-	W/S	-
37	PBOP expense adjustment	(Attach 2, line 159)	-	W/S	-
38	TOTAL O&M and A&G (sum lines 32, 33a, 33b, 34, 36, 37 less lines 33 & 35)		18,780,119		18,780,119
39	DEPRECIATION EXPENSE (Notes M & P)				
40	Transmission	336.7.b,d&e	1,938,465	TP	1,938,465
41	General and Intangible	336.1.b,d&e + 336.10.b, d&e	274,186	W/S	274,186
42	Amortization of Abandoned Plant	(Attach 2, line 95) (Note K)	-	DA	-
43	TOTAL DEPRECIATION (Sum lines 40-42)		2,212,651		2,212,651
44	TAXES OTHER THAN INCOME TAXES (Note E)				
45	LABOR RELATED				
46	Payroll	263...i (enter FN1 line #)	-	W/S	-
47	Highway and vehicle	263...i (enter FN1 line #)	-	W/S	-
48	PLANT RELATED				
49	Property	263...i (enter FN1 line #)	1,377,304	GP	1,377,304
50	Gross Receipts	263...i (enter FN1 line #)	-	NA	-
51	Other	263...i (enter FN1 line #)	-	GP	-
52	TOTAL OTHER TAXES (sum lines 46-47 and lines 49-51)		1,377,304		1,377,304
53	INCOME TAXES	(Note F)			
54	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		0.2798		
55	$CIT=(T/1-T) * (1-(WCLTD/R)) =$		0.3095		
56	where WCLTD=(line 80) and R=(line 83)				
57	and FIT, SIT & p are as given in footnote F.				
58	$1 / (1 - T) = (T \text{ from line 54})$		1.3886		
59	Amortized Investment Tax Credit (266.8f) (enter negative)		-		
59a	Tax Effect of Permanent Differences, including AFUDC Equity (Attach 12, Line 1, column (b))		243,546		243,546
60	Income Tax Calculation = line 55 * line 64		1,843,182	NA	1,843,182
61	ITC adjustment (line 58 * line 59)		-	NP	-
61a	Permanent Differences Tax Adjustment		94,635		94,635
62	Total Income Taxes	(line 60 plus line 61 plus line 61a)	1,937,817		1,937,817
63	RETURN				
64	[Rate Base (line 30) * Rate of Return (line 83)]		5,955,688	NA	5,955,688
65	Rev Requirement before Incentive Projects (sum lines 38, 43, 52, 62, 64)		30,263,580		30,263,580
66	Return and Income Tax on Incentive Projects	(Attach 4, col. K, line 8) (Note N)	-	DA	-
67	Total Revenue Requirement (sum lines 65 & 66)		30,263,580		30,263,580

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For the 12 months ended 12/31/2024

SUPPORTING CALCULATIONS AND NOTES

68 TRANSMISSION PLANT INCLUDED IN RTO RATES

69	Total transmission plant (line 5, column 3)								72,749,259.98
70	Less transmission plant excluded from CAISO rates (Attach 2, line 132) (Note H)								-
71	Less transmission plant included in OATT Ancillary Services (Attach 2, line 132a) (Note H)								-
72	Transmission plant included in RTO rates (line 69 less lines 70 & 71)								<u>72,749,259.98</u>

73 Percentage of transmission plant included in RTO Rates (line 72 divided by line 69) [If line 69 equal zero, enter 1] TP= 1.0000

74 WAGES & SALARY ALLOCATOR (W&S) (Note I)

	Form 1 Reference	\$	TP	Allocation					
76	Transmission	354.21.b	-	1.00	-				
77	Other	354.24,25,26.b	-	N/A	-				
78	Total (sum lines 76-77) [W&S equals 1 if there are no wages & salaries]		-		-	=	<u>(\$ / Allocation)</u>	=	1.0000 = W/S

79 RETURN (R) (Note J)

	\$	%	Cost	Weighted	
80	Long Term Debt (Note G) (Attach 2, lines 165 & 186)	-	40%	3.91%	0.016 =WCLTD
81	Preferred Stock (Attach 2, lines 167 & 191)	-	-	-	-
82	Common Stock (Attach 2, line 173)	-	60%	10.20%	0.061
83	Total (sum lines 80-82)	-	-	-	<u>0.077 =R</u>

Sum Of Net Transmission Plant, CWIP in Rate Base, Regulatory Asset and Unamortized Abandoned Plant

(a)

84	Net Transmission Plant in Service (Line 13, column 5)	69,802,683
85	CWIP (Line 19, column 5)	-
86	Unamortized Abandoned Plant (Line 22, column 5)	-
87	Regulatory Assets (Line 21, column 5)	11,076,833
88	Sum Of Net Transmission Plant, CWIP in Rate Base, Regulatory Asset and Unamortized Abandoned Plant	<u>80,879,516</u>

89 DA indicates Direct Assignment and is equal to 1

SUPPORTING CALCULATIONS AND NOTES

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General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
Letter

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 158 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.
- B Identified in Form 1 as being only transmission related.
- C Cash Working Capital assigned to transmission is one-eighth of O&M (including A&G) allocated to transmission and Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.
- D Line 35 excludes all Regulatory Commission Expenses itemized at 351.h, all advertising included in Account 930.1 (except safety, education or out-reach related advertising) and all EEI and EPRI dues and expenses. Line 36 reflects all Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized at 351.h.
- E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged 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. Excludes other taxes associated with facilities leased to others that are charged to the lessee.
- F CIT is the currently effective composite 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)).
- | | | | |
|------------------|-------|---------|---|
| Inputs Required: | FIT = | 21.000% | |
| | SIT = | 8.840% | (State Income Tax Rate or Composite SIT from Attach 2) |
| | p = | 0.000% | (percent of federal income tax deductible for state purposes) |
- For each Rate Year (including both Annual Projections and True-Up Adjustments) the statutory income tax rates utilized in the Formula Rate shall reflect the weighted average rates actually in effect during the Rate Year. For example, if the statutory tax rate is 10% from January 1 through June 30, and 5% from July 1 through December 31, such rates would be weighted 181/365 and 184/365, respectively, for a non-leap year.
- G Prior to issuing any debt, the cost of debt will be 1.75%. When third party debt is obtained, the cost of debt is determined using the methodology in Attachment 2.
- H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- I Reserved
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC under FPA Section 205 or 206. Pursuant to the Commission-approved settlement in Docket No. ER15-2239, the base ROE applicable to the Suncrest and Estrella Projects shall not be subject to change until three years after the date on which both of the Suncrest and Estrella Projects are under the operational control of the CAISO.
- K The capital structure shown on lines 80-83 will be 50% equity and 50% debt until project is placed into service. After the project is placed in service, the capital structure on lines 80-83 will reflect the actual capital structure.
- L Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of abandoned plant. Company must submit a Section 205 filing to recover the cost of abandoned plant. Any such filing to recover the cost of an abandoned plant item shall be made no later than 730 days after the date that Company formally declares such plant item abandoned.
- M The regulatory assets will accrue carrying costs equal to the weighted cost of capital on line 83 until the formula rate is effective and the resulting charges are assessed to customers.
- N Any plant leased to others will be removed from Plant In Service and booked to Leased Plant, Account 104. Expenses charged to the lessee will be booked to Account No. 413 and the accumulated depreciation associated with the leased plant shall not be included above on lines 9-11
- O Incentive returns are excluded from lines 5-65, but rather the incremental incentive return is calculated in Col K on Attach 4 and included on line 66.
- P Excludes TRBAA expenses
- P Excludes costs associated with Asset Retirement Obligations (ARO) absent a subsequent filing under FPA Section 205.