1. FERC Form 1 page 302, line 9, shows and ending balances of $6,680,496 associated with the funding of network upgrades. Please provide an explanation as to why this amount is different than the amount shown for the SPP network upgrades revenue requirement of $5,400,433 (see line 124 of Appendix A to the 2015 Update).

*Response: Line 124 of the 2015 Annual Update is based on the investment and expenses for the Regional Upgrades constructed and maintained in 2014 and earlier years. The detailed calculations of each such upgrade are displayed on Pages 3 through 13 of Attachment 12 (ATT-12); and summarized on Page 1 of ATT-12. The $5,400,433 amount in the 2015 Annual Update represents the Annual Revenue Requirement going forward for the next year (which will be reported in the 2015 and 2016 FERC Form 1’s). The revenues displayed on Page 302, line 9 of the 2014 FERC Form 1 represent revenues established in prior years Annual Updates. The 2014 Annual Update (using 2013 FF1 data) derived an Annual Revenue Requirement of $5,851,073 (approximately 5/12 of which was generated in the latter part of 2014). The 2013 Annual Update (using 2012 FF1 data) derived an Annual Revenue Requirement of $6,129,459 (approximately 7/12 of which was generated in the first part of 2014). It should be noted that there is a one month lag in the SPP billing of the SPP Regional Upgrade Revenues; which results in the 7 month/5 month “split” of the “booked” revenues, rather than the expected 6 month/6 month split. We have submitted a request to SPP to explain the additional $650,000 to $700,000 that appears to be credited to this account, and will provide supplemental information to this question as it becomes available.*

*Supplemental Response: The SPP Schedule 11 revenues listed on FF1, Page 302, Line 9 represent two revenues from 2 sources. The primary source is derived from the Schedule 11 NITS revenue requirement calculated on ATT-12 of the TFR Annual Update each year, as described in our initial response. The ACTUAL amount derived from this source in 2014 was $5,923,627 (recorded in EDE Accounts 457.141, 457.149; 457.150 457.151; 457.153; and 457.154), which roughly correlates with the sum of the two partial year amounts expected from Line 124 of the 2014 and 2013 annual updates.*

*A secondary source of SPP Schedule 11 Revenues is associated with the Point-to-Point use of SPP’s system. These are additional revenues received above and beyond the NITS revenues. These revenues are unpredictable from year to year. For 2014, the amount of Schedule 11 Point-To-Point revenues totaled $756,870 (recorded in EDE Account 457.142). Empire concurs that these secondary revenues should be credited back against the gross transmission revenue requirement in the TFR Template.*