

**Rate Formula Template**  
**Using 2022 Projected and Financial Operating Data for Southwest Power Pool Rates**  
**For Rates Effective January 1, 2022**  
**LINCOLN ELECTRIC SYSTEM**



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**Notes**  
**Historic Year Actual Based on Historic Value for 2021**  
**Projected Year Divisor Based on Projected Value for 2021**  
**Historic Year Projected Annual Cost Based on Historic Value for 2021**

Interest rate is Bank Loan Prime Rate (for short-term bank loans)  
 Obtained from : <http://www.federalreserve.gov/releases/H15/data.htm#top>



**Note**  
 CFR 35.19(a) (iii) (A)  
 Refunds will be made using the interest rate described here  
 (iii)(A) At an average prime rate for each calendar quarter on all excessive rates or charges held (including all interest applicable to such rates or charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the *Federal Reserve Bulletin*, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release H. 15), for the fourth, third, and second months preceding the first month of the calendar quarter.

Recovery of under-collections will be based on the following:  
 If the actual costs are greater than the projected costs, there will be an under-collection during the rate year and the interest on the under-collections will be calculated on the basis of LES's actual short-term debt costs, capped at the applicable refund interest rate as provided in 18 C.F.R. § 35.19a.

**Worksheet C - True-Up Calculations**

Line No.	(1) Description	(2) Reference/Note	(3) Total
<b>TRUE-UP CALCULATIONS</b>			
<b>Calculation of Historic Year Divisor True-Up (1)</b>			
1	Historic Year Actual Divisor	Worksheet G1	622,250 KW
2	Historic Year Projected Divisor	Worksheet G1	592,777 KW
3	Difference between Historic & Projected Year Divisors	line 1 minus line 2	29,473 KW
4	Historic Year Projected Annual Cost		\$ 43,98 \$/kW-year
5	<b>Projected Year Divisor True-Up</b>	line 3 x line 4	\$ 1,296,357
<b>Calculation of Historic Year Net ATRR True-Up (2)</b>			
6	Historic Year Actual Net ATRR (i.e., Actual Transmission Cost)	See worksheet D	\$ 33,327,046
7	Historic Year Projected Net ATRR	See worksheet D	\$ 33,019,676
8	<b>Prior Year ATRR True-Up</b>	line 6 minus line 7	\$ 307,369
9	<b>Total Net ATRR True-Up</b>	line 5 + line 8	\$ 1,603,727
<b>Interest on Historic Year True-Up</b>			
		<b>APR</b>	<b>QPR</b>
10	If Historic Actual < Projected, Overcollection	4.804%	1.180%
11	If Historic Actual > Projected, Undercollection	3.969%	0.978%
	<b>Quarter</b>	<b>Levelized True-Up</b>	<b>Interest Charge</b>
12	1	\$ 400,932	\$ 32,458
13	2	\$ 400,932	\$ 28,261
14	3	\$ 400,932	\$ 24,105
15	4	\$ 400,932	\$ 19,989
16	<b>Total</b>		<b>\$ 104,812</b>

**Notes**

- (1) Historic Year Divisor True-Up is computed to account for the difference in volume between projected and actual experience.
- (2) Historic Year Actual and Projected Net ATRR accounts for SPP Transmission Project Revenue Offsets

Computation of ATRR Adjustment  
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For the 12 Months Ended 12/31/2022

Worksheet D - Net ATRR True-Up Calculations

Line No.	FERC Acct.	Description	(1) Reference/Note (1)	(2) Projected Total	(3) Actual Total	(4) Delta (4) - (3)	(5) Allocator	(6) Projected Allocated to Transmission (7) x (6)	(8) Actual Allocated to Transmission (8) x (6)	
<b>Gross Annual Transmission Revenue Requirement (ATRR)</b>										
<b>O&amp;M</b>										
1	560-574	Transmission		\$ 12,947,165	\$ 11,346,152	\$ (1,601,013)	TE	0.75672	\$ 9,797,391	\$ 8,585,871
2	561, 565	Less Accounts 561 & 565		\$ 2,194,428	\$ 3,236,852	\$ 1,042,424		1.00000	\$ 2,194,428	\$ 3,236,852
3	920-932	<b>A&amp;G</b>		\$ 32,781,515	\$ 36,583,797	\$ 3,802,282	W/S	0.18314	\$ 6,003,630	\$ 6,699,983
4		Less FERC Annual Fees		\$ -	\$ -	\$ -	W/S	0.18314	\$ -	\$ -
5	923	Less EPRI & Reg. Comm. Exp. & Non-safety Ad	Note I	\$ 791,069	\$ 872,154	\$ 81,085	W/S	0.18314	\$ 144,877	\$ 159,727
5a		Plus Transmission Related Reg. Comm. Exp.	Note I	\$ -	\$ -	\$ -	TE	0.75672	\$ -	\$ -
6		Common		\$ -	\$ -	\$ -	CE	0.18314	\$ -	\$ -
7		Transmission Lease Payments		\$ -	\$ -	\$ -		1.00000	\$ -	\$ -
8		<b>TOTAL O&amp;M</b>	Sum lines 1, 3, 5a, 6, 7 less 2, 4, 5	\$ 42,743,183	\$ 43,820,943	\$ 1,077,761			\$ 13,461,716	\$ 11,889,275
<b>DEBT SERVICE</b>										
9	427	Debt Service		\$ 50,225,539	\$ 50,225,539	\$ -	NP	0.18314	\$ 9,198,341	\$ 9,198,341
10	428	Amortization of premium or discount		\$ (7,138,707)	\$ (6,535,409)	\$ 603,298	NP	0.18314	\$ (1,307,388)	\$ (1,196,899)
11		<b>TOTAL DEBT SERVICE</b>	Sum lines 9 & 10	\$ 43,086,832	\$ 43,690,130	\$ 603,298			\$ 7,890,953	\$ 8,001,441
<b>TAXES OTHER THAN INCOME TAXES</b>										
<b>LABOR RELATED</b>										
12	926	Payroll	Note K	\$ 3,315,692	\$ 3,870,936	\$ 555,243	W/S	0.18314	\$ 607,238	\$ 708,926
13	185	Highway and vehicle		\$ -	\$ -	\$ -	W/S	0.18314	\$ -	\$ -
14		<b>PLANT RELATED</b>		\$ 423,287	\$ 321,271	\$ (102,016)	GP	0.16349	\$ 69,202	\$ 52,524
15	505	Property		\$ -	\$ -	\$ -		0.00000	\$ -	\$ -
16		Gross Receipts		\$ -	\$ 10,769,856	\$ 10,769,856	GP	0.16349	\$ -	\$ 1,760,745
17		Other		\$ 13,280,917	\$ 12,738,082	\$ (542,835)	GP	0.16349	\$ 2,171,274	\$ 2,082,527
18	408	Payments in lieu of taxes		\$ -	\$ -	\$ -			\$ -	\$ -
19		<b>TOTAL OTHER TAXES</b>	Sum lines 12 through 18	\$ 17,019,896	\$ 27,700,145	\$ 10,680,249			\$ 2,847,714	\$ 4,604,721
21		<b>SUBTOTAL</b>	Sum lines 8, 11, 19						\$ 24,200,384	\$ 24,495,438
22		<b>MARGIN REQUIREMENT</b>	Note M	\$ 50,225,539	\$ 50,225,539	\$ -	GP	0.16349	\$ 8,211,285	\$ 8,211,285
23		<b>RTO Incentive Adder (Order Nos. 679 &amp; 679-A)</b>	Note K, Worksheet K	\$ 608,008	\$ 620,323	\$ 12,316		1.00	\$ 608,008	\$ 620,323
25		<b>Additional Margin on Incentive Plant</b>								
26		Transmission Upgrade Projects	Note J, Worksheet J1 + Worksheet J2	\$ -	\$ -	\$ -		1.00	\$ -	\$ -
26		<b>GROSS REVENUE REQUIREMENT w/o INCENTIVE PLANT</b>							\$ 33,019,676	\$ 33,327,046
27		<b>GROSS REVENUE REQUIREMENT w INCENTIVE PLANT</b>							\$ 33,019,676	\$ 33,327,046
29		<b>Transmission Project Revenue Offset Under Schedule 11</b>								
29		Total Schedule 11 Revenue Offset		Projected \$ -	Actual \$ -	Delta \$ -		1.00	\$ -	\$ -
30		<b>NET ATRR FOLLOWING TRANSMISSION REVENUE OFFSETS w/o INCENTIVE PLANT</b>	Line 26 minus Line 29						\$ 33,019,676	\$ 33,327,046
31		<b>NET ATRR FOLLOWING TRANSMISSION REVENUE OFFSETS w INCENTIVE PLANT</b>	Line 27 minus Line 29						\$ 33,019,676	\$ 33,327,046

Notes

(1) All references made here are to Worksheets and Notes in the Historical Year Template  
 (2) True-up value for calendar year 2020 to be applied to 2022 ATRR.



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**Worksheet K - SPP RTO Incentive Adder**

**True-Up Calculation**

Line No.	Description	Amount	Equity %
<b>Calculate Premium for Joining an RTO</b>			
(Plant based on 2022 data)			
1	Transmission Plant	\$264,008,522	
2	Allocated Share of General	\$47,790,255	
3	Total Plant	\$ 311,798,777	
4	X Equity Ratio	39%	
5	X 50 Basis Point Premium	0.0050	
	Premium \$	\$ 608,008	
<b>Calculate Equity %</b>			
(Based on 2022 filing projections)			
6	Long-term Debt	\$ 685,150,000	61%
7	Equity (Cash or Cash Equivalents)	\$ 432,330,865	39% <span style="background-color: #d9ead3;">See Financial Services</span>
8	Total	\$ 1,117,480,865	

Line No.	Description	Equity %	
<b>Calculate Premium for Joining an RTO</b>			
(Plant based on 2022 data)			
1	Transmission Plant	\$ 251,445,283	
2	Allocated Share of General	\$ 24,253,957	
3	Total Plant	\$ 275,699,240	
4	X Equity Ratio	45%	
5	X 50 Basis Point Premium	0.0050	
	Premium \$	\$ 620,323	
2022 Y.E.	Comm. Paper Notes	\$ 65,500,000	
2022 Y.E.	Total Revenue Bonds	\$ 561,990,000	
2022 Y.E.	Total Debt	\$ 627,490,000	55%
2022 Y.E.	Net Position	\$ 523,194,375	45%
	Total Revenue Bonds	\$ 1,150,684,375	