**2010 Minnesota Power**

**Revised October 5, 2011**

**MISO Attachment O True Calculation**

1. **Annual Transmission Revenue Requirement True Up**

AC System DC System

Historic Year Actual RR $ 29,913,575 $ 15,754,008

Historic Year Projected RR $ 32,028,415 $ 15,985,088

Historic Year True Up $ (2,114,840) $ (231,080)

1. **Divisor True Up**

Historic Year Actual Divisor 1,488,400 500,000

Historic Year Projected Divisor 1,445,500 500,000

Difference in Divisor 42,900 0

Historic Year Projected Annual Cost ($/kw/yr) $ 22.157 $ 31.970

Historic Year Divisor True Up $ 950,549

1. **Summary**

Revenue Requirement True Up $ (2,114,840) $ (231,080)

Divisor True Up $ 950,549 $ 0

Total 2010 True Up Before Interest $ (1,164,291) $ (231,080)

1. **Interest Calculation** $ ( 75,679) $ (15,020)

Minnesota Power Average Prime Interest Rate

Interest for 24 Months (Jan-10 to Dec-11) 3.25% 3.25%

1. **Total True Up (C+D)** $(1,239,970) $ (246,100)

The interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount will be included in the projected costs made available on September 1. If ALLETE has over collected during a given rate year, the interest on the over collection will be calculated in accordance with the Commission’s interest rate for refunds as provided in 18 C.F.R. § 35.19a. If ALLETE has under collected during a given rate year, the interest on the under collection will be calculated based on ALLETE’s actual short term debt cost, capped at the applicable refund interest rate under 18 C.F.R. § 35.19a