**OTP – 2017 True-Up – Review Questions**

1. **AFUDC Workpaper, Project 2221, CWIP Value (Col. G) -** I noticed the CWIP balance builds up to $69M in 8/2017 and then goes to $0 in 9/2017. Did the asset(s) move into service at that point? If so, should I have seen a $69M increase in the Gross Plant in Service (Col. A) value for this Project? The Gross Plant in Service balance stays flat for the year. Let me know what I am missing.

OTP Response: This has been updated and a new AFUCD Workpaper will be submitted.

1. **CWIP Workpaper, Recon to FERC Form 1 at bottom of page -** I was trying to do the same reconciliation to the FF1, P. 216 as you were and came up with the same difference of $7,500,000. Please explain where the $7.5M resides on the FF1, P. 216.

OTP Response: The $7.5M resides on line 9-Total Projects under $1,000,000. Since the error was made in the large projects above, Line 9 is automatically calculated to arrive at the total CWIP balance at the end of 2017 of $132,556,715.

1. **ADIT Workpaper (Page 4a), Account 190, Line 3 -** The $122,447,428 amount does not agree to the balance on FERC Form 1, P. 234.8.c of $103,691,997. Please provide an explanation / reconciliation to the FERC Form 1 value.

OTP Response: With the implementation of the Tax Cut and Jobs Act, OTP moved excess Accumulated Deferred Income Tax related to the drop in the Federal tax rate from 35% to 21% to account 254-Regulatory Liability. The amount moved to account 254-Regulatory Liability was $18,755,431. This amount is listed in the notes at the bottom of Page 234, third line from the bottom.

1. **ADIT Workpaper (Page 4a), Account 282, Line 9 -** The $341,395,727 amount does not agree to the balance on FERC Form 1, P. 275.2.k of $186,474,995. Please provide an explanation / reconciliation to the FERC Form 1 value.

OTP Response: With the implementation of the Tax Cut and Jobs Act, OTP moved excess Accumulated Deferred Income Tax related to the drop in the Federal tax rate from 35% to 21% to account 254-Regulatory Liability. The amount moved to account 254-Regulatory Liability was $154,920,732. This amount is listed in the Footnote Data second line from the bottom.

1. **ADIT Workpaper (Page 4a), Account 283, Line 15 -** The $26,445,899 amount does not agree to the balance on FERC Form 1, P. 276.9.k of $14,753,611. Please provide an explanation / reconciliation to the FERC Form 1 value.

OTP Response: With the implementation of the Tax Cut and Jobs Act, OTP moved excess Accumulated Deferred Income Tax related to the drop in the Federal tax rate from 35% to 21% to account 254-Regulatory Liability. The amount moved to account 254-Regulatory Liability was $11,692,288. This amount is listed in the Footnote Data second line from the bottom.

1. **Revenue Workpaper, Line 10 -** The $42,631,828 does not agree to the Account 456.1 amount found on FERC Form 1, P. 300, Line 22 of $43,474,731. Please provide an explanation / reconciliation to the FERC Form 1 value.

OTP Response: The total amount of Other Electric Revenue of $42,631,828 will not tie to FF1, page 300 because ITA Deficiency Payments get recorded to FERC account 456.0. The Wheeling plus MISO Tariff Revenue line agrees to FF1, page 300 of $43,474,731 prior to any MISO Schedule 1 and 2 backout. A reconciliation has been added to the Workpapers, tab 20.

1. **Attachment O, P. 1, Lines 8 & 10 -** The 12cp value of 752,917 agrees to the FERC Form 1, P. 401b. CPEC reported their load in the OTP Transmission Pricing Zone (TPZ) for the period 5/1/17 thru 12/31/17. In order to ensure that CPEC’s load is not reported by CPEC and OTP for the same period of time, I need a divisor workpaper that will allow me to confirm that CPEC’s load is not reported twice for any months during 2017.

Please include the support for Line 10 on this workpaper also.

OTP Response: The amount of load reported on Line 8 is for OTP load only. CPEC load is not reported twice for any of 2017. As a proxy for the 4 months that CPEC load was not included (January through April), Line 10 includes 1/3 of the 12 CP value of CPEC load. Other network load is included in this line item as well.

1. **Attachment O, P. 3, Line 7 -** Please confirm that there are no Transmission Lease Payments to report on this line.

OTP Response: OTP does not have any Transmission Lease Payments.

1. **Attachment O, P. 3, Line 13 -** Please confirm that OTPs payroll taxes are functionalized and included in Att. O, P. 3, Line 8.

OTP Response: Yes, all payroll taxes are functionalized and included in Attachment O.

1. **Attachment O True-Up, Line 2 -** The Historic Year Projected ATRR amount entered here of $29,570,957 does not agree with the final 2017 Projected ATRR amount of $29,607,824 created for the April, 2017 Monthly Transmission Rate Update. Your value reflects the original 2017 projection. The 2017 final Projection that was used for MISO April 2017 rate update includes the revised 2015 true-up. Please review this any make any necessary changes.

OTP Response: OTP has adjusted its Historic Year Projected ATRR used in the 2017 Attachment O True-up to reflect the revised 2015 true-up amount of $1,219,539.

1. **Attachment O True-Up, Line 7 -** This value will change when the final 2017 Projected ATRR is plugged in (see question 10 above).

OTP Response: OTP has adjusted the Historic Year Projected Annual Cost given the update in Question #10 to be used in the 2017 Attachment O True-up.

1. **Attachment O True-Up, Note 1 -** Please provide a workpaper supporting the FERC interest rate that is being used for the 2017 True-Ups. I see a workpaper for the OTP Short Term Debt, but didn’t find one for the FERC Interest Rate.

OTP Response: This has been included in the Workpapers on tab 23.

1. **Attachment GG True-Up, Column B -** The values listed here do not agree with the Final 2017 Projected Attachment GG, which was created/updated in April, 2017. You have used the original 2017 Attachment GG projected info. The 2017 final Projection that was used for MISO April 2017 rate update includes the revised 2015 true-up. Please review this any make any necessary changes.

OTP Response: For purposes of the Attachment GG True-up, OTP has made a revision in the Projected Revenue Requirement amount (column b) to pull out the true-up.

1. **Attachment GG True-Up, Column D -** Please provide support for the 2017 Actual Sch. 26 revenues. I can’t reconcile it to the Sch. 26, 37, 38 lines on the MISO Revenue workpaper you provided.

OTP Response: As discussed, the amount of revenues distributed on the GG True-up of $17,279,241 is made up of $16,899,633 which are the amount of revenues received that pertain to 2017 as reflected on W/P Page 25, plus $379,608 the original amount of OTP’s 2015 Attachment GG over-collection to show the total 2017 revenues. No change necessary.

1. **Attachment MM Reporting Form, Project 1203, Gross Plant, Project 1203** - When I look at the 12/2016 balance from the 2016 Attachment MM Reporting (prior year ending balance) form I see $26,406,308. You are showing $26,406,904. Not a big difference, just curious why a prior year historical balance would change. Please review and make any necessary changes.

OTP Response: This has been updated and will be submitted with new workpapers

1. **Attachment MM Reporting Form, Project 1203, Accumulated Depreciation, Project 1203** - When I look at the 12/2016 balance from the 2016 Attachment MM Reporting (prior year ending balance) form I see $1,081,469. You are showing $1,081,485. Not a big difference, just curious why a prior year historical balance would change. Please review and make any necessary changes.

OTP Response: This has been updated and will be submitted with new workpapers.

1. **Attachment MM True-Up, Column D -** Please provide support for the 2017 Actual Sch. 26-A revenues. I can’t reconcile it to the Sch. 26-A lines on the MISO Revenue workpaper you provided.

OTP Response: The amount of revenues distributed on the MM True-up of $20,837,034 is made up of $21,085,033 which are the amount of revenues received that pertain to 2017 as reflected on W/P Page 25 offset by $247,999 which is the original amount of OTP’s 2015 Attachment MM under-collection. No change necessary.