Formula Rate - Cash Flow

Rate Formula Template
Utilizing EIA Form 412 Data

For the 12 months ending 12/31/08

LINCOLN ELECTRIC SYSTEM

Line No.						Allocated Amount
1	GROSS REVENUE REQUIREMENT	(page 2, line 23, col. 5)				$ 14,566,735
	REVENUE CREDITS	(Note Q)	Total	Allocator		
2	Account No. 454	(page 3, line 34)	242,217	TP	0.69949	169,429
3	Account No. 456	(page 3, line 37)	327,565	TP	0.69949	229,129
4	Revenues from Grandfathered Interzonal Transactions		0	TP	0.69949	0
5	Revenues from service provided by the ISO at a discount		0	TP	0.69949	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)					398,558
7	NET REVENUE REQUIREMENT for all facilities		(line 1 minus line 6)			$ 14,168,176
8	Revenue Requirements for Base Plan Funded Projects					0
9	NET REVENUE REQUIREMENT less base plan funded projects		(line 7 minus line 8)			$ 14,168,176
	DIVISOR					
10	Average of 12 coincident system peaks for requirements (RQ) service				(Note A)	557,167 kW
11	Plus 12 CP of firm bundled sales over one year not in line 10				(Note B)	0 kW
12	Plus 12 CP of Network Load not in line 10				(Note C)	0 kW
13	Less 12 CP of firm P-T-P over one year (enter negative)				(Note D)	0 kW
14	Plus Contract Demand of firm P-T-P over one year					200,000 kW
15	Less Contract Demand from Grandfathered Interzonal transactions over one year (enter negative)				(Note P)	0 kW
16	Less 12 CP or Contract Demands from service over one year provided by ISO at a discount (enter negative)					0 kW
17	Divisor (sum lines 10-16)					757,167 kW
18	Annual Cost ($/kW/Yr)	(line 9/ line 17)	$18.712			
19	Network & P-to-P Rate ($/kW/Mo)	(line 18/ 12)	$1.559			
			Peak Rate			Off-Peak Rate
20	Point-To-Point Rate ($/kW/Wk)	(line 18 / 52; line 18/ 52)	$0.360			$0.360
21	Point-To-Point Rate ($/kW/Day)	(line 20/ 5; line 20/ 7)	$0.072	Capped at weekly rate		$0.051
22	Point-To-Point Rate ($/MWh)	(line 21/ 16; line 21/ 24 times 1,000)	$4.498	Capped at weekly and daily rates		$2.142
23	FERC Annual Charge($/MWh)	(Note E)	$0.000	Short Term		$0.000 Short Term
24			$0.000	Long Term		$0.000 Long Term

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Line No.	(1)	(2) EIA 412 Reference	(3) Company Total	(4) Allocator		(5) Transmission (Col 3 times Col 4)
	O&M					
1	Transmission	VII.8.d	4,824,689	TE	0.66922	3,228,790
2	Less Account 565		0		1.00000	0
3	A&G	VII.13.d	16,092,873	W/S	0.04551	732,376
4	Less FERC Annual Fees		0	W/S	0.04551	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad (Note F)		440,497	W/S	0.04551	20,047
5a	Plus Transmission Related Reg. Comm. Exp. (Note F)		0	TE	0.66922	0
6	Common		0	CE	0.04551	0
7	Transmission Lease Payments		0		1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 2, 4, 5)		20,477,065			3,941,119
	DEBT SERVICE					
9	Debt Service		$44,212,053	GP	0.11060	4,889,945
10	Amortization of premium or discount		-503,158	GP	0.11060	-55,650
12	TOTAL DEBT SERVICE (Sum lines 9 - 10)		43,708,895			4,834,294
	TAXES OTHER THAN INCOME TAXES (Note G)					
	LABOR RELATED					
13	Payroll		2,324,706	W/S	0.04551	105,796
14	Highway and vehicle		16,029	W/S	0.04551	729
15	PLANT RELATED					
16	Property		388,187	GP	0.11060	42,934
17	Gross Receipts		0		zero	0
18	Other		0	GP	0.11060	0
19	Payments in lieu of taxes		10,066,901	GP	0.11060	1,113,420
20	TOTAL OTHER TAXES (sum lines 13 - 19)		12,795,823			1,262,880
21	SUBTOTAL (sum lines 8, 12, 20)	(O&M + DS + Taxes)	76,981,783			10,038,293
22	MARGIN REQUIREMENT (Note H)		40,943,550	GP	0.11060	4,528,441
23	REV. REQUIREMENT (sum lines 21, 23)		117,925,333			14,566,735

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LINCOLN ELECTRIC SYSTEM

SUPPORTING CALCULATIONS AND NOTES

Line No.	GROSS PLANT IN SERVICE	EIA 412 Reference	Company Total	Allocator		Transmission
1	Production	IV.6.g	562,176,899	NA		
2	Transmission	IV.7.g	174,200,973	TP	0.69949	121,852,226
3	Distribution	IV.8.g	333,753,356	NA		
4	General & Intangible	IV.9.g + IV.1.g	53,669,542	W/S	0.04551	2,442,466
5	Common		0	CE	0.04551	0
6	TOTAL GROSS PLANT (sum lines 1-5)		1,123,800,770	GP=	11.060%	124,294,692

TRANSMISSION PLANT INCLUDED IN ISO RATES

7	Total transmission plant (line 2)		174,200,973
8	Less transmission plant excluded from ISO rates (Note J)		52,348,747
9	Less transmission plant included in OATT Ancillary Services (Note K)		0
10	Transmission plant included in ISO rates (line 7 less lines 8 & 9)		121,852,226
11	Percentage of transmission plant included in ISO Rates (line 10 divided by line 7)	TP=	0.69949

TRANSMISSION EXPENSES

12	Total transmission expenses (page 2, line 1, column 3)		4,824,689
13	Less transmission expenses included in OATT Ancillary Services (Note I)		208,784
14	Included transmission expenses (line 12 less line 13)		4,615,905
15	Percentage of transmission expenses after adjustment (line 14 divided by line 12)		0.95673
16	Percentage of transmission plant included in ISO Rates (line 11)	TP	0.69949
17	Percentage of transmission expenses included in ISO Rates (line 15 times line 16)	TE=	0.66922

WAGES & SALARY ALLOCATOR (W&S) (Note L)

		$		Allocation		
18	Production	3,170,676	0.00	0		
19	Transmission	1,641,883	0.70	1,148,484		
20	Distribution	6,839,061	0.00	0		W&S Allocator
21	Other	13,584,607	0.00	0		($ / Allocation)
22	Total (sum lines 18-21)	25,236,227		1,148,484	=	0.04551

COMMON PLANT ALLOCATOR (CE) (Note M)

		$	% Electric		Labor Ratio		
23	Electric	1,123,800,770	(line 23 / line 26)		(line 22)		CE
24	Gas	0	1.00000	*	0.04551	=	0.04551
25	Water	0					
26	Total (sum lines 23-25)	1,123,800,770					

	FINANCING DATA		$
27	Long Term Debt	II.33.b +II.34.b	$674,050,000
28	Debt Service		44,212,053
29	Interest on Long Term Debt	III.16.b + III.17.b Note R	31,278,409
30	Bond Principal Amortization (line 28 less line 29)		12,933,644

REVENUE CREDITS

			Load	
	ACCOUNT 447 (SALES FOR RESALE)			
31	a. Bundled Non-RQ Sales for Resale	(Note N)	0	
32	b. Bundled Sales for Resale included in Divisor on page 1		0	
33	Total of (a)-(b)		0	
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note O)		$242,217	271 Tra
	ACCOUNT 456 (OTHER ELECTRIC REVENUES)			
35	a. Transmission charges for all transmission transactions		$757,371	
36	b. Transmission charges for all transmission transactions included in Divisor on page 1		$429,806	
37	Total of (a)-(b)		$327,565	

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LINCOLN ELECTRIC SYSTEM

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from EIA Form 412 are indicated as: x.y.z (section, line, column)

To the extent the page references to EIA Form 412 are missing, the entity will include a "Notes" section in the EIA Form 412 to provide this data.

Note Letter	
A	The utility's maximum monthly megawatt load (60-minute integration) for RQ service at time of ISO coincident monthly peaks. RQ service is service which the supplier plans to provide on an on-going basis (i.e., the supplier includes projected load for this service in its system resource planning).
B	Includes LF, IF, LU, IU service. LF means "firm service" (cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions), and long-term (duration of at least five years); does not meet definition of RQ service. IF is "firm service" for a term longer than one but less than five years. LU is service from a designated generating unit, of a term no less than five years. LI is service from a designated generating unit for a term between one and five years. Measured at time of ISO coincident monthly peaks.
C	LF as defined above at time of ISO coincident monthly peaks.
D	LF as defined above at time of ISO coincident monthly peaks.
E	The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff, if any
F	Line 5 - EPRI Annual Membership Dues, all Regulatory Commission Expenses, and non-safety related advertising. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting.
G	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.
H	The Margin Requirement is the margin the utility uses in calculating rates applicable to its native load sales. The Margin Requirement as a percent of interest expense yields a TIER (times interest earned ratio), and the Margin Requirement as a percent of debt service is the DSR (debt service ratio), either of which may be referred to as a Margin Ratio (MR). Some utilities have MRs required by bond covenants and/or MRs that include expenses additional to interest or debt service (for example, an MR equal to a percentage of the sum of DS+O&M). The ISO will review such party's filings to assure that the MRs are consistent with those applicable to native load or required by bond covenants and utility must provide workpapers showing derivation of margin.
I	Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.
J	Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until RUS 12 balances are adjusted to reflect application of seven-factor test).
K	Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to 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.
L	If the utility has more employees assigned to A&G than to the sum of production, transmission, and distribution, set the W&S allocator at page 3, line 22 equal to the gross plant allocator (GP) at page 3, line 6.
M	Enter dollar amounts.
N	Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included in the divisor.
O	Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
P	Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have <u>not</u> been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
Q	The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
R	From Reference II.17.b include only the amount from Account 430.

12/31/2008 Scheduling, System Control and Dispatch Service

FERC Form 561	$208,784	(Load Dispatch)
"Divisor" from page 1	757,167 kW	
Dollars per MW - annually	$275.74	per MW-Annually
Dollars per MW - monthly	$22.98	per MW-Monthly