

Attachment A to the DesertLink, LLC Protocols

DesertLink Commitment Work Paper

This work paper will be used by DesertLink, LLC (“DesertLink”) to demonstrate compliance with the rate commitments made for the Harry Allen to Eldorado 500 kV Transmission Project (the “Project”) in the First Amended and Restated Approved Project Sponsor Agreement between DesertLink and the California Independent System Operator, Inc. dated January 11, 2017 (“APSA”).

1. Categorization of Form No. 1 Gross Plant and Unamortized Regulatory Asset

DesertLink will report its regulatory asset and transmission gross plant in service in FERC Form No. 1 page 232 line 44 column f and FERC Form No. 1 page 207 line 104 column g respectively which may include initial Project costs, Excluded Costs (as defined in the APSA), and other costs related to projects other than the Project.

Line No.		Notes	Amount
1	Unamortized Regulatory Asset – Project costs other than Excluded Costs	A, B	\$88,447
2	Unamortized Regulatory Asset – Excluded Costs	A	\$154,684
3	Unamortized Regulatory Asset – Other costs	C	
4	Total Unamortized Regulatory Asset (Line 1 + Line 2 + Line 3)	D	\$243,130
5	Gross Plant In Service – Project costs other than Excluded Costs	A, B	\$144,735,201
6	Gross Plant In Service – Excluded Costs	A	\$57,963,904
7	Gross Plant In Service – Other costs	C	\$3,116,296
8	Total Gross Plant in Service (Line 5 + Line 6 + Line 7)	E	\$205,815,401
Notes:			
A	Project costs and Excluded Costs as defined in the APSA		
B	Values have been adjusted, if required, for compliance with Binding Cost Cap per Section 2 of this Attachment A (Lines 5a and 5b)		
C	Other costs are costs related to projects other than the Harry Allen to Eldorado 500 kV Transmission Project		
D	Total reported in FERC Form 1, 232.44.f ⁱ		
E	Total reported in FERC Form 1, 207.104.g		

2. Binding Cost Cap

Article 10.1.1 and Appendix E to the APSA reflect DesertLink's commitment that it will not seek recovery or a return on any cost for the Project, as defined in the APSA, above the Binding Cost Cap of \$145.5 million (subject to adjustments, deviations and exclusions pursuant to the terms of the APSA regarding Excluded Costs). If the actual Project costs net of Excluded Costs exceed the Binding Cost Cap, DesertLink will adjust the amounts shown in Appendix III, Page 2 and Attachment 4 as demonstrated below:

Line No.		Notes	Amount
1	Actual Project costs other than Excluded Costs (Line 1a + Line 1b)		\$144,823,648
1a	Unamortized Regulatory Asset – Project costs other than Excluded Costs	A	\$88,447
1b	Gross Plant In Service – Project costs other than Excluded Costs	A	\$144,735,201
2	Binding Cost Cap	B	\$145,500,000
3	Project costs in excess of Binding Cost Cap, if any (Line 1 - Line 2)	C	--
4	Adjustment to Project costs to meet Binding Cost Cap if necessary (Line 4a + Line 4b)	D	--
4a	Adjustment to Project costs in Unamortized Regulatory Asset to comply with Binding Cost Cap, if necessary	E	--
4b	Adjustment to Project costs in Transmission Gross Plant in Service to comply with Binding Cost Cap, if necessary	F	--
5	Project costs included in rates after adjustment (Line 5a + Line 5b)	G	\$144,823,648
5a	Unamortized Regulatory Asset – Adjusted Project costs other than Excluded Costs (Line 1a + Line 4a)	H	\$88,447
5b	Gross Plant In Service – Adjusted Project costs other than Excluded Costs (Line 1b + Line 4b)	I	\$144,735,201

Notes:

A	Actual costs.
B	As defined in the APSA.
C	If Line 2 is greater than Line 1, enter zero.
D	The sum of Line 3 and Line 4 must be zero.
E	If Line 3 is zero, enter zero. Otherwise, if Line 1a is greater than or equal to Line 3, enter the negative of Line 3. If Line 1a is less than Line 3, enter the negative of Line 1a.
F	Complete Line 4a first. If Line 3 is greater than Line 4a, enter the negative of the difference between Line 3 and Line 4a. Otherwise, enter zero.
G	This amount shall not exceed the Binding Cost Cap

H	Input this result into Line 1 in Section 1 of this Attachment A
I	Input this result into Line 5 in Section 1 of this Attachment A

3. Return on Equity

Appendix E to the APSA memorializes DesertLink’s commitment to not seek or reflect in its rates a return on equity (“ROE”) in excess of 9.80% (inclusive of all ROE adders/incentives). Adherence to the ROE commitments are demonstrated at:

Appendix III, page 4, Line 17, Column (4) and Note T, and Attachment 5, Line 10.

4. Equity Percentage Cap

Appendix E to the APSA confirms DesertLink’s commitment to limit equity as a percentage of overall capital structure to be no more than fifty percent (50%) for the Project as a whole. If DesertLink’s actual equity percentage is above 50% then a capital structure consisting of 50% equity and 50% debt will be used for the purpose of rates.

Line No.		Debt	Equity (Common Stock)
1	Actual % of total capital	49%	51%
2	% of total capital to be input into Appendix III, Attachment 5, Rows 21 and 23	50%	50%

ⁱ The value used here corresponds to the value reported on Page 232, Line 1, which includes only the regulatory asset related to pre-commercial development costs.