OCS Data Request 5.8

Refer to "IRP Repower LGIA Limit v13 WIC LJ.xlsm" tab: "LJ" rows 13, 14, and 22.

(a) Please explain why PTC are included in the total revenue requirement that is then levelized.

(b) Please explain why Wind Integration Costs and Wind Production Tax Costs are not included in the levelized cost calculations.

(c) Please explain why PTC and Wind Production Tax Costs are treated differently.

Response to OCS Data Request 5.8

(a) Income taxes are a component of revenue requirement, which spreads the initial up-front cost of assets over the life of those assets, accounting for return on investment, return of investment, and taxes. Production tax credits (PTC) represent a credit that offset income taxes, and therefore, a reduction to revenue requirement. Considering that PTCs are a component of income taxes that are included in revenue requirement, they are levelized over the life of the project in the same way that other components of revenue requirement are levelized (i.e., return on and return of investment).

(b) These costs are variable. The treatment of these costs aligns with how they are captured in rates, where the cost for integration and wind taxes incurred for any given time period are not amortized over the life of the asset.

(c) Please refer to the Company's responses to subparts (a) and (b) above.