

Guidelines for Completing Prior Period Change Worksheets

These Guidelines describe the principles for completing Prior Period Change Worksheets, define the various calculations included in the Level 1 portion of the invoice, and identify the linkages within Level 1 and to the other levels of the invoice. The various sample calculations posted on the ISO Home Page for Prior Period Change Worksheets are an integral part of this document. Those samples and this document are only to be changed by the ISO upon concurrence of the Schedule O Task Force.

I. Principles Related to RMR Contract - Article 9

Submission and Payment of Invoices

The RMR Owner submits RMR Invoices to the ISO/Responsible Utility for each Billing Month as follows:

Estimated RMR Invoice – submitted within 14 days after the end of each Billing Month. It is an estimated invoice for all charges and credits due under the Contract for the Billing Month

Revised Estimated RMR Invoice – submitted by the date specified on the RMR Payments Calendar.. It should include appropriate revisions based on the ISO's validation of the Estimated RMR Invoice. If there are no revisions, RMR Owner (RMRO) sends an e-mail to ISO and the Responsible Utility (RU) indicating that the Estimated RMR Invoice is deemed to be the Revised Estimated RMR Invoice. ISO issues an ISO Invoice based on the Revised Estimated RMR Invoice by the date specified on the RMR Payments Calendar . The RU or RMRO, as appropriate, submits the payment to ISO no later than 10:00 am on the Due Date. The ISO submits the payment to RMRO or RU, as appropriate at 2:00 PM on the Due Date.

Adjusted RMR Invoice – submitted within 7 days of receipt by RMRO of the Final Market Settlement Statement for the last day of the Billing Month. It contains actual data for the Billing Month.

Revised Adjusted RMR Invoice – submitted by the date specified on the RMR Payments Calendar. It should include appropriate revisions based on the ISO's validation of the Adjusted RMR Invoice. ISO issues an ISO Invoice based on the Revised Adjusted RMR Invoice by the date specified on the RMR Payments Calendar. The RU or RMRO, as appropriate, submits the payment to ISO no later than 10:00 am on the Due Date. The ISO submits the payment to RMRO or RU, as appropriate, at 2:00 PM on the Due Date.

On Level 1 of the RMR Invoice, the Estimated, Adjusted and Change columns (first two columns) are values calculated in Levels 3 and 2 of the invoice template, and rolled up to Level 1 from Level 2. The Amount/(Credit) Due column is the difference between the first 2 columns.

The RMRO may submit a Prior Period Change Worksheet when appropriate.

Prior Period Change Worksheet – submitted with a December or May Estimated RMR Invoice when it is necessary to include a change from a closed Billing Month in the December or May Billing Month Invoice. It provides details of the calculation of Prior Period Changes as the changes flow through a sequence of Billing Months subsequent to the closed Billing Month that gave rise to the change.

II. Changes Pertaining to Open Billing Month

Any changes pertaining to a specific Billing Month, which are discovered during the Billing Month cycle (e.g. before the Revised Adjusted RMR Invoice is issued) should be included during the Billing Month cycle (e.g. on the next available Revised Estimated, Adjusted or Revised Adjusted RMR Invoice). This should include any changes that need to be made to the Scheduling Coordinator (SC) Credit Carryforward. Interest is due on any overpayment or underpayment made on the Revised Estimated RMR Invoice, which is refunded or paid on the Revised Adjusted RMR Invoice. Any changes to the SC Credit Carryforward are included on the RMR Invoices for the current Billing Month, and any subsequent Billing Month for which any RMR Invoice has been issued, such that the SC Credit Carryforward moving forward into subsequent Billing Months is correct.

III. Change Pertaining to a Closed Billing Month in Current or Past Billing Year (Prior Period Changes)

Any changes related to a Billing Month that are discovered after the Revised Adjusted RMR Invoice is issued for that month shall be included in a Prior Period Change Worksheet with either the December or May Estimated RMR Invoice, as follows:

- 1) Changes to the months of January through June in a Contract Year, that are discovered before that same Contract Year's December Estimated RMR Invoice is submitted shall be included in the December Estimated RMR Invoice. The changes shall be reflected in the Prior Period Change Worksheet as changes to the appropriate month(s) in the current Contract Year. This is the initial opportunity to process changes for these months.

- 2) Changes, for the months of July through December, that are discovered before the next Contract Year's May Estimated RMR Invoice is submitted should be included in the May Estimated RMR Invoice. The changes shall be reflected in the Prior Period Change Worksheet as changes to the appropriate month(s) in the prior Contract Year. This is the initial opportunity to process changes for these months.
- 3) Changes, for any month, that are discovered after the initial opportunity to process changes for that month as described in III.1 and III.2 above should be included in the next May or December Estimated RMR Invoice, whichever comes first. The changes shall be reflected in the Prior Period Change Worksheet as changes to the appropriate month in the prior Contract Year.

The changes shall be included in Prior Period Change Worksheets, and submitted with the relevant RMR Invoice, and the amount due on the Prior Period Change Worksheet shall be included in the relevant RMR Invoice. In addition to the changes, Owner must calculate and reflect the impact of the changes on SC Credit Carryforwards for the appropriate Contract Year, and any over/underpayment amounts. This calculation should also be reflected in the Prior Period Change Worksheet.

Interest (at the FERC interest rate) shall be calculated on the amount/(credit) due from the payment date of the Revised Estimated RMR Invoice for the Billing Month being changed to the date of payment/refund of the amount/(credit) due. Interest shall be calculated separately for each month being changed.

IV. Changes Related to Prior Contract - Condition A, B, or C

A.) Changes Included in Invoicing for this Contract - The first Stipulation and Agreement filed on April 2, 1999 required that amounts/(credits) related to the prior contract be included on the first invoice under this contract. Article II, Section B.1. of the Stipulation and Agreement states, in part: "Revenue Requirements Settlements: Each of the RMR Owners has entered into a separate revenue requirements settlement with the ISO and other affected participants that establishes the revenue requirements for its RMR operations,..." Article II, Section B.2. outlines the requirements for treatment of Refunds and Surcharges under the Revenue Requirements Settlements. Article II, Section B.2. (e) states, in part: -"

Except as otherwise provided in this Stipulation or in the RMR Contract, any surcharge collectible by an RMR Owner pursuant to this Stipulation shall be collected as a lump-sum surcharge to the first invoice for RMR services issued by that RMR Owner after the

surcharge right arises, and any refund due from an RMR Owner pursuant to this Stipulation shall be paid as a credit against the charges on the first invoice for RMR services issued by that RMR Owner after the refund obligation arises. In the event that the refund obligation exceeds the charges on such RMR invoice, the charges on such RMR invoice shall be reduced to zero and the remaining refund obligation shall be credited in the same manner against the charges on each subsequent RMR invoice until the refund obligation is extinguished. Such credit shall be applied in each month after all relevant penalties arising from the Revised RMR Rate Schedules have been subtracted and after the credits specified in Article 9.1 of the Revised Rate Schedules have been subtracted from the payment due to the RMR Owner,....."

Interest is calculated as specified in the relevant RMR Agreement, Stipulation, ADR, etc.

B.) Changes Not Included in Invoicing for this Contract - If a change pertains to a Billing Month when the relevant Unit was on Condition A, B, or C under the prior RMR Contract, but the change is not related to the Revenue Requirements Settlement referred to in the first Stipulation, then the change will be processed independently from the invoicing for this contract. Interest is calculated as specified in the prior RMR Agreement or relevant Stipulation, ADR, etc.

V. Explanation of Interest Calculations

Interest on additional amounts/(credits) due on the Adjusted RMR Invoice or on any subsequent invoice calculation is calculated from the date of the payment of the Revised Estimated RMR Invoice for the Billing Month that the amounts/(credits) relate to until the date that the amounts/(credits) are actually settled. The date the Revised Estimated RMR Invoice was paid was the original date the amounts/(credits) were due. For example, if an change for the June 1999 billing month is processed on the December 1999 Estimated RMR Invoice cycle, any additional amounts/(credits) due would be included in the settlement of the December Estimated RMR Invoice. Interest should be calculated from the date the June Revised Estimated Invoice was paid until the date the December Estimated RMR Invoice is paid, for example, on February 13, 2000.

VI. Explanation of Lines on Level 1 Invoice

A.) Lines 1 - 9, & 15 - These lines contain information related to the current billing month and should be linked to the appropriate cells in Level 2 of the invoice template.

B.) Line 11 - This line is used for interest due to the RMRO from ISO/RU when there was an underpayment to the RMRO on the Revised Estimated RMR Invoice for this month. It is also used on the Level 1 of a Prior Period Change Worksheet when there was an underpayment to the RMRO on the Revised Adjusted RMR Invoice for the month. Interest is calculated as the applicable interest rate multiplied by the pre-interest amount due in the Amount/(Credit) Due column on Line 19, when such number is positive.

C.) Line 12 - Change (charge) related to a prior month in the current Contract Year. This line is used on the December invoice when there is/are change(s) related to the months of January through June for the current Contract Year, that is/are being included on the December invoice. This is an amount due to the RMRO. It is reflected in this area of Level 1 so that it is included in the charges that the SC Credits are applied to. The applicable month(s) should be indicated.

D.) Line 13 - Interest charge related to the amount on Line 12. It is also included in the charges that the SC Credits are applied to.

E.) Line 16 - SC Credit Carryforward from the prior month in the current Contract Year. This line is used in any month when there was a SC Credit amount to carry forward from the prior month in the current Contract Year. For example, the SC Credit for June was not completely extinguished, so a portion was carried forward to July. The amount carried forward from June to July would be included on the July invoice on line 16 of Level 1.

F.) Line 17 - SC Credit Carryforward Change for Prior Month in the Current Year. This line is used on the September, October, or November Adjusted RMR Invoices when there is an increase or decrease in the SC Credit Carryforward for the months of January through June of a Contract Year that is discovered/processed in the December billing cycle for that Contract Year. The changed SC Credit Carryforward amount is included on the **Adjusted RMR Invoice** in the earliest open invoice month. (By the time the December billing cycle is opened, the Estimated RMR Invoices for September, October and November have already been submitted.) Generally, if the change is processed on the December Estimated RMR Invoice, the October Adjusted RMR Invoice will be the next Adjusted RMR Invoice processed. The applicable month(s) should be indicated.

G.) Line 19 - This line reflects the amount due to the RMRO related to the current month, including changes (charges) and interest related to the current Contract Year. **For Units on Condition 1** - The contract requires that all amounts received by or that are due to the RMRO's Scheduling Coordinator (SC) for Billable MWhs and, for Ancillary Services that are delivered in Nonmarket Transactions shall be subtracted from the amount otherwise due under each Estimated and Adjusted RMR Invoice. If the subtraction of this

amount results in a credit to ISO on an invoice, the credit shall be carried forward to the invoices for each succeeding month in the Contract Year, until extinguished; provided that Owner shall not be required to carry any such credit into a later Contract Year or to pay any part of such credit to ISO. **For Units on Condition 2** - The credit amount includes all amounts received by or that are due to the RMRO's SC for Market and Nonmarket Transactions. If there is an unextinguished balance remaining at the end of the Contract Year, the RMRO is required to refund an amount under certain conditions. (See Article 9.1(g)) **Line 19** reflects the application of SC Credits to the extent that there are charges related to the current Contract Year on Level 1 for this month. If the sum of the charges on Lines 10 & 14 exceeds the credit amount on Line 18, Line 19 will reflect an amount due to the RMRO (Lines 10+14 plus credit on Line 18). If the sum of the charges on Lines 10 & 14 are less than the credit amount on Line 18, Line 19 will reflect a zero amount due, and the excess credit amount will be reflected on Line 29 at the bottom of Level 1, to be carried forward to the next month in the current contract year. (Credit on Line 18 less lines 10 + 14 = credit amount reflected on Line 29) The value in the Amount/(Credit) Due column can be positive or negative because it is the difference between the first and second columns. When it is positive, it is an amount due to the RMRO from the ISO/RU. When it is negative, it is an amount due to the ISO/RU from the RMRO.

H.) Line 20 - This line is used for interest due from the RMRO to the ISO/RU when there was an overpayment to the RMRO on the Revised Estimated RMR Invoice for this month. It is also used on the Level 1 of a Prior Period Change Worksheet when there was an overpayment to the RMRO on the Revised Adjusted RMR Invoice for the month. This is an amount due to the ISO/RU. It is reflected in this area of Level 1 so that it is refunded to the ISO/RU, and does not impact the calculation of the SC Credit Carryforward. Interest is calculated as the applicable interest rate multiplied by the pre-interest credit due in the Amount/(Credit) Due column on Line 19, when such number is negative.

I.) Line 21 - If there is a refund amount due from the RMRO to the ISO/RU when a change for a prior month in the current Contract Year (months of January through June) is included on the December invoice, the refund amount is reflected on this line. This is an amount due to the ISO/RU. It is reflected in this area of Level 1 so that it is refunded to the ISO/RU, and does not impact the calculation of the SC Credit Carryforward. The applicable month(s) should be indicated.

J.) Line 22 - Interest credit due from RMRO to ISO/RU related to refund amount on Line 21. This is an amount due to the ISO/RU. It is reflected in this area of Level 1 so that it is refunded to the ISO/RU, and does not impact the calculation of the SC Credit Carryforward.

K.) Line 23 - This line is used in the May or December billing cycle to reflect amounts/(credits) due to changes for a billing month related to a prior Contract

Year. The Contract Year should be indicated on this line. All amounts/(credits) due related to a prior Contract Year are included on this line because they should not be included in the application of SC Credits for this Contract Year (The Contract Year and month should be clearly indicated on the support that is submitted for the changes). Any impact of applying SC Credits for the prior Contract Year should be included in the calculation of amounts/(credits) due. Any SC Credit that is not extinguished during the calculation of changes related to a particular Contract Year should not be included in the calculation of amounts/(credits) due for a different Contract Year.

L.) Line 24 - Interest related to amounts/(credits) due on Line 23. All interest on amounts/(credits) due related to a prior Contract Year are included on this line because they should not be included in the application of SC Credits for this Contract Year.

M.) Line 25 - This line is used for amounts/(credits) due to the Revenue Requirements Settlements for the prior RMR contract pursuant to the first Stipulation. The year should be indicated on this line. All amounts/(credits) due are included on this line because they should not be included in the application of SC Credits for this billing year.

N.) Line 26 - Interest related to amounts/(credits) due on Line 25.

O.) Line 27 - This is the subtotal of Lines 20-26. The SC Credit is not applied to this subtotal because the charges in this section are not related to the current billing year. The credits in this section are amounts due from the RMRO to the ISO/RU and should not be included during the application of the SC Credits.

P.) Line 28 – This is the total of Lines 19 and 27. The amount reflected in the third column of this line is the total amount due to the RMRO/(refund amount due to the ISO/RU) for this invoice. This is the amount that will be submitted to the ISO.

Q.) Line 29 - This line reflects the amount of the SC Credit Carryforward from the current month to the next month for this Contract Year. This amount should be reflected on line 16 on the Estimated RMR Invoice for the next month. For an explanation of how this amount is calculated, see the explanation for Line 19 above.

The examples of Prior Period Change Worksheets that are posted on the ISO's Home Page include a worksheet that reflects a schedule called the Summary of Changes. The amounts reflected on Level 1 of the Prior Period Change Worksheets are rolled up to the Summary schedule, which includes two additional lines of data.

R.) Line 30 (only on Summary of Changes schedule in the Prior Period Change Worksheet) – Amount due to RMRO/(Amount due to ISO/TO). Line 30 is calculated as Line 28 minus Lines 11, 13, 20, 22, 24, & 26. **For Changes to a Current Contract Year:** Credit amounts on line 30 for each relevant month are added together and reflected on line 21 on the current month Level 1 of the invoice. Charge amounts on line 30 for each relevant month are added together and reflected on line 12 on the current month Level 1 of the invoice. **For Changes to a Prior Contract Year:** Credit and charge amounts for each relevant month are added together and reflected on line 23 on the current month Level 1 of the invoice.

S.) Line 31 (only on Summary of Changes schedule in the Prior Period Change Worksheet) – Interest due to RMRO/(Interest due to ISO/TO). Line 31 is the sum of Lines 11, 13, 20, 22, 24, & 26. **For Changes to a Current Contract Year:** Credit amounts on line 31 for each relevant month are added together and reflected on line 22 on the current month Level 1 of the invoice. Charge amounts on line 31 for each relevant month are added together and reflected on line 13 on the current month Level 1 of the invoice. **For Changes to a Prior Contract Year:** Credit and charge amounts for each relevant month are added together and reflected on line 24 on the current month Level 1 of the invoice.