

EXAMPLE OF TRUE UP CALCULATION

Formula:

$$\text{True up} = \frac{[\text{Wholesale Revenues Paid}/(1-\text{Interim discount})*(1-\text{Final discount})]}{\text{Wholesale Revenues Paid}} -$$

Assumptions:

Wholesale Revenues Paid = \$90,000

Interim discount = 10%

Final discount = 15%

Calculation:

$$\begin{aligned}\text{True up} &= [\$90,000/(1-0.10)*(1-0.15)]-\$90,000 \\ &= [\$90,000/0.9*0.85]-\$90,000 \\ &= [\$100,000*0.85]-\$90,000 \\ &= \$85,000-\$90,000 \\ &= -\$5,000 \text{ owed to Midcontinent}\end{aligned}$$

