

ATTACHMENT H-18A

Trans-Allegheny Interstate Line Company

Formula Rate -- Appendix A

Shaded cells are input cells

Notes FERC Form 1 Page # or Instruction

TrAILCo

2009 Forecast

Allocators

Wages & Salary Allocation Factor			
1	Transmission Wages Expense	p354.21.b	478,204
2	Total Wages Expense	p354.28.b	2,144,989
3	Less A&G Wages Expense	p354.27.b	1,666,785
4	Total Wages Less A&G Wages Expense	(Line 2 - Line 3)	478,204
5	Wages & Salary Allocator	(Line 1 / Line 4), if line 2 = 0, then 100%	100.0000%
Plant Allocation Factors			
6	Electric Plant in Service	(Note B) Attachment 5	77,935,050
7	Total Plant In Service	(Line 6)	77,935,050
8	Accumulated Depreciation (Total Electric Plant)	Attachment 5	1,649,800
9	Total Accumulated Depreciation	(Line 8)	1,649,800
10	Net Plant	(Line 7 - Line 9)	76,285,250
11	Transmission Gross Plant	(Line 15 + Line 21)	77,935,050
12	Gross Plant Allocator	(Line 11 / Line 7, if Line 7=0, enter 100%)	100.0000%
13	Transmission Net Plant	(Line 11 - Line 29)	76,285,250
14	Net Plant Allocator	(Line 13 / Line 10, if line 10=0, enter 100%)	100.0000%

Plant Calculations

Transmission Plant			
15	Transmission Plant In Service	(Note B) Attachment 5	74,486,606
16	New Trans. Plant Adds. for Current Calendar Year (13 average balance)	(Note B) Attachment 6	13,674,751
17	Total Transmission Plant	(Line 15 + Line 16)	88,161,357
18	General & Intangible	Attachment 5	3,448,444
19	Total General & Intangible	(Line 18)	3,448,444
20	Wage & Salary Allocator	(Line 5)	100.0000%
21	Transmission Related General and Intangible Plant	(Line 19 * Line 20)	3,448,444
22	Transmission Related Plant	(Line 17 + Line 21)	91,609,801
Accumulated Depreciation			
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	1,649,800
24	Accumulated General Depreciation	Attachment 5	0
25	Accumulated Intangible Amortization	Attachment 5	0
26	Total Accumulated General and Intangible Depreciation	(Sum Lines 24 to 25)	0
27	Wage & Salary Allocator	(Line 5)	100.0000%
28	Transmission Related General & Intangible Accumulated Depreciation	(Line 26 * Line 27)	0
29	Total Transmission Related Accumulated Depreciation	(Line 23 + Line 28)	1,649,800
30	Total Transmission Related Net Property, Plant & Equipment	(Line 22 - Line 29)	89,960,001

Adjustment To Rate Base

Accumulated Deferred Income Taxes				
31	ADIT net of FASB 106 and 109	Enter Negative	Attachment 1	-912,642
32	Transmission Related Accumulated Deferred Income Taxes		(Line 31)	-912,642
33	Transmission Related CWIP (Current Year 13 Month weighted average balances)	(Note B)	p216.b.43 as shown on Attachment 6	256,380,609
34	Transmission Related Land Held for Future Use	(Note C)	Attachment 5	0
Transmission Related Pre-Commercial Costs Capitalized				
35	Unamortized Capitalized Pre-Commercial Costs		Attachment 5	851,529
Prepayments				
36	Transmission Related Prepayments	(Note A)	Attachment 5	49,017
Materials and Supplies				
37	Undistributed Stores Expense	(Note A)	Attachment 5	0
38	Wage & Salary Allocator		(Line 5)	100.0000%
39	Total Undistributed Stores Expense Allocated to Transmission		(Line 37 * Line 38)	0
40	Transmission Materials & Supplies		Attachment 5	0
41	Transmission Related Materials & Supplies		(Line 39 + Line 40)	0
Cash Working Capital				
42	Operation & Maintenance Expense		(Line 74)	5,680,086
43	1/8th Rule		1/8	12.5%
44	Transmission Related Cash Working Capital		(Line 42 * Line 43)	710,011
45	Total Adjustment to Rate Base		(Lines 32 + 33 + 34 + 35+ 36 + 41 + 44)	257,078,523
46	Rate Base		(Line 30 + Line 45)	347,038,524

O&M

Transmission O&M				
47	Transmission O&M		p321.112.b	897,460
48	Less Account 566 Misc Trans Exp listed on line 73 below.)		(line 73)	689,344
49	Less Account 565		p321.96.b	0
50	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note M)	PJM Data	0
51	Plus Property Under Capital Leases		p200.4.c	0
52	Transmission O&M		(Lines 47 - 48 - 49 + 50 + 51)	208,116
A&G Expenses				
53	Total A&G		p323.197.b	4,779,281
54	Less Property Insurance Account 924		p323.185.b	12,517
55	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	0
56	Less General Advertising Exp Account 930.1		p323.191.b	399,596
57	Less PBOP Adjustment		Attachment 5	-3,345
58	Less EPRI Dues	(Note D)	p352 & 353	0
59	A&G Expenses		(Line 53) - Sum (Lines 54 to 58)	4,370,513
60	Wage & Salary Allocator		(Line 5)	100.0000%
61	Transmission Related A&G Expenses		(Line 59 * Line 60)	4,370,513
Directly Assigned A&G				
62	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
63	General Advertising Exp Account 930.1	(Note J)	Attachment 5	399,596
64	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 62 + Line 63)	399,596
65	Property Insurance Account 924		p323.185.b	12,517
66	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
67	Total Accounts 928 and 930.1 - General		(Line 65 + Line 66)	12,517
68	Net Plant Allocator		(Line 14)	100.0000%
69	A&G Directly Assigned to Transmission		(Line 67 * Line 68)	12,517
Account 566 Miscellaneous Transmission Expense				
70	Amortization Expense on Pre-Commercial Cost	Account 566	Attachment 5	567,686
71	Pre-Commercial Expense	Account 566	Attachment 5	99,015
72	Miscellaneous Transmission Expense	Account 566	Attachment 5	22,643
73	Total Account 566		Sum (Lines 70 to 72)	689,344
74	Total Transmission O&M		(Lines 52 + 61 + 64 + 69 + 73)	5,680,086

Depreciation & Amortization Expense

Depreciation Expense			
75	Transmission Depreciation Expense	Attachment 5	1,649,698
76	General Depreciation	Attachment 5	0
77	Intangible Amortization	(Note A) Attachment 5	0
78	Total	(Line 76 + Line 77)	0
79	Wage & Salary Allocator	(Line 5)	100.0000%
80	Transmission Related General Depreciation and Intangible Amortization	(Line 78 * Line 79)	0
81	Total Transmission Depreciation & Amortization	(Lines 75 + 80)	1,649,698

Taxes Other than Income

82	Transmission Related Taxes Other than Income	Attachment 2	600,701
83	Total Taxes Other than Income	(Line 82)	600,701

Return / Capitalization Calculations

84	Preferred Dividends	enter positive	p118.29.c	0
Common Stock				
85	Proprietary Capital		p112.16.c	134,379,588
86	Less Accumulated Other Comprehensive Income Account 219		p112.15.c	-69
87	Less Preferred Stock		(Line 95)	0
88	Less Account 216.1		p112.12.c	0
89	Common Stock		(Line 85 - 86 - 87 - 88)	134,379,657
Capitalization				
90	Long Term Debt	(Note N)		90,000,000
91	Less Unamortized Loss on Reacquired Debt		p111.81.c	0
92	Plus Unamortized Gain on Reacquired Debt		p113.61.c	0
93	Less ADIT associated with Gain or Loss		Attachment 1	0
94	Total Long Term Debt		(Line 90 - 91 + 92 - 93)	90,000,000
95	Preferred Stock		p112.3.c	0
96	Common Stock		(Line 89)	134,379,657
97	Total Capitalization		(Sum Lines 94 to 96)	224,379,657
98	Debt %	Total Long Term Debt	(Note N) (Line 94 / Line 97)	50.0%
99	Preferred %	Preferred Stock	(Note N) (Line 95 / Line 97)	0.0%
100	Common %	Common Stock	(Note N) (Line 96 / Line 97)	50.0%
101	Debt Cost	Total Long Term Debt		0.048
102	Preferred Cost	Preferred Stock	(Line 84 / Line 95)	0.0000
103	Common Cost	Common Stock	(Note I) The most recent FERC approved ROE	0.1170
104	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 98 * Line 101)	0.02417
105	Weighted Cost of Preferred	Preferred Stock	(Line 99 * Line 102)	0.0000
106	Weighted Cost of Common	Common Stock	(Line 100 * Line 103)	0.0585
107	Rate of Return on Rate Base (ROR)		(Sum Lines 104 to 106)	0.08267
108	Investment Return = Rate Base * Rate of Return		(Line 46 * Line 107)	28,688,980

Composite Income Taxes			
Income Tax Rates			
109	FIT=Federal Income Tax Rate	(Note H)	35.00%
110	SIT=State Income Tax Rate or Composite		9.06%
111	p	(percent of federal income tax deductible for state purpc Per State Tax Code	0.00%
112	T	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$	40.89%
113	T / (1-T)		69.17%
114	Income Tax Component =	$CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R))) =$ [Line 113 * Line 108 * (1- (Line 104 / Line 107))]	14,041,872
115	Total Income Taxes	(Line 114)	14,041,872

REVENUE REQUIREMENT

Summary			
116	Net Property, Plant & Equipment	(Line 30)	89,960,001
117	Total Adjustment to Rate Base	(Line 45)	257,078,523
118	Rate Base	(Line 46)	347,038,524
119	Total Transmission O&M	(Line 74)	5,680,086
120	Total Transmission Depreciation & Amortization	(Line 81)	1,649,698
121	Taxes Other than Income	(Line 83)	600,701
122	Investment Return	(Line 108)	28,688,980
123	Income Taxes	(Line 115)	14,041,872
124	Gross Revenue Requirement	(Sum Lines 119 to 123)	50,661,337
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
125	Transmission Plant In Service	(Line 22)	91,609,801
126	Excluded Transmission Facilities	(Note L) Attachment 5	0
127	Included Transmission Facilities	(Line 125 - Line 126)	91,609,801
128	Inclusion Ratio	(Line 127 / Line 125)	100.00%
129	Gross Revenue Requirement	(Line 124)	50,661,337
130	Adjusted Gross Revenue Requirement	(Line 128 * Line 129)	50,661,337
Revenue Credits			
131	Revenue Credits	Attachment 3	561,914
132	Net Revenue Requirement	(Line 130 - Line 131)	50,099,423
Net Plant Carrying Charge			
133	Net Revenue Requirement	(Line 132)	50,099,423
134	Net Transmission Plant + CWIP	(Line 17 - Line 23 + Line 33)	342,892,165
135	FCR	(Line 133 / Line 134)	14.6108%
136	FCR without Depreciation	(Line 133 - Line 75) / Line 134	14.1297%
137	FCR without Depreciation and Pre-Commercial Costs	(Line 133 - Line 70 - Line 71 - Line 75) / Line 134	13.9353%
138	FCR without Depreciation, Return, nor Income Taxes	(Line 133 - Line 75 - Line 108 - Line 115) / Line 134	1.6678%
Net Plant Carrying Charge Calculation with Incentive ROE			
139	Net Revenue Requirement Less Return and Taxes	(Line 132 - Line 122 - Line 123)	7,368,571
140	Increased Return and Taxes	Attachment 4	45,666,205
141	Net Revenue Requirement with Incentive ROE	(Line 139 + Line 140)	53,034,776
142	Net Transmission Plant + CWIP	(Line 17 - Line 23+ Line 33)	342,892,165
143	FCR with Incentive ROE	(Line 141 / Line 142)	15.4669%
144	FCR with Incentive ROE without Depreciation	(Line 141 - Line 75) / Line 142	14.9858%
145	FCR with Incentive ROE without Depreciation and Pre-Commercial	(Line 141 - Line 70 - Line 71 - Line 75) / Line 142	14.7913%
146	Net Revenue Requirement	(Line 132)	50,099,423
147	Reconciliation amount	Attachment 6	-5,460,000
148	Plus any increased ROE calculated on Attach 7 other than PJM Sch. 12 projects not paid by other PJM trans zones	Attachment 7	2,622,623
149	Facility Credits under Section 30.9 of the PJM OATT	Attachment 5	0
150	Net Zonal Revenue Requirement	(Line 146 + 147 + 148 + 149)	47,262,046
Network Zonal Service Rate			
151	1 CP Peak	(Note K) PJM Data	N/A
152	Rate (\$/MW-Year)	(Line 150 / 151)	N/A
153	Network Service Rate (\$/MW/Year)	(Line 152)	N/A

Notes

- A Electric portion only
- B For both the estimate and the reconciliation, Construction Work In Progress ("CWIP") and leases that are expensed as O&M (rather than amortized) are excluded.
For the Estimate Process:
Transmission plant in service will show the end of year balance and is linked to Attachment 5 which shows detail support by project.
The transmission plant will agree to or be reconciled to the FERC Form 1 balance for the transmission plant.
New Transmission Plant expected to be placed in service in the current calendar year will be based on the average of 13 monthly investment costs and shown separately detailed by project on Attachment 6.
Accumulated depreciation will show the end of year balance and is linked to Attachment 5 which shows detail support by project.
CWIP will be linked to Attachment 6 which shows detail support by project (incentive and non-incentive).
For the Reconciliation Process:
Transmission plant in service will be calculated using a 13 month average balance and will be detailed on Attachment 5. This includes
new transmission plant added to plant-in-service
Accumulated depreciation will be calculated using a 13 month average balance and will be detailed on Attachment 5. This includes
accumulated depreciation associated with current year transmission plant.
CWIP will be linked to Attachment 6 which shows detail support by project (incentive and non-incentive).
- C Includes Transmission portion only and (i) only land that has an estimated in-service date within 10 years may be included and (ii) a plan for the land's use is required to be included in the filing whenever the cost of the land is proposed to be included in rates.
- D Excludes all EPRI Annual Membership Dues
- E Excludes all Regulatory Commission Expenses
- F Includes Safety related advertising included in Account 930.1
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ the percentage of federal income tax deductible for state income taxes. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed.
- I ROE will be established in the Commission order accepting the settlement in Docket No. ER07-562 and no change in ROE will be made absent a Section 205 or Section 206 filing at FERC.
- J Education and outreach expenses relating to transmission, for example siting or billing
- K As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- L Amount of transmission plant excluded from rates per Attachment 5.
- M Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M on Line 47.
If they are booked to Acct 565, they are included on Line 50. Copies of PJM invoices will be provided upon request.
- N The capital structure will remain 50% equity and 50% debt until construction of all of the segments of the TrAIL Project is completed and the entire TrAIL Project is placed in service. The first year that these projects are in service the formula will be run based on the 50/50 capital structure and on the actual year end capital structure. The two results will be weighted based on: the number of days the last project was in service and 365 day minus the numbers of days the last project was in service divided by 365 days.
This can be illustrated using the following example:

Example:

Assume Last Project goes into service on day 260.
Hypothetical Capital Structure until the last project goes into service is 50/50.
Assume Year End actual capital structure is 60% equity and 40% debt.

Therefore: Weighted Equity = $[50\% \cdot 260 + 60\% \cdot (365 - 260)] / 365$

Trans-Allegheny Interstate Line Company
 Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

Trans-Allegheny Interstate Company							
B1	B2	B3	C	D	E	F	G
<i>Beg of Year Total</i>	<i>End of Year Total</i>	<i>End of Year for Est. Average for Final Total</i>	<i>Retail Related</i>	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>Total ADIT</i>
ADIT- 282 From Account Total Below	366,313	4,971,980	4,971,980	4,971,980	-	-	4,971,980
ADIT-283 From Account Total Below	778,287	140	140	140	-	-	140
ADIT-190 From Account Total Below	(1,965,117)	(4,059,478)	(4,059,478)	(4,059,478)	-	-	(4,059,478)
Subtotal				912,642	-	-	912,642
Wages & Salary Allocator					100.0000%	100.0000%	
Gross Plant Allocator							
ADIT				912,642	-	-	912,642

Enter Negative

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 93.
 Amount 0 < From Acct 283, below

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-F and each separate ADIT item will be listed, Dissimilar items with amounts exceeding \$100,000 will be listed separately.

A

	B1	B2	B3	C	D	E	F	G	
Trans-Allegheny Interstate Company									
	End of Year for Est. Average								
ADIT-190	Beg of Year Balance	End of Year Balance	for Final Total	Retail Related	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	JUSTIFICATION
	p234.18.b	p234.18.c							
Tax Interest Capitalized	1,042,269	3,304,578	3,304,578			3,304,578	-		Actual amount of tax interest capitalized
Depreciation	42	662,231	662,231			662,231			Book depreciation
Intercompany Charges	102,289	21,843	21,843			21,843			Intercompany charges from the AP service company
Worker's Compensation	42,230	68,830	68,830			68,830			Actual amount of reserve for workers' compensation
Deferred Tax Reclassification	778,287	1,950	1,950			1,950			Deferred tax reclassification
Excess Over/Under Pr Service	-	46	46			46			Excess over under prior service cost
Subtotal	1,965,117	4,059,478	4,059,478	-	-	4,059,478	-	-	
Less FASB 109 included above									
Less FASB 106 included above									
Total	1,965,117	4,059,478	4,059,478	-	-	4,059,478	-	-	

Instructions for Account 190:

1. ADIT items related only to Retail Related Operations are directly assigned to Column C.
2. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column D.
3. ADIT items related only to Transmission are directly assigned to Column E.
4. ADIT items related to Plant and not in Columns C, D & E are directly assigned to Column F.
5. ADIT items related to labor and not in Columns C, D, E & F are directly assigned to Column G.
6. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates. Therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

PJM TRANSMISSION OWNER

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B1	B2	B3	C	D	E	F	G	
	Trans-Allegheny Interstate Company								
	Beg of Year Balance	End of Year Balance	End of Year for Est. Average for Final Total	Retail Related	Gas, Prod Or Other Related Related	Only Transmission Related Related	Plant Related Related	Labor Related Related	JUSTIFICATION
ADIT- 282	p274.9.b	p275.9.k							
Property Related - ABFUDC	366,313	552,983	552,983			552,983			Allowance for borrowed funds used during construction (ABFUDC)
Property Related - Tax Depreciation	-	4,418,997	4,418,997			4,418,997			Tax depreciation
FASB 109	-	540,106	540,106			540,106			FASB 109 fixed asset adjustment
Subtotal	366,313	5,512,086	5,512,086	-	-	5,512,086	-	-	
Less FASB 109 included above	-	540,106	540,106	-	-	-	-	-	
Less FASB 106 included above	-	-	-	-	-	-	-	-	
Total	366,313	4,971,980	4,971,980	-	-	5,512,086	-	-	

Instructions for Account 282:

- ADIT items related only to Retail Related Operations are directly assigned to Column C.
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column D.
- ADIT items related only to Transmission are directly assigned to Column E.
- ADIT items related to Plant and not in Columns C, D & E are directly assigned to Column F.
- ADIT items related to labor and not in Columns C, D, E & F are directly assigned to Column G.
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates. Therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

PJM TRANSMISSION OWNER

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B1	B2	B3	C	D	E	F	G	JUSTIFICATION
	Trans-Allegheny Interstate Company								
ADIT-283	Beg of Year Balance	End of Year Balance	End of Year for Est. Average for Final Total	Retail Related	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	
	p276.19.b	p277.19.k							
Deferred Tax Reclassification	778,287	-	-	-	-	-	-	-	ADIT balance sheet reclassification
Regulated Asset Prexy LT	-	540,486	540,486	-	-	540,486	-	-	Regulatory asset for Prexy reclassification
Regulated Asset Prexy LT	-	(540,486)	(540,486)	-	-	(540,486)	-	-	Non-property related
WV Rate Change Consol Benefit	-	140	140	-	-	140	-	-	Exclude regulatory asset for Prexy reclassification
Reg Asset PJM Receivable	-	3,279,376	3,279,376	-	-	3,279,376	-	-	Non-property related
Reg Asset PJM Receivable	-	(3,279,376)	(3,279,376)	-	-	(3,279,376)	-	-	Temporary difference due to change in state tax rate in West Virginia
Subtotal	778,287	140	140	-	-	140	-	-	Comparison of actual to forecast revenues - Non-property related
Less FASB 109 included above									Exclude comparison of actual to forecast revenues
Less FASB 106 included above									Non-property related
Total	778,287	140	140	-	-	140	-	-	

Instructions for Account 283:

- ADIT items related only to Retail Related Operations are directly assigned to Column C.
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column D.
- ADIT items related only to Transmission are directly assigned to Column E.
- ADIT items related to Plant and not in Columns C, D & E are directly assigned to Column F.
- ADIT items related to labor and not in Columns C, D, E & F are directly assigned to Column G.
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates. Therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

Trans-Allegheny Interstate Line Company
Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	FERC Form No.1 page, line & Col	Amount	Allocator	Allocated Amount	
Plant Related		Gross Plant Allocator			
1	Local Property WV	p263.1.15(i)	460	100.0000%	\$ 460
2	Local Property VA	p263.1.20(i)	6,121	100.0000%	6,121
3	Local Property PA	p263.1.28(i)	1,985	100.0000%	1,985
4	Local Property MD	p263.1.31(i)	245,173	100.0000%	245,173
5	2007 Capital Stock Tax/Franchise MD	p263.20(i)	300	100.0000%	300
6	2008 Capital Stock Tax/Franchise MD	p263.21(i)	300	100.0000%	300
7	2008 Capital Stock Tax/Franchise PA	p263.32(i)	79,850	100.0000%	79,850
8	2008 Franchise Tax Billed PA	p263.33(i)	11	100.0000%	11
9	State Corp License Tax	p263.1.8(i)	30	100.0000%	30
10					
11					
12					
13					
14					
15	Total Plant Related		334,230	100.0000%	334,230
Labor Related		Wages & Salary Allocator			
16	Accrued Federal FICA	p263.3(i)	235,559		
17	Accrued Federal Unemployment	p263.4(i)	2,516		
18	State Unemployment	p263.1.11(i)	8,840		
19					
20					
21	Total Labor Related		246,915	100.0000%	246,915
Other Included		Gross Plant Allocator			
22	State Use Tax Billed PA	p263.31(i)	19,556		
23					
24					
25					
26	Total Other Included		19,556	100.0000%	19,556
27	Total Included (Lines 8 + 14 + 19)		600,701		<u><u>600,701</u></u> Input to Appendix A, Line 82
Retail Related Other Taxes to be Excluded					
28	Federal Income Tax	p263.2(i)	798,372		
29	Corporate Net Income Tax MD	p263.17(i)	407,405		
30	Corporate Net Income Tax PA	p263.28(i)	163,903		
31	Corporate Net Income Tax VA	p263.37(i)	159,962		
32	Corporate Net Income Tax WV	p263.1.4(i)	-263,165		
33					
34					
35					
36					
37					
38	Subtotal, Excluded		1,266,477		
39	Total, Included and Excluded (Line 20 + Line 28)		1,867,178		
40	Total Other Taxes from p114.14.c		<u>600,700</u>		
41	Difference (Line 39 - Line 40)		1,266,478		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they shall not be included.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

Trans-Allegheny Interstate Line Company

Attachment 3 - Revenue Credit Workpaper

		Amount	FERC Form No.1 page, line & Col
Account 454 - Rent from Electric Property			
1	Rent from Electric Property - Transmission Related (Note 3)	-	
2	Total Rent Revenues (Line 1)	-	
Account 456 - Other Electric Revenues (Note 1)			
3	Schedule 1A	-	
4	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)	-	
5	Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner	561,914	p328-330 FootNote Data Schedule Page: 328 Line: 1 Column: m
6	PJM Transitional Revenue Neutrality (Note 1)	-	
7	PJM Transitional Market Expansion (Note 1)	-	
8	Professional Services (Note 3)	-	
9	Revenues from Directly Assigned Transmission Facility Charges (Note 2)	-	
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	-	
11	Gross Revenue Credits (Sum Lines 2-10)	561,914	
12	Less line 14g	-	
13	Total Revenue Credits (Line 11 - Line 12)	<u>561,914</u>	Input to Appendix A, Line 131
Revenue Adjustment to determine Revenue Credit			
14a	Revenues associated with lines 14b-g are to be included in lines 2-10 and total of those revenues entered here	-	
14b	Costs associated with revenues in line 14a	-	
14c	Net Revenues (14a - 14b)	-	
14d	50% Share of Net Revenues (14c / 2)	-	
14e	Costs associated with revenues in line 14a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.	-	
14f	Net Revenue Credit (14d + 14e)	-	
14g	Line 14a less line 14f	-	
15	Amount offset in line 4 above	-	
16	Total Account 454 and 456	-	
17	Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 178 of Appendix A.		
18	Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.		
19	Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 14a - 14g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).		
20	Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support. For example revenues associated with distribution facilities. In addition Revenues from Schedule 12 of the PJM OATT are not included in the total above to the extent they are credited under Schedule 12 of the PJM OATT.		

A	Return and Taxes at High End of the range of Reasonableness			
	Return and Taxes at High End of the range of Reasonableness	(Sum Lines 26 and 33 from below)	45,666,205	Input to Appendix A, Line 140
B	Difference between Base ROE and Incentive ROE		100	

Return Calculation

		Source Reference		
1	Rate Base		Appendix A, Line 46	347,038,524
2	Preferred Dividends	enter positive	Appendix A, Line 84	0
Common Stock				
3	Proprietary Capital		Appendix A, Line 85	134,379,588
4	Less Accumulated Other Comprehensive Income Account 219		Appendix A, Line 86	-69
5	Less Preferred Stock		Appendix A, Line 87	0
6	Less Account 216.1		Appendix A, Line 88	0
7	Common Stock		Appendix A, Line 89	134,379,657
Capitalization				
8	Long Term Debt		Appendix A, Line 90	90,000,000
9	Less Unamortized Loss on Reacquired Debt		Appendix A, Line 91	0
10	Plus Unamortized Gain on Reacquired Debt		Appendix A, Line 92	0
11	Less ADIT associated with Gain or Loss		Appendix A, Line 93	0
12	Total Long Term Debt		Appendix A, Line 94	90,000,000
13	Preferred Stock		Appendix A, Line 95	0
14	Common Stock		Appendix A, Line 96	134,379,657
15	Total Capitalization		Appendix A, Line 97	224,379,657
16	Debt %	Total Long Term Debt	Appendix A, Line 98	50%
17	Preferred %	Preferred Stock	Appendix A, Line 99	0%
18	Common %	Common Stock	Appendix A, Line 100	50%
19	Debt Cost	Total Long Term Debt	Appendix A, Line 101	0.0483
20	Preferred Cost	Preferred Stock	Appendix A, Line 102	0.0000
21	Common Cost	Common Stock		12.70% 0.1270
22	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 16 * 19)	0.0242
23	Weighted Cost of Preferred	Preferred Stock	(Line 17 * 20)	0.0000
24	Weighted Cost of Common	Common Stock	(Line 18 * 21)	0.0635
25	Rate of Return on Rate Base (ROR)		(Sum Lines 22 to 24)	0.0877
26	Investment Return = Rate Base * Rate of Return		(Line 1 * Line 25)	30,424,173

Composite Income Taxes

Income Tax Rates				
27	FIT=Federal Income Tax Rate		Appendix A, Line 109	35.00%
28	SIT=State Income Tax Rate or Composite		Appendix A, Line 110	9.06%
29	p = percent of federal income tax deductible for state purposes		Appendix A, Line 111	0.00%
30	T	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$	Appendix A, Line 112	40.89%
31	T/ (1-T)		Appendix A, Line 113	69.17%
32	Income Tax Component =	$CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R)) =$		15,242,032
33	Total Income Taxes		(Line 32)	15,242,032

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Accumulated Depreciation Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

			13 Month Balance for Reconciliation		EOY Balance for Estimate		Details								
							13 Month Balance For Reconciliation								
							502 Junction - Territorial		500 KV Proxy - 502		138 KV Proxy - 502		Meadowbrook Transformer	North Shenandoah	Total
							Line		Junction		Junction				
Calculation of Transmission Accumulated Depreciation			Source												
December	Prior year FERC Form 1 p219.25.b	For 2007	102						102						102
January	company records	For 2008	173,647					151,179	22,314	153					173,647
February	company records	For 2008	264,406					218,766	45,436	204					264,406
March	company records	For 2008	397,430					328,428	68,738	256	5	4			397,430
April	company records	For 2008	530,609					438,196	92,088	307	10	8			530,609
May	company records	For 2008	663,977					548,097	115,495	358	15	12			663,977
June	company records	For 2008	797,683					658,333	139,904	410	20	16			797,683
July	company records	For 2008	939,218					768,624	162,310	461	26	20	7,778		939,218
August	company records	For 2008	1,080,828					878,986	185,719	513	31	24	15,556		1,080,828
September	company records	For 2008	1,222,566					989,485	209,121	564	36	28	23,334		1,222,566
October	company records	For 2008	1,364,380					1,100,058	232,522	615	41	32	31,111		1,364,380
November	company records	For 2008	1,506,436					1,210,868	255,930	667	46	36	38,889		1,506,436
December	p219.25.b	For 2008	1,649,800					1,323,133	279,191	718	51	40	46,667		1,649,800
23	Transmission Accumulated Depreciation		814,699					662,627	139,059	410	22	17	12,564		814,699
			Link to Appendix A, line 23												
Calculation of Distribution Accumulated Depreciation			Source												
December	Prior year FERC Form 1 p219.26.b	For 2007	-												-
January	company records	For 2008	-												-
February	company records	For 2008	-												-
March	company records	For 2008	-												-
April	company records	For 2008	-												-
May	company records	For 2008	-												-
June	company records	For 2008	-												-
July	company records	For 2008	-												-
August	company records	For 2008	-												-
September	company records	For 2008	-												-
October	company records	For 2008	-												-
November	company records	For 2008	-												-
December	p219.26.b	For 2008	-												-
Distribution Accumulated Depreciation															
			Link to Appendix A, line 25												
Calculation of Intangible Accumulated Depreciation			Source												
December	Prior year FERC Form 1 p200.21.b	For 2007	-												-
December	p200.21b	For 2008	-												-
25	Accumulated Intangible Depreciation														
			Link to Appendix A, line 25												
Calculation of General Accumulated Depreciation			Source												
December	Prior year FERC Form 1 p219.28b	For 2007	-												-
December	p219.28.b	For 2008	-												-
24	Accumulated General Depreciation														
			Link to Appendix A, line 24												
Calculation of Production Accumulated Depreciation			Source												
December	Prior year FERC Form 1 p219.20.b	For 2007	-												-
January	company records	For 2008	-												-
February	company records	For 2008	-												-
March	company records	For 2008	-												-
April	company records	For 2008	-												-
May	company records	For 2008	-												-
June	company records	For 2008	-												-
July	company records	For 2008	-												-
August	company records	For 2008	-												-
September	company records	For 2008	-												-
October	company records	For 2008	-												-
November	company records	For 2008	-												-
December	p219.20.b thru 219.24.b	For 2008	-												-
Production Accumulated Depreciation															
			Link to Appendix A, line 8												
8	Total Accumulated Depreciation	Sum of averages above	814,698.74												1,649,800.04
			Link to Appendix A, line 8												

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
				Beg of year	End of Year (for estimate)	Average of Beginning and Ending Balances	
Materials and Supplies							
40	Transmission Materials & Supplies	p227.8		-	-	-	
37	Undistributed Stores Expense	p227.16		-	-	-	
Allocated General Expenses							
51	Plus Property Under Capital Leases	0	p200.4.c	-	-	-	

Transmission / Non-transmission Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Beg of year	End of Year (for estimate)	Average of Beginning and Ending Balances	Details
34	Transmission Related Land Held for Future Use	Total		-	-	-	Enter Details Here
		Non-transmission Related		-	-	-	
		Transmission Related		-	-	-	

CWIP & Expensed Lease Worksheet

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Beg of year	CWIP In Form 1 Amount	Expensed Lease In Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant In Service	(Note B)	Attachment 5	59,282,298	-	-	
Plant In Service							
15	Transmission Plant In Service	(Note B)	Attachment 5	59,282,298	-	-	
Accumulated Depreciation							
23	Transmission Accumulated Depreciation	(Note B)	Attachment 5	102	-	-	

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Pre-Commercial Costs Capitalized

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		EDY for Estimate and BOY for Final	Amortization Amount (Over 4 Years)	Calculated End of Year Balance	Average of Beginning and Ending Balances (for estimate and reconciliation)	
35	Unamortized Capitalized Pre-Commercial Costs	\$	1,135,372	\$ 567,686	\$ 567,686	\$ 851,529

EPRI Dues Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Beg of year	EPRI Dues	Details
58	Allocated General & Common Expenses Less EPRI Dues (Note D) p352 & 353			Enter Details Here

Regulatory Expense Related to Transmission Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Transmission Related	Non-transmission Related	Details
62	Directly Assigned A&G Regulatory Commission Exp Account 928 (Note G) p323.189.b				Link to Appendix A, line 62 Enter Details Here

Safety Related Advertising Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Safety Related	Non-safety Related	Details
66	Directly Assigned A&G General Advertising Exp Account 930.1 (Note F) p323.191.b	399,596			Link to Appendix A, line 66 Enter Details Here

MultiState Workpaper

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		State 1	State 2	State 3	State 4	State 5	Details
110	Income Tax Rates SIT--State Income Tax Rate or Composite (Note H)	MD 8.25% Composite 9.06%	WV 8.75% Composite is calculated based on sales, payroll and property for each jurisdiction	PA 9.99%			

Education and Out Reach Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Education & Outreach	Other	Details
63	Directly Assigned A&G General Advertising Exp Account 930.1 (Note J) p323.191.b	399,596	399,596	-	Enter Details Here

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Excluded Plant Cost Support

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Excluded Transmission Facilities	Description of the Facilities								
126	<p>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</p> <p>Excluded Transmission Facilities (Note L) Step-Up Facilities</p> <p>Instructions:</p> <p>1 Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process</p> <p>2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:</p> <p>Example</p> <table border="0"> <tr> <td>A Total Investment in substation</td> <td>1,000,000</td> </tr> <tr> <td>B Identifiable investment in Transmission (provide workpapers)</td> <td>500,000</td> </tr> <tr> <td>C Identifiable investment in Distribution (provide workpapers)</td> <td>400,000</td> </tr> <tr> <td>D Amount to be excluded (A x (C / (B + C)))</td> <td>444,444</td> </tr> </table>	A Total Investment in substation	1,000,000	B Identifiable investment in Transmission (provide workpapers)	500,000	C Identifiable investment in Distribution (provide workpapers)	400,000	D Amount to be excluded (A x (C / (B + C)))	444,444	<p>Enter \$</p> <p>Or</p> <p>Enter \$</p>	<p>General Description of the Facilities</p>
A Total Investment in substation	1,000,000										
B Identifiable investment in Transmission (provide workpapers)	500,000										
C Identifiable investment in Distribution (provide workpapers)	400,000										
D Amount to be excluded (A x (C / (B + C)))	444,444										
Add more lines if necessary											

Prepayments

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Beg of year	End of Year	Average of Beginning and Ending Balances	Allocation	Transmission Related	Details
36	Prepayments			Enter \$		Amount	
	Prepayments	35,363	62,670	49,017	100%	49,017	
	Prepaid Pensions if not included in Prepayments	-	0	0	100%	0	
	Total Prepayments	35,363	62,670	49,017		49,017	

Detail of Account 566 Miscellaneous Transmission Expense:

Link to Appendix A, line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Total	Details																		
70	Amortization Expense on Pre-Commercial Cost	\$ 567,686	<p>Summary of Pre-Commercial Expenses</p> <table border="0"> <thead> <tr> <th>Cost Element Name</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Labor & Overhead (1)</td> <td>95,937</td> </tr> <tr> <td>Miscellaneous (2)</td> <td>947</td> </tr> <tr> <td>Outside Services Legal (3)</td> <td></td> </tr> <tr> <td>Outside Services Other (4)</td> <td></td> </tr> <tr> <td>Outside Services Rates (5)</td> <td></td> </tr> <tr> <td>Advertising (6)</td> <td></td> </tr> <tr> <td>Travel, Lodging and Meals (7)</td> <td>2,131</td> </tr> <tr> <td>Total</td> <td>99,015</td> </tr> </tbody> </table> <p>(1) Labor & overhead amount includes costs allocated to preparation of the preliminary survey and investigation. (2) Miscellaneous amount includes rental of volunteer fire department facilities for open houses, Fed EX fees for various mailings from Legal, Procurement, Transmission & Finance, fees for various conference calls and PJM application fee. (3) Outside legal services includes the cost for research and preparation of the filing to determine incentive rate availability. (4) Other services other includes fees for website development, media relations services, campaign management, open houses and research services. (5) Outside services rates includes the advice of a rate consultant regarding rate design. (6) Advertising includes newspaper and other media announcements of public scoping meetings related to the proposed project. (7) Travel, lodging and meals are the direct expenses for Allegheny staff to attend the scoping meetings.</p>	Cost Element Name	Total	Labor & Overhead (1)	95,937	Miscellaneous (2)	947	Outside Services Legal (3)		Outside Services Other (4)		Outside Services Rates (5)		Advertising (6)		Travel, Lodging and Meals (7)	2,131	Total	99,015
Cost Element Name	Total																				
Labor & Overhead (1)	95,937																				
Miscellaneous (2)	947																				
Outside Services Legal (3)																					
Outside Services Other (4)																					
Outside Services Rates (5)																					
Advertising (6)																					
Travel, Lodging and Meals (7)	2,131																				
Total	99,015																				
71	Pre-Commercial Expense	99,015																			
72	Miscellaneous Transmission Expense	22,643																			
	Total Account 566 Miscellaneous Transmission Expenses p.321	\$ 689,344																			
Net Revenue Requirement																					
149	Facility Credits under Section 30.9 of the PJM OATT	-																			

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Depreciation Rates

TRANSMISSION PLANT	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Annual Depreciation Expense							Total	
					Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 KV Proxy - 502 Junction	138 KV Proxy - 502 Junction	Meadowbrook Transformer	North Shenandoah		
350.2	70	R4	0	1.43	227	-	-	-	-	-	-	-	227
352	50	R3	(10)	2.20	-	-	-	-	-	-	-	-	-
	35			2.86	-	-	-	-	-	-	-	-	-
353													
	50	R2	(5)	2.10	-	279,191	616	51	40	46,667	-	-	326,565
	Note 1	80 R2 - 35-yr truncation		2.96	1,322,839	-	-	-	-	-	-	-	1,322,839
	15	S3	0	6.67	-	-	-	-	-	-	-	-	-
354	65	R4	(25)	1.92	-	-	-	-	-	-	-	-	-
355	55	R2.5	(20)	2.18	-	-	-	-	-	-	-	-	-
356													
	55	R2.5	(40)	2.80	-	-	-	-	-	-	-	-	-
	70	R4	0	1.43	67	-	-	-	-	-	-	-	67
357	55	S3	(5)	1.91	-	-	-	-	-	-	-	-	-
358	45	R3	(5)	2.33	-	-	-	-	-	-	-	-	-
	35			2.86	-	-	-	-	-	-	-	-	-
Total Transmission Plant Depreciation													
Total Transmission Depreciation Expense (must tie to p336.7.f)						1,649,698.26							

Note 1: Depreciation rate is based on an 80 R2 survivor curve with a 35-year truncation.

GENERAL PLANT	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Total
390	50	R1	0	2.00	-
391	20	SQ	0	5.00	-
	10	SQ	0	10.00	-
	10	SQ	0	10.00	-
392	15	SQ	20	5.33	-
	7	S3	20	11.43	-
	11.5	L4	20	6.96	-
	11.5	L4	20	6.96	-
	18	L1	20	4.44	-
	15	SQ	20	5.33	-
393	20	SQ	0	5.00	-
394	20	SQ	0	5.00	-
396	18	L1	25	4.17	-
397	15	SQ	0	6.67	-
398	15	SQ	0	6.67	-
Total General Plant					-
Total General Plant Depreciation Expense (must tie to p336.10.b & c)					-
INTANGIBLE PLANT	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Total
303	5	SQ	0	20.00	-
Total Intangible Plant					-
Total Intangible Plant Amortization (must tie to p336.1 d & e)					-

These depreciation rates will not change absent the appropriate filing at FERC

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

PBOP Expenses

1	Total PBOP expenses	22,856,433
2	Amount relating to retired personnel	8,786,372
3	Amount allocated on FTEs	14,070,061
4	Number of FTEs for Allegheny	4,408
5	Cost per FTE	3,192
6	TrAILCo FTEs (labor not capitalized) current year	14.09
7	TrAILCo PBOP Expense for base year	44,965
8	TrAILCo PBOP Expense in Account 926 for current year	41,620
57	PBOP Adjustment for Appendix A, Line 57	3,345

Lines 1-5 cannot change absent approval or acceptance by FERC in a separate proceeding.

Trans-Allegheny Interstate Line Company

Attachment 5a - Pre-Commercial Costs and CWIP

Step 1 Totals reported below are by project with the amounts to be expensed reported separately from those to be deferred and amortized (note, deferred costs related to 2006 include AFUDC).

For Forecasting purposes, Pre-Commercial expenses will be estimated. Total deferred and amortized Pre-commercial costs will be the actual amount agreeing to FERC Form 1 and Attachment 5.

Step 2 For each project, where CWIP is to be recovered in rate base, CWIP will be estimated and the totals reported below by project. For the Reconciliation, for each project where CWIP is to be recovered in rate base the CWIP will be itemized by project below. Additionally, the amount of AFUDC that would have been capitalized for projects where CWIP is included in rate base will be reported in the FERC Form No. 1.

Step 3 For the Reconciliation, the total additions to plant in service for that year will be summarized by project to demonstrate no Pre-Commercial costs expensed were included in the additions to plant in service and AFUDC on projects where CWIP was recovered in rate base was included in the additions to plant in service. The Pre-commercial expenses are actual expenses incurred for the reconciliation year. Total deferred and amortized Pre-commercial costs will be the actual amount agreeing to FERC Form 1 and Attachment 5.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	
	Pre-Commercial Costs			CWIP			
Step 1 For Estimate:	Expensed (Estimated)	Deferred	Amount of Deferred Amortized in Year	Estimate Step 2	Average of 13 Monthly Balances		
Prexy - 502 Junction 138 kV (CWIP)	10,629		60,937		12,455,579		
Prexy - 502 Junction 500 kV (CWIP)	13,690		78,492		9,930,390		
502 Junction - Territorial Line (CWIP)	74,696		428,257		233,994,640		
Total	99,015	1,135,372	567,686		256,380,609		
Step 3 For Reconciliation:	Pre-Commercial Costs			For Reconciliation Step 2	CWIP	AFUDC In CWIP	AFUDC (If CWIP was not in Rate Base)
Prexy - 502 Junction 138 kV (CWIP)	Expensed (Actual)	Deferred	Amount of Deferred Amortized in Year				
1	10,629	121,874	60,937				
2	-	-	-				
3	-	-	-				
4	-	-	-				
...							
Total	10,629	121,874	60,937				
Prexy - 502 Junction 500 kV (CWIP)							
1	13,690	156,984	78,492				
2	-	-	-				
3	-	-	-				
4	-	-	-				
...							
Total	13,690	156,984	78,492				
502 Junction - Territorial Line (CWIP)							
1	74,696	856,513	428,257				
2	-	-	-				
3	-	-	-				
4	-	-	-				
...							
Total	74,696	856,513	428,257				
Total Additions to Plant In Service (sum of the above for each project)			Refer to Attachment 5 - Cost Support Plant in Service Worksheet				
Total Additions to Plant in Service reported on pages 204-207 of the Form No. Difference (must be zero)			Refer to Attachment 5 - Cost Support Plant in Service Worksheet				

Notes: 1 Small projects may be combined into larger projects where rate treatment is consistent. Pre-Commercial costs benefiting multiple projects will be allocated to projects based on the estimated plant in service of each project.

Allocation of Pre-Commercial Costs	Plant in Service (Estimated 2/12/2008)	Allocation
Prexy - 502 Junction 138 kV (CWIP)	94,140,000	0.10734
Prexy - 502 Junction 500 Kv (CWIP)	121,260,000	0.13827
502 Junction - Territorial Line (CWIP)	661,600,000	0.75439
Total	877,000,000	1.00000

2 Column D is the total CWIP balance including any AFUDC, Column E is the AFUDC if any in Column D, and Column F is the AFUDC that would have been in Column E if CWIP were not recovered in rate base.

Trans-Allegheny Interstate Line Company
Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populates the formula with Year 1 data
- 2 April Year 2 TO estimates all transmission Cap Adds and CWP for Year 2 based on each project's cost using the average of 13 monthly balances. Cap Adds are the projects expected to be in service in Year 2.
- 3 April Year 2 TO adds Cap Adds and CWP to plant in service in Formula (Appendix A, Lines 16 and 33)
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect

- 6 April Year 3 TO estimates all transmission Cap Adds and CWP during Year 3 based each project's cost using the average of 13 monthly balances. Cap Adds are expected be in service in Year 3.
- 7 April Year 3 Reconciliation - TO calculates Reconciliation by populating the 13 monthly plant balances and beginning and end of year balances for the other rate base items and the 13 monthly averages for CWP in Reconciliation (adjusted to include any Reconciliation amount from prior year).
- 8 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 7 and the forecast in Step 5 with interest to the result of Step 7 (this difference is also added to Step 7 in the subsequent year)
- 9 May Year 3 Post results of Step 8 on PJM web site
- 10 June Year 3 Results of Step 8 go into effect

Reconciliation Details

- 1 April Year 2 TO populates the formula with Year 1 data
 Rev Req based on Year 1 data Multi run Appendix A to get this number (without any cap adds in Appendix A line 16 and without CWP in Appendix A line 33)
- 2 April Year 2 TO estimates all transmission Cap Adds and CWP for Year 2 based on each project's cost using the average of 13 monthly balances. Cap Adds are the projects expected to be in service in Year 2.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Other Projects PIS (monthly additions)	Meadowbrook Transformer (monthly additions) (in service)	North Shenandoah (monthly additions) (in service)	Black Oak (monthly additions) (in service)	Wylie Ridge (monthly additions) (in service)	502 Junction - Terribial Line (monthly additions) CWP	500 KV Prexy - 502 Junction (monthly additions) CWP	138 KV Prexy - 502 Junction (monthly additions) CWP
	Dec (Prior Year CWP) 2/19, 2/4					197,754	20,651,884	5,244,579
Jan 2008				(22,702)	263,171	4,291,957	840,954	206,229
Feb					103,624	2,558,667	106,363	446,181
Mar					144,349	15,171	3,694,409	691,038
Apr					53,780	32,114	3,027,346	452,945
May		8,376,439	2,309,887		69,000	3,723,096	1,107,044	462,025
Jun		200,000	-		1,000	4,845,848	1,131,268	1,440,887
Jul		100,000	-		1,000	8,657,237	3,138,696	2,198,571
Aug		40,000	-			19,123,669	2,203,356	2,763,024
Sep		15,000	-			26,501,863	2,285,989	5,702,854
Oct		5,000	-	640,000		21,369,973	2,131,446	2,058,061
Nov		-	-	-		36,472,126	5,216,999	4,641,396
Dec		-	-	-		16,342,867	5,536,238	6,102,294
Total		8,736,439	2,309,887	999,699	614,834	173,162,941	29,881,907	34,581,949

New Transmission Plant Additions for Year 2 (13 month average balance) Average 13 Month Balance

Month End Balances								
Other Projects PIS (Monthly additions)	Meadowbrook Transformer (monthly balance) (in service)	North Shenandoah (monthly balance) (in service)	Black Oak (monthly balance) (in service)	Wylie Ridge (monthly balance) (in service)	502 Junction - Terribial Line (monthly balance) CWP	500 KV Prexy - 502 Junction (monthly balance) CWP	138 KV Prexy - 502 Junction (monthly balance) CWP	
	-	-	-	197,754	20,651,884	5,244,579	4,808,804	
	-	-	(22,702)	460,926	24,945,841	6,085,533	5,015,033	
	-	-	-	101,570	564,549	27,504,508	6,191,896	5,661,214
	-	-	245,919	579,720	31,198,916	6,882,934	6,222,515	
	-	-	-	299,699	611,534	34,226,262	7,335,879	6,805,975
	8,376,439	2,309,887	359,699	612,834	37,949,358	8,442,925	7,458,000	
	8,576,439	2,309,887	359,699	613,834	42,795,206	9,574,193	9,098,887	
	8,676,439	2,309,887	359,699	614,834	51,452,443	12,712,889	11,289,458	
	8,716,439	2,309,887	359,699	614,834	70,576,112	14,916,245	14,057,302	
	8,731,439	2,309,887	359,699	614,834	97,077,975	17,197,234	19,760,238	
	8,736,439	2,309,887	359,699	614,834	118,447,948	19,328,680	21,818,299	
	8,736,439	2,309,887	359,699	614,834	154,920,074	24,545,679	28,459,695	
	8,736,439	2,309,887	359,699	614,834	173,162,941	29,881,907	34,581,949	
	68,286,514	18,479,097	5,422,080	7,330,452	894,909,470	168,340,573	175,037,451	
	5,329,732	1,421,469	417,083	563,881	68,069,959	12,949,275	13,464,419	

(Appendix A, Line 16) (Appendix A, Line 16) (Appendix A, Line 16) (Appendix A, Line 16) (Appendix A, Line 33) (Appendix A, Line 33) (Appendix A, Line 33)

- 3 April Year 2 TO adds Cap Adds and CWP to plant in service in Formula (Appendix A, Lines 16 and 33)

- 4 May Year 2

Post results of Step 3 on PJM web site

Total Revenue Requirement	Meadowbrook Transformer (Monthly Additions)	North Shenandoah (Monthly Additions)	Black Oak (Monthly Additions)	Wylie Ridge (Monthly Additions)	502 Junction - Terribial Line (Monthly Additions)	500 KV Prexy - 502 Junction (Monthly Additions)	138 KV Prexy - 502 Junction (Monthly Additions)
\$ 29,743,638.96	898,323	239,588	7,935,132	2,246,291	13,424,438	2,474,425	2,625,443

- 5 June Year 2 Results of Step 3 go into effect

6 April Year 3 TO estimates all transmission Cap Adds and CWP during Year 3 based each project's cost using the average of 13 monthly balances. Cap Adds are expected to be in service in Year 3.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Meadow Brook SS Capacitor (monthly additions)	Bedington Transformer (monthly additions)	Kammer Transformers (monthly additions)	Meadowbrook Transformer (monthly additions)	North Shenandoah (monthly additions)	Black Oak (monthly additions)	Wyle Ridge (monthly additions)	502 Junction - Terrestrial Line (monthly additions)	500 KV Prexy - 502 Junction (monthly additions)	138 KV Prexy - 502 Junction (monthly additions)	
	(in service)	(in service)	(in service)	(in service)	(in service)	(in service)	(in service)	CWP	CWP	CWP	
Dec (Prior Year CWP) 2/19/23								94,947,300	9,677,269	11,774,984	
Jan 2009	Actual	16,462,989	8,209	16,158							
Feb	Actual	15,756,860	(667)	5,117							
Mar	Actual	23,616,986	2,744	337,218							
Apr	Actual	27,801,175	15,822	22,126							
May	Budget	86,565	219								
Jun	Budget	25,112,454	82,381	205,951							
Jul	Budget	26,367,587	62,381	155,952							
Aug	Budget	19,580,901	62,381	155,952							
Sep	Budget	18,288,188	62,381	155,952							
Oct	Budget	15,090,492	52,857	132,143							
Nov	Budget	16,641,875	52,857	132,143							
Dec	Budget	20,484,266	52,857	132,143							
Total		7,276,323	7,479,222.12	51,636,975				363,434,098.38	10,281,477.40	11,287,925.31	

New Transmission Plant Additions for Year 3 (13 monthly average balance)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Meadow Brook SS Capacitor (Monthly additions)	Bedington Transformer (Monthly additions)	Kammer Transformers (Monthly additions)	Meadowbrook Transformer (Monthly additions)	North Shenandoah (Monthly additions)	Black Oak (Monthly additions)	Wyle Ridge (Monthly additions)	502 Junction - Terrestrial Line (Monthly additions)	500 KV Prexy - 502 Junction (Monthly additions)	138 KV Prexy - 502 Junction (Monthly additions)	
Total Revenue Requirement	5,52,722,046.53	77,998	720,576	1,107,060	1,151,253	267,217	7,908,192	2,092,522	35,885,563	1,561,498	1,950,184

7 April Year 3 Reconciliation - TO calculates Reconciliation by populating the 13 monthly plant balances and beginning and end of year balances for the other rate base items and the 13 monthly averages for CWP in Reconciliation (adjusted to include any Reconciliation amount from prior year)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Meadowbrook Transformer (monthly additions)	North Shenandoah (monthly additions)	Black Oak (monthly additions)	Wyle Ridge (monthly additions)	502 Junction - Terrestrial Line (monthly additions)	500 KV Prexy - 502 Junction (monthly additions)	138 KV Prexy - 502 Junction (monthly additions)	
	(in service)	(in service)	(in service)	(in service)	CWP	CWP	CWP	
Jan 2008	197,754	20,651,884	5,244,579	4,808,804				
Feb	(197,754)	3,576,176	838,026	(8,754)				
Mar	-	2,558,510	106,363	646,181				
Apr	-	3,094,409	691,038	541,200				
May	-	3,019,271	452,945	363,661				
Jun	-	3,400,394	548,078	796,098				
Jul	-	3,147,324	617,637	461,193				
Aug	-	3,948,936	728,485	566,044				
Sep	-	4,524,442	610,998	636,290				
Oct	-	5,279,750	623,487	382,876				
Nov	513	10,415,370	(555,597)	(262,763)				
Dec	-	10,071,475	(248,876)	(51,516)				
Dec	-	44,440	20,658,960	(9)	2,652,231			
Total	44,953	94,947,300	9,677,269	11,774,984				

Average 13 Month Balance

Month End Balances							
Other Projects PIS (Monthly additions)	Meadowbrook Transformer (Monthly balance)	North Shenandoah (Monthly balance)	Black Oak (monthly balance)	Wyle Ridge (monthly balance)	502 Junction - Terrestrial Line (monthly balance)	500 KV Prexy - 502 Junction (monthly balance)	138 KV Prexy - 502 Junction (monthly balance)
(in service)	(in service)	(in service)	(in service)	(in service)	CWP	CWP	CWP
-	-	-	-	197,754	20,651,884	5,244,579	4,808,804
-	-	-	-	-	24,228,060	6,082,605	4,770,050
-	-	-	-	-	26,786,569	6,188,968	5,416,231
-	-	-	-	-	30,480,978	6,880,006	5,977,531
-	-	-	-	-	33,500,249	7,332,951	6,560,992
-	-	-	-	-	36,900,643	7,901,030	7,357,090
-	-	-	-	-	40,047,967	8,518,666	7,818,283
-	-	-	-	-	43,596,903	9,247,352	8,414,827
-	-	-	-	-	48,221,345	9,858,350	9,051,217
-	-	-	-	-	53,801,095	10,481,837	9,434,033
-	-	-	-	-	64,216,865	9,926,240	9,171,268
-	-	-	-	513	74,288,339	9,677,365	9,119,753
-	-	-	-	44,953	94,947,300	9,677,269	11,774,984
-	-	-	-	45,466	197,754	592,368,197	107,017,217
-	-	-	-	3,497	15,212	45,566,784	8,232,094
-	-	-	-	-	-	-	7,667,320

61,484,907

Result of Formula for Reconciliation

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Meadowbrook Transformer (Monthly additions)	North Shenandoah (Monthly additions)	Black Oak (Monthly additions)	Wyle Ridge (Monthly additions)	502 Junction - Terrestrial Line (Monthly additions)	500 KV Prexy - 502 Junction (Monthly additions)	138 KV Prexy - 502 Junction (Monthly additions)	
Total Revenue Requirement	5,24,534,901.92	757,738	202,169	9,061,731	2,470,814	9,058,233	1,533,932	1,450,284

8 April Year 3

Reconciliation - TO adds the difference between the Reconciliation in Step 7 and the forecast in Step 5 with interest to the result of Step 7 (this difference is also added to Step 7 in the subsequent year)

The Reconciliation in Step 8		The forecast in Prior Year			
24,534,902		29,743,639		(5,208,737) <Note: for the first rate year, divide this reconciliation amount by 12 and multiply by the number of months and fractional months the rate was in effect.	
Interest on Amount of Refunds or Surcharges		Interest 35.19% for March Current Yr		Interest	
Interest 35.19% for March Current Yr		0.3800%		Surcharges (Refund) Owed	
Month	Yr	1/12 of Step 9	March Current Yr	Months	Interest
Jun	Year 1	(434,061)	0.3800%	11.5	(18,948)
Jul	Year 1	(434,061)	0.3800%	10.5	(17,319)
Aug	Year 1	(434,061)	0.3800%	9.5	(15,670)
Sep	Year 1	(434,061)	0.3800%	8.5	(14,020)
Oct	Year 1	(434,061)	0.3800%	7.5	(12,371)
Nov	Year 1	(434,061)	0.3800%	6.5	(10,721)
Dec	Year 1	(434,061)	0.3800%	5.5	(9,072)
Jan	Year 2	(434,061)	0.3800%	4.5	(7,422)
Feb	Year 2	(434,061)	0.3800%	3.5	(5,772)
Mar	Year 2	(434,061)	0.3800%	2.5	(4,124)
Apr	Year 2	(434,061)	0.3800%	1.5	(2,474)
May	Year 2	(434,061)	0.3800%	0.5	(825)
Total		(5,208,737)			(5,208,737)
		Balance	Interest	Amort	Balance
Jun	Year 2	(5,327,498)	0.3800%	(655,000)	(4,892,741)
Jul	Year 2	(4,892,741)	0.3800%	(655,000)	(4,456,333)
Aug	Year 2	(4,456,333)	0.3800%	(655,000)	(4,018,267)
Sep	Year 2	(4,018,267)	0.3800%	(655,000)	(3,578,537)
Oct	Year 2	(3,578,537)	0.3800%	(655,000)	(3,137,135)
Nov	Year 2	(3,137,135)	0.3800%	(655,000)	(2,694,566)
Dec	Year 2	(2,694,566)	0.3800%	(655,000)	(2,249,293)
Jan	Year 3	(2,249,293)	0.3800%	(655,000)	(1,802,841)
Feb	Year 3	(1,802,841)	0.3800%	(655,000)	(1,354,691)
Mar	Year 3	(1,354,691)	0.3800%	(655,000)	(904,839)
Apr	Year 3	(904,839)	0.3800%	(655,000)	(453,278)
May	Year 3	(453,278)	0.3800%	(655,000)	(0)
Total with interest				(5,460,000)	
The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest				(5,460,000) Input to Appendix A, Line 143	
Rev Req based on Year 2 data with estimated Cap Adds for Year 3 (Step 8)				\$ 52,722,047	
Revenue Requirement for Year 3				47,262,046	

Reconciliation Amount by Project							
Total Revenue Requirement	Meadowbrook Transformer (Monthly additions)	North Shandash (Monthly additions)	Black Oak (Monthly additions)	Wylie Ridge (Monthly additions)	502 Junction - Terribist Line (Monthly additions)	500 KV Proxy - 502 Junction (Monthly additions)	138 KV Proxy - 502 Junction (Monthly additions)
\$ (5,460,000)	\$ (147,367)	\$ (39,224)	\$ 1,180,945	\$ 235,364	\$ (4,576,825)	\$ (885,861)	\$ (1,127,025)

9 May Year 3

Post results of Step 8 on PJM web site
\$ 47,262,046

10 June Year 3

Results of Step 8 go into effect
\$ 47,262,046

Trans-Allegheny Interstate Line Company
Attachment 7 - Transmission Enhancement Charge Worksheet

Revenue Requirement By Project

Fixed Charge Rate (FCR) if not a CIAC			
	Formula Line		
A	137	FCR without Depreciation and Pre-Commercial Costs	13.9353%
B	145	FCR with Incentive ROE without Depreciation and Pre-Commercial	14.7913%
C		Line B less Line A	0.8561%
FCR if a CIAC			
D	138	FCR without Depreciation, Return, nor Income Tax	1.6678%

The FCR resulting from Formula in a given year is used for that year only
 Therefore actual revenues collected in a year do not change based on cost data for subsequent year

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		PJM Upgrade ID: b0321.2; b0321.3					PJM Upgrade ID: b0321.1				
Details		Prexy - 502 Junction 138 kV (CWIP + Plant In Service)					Prexy - 502 Junction 500 kV (CWIP+ Plant In Service)				
"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12 (Yes or No)	Yes				Yes					
"Yes" if the customer has paid a lump sum payment in the amount of the investment on line 29, Otherwise "No"	CIAC (Yes or No)	No				No					
Input the allowed ROE	Allowed ROE (Yes or No)	12.70%				12.70%					
From line 3 above if "No" on line 12 and From line 7 above if "Yes" on line 12	FCR without Incentive ROE	13.9353%				13.9353%					
If line 13 equals 12.7%, then line 4, if line 13 equals 11.7% then line 3, and if line 12 is "Yes", then line 7	FCR for This Project	14.7913%				14.7913%					
forecast of CWIP or Cap Adds.	Investment	12,700,523				9,933,267					
reconciliation – Average of 13 month prior year net plant balances plus prior year 13-mo CWIP balances.	Annual Depreciation Exp from Attachment 5	40				51					
	Invest Yr	Return	Depreciation	Pre-Commercial Exp.	Reconciliation Amount	Revenue	Return	Depreciation	Pre-Commercial Exp.	Reconciliation amount	Revenue
See Calculations for each item below	2009	1,769,855	40	71,566	(1,127,023)	714,437.12	1,384,230	51	92,183	(985,861)	490,602.66
See Calculations for each item below	2009	1,878,579	40	71,566	(1,127,023)	823,160.84	1,469,264	51	92,183	(985,861)	575,637.10

For Plant in Service
 "Pre-Commercial Exp" is equal to the amount of pre-commercial expense on Attachment 5a for each project expensed in year and amortized in year.
 Revenue is equal to the "Return" ("Investment" times FCR) plus "Depreciation" plus "Pre-Commercial Exp" plus prior year "Reconciliation amount"
 "Reconciliation Amount" is created in the reconciliation in Attachment 6 and included in the forecasted revenue requirement.

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 11 "Yes" if a project under PJM OATT Schedule 12, otherwise
 "No"
 12 "Yes" if the customer has paid a lump sum payment in the
 amount of the investment on line 29. Otherwise "No"
 13 Input the allowed ROE
 14 From line 3 above if "No" on line 12 and From line 7 above
 if "Yes" on line 12
 15 If line 13 equals 12.7%, then line 4, if line 13 equals 11.7%
 then line 3, and if line 12 is "Yes" then line 7
 16 forecast of CWIP or Cap Adds.
 reconciliation – Average of 13 month prior year net plant
 balances plus prior year 13-mo CWIP balances.
 17 Annual Depreciation Exp from Attachment 5

18
 19 See Calculations for each item below
 20 See Calculations for each item below

PJM Upgrade ID: b0328.2; b0347.1; b0347.2; b0347.3; b0347.4					PJM Upgrade ID: b0218				PJM Upgrade ID: b0216				
502 Junction - Territorial Line (CWIP + Plant In Service)					Wylie Ridge Transformer (Plant In Service)				Black Oak (SVC) Dynamic Reactive Device (Plant In Service)				
Yes					Yes				Yes				
No	12.70%				No	11.70%			No	12.70%			
	13.9353%				13.9353%				13.9353%				
	14.7913%				13.9353%				14.7913%				
	239,207,353				13,012,514				44,519,664				
	616				279,191				1,323,133				
Return	Depreciation	Pre-Commercial Exp.	Reconciliation Amount	Revenue	Return	Depreciation	Reconciliation Amount	Revenue	Return	Depreciation	Reconciliation Amount	Revenue	
33,334,243	616	502,953	(4,576,825)	29,260,986.89	1,813,332	279,191	235,354	2,327,876.21	6,203,945	1,323,133	1,180,945	8,708,023.44	
35,381,994	616	502,953	(4,576,825)	31,308,738.36	1,813,332	279,191	235,354	2,327,876.21	6,585,059	1,323,133	1,180,945	9,089,137.18	

For Plant in Service
 "Pre-Commercial Exp" is equal to the amount of pre-comm
 Revenue is equal to the "Return" ("Investment" times FCR)
 "Reconciliation Amount" is created in the reconciliation in A

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 11 "Yes" if a project under PJM OATT Schedule 12, otherwise
 "No"
 12 "Yes" if the customer has paid a lump sum payment in the
 amount of the investment on line 29, Otherwise "No"
 13 Input the allowed ROE
 14 From line 3 above if "No" on line 12 and From line 7 above
 if "Yes" on line 12
 15 If line 13 equals 12.7%, then line 4, if line 13 equals 11.7%
 then line 3, and if line 12 is "Yes" then line 7
 16 forecast of CWIP or Cap Adds.
 reconciliation – Average of 13 month prior year net plant
 balances plus prior year 13-mo CWIP balances.
 17 Annual Depreciation Exp from Attachment 5

18
 19 See Calculations for each item below
 20 See Calculations for each item below

PJM Upgrade ID: b0323					PJM Upgrade ID: b0230					PJM Upgrade ID: b0559					
North Shenandoah Transformer (Plant In Service)					Meadowbrook Transformer (Plant In Service)					Meadow Brook SS Capacitor (Plant In Service)					
Yes					Yes					Yes					
No					No					No					
11.70%					11.70%					11.70%					
13.9353%					13.9353%					13.9353%					
13.9353%					13.9353%					13.9353%					
1,917,557					7,926,536					559,717.15					
0					46,667					.					
Return		Depreciation		Reconciliation Amount		Revenue		Return		Depreciation		Reconciliation Amount		Revenue	
267,217		0		(39,224)		227,993.61		1,104,586		46,667		(147,367)		1,003,886.47	
267,217		0		(39,224)		227,993.61		1,104,586		46,667		(147,367)		1,003,886.47	
77,998.22		0.00		0.00		77,998.22		77,998.22		0.00		0.00		77,998.22	
77,998.22		0.00		0.00		77,998.22		77,998.22		0.00		0.00		77,998.22	

For Plant in Service
 "Pre-Commercial Exp" is equal to the amount of pre-comme
 Revenue is equal to the "Return" ("Investment" times FCR)
 "Reconciliation Amount" is created in the reconciliation in At

1
 2
 3
 4
 5
 6
 7
 8
 9

10
 11 "Yes" if a project under PJM OATT Schedule 12, otherwise
 "No"
 12 "Yes" if the customer has paid a lump sum payment in the
 amount of the investment on line 29. Otherwise "No"
 13 Input the allowed ROE
 14 From line 3 above if "No" on line 12 and From line 7 above
 if "Yes" on line 12
 15 If line 13 equals 12.7%, then line 4, if line 13 equals 11.7%
 then line 3, and if line 12 is "Yes", then line 7
 16 forecast of CWIP or Cap Adds.
 reconciliation – Average of 13 month prior year net plant
 balances plus prior year 13-mo CWIP balances.
 17 Annual Depreciation Exp from Attachment 5
 18
 19 See Calculations for each item below
 20 See Calculations for each item below

PJM Upgrade ID: b0229				PJM Upgrade ID: b0495						
Bedington Transformer (Plant In Service)				Kammer Transformers (Plant In Service)						
Yes				Yes						
No				No						
11.70%				11.70%						
13.9353%				13.9353%						
13.9353%				13.9353%						
5,170,883.32				7,944,150.04						
-				-						
Return	Depreciation	Reconciliation Amount	Revenue	Return	Depreciation	Reconciliation Amount	Revenue	Total	Incentive Charged	Revenue Credit
720,577.68	0.00	0.00	720,577.68	1,107,040.49	0.00	0.00	1,107,040.49	44,639,422.79		44,639,422.79
720,577.68	0.00	0.00	720,577.68	1,107,040.49	0.00	0.00	1,107,040.49	47,262,046.15	47,262,046.15	

\$2,622,623.36
 Ax A Line 14

For Plant in Service
 Pre-Commercial Exp is equal to the amount of pre-comm
 Revenue is equal to the *Return* (*Investment* times FCR)
 Reconciliation Amount is created in the reconciliation in A

Template for Annual Information Filings with Formula Rate Debt Cost Disclosure and True-Up
 Attachment 8, page 1, Table 1 and 2
Template for Annual Information Filings with Formula Rate Debt Cost Disclosure and True-Up

TABLE 1: Summary Cost of Long Term Debt

CALCULATION OF COST OF DEBT/Hypothetical Example

YEAR ENDED		12/31/2014									
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
	t=N	Issue Date	Maturity Date	ORIGINAL ISSUANCE	Net Proceeds At Issuance	Net Amount Outstanding at t=N	Months Outstanding at t=N	Average Net Outstanding in Year* z*	Weighted Outstanding Ratios	Effective Cost Rate (Tables 2 and 3)	Weighted Debt Cost at t = N (h) * (i)
Long Term Debt Cost at Year Ended:											
<u>First Mortgage Bonds:</u>											
(1)	7.09%, Debenture Description, Series, Name of Issuer	1/1/2014	8/31/2030	\$ 300,000,000	\$ 294,600,000	\$ 295,000,000	12	\$ 295,156,250	66.23%	7.324%	4.8506%
(2)	Coupon rate, Debenture Description, Series, Name of Issuer	1/1/2014	6/30/2025								
<u>Other Long Term Debt:</u>											
(3)	6.6%, Medium Term Notes, Series, Name of Issuer	04/01/2014	06/30/2024	\$ 200,000,000	\$ 198,000,000	\$ 150,000,000	9	\$ 150,200,000	33.70%	6.735%	2.2697%
(4)	\$1,000,000 variable rate LT Credit Line Drawdown, 6.59% (2014 Interest Rate), Series, Name of Issuer	xx/xx/xxxx	xx/xx/xxxx	na	na	\$ 359,000	12	\$ 320,000	0.07%	6.590%	0.0047%
Total				\$ 500,000,000		\$ 445,359,000		\$ 445,676,250	100.000%		7.13% **

t = time

The current portion of long term debt is included in the Net Amount Outstanding at t = N in these calculations.

The outstanding amount (column (e)) for debt retired during the year is the outstanding amount at the last month it was outstanding.

* z = Average of monthly balances for months outstanding during the year (average of the balances for the 12 months of the year, with zero in months that the issuance is not outstanding in a month).

Interim (individual debenture) debt cost calculations shall be taken to four decimals in percentages (7.2300%, 5.2582%); Final Total Weighted Average Debt Cost for the Formula Rate shall be rounded to two decimals of a percent (7.03%).

** This Total Weighted Average Debt Cost will be shown on Line 101 of formula rate Appendix A.

TABLE 2: Effective Cost Rates For Traditional Front-Loaded Debt Issuances:

YEAR ENDED		12/31/2014												
	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)	(gg)	(hh)	(ii)	(jj)	(kk)	(ll)		
	Affiliate	Issue Date	Maturity Date	Amount Issued	(Discount) Premium at Issuance	Issuance Expense	Loss/Gain on Reacquired Debt	Less Related ADIT (Attachment 1)	Net Proceeds	Net Proceeds Ratio	Coupon Rate	Annual Interest	Effective Cost Rate* (Yield to Maturity at Issuance, t = 0)	
<u>Long Term Debt Issuances:</u>														
<u>First Mortgage Bonds</u>														
(1)	7.09%, Debenture Description, Series, Name of Issuer	No	1/1/2014	6/30/2025	\$ 300,000,000	\$ (2,400,000)	\$ 3,000,000	-	xxx	\$ 294,600,000	98.2000	0.07090	\$ 21,270,000	7.324%
(2)	Coupon rate, Debenture Description, Series, Name of Issuer	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xx.xxxx
<u>Other Long Term Debt:</u>														
(3)	6.6%, Medium Term Notes, Series, Name of Issuer	No	4/1/2014	06/30/2024	200,000,000		2,000,000		xxx	\$ 198,000,000	99.0000	0.06600	13,200,000	6.735%
TOTALS				\$ 500,000,000	(2,400,000)	\$ 5,000,000	-	xxx	\$ 492,600,000			\$ 34,470,000		

* YTM at issuance calculated from an acceptable bond table or from YTM = Internal Rate of Return (IRR) calculation

Effective Cost Rate of Individual Debenture (YTM at issuance); the t=0 Cashflow Q equals Net Proceeds column (gg); Semi-annual (or other) interest cashflows (G₁, C₀₂, etc.).

Trans-Allegheny Interstate Line Company
Attachment 8, page 2, Table 3

TABLE 3: Project Financing Costs for Long Term Debt Credit Line Drawdowns using the Internal Rate of Return Methodology

Hypothetical Example: Construction project financing will be a 7 year loan, where by Company pays Origination Fees of \$5.2 million; Commitments Fee of 0.3% on the undrawn principal and interest on amounts drawn.
Consistent with GAAP, Company will amortize the Origination Fees and Commitments Fees using the standard Internal Rate of Return ("IRR") formula below.
The IRR is the fluctuating effective yield to maturity of the construction project financing loan at a given time "t".

Each year, Company will reconcile the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount on this attachment. Company anticipates entering into permanent financing at the end of the term of the project financing, when the project is in-service. At such time, Company will reconcile amounts borrowed, issuance cost, issuance discount or premium, interest paid, etc., on Table 2.

IRR= Internal Rate of Return; NPV = Net Present Value; C = Net Cashflows (Column I below); t = time period; pwr = exponential power.

Total Loan Amount	\$ 550,000,000
--------------------------	-----------------------

Internal Rate of Return¹	4.83360%
Based on following Financial Formula²:	
$NPV = 0 = \sum_{t=1}^N C_t / (1 + IRR)^{pwr(t)}$	

Origination Fees	
Origination Fees	7,780,954
Addition Origination Fees	15,125
Total Issuance Expense	7,796,079
Revolving Credit Commitment Fee	0.0050
Revolving Credit Commitment Fee	0.0037

	2008	2008	2008	2008	2009	2010	2011	2012	2013	2014	2015
LIBOR Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Spread	-	-	-	-	-	-	-	-	-	-	-
Interest Rate	6.13%	3.86%	4.05%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)			
Year		Capital Expenditures	Principle Drawn In Quarter (\$000's)	Principle Drawn To Date	Outstanding Debt Balance	Interest Expense	Origination Fees	Commitment	Net Cash Flows (D-F-G-H)	Interest at effective rate	Amortization of origination fees and commitment fees
2008											
12/24/2007	Q4	68,183,000	10,000,000	10,000,000	10,000,000				10,000,000	-	-
3/24/2008	Q1	25,543,000		10,000,000	10,000,000	155,048			(155,048)	118,382	(36,665)
6/23/2008	Q2	20,509,000		10,000,000	9,963,335	97,477			(97,477)	117,948	20,471
8/15/2008	Q3	-	55,000,000	65,000,000	9,983,805	59,689	7,780,954	-	47,159,357	68,667	8,978
8/25/2008	Q3	-		65,000,000	57,211,829	-	15,125	-	(15,125)	74,038	74,038
9/15/2008	Q3	-	(20,000,000)	45,000,000	57,270,742	243,025	-	-	(20,243,025)	155,750	(87,274)
9/30/2008	Q3	24,995,000		45,000,000	37,183,468	-	-	235,521	(235,521)	72,202	72,202
10/15/2008	Q3	-	20,000,000	65,000,000	37,020,149	-	-	-	20,000,000	71,885	71,885
12/15/2008	Q4	-	25,000,000	90,000,000	57,092,034	718,999	-	-	24,281,001	452,175	(266,824)
1/6/2009	Q1	42,068,000		90,000,000	81,825,210	-	-	618,334	(618,334)	233,139	233,139
3/15/2009	Q1	75,475,000	60,791,000	150,791,000	81,440,015	963,123			59,252,877	719,358	(243,765)
6/15/2009	Q2	66,048,000	78,284,000	229,075,000	141,412,250	1,649,530		499,011	76,135,459	1,692,576	43,047
9/15/2009	Q3	61,175,000	53,475,000	282,550,000	219,240,286	2,505,892		401,156	50,567,952	2,624,107	118,215
12/15/2009	Q4	73,715,000	54,288,000	336,838,000	272,432,345	3,057,268		334,313	50,896,419	3,225,116	167,848
3/15/2010	Q1	168,370,000	92,260,000	429,098,000	326,553,880	3,604,628		266,453	88,388,919	3,823,090	218,462
6/15/2010	Q2	83,172,000	80,476,000	509,574,000	418,765,889	4,693,979		151,128	75,630,893	5,012,248	318,269
9/15/2010	Q3	70,980,000	40,426,000	550,000,000	499,409,031	5,574,321		50,533	34,801,147	5,977,473	403,153
12/15/2010	Q4	56,349,000	-	550,000,000	540,187,651	5,951,151		-	(5,951,151)	6,394,864	443,714
3/15/2011	Q1	58,293,000	-	550,000,000	540,631,364	5,885,753		-	(5,885,753)	6,329,376	443,623
6/15/2011	Q2	59,524,000	-	550,000,000	541,074,987	6,016,548		-	(6,016,548)	6,476,177	459,629
9/15/2011	Q3	42,228,000	-	550,000,000	541,534,616	6,016,548		-	(6,016,548)	6,481,678	465,130
12/15/2011	Q4	39,701,000	-	550,000,000	541,999,746	5,951,151		-	(5,951,151)	6,416,316	465,166
3/15/2012	Q1	42,672,000	-	550,000,000	542,464,912	5,951,151		-	(5,951,151)	6,421,823	470,672
6/15/2012	Q2	-	-	550,000,000	542,935,584	6,016,548		-	(6,016,548)	6,498,447	481,899
9/15/2012	Q3	-	-	550,000,000	543,417,483	6,016,548		-	(6,016,548)	6,504,215	487,667
12/15/2012	Q4	-	-	550,000,000	543,905,150	5,951,151		-	(5,951,151)	6,438,873	487,722
3/15/2013	Q1	-	-	550,000,000	544,392,872	5,885,753		-	(5,885,753)	6,373,413	487,660
6/15/2013	Q2	-	-	550,000,000	544,880,532	6,016,548		-	(6,016,548)	6,521,726	505,178
9/15/2013	Q3	-	-	550,000,000	545,385,710	6,016,548		-	(6,016,548)	6,527,772	511,225
12/15/2013	Q4	-	-	550,000,000	545,896,934	5,951,151		-	(5,951,151)	6,462,452	511,301
3/15/2014	Q1	-	-	550,000,000	546,408,236	5,885,753		-	(5,885,753)	6,397,008	511,255
6/15/2014	Q2	-	-	550,000,000	546,919,490	6,016,548		-	(6,016,548)	6,546,130	529,582
9/15/2014	Q3	-	-	550,000,000	547,449,073	6,016,548		-	(6,016,548)	6,552,469	535,921
12/15/2014	Q4	-	-	550,000,000	547,984,994	5,951,151		-	(5,951,151)	6,487,171	536,020
3/15/2015	Q1	-	-	550,000,000	548,521,014	5,885,753		-	(5,885,753)	6,421,743	535,990
6/15/2015	Q2	-	-	550,000,000	549,057,004	6,016,548		-	(6,016,548)	6,571,715	555,167
9/15/2015	Q3	-	-	550,000,000	549,612,171	6,016,548		-	(6,016,548)	6,578,359	561,811
8/15/2015	Q3	-	-	550,000,000	550,173,982	(2,027,315)		-	(547,972,685)	(2,201,297)	(173,982)

(1) Commitment fees for 4th quarter 2008

¹ The IRR is the Debt Cost shown on Long Term Debt Cost Tables 1 and 2 of Attachment 8. (note in Excel, the Analysis Tool Pack Add-in must be loaded for the calculation). 7.9% will be used until the construction project debt financing is executed.

² The IRR is a discount rate that makes the net present value ("NPV") of a series of cash flows equal to zero. The IRR equation can only be solved through iterations performed by a computer program (i.e. XIRR function in a spreadsheet program).