

ATTACHMENT H-18A

Trans-Allegheny Interstate Line Company			TrAILCo
Formula Rate -- Appendix A		Notes	FERC Form 1 Page # or Instruction
Shaded cells are input cells			2007 Estimate
Allocators			
Wages & Salary Allocation Factor			
1	Transmission Wages Expense		0
2	Total Wages Expense	p354.19.b	0
3	Less A&G Wages Expense	p354.25.b	0
4	Total Wages Less A&G Wages Expense	p354.24.b (Line 2 - Line 3)	0
5	Wages & Salary Allocator	(Line 1 / Line 4)	100.0000%
Plant Allocation Factors			
6	Electric Plant In Service	(Note B) p207.95.g - p200.4c18	0
7	Common Plant In Service - Electric	(Line 25)	0
8	Total Plant In Service	(Line 6 + Line 7)	0
9	Accumulated Depreciation (Total Electric Plant)	p219.28.c	0
10	Accumulated Intangible Amortization	(Note A) p200.21.c	0
11	Accumulated Common Amortization - Electric	(Note A) p356	0
12	Accumulated Common Plant Depreciation - Electric	(Note A) p356	0
13	Total Accumulated Depreciation	(Sum Lines 9 to 12)	0
14	Net Plant	(Line 8 - Line 13)	0
15	Transmission Gross Plant	(Line 19 + Line 28)	0
16	Gross Plant Allocator	(Line 15 / Line 8, if Line 8=0, enter 100%)	100.0000%
17	Transmission Net Plant	(Line 15 - Line 39)	-29,529
18	Net Plant Allocator	(Line 17 / Line 14, if line 14=0, enter 100%)	100.0000%
Plant Calculations			
Transmission Plant			
19	Transmission Plant In Service	(Note B) p207.58.g	0
20	CWIP (Current Year 12 Month weighted average balances)	(Note B) Attachment 6 Step 2	14,380,452
21	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	Attachment 6	
22	New Trans. Plant Adds. for Current Calendar Year (weighted by months in service)	(Note B) Attachment 6	3,956,276
23	Total Transmission Plant	(Line 19 + Line 20 - Line 21 + Line 22)	18,336,729
24	General & Intangible	p205.5.g & p207.90.g - p200.4c	0
25	Common Plant (Electric Only)	(Note A) p356	0
26	Total General & Common	(Line 24 + Line 25)	0
27	Wage & Salary Allocator	(Line 5)	100.0000%
28	General & Common Plant Allocated to Transmission	(Line 26 * Line 27)	0
29	Plant Held for Future Use (Including Land)	(Note C) Attachment 5	0
30	Total Transmission Plant	(Line 23 + Line 28 + Line 29)	18,336,729
Accumulated Depreciation			
31	Transmission Accumulated Depreciation	(Note B) p219.25.c	29,529
32	Accumulated General Depreciation	p219.27.c	0
33	Accumulated Intangible Amortization	(Line 10)	0
34	Accumulated Common Amortization - Electric	(Note A) (Line 11)	0
35	Accumulated Common Plant Depreciation - Electric	(Note A) (Line 12)	0
36	Total Accumulated General, Intangible and Common Depreciation	(Sum Lines 32 to 35)	0
37	Wage & Salary Allocator	(Line 5)	100.0000%
38	General & Common Accumulated Depreciation Allocated to Transmission	(Line 36 * Line 37)	0
39	Total Accumulated Depreciation	(Line 31 + Line 38)	29,529
40	Total Net Property, Plant & Equipment	(Line 30 - Line 39)	18,307,200

Adjustment To Rate Base

Accumulated Deferred Income Taxes				
41	ADIT net of FIBS 106 and 109	Enter Negative	Attachment 1	-13,935
42	Account 283 Adjustment for Securitization			
43	Accumulated Investment Tax Credit Account No. 255	Enter Negative	(Note A) Attachment 1	0
44	Net Plant Allocator		(Line 18)	100.0000%
45	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 43 * Line 44) + Line 41	-13,935
Pre-Commercial Costs Capitalized				
46	Unamortized Capitalized Pre-Commercial Costs		Attachment 5	1,703,058
Transmission O&M Reserves				
47	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5	0
Prepayments				
48	Total Prepayments Allocated to Transmission	(Note A)	Attachment 5	0
Materials and Supplies				
49	Undistributed Stores Expense	(Note A)	p227.6.c & 15.c	0
50	Wage & Salary Allocator		(Line 5)	100.0000%
51	Total Undistributed Stores Expense Allocated to Transmission		(Line 49 * Line 50)	0
52	Transmission Materials & Supplies		p227.8.c	0
53	Total Materials & Supplies Allocated to Transmission		(Line 51 + Line 52)	0
Cash Working Capital				
54	Operation & Maintenance Expense		(Line 85)	3,250,000
55	1/8th Rule		1/8	12.5%
56	Total Cash Working Capital Allocated to Transmission		(Line 54 * Line 55)	406,250
Network Credits				
57	Outstanding Network Credits	(Note N)	Attachment 5	0
58	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Cred	(Note N)	Attachment 5	0
59	Net Outstanding Credits		(Line 57 - Line 58)	0
60	Total Adjustment to Rate Base		(Lines 45 + 46+ 47 + 48 + 53 + 56 - 59)	2,095,373
61	Rate Base		(Line 40 + Line 60)	20,402,573

O&M

Transmission O&M				
62	Transmission O&M		p321.100.b	0
63	Less Account 565		p321.88.b	0
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
65	Plus Transmission Lease Payments	(Note A)	p200.4.c	0
66	Transmission O&M		(Lines 62 - 63 + 64 + 65)	0
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	0
68	Total A&G		p323.168.b	750,000
69	Less Property Insurance Account 924		p323.156.b	0
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.160.b	0
71	Less General Advertising Exp Account 930.1		p323.162.b	0
72	Less EPRI Dues	(Note D)	p352 & 353	0
73	General & Common Expenses		(Lines 67 + 68) - Sum (Lines 69 to 72)	750,000
74	Wage & Salary Allocator		(Line 5)	100.0000%
75	General & Common Expenses Allocated to Transmission		(Line 73 * Line 74)	750,000
Directly Assigned A&G				
76	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
77	General Advertising Exp Account 930.1	(Note K)	Attachment 5	0
78	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 76 + Line 77)	0
79	Property Insurance Account 924		p323.156.b	0
80	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
81	Total Accounts 928 and 930.1 - General		(Line 79 + Line 80)	0
82	Net Plant Allocator		(Line 18)	100.0000%
83	A&G Directly Assigned to Transmission		(Line 81 * Line 82)	0
84	Pre-Commercial Expense		Attachment 5a	2,500,000
85	Total Transmission O&M		(Lines 66 + 75 + 78 + 83)	3,250,000

Depreciation & Amortization Expense

Depreciation Expense			
86	Transmission Depreciation Expense	p336.7.b&c	29,529
87	Amortization Expense on Pre-Commercial Cost	Schedule 5	567,686
88	General Depreciation	p336.9.b&c	0
89	Intangible Amortization	p336.1.d&e	0
90	Total	(Line 88 + Line 89)	0
91	Wage & Salary Allocator	(Line 5)	100.0000%
92	General Depreciation Allocated to Transmission	(Line 90 * Line 91)	0
93	Common Depreciation - Electric Only	(Note A) p336.10.b	0
94	Common Amortization - Electric Only	(Note A) p356 or p336.10.d	0
95	Total	(Line 93 + Line 94)	0
96	Wage & Salary Allocator	(Line 5)	100.0000%
97	Common Depreciation - Electric Only Allocated to Transmission	(Line 95 * Line 96)	0
98	Total Transmission Depreciation & Amortization	(Lines 86 + 92 + 97)	597,215

Taxes Other than Income

99	Taxes Other than Income	Attachment 2	-
100	Total Taxes Other than Income	(Line 99)	0

Return / Capitalization Calculations

Long Term Interest			
101	Long Term Interest	p117.62.c through 67.c	4,739,041
102	Less LTD Interest on Securitization Bonds	(Note P) Attachment 8	0
103	Long Term Interest	(Line 101 - Line 102)	4,739,041
104	Preferred Dividends	enter positive p118.29.c	-
Common Stock			
105	Proprietary Capital	p112.16.c	60,000,000
106	Less Accumulated Other Comprehensive Income Account 219	p112.15.c	0
107	Less Preferred Stock	(Line 117)	0
108	Plus Securitization Adjustment	Attachment 8	0
109	Less Account 216.1	p112.12.c	0
110	Common Stock	(Line 105 - 106 - 107 + 108 - 109)	60,000,000
Capitalization			
111	Long Term Debt	Attachment 9	60,000,000
112	Less Loss on Reacquired Debt	p111.81.c	0
113	Plus Gain on Reacquired Debt	p113.61.c	0
114	Less ADIT associated with Gain or Loss	Attachment 1	0
115	Less LTD on Securitization Bonds	(Note P) Attachment 8	0
116	Total Long Term Debt	(Line 111 - 112 + 113 - 114 - 115)	60,000,000
117	Preferred Stock	p112.3.c	0
118	Common Stock	(Line 110)	60,000,000
119	Total Capitalization	(Sum Lines 116 to 118)	120,000,000
120	Debt %	Total Long Term Debt	50.0%
121	Preferred %	Preferred Stock	0.0%
122	Common %	Common Stock	50.0%
123	Debt Cost	Total Long Term Debt	Attachment 9
124	Preferred Cost	Preferred Stock	(Line 104 / Line 117)
125	Common Cost	Common Stock	(Note J) Fixed
126	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 120 * Line 123)
127	Weighted Cost of Preferred	Preferred Stock	(Line 121 * Line 124)
128	Weighted Cost of Common	Common Stock	(Line 122 * Line 125)
129	Rate of Return on Rate Base (ROR)	(Sum Lines 126 to 128)	0.10049
130	Investment Return = Rate Base * Rate of Return	(Line 61 * Line 129)	2,050,295

Composite Income Taxes

Income Tax Rates			
131	FIT=Federal Income Tax Rate	(Note I)	35.00%
132	SIT=State Income Tax Rate or Composite		8.60%
133	p	(percent of federal income tax deductible for state purpc Per State Tax Code	0.00%
134	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.59%
135	T/(1-T)		68.32%
ITC Adjustment			
136	Amortized Investment Tax Credit	(Note I)	
137	T/(1-T)	enter negative p266.8f	-
138	Net Plant Allocation Factor	(Line 135)	168.32%
139	ITC Adjustment Allocated to Transmission	(Line 18)	100.0000%
		(Line 136 / Line 137 * Line 138)	0
140	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 135 * Line 130 * (1 - (Line 126 / Line 129))]
			850,304
141	Total Income Taxes	(Line 139 + Line 140)	850,304

REVENUE REQUIREMENT

Summary			
142	Net Property, Plant & Equipment	(Line 40)	18,307,200
143	Total Adjustment to Rate Base	(Line 60)	2,095,373
144	Rate Base	(Line 61)	20,402,573
145	Total Transmission O&M	(Line 85)	3,250,000
146	Total Transmission Depreciation & Amortization	(Line 98)	597,215
147	Taxes Other than Income	(Line 100)	-
148	Investment Return	(Line 130)	2,050,295
149	Income Taxes	(Line 141)	850,304

150 Gross Revenue Requirement (Sum Lines 145 to 149) 6,747,815

Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities

151	Transmission Plant In Service	(Line 19)	18,336,729
152	Excluded Transmission Facilities	(Note M) Attachment 5	-
153	Included Transmission Facilities	(Line 151 - Line 152)	18,336,729
154	Inclusion Ratio	(Line 153 / Line 151)	100.00%
155	Gross Revenue Requirement	(Line 150)	6,747,815
156	Adjusted Gross Revenue Requirement	(Line 154 * Line 155)	6,747,815

Revenue Credits & Interest on Network Credits

157	Revenue Credits	Attachment 3	-
158	Interest on Network Credits	(Note N) PJM Data	-

159 Net Revenue Requirement (Line 156 - Line 157 + Line 158) 6,747,815

Net Plant Carrying Charge

160	Gross Revenue Requirement	(Line 155)	6,747,815
161	Net Transmission Plant	(Line 23 - Line 31)	18,307,200
162	Net Plant Carrying Charge	(Line 160 / Line 161)	36.8588%
163	Net Plant Carrying Charge without Depreciation	(Line 160 - Line 86) / Line 161	36.6975%
164	Net Plant Carrying Charge without Depreciation and Pre-Commercial Costs	(Line 160 - Line 86 - Line 84 - Line 87) / Line 161	19.9408%
165	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 160 - Line 86 - Line 130 - Line 141) / Line 161	20.8535%

Net Plant Carrying Charge Calculation with Incentive ROE

166	Gross Revenue Requirement Less Return and Taxes	(Line 155 - Line 148 - Line 149)	3,847,215
167	Increased Return and Taxes	Attachment 4	3,192,506
168	Net Revenue Requirement with Incentive ROE	(Line 166 + Line 167)	7,039,721
169	Net Transmission Plant	(Line 23 - Line 31)	18,307,200
170	Net Plant Carrying Charge with Incentive ROE	(Line 168 / Line 169)	38.4533%
171	Net Plant Carrying Charge with Incentive ROE without Depreciation	(Line 168 - Line 86) / Line 169	38.2920%
172	Net Plant Carrying Charge with Incentive ROE without Depreciation and Pre-Commercial	(Line 168 - Line 86 - Line 84 - Line 87) / Line 169	21.5353%

Net Revenue Requirement

173	Net Revenue Requirement	(Line 159)	6,747,815
174	True-up amount	Attachment 6	-
175	Plus any increased ROE calculated on Attach 7 other than PJM Sch. 12 projects not paid by other PJM trans zones	Attachment 7	262,201
176	Facility Credits under Section 30.9 of the PJM OATT	Attachment 5	-
177	Net Zonal Revenue Requirement	(Line 173 + 174 + 175 + 176)	7,010,015

Network Zonal Service Rate

178	1 CP Peak	(Note L) PJM Data	N/A
179	Rate (\$/MW-Year)	(Line 177 / 178)	N/A

180 Network Service Rate (\$/MW/Year) (Line 179) N/A

Notes

- A Electric portion only
- B Excludes Construction Work In Progress ("CWIP") and leases that are expensed as O&M (rather than amortized). Includes New Transmission Plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission Plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTEP) must be separately detailed on Attachment 6. For the Reconciliation, includes New Transmission Plant that was actually placed in service weighted by the number of months it was actually in service. Includes on Line 20, CWIP balance for FERC-authorized incentive transmission project(s) shown on Attachments 6 and 7.
- C Includes Transmission portion only
- D Excludes all EPRI Annual Membership Dues
- E Includes 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 Reserved for Future Use
- I 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. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L 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.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 158.
- O 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 62. If they are booked to Acct 565, they are included on Line 64.
- P Securitization bonds may be included in the capital structure.

Trans-Allegheny Interstate Line Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

Trans-Allegheny Interstate Company				
	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282 From Account Total Below	13,935	-	-	13,935
ADIT-283 From Account Total Below	-	-	-	-
ADIT-190 From Account Total Below	Enter Negative	-	-	-
Subtotal	13,935	-	-	13,935
Wages & Salary Allocator			100.0000%	
Gross Plant Allocator		100.0000%		
ADIT	13,935	-	-	13,935
Change to a negative	(13,935)	-	-	(13,935)

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 112

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 B-F and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	
	Trans-Allegheny Interstate Company					
ADIT-190	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	JUSTIFICATION
None Reported						
Subtotal						
Less FASB 109 Above						
Less FASB 106 Above						
Total	-	-	-	-	-	
Total Account 190 Agrees to Balance Sheet						-

Instructions for Account 190:

1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related Plant and not in Columns C & D are directly assigned to Column E
4. ADIT items related to labor and not in Columns C & D are directly assigned to Column F
5. 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	B Trans-Allegheny Interstate Company					F	JUSTIFICATION
	Total	(A) Gas, Prod Or Other Related	(B) Only Transmission Related	(C) Plant Related	(D) Labor Related		
ADIT- 282							
Property Related	13,935		13,935				Tax-book depreciation
	-						
	-						
	-						
	-						
Subtotal	13,935	-	13,935	-	-		
Less FASB 109 Above	-						
Less FASB 106 Above	-						
Total	13,935	-	13,935	-	-		
Total Account 282 Agrees to Balance Sheet					13,935		
					13,935		
					-		

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related Plant and not in Columns C & D are directly assigned to Column E
- ADIT items related to labor and not in Columns C & D are directly assigned to Column F
- 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	B Trans-Allegheny Interstate Company					F	JUSTIFICATION
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related		
ADIT-283							
None Reported							
Subtotal	-	-	-	-	-		
Less FASB 109 Above							
Less FASB 106 Above							
Total	-	-	-	-	-		

Total Account 283 agrees to the Balance Sheet

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related Plant and not in Columns C & D are directly assigned to Column E
- ADIT items related to labor and not in Columns C& D are directly assigned to Column F
- 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

Trans-Allegheny Interstate Company

ADITC-255	Balance	Amortization
Rate Base Treatment		
Balance to Line 42 Appendix A	-	-
Amortization		
Amortization to Line 134 of Appendix A	-	-
Total	-	-
Total Form No. 1 (p 266 & 267)	-	-
Difference / 1	-	-

/1 Difference must be zero

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

Other Taxes		Balance Sheet	Allocator	Allocated Amount
Plant Related		Gross Plant Allocator		
1	Real property (State, Municipal or Local)	0	100.0000%	\$ -
2	Capital Stock Tax	0	100.0000%	\$ -
3	Gross Premium (Insurance) Tax	0	100.0000%	\$ -
4	PURTA	0	100.0000%	\$ -
5	Corp License	0	100.0000%	\$ -
6				\$ -
7				\$ -
8	Total Plant Related	0	100.0000%	0
Labor Related		Wages & Salary Allocator		
9	Federal FICA Capitalized			
10	Federal Unemployment			
11	State Unemployment			
12				
13				
14	Total Labor Related	0	100.0000%	0
Other Included		Gross Plant Allocator		
15	Miscellaneous	-		
16	Use and Sales Tax	0		
17				
18				
19	Total Other Included	0	100.0000%	0
20	Total Included (Lines 8 + 14 + 19)	0		0
Currently Excluded				
21	Business & Occupational	0		
22	Occup & Commercial Rent	0		
23	Franchise	0		
24	Federal Excise	0		
25	kWhTax - State Gross Receipt (Excise Tax)	0		
26	Commercial Activity	0		
27	Contractual Obligations	0		
28	State & Municipal License	0		
29	PU Fuel Energy	0		
30	Income Taxes (FIT)	0		
31	Subtotal, Excluded	0		
32	Total, Included and Excluded (Line 20 + Line 28)	0		
33	Total Other Taxes from p114.14.c	-		
34	Difference (Line 29 - Line 30)	-		

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

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	-
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)	-
12	Less line 14g	-
13	Total Revenue Credits (Line 11 - Line 12)	-
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	<p>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.</p>	
18	<p>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.</p>	
19	<p>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).</p>	
20	<p>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 are not included in the total above to the extent they are credited under Schedule 12.</p>	

Attachment 4 - Calculation with Incentive ROE

A	Return and Taxes at High End of the range of Reasonableness	Line 28 + Line 39 from below	3,192,506
B	Difference between Base ROE and Incentive ROE		170

Return Calculation

		Appendix A Line or Source Reference	
1	Rate Base	(Line 40 + Line 60)	20,402,573
Long Term Interest			
2	Long Term Interest	p117.62.c through 67.c	4,739,041
3	Long Term Interest	(Line 101 - Line 102)	<u>4,739,041</u>
4	Preferred Dividends	enter positive	0
Common Stock			
5	Proprietary Capital	p112.16.c	60,000,000
6	Less Preferred Stock	(Line 117)	0
7	Less Account 216.1	p112.12.c	0
8	Common Stock	(Line 105 - 106 - 107 + 108 - 109)	<u>60,000,000</u>
Capitalization			
9	Long Term Debt	Attachment 9	60,000,000
10	Less Loss on Reacquired Debt	p111.81.c	0
11	Plus Gain on Reacquired Debt	p113.61.c	0
12	Less ADIT associated with Gain or Loss	Attachment 1	0
13	Less LTD on Securitization Bonds	Attachment 8	0
14	Total Long Term Debt	(Line 111 - 112 + 113 - 114 - 115)	<u>60,000,000</u>
15	Preferred Stock	p112.3.c	0
16	Common Stock	(Line 110)	<u>60,000,000</u>
17	Total Capitalization	(Sum Lines 116 to 118)	<u>120,000,000</u>
18	Debt %	Total Long Term Debt	0 50.0%
19	Preferred %	Preferred Stock	0 0.0%
20	Common %	Common Stock	0 50.0%
21	Debt Cost	Total Long Term Debt	Attachment 9 0.0790
22	Preferred Cost	Preferred Stock	(Line 104 / Line 117) 0.0000
23	Common Cost	Common Stock	Enter high range authorized 0.1390
24	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 120 * Line 123) 0.0395
25	Weighted Cost of Preferred	Preferred Stock	(Line 121 * Line 124) 0.0000
26	Weighted Cost of Common	Common Stock	(Line 122 * Line 125) 0.0695
27	Rate of Return on Rate Base (ROR)	(Sum Lines 126 to 128)	<u>0.1090</u>
28	Investment Return = Rate Base * Rate of Return	(Line 61 * Line 129)	<u>2,223,717</u>

Composite Income Taxes

Income Tax Rates			
29	FIT=Federal Income Tax Rate		35.00%
30	SIT=State Income Tax Rate or Composite		8.60%
31	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
32	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.59%
33	T/ (1-T)		68.32%
ITC Adjustment			
34	Amortized Investment Tax Credit	enter negative	p266.8f -
35	T/(1-T)	(Line 135)	168%
36	Net Plant Allocation Factor	(Line 18)	100.0000%
37	ITC Adjustment Allocated to Transmission	(Note I from Appendix A) (Line 136 / Line 137 * Line 138)	<u>0</u>
38	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	968,789
39	Total Income Taxes		<u>968,789</u>

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
10	Accumulated Intangible Amortization	(Note A)	p200.21.c				
11	Accumulated Common Amortization - Electric	(Note A)	p356				
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356				
Plant In Service							
25	Common Plant (Electric Only)	(Note A)	p356				
Accumulated Deferred Income Taxes							
43	Accumulated Investment Tax Credit Account No. 255	(Note A)	Attachment 1				
Materials and Supplies							
49	Undistributed Stores Expense	(Note A)	p227.6.c & 15.c				
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.4.c				
67	Common Plant O&M	(Note A)	p356				
Depreciation Expense							
89	Intangible Amortization	(Note A)	p336.1.d&e				
93	Common Depreciation - Electric Only	(Note A)	p336.10.b				
94	Common Amortization - Electric Only	(Note A)	p356 or p336.10.d				

Transmission / Non-transmission Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
29	Plant Held for Future Use (Including Land)	(Note C)	Attachment 5	0	0	0	

CWIP & Expensed Lease Worksheet

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP In Form 1 Amount	Expensed Lease in Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant in Service	(Note B)	p207.95.g - p200.4c18				
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g				
25	Common Plant (Electric Only)	(Note A)	p356				
Accumulated Depreciation							
31	Transmission Accumulated Depreciation	(Note B)	p219.25.c				

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Pre-Commercial Costs Capitalized

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Amortization Amount (Over 4 Years)	Unamortized Capitalized Pre-Commercial Costs
46	Unamortized Capitalized Pre-Commercial Costs (Note A)	\$ 2,270,744	\$ 567,686	\$ 1,703,058

EPRI Dues Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	EPRI Dues	Details
72	Allocated General & Common Expenses Less EPRI Dues (Note D) p352 & 353			

Regulatory Expense Related to Transmission Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Transmission Related	Non-transmission Related	Details
76	Directly Assigned A&G Regulatory Commission Exp Account 928 (Note G) p323.160.b	0	0	0	

Safety Related Advertising Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Safety Related	Non-safety Related	Details
80	Directly Assigned A&G General Advertising Exp Account 930.1 (Note F) p323.162.b	-	-	-	

MultiState Workpaper

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		State 1	State 2	State 3	State 4	State 5	Details
132	Income Tax Rates SIT=State Income Tax Rate or Composite (Note J)	Composite 8.60%					

Education and Out Reach Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Education & Outreach	Other	Details
77	Directly Assigned A&G General Advertising Exp Account 930.1 (Note K) p323.162.b	-	-	-	

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Excluded Plant Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Excluded Transmission Facilities	Description of the Facilities
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
152	Excluded Transmission Facilities Step-Up Facilities (Note M)		General Description of the Facilities
Instructions:		Enter \$	
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			
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:		Or	
Example		Enter \$	
A	Total investment in substation		
B	Identifiable investment in Transmission (provide workpapers)		
C	Identifiable investment in Distribution (provide workpapers)		
D	Amount to be excluded (A x (C / (B + C)))		
			Add more lines if necessary

Transmission Related Account 242 Reserves

Only reserves in 242 and only transmission related

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Total	Allocation	Transmission Related	Details
47	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)	Enter \$		Amount	
	Directly Assignable to Transmission		100%	-	
	Labor Related, General plant related or Common Plant related	-	100.00%	-	
	Plant Related		100.00%	-	
	Other	-	0.00%	-	
	Total Transmission Related Reserves	-		-	

Prepayments

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Description of the Prepayments	
48	Prepayments		
	Prepayments		
	Prepaid Pensions if not included in Prepayments		

Outstanding Network Credits Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Outstanding Network Credits	Description of the Credits
Network Credits		Enter \$	
57	Outstanding Network Credits (Note N)		General Description of the Credits
58	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits		
			Add more lines if necessary

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Adjustments to Transmission O&M

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Total	Allocation	Transmission Related	Details
65	Plus Transmission Lease Payments				

Interest on Outstanding Network Credits Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Interest on Network Credits	Description of the Interest on the Credits
158	Revenue Credits & Interest on Network Credits Interest on Network Credits (Note N) PJM Data	Enter \$	General Description of the Credits
<i>Add more lines if necessary</i>			

Facility Credits under Section 30.9 of the PJM OATT

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Amount	Description & PJM Documentation
176	Net Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT	-	

PJM Load Cost Support

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		1 CP Peak	Description & PJM Documentation
178	Network Zonal Service Rate 1 CP Peak (Note L) PJM Data	NA	

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing Determinants	Current Rate	Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
				-	-	-
Total				-	-	-

Trans-Allegheny Interstate Line Company

Attachment 5a - Pre-Commercial Costs and CWIP

Step 1 For each project, Pre-Commercial costs will be estimated and the totals reported below by project with the amounts that are to be expensed reported separately from those that are to be deferred and amortized (note, deferred costs related to 2006 include AFUDC). For the Reconciliation, the Pre-Commercial costs that are to be expensed and those that are to be deferred and amortized will be itemized by project below.

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 that no Pre-Commercial costs that was expensed was included in the additions to plant in service and that no AFUDC on projects where CWIP was recovered in rate base was included in the additions to plant in service.

Example

Column A	Column B	Column C	Column D	Column E	Column F	Column G
	Pre-Commercial Costs			CWIP		
			Amount of Deferred	Monthly Weighted		
For Estimate:	Expensed	Deferred	Amortized in Year	Average		
Prexy - 502 Junction (< 500kV) - CWIP	287,000		65,170	2,085,455		
Prexy - 502 Junction (≥ 500kV) - CWIP	369,750		83,961	2,686,753		
502 Junction - Mt Storm - Meadow Brook (CWIP)	1,843,250		418,555	9,608,245		
Total	2,500,000	2,270,744	567,686	14,380,452		
For Reconciliation:	Pre-Commercial Costs			CWIP	AFUDC	AFUDC
	Expensed	Deferred	Amount of Deferred		In CWIP	If CWIP was
Prexy - 502 Junction (< 500kV) - CWIP			Amortized in Year			not in Rate
1						Base
2						
3						
4						
...						
Total	0	0	0	0	0	0
502 Junction - Mt Storm - Meadow Brook (CWIP)						
1						
2						
3						
4						
...						
Total	0	0	0	0	0	0
Total Additions to Plant In Service (sum of the above for each project)				0		
Total Additions to Plant in Service reported on pages 200-204 of the Form No. 1				0		
Difference (must be zero)				0		

Notes:

- 1 Small projects may be combined into larger projects where rate treatment is consistent
- 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

PRELIMINARY

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 for Year 2 weighted based on Months expected to be in service in Year 2
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula (Appendix A, Line 22)
- 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 populates the formula with Year 2 data
- 7 April Year 3 TO estimates all transmission Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3
- 8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 Cap Adds in Reconciliation (adjusted to include any Reconciliation amount from prior year).
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect

Reconciliation Details

- 1 April Year 2 TO populates the formula with Year 1 data
Rev Req based on Year 1 data Must run Appendix A to get this number (without any cap adds in line 22)
- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	Time Weighted Amounts					
								(H) = (A) * (G)/12	(I) = (B)* (G)/12	(J) = (C) * (G)/12	(K) = (D) * (G)/12 + Prior Month Balance	(L) = (E) * (G)/12 + Prior Month Balance	(M) = (F) * (G)/12 + Prior Month Balance
Other Projects PIS (Monthly change in balance)		Black Oak (≥500kV) (monthly change in Balance) (in service)	Wylie Ridge (<500kV) (monthly change in balance) (in service)	502 Junction - Meadow Brook (≥500kV) (monthly change in balance) CWIP	Prexy - 502 Junction (<500kV) (monthly change in balance) CWIP	Prexy - 502 Junction (≥500kV) (monthly change in balance) CWIP	Weighting	Other Projects PIS (Monthly change in balance)	Black Oak (≥500kV) (monthly change in Balance)	Wylie Ridge (<500kV) (monthly change in balance)	502 Junction - Meadow Brook (≥500kV) (monthly balance) CWIP	Prexy - 502 Junction (<500kV) (monthly balance) CWIP	Prexy - 502 Junction (≥500kV) (monthly balance) CWIP
Dec (Prior Year, CWIP & Completed Incentive Projects)				29,078	2,421	3,120	12				29,078		
Jan 2007		-	-	100,000	131,100	168,900	11.5		-	-	124,911	128,059	164,982
Feb		-	-	100,000	131,100	168,900	10.5		-	-	212,411	242,771	312,770
Mar		-	-	1,900,000	174,800	225,200	9.5		-	-	1,716,578	381,155	491,053
Apr		-	-	2,200,000	480,700	619,300	8.5		-	-	3,274,911	721,651	929,724
May		-	-	2,200,000	480,700	619,300	7.5		-	-	4,649,911	1,022,088	1,316,786
Jun		-	-	2,200,000	480,700	619,300	6.5		-	-	5,841,578	1,282,467	1,652,240
Jul		-	-	2,200,000	524,400	675,600	5.5		-	-	6,849,911	1,522,817	1,961,890
Aug		-	-	2,100,000	480,700	619,300	4.5		-	-	7,637,411	1,703,080	2,194,128
Sep		-	-	2,000,000	524,400	675,600	3.5		-	-	8,220,745	1,856,030	2,391,178
Oct		-	7,618,489	4,100,000	611,800	788,200	2.5		-	1,587,185	9,074,911	1,983,488	2,555,386
Nov		-	-	3,200,000	611,800	788,200	1.5		-	-	9,474,911	2,059,963	2,653,911
Dec		49,528,583	7,329,602	3,200,000	611,800	788,200	0.5		2,063,691	305,400	9,608,245	2,085,455	2,686,753
Total		49,528,583	14,948,091	25,529,078	5,246,421	6,759,120			2,063,691	1,892,585			
New Transmission Plant Additions for Year 2 (weighted by months in service)									0.50	1.52			
									11.50	10.48			
											9,608,245	2,085,455	2,686,753

Input to Formula Line 22
<Avg. Months In-service
Average Month Placed in Service
Input to Formula Line 20

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula (Appendix A, Line 22)
- 4 May Year 2 Post results of Step 3 on PJM web site

9 April Year 3

Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)

The Reconciliation in Step 8

The forecast in Prior Year

=

- <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 35.19a for March Current Yr

Month	Yr	1/12 of Step 9	Interest 35.19a for March Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	-	0.0000%	11.5	-	-
Jul	Year 1	-	0.0000%	10.5	-	-
Aug	Year 1	-	0.0000%	9.5	-	-
Sep	Year 1	-	0.0000%	8.5	-	-
Oct	Year 1	-	0.0000%	7.5	-	-
Nov	Year 1	-	0.0000%	6.5	-	-
Dec	Year 1	-	0.0000%	5.5	-	-
Jan	Year 2	-	0.0000%	4.5	-	-
Feb	Year 2	-	0.0000%	3.5	-	-
Mar	Year 2	-	0.0000%	2.5	-	-
Apr	Year 2	-	0.0000%	1.5	-	-
May	Year 2	-	0.0000%	0.5	-	-
Total		-				-

		Balance	Interest	Amort	Balance
Jun	Year 2	-	0.0000%	-	-
Jul	Year 2	-	0.0000%	-	-
Aug	Year 2	-	0.0000%	-	-
Sep	Year 2	-	0.0000%	-	-
Oct	Year 2	-	0.0000%	-	-
Nov	Year 2	-	0.0000%	-	-
Dec	Year 2	-	0.0000%	-	-
Jan	Year 3	-	0.0000%	-	-
Feb	Year 3	-	0.0000%	-	-
Mar	Year 3	-	0.0000%	-	-
Apr	Year 3	-	0.0000%	-	-
May	Year 3	-	0.0000%	-	-
Total with interest					-

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest

Rev Req based on Year 2 data with estimated Cap Adds for Year 3 (Step 8)

Revenue Requirement for Year 3

\$

10 May Year 3

Post results of Step 9 on PJM web site

\$ - Post results of Step 3 on PJM web site

11 June Year 3

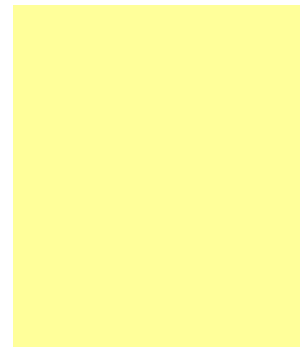
Results of Step 9 go into effect

\$ -

Trans-Allegheny Interstate Line Company

Attachment 8 - Company Exhibit - Securitization Workpaper

	Amount	Account
Accumulated Deferred Income Taxes		
Account No. 283 Adjustment for Securitization		
Long Term Interest		
Less LTD Interest on Securitization Bonds	-	430000-820109
Less LTD Interest on Securitization Bonds (WPF04)	-	430000-820164
Less LTD Interest on Securitization Bonds (WPF05)	-	430000-820165
Total LTD Interest on Securitization Bonds	-	
Common Stock		
Plus Securitization Adjustment	-	418100
Capitalization		Account
Less LTD on Securitization Bonds	-	223109
Less LTD on Securitization Bonds (WPF04)	-	223164
Less LTD on Securitization Bonds (WPF05)	-	223165
Total LTD on Securitization Bonds	-	



Trans-Allegheny Interstate Line Company

Attachment 9 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology

TrAILCo anticipates its financing will be a 7 year loan, where by TrAILCo pays Origination Fees of \$5.2 million and a Commitments Fee of 0.3% on the undrawn principle. Consistent with GAAP, TrAILCo will amortize the Origination Fees and Commitments Fees using the standard Internal Rate of Return formula below. Each year, TrAILCo will true up the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount on this attachment.

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

Internal Rate of Return	7.898%
Based on following Financial Formula:	
$\sum_{t=1}^N C_t / (1 + IRR)^{pwr(t)}$	

Origination Fees	
Underwriting Discount	3,750,000
Issuance & Miscellaneous Expenses	1,450,000
Total Issuance Expense	5,200,000
<hr/>	
Revolving Credit Commitments Fee	0.300%

	2007	2008	2009	2010	2011	2012	2013
Interest Rate	6.45%	6.55%	6.65%	6.75%	6.75%	6.75%	6.75%

(A) Year	(B) Q1-Q4	(C) Capital Expenditures (\$000's)	(D) Principle Drawn (\$000's)	(E) Interest Expense (\$000's)	(F) Origination Fees (\$000's)	(G) Commitments Fee (\$000's)	(H) Net Cash Flows (\$000's) (D-E-F-G)
2007	Q1	16,809	-	-			
6/1/2007	Q2	21,013	29,781	160	5,200	130	24,291
7/1/2007	Q3	28,136	43,849	707		380	12,981
10/1/2007	Q4	32,301	60,000	967		368	14,816
1/1/2008	Q1	66,438	93,219	1,526		343	31,350
4/1/2008	Q2	62,484	124,461	2,038		319	28,885
7/1/2008	Q3	62,709	155,815	2,551		296	28,507
10/1/2008	Q4	64,355	187,993	3,078		272	28,828
1/1/2009	Q1	58,262	217,124	3,610		250	25,272
4/1/2009	Q2	85,821	260,034	4,323		217	38,370
7/1/2009	Q3	123,768	321,918	5,352		171	56,361
10/1/2009	Q4	114,084	378,960	6,300		128	50,614
1/1/2010	Q1	36,594	397,257	6,704		115	11,479
4/1/2010	Q2	43,691	419,103	7,072		98	14,675
7/1/2010	Q3	43,694	440,950	7,441		82	14,324
10/1/2010	Q4	41,316	461,608	7,790		66	12,802
1/1/2011	Q1	5,614	464,415	7,837		64	(5,094)
4/1/2011	Q2	5,240	467,035	7,881		62	(5,323)
7/1/2011	Q3	4,651	469,360	7,920		60	(5,655)
10/1/2011	Q4	4,618	471,669	7,959		59	(5,709)
1/1/2012	Q1	-	471,669	7,959		59	(8,018)
4/1/2012	Q2	-	471,669	7,959		59	(8,018)
7/1/2012	Q3	-	471,669	7,959		59	(8,018)
10/1/2012	Q4	-	471,669	7,959		59	(8,018)
1/1/2013	Q1	-	471,669	7,959		59	(8,018)
4/1/2013	Q2	-	471,669	7,959		59	(8,018)
7/1/2013	Q3	-	471,669	7,959		59	(8,018)
10/1/2013	Q4	-	471,669	479,628		59	(479,687)

Revenue Requirement

Investment Year	Prexy - 502 Junction (<500kV)	Prexy - 502 Junction (≥500kV)	502 Junction - Meadow Brook (≥500kV)	Wylie Ridge (≥500kV)	Black Oak (≥500kV)
2007	\$ 801,278.84	\$ 1,032,310.48	\$ 4,330,967.13	\$ 401,037.10	\$ 444,421.59

TOTAL
\$ 7,010,015.14