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May 15, 2008

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Trans-Allegheny Interstate Line Company  
Electronic Informational Filing of 2008 Formula Rate Annual Update  
Docket No. ER07-562-000, *et al.*

Dear Secretary Bose:

Pursuant to the Commission's order dated May 31, 2007 in Docket No. ER07-562-000,<sup>1</sup> Trans-Allegheny Interstate Line Company ("TrAILCo") hereby submits for informational purposes its 2008 Annual Update to recalculate its annual transmission revenue requirements ("Annual Update"). The Annual Update includes (i) a reconciliation of the annual transmission revenue requirements for the 2007 Rate Year<sup>2</sup> (Attachment 1), (ii) the annual transmission revenue requirements for the 2008 Rate Year to become effective on June 1, 2008 (Attachment 2) and (iii) a detailed accounting of transfers between construction work in progress ("CWIP") and Plant in Service as required by the May 31 Order (Attachment 3).

TrAILCo's tariff on file with the Commission specifies that:

[o]n or before May 15 of each year, TrAILCo shall recalculate its Annual Transmission Revenue Requirements, producing the "Annual Update" for the upcoming Rate Year, and post such Annual Update on PJM's Internet website via link to the Transmission Services page or a similar successor page.<sup>3</sup>

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<sup>1</sup> *Trans-Allegheny Interstate Line Company*, 119 FERC ¶ 61,219, P 59 (2007) (May 31 Order").

<sup>2</sup> The "Rate Year" begins on June 1 of a given calendar year and continues through May 31 of the subsequent calendar year.

<sup>3</sup> PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1, Substitute Original Sheet No. 314I.25, Attachment H-18B, Section 1(b) (effective June 1, 2007).



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The Annual Update attached hereto and submitted to PJM Interconnection, L.L.C. for posting on its Internet website via link to the Transmission Services page includes a recalculation of TrAILCo's annual transmission revenue requirements. This filing incorporates additional detail to support the submittal, in conformance with a settlement in Docket No. ER07-562-004, which was certified to the Commission on April 25, 2008.<sup>4</sup> This additional detail adds to, but does not conflict with, the currently effective tariff on file with the Commission. The Annual Update contains no expenses or costs that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the produce to discriminatory employment practices, as defined in 18 C.F.R. § 35.13(b)(7). In addition, please note that TrAILCo has made no material changes in its accounting policies and practices from those in effect during the previous Rate Year and upon which the current rate is based.

Thank you for your attention to this informational filing. Please direct any questions to the undersigned.

Respectfully submitted,

/s/ Stephen Angle

Stephen Angle

Attorney for Trans-Allegheny Interstate Line  
Company

Enclosures

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<sup>4</sup> *Trans-Allegheny Interstate Line Company*, 123 FERC ¶ 63,009 (2008).

**ATTACHMENT 1**  
**Reconciliation of**  
**Annual Transmission Revenue Requirements**

ATTACHMENT H-18A

Trans-Allegheny Interstate Line Company

Formula Rate -- Appendix A

Notes

FERC Form 1 Page # or Instruction

TrAILCo

Shaded cells are input cells

2007 Reconciliation

Allocators

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense	p354.21.b	521,110
2	Total Wages Expense	p354.28.b	1,298,871
3	Less A&G Wages Expense	p354.27.b	777,761
4	Total Wages Less A&G Wages Expense	(Line 2 - Line 3)	521,110
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 / Line 4), if line 2 = 0, then 100%	<b>100.0000%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant in Service	(Note B) Attachment 5	4,668,030
7	Total Plant In Service	(Line 6)	4,668,030
8	Accumulated Depreciation (Total Electric Plant)	Attachment 5	12
9	Total Accumulated Depreciation	(Line 8)	12
10	Net Plant	(Line 7 - Line 9)	4,668,018
11	Transmission Gross Plant	(Line 15 + Line 21)	4,668,030
12	<b>Gross Plant Allocator</b>	(Line 11 / Line 7, if Line 7=0, enter 100%)	<b>100.0000%</b>
13	Transmission Net Plant	(Line 11 - Line 29)	4,668,018
14	<b>Net Plant Allocator</b>	(Line 13 / Line 10, if line 10=0, enter 100%)	<b>100.0000%</b>

Plant Calculations

<b>Transmission Plant</b>			
15	Transmission Plant In Service	(Note B) Attachment 5	4,668,030
16	New Trans. Plant Adds. for Current Calendar Year (13 average balance)	(Note B) Attachment 6	0
17	<b>Total Transmission Plant</b>	(Line 15 + Line 16)	<b>4,668,030</b>
18	General & Intangible	Attachment 5	0
19	Total General & Intangible	(Line 18)	0
20	Wage & Salary Allocator	(Line 5)	100.0000%
21	<b>Transmission Related General and Intangible Plant</b>	(Line 19 * Line 20)	<b>0</b>
22	<b>Transmission Related Plant</b>	<b>(Line 17 + Line 21)</b>	<b>4,668,030</b>
<b>Accumulated Depreciation</b>			
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	12
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	<b>Transmission Related General &amp; Intangible Accumulated Depreciation</b>	(Line 26 * Line 27)	<b>0</b>
29	<b>Total Transmission Related Accumulated Depreciation</b>	<b>(Line 23 + Line 28)</b>	<b>12</b>
30	<b>Total Transmission Related Net Property, Plant &amp; Equipment</b>	<b>(Line 22 - Line 29)</b>	<b>4,668,018</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>				
31	ADIT net of FASB 106 and 109	Enter Negative	Attachment 1	403,291
32	<b>Transmission Related Accumulated Deferred Income Taxes</b>		(Line 31)	<b>403,291</b>
33	<b>Transmission Related CWIP (Current Year 13 Month weighted average balances)</b>	(Note B)	p216.b.43 as shown on Attachment 6	<b>10,654,723</b>
34	<b>Transmission Related Land Held for Future Use</b>	(Note C)	Attachment 5	<b>0</b>
<b>Transmission Related Pre-Commercial Costs Capitalized</b>				
35	Unamortized Capitalized Pre-Commercial Costs		Attachment 5	<b>1,986,901</b>
<b>Prepayments</b>				
36	<b>Transmission Related Prepayments</b>	(Note A)	Attachment 5	<b>17,682</b>
<b>Materials and Supplies</b>				
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	<b>Transmission Related Materials &amp; Supplies</b>		(Line 39 + Line 40)	<b>0</b>
<b>Cash Working Capital</b>				
42	Operation & Maintenance Expense		(Line 74)	5,537,387
43	1/8th Rule		1/8	12.5%
44	<b>Transmission Related Cash Working Capital</b>		(Line 42 * Line 43)	<b>692,173</b>
45	<b>Total Adjustment to Rate Base</b>		(Lines 32 + 33 + 34 + 35+ 36 + 41 + 44)	<b>13,754,770</b>
46	<b>Rate Base</b>		(Line 30 + Line 45)	<b>18,422,788</b>

**O&M**

<b>Transmission O&amp;M</b>				
47	Transmission O&M		p321.112.b	3,502,178
48	Less Account 566 Misc Trans Exp listed on line 73 below.)		(line 73)	1,301,854
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	<b>Transmission O&amp;M</b>		(Lines 47 - 48 - 49 + 50 + 51)	<b>2,200,324</b>
<b>A&amp;G Expenses</b>				
53	Total A&G		p323.197.b	2,061,274
54	Less Property Insurance Account 924		p323.185.b	0
55	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	0
56	Less General Advertising Exp Account 930.1		p323.191.b	0
57	Less PBOP Adjustment		Attachment 5	26,065
58	Less EPRI Dues	(Note D)	p352 & 353	0
59	<b>A&amp;G Expenses</b>		(Line 53) - Sum (Lines 54 to 58)	<b>2,035,209</b>
60	Wage & Salary Allocator		(Line 5)	100.0000%
61	<b>Transmission Related A&amp;G Expenses</b>		(Line 59 * Line 60)	<b>2,035,209</b>
<b>Directly Assigned A&amp;G</b>				
62	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
63	General Advertising Exp Account 930.1	(Note J)	Attachment 5	0
64	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 62 + Line 63)	<b>0</b>
65	Property Insurance Account 924		p323.185.b	0
66	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
67	Total Accounts 928 and 930.1 - General		(Line 65 + Line 66)	0
68	Net Plant Allocator		(Line 14)	100.0000%
69	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 67 * Line 68)	<b>0</b>
<b>Account 566 Miscellaneous Transmission Expense</b>				
70	Amortization Expense on Pre-Commercial Cost	Account 566	Attachment 5	567,686
71	Pre-Commercial Expense	Account 566	Attachment 5	734,168
72	Miscellaneous Transmission Expense	Account 566	Attachment 5	0
73	Total Account 566		Sum (Lines 70 to 72)	<b>1,301,854</b>
74	<b>Total Transmission O&amp;M</b>		(Lines 52 + 61 + 64 + 69 + 73)	<b>5,537,387</b>

**Depreciation & Amortization Expense**

<b>Depreciation Expense</b>			
75	Transmission Depreciation Expense	Attachment 5	102
76	General Depreciation		0
77	Intangible Amortization	(Note A) p336.10.b&c p336.1.d&e	0
78	Total	(Line 76 + Line 77)	0
79	Wage & Salary Allocator	(Line 5)	100.0000%
80	<b>Transmission Related General Depreciation and Intangible Amortization</b>	(Line 78 * Line 79)	0
81	<b>Total Transmission Depreciation &amp; Amortization</b>	<b>(Lines 75 + 80)</b>	<b>102</b>

**Taxes Other than Income**

82	Transmission Related Taxes Other than Income	Attachment 2	171,335
83	<b>Total Taxes Other than Income</b>	<b>(Line 82)</b>	<b>171,335</b>

**Return / Capitalization Calculations**

84	Preferred Dividends	enter positive	p118.29.c	0
<b>Common Stock</b>				
85	Proprietary Capital		p112.16.c	78,829,523
86	Less Accumulated Other Comprehensive Income Account 219		p112.15.c	0
87	Less Preferred Stock		(Line 95)	0
88	Less Account 216.1		p112.12.c	0
89	<b>Common Stock</b>		(Line 85 - 86 - 87 - 88)	78,829,523
<b>Capitalization</b>				
90	Long Term Debt	(Note N)		0
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	<b>Total Long Term Debt</b>		(Line 90 - 91 + 92 - 93)	0
95	Preferred Stock		p112.3.c	0
96	Common Stock		(Line 89)	78,829,523
97	<b>Total Capitalization</b>		(Sum Lines 94 to 96)	78,829,523
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		0.079
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)	0.03950
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	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 104 to 106)	<b>0.09800</b>
108	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 46 * Line 107)</b>	<b>1,805,433</b>

<b>Composite Income Taxes</b>			
<b>Income Tax Rates</b>			
109	FIT=Federal Income Tax Rate	(Note H)	35.00%
110	SIT=State Income Tax Rate or Composite		9.30%
111	p	(percent of federal income tax deductible for state purpc Per State Tax Code	0.00%
112	T	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$	41.05%
113	T / (1-T)		69.62%
114	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$ [Line 113 * Line 108 * (1- (Line 104 / Line 107))]	<b>750,327</b>
115	<b>Total Income Taxes</b>	<b>(Line 114)</b>	<b>750,327</b>

**REVENUE REQUIREMENT**

<b>Summary</b>			
116	Net Property, Plant & Equipment	(Line 30)	4,668,018
117	Total Adjustment to Rate Base	(Line 45)	13,754,770
118	<b>Rate Base</b>	(Line 46)	<b>18,422,788</b>
119	Total Transmission O&M	(Line 74)	5,537,387
120	Total Transmission Depreciation & Amortization	(Line 81)	102
121	Taxes Other than Income	(Line 83)	171,335
122	Investment Return	(Line 108)	1,805,433
123	Income Taxes	(Line 115)	750,327
124	<b>Gross Revenue Requirement</b>	<b>(Sum Lines 119 to 123)</b>	<b>8,264,584</b>

<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>			
125	Transmission Plant In Service	(Line 22)	4,668,030
126	Excluded Transmission Facilities	(Note L) Attachment 5	0
127	Included Transmission Facilities	(Line 125 - Line 126)	4,668,030
128	Inclusion Ratio	(Line 127 / Line 125)	100.00%
129	Gross Revenue Requirement	(Line 124)	8,264,584
130	<b>Adjusted Gross Revenue Requirement</b>	(Line 128 * Line 129)	<b>8,264,584</b>

<b>Revenue Credits</b>			
131	Revenue Credits	Attachment 3	0

132	<b>Net Revenue Requirement</b>	<b>(Line 130 - Line 131)</b>	<b>8,264,584</b>
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<b>Net Plant Carrying Charge</b>			
133	Gross Revenue Requirement	(Line 129)	8,264,584
134	Net Transmission Plant + CWIP	(Line 17 - Line 23 + Line 33)	15,322,741
135	FCR	(Line 133 / Line 134)	53.9367%
136	FCR without Depreciation	(Line 133 - Line 75) / Line 134	53.9361%
137	FCR without Depreciation and Pre-Commercial Costs	(Line 133 - Line 70 - Line 71 - Line 75) / Line 134	45.4398%
138	FCR without Depreciation, Return, nor Income Taxes	(Line 133 - Line 75 - Line 108 - Line 115) / Line 134	37.2565%

<b>Net Plant Carrying Charge Calculation with Incentive ROE</b>			
139	Gross Revenue Requirement Less Return and Taxes	(Line 129 - Line 122 - Line 123)	5,708,824
140	Increased Return and Taxes	Attachment 4	2,712,005
141	Net Revenue Requirement with Incentive ROE	(Line 139 + Line 140)	8,420,829
142	Net Transmission Plant + CWIP	(Line 17 - Line 23+Line 33)	15,322,741
143	FCR with Incentive ROE	(Line 141 / Line 142)	54.9564%
144	FCR with Incentive ROE without Depreciation	(Line 141 - Line 75) / Line 142	54.9557%
145	FCR with Incentive ROE without Depreciation and Pre-Commercial	(Line 141 - Line 70 - Line 71 - Line 75) / Line 142	46.4595%

<b>Net Revenue Requirement</b>			
146	Net Revenue Requirement	(Line 132)	8,264,584
147	Reconciliation amount	Attachment 6	0
148	Plus any increased ROE calculated on Attach 7 other than PJM Sch. 12 projects not paid by other PJM trans zones	Attachment 7	146,078
149	Facility Credits under Section 30.9 of the PJM OATT	Attachment 5	0

150	<b>Net Zonal Revenue Requirement</b>	(Line 146 + 147 + 148 + 149)	<b>8,410,662</b>
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<b>Network Zonal Service Rate</b>			
151	1 CP Peak	(Note K) PJM Data	N/A
152	Rate (\$/MW-Year)	(Line 150 / 151)	N/A

153	<b>Network Service Rate (\$/MW/Year)</b>	<b>(Line 152)</b>	<b>N/A</b>
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**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	13,935	366,313	190,124	190,124	-	-	190,124
ADIT-283 From Account Total Below	-	778,287	389,144	389,144	-	-	389,144
ADIT-190 From Account Total Below	-	(1,965,117)	(982,559)	(982,559)	-	-	(982,559)
Subtotal				(403,291)	-	-	(403,291)
Wages & Salary Allocator					100.00000%	100.00000%	
Gross Plant Allocator				(403,291)	-	-	(403,291)
ADIT				(403,291)	-	-	(403,291)

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	JUSTIFICATION
	Trans-Allegheny Interstate Company								
ADIT-190	End of Year for		Est. Average for Final Total	Retail Related	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	
	Beg of Year Balance	End of Year Balance							
	p234.18.b	p234.18.c							
Tax Interest Capitalized	-	1,042,269	521,135			1,042,269	-		Actual amount of tax interest capitalized
Depreciation	-	42	21			42			Depreciation as shown on the tax return
Intercompany Charges	-	102,289	51,145			102,289			Intercompany charges from the AP service company
Worker's Compensation	-	42,230	21,115			42,230			Actual amount of reserve for workers' compensation
Deferred Tax Reclassification	-	778,287	389,144			778,287			Accumulated deferred income taxes reclassified from account 283
Subtotal	-	1,965,117	982,559	-	-	1,965,117	-	-	
Less FASB 109 included above									
Less FASB 106 included above									
Total	-	1,965,117	982,559	-	-	1,965,117	-	-	

Instructions for Account 190:

- 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	
	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	13,935	366,313	190,124			366,313			Allowance for borrowed funds used during construction (ABFUDC)
	-	-	-			-			
	-	-	-			-			
	-	-	-			-			
	-	-	-			-			
	-	-	-			-			
Subtotal	13,935	366,313	190,124	-	-	366,313	-	-	
Less FASB 109 included above	-	-	-	-	-	-	-	-	
Less FASB 106 included above	-	-	-	-	-	-	-	-	
Total	13,935	366,313	190,124	-	-	366,313	-	-	

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	389,144			778,287			ADIT Balance Sheet Reclassification
Subtotal	-	778,287	389,144			778,287			
Less FASB 109 included above									
Less FASB 106 included above									
Total	-	778,287	389,144			778,287			

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
<b>Plant Related</b>		<b>Gross Plant Allocator</b>		
1	Real property (State, Municipal or Local)		100.0000%	\$ -
2	Capital Stock Tax	3,004	100.0000%	3,004
3	Gross Premium (Insurance) Tax		100.0000%	-
4	Public Utility Realty Tax Act (PURTA), 72 P.S. §8101, <i>et seq.</i>		100.0000%	-
5	Corp License	288	100.0000%	288
6	Other State License		100.0000%	-
7				-
8	<b>Total Plant Related</b>	<b>3,292</b>	<b>100.0000%</b>	<b>3,292</b>
<b>Labor Related</b>		<b>Wages &amp; Salary Allocator</b>		
9	Federal FICA Capitalized			
10	Federal Unemployment	2,079		
11	State Unemployment	7,774		
12	Accrued FICA	143,649		
13				
14	<b>Total Labor Related</b>	<b>153,502</b>	<b>100.0000%</b>	<b>153,502</b>
<b>Other Included</b>		<b>Gross Plant Allocator</b>		
15	Miscellaneous			
16	Use and Sales Tax	14,541		
17				
18				
19	<b>Total Other Included</b>	<b>14,541</b>	<b>100.0000%</b>	<b>14,541</b>
20	<b>Total Included (Lines 8 + 14 + 19)</b>	<b>171,335</b>		<b>171,335</b> Input to Appendix A, Line 82
<b>Retail Related Other Taxes to be Excluded</b>				
21	Federal Income Tax	1,849,498		
22	Corporate Net Income Tax	546,076		
23				
24				
25				
26				
27				
28				
29				
30				
31	<b>Subtotal, Excluded</b>	<b>2,395,574</b>		
32	<b>Total, Included and Excluded (Line 20 + Line 28)</b>	<b>2,566,909</b>		
33	<b>Total Other Taxes from p114.14.c</b>	<b>171,335</b>		
34	Difference (Line 32 - Line 33)	2,395,574		

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.



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)	2,712,005	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	18,422,788
2	Preferred Dividends	enter positive	0
Common Stock			
3	Proprietary Capital	Appendix A, Line 85	78,829,523
4	Less Accumulated Other Comprehensive Income Account 219	Appendix A, Line 86	0
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	78,829,523
Capitalization			
8	Long Term Debt	Appendix A, Line 90	0
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	0
13	Preferred Stock	Appendix A, Line 95	0
14	Common Stock	Appendix A, Line 96	78,829,523
15	Total Capitalization	Appendix A, Line 97	78,829,523
16	Debt %	Total Long Term Debt	50%
17	Preferred %	Preferred Stock	0%
18	Common %	Common Stock	50%
19	Debt Cost	Total Long Term Debt	0.0790
20	Preferred Cost	Preferred Stock	0.0000
21	Common Cost	Common Stock	12.70% 0.1270
22	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 16 * 19) 0.0395
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)	0.1030
26	Investment Return = Rate Base * Rate of Return	(Line 1 * Line 25)	1,897,547

**Composite Income Taxes**

<b>Income Tax Rates</b>			
27	FIT=Federal Income Tax Rate	Appendix A, Line 109	35.00%
28	SIT=State Income Tax Rate or Composite	Appendix A, Line 110	9.30%
29	p = percent of federal income tax deductible for state purposes	Appendix A, Line 111	0.00%
30	T	Appendix A, Line 112	41.05%
31	T/ (1-T)	Appendix A, Line 113	69.62%
32	Income Tax Component =	CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =	814,458
33	<b>Total Income Taxes</b>	<b>(Line 32)</b>	<b>814,458</b>

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Plant In Service Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions			13 Month Balance For Reconciliation		EOY Balance for Estimate		13 Month Plant Balance For reconciliation					
			Total	Total	Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 KV Prexy - 502 Junction	138 KV Prexy - 502 Junction	Project X	Total	
<b>Calculation of Transmission Plant In Service</b>												
December	Source p206.58.b	For 2006	-	-	-	-	-	-	-	-	-	
January	company records	For 2007	-	-	-	-	-	-	-	-	-	
February	company records	For 2007	-	-	-	-	-	-	-	-	-	
March	company records	For 2007	-	-	-	-	-	-	-	-	-	
April	company records	For 2007	79,718	79,718	79,718	-	-	-	-	-	79,718	
May	company records	For 2007	79,718	79,718	79,718	-	-	-	-	-	79,718	
June	company records	For 2007	82,135	82,135	82,135	-	-	-	-	-	82,135	
July	company records	For 2007	82,135	82,135	82,135	-	-	-	-	-	82,135	
August	company records	For 2007	79,815	79,815	79,815	-	-	-	-	-	79,815	
September	company records	For 2007	79,815	79,815	79,815	-	-	-	-	-	79,815	
October	company records	For 2007	457,882	457,882	82,153	-	375,730	-	-	-	457,882	
November	company records	For 2007	460,874	460,874	82,153	-	378,721	-	-	-	460,874	
December	p207.58.g (and notes)	For 2007	59,282,298	59,282,298	44,367,279	12,763,316	2,151,702	-	-	-	59,282,298	
15	<b>Transmission Plant In Service</b>		<b>4,668,030</b>	<b>59,282,298</b>	<b>3,462,686</b>	<b>981,794</b>	<b>223,550</b>	-	-	-	<b>4,668,030</b>	
			Link to Appendix A, line 15	Link to Appendix A, line 15								
<b>Calculation of Distribution Plant In Service</b>												
December	Source p206.75.b	For 2006	-	-	-	-	-	-	-	-	-	
January	company records	For 2007	-	-	-	-	-	-	-	-	-	
February	company records	For 2007	-	-	-	-	-	-	-	-	-	
March	company records	For 2007	-	-	-	-	-	-	-	-	-	
April	company records	For 2007	-	-	-	-	-	-	-	-	-	
May	company records	For 2007	-	-	-	-	-	-	-	-	-	
June	company records	For 2007	-	-	-	-	-	-	-	-	-	
July	company records	For 2007	-	-	-	-	-	-	-	-	-	
August	company records	For 2007	-	-	-	-	-	-	-	-	-	
September	company records	For 2007	-	-	-	-	-	-	-	-	-	
October	company records	For 2007	-	-	-	-	-	-	-	-	-	
November	company records	For 2007	-	-	-	-	-	-	-	-	-	
December	p207.75.g	For 2007	-	-	-	-	-	-	-	-	-	
	<b>Distribution Plant In Service</b>		-	-	-	-	-	-	-	-	-	
<b>Calculation of Intangible Plant In Service</b>												
December	Source p204.5.b	For 2006	-	-	-	-	-	-	-	-	-	
December	p205.5.g	For 2007	-	-	-	-	-	-	-	-	-	
18	<b>Intangible Plant In Service</b>		-	-	-	-	-	-	-	-	-	
			Link to Appendix A, line 18	Link to Appendix A, line 18								
<b>Calculation of General Plant In Service</b>												
December	Source p206.99.b	For 2006	-	-	-	-	-	-	-	-	-	
December	p207.99.g	For 2007	-	-	-	-	-	-	-	-	-	
18	<b>General Plant In Service</b>		-	-	-	-	-	-	-	-	-	
			Link to Appendix A, line 18	Link to Appendix A, line 18								
<b>Calculation of Production Plant In Service</b>												
December	Source p204.46b	For 2006	-	-	-	-	-	-	-	-	-	
January	company records	For 2007	-	-	-	-	-	-	-	-	-	
February	company records	For 2007	-	-	-	-	-	-	-	-	-	
March	company records	For 2007	-	-	-	-	-	-	-	-	-	
April	company records	For 2007	-	-	-	-	-	-	-	-	-	
May	company records	For 2007	-	-	-	-	-	-	-	-	-	
June	company records	For 2007	-	-	-	-	-	-	-	-	-	
July	company records	For 2007	-	-	-	-	-	-	-	-	-	
August	company records	For 2007	-	-	-	-	-	-	-	-	-	
September	company records	For 2007	-	-	-	-	-	-	-	-	-	
October	company records	For 2007	-	-	-	-	-	-	-	-	-	
November	company records	For 2007	-	-	-	-	-	-	-	-	-	
December	p205.46.g	For 2007	-	-	-	-	-	-	-	-	-	
	<b>Production Plant In Service</b>		-	-	-	-	-	-	-	-	-	
6	<b>Total Plant In Service</b>	Sum of averages above	<b>4,668,030</b>	<b>59,282,298</b>								
			Link to Appendix A, line 6	Link to Appendix A, line 6								

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						
					Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 kV Proxy - 502 Junction	138 kV Proxy - 502 Junction	Project X	Total
<b>Calculation of Transmission Accumulated Depreciation</b>											
	December	Prior year FERC Form 1 p219.25.b	For 2006	-	-	-	-	-	-	-	-
	January	company records	For 2007	-	-	-	-	-	-	-	-
	February	company records	For 2007	-	-	-	-	-	-	-	-
	March\	company records	For 2007	-	-	-	-	-	-	-	-
	April	company records	For 2007	-	-	-	-	-	-	-	-
	May	company records	For 2007	-	-	-	-	-	-	-	-
	June	company records	For 2007	-	-	-	-	-	-	-	-
	July	company records	For 2007	-	-	-	-	-	-	-	-
	August	company records	For 2007	-	-	-	-	-	-	-	-
	September	company records	For 2007	-	-	-	-	-	-	-	-
	October	company records	For 2007	-	-	-	-	-	-	-	-
	November	company records	For 2007	-	-	-	-	-	-	-	-
	December	p219.25.b	For 2007	51	-	-	51	-	-	-	51
	December			102	-	-	102	-	-	-	102
23	<b>Transmission Accumulated Depreciator</b>			12	-	-	12	-	-	-	12
				Link to Appendix A, line 23	Link to Appendix A, line 23						
<b>Calculation of Distribution Accumulated Depreciation</b>											
	December	Prior year FERC Form 1 p219.26.b	For 2006	-	-	-	-	-	-	-	-
	January	company records	For 2007	-	-	-	-	-	-	-	-
	February	company records	For 2007	-	-	-	-	-	-	-	-
	March\	company records	For 2007	-	-	-	-	-	-	-	-
	April	company records	For 2007	-	-	-	-	-	-	-	-
	May	company records	For 2007	-	-	-	-	-	-	-	-
	June	company records	For 2007	-	-	-	-	-	-	-	-
	July	company records	For 2007	-	-	-	-	-	-	-	-
	August	company records	For 2007	-	-	-	-	-	-	-	-
	September	company records	For 2007	-	-	-	-	-	-	-	-
	October	company records	For 2007	-	-	-	-	-	-	-	-
	November	company records	For 2007	-	-	-	-	-	-	-	-
	December	p219.26.b	For 2007	-	-	-	-	-	-	-	-
	<b>Distribution Accumulated Depreciator</b>			-	-	-	-	-	-	-	-
<b>Calculation of Intangible Accumulated Depreciation</b>											
	December	Prior year FERC Form 1 p200.21.b	For 2006	-	-	-	-	-	-	-	-
	December	p200.21b	For 2007	-	-	-	-	-	-	-	-
25	<b>Accumulated Intangible Depreciator</b>			-	-	-	-	-	-	-	-
				Link to Appendix A, line 25	Link to Appendix A, line 25						
<b>Calculation of General Accumulated Depreciation</b>											
	December	Prior year FERC Form 1 p219.28b	For 2006	-	-	-	-	-	-	-	-
	December	p219.28.b	For 2007	-	-	-	-	-	-	-	-
24	<b>Accumulated General Depreciator</b>			-	-	-	-	-	-	-	-
				Link to Appendix A, line 24	Link to Appendix A, line 24						
<b>Calculation of Production Accumulated Depreciation</b>											
	December	Prior year FERC Form 1 p219.20.b	For 2006	-	-	-	-	-	-	-	-
	January	company records	For 2007	-	-	-	-	-	-	-	-
	February	company records	For 2007	-	-	-	-	-	-	-	-
	March\	company records	For 2007	-	-	-	-	-	-	-	-
	April	company records	For 2007	-	-	-	-	-	-	-	-
	May	company records	For 2007	-	-	-	-	-	-	-	-
	June	company records	For 2007	-	-	-	-	-	-	-	-
	July	company records	For 2007	-	-	-	-	-	-	-	-
	August	company records	For 2007	-	-	-	-	-	-	-	-
	September	company records	For 2007	-	-	-	-	-	-	-	-
	October	company records	For 2007	-	-	-	-	-	-	-	-
	November	company records	For 2007	-	-	-	-	-	-	-	-
	December	p219.20.b thru 219.24.b	For 2007	-	-	-	-	-	-	-	-
	<b>Production Accumulated Depreciation</b>			-	-	-	-	-	-	-	-
8	<b>Total Accumulated Depreciation</b>			12	-	-	12	-	-	-	12
	Sum of averages above			12	Link to Appendix A, line 8						
				Link to Appendix A, line 8	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	
<b>Materials and Supplies</b>						
40	Transmission Materials & Supplies	p227.8	-	-	-	
37	Undistributed Stores Expense	p227.16	-	-	-	
<b>Allocated General Expenses</b>						
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 Non-transmission Related Transmission Related	- - -	- - -	- - -	Enter Details Here

**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
<b>Plant Allocation Factors</b>						
6	Electric Plant In Service	(Note B) Attachment 5	-	-	-	
<b>Plant In Service</b>						
15	Transmission Plant In Service	(Note B) Attachment 5	-	-	-	
<b>Accumulated Depreciation</b>						
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	-	-	-	

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	\$ 2,270,744	\$ 567,686	\$ 1,703,058	\$ 1,986,901

**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 66 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				Link to Appendix A, line 70 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 I)						Composite 9.30%

**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				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
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
126	Excluded Transmission Facilities (Note L) Step-Up Facilities	-	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	
<b>Example</b>		Enter \$	
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	
	Prepaid Insurance	-	35,363	17,682	100%	17,682	
	Prepaid Pensions if not included in Prepayments	-	-	-	100%	-	
	<b>Total Prepayments</b>	-	<b>35,363</b>	<b>17,682</b>		<b>17,682</b>	

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

Detail of Account 566 Miscellaneous Transmission Expenses

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	<b>Summary of Pre-Commercial Expenses</b>  <table border="1"> <thead> <tr> <th>Cost Element Name</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Labor &amp; Overhead (1)</td> <td>398,966</td> </tr> <tr> <td>Miscellaneous (2)</td> <td>6,727</td> </tr> <tr> <td>Outside Services Legal (3)</td> <td>(38,212)</td> </tr> <tr> <td>Outside Services Other (4)</td> <td>232,415</td> </tr> <tr> <td>Outside Services Rates (5)</td> <td>48,400</td> </tr> <tr> <td>Advertising (6)</td> <td>53,605</td> </tr> <tr> <td>Travel, Lodging and Meals (7)</td> <td>32,267</td> </tr> <tr> <td><b>Total</b></td> <td><b>734,168</b></td> </tr> </tbody> </table> <p>(1) Labor &amp; 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 &amp; 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)	398,966	Miscellaneous (2)	6,727	Outside Services Legal (3)	(38,212)	Outside Services Other (4)	232,415	Outside Services Rates (5)	48,400	Advertising (6)	53,605	Travel, Lodging and Meals (7)	32,267	<b>Total</b>	<b>734,168</b>
Cost Element Name	Total																					
Labor & Overhead (1)	398,966																					
Miscellaneous (2)	6,727																					
Outside Services Legal (3)	(38,212)																					
Outside Services Other (4)	232,415																					
Outside Services Rates (5)	48,400																					
Advertising (6)	53,605																					
Travel, Lodging and Meals (7)	32,267																					
<b>Total</b>	<b>734,168</b>																					
71	Pre-Commercial Expense	734,168																				
72	Miscellaneous Transmission Expense	-																				
	<b>Total Account 566 Miscellaneous Transmission Expenses</b> p.321	<b>\$ 1,301,854</b>																				
Net Revenue Requirement																						
149	Facility Credits under Section 30.9 of the PJM OATT																					

Depreciation Rates

TRANSMISSION PLANT	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Annual Depreciation Expense														
					Black Oak	Wylie Ridge	502 Junction - Territorial Line		500 kV Prexy - 502 Junction		138 kV Prexy - 502 Junction	Project X	Total						
350.2	70	- R4	0	1.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
352	50	- R3	(10)	2.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	35	-		2.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
353	50	- R2	(5)	2.10	-	-	-	102	-	-	-	-	-	-	-	-	-	102	
	Note 1	- 80 R2 - 35-yr truncation		2.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	15	- S3	0	6.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
354	65	- R4	(25)	1.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
355	55	- R2.5	(20)	2.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
356	50	- R2.5	(40)	2.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	70	- R4	0	1.43	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
357	55	- S3	(5)	1.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
358	45	- R3	(5)	2.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	35	-		2.86	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Depreciation Expense (must tie to p336.7.1)			102		-	-	-	102	-	-	-	-	-	-	-	-	-	-	102

Note 1: Depreciation rate is based on an 80 R2 survivor curve with a 35-year truncation.  
These depreciation rates will not change absent the appropriate filing at FERC.

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	5.06
7	TRAILCo PBOP Expense for base year	16,145
8	TRAILCo PBOP Expense in Account 926 for current year	42,210
57	9 PBOP Adjustment for Appendix A, Line 57	(26,065)

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		
<b>Step 1</b>	<b>For Estimate:</b>	Expensed (Estimated)	Deferred	Amount of Deferred Amortized in Year	<b>Estimate</b>	<b>Step 2</b>	Average of 13 Monthly Balances
	Prexy - 502 Junction 138 kV (CWIP)	268,358		60,937			
	Prexy - 502 Junction 500 kV (CWIP)	345,667		78,492			
	502 Junction - Territorial Line (CWIP)	1,885,975		428,257			
	<b>Total</b>	<b>2,500,000</b>	<b>2,270,744</b>	<b>567,686</b>			-
<b>Step 3</b>	<b>For Reconciliation:</b>	Pre-Commercial Costs			<b>For Reconciliation</b>		AFUDC (If CWIP was not in Rate Base)
		Expensed (Actual)	Deferred	Amount of Deferred Amortized in Year	<b>Step 2</b>	CWIP	AFUDC In CWIP
	Prexy - 502 Junction 138 kV (CWIP)						
	1	78,808	243,749	60,937		4,808,804	-
	2	-	-	-		-	105,308
	3	-	-	-		-	-
	4	-	-	-		-	-
	...						
	<b>Total</b>	<b>78,808</b>	<b>243,749</b>	<b>60,937</b>		<b>4,808,804</b>	<b>-</b>
	Prexy - 502 Junction 500 kV (CWIP)						
	1	101,511	313,969	78,492		5,244,579	-
	2	-	-	-		-	182,811
	3	-	-	-		-	-
	4	-	-	-		-	-
	...						
	<b>Total</b>	<b>101,511</b>	<b>313,969</b>	<b>78,492</b>		<b>5,244,579</b>	<b>-</b>
	502 Junction - Territorial Line (CWIP)						
	1	553,849	1,713,026	428,257		20,651,884	-
	2	-	-	-		-	813,877
	3	-	-	-		-	-
	4	-	-	-		-	-
	...						
	<b>Total</b>	<b>553,849</b>	<b>1,713,026</b>	<b>428,257</b>		<b>20,651,884</b>	<b>-</b>
	<b>Total Additions to Plant In Service (sum of the above for each project)</b>					-	
	<b>Total Additions to Plant in Service reported on pages 200-204 of the Form No. 1</b>					-	
	<b>Difference (must be zero)</b>					-	

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
<b>Total</b>	<b>877,000,000</b>	<b>1.00000</b>

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
<b>Exec Summary</b>			
1	April	Year 2	TO populates the formula with Year 1 data
2	April	Year 2	TO estimates all transmission Cap Adds and CWIP 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 CWIP 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 CWIP 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.
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 CWIP 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	Must run Appendix A to get this number (without any cap adds in Appendix A line 16 and without CWIP in Appendix A line 33)
2	April	Year 2	TO estimates all transmission Cap Adds and CWIP 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)
	Other Projects PIS (monthly additions)	Black Oak (monthly additions) (in service)	Wylie Ridge (monthly additions) (in service)	502 Junction - Territorial Line (monthly additions) CWIP	500 kV Prexy - 502 Junction (monthly additions) CWIP	138 kV Prexy - 502 Junction (monthly additions) CWIP
Dec (Prior Year CWIP ) p216.b.43				29,078	3,120	2,421
Jan 2007		-	-	100,000	168,900	131,100
Feb		-	-	100,000	168,900	131,100
Mar		-	-	1,900,000	225,200	174,800
Apr		-	-	2,200,000	619,300	480,700
May		-	-	2,200,000	619,300	480,700
Jun		-	-	2,200,000	619,300	480,700
Jul		-	-	2,200,000	675,600	524,400
Aug		-	-	2,100,000	619,300	480,700
Sep		-	-	2,000,000	675,600	524,400
Oct		-	7,618,489	4,100,000	788,200	611,800
Nov		-	-	3,200,000	788,200	611,800
Dec		49,528,583	14,948,091	3,200,000	788,200	611,800
Total	-	49,528,583	14,948,091	25,529,078	6,759,120	5,246,421
	New Transmission Plant Additions for Year 2 (13 month average balance)				Average 13 Month Balance	

Month End Balances					
Other Projects PIS (monthly additions)	Black Oak (monthly balance) (in service)	Wylie Ridge (monthly balance) (in service)	502 Junction - Territorial Line (monthly balance) CWIP	500 kV Prexy - 502 Junction (monthly balance) CWIP	138 kV Prexy - 502 Junction (monthly balance) CWIP
			29,078	3,120	2,421
	-	-	129,078	172,020	133,521
	-	-	229,078	340,920	264,621
	-	-	2,129,078	566,120	439,421
	-	-	4,329,078	1,185,420	920,121
	-	-	6,529,078	1,804,720	1,400,821
	-	-	8,729,078	2,424,020	1,881,521
	-	-	10,929,078	3,099,620	2,405,921
	-	-	13,029,078	3,718,920	2,886,621
	-	-	15,029,078	4,394,520	3,411,021
	-	7,618,489	19,129,078	5,182,720	4,022,821
	-	7,618,489	22,329,078	5,970,920	4,634,621
	49,528,583	14,948,091	25,529,078	6,759,120	5,246,421
	49,528,583	30,185,069	128,078,014	35,622,155	27,649,878
	3,809,891	2,321,928	9,852,155	2,740,166	2,126,914
	(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 CWIP to plant in service in Formula (Appendix A, Lines 16 and 33)
---	-------	--------	--



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 CWIP in Reconciliation (adjusted to include any Reconciliation amount from prior year).

	(A)	(B)	(C)	(D)	Month End Balances				Total
	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)	Wylie Ridge (monthly additions) (in service)	502 Junction - Territorial Line (monthly balance)	500 kV Prexy - 502 Junction (monthly balance)	138 kV Prexy - 502 Junction (monthly balance)	Wylie Ridge (monthly additions)	
	CWIP	CWIP	CWIP		CWIP	CWIP	CWIP		
Dec (Prior Year CWIP ) p216.b.43	29,078	2,928	2,613		29,078	2,928	2,613	0	
Jan 2007	0	0	0		29,078	2,928	2,613	0	
Feb	4,378	0	0		33,455	2,928	2,613	0	
Mar	151,079	0	60		184,534	2,928	2,673	0	
Apr	2,341,369	564,082	218,794		2,525,903	567,010	221,468	0	
May	1,647,451	101,022	42,273		4,173,354	668,032	263,741	0	
Jun	2,481,436	494,537	234,017		6,654,790	1,162,569	497,759	0	
Jul	1,975,834	435,348	239,276		8,630,624	1,597,917	737,034	0	
Aug	2,387,279	644,797	421,307		11,017,903	2,242,714	1,158,342	0	
Sep	2,529,975	702,818	461,676		13,547,878	2,945,532	1,620,017	0	
Oct	2,087,239	744,465	667,299		15,635,117	3,689,997	2,287,316	0	
Nov	2,458,043	828,367	566,151		18,093,159	4,518,363	2,853,467	0	
Dec	2,558,724	726,216	1,955,336	197,754	20,651,884	5,244,579	4,808,804	197,754	
Total	20,651,884	5,244,579	4,808,804	197,754	101,206,758	22,648,425	14,458,461	197,754	
				Average 13 Month Balance	7,785,135	1,742,187	1,112,189	15,212	10,654,723

Input to Appendix A, line 33

Result of Formula for Reconciliation

Total Revenue Requirement	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)
\$ 8,410,662	1,608,748	453,038	4,702,999	989,415	656,463

Must run Appendix A with cap adds in Appendix A, line 16 and CWIP in Appendix line 33

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  
8,410,662 -

The forecast in Prior Year  
7,010,015

= 1,400,647

<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		Interest 35.19a for March Current Yr		Interest		Surcharge (Refund) Owed	
Month	Yr	1/12 of Step 9	0.6600%	Months	Interest	Months	Interest		
Jun	Year 1	116,721	0.6600%	11.5	8,859				125,580
Jul	Year 1	116,721	0.6600%	10.5	8,089				124,809
Aug	Year 1	116,721	0.6600%	9.5	7,318				124,039
Sep	Year 1	116,721	0.6600%	8.5	6,548				123,269
Oct	Year 1	116,721	0.6600%	7.5	5,778				122,498
Nov	Year 1	116,721	0.6600%	6.5	5,007				121,728
Dec	Year 1	116,721	0.6600%	5.5	4,237				120,958
Jan	Year 2	116,721	0.6600%	4.5	3,467				120,187
Feb	Year 2	116,721	0.6600%	3.5	2,696				119,417
Mar	Year 2	116,721	0.6600%	2.5	1,926				118,647
Apr	Year 2	116,721	0.6600%	1.5	1,156				117,876
May	Year 2	116,721	0.6600%	0.5	385				117,106
Total		1,400,647							1,456,113

	Balance	Interest	Amort	Balance	
Jun	Year 2	1,456,113	0.6600%	126,611	1,339,112
Jul	Year 2	1,339,112	0.6600%	126,611	1,221,339
Aug	Year 2	1,221,339	0.6600%	126,611	1,102,789
Sep	Year 2	1,102,789	0.6600%	126,611	983,456
Oct	Year 2	983,456	0.6600%	126,611	863,336
Nov	Year 2	863,336	0.6600%	126,611	742,423
Dec	Year 2	742,423	0.6600%	126,611	620,712
Jan	Year 3	620,712	0.6600%	126,611	498,197
Feb	Year 3	498,197	0.6600%	126,611	374,874
Mar	Year 3	374,874	0.6600%	126,611	250,737
Apr	Year 3	250,737	0.6600%	126,611	125,781
May	Year 3	125,781	0.6600%	126,611	(0)
Total with interest				1,519,334	

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) \$ 1,519,334 Input to Appendix A, Line 147

Revenue Requirement for Year 3 \$ -

1,519,334

Reconciliation amount by Project						
Total Reconciliation Amount	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)	
1,519,334	1,262,987	56,407	403,557	(46,530)	(157,087)	

9 May Year 3

Post results of Step 8 on PJM web site  
\$ 1,519,334 Post results of Step 3 on PJM web site

10 June Year 3

Results of Step 8 go into effect  
\$ 1,519,334

**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	45.4398%
B	145	FCR with Incentive ROE without Depreciation and Pre-Commercial	46.4595%
C		Line B less Line A	1.0197%
FCR if a CIAC			
D	138	FCR without Depreciation, Return, nor Income Taxes	37.2565%

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 years

		PJM Upgrade ID: b0321.2; b0321.3					PJM Upgrade ID: b0321.1					PJM Upgrade ID: b0328.2; b0347.1; b0347.2; b0347.3; b0347.4					
Details		Prexy - 502 Junction 138 kV (CWIP + Plant In Service)					Prexy - 502 Junction 500 kV (CWIP+ Plant In Service)					502 Junction - Territorial Line (CWIP + Plant In Service)					
10	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Yes					Yes					Yes					
11	Schedule 12 (Yes or No)	Yes					Yes					Yes					
12	"Yes" if the customer has paid a lump sum payment in the amount of the investment on line 29, Otherwise "No"	No					No					No					
13	CIAC (Yes or No)	No					No					No					
14	Input the allowed ROE	12.70%					12.70%					12.70%					
15	From line 3 above if "No" on line 12 and From line 7 above if "Yes" on line 12	45.4398%					45.4398%					45.4398%					
16	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	46.4595%					46.4595%					46.4595%					
17	forecast of CWIP or Cap Adds. reconciliation – Average of 13 month prior year net plant balances plus prior year 13-mo CWIP balances.	1,112,189					1,742,187					8,008,674					
18	Annual Depreciation Exp from Attachment 5	-					-					102					
19	See Calculations for each item below	Invest Yr	Return	Depreciation	Pre-Commercial Exp.	Reconciliation amount	Revenue	Return	Depreciation	Pre-Commercial Exp.	Reconciliation amount	Revenue	Return	Depreciation	Pre-Commercial Exp.	Reconciliation amount	Revenue
20	See Calculations for each item below	2007	505,377	-	139,745	-	645,122	791,647	-	180,003	-	971,650	3,639,128	102	982,106	-	4,621,336
		2007	516,718	-	139,745	-	656,463	809,412	-	180,003	-	989,415	3,720,792	102	982,106	-	4,702,999

**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.



**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)
<b>Long Term Debt Cost at Year Ended:</b>											
<b>First Mortgage Bonds:</b>											
(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								
<b>Other Long Term Debt:</b>											
(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/xxx	xx/xx/xxx	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%		<b>7.13% **</b>

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)		
	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	
<b>Long Term Debt Issuances</b>													
<b>First Mortgage Bonds</b>													
(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
(2)	Coupon rate, Debenture Description, Series, Name of Issuer	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Other Long Term Debt:</b>													
(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
	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 equals Net Proceeds column (gg); Semi-annual (or other) interest cashflows (G, C<sub>t-2</sub>, etc.).

(II)  
Effective Cost Rate\*  
(Yield to Maturity  
at Issuance, t = 0)

7.324%  
xx.xxxx

6.735%

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.

<b>Total Loan Amount</b>	<b>\$ 550,000,000</b>
--------------------------	-----------------------

<b>Internal Rate of Return<sup>1</sup></b>	<b>7.900%</b>
<b>Based on following Financial Formula<sup>2</sup>:</b>	
$NPV = 0 = \sum_{t=1}^N C_t / (1 + IRR)^{pwr(t)}$	

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Interest Rate</b>	6.45%	6.55%	6.65%	6.75%	6.75%	6.75%	6.75%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year		Capital Expenditures (\$000's)	Principal Drawn In Quarter (\$000's)	Principal Drawn To Date (\$000's)	Stated Interest Expense (\$000's)	Origination Fees (\$000's)	Commitments Fee (\$000's)	Net Cash Flows (\$000's) (D-F-G-H)
2007	Q1	16,809	-	-	-	-	-	-
6/1/2007	Q2	21,013	29,781	29,781	160	5,200	130	24,291
7/1/2007	Q3	28,136	14,068	43,849	707	-	380	12,981
10/1/2007	Q4	32,301	16,151	60,000	967	-	368	14,816
1/1/2008	Q1	66,438	33,219	93,219	1,526	-	343	31,349
4/1/2008	Q2	62,484	31,242	124,461	2,038	-	319	28,885
7/1/2008	Q3	62,709	31,355	155,815	2,551	-	296	28,507
10/1/2008	Q4	64,355	32,178	187,993	3,078	-	272	28,828
1/1/2009	Q1	58,262	29,131	217,124	3,610	-	250	25,272
4/1/2009	Q2	85,821	42,911	260,034	4,323	-	217	38,370
7/1/2009	Q3	123,768	61,884	321,918	5,352	-	171	56,361
10/1/2009	Q4	114,084	57,042	378,960	6,300	-	128	50,614
1/1/2010	Q1	36,594	18,297	397,257	6,704	-	115	11,479
4/1/2010	Q2	43,691	21,846	419,103	7,072	-	98	14,675
7/1/2010	Q3	43,694	21,847	440,950	7,441	-	82	14,324
10/1/2010	Q4	41,316	20,658	461,608	7,790	-	66	12,802
1/1/2011	Q1	5,614	2,807	464,415	7,837	-	64	(5,094)
4/1/2011	Q2	5,240	2,620	467,035	7,881	-	62	(5,323)
7/1/2011	Q3	4,651	2,326	469,360	7,920	-	60	(5,655)
10/1/2011	Q4	4,618	2,309	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)

<sup>1</sup> 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.

<sup>2</sup> 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).

**ATTACHMENT 2**  
**Annual Transmission Revenue Requirements**  
**For 2008 Rate Year**

ATTACHMENT H-18A

<b>Trans-Allegheny Interstate Line Company</b>			<b>TRAILCo</b>
<b>Formula Rate -- Appendix A</b>	<b>Notes</b>	<b>FERC Form 1 Page # or Instruction</b>	
<b>Shaded cells are input cells</b>			<b>2008 Forecast</b>

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense	p354.21.b	521,110
2	Total Wages Expense	p354.28.b	1,298,871
3	Less A&G Wages Expense	p354.27.b	777,761
4	Total Wages Less A&G Wages Expense	(Line 2 - Line 3)	521,110
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 / Line 4), if line 2 = 0, then 100%	<b>100.0000%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant in Service	(Note B) Attachment 5	59,282,298
7	Total Plant In Service	(Line 6)	59,282,298
8	Accumulated Depreciation (Total Electric Plant)	Attachment 5	102
9	Total Accumulated Depreciation	(Line 8)	102
10	Net Plant	(Line 7 - Line 9)	59,282,196
11	Transmission Gross Plant	(Line 15 + Line 21)	59,282,298
12	<b>Gross Plant Allocator</b>	(Line 11 / Line 7, if Line 7=0, enter 100%)	<b>100.0000%</b>
13	Transmission Net Plant	(Line 11 - Line 29)	59,282,196
14	<b>Net Plant Allocator</b>	(Line 13 / Line 10, if line 10=0, enter 100%)	<b>100.0000%</b>

**Plant Calculations**

<b>Transmission Plant</b>			
15	Transmission Plant In Service	(Note B) Attachment 5	59,282,298
16	New Trans. Plant Adds. for Current Calendar Year (13 average balance)	(Note B) Attachment 6	7,732,165
17	<b>Total Transmission Plant</b>	(Line 15 + Line 16)	<b>67,014,462</b>
18	General & Intangible	Attachment 5	0
19	Total General & Intangible	(Line 18)	0
20	Wage & Salary Allocator	(Line 5)	100.0000%
21	<b>Transmission Related General and Intangible Plant</b>	(Line 19 * Line 20)	<b>0</b>
22	<b>Transmission Related Plant</b>	(Line 17 + Line 21)	<b>67,014,462</b>
<b>Accumulated Depreciation</b>			
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	102
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	<b>Transmission Related General &amp; Intangible Accumulated Depreciation</b>	(Line 26 * Line 27)	<b>0</b>
29	<b>Total Transmission Related Accumulated Depreciation</b>	(Line 23 + Line 28)	<b>102</b>
30	<b>Total Transmission Related Net Property, Plant &amp; Equipment</b>	(Line 22 - Line 29)	<b>67,014,361</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>				
31	ADIT net of FASB 106 and 109	Enter Negative	Attachment 1	820,517
32	<b>Transmission Related Accumulated Deferred Income Taxes</b>		(Line 31)	<b>820,517</b>
33	<b>Transmission Related CWIP (Current Year 13 Month weighted average balances)</b>	(Note B)	p216.b.43 as shown on Attachment 6	<b>94,483,653</b>
34	<b>Transmission Related Land Held for Future Use</b>	(Note C)	Attachment 5	<b>0</b>
<b>Transmission Related Pre-Commercial Costs Capitalized</b>				
35	Unamortized Capitalized Pre-Commercial Costs		Attachment 5	1,419,215
<b>Prepayments</b>				
36	<b>Transmission Related Prepayments</b>	(Note A)	Attachment 5	<b>17,682</b>
<b>Materials and Supplies</b>				
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	<b>Transmission Related Materials &amp; Supplies</b>		(Line 39 + Line 40)	<b>0</b>
<b>Cash Working Capital</b>				
42	Operation & Maintenance Expense		(Line 74)	5,537,387
43	1/8th Rule		1/8	12.5%
44	<b>Transmission Related Cash Working Capital</b>		(Line 42 * Line 43)	<b>692,173</b>
45	<b>Total Adjustment to Rate Base</b>		(Lines 32 + 33 + 34 + 35+ 36 + 41 + 44)	<b>97,433,240</b>
46	<b>Rate Base</b>		(Line 30 + Line 45)	<b>164,447,601</b>

**O&M**

<b>Transmission O&amp;M</b>				
47	Transmission O&M		p321.112.b	3,502,178
48	Less Account 566 Misc Trans Exp listed on line 73 below.)		(line 73)	1,301,854
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	<b>Transmission O&amp;M</b>		(Lines 47 - 48 - 49 + 50 + 51)	<b>2,200,324</b>
<b>A&amp;G Expenses</b>				
53	Total A&G		p323.197.b	2,061,274
54	Less Property Insurance Account 924		p323.185.b	0
55	Less Regulatory Commission Exp Account 928	(Note E)	p323.189.b	0
56	Less General Advertising Exp Account 930.1		p323.191.b	0
57	Less PBOP Adjustment		Attachment 5	26,065
58	Less EPRI Dues	(Note D)	p352 & 353	0
59	<b>A&amp;G Expenses</b>		(Line 53) - Sum (Lines 54 to 58)	<b>2,035,209</b>
60	Wage & Salary Allocator		(Line 5)	100.0000%
61	<b>Transmission Related A&amp;G Expenses</b>		(Line 59 * Line 60)	<b>2,035,209</b>
<b>Directly Assigned A&amp;G</b>				
62	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
63	General Advertising Exp Account 930.1	(Note J)	Attachment 5	0
64	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 62 + Line 63)	<b>0</b>
65	Property Insurance Account 924		p323.185.b	0
66	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
67	Total Accounts 928 and 930.1 - General		(Line 65 + Line 66)	0
68	Net Plant Allocator		(Line 14)	100.0000%
69	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 67 * Line 68)	<b>0</b>
<b>Account 566 Miscellaneous Transmission Expense</b>				
70	Amortization Expense on Pre-Commercial Cost	Account 566	Attachment 5	567,686
71	Pre-Commercial Expense	Account 566	Attachment 5	734,168
72	Miscellaneous Transmission Expense	Account 566	Attachment 5	0
73	Total Account 566		Sum (Lines 70 to 72)	<b>1,301,854</b>
74	<b>Total Transmission O&amp;M</b>		(Lines 52 + 61 + 64 + 69 + 73)	<b>5,537,387</b>

**Depreciation & Amortization Expense**

<b>Depreciation Expense</b>			
75	Transmission Depreciation Expense	Attachment 5	102
76	General Depreciation		0
77	Intangible Amortization	(Note A) p336.10.b&c p336.1.d&e	0
78	Total	(Line 76 + Line 77)	0
79	Wage & Salary Allocator	(Line 5)	100.0000%
80	<b>Transmission Related General Depreciation and Intangible Amortization</b>	(Line 78 * Line 79)	0
81	<b>Total Transmission Depreciation &amp; Amortization</b>	<b>(Lines 75 + 80)</b>	<b>102</b>

**Taxes Other than Income**

82	Transmission Related Taxes Other than Income	Attachment 2	171,335
83	<b>Total Taxes Other than Income</b>	<b>(Line 82)</b>	<b>171,335</b>

**Return / Capitalization Calculations**

84	Preferred Dividends	enter positive	p118.29.c	0
<b>Common Stock</b>				
85	Proprietary Capital		p112.16.c	78,829,523
86	Less Accumulated Other Comprehensive Income Account 219		p112.15.c	0
87	Less Preferred Stock		(Line 95)	0
88	Less Account 216.1		p112.12.c	0
89	<b>Common Stock</b>		(Line 85 - 86 - 87 - 88)	78,829,523
<b>Capitalization</b>				
90	Long Term Debt	(Note N)		0
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	<b>Total Long Term Debt</b>		(Line 90 - 91 + 92 - 93)	0
95	Preferred Stock		p112.3.c	0
96	Common Stock		(Line 89)	78,829,523
97	<b>Total Capitalization</b>		(Sum Lines 94 to 96)	78,829,523
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		0.079
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)	0.03950
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	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 104 to 106)	<b>0.09800</b>
108	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 46 * Line 107)</b>	<b>16,115,865</b>

<b>Composite Income Taxes</b>			
<b>Income Tax Rates</b>			
109	FIT=Federal Income Tax Rate	(Note H)	35.00%
110	SIT=State Income Tax Rate or Composite		9.30%
111	p	(percent of federal income tax deductible for state purpc Per State Tax Code	0.00%
112	T	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$	41.05%
113	T / (1-T)		69.62%
114	<b>Income Tax Component =</b>	$CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R))) =$ [Line 113 * Line 108 * (1- (Line 104 / Line 107))]	<b>6,697,659</b>
115	<b>Total Income Taxes</b>	<b>(Line 114)</b>	<b>6,697,659</b>
<b>REVENUE REQUIREMENT</b>			
<b>Summary</b>			
116	Net Property, Plant & Equipment	(Line 30)	67,014,361
117	Total Adjustment to Rate Base	(Line 45)	97,433,240
118	<b>Rate Base</b>	(Line 46)	<b>164,447,601</b>
119	Total Transmission O&M	(Line 74)	5,537,387
120	Total Transmission Depreciation & Amortization	(Line 81)	102
121	Taxes Other than Income	(Line 83)	171,335
122	Investment Return	(Line 108)	16,115,865
123	Income Taxes	(Line 115)	6,697,659
124	<b>Gross Revenue Requirement</b>	<b>(Sum Lines 119 to 123)</b>	<b>28,522,347</b>
<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>			
125	Transmission Plant In Service	(Line 22)	67,014,462
126	Excluded Transmission Facilities	(Note L) Attachment 5	0
127	Included Transmission Facilities	(Line 125 - Line 126)	67,014,462
128	Inclusion Ratio	(Line 127 / Line 125)	100.00%
129	Gross Revenue Requirement	(Line 124)	28,522,347
130	<b>Adjusted Gross Revenue Requirement</b>	(Line 128 * Line 129)	<b>28,522,347</b>
<b>Revenue Credits</b>			
131	Revenue Credits	Attachment 3	0
132	<b>Net Revenue Requirement</b>	<b>(Line 130 - Line 131)</b>	<b>28,522,347</b>
<b>Net Plant Carrying Charge</b>			
133	Gross Revenue Requirement	(Line 129)	28,522,347
134	Net Transmission Plant + CWIP	(Line 17 - Line 23 + Line 33)	161,498,014
135	FCR	(Line 133 / Line 134)	17.6611%
136	FCR without Depreciation	(Line 133 - Line 75) / Line 134	17.6611%
137	FCR without Depreciation and Pre-Commercial Costs	(Line 133 - Line 70 - Line 71 - Line 75) / Line 134	16.8549%
138	FCR without Depreciation, Return, nor Income Taxes	(Line 133 - Line 75 - Line 108 - Line 115) / Line 134	3.5349%
<b>Net Plant Carrying Charge Calculation with Incentive ROE</b>			
139	Gross Revenue Requirement Less Return and Taxes	(Line 129 - Line 122 - Line 123)	5,708,824
140	Increased Return and Taxes	Attachment 4	24,208,211
141	Net Revenue Requirement with Incentive ROE	(Line 139 + Line 140)	29,917,035
142	Net Transmission Plant + CWIP	(Line 17 - Line 23+ Line 33)	161,498,014
143	FCR with Incentive ROE	(Line 141 / Line 142)	18.5247%
144	FCR with Incentive ROE without Depreciation	(Line 141 - Line 75) / Line 142	18.5246%
145	FCR with Incentive ROE without Depreciation and Pre-Commercial	(Line 141 - Line 70 - Line 71 - Line 75) / Line 142	17.7185%
146	<b>Net Revenue Requirement</b>	(Line 132)	<b>28,522,347</b>
147	Reconciliation amount	Attachment 6	1,519,334
148	Plus any increased ROE calculated on Attach 7 other than PJM Sch. 12 projects not paid by other PJM trans zones	Attachment 7	1,221,292
149	Facility Credits under Section 30.9 of the PJM OATT	Attachment 5	0
150	<b>Net Zonal Revenue Requirement</b>	(Line 146 + 147 + 148 + 149)	<b>31,262,973</b>
<b>Network Zonal Service Rate</b>			
151	1 CP Peak	(Note K) PJM Data	N/A
152	Rate (\$/MW-Year)	(Line 150 / 151)	N/A
153	<b>Network Service Rate (\$/MW/Year)</b>	<b>(Line 152)</b>	<b>N/A</b>

**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	13,935	366,313	366,313	366,313	-	-	366,313
ADIT-283 From Account Total Below	-	778,287	778,287	778,287	-	-	778,287
ADIT-190 From Account Total Below	-	(1,965,117)	(1,965,117)	(1,965,117)	-	-	(1,965,117)
Subtotal				(820,517)	-	-	(820,517)
Wages & Salary Allocator					100.0000%	100.0000%	
Gross Plant Allocator					100.0000%		
ADIT				(820,517)	-	-	(820,517)

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	Trans-Allegheny Interstate Company								JUSTIFICATION
	B1	B2	B3	C	D	E	F	G	
ADIT-190	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	
	p234.18.b	p234.18.c							
Tax Interest Capitalized	-	1,042,269	1,042,269			1,042,269	-		Actual amount of tax interest capitalized
Depreciation	-	42	42			42			Depreciation as shown on the tax return
Intercompany Charges	-	102,289	102,289			102,289			Intercompany charges from the AP service company
Worker's Compensation	-	42,230	42,230			42,230			Actual amount of reserve for workers' compensation
Deferred Tax Reclassification	-	778,287	778,287			778,287			Accumulated deferred income taxes reclassified from account 283
Subtotal	-	1,965,117	1,965,117	-	-	1,965,117	-	-	
Less FASB 109 included above									
Less FASB 106 included above									
Total	-	1,965,117	1,965,117	-	-	1,965,117	-	-	

Instructions for Account 190:

- 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	
	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	13,935	366,313	366,313			366,313			Allowance for borrowed funds used during construction (ABFUDC)
	-	-	-						
	-	-	-						
	-	-	-						
	-	-	-						
	-	-	-						
Subtotal	13,935	366,313	366,313	-	-	366,313	-	-	
Less FASB 109 included above	-	-	-	-	-	-	-	-	
Less FASB 106 included above	-	-	-	-	-	-	-	-	
Total	13,935	366,313	366,313	-	-	366,313	-	-	

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	
	Trans-Allegheny Interstate Company								
			End of Year for Est. Average						
ADIT-283	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
	p276.19.b	p277.19.k							
	-	-	-						
	-	778,287	778,287			778,287			ADIT Balance Sheet Reclassification
	-	-	-						
Subtotal	-	778,287	778,287			778,287			
Less FASB 109 included above									
Less FASB 106 included above									
Total	-	778,287	778,287			778,287			

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
<b>Plant Related</b>		<b>Gross Plant Allocator</b>		
1	Real property (State, Municipal or Local)		100.0000%	\$ -
2	Capital Stock Tax	3,004	100.0000%	3,004
3	Gross Premium (Insurance) Tax		100.0000%	-
4	Public Utility Realty Tax Act (PURTA), 72 P.S. §8101, <i>et seq.</i>		100.0000%	-
5	Corp License	288	100.0000%	288
6	Other State License		100.0000%	-
7				-
8	<b>Total Plant Related</b>	<b>3,292</b>	<b>100.0000%</b>	<b>3,292</b>
<b>Labor Related</b>		<b>Wages &amp; Salary Allocator</b>		
9	Federal FICA Capitalized			
10	Federal Unemployment	2,079		
11	State Unemployment	7,774		
12	Accrued FICA	143,649		
13				
14	<b>Total Labor Related</b>	<b>153,502</b>	<b>100.0000%</b>	<b>153,502</b>
<b>Other Included</b>		<b>Gross Plant Allocator</b>		
15	Miscellaneous			
16	Use and Sales Tax	14,541		
17				
18				
19	<b>Total Other Included</b>	<b>14,541</b>	<b>100.0000%</b>	<b>14,541</b>
20	<b>Total Included (Lines 8 + 14 + 19)</b>	<b>171,335</b>		<b>171,335</b> Input to Appendix A, Line 82
<b>Retail Related Other Taxes to be Excluded</b>				
21	Federal Income Tax	1,849,498		
22	Corporate Net Income Tax	546,076		
23		0		
24		0		
25		0		
26		0		
27		0		
28		0		
29		0		
30		0		
31	<b>Subtotal, Excluded</b>	<b>2,395,574</b>		
32	<b>Total, Included and Excluded (Line 20 + Line 28)</b>	<b>2,566,909</b>		
33	<b>Total Other Taxes from p114.14.c</b>	<b>171,335</b>		
34	Difference (Line 32 - Line 33)	2,395,574		

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.



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)	24,208,211	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	164,447,601
2	Preferred Dividends	enter positive Appendix A, Line 84	0
Common Stock			
3	Proprietary Capital	Appendix A, Line 85	78,829,523
4	Less Accumulated Other Comprehensive Income Account 219	Appendix A, Line 86	0
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	78,829,523
Capitalization			
8	Long Term Debt	Appendix A, Line 90	0
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	0
13	Preferred Stock	Appendix A, Line 95	0
14	Common Stock	Appendix A, Line 96	78,829,523
15	Total Capitalization	Appendix A, Line 97	78,829,523
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	0.0790
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)	0.0395
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)	0.1030
26	Investment Return = Rate Base * Rate of Return	(Line 1 * Line 25)	16,938,103

**Composite Income Taxes**

<b>Income Tax Rates</b>			
27	FIT=Federal Income Tax Rate	Appendix A, Line 109	35.00%
28	SIT=State Income Tax Rate or Composite	Appendix A, Line 110	9.30%
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
31	T/ (1-T)	Appendix A, Line 113	41.05%
32	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	7,270,108
33	<b>Total Income Taxes</b>	<b>(Line 32)</b>	<b>7,270,108</b>



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							
					Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 KV Prexy - 502 Junction	138 KV Prexy - 502 Junction	Meadowbrook Transformer	North Shenadoah	Total
<b>Calculation of Transmission Accumulated Depreciation</b>			Source									
December	Prior year FERC Form 1 p219.25.b	For 2006	-									-
January	company records	For 2007	-									-
February	company records	For 2007	-									-
March	company records	For 2007	-									-
April	company records	For 2007	-									-
May	company records	For 2007	-									-
June	company records	For 2007	-									-
July	company records	For 2007	-									-
August	company records	For 2007	-									-
September	company records	For 2007	-									-
October	company records	For 2007	-									-
November	company records	For 2007	-									-
December	p219.25.b	For 2007	51				51					51
December			102	102			102					102
23	<b>Transmission Accumulated Depreciation</b>			12			12					12
			Link to Appendix A, line 23	Link to Appendix A, line 23								
<b>Calculation of Distribution Accumulated Depreciation</b>			Source									
December	Prior year FERC Form 1 p219.26.b	For 2006	-									-
January	company records	For 2007	-									-
February	company records	For 2007	-									-
March	company records	For 2007	-									-
April	company records	For 2007	-									-
May	company records	For 2007	-									-
June	company records	For 2007	-									-
July	company records	For 2007	-									-
August	company records	For 2007	-									-
September	company records	For 2007	-									-
October	company records	For 2007	-									-
November	company records	For 2007	-									-
December	p219.26.b	For 2007	-									-
<b>Distribution Accumulated Depreciation</b>				-								-
<b>Calculation of Intangible Accumulated Depreciation</b>			Source									
December	Prior year FERC Form 1 p200.21.b	For 2006	-									-
December	p200.21b	For 2007	-									-
25	<b>Accumulated Intangible Depreciation</b>			-								-
			Link to Appendix A, line 25	Link to Appendix A, line 25								
<b>Calculation of General Accumulated Depreciation</b>			Source									
December	Prior year FERC Form 1 p219.28b	For 2006	-									-
December	p219.28.b	For 2007	-									-
24	<b>Accumulated General Depreciation</b>			-								-
			Link to Appendix A, line 24	Link to Appendix A, line 24								
<b>Calculation of Production Accumulated Depreciation</b>			Source									
December	Prior year FERC Form 1 p219.20.b	For 2006	-									-
January	company records	For 2007	-									-
February	company records	For 2007	-									-
March	company records	For 2007	-									-
April	company records	For 2007	-									-
May	company records	For 2007	-									-
June	company records	For 2007	-									-
July	company records	For 2007	-									-
August	company records	For 2007	-									-
September	company records	For 2007	-									-
October	company records	For 2007	-									-
November	company records	For 2007	-									-
December	p219.20.b thru 219.24.b	For 2007	-									-
<b>Production Accumulated Depreciation</b>				-								-
8	<b>Total Accumulated Depreciation</b>	Sum of averages above		11.74								101.78
			Link to Appendix A, line 8	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	
<b>Materials and Supplies</b>						
40	Transmission Materials & Supplies	p227.8	-	-	-	
37	Undistributed Stores Expense	p227.16	-	-	-	
<b>Allocated General Expenses</b>						
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
<b>Plant Allocation Factors</b>						
6	Electric Plant In Service	(Note B) Attachment 5	-	-	-	
<b>Plant In Service</b>						
15	Transmission Plant In Service	(Note B) Attachment 5	-	-	-	
<b>Accumulated Depreciation</b>						
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	-	-	-	

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		EOY 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	\$ 1,703,058	\$ 567,686	\$ 1,135,372	\$ 1,419,215

**EPRI Dues Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Begin 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 C) p323.189.b	-	-	-	Link to Appendix A, line 66 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	-	-	-	Link to Appendix A, line 70 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 I)	Composite 9.30%					

**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	-	-	-	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	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities (Note L) Step-Up Facilities  Instructions: 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: <b>Example</b> 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	Enter \$  Or Enter \$	General Description of the Facilities          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	17,682	100%	17,682	
	Prepaid Pensions if not included in Prepayments	-	0	0	100%	0	
	<b>Total Prepayments</b>	-	35,363	<b>17,682</b>		<b>17,682</b>	

Trans-Allegheny Interstate Line Company

Attachment 5 - Cost Support

**Detail of Account 566 Miscellaneous Transmission Expenses**

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	<b>Summary of Pre-Commercial Expenses</b>  <table border="1"> <thead> <tr> <th>Cost Element Name</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Labor &amp; Overhead (1)</td> <td>398,966</td> </tr> <tr> <td>Miscellaneous (2)</td> <td>6,727</td> </tr> <tr> <td>Outside Services Legal (3)</td> <td>(38,212)</td> </tr> <tr> <td>Outside Services Other (4)</td> <td>232,415</td> </tr> <tr> <td>Outside Services Rates (5)</td> <td>48,400</td> </tr> <tr> <td>Advertising (6)</td> <td>53,605</td> </tr> <tr> <td>Travel, Lodging and Meals (7)</td> <td>32,267</td> </tr> <tr> <td><b>Total</b></td> <td><b>734,168</b></td> </tr> </tbody> </table>		Cost Element Name	Total	Labor & Overhead (1)	398,966	Miscellaneous (2)	6,727	Outside Services Legal (3)	(38,212)	Outside Services Other (4)	232,415	Outside Services Rates (5)	48,400	Advertising (6)	53,605	Travel, Lodging and Meals (7)	32,267	<b>Total</b>	<b>734,168</b>
Cost Element Name	Total																					
Labor & Overhead (1)	398,966																					
Miscellaneous (2)	6,727																					
Outside Services Legal (3)	(38,212)																					
Outside Services Other (4)	232,415																					
Outside Services Rates (5)	48,400																					
Advertising (6)	53,605																					
Travel, Lodging and Meals (7)	32,267																					
<b>Total</b>	<b>734,168</b>																					
71	Pre-Commercial Expense	734,168																				
72	Miscellaneous Transmission Expense	-																				
	<b>Total Account 566 Miscellaneous Transmission Expenses</b> p.321	\$ 1,301,854																				

(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.

Net Revenue Requirement  
149 Facility Credits under Section 30.9 of the PJM OATT

**Depreciation Rates**

TRANSMISSION PLANT	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Annual Depreciation Expense						
					Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 kV Proxy - 502 Junction	138 kV Proxy - 502 Junction	Project X	Total
350.2	70	R4	0	1.43	-	-	-	-	-	-	-
352	50	R3	(10)	2.20	-	-	-	-	-	-	-
	35	-	-	2.86	-	-	-	-	-	-	-
353	50	R2	(5)	2.10	-	-	102	-	-	-	102
	Note 1	80 R2 - 35-yr truncation	-	2.96	-	-	-	-	-	-	-
	15	S3	0	6.67	-	-	-	-	-	-	-
354	65	R4	(25)	1.92	-	-	-	-	-	-	-
355	55	R2.5	(20)	2.18	-	-	-	-	-	-	-
356	50	R2.5	(40)	2.80	-	-	-	-	-	-	-
	70	R4	0	1.43	-	-	-	-	-	-	-
357	55	S3	(5)	1.91	-	-	-	-	-	-	-
358	45	R3	(5)	2.33	-	-	-	-	-	-	-
	35	-	-	2.86	-	-	-	-	-	-	-
Total Depreciation Expense (must tie to p336.7.1) 102					-	-	102	-	-	-	102

Note 1: Depreciation rate is based on an 80 R2 survivor curve with a 35-year truncation. These depreciation rates will not change absent the appropriate filing at FEF

**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	5,06
7	TrAILCo PBOP Expense for base year	16,145
8	TrAILCo PBOP Expense in Account 926 for current year	42,210
57	9 PBOP Adjustment for Appendix A, Line 57	(26,065)

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.

Step 1	For Estimate:	Column A	Column B	Column C	Column D	Column E	Column F	Column G
			Pre-Commercial Costs			CWIP		
			Expensed (Estimated)	Deferred	Amount of Deferred Amortized in Year	Average of 13 Monthly Balances		
	Prexy - 502 Junction 138 kV (CWIP)		78,808		60,937	13,464,419		
	Prexy - 502 Junction 500 kV (CWIP)		101,511		78,492	12,949,275		
	502 Junction - Territorial Line (CWIP)		553,849		428,257	68,069,959		
	Total		734,168	1,703,058	567,686	94,483,653		
Step 3	For Reconciliation:		Pre-Commercial Costs					
			Expensed (Actual)	Deferred	Amount of Deferred Amortized in Year		AFUDC In CWIP	AFUDC (If CWIP was not in Rate Base)
	Prexy - 502 Junction 138 kV (CWIP)		78,808	182,812	60,937			
	1		-	-	-			
	2		-	-	-			
	3		-	-	-			
	4		-	-	-			
	...							
	Total		78,808	182,812	60,937			
	Prexy - 502 Junction 500 kV (CWIP)		101,511	235,476	78,492			
	1		-	-	-			
	2		-	-	-			
	3		-	-	-			
	4		-	-	-			
	...							
	Total		101,511	235,476	78,492			
	502 Junction - Territorial Line (CWIP)		553,849	1,284,770	428,257			
	1		-	-	-			
	2		-	-	-			
	3		-	-	-			
	4		-	-	-			
	...							
	Total		553,849	1,284,770	428,257			
Total Additions to Plant In Service (sum of the above for each project)								
Total Additions to Plant in Service reported on pages 200-204 of the Form No. 1								
Difference (must be zero)								

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 CWIP 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 CWIP 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 CWIP 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.
  - 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 CWIP 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 Must run Appendix A to get this number (without any cap adds in Appendix A line 16 and without CWIP in Appendix A line 33)
  - 2 April Year 2 TO estimates all transmission Cap Adds and CWIP 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)
	Other Projects PIS (monthly additions)	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	500 kV Prexy - 502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)
		(in service)	(in service)	CWIP	CWIP	CWIP
Dec (Prior Year CWIP) p216, b.43				29,078	3,120	2,421
Jan 2007		-	-	100,000	168,900	131,100
Feb		-	-	100,000	168,900	131,100
Mar		-	-	1,900,000	225,200	174,800
Apr		-	-	2,200,000	619,300	480,700
May		-	-	2,200,000	619,300	480,700
Jun		-	-	2,200,000	619,300	480,700
Jul		-	-	2,200,000	675,600	524,400
Aug		-	-	2,100,000	619,300	480,700
Sep		-	-	2,000,000	675,600	524,400
Oct		-	7,618,489	4,100,000	788,200	611,800
Nov		-	-	3,200,000	788,200	611,800
Dec		49,528,583	7,329,602	3,200,000	788,200	611,800
<b>Total</b>		<b>49,528,583</b>	<b>14,948,091</b>	<b>25,529,078</b>	<b>6,759,120</b>	<b>5,246,421</b>
		New Transmission Plant Additions for Year 2 (13 month average balance)			Average 13 Month Balance	

Month End Balances					
Other Projects PIS (monthly additions)	Black Oak (monthly balance)	Wylie Ridge (monthly balance)	500 kV Prexy - 502 Junction - Territorial Line (monthly balance)	500 kV Prexy - 502 Junction (monthly balance)	138 kV Prexy - 502 Junction (monthly balance)
	(in service)	(in service)	CWIP	CWIP	CWIP
			29,078	3,120	2,421
	-	-	129,078	172,020	133,521
	-	-	229,078	340,920	264,621
	-	-	2,129,078	566,120	439,421
	-	-	4,329,078	1,185,420	920,121
	-	-	6,529,078	1,804,720	1,400,821
	-	-	8,729,078	2,424,020	1,881,521
	-	-	10,929,078	3,099,620	2,405,921
	-	-	13,029,078	3,718,920	2,886,621
	-	-	15,029,078	4,394,520	3,411,021
	-	7,618,489	19,129,078	5,182,720	4,022,821
	-	7,618,489	22,329,078	5,970,920	4,634,621
	<b>49,528,583</b>	<b>14,948,091</b>	<b>25,529,078</b>	<b>6,759,120</b>	<b>5,246,421</b>
	<b>49,528,583</b>	<b>30,185,069</b>	<b>128,078,014</b>	<b>35,622,155</b>	<b>27,649,878</b>
	<b>3,809,891</b>	<b>2,321,928</b>	<b>9,852,155</b>	<b>2,740,166</b>	<b>2,126,914</b>
	(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 CWIP 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	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)
\$ 7,010,015	444,422	401,037	4,330,967	1,032,310	801,279

5 June Year 2

Results of Step 3 go into effect

6 April Year 3

TO estimates all transmission Cap Adds and CWIP 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)
	Meadowbrook Transformer (monthly additions)	North Shenandoah (monthly additions)	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial 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)	CWIP	CWIP	CWIP

Dec (Prior Year CWIP) p216.b.43	Actual				197,754	20,651,884	5,244,579	4,808,804
Jan 2008	Actual		(22,702)		263,171	4,293,957	840,954	206,229
Feb	Actual		124,272		103,624	2,558,667	106,363	646,181
Mar	Actual		144,349		15,171	3,694,409	691,038	561,300
Apr	Actual		53,780		32,114	3,027,346	452,945	583,461
May	Budget	8,376,439	2,309,887		60,000	3,723,096	1,107,046	652,025
Jun	Budget	200,000	-		1,000	4,845,848	1,131,268	1,640,887
Jul	Budget	100,000	-		1,000	8,657,237	3,138,696	2,190,571
Aug	Budget	40,000	-		-	19,123,669	2,203,356	2,767,924
Sep	Budget	15,000	-		-	26,501,863	2,280,989	5,702,856
Oct	Budget	5,000	-	640,000	-	21,369,973	2,131,446	2,058,061
Nov	Budget	-	-	-	-	36,472,126	5,216,999	6,641,396
Dec	Budget	-	-	-	-	18,242,867	5,336,228	6,122,254
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)								

Total Revenue Requirement	Meadowbrook Transformer (monthly additions)	North Shenandoah (monthly additions)	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial 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	2,525,443

Month End Balances							
Other Projects PIS (Monthly additions)	Meadowbrook Transformer (monthly additions)	North Shenandoah (monthly additions)	Black Oak (monthly balance)	Wylie Ridge (monthly balance)	502 Junction - Territorial Line (monthly balance)	500 kV Prexy - 502 Junction (monthly balance)	138 kV Prexy - 502 Junction (monthly balance)
			(in service)	(in service)	CWIP	CWIP	CWIP

	-	-	-	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	611,834	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
	200,000	-	359,699	612,834	42,795,206	9,574,193	9,098,887
	100,000	-	359,699	614,834	51,452,443	12,712,889	11,289,458
	40,000	-	359,699	614,834	70,576,112	14,916,245	14,057,382
	15,000	-	359,699	614,834	97,077,975	17,197,234	19,760,238
	5,000	-	999,699	614,834	118,447,948	19,328,680	21,818,299
	-	-	999,699	614,834	154,920,074	24,545,679	28,459,695
	8,736,439	2,309,887	999,699	614,834	173,162,941	29,881,907	34,581,949
Total	69,286,514	18,479,097	5,422,080	7,330,452	884,909,470	168,340,573	175,037,451
New Transmission Plant Additions for Year 2 (13 month average balance)	5,329,732	1,421,469	417,083	563,881	68,069,959	12,949,275	13,464,419

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 CWIP in Reconciliation (adjusted to include any Reconciliation amount from prior year).

	(A) 502 Junction - Territorial Line (monthly additions) CWIP*	(B) 500 kV Prexy - 502 Junction (monthly additions) CWIP*	(C) 138 kV Prexy - 502 Junction (monthly additions) CWIP*	(D) Wylie Ridge (monthly additions) (in service)	Month End Balances				
					502 Junction - Territorial Line (monthly balance) CWIP*	500 kV Prexy - 502 Junction (monthly balance) CWIP*	138 kV Prexy - 502 Junction (monthly balance) CWIP*	Wylie Ridge (monthly additions)	Total
Dec (Prior Year CWIP) p216.b.43	29,078	2,928	2,613		29,078	2,928	2,613	0	
Jan 2007	-	-	-		29,078	2,928	2,613	0	
Feb	4,378	-	-		33,456	2,928	2,613	0	
Mar	151,079	-	60		184,534	2,928	2,673	0	
Apr	2,341,369	564,082	218,794		2,525,903	567,010	221,468	0	
May	1,647,451	101,022	42,273		4,173,354	668,032	263,741	0	
Jun	2,481,436	494,537	234,017		6,654,790	1,162,569	497,759	0	
Jul	1,975,834	435,348	239,276		8,630,624	1,597,917	737,034	0	
Aug	2,387,279	644,797	421,307		11,017,903	2,242,714	1,158,342	0	
Sep	2,529,975	702,818	461,676		13,547,878	2,945,532	1,620,017	0	
Oct	2,087,239	744,465	667,299		15,635,117	3,689,997	2,287,316	0	
Nov	2,458,043	828,367	566,151		18,093,159	4,518,363	2,853,467	0	
Dec	2,558,724	726,216	1,855,336	197,754	20,651,884	5,244,579	4,808,804	197,754	
Total	20,651,884	5,244,579	4,808,804	197,754	101,206,758	22,648,425	14,458,461	197,754	
				Average 13 Month Balance	7,785,135	1,742,187	1,112,189	15,212	10,654,723 Input to Appendix A, line 33

Result of Formula for Reconciliation					
Total Revenue Requirement	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)
\$ 8,410,662	1,608,748	453,038	4,702,999	989,415	656,463

Must run Appendix A with cap adds in Appendix A, line 16 and CWIP in Appendix line 33

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 8,410,662 - The forecast in Prior Year 7,010,015 = 1,400,647 <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		0.6600%		Interest 35.19a for March Current Yr		Interest		Surcharge (Refund) Owed	
Month	Yr	1/12 of Step 9	Interest 35.19a for March Current Yr	Months					
Jun	Year 1	116,721	0.6600%	11.5	8,859				125,580
Jul	Year 1	116,721	0.6600%	10.5	8,089				124,809
Aug	Year 1	116,721	0.6600%	9.5	7,318				124,039
Sep	Year 1	116,721	0.6600%	8.5	6,548				123,269
Oct	Year 1	116,721	0.6600%	7.5	5,778				122,498
Nov	Year 1	116,721	0.6600%	6.5	5,007				121,728
Dec	Year 1	116,721	0.6600%	5.5	4,237				120,958
Jan	Year 2	116,721	0.6600%	4.5	3,467				120,187
Feb	Year 2	116,721	0.6600%	3.5	2,696				119,417
Mar	Year 2	116,721	0.6600%	2.5	1,926				118,647
Apr	Year 2	116,721	0.6600%	1.5	1,156				117,876
May	Year 2	116,721	0.6600%	0.5	385				117,106
Total		1,400,647							1,456,113

		Balance		Interest		Amort		Balance	
Jun	Year 2	1,456,113	0.6600%	126,611	1,339,112				
Jul	Year 2	1,339,112	0.6600%	126,611	1,221,339				
Aug	Year 2	1,221,339	0.6600%	126,611	1,102,789				
Sep	Year 2	1,102,789	0.6600%	126,611	983,456				
Oct	Year 2	983,456	0.6600%	126,611	863,336				
Nov	Year 2	863,336	0.6600%	126,611	742,423				
Dec	Year 2	742,423	0.6600%	126,611	620,712				
Jan	Year 3	620,712	0.6600%	126,611	498,197				
Feb	Year 3	498,197	0.6600%	126,611	374,874				
Mar	Year 3	374,874	0.6600%	126,611	250,737				
Apr	Year 3	250,737	0.6600%	126,611	125,781				
May	Year 3	125,781	0.6600%	126,611	(0)				
Total with interest				1,519,334					

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 1,519,334 Input to Appendix A, Line 147  
 Rev Req based on Year 2 data with estimated Cap Adds for Year 3 (Step 8) \$ 29,743,639  
 Revenue Requirement for Year 3 31,262,973

Reconciliation amount by Project					
Total Reconciliation Amount	Black Oak (monthly additions)	Wylie Ridge (monthly additions)	502 Junction - Territorial Line (monthly additions)	500 kV Prexy - 502 Junction (monthly additions)	138 kV Prexy - 502 Junction (monthly additions)
\$ 1,519,334	\$ 1,262,987	\$ 56,407	\$ 403,557	\$ (46,530)	\$ (157,087)

9 May Year 3 Post results of Step 8 on PJM web site \$ 31,262,973 Post results of Step 3 on PJM web site

10 June Year 3 Results of Step 8 go into effect \$ 31,262,973

**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	16.8549%
B	145	FCR with Incentive ROE without Depreciation and Pre-Commercial	17.7185%
C		Line B less Line A	0.8636%
FCR if a CIAC			
D	138	FCR without Depreciation, Return, nor Income Taxes	3.5349%

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 years

		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)					
10	"Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12	(Yes or No)	Yes		Yes						
11												
12	"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						
13	Input the allowed ROE	Allowed ROE		12.70%		12.70%						
14	From line 3 above if "No" on line 12 and From line 7 above if "Yes" on line 12	FCR without Incentive ROE		16.8549%		16.8549%						
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	FCR for This Project		17.7185%		17.7185%						
16	forecast of CWIP or Cap Adds.	Investment		13,464,419		12,949,275						
17	reconciliation – Average of 13 month prior year net plant balances plus prior year 13-mo CWIP balances. Annual Depreciation Exp from Attachment 5											
18		Invest Yr	Return	Depreciation	Pre-Commercial Exp.	Reconciliation Amount	Revenue	Return	Depreciation	Pre-Commercial Exp.	Reconciliation amount	Revenue
19	See Calculations for each item below	2007	2,269,420	-	139,745	(157,087)	2,252,078	2,182,592	-	180,003	(46,530)	2,316,066
20	See Calculations for each item below	2007	2,385,698	-	139,745	(157,087)	2,368,356	2,294,422	-	180,003	(46,530)	2,427,895

**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.

1  
2  
3  
4  
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10 "Yes" if a project under PJM OATT Schedule 12,  
otherwise "No"  
11  
12 "Yes" if the customer has paid a lump sum payment in the  
amount of the investment on line 29, Otherwise "No"  
13  
14 Input the allowed ROE  
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

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					No					No			
	12.70%					11.70%					12.70%		
	16.8549%					16.8549%					16.8549%		
	17.7185%					16.8549%					17.7185%		
	70,221,560					13,327,197					44,784,362		
	102					-					-		
Return	Depreciation	Pre-Commercial Exp.	Reconciliation Amount	Revenue	Return	Depreciation	Reconciliation Amount	Revenue	Return	Depreciation	Reconciliation Amount	Revenue	
11,835,901	102	982,106	403,557	13,221,565	2,246,291	-	56,407	2,302,698	7,548,377	-	1,262,987	8,811,364	
12,442,230	102	982,106	403,557	13,827,995	2,246,291	-	56,407	2,302,698	7,935,132	-	1,262,987	9,198,119	

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

**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



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)
<b>Long Term Debt Cost at Year Ended:</b>											
<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/xxx	xx/xx/xxx	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 (G<sub>1</sub>, C<sub>2</sub>, 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.

<b>Total Loan Amount</b>	<b>\$ 550,000,000</b>
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<b>Internal Rate of Return<sup>1</sup></b>	<b>7.900%</b>
<b>Based on following Financial Formula<sup>2</sup>:</b>	
$NPV = 0 = \sum_{t=1}^N C_t / (1 + IRR)^{pwr(t)}$	

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Interest Rate</b>	6.45%	6.55%	6.65%	6.75%	6.75%	6.75%	6.75%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Year		Capital Expenditures (\$000's)	Principal Drawn In Quarter (\$000's)	Principal Drawn To Date (\$000's)	Stated Interest Expense (\$000's)	Origination Fees (\$000's)	Commitments Fee (\$000's)	Net Cash Flows (\$000's) (D-F-G-H)
2007	Q1	16,809	-	-	-	-	-	-
6/1/2007	Q2	21,013	29,781	29,781	160	5,200	130	24,291
7/1/2007	Q3	28,136	14,068	43,849	707	-	380	12,981
10/1/2007	Q4	32,301	16,151	60,000	967	-	368	14,816
1/1/2008	Q1	66,438	33,219	93,219	1,526	-	343	31,349
4/1/2008	Q2	62,484	31,242	124,461	2,038	-	319	28,885
7/1/2008	Q3	62,709	31,355	155,815	2,551	-	296	28,507
10/1/2008	Q4	64,355	32,178	187,993	3,078	-	272	28,828
1/1/2009	Q1	58,262	29,131	217,124	3,610	-	250	25,272
4/1/2009	Q2	85,821	42,911	260,034	4,323	-	217	38,370
7/1/2009	Q3	123,768	61,884	321,918	5,352	-	171	56,361
10/1/2009	Q4	114,084	57,042	378,960	6,300	-	128	50,614
1/1/2010	Q1	36,594	18,297	397,257	6,704	-	115	11,479
4/1/2010	Q2	43,691	21,846	419,103	7,072	-	98	14,675
7/1/2010	Q3	43,694	21,847	440,950	7,441	-	82	14,324
10/1/2010	Q4	41,316	20,658	461,608	7,790	-	66	12,802
1/1/2011	Q1	5,614	2,807	464,415	7,837	-	64	(5,094)
4/1/2011	Q2	5,240	2,620	467,035	7,881	-	62	(5,323)
7/1/2011	Q3	4,651	2,326	469,360	7,920	-	60	(5,655)
10/1/2011	Q4	4,618	2,309	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)

<sup>1</sup> 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.

<sup>2</sup> 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).

**ATTACHMENT 3**  
**Accounting of Transfers Between**  
**CWIP and Plant In Service**

**Trans-Allegheny Interstate Line Company  
Detail Transfers from CWIP to Plant in Service**

<b>Work Order ID</b>	<b>Work Order Number</b>	<b>FERC Account 106 Sub-Account</b>	<b>Project / Description</b>	<b>Amount</b>	<b>Date of Transfer from CWIP to Plant in Service</b>
<b>Wylie Ridge Transformer</b>					
10970691	D-01109.1301C	353.104 & 353.204	WYLIE RIDGE : Inst #6 & #8 XF	12,763,316	December 20, 2007
<b>Black Oak (SVC)</b>					
10970696	D-01314.1301C	350.104 & 353.504	BLACK OAK SS INST SVC STATCOM	44,285,126	December 5, 2007
10970697	D-01314.1502C	350.102	Black Oak SS: Purch Property	79,718	April 9, 2007
10970697	D-01314.1502C	350.102	Black Oak SS: Purch Property	2,417	May 2007
10970697	D-01314.1502C	350.102	Black Oak SS: Purch Property (AFUDC Correction)	(2,320)	August 2007
10970697	D-01314.1502C	350.102	Black Oak SS: Purch Property	2,338	October 2007
			Total	44,367,279	
<b>502 Junction to Territorial Line</b>					
10970694	D-01458.1301C	353.204	BP5133 TRAIL PID for time MT Storm	29,078	October 31,2007
10970694	D-01458.1301C	353.204	BP5133 TRAIL PID for time MT Storm	247	December 2007
11064767	D-01458.2304C	350.104	502 JCT SS PURCHASE PROPERTY	346,652	October 31,2007
11064767	D-01458.2304C	350.104	502 JCT SS PURCHASE PROPERTY	2,991	November 2007
11064767	D-01458.2304C	350.104	502 JCT SS PURCHASE PROPERTY	1,772,734	December 2007
			Total	2,151,702	