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January 30, 2009

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

Re: Trans-Allegheny Interstate Line Company
Docket No. ER09-____-000
Request for Additional Depreciation Rates in Formula Rate

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Part 35 of regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 35 (2007), Trans-Allegheny Interstate Line Company (“TrAILCo”) hereby submits an original and five copies of proposed revisions to the following sheets of the Open Access Transmission Tariff of PJM Interconnection, L.L.C. (“PJM”), FERC Electric Tariff, Sixth Revised Volume No. 1 (“PJM Tariff”):

First Revised Sheet No. 314I.02
First Revised Sheet No. 314I.17
Original Sheet No. 314I.17a

The revisions implement depreciation rates for a building and related equipment, as well as for information technology (“IT”) improvements, that will be used to operate the TrAILCo transmission facilities.

I. INTRODUCTION AND DESCRIPTION OF FILING

In Docket No. ER07-562-000, *et seq.*, the Commission approved the transmission cost of service formula rate (“Formula Rate”), included in Attachment H-18 to the PJM Tariff, to govern the construction and operation of the TrAILCo transmission facilities.² The Formula Rate includes depreciation rates for classes of assets reflecting all of the facilities proposed to be constructed by TrAILCo at that time. However, TrAILCo’s construction

¹ 16 U.S.C. § 824d (“FPA”).

² *Trans-Allegheny Interstate Line Company*, 119 FERC ¶ 61,219, *reh’g denied and compliance filing accepted*, 121 FERC ¶ 61,009 (2007), order approving settlement, 124 FERC ¶ 61,075 (2008).

plans now include a building and related equipment that will be used as an operations center for the TrAILCo transmission facilities, and the installation of software to operate the transmission facilities. Because these assets were not part of the original construction plan for the TrAILCo transmission facilities, the Formula Rate that was negotiated in the settlement discussions in Docket No. ER07-562-004 does not include the applicable depreciation schedules for these assets. Consequently, while the Formula Rate contemplates the addition of new assets without the need for a subsequent rate filing, based on the timing of the addition of these facilities to the TrAILCo transmission facilities, the currently effective Formula Rate does not include the proper depreciation rates for these assets. TrAILCo is proposing herein to establish depreciation rates for these classes of assets to be included in its Formula Rate.

II. IDENTIFICATION OF APPLICANT

TrAILCo is an indirect subsidiary of Allegheny Energy, Inc. (“Allegheny Energy”). TrAILCo was organized to construct, own and operate certain transmission facilities that have been approved for construction under the provisions of the PJM Operating Agreement (“PJM OA”).³ TrAILCo is a transmission owner within the meaning of the Consolidated Transmission Owners Agreement, Rate Schedule No. 42 of PJM Interconnection, L.L.C. TrAILCo has the exclusive right to submit this rate filing in order to collect its charges for transmission service through PJM.

III. STATEMENT OF NATURE, BASIS AND REASONS FOR REVISED TARIFF SHEETS

As part of the TrAILCo facilities, TrAILCo will be constructing a building in Fairmont, West Virginia, from which it will manage the operation of the TrAILCo transmission facilities. Further, as part of its operations center, TrAILCo will own other types of equipment, generally associated with building operation and maintenance and own and install software to operate its transmission facilities. The costs of the building and related equipment will be recorded under various general plant accounts designated as Uniform System of Accounts (“USofA”) Account Nos. 390 through 398. The related equipment that TrAILCo will likely own includes: office and furniture equipment (account 391); transportation equipment such as light trucks (account 392); stores equipment

³ These facilities that are or will be owned and operated by TrAILCo include the TrAIL Project, the SVC that has been installed at Allegheny Power’s existing Black Oak substation, replacement of autotransformers and the upgrade of associated equipment at the Kammer Substation, as well as certain upgrades and enhancements for which no Incentive ROE has been sought.

such as counters, shelving, storage bins, lockers, etc. (account 393); tools, shop and garage equipment (account 394); laboratory equipment such as ammeters, volt meters and testing panels (account 395); power operated equipment such as lawn mowers and tractors (account 396); communication equipment such as antennae, towers and telephone circuits (account 397); and miscellaneous equipment such as kitchen equipment (account 398). The software upgrade and other IT equipment will be recorded on TrAILCo's books in USofA Account No. 303, Total Intangible Plant. The building, related equipment and software are necessary for the operations of the TrAILCo transmission facilities and, as a result, it is appropriate for TrAILCo to recover these costs through its Formula Rate.

As described in the Affidavit of Milorad Pokrajac attached hereto as Attachment 3 ("Pokrajac Affidavit"), the proposed depreciation accrual rates are based on the 2005 Monongahela Power Company and The Potomac Edison Company depreciation study that is attached as Exhibit A to the Pokrajac Affidavit. As supported by the Pokrajac Affidavit, TrAILCo is proposing depreciation rates based upon the useful life of (i) the IT software and equipment, and (ii) the building of 5 years and 50 years, respectively. The other equipment in Account Nos. 391 - 398 will be depreciated using the relevant useful life of each asset class ranging from 7 years to 20 years. Based upon the useful life, and no net salvage value, TrAILCo proposes depreciation rates of 20% for the IT software and equipment and 2% for the building. The assets in Account Nos. 392 and 396 will have net salvage values of 20% and 25%, respectively, and all other assets in general plant accounts will have a net salvage value of zero. As shown on Attachment 5 to the Formula Rate, the depreciation rates for the general plant assets in Account Nos. 391 through 398 will range from 4.17% to 11.43%. These rates will be applied to the costs of the respective assets to determine the annual depreciation expense.

In December 2008 and calendar year 2009, TrAILCo placed and will continue to place assets in Account Numbers 391 and 392 into service. All other assets for which TrAILCo is seeking depreciation rates in this filing are anticipated to be placed in service after January 1, 2010. The proposed depreciation rates would result in an estimated additional annual depreciation expense of \$24,666.67 in calendar year 2009. Attachment 4 shows the estimated additional annual depreciation expense for each of the twelve months in calendar year 2009 based on estimated in-service dates.

Pursuant to Section 1 of Attachment H-18B of the PJM Tariff, TrAILCo is required to recalculate its annual transmission revenue requirement for the upcoming year and produce an "Annual Update" on or before May 15 of each year. TrAILCo is required to post

the Annual Update on PJM's website and provide a copy to the Commission in an informational filing. Prior to any recovery through the proposed depreciation rate schedules, the annual depreciation expense and accumulated depreciation of each asset will be included in the Annual Update for inclusion in TrAILCo's annual transmission revenue requirement. The depreciation expense will be included on lines 76 and 77 of Appendix A of Attachment H-18A with a reference to Attachment 5. The calculation of the accumulated depreciation will appear in the Attachment 5 of Attachment H-18A with the appropriate cross-references to page 336 of the FERC Form No. 1 of TrAILCo. The procedures in Section 3 of Attachment H-18B will permit interested parties to review and, if necessary, challenge the costs in the relevant plant account, the depreciation expense and the accumulated depreciation for these assets to be included in the calculation of the annual transmission revenue requirement.

IV. MATERIALS SUBMITTED WITH THIS FILING

TrAILCo submits herewith an original and five copies of this transmittal letter and each of the following:

1. Revised PJM Tariff sheets (Attachment 1);
2. Revised PJM Tariff sheets in red-line format (Attachment 2);
3. Affidavit of Milorad Pokrajac (Attachment 3); and
4. Chart of Depreciation Expense (Attachment 4).

V. PROPOSED EFFECTIVE DATE

TrAILCo respectfully requests an effective date of March 31, 2009, which is 60 days after the date of this filing.

VI. REQUESTED WAIVERS

Pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207, TrAILCo requests a waiver of certain filing requirements of Section 35.13 (c), (d), (e) and (h) of the Commission's regulations, 18 C.F.R. §§ 35.13 (c), (d), (e) and (h).⁴

⁴ This rate filing includes the applicable general information required by Section 35.13(b) of the Commission's regulations, 18 C.F.R. § 35.13(b). Further, Section 35.13 (g) of the Commission's regulations, 18 C.F.R. § 35.13(g), is not applicable because TrAILCo is requesting a waiver of the requirement to file cost of service data under paragraph (d) of Section 35.13.

TrAILCo submits that good cause exists to waive the requirements of these paragraphs of Section 35.13. As discussed above, the need for TrAILCo to incur the costs of the building, the related equipment and software was established after the settlement negotiations of the specifics of the Formula Rate were completed and the settlement was filed in Docket No. ER07-562-004. TrAILCo is planning the construction of the building and performing the software upgrades, and neither will be in service on the date that TrAILCo is requesting that the tariff sheets become effective. Further, TrAILCo did not budget these amounts prior to the 2008 Annual Update, and, as a result, TrAILCo did not include the proposed assets in the annual transmission revenue requirement for 2008-2009. As discussed above, TrAILCo's Formula Rate contains procedures for interested parties to challenge the costs in the relevant plant account, the depreciation expense and the accumulated depreciation for these assets as part of the Annual Update prior to TrAILCo including those amounts in its annual transmission revenue requirement. Thus, the cost of service data that supports the amounts included in the Formula Rate will be subject to review in the applicable Annual Update, which will be filed on the May 15 prior to (or after) the in-service date of relevant asset. Finally, the proposed revisions to the tariff sheets do not change the Formula Rate design. For the reasons stated above, and as specifically described below, TrAILCo submits that good cause exists for the Commission to waive the requirements of paragraphs (c), (d), (e) and (h) of Section 35.13.

TrAILCo requests a waiver of Section 35.13(c) of the Commission's regulations, 18 C.F.R. §35.13(c), requiring the 12 monthly comparisons for the period before and after the in-service date. As discussed above, the in-service dates of substantially all of the assets for which the proposed depreciation rates would apply are more than 12 months after the proposed effective date of this filing. As a result, the comparison required by Section 35.13(c) would not accurately demonstrate the effect of the proposed depreciation schedules. Further, interested parties will have the opportunity to review the effect of the proposed depreciation schedules in the Annual Update. As a result, TrAILCo asserts that good cause exists for the Commission to waive Section 35.13(c).

The filing requirements in Section 35.13(d) requiring TrAILCo to file cost of service information are not necessary because the revisions to the Formula Rate and the changes to the cost of service of TrAILCo will be subject to review pursuant to the Annual Update procedures, at which time, interested parties will have the opportunity to review, request additional information and, if necessary, challenge the proposed costs. For this reason, a waiver of the requirements of Section 35.13(d) is appropriate.

Similarly, TrAILCo seeks waiver of the Section 35.13(h). The costs of service statements required by Section 35.13(h) include substantially the same information that is periodically presented to the Commission in an informational filing as part of the Annual

Update. As discussed above, the Annual Update procedures provide interested parties with the opportunity to review and, if necessary, challenge the cost of service information populating the Formula Rate. Thus, good cause exists for the Commission to waive the requirements of Section 35.13(h).

In connection with the requested waiver of Section 35.13(h), TrAILCo submits that the requirement of Section 35.13(e) to file testimony explaining the Statements required by Section 35.13(h) is unnecessary. The derivation of the rate is explained in the filing and the attached Pokrajac Affidavit.

To the extent that any other waivers are required in connection with this filing, TrAILCo requests that the Commission grant such waivers.

VII. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED

Pursuant to Section 35.2(d) of the Commission's regulations, TrAILCo will serve a copy of this filing on all state utility regulatory commissions in the PJM Region and on all PJM Members (which include all affected transmission customers) by requesting PJM to post this filing on its website (www.PJM.com) and providing a link to such posting via e-mail. TrAILCo requests a waiver of the requirement to serve by mailing paper copies. Waiver of paper service is consistent with the Commission's decision to establish electronic service as the default method of service on service lists maintained by the Commission Secretary.⁵

⁵ See *Electronic Notification of Commission Issuances*, Order No. 653, 70 Fed. Reg. 8,720 (Feb. 23, 2005), FERC Stats. & Regs. ¶ 31,176 (2005).

VIII. CORRESPONDENCE AND COMMUNICATIONS

Correspondence and communications regarding this filing should be sent to the following individuals:

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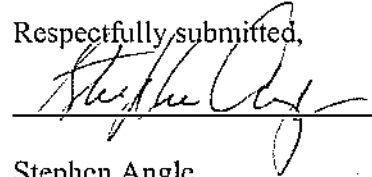
IX. MISCELLANEOUS

No agreement is required by contract for the filing of this rate filing. There are no costs included within this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense of cost been demonstrated to be the product of discriminatory employment practices, within the meaning of Section 35.13(d)(3) of the Commission's Regulations.

X. CONCLUSION

TrAILCo respectfully requests that the Commission accept the revised tariff sheets attached hereto as Attachment 1 for filing with an effective date of March 31, 2009.

Respectfully submitted,



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ATTACHMENT 1
REVISED TARIFF SHEETS

Transmission O&M					
47	Transmission O&M		p321.112.b		0
48	Less Account 566 Misc Trans Exp listed on line 73 below.)		(line 73)		0
49	Less Account 565		p321.96.b		0
50	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note M)	PJM Data		0
51	Plus Property Under Capital Leases		p200.4.c		0
52	Transmission O&M		(Lines 47 - 48 - 49 + 50 + 51)		0
A&G Expenses					
53	Total A&G		p323.197.b		0
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		0
58	Less EPRI Dues	(Note D)	p352 & 353		0
59	A&G Expenses		(Line 53) - Sum (Lines 54 to 58)		0
60	Wage & Salary Allocator		(Line 5)	100.0000%	0
61	Transmission Related A&G Expenses		(Line 59 * Line 60)		0
Directly Assigned A&G					
62	Regulatory Commission Exp Account 928	(Note G)	Attachment 5		0
63	General Advertising Exp Account 930.1	(Note J)	Attachment 5		0
64	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 62 + Line 63)		0
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%	0
69	A&G Directly Assigned to Transmission		(Line 67 * Line 68)		0
Account 566 Miscellaneous Transmission Expense					
70	Amortization Expense on Pre-Commercial Cost	Account 566	Attachment 5		0
71	Pre-Commercial Expense	Account 566	Attachment 5		0
72	Miscellaneous Transmission Expense	Account 566	Attachment 5		0
73	Total Account 566		Sum (Lines 70 to 72)		0
74	Total Transmission O&M		(Lines 52 + 61 + 64 + 69 + 73)		0
Depreciation Expense					
75	Transmission Depreciation Expense		Attachment 5		0
76	General Depreciation		Attachment 5		0
77	Intangible Amortization	(Note A)	Attachment 5		0
78	Total		(Line 76 + Line 77)		0
79	Wage & Salary Allocator		(Line 5)	100.0000%	0
80	Transmission Related General Depreciation and Intangible Amortization		(Line 78 * Line 79)		0
81	Total Transmission Depreciation & Amortization		(Lines 75 + 80)		0
82	Transmission Related Taxes Other than Income		Attachment 2		0
83	Total Taxes Other than Income		(Line 82)		0
84	Preferred Dividends	enter positive	p118.29.c		0
Common Stock					
85	Proprietary Capital		p112.16.c		0
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	Common Stock		(Line 85 - 86 - 87 - 88)		0
Capitalization					
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		p113.81.c		0
93	Less ADIT associated with Gain or Loss		Attachment 1		0
94	Total Long Term Debt		(Line 90 - 91 + 92 - 93)		0
95	Preferred Stock		p112.3.c		0
96	Common Stock		(Line 89)		0
97	Total Capitalization		(Sum Lines 94 to 96)		0
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	Rate of Return on Rate Base (ROR)		(Sum Lines 104 to 106)		0.09800
108	Investment Return = Rate Base * Rate of Return		(Line 46 * Line 107)		0

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

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 Vice President, Federal Government Policy
 Issued On: January 30, 2009

Effective: March 31, 2009

PJM Interconnection, L.L.C.
 FERC Electric Tariff
 Sixth Revised Volume No. 1

Original Sheet No. 314I.17a

Depreciation Rates

	Life	Survivor Curve	Net Salvage Percent	Accrual Rate (Annual) Percent	Annual Depreciation Expense							Total
					Black Oak	Wylie Ridge	502 Junction - Territorial Line	500 KV Prexy - 502 Junction	138 KV Prexy - 502 Junction	Meadowbrook Transformer	North Shenandoah	
TRANSMISSION PLANT												
350.2	70	R4	0	1.43								
352	50	R3	-10	2.20								
	35			2.86								
353	50	R2	-5	2.10								
	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	55	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 Transmission Plant Depreciation												
Total Transmission Depreciation Expense (must tie to p336.7.f)												
Note 1: Depreciation rate is based on an 80 R2 survivor curve with a 35-year truncation.												
GENERAL PLANT												
390	50	R1	0	2.00								
391	20	SQ	0	5.00								
	10	SQ	0	10.00								
	10	SQ	0	10.00								
392	15	SQ	20	5.33								
	7	S3	20	11.43								
	11.5	L4	20	6.96								
	11.5	L4	20	6.96								
	18	L1	20	4.44								
	15	SQ	20	5.33								
393	20	SQ	0	5.00								
394	20	SQ	0	5.00								
395	20	SQ	0	5.00								
396	18	L1	25	4.17								
397	15	SQ	0	6.67								
398	15	SQ	0	6.67								
Total General Plant												
Total General Plant Depreciation Expense (must tie to p336.10.b & c)												
INTANGIBLE PLANT												
303	5	SQ	0	20.00								
Total Intangible Plant												
Total Intangible Plant Amortization (must tie to p336.1 d & e)												
These depreciation rates will not change absent the appropriate filing at FERC.												

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 936 for current year	42,210
9 PBOP Adjustment for Appendix A, Line 57	(26,065)
57	
Lines 1-5 cannot change absent approval or acceptance by FERC in a separate proceeding.	

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 Issued On: January 30, 2009

Effective: March 31, 2009

ATTACHMENT 2
REDLINED TARIFF SHEETS

OGM				
Transmission O&M				
47	Transmission O&M		p321.112.b	0
48	Less Account 566 Misc Trans Exp (ated on line 73 below.)		(line 73)	0
49	Less Account 565		p321.06.b	0
50	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note M)	Full Data	0
51	Plus Property Under Capital Leases		p352.6.c	0
52	Transmission O&M		(Lines 47 - 48 - 49 + 50 + 51)	0
A&G Expenses				
53	Total A&G		p323.187.b	0
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 R&GP Adjustment		Attachment 5	0
58	Less EPRI Data	(Note D)	p352.6.353	0
59	A&G Expenses		(Line 53) - Sum (Lines 54 to 58)	0
60	Wage & Salary Allocator		(Line 5)	100.0000%
61	Transmission Related A&G Expenses		(Line 59 * Line 60)	0
Directly Assigned A&G				
62	Regulatory Commission Exp Account 928	(Note G)	Attachment 5	0
63	General Advertising Exp Account 930.1	(Note J)	Attachment 5	0
64	Subtotal - Accounts 928 and 930.1 - Transmission Related		(Line 62 + Line 63)	0
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	A&G Directly Assigned to Transmission		(Line 67 * Line 68)	0
Account 566 Miscellaneous Transmission Expense				
70	Amortization Expense on Pre-Commercial Cost	Account 566	Attachment 5	0
71	Pre-Commercial Expense	Account 566	Attachment 5	0
72	Miscellaneous Transmission Expense	Account 566	Attachment 5	0
73	Total Account 566		Sum (Lines 70 to 72)	0
74	Total Transmission O&M		(Lines 52 + 61 + 66 + 69 + 73)	0
Depreciation & Amortization Expense				
Depreciation Expense				
75	Transmission Depreciation Expense		Attachment 5	0
76	General Depreciation		p334.444b-Attachment 5	0
77	Intangible Amortization	(Note A)	p334.444a-Attachment 5	0
78	Total		(Line 76 + Line 77)	0
79	Wage & Salary Allocator		(Line 5)	100.0000%
80	Transmission Related General Depreciation and Intangible Amortization		(Line 78 * Line 79)	0
81	Total Transmission Depreciation & Amortization		(Lines 75 + 80)	0
Taxes Other than Income				
82	Transmission Related Taxes Other than Income		Attachment 2	0
83	Total Taxes Other than Income		(Line 82)	0
Return / Capitalization Calculations				
84	Preferred Dividends	enter positive	p118.29.c	0
Common Stock				
85	Proprietary Capital		p112.16.c	0
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	Common Stock		(Line 85 - 86 - 87 - 88)	0
Capitalization				
90	Long Term Debt	(Note N)		0
91	Less Unamortized Loss on Recquired Debt		p111.61.c	0
92	Plus Unamortized Gains on Recquired Debt		p113.61.c	0
93	Less ADIT associated with Gain or Loss		Attachment 1	0
94	Total Long Term Debt		(Line 90 - 91 + 92 - 93)	0
95	Preferred Stock		p112.3.c	0
96	Common Stock		(Line 89)	0
97	Total Capitalization		(Sum Lines 94 to 96)	0
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 94 / 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	Rate of Return on Rate Base (ROR)		(Sum Lines 104 to 106)	0.09800
108	Investment Return = Rate Base * Rate of Return		(Line 86 * Line 107)	0

Trans-Highway Interstate Line Company
Attachment F - Cost Support

Depreciation Rates

Description	Rate	Quantity	Annual Depreciation Expense	Annual Depreciation Expense		Annual Depreciation Expense											
				Rate	Amount	Book	Months	Years	Additional Months	Additional Years	Additional Months	Additional Years					
Transmission Line	1.00																
Land & Leasehold Improvements	2.00																
Construction & Installation	2.00																
SIC	2.00																
Other Equipment	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Towers & Poles	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Conductors and Devices	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Substation Equipment	1.00																
Substation Equipment	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Towers & Poles	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Conductors and Devices	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Other Equipment	1.00																
Other Equipment	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Towers & Poles	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Transmission Conductors and Devices	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																
Other	1.00																
Other	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																

PROF Expenses

Construction	2.00																
Operation & Maintenance	2.00																
Transmission	2.00																
Other	2.00																
- Other	2.00																
- SIC	2.00																
- Other	2.00																

Issued By: Craig Glazer
 Vice President, Federal Government Policy
 Issued On: January 30, 2009

Effective: March 31, 2009

ATTACHMENT 3
POKRAJAC AFFIDAVIT

return studies, regulatory finance, cost allocation and PJM Interconnection, L.L.C. (“PJM”) rate activities.

2. As part of its filing, TrAILCo is proposing depreciation rates for certain intangible and general plant assets in the Uniform System of Accounts Account Nos. 303 and 390 through 398. I support the use of the proposed depreciation rates based on the service lives and net salvage percentages developed in “Depreciation Study - Calculated Annual Depreciation Accruals Related to West Virginia Electric Utility Plant at December 31, 2005” (“Depreciation Study”) prepared on behalf of TrAILCo’s affiliates, Mon Power and PE. The Depreciation Study is attached as Exhibit A hereto.

3. The proposed depreciation rates are appropriate because: 1) the rates are calculated in accordance with the Depreciation Study filed in Docket No. ER07-562-004, which study had been approved in regulatory proceedings in West Virginia; 2) TrAILCo’s assets are comparable to those of its affiliates, which are the subject of the Depreciation Study; and 3) the service lives and salvage values determined in the Depreciation Study are consistent with generally accepted practices in the field of depreciation.

4. The Depreciation Study is the most recent depreciation study approved by the West Virginia Public Service Commission for the electric utility plant of Mon Power and PE. In addition, the Depreciation Study was submitted by TrAILCo in Docket No. ER07-562-004 in support of the transmission depreciation rates proposed by TrAILCo in that proceeding. Although the depreciation schedules in that proceeding were established by settlement, the settled rates closely approximate those supported by the underlying service lives and salvage values determined in the Depreciation Study.

5. Given the lack of available historical data related to the TrAILCo's intangible and general plant assets, it is appropriate to use the Depreciation Study because the TrAILCo assets will be similar to the assets of Mon Power and PE and will be under the same general management and subject to similar operating and maintenance practices.

6. The life and net salvage estimates for Mon Power and PE as determined in the Depreciation Study were based on informed judgment that incorporated analysis of available historical data, a field review conducted on July 28, 2006, discussions with management and operating personnel concerning plans related to the facilities, experience with similar property and general experience in conducting depreciation studies for electric utilities.

7. The average plant service lives and remaining lives were estimated through the application of generally accepted techniques in the field of depreciation. These techniques include the Retirement Rate Method to derive historical survivor patterns and Iowa Type Curves to forecast survivor characteristics for each depreciable account or group. These techniques are discussed in detail in the Depreciation Study attached as Exhibit A hereto.

8. The estimates for net salvage were based on a number of factors. For the Mon Power and PE general plant accounts 390, 392 and 396, the estimated net salvage percentages are based on judgment that incorporated analyses of the historical data information obtained in discussions with management and net salvage estimates from previous company studies and other electric companies. In the historical analyses, the net salvage, cost of removal and gross salvage amounts were expressed as percentages of the original cost retired. Amortization accounting was used for remaining general plant accounts as these generally represent numerous units of property, but a very small portion of depreciable utility plant in service. Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed

period during which it is anticipated the benefit will be realized. The amortization periods used in the Depreciation Study were based on judgment that incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities and the service life estimates previously used for the asset under depreciation accounting. Future gross salvage and removal cost of these accounts is recorded as revenue and expense, respectively. Since there is no depreciation reserve related to salvage, the estimate of net salvage for accounts subject to amortization is zero percent.

9. The annual accrual rates for the relevant general and intangible plant accounts for the TrAIL Project are derived from the survivor curves and net salvage percentages estimated for the Mon Power and PE electric utility plant as of December 31, 2005, which are set forth by account for Mon Power at page III-4, 11-13 and for PE at page III-16 of Exhibit A to this Affidavit. Based on the survivor curves and net salvage percentages estimated for Mon Power and PE, the initial annual depreciation accrual rates for relevant assets of the TrAIL Project, by account are, as follows:

<u>Account</u>	<u>Accrual Rate</u>
303 Total Intangible Plant	20.00%
390 Structures and Improvements	2.00%
391 Office Furniture and Equipment	5.00%
Information Systems	10.00%
Data Handling	10.00%
392 Transportation Equipment	
Other	5.33%
Autos	11.43%
Light Trucks	6.96%
Medium Trucks	6.96%
Trailers	4.44%
ATV	5.33%

393 Stores Equipment	5.00%
394 Tools, Shop & Garage Equipment	5.00%
395 Laboratory Equipment	5.00%
396 Power Operated Equipment	4.17%
397 Communication Equipment	6.67%
398 Miscellaneous Equipment	6.67%

Milorad Pokrajac

 Milorad Pokrajac

Subscribed and sworn to before me this 29th day of January, 2009.

Jacqueline S. Shelehedo

 Notary Public, Commonwealth of Pennsylvania

My Commission Expires:

Commonwealth of Pennsylvania
 NOTARIAL SEAL
 JACQUELINE S. SHELEHEDA, Notary Public
 City of Greensburg, County of Westmoreland
 My Commission Expires May 16, 2010

ATTACHMENT 4

Estimated Increase in Monthly and Annual Depreciation Expense*
(12 months following proposed in-service date)

	<u>Account No. 391</u>	<u>Account No. 392</u>	<u>Monthly Increase in Depreciation Expense</u>
Jan-09	\$ -	\$ 724.64	\$ 724.64
Feb-09	\$ -	\$ 1,449.28	\$ 1,449.28
Mar-09	\$ -	\$ 1,449.28	\$ 1,449.28
Apr-09	\$ -	\$ 1,449.28	\$ 1,449.28
May-09	\$ -	\$ 1,449.28	\$ 1,449.28
Jun-09	\$ -	\$ 1,449.28	\$ 1,449.28
Jul-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
Aug-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
Sep-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
Oct-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
Nov-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
Dec-09	\$ 1,333.33	\$ 1,449.28	\$ 2,782.61
			<u><u>\$ 24,666.67</u></u>
Total Increase in 2009 Depreciation Expense			\$ 24,666.67

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

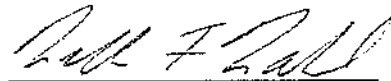
Trans-Allegheny Interstate Line Company)
)

Docket Nos. ER09-___-000

ATTESTATION

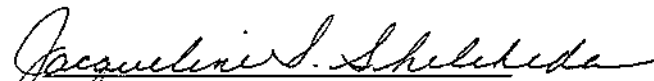
COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WESTMORELAND)

I, William F. Wahl, being first duly sworn, attest that I am Vice President, Controller & Chief Accounting Officer of Trans-Allegheny Interstate Line Company, and that, to the best of my knowledge, information, and belief, the cost of service statements and supporting data submitted in this application are true, accurate, and current representations of the utility's books, budgets or other corporate documents.



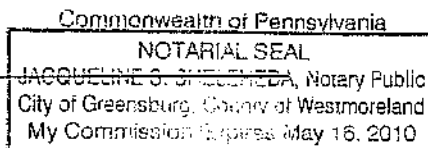
William F. Wahl

Subscribed and sworn before me
This 29th day of January, 2009:




Notary Public

My Commission expires on: _____



CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385.2010 (2007), I hereby certify that I have, this 30th day of January, 2009, served the foregoing document upon on each of the state commissions with jurisdiction over a PJM Transmission Owner, pursuant to 18 C.F.R. §35.2(d), and the consumer advocates in those states. In addition, I have served a copy of this filing on all PJM members by requesting PJM to post this filing electronically.



Andrew N. Beach