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July 14, 2011

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: *American Transmission Systems, Incorporated*
Informational Filing
2011 Transmission Formula Rate Annual Update
Docket No. ER11-3508-001
Amendment To Filing**

Dear Secretary Bose:

American Transmission Systems, Incorporated (“ATSI”) submits for filing an amendment to its 2011 Transmission Formula Rate Annual Update originally filed on May 2, 2011 in this docket. The Annual Update has been revised to incorporate changes to ATSI transmission formula rate required under the Commission’s May 31, 2011 order in Docket Nos. ER11-2814, *et al.*,¹ and, to correct an error in a percentage value shown in the original May 2 filing.

Description of Filing

On December 17, 2009, the Commission approved ATSI’s request to integrate into PJM effective June 1, 2011.² As part of ATSI’s integration into PJM, ATSI filed its transmission formula rate with the Commission on February 1, 2011 in Docket Nos. ER11-2814, *et al.* The formula rate is designated as Attachment H-21 under the PJM Open Access Transmission Tariff (“PJM OATT”).

On May 2, 2011, ATSI submitted for informational purposes only its 2011 Transmission Formula Rate Annual Update as required under Attachment H-21B (Formula Rate Implementation Protocols) (the “ATSI Protocols”). As provided in Section 1.b of the ATSI Protocols, the 2011 Annual Update was an Informational Filing

¹ *PJM Interconnection, L.L.C.*, 135 FERC ¶ 61,198 (2011) (“May 31 Order”).

² *American Transmission Systems, Inc.*, 129 FERC ¶ 61,249 (2009).

and therefore did not require any Commission action. The May 2, 2011 filing utilized the formula rate filed by ATSI on February 1, 2011 in Docket Nos. ER11-2814, *et al.*

In the May 31 Order, the Commission, among other things accepted and suspended ATSI's formula rate effective June 1, 2011. However, the May 31 Order denied ATSI's proposal to recover from ATSI zone transmission customers the costs of the RTO realignment decision. The Order defined these costs as: (i) PJM Integration Costs, (ii) deferred internal integration costs, and (iii) MISO exit fees, which the Commission defined to include Legacy MTEP costs.³ The Commission stated that ATSI could seek to recover those costs in a subsequent filing under section 205.⁴ The Commission ordered ATSI to make a compliance filing within 30 days of the order to remove these costs from its transmission formula rate. ATSI has submitted this compliance filing with the Commission.⁵

In the compliance filing, as directed by the Commission in the May 31 Order, ATSI revised its formula rate set forth in Attachment H-21 of the PJM OATT to remove the PJM Integration Costs, the deferred internal integration costs, the MISO exit fee and the Legacy MTEP costs from its transmission rates. In particular, ATSI removed:

- the deferred internal integration costs from its O&M expense by inserting line 2a on page 3 of 5 in Attachment H-21A, along with a footnote;
- the Midwest ISO exit fee and PJM Integration Costs by deleting the RTO Realignment Cost Adjustment (formerly, Attachment H-21A, Appendix C) from its formula rate; and
- the Legacy MTEP Debit (formerly, Attachment H-21A, Appendix F) from its formula rate.

In order to reflect the changes to the ATSI formula rate required by the May 31 Order and submitted by ATSI in the compliance filing, ATSI is amending the 2011 Annual Update to revise its annual transmission revenue requirements for the 2011 rate year.⁶ The revised 2011 Annual Update is attached to this filing as Attachment A. It includes ATSI's formula rate template, as revised by the May 31 Order, populated, where

³ May 31 Order at P 59.

⁴ *Id.* at P 60.

⁵ ATSI has submitted a request for rehearing of the May 31 Order. ATSI also has submitted the required compliance filing in response to the Commission's related order in Docket No. ER11-3279 (*Midwest Independent Transmission System Operator, Inc.* 135 FERC ¶ 61,204 (2011)), which concerns the recovery of Legacy MTEP costs under the Midwest ISO tariff, as well as a rehearing request of that related order.

⁶ The revenue requirements submitted in this revised 2011 Annual Update will be used to derive the transmission rates for service on and after June 1, 2011 through May 31, 2012. The Annual Update is subject to the review procedures set forth in Section 2 of the ATSI Protocol.

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appropriate, with inputs for 2011. Workpapers that support the 2011 Annual Update were submitted with ATSI's May 2, 2011 informational filing. No additional workpapers are necessary to support the revised update.

In addition to the above changes, ATSI is providing a corrected Appendix E, page 2 of 2 to its Attachment H-21A. In the May 2 filing, the percentage shown on Line 1a, Column 11 was 91.71%, which was an error. The correct value is 92.78% as shown in this filing.

ATSI will make copies of this amendment filing available for inspection at its offices. ATSI also will submit this filing to PJM for posting on its website (www.PJM.com). Moreover, pursuant to Section 1.e of the ATSI Protocol, ATSI will make available a "workable" Excel file containing the Annual Update data to eligible entities upon their written request.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Kenneth G. Jaffe

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Attachment A
Revised 2011 Annual Update

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/10

American Transmission Systems, Inc.

Line No.		NPA	Allocated Amount	Below 138 KV
1	GROSS REVENUE REQUIREMENT (page 3, line 29, col 5)		\$ 198,106,676	
1a	GROSS REVENUE REQUIREMENT BELOW 138 KV (line 1 times NPA)	30.603500%		\$ 60,627,576
REVENUE CREDITS (Note T)				
		<u>Total</u>	<u>Allocator</u>	
2	Account No. 454 (page 4, line 34 & 34a)	(11,649)	TP 1.00000	(3,565)
3	Account No. 456 (page 4, line 35)	6,543,267	TP 1.00000	0
4a	Revenues from Grandfathered Interzonal Transactions	0	TP 1.00000	0
4b	Revenues from service provided by the ISO at a discount	0	TP 1.00000	0
5a	Legacy MTEP Credit (Appendix E, page 2, line 3, col. 12)	338,820	TP 1.00000	N/A
5b	Reserved	0	TP 1.00000	N/A
5c	Reserved	0	TP 1.00000	N/A
5d	Transmission Enhancement Credit (Appendix D, page 2, line 2, col. 10)	0	TP 1.00000	N/A
6	TOTAL REVENUE CREDITS (sum lines 2-5d)	\$ 6,870,438		\$ (3,565)
7	NET REVENUE REQUIREMENT (line 1 minus line 6)		\$ 191,236,238	\$ 60,631,141
DIVISOR				
8	1 Coincident Peak (CP) (MW)	(Note A)	<u>Total</u> 13,184.1	<u>Below 138 KV</u> 4,601.3
9	Average 12 CPs (MW)	(Note B)	10,504.9	3,666.2
10	Reserved		0	0
11	Reserved		0	0
12	Reserved		0	0
13	Reserved		0	0
14	Reserved		0	0
15	Reserved		0	0
16	Annual Network Rate (\$/MW/Yr) (line 7 / line 8)	138KV and Above		Below 138 KV
16a	Annual Network Rate (\$/MW/Yr) (diff. line 7 / line 8 total)	\$ 9,906.26		\$ 13,177.10
Peak Rate				
17	Point-To-Point Rate (\$/MW/Y ear) (line 7 / line 9)	138KV and Above	Below 138 KV	
17a	Point-To-Point Rate (\$/MW/Y ear) (diff. line 7 / line 9 total)	\$ 12,433.00	\$ 16,538.00	
18	Point-To-Point Rate (\$/MW/Month) (line 17/12; line 17a/12)	\$ 1,036.00	\$ 1,378.00	
19	Point-To-Point Rate (\$/MW/Week) (line 17/52; line 17a/52)	\$ 239.10	\$ 318.00	
20	Point-To-Point Rate (\$/MW/Day) (line 19/5; line 19/7)	\$ 47.82	\$ 63.60	
21	Point-To-Point Rate (\$/MWh) (line 17,17a/4,160; line 17,17a/8,760)	\$ 2.99	\$ 3.98	
Off-Peak Rate				
		138KV and Above	Below 138 KV	
		\$ 12,433.00	\$ 16,538.00	
		\$ 1,036.00	\$ 1,378.00	
		\$ 239.10	\$ 318.00	
		\$ 34.16	\$ 45.43	
		\$ 1.42	\$ 1.89	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/10

American Transmission Systems, Inc.

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	(6) Transmission Below 138 KV
RATE BASE:						
GROSS PLANT IN SERVICE						
1	Production	205.46.g	0	NA		
2	Transmission	207.58.g & Note U	1,553,084,881	TP	1.00000	1,553,084,881
3	Distribution	207.75.g	0	NA		402,021,359
4	General & Intangible	205.5.g & 207.99.g	27,577,472	W/S	1.00000	27,577,472
5	Common	356.1	0	CE	1.00000	0
6	TOTAL GROSS PLANT (sum lines 1-5)		1,580,662,353	GP=	100.000%	1,580,662,353
ACCUMULATED DEPRECIATION						
7	Production	219.20-24.c	0	NA		
8	Transmission	219.25.c & Note U	865,154,383	TP	1.00000	865,154,383
9	Distribution	219.26.c	0	NA		191,490,551
10	General & Intangible	219.28.c	3,822,871	W/S	1.00000	3,822,871
11	Common	356.1	0	CE	1.00000	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		868,977,254			868,977,254
NET PLANT IN SERVICE						
13	Production	(line 1 - line 7)	0			
14	Transmission	(line 2 - line 8)	687,930,498			687,930,498
15	Distribution	(line 3 - line 9)	0			210,530,808
16	General & Intangible	(line 4 - line 10)	23,754,601			23,754,601
17	Common	(line 5 - line 11)	0			0
18	TOTAL NET PLANT (sum lines 13-17)		711,685,099	NP=	100.000%	711,685,099
18a	Percentage of below 138 KV transmission plant (line 14, col 6 divided by col 5)			NPA	30.603500%	
ADJUSTMENTS TO RATE BASE (Note F)						
19	Account No. 281 (enter negative)	273.8.k	0	NA	zero	0
20	Account No. 282 (enter negative)	275.2.k	(157,260,411)	NP	1.00000	(157,260,411)
21	Account No. 283 (enter negative)	277.9.k	(1,784,325)	NP	1.00000	(1,784,325)
22	Account No. 190	234.8.c	69,309,811	NP	1.00000	69,309,811
23	Account No. 255 (enter negative)	267.8.h	(39,199)	NP	1.00000	-39,199
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		(89,774,124)			(89,774,124)
25	LAND HELD FOR FUTURE USE	214.x.d (Note G)	183,776	TP	1.00000	183,776
WORKING CAPITAL (Note H)						
26	CWC	calculated	6,990,838			6,787,471
27	Materials & Supplies (Note G)	227.8.c & .16.c	0	TE	0.96315	0
28	Prepayments (Account 165)	111.57.c	627,960	GP	1.00000	627,960
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		7,618,798			7,415,431
30	RATE BASE (sum lines 18, 24, 25, & 29)		629,713,549			629,510,182

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/10

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	
O&M						
1	Transmission	321.112.b	46,706,292	TE	0.96315	44,985,130
1a	Less LSE Expenses Included in Transmission O&M Accounts (Note W)		0		1.00000	0
2	Less Account 565	321.96.b	0		1.00000	0
2a	Less Deferred Internal Integration Costs (Note C)		2,710,488		0.96315	2,610,604
3	A&G	323.197.b	11,930,898	W/S	1.00000	11,930,898
4	Less FERC Annual Fees		0	W/S	1.00000	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		153,450	W/S	1.00000	153,450
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		153,450	TE	0.96315	147,795
6	Common	356.1	0	CE	1.00000	0
7	Transmission Lease Payments		0		1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less 1a, 2, 4, 5)		55,926,702			54,299,769
DEPRECIATION EXPENSE						
9	Transmission	336.7.b	35,986,436	TP	1.00000	35,986,436
10	General	336.10.b	453,070	W/S	1.00000	453,070
11	Common	336.11.b	0	CE	1.00000	0
12	TOTAL DEPRECIATION (sum lines 9 - 11)		36,439,506			36,439,506
TAXES OTHER THAN INCOME TAXES (Note J)						
LABOR RELATED						
13	Payroll	263.i	264,172	W/S	1.00000	264,172
14	Highway and vehicle	263.i	5,851	W/S	1.00000	5,851
PLANT RELATED						
16	Property	263.i	29,354,254	GP	1.00000	29,354,254
17	Gross Receipts	263.i	-7,866	NA	zero	0
18	Other	263.i	5,434	GP	1.00000	5,434
19	Payments in lieu of taxes		0	GP	1.00000	0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		29,621,845			29,629,711
INCOME TAXES (Note K)						
21	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.50%			
22	$CIT=(T/1-T) * (1-(WCLTD/R)) =$ where WCLTD=(page 4, line 27) and R=(page 4, line30) and FIT, SIT & p are as given in footnote K.		38.90%			
23	$1 / (1 - T) =$ (from line 21)		1.5503			
24	Amortized Investment Tax Credit (266.8f) (enter negative)		(746,075)			
25	Income Tax Calculation = line 22 * line 28		22,100,421	NA		22,093,283
26	ITC adjustment (line 23 * line 24)		(1,156,674)	NP	1	(1,156,674)
27	Total Income Taxes (line 25 plus line 26)		20,943,746			20,936,609
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		56,819,431	NA		56,801,081
29	GROSS REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		199,751,230			198,106,676

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/10

American Transmission Systems, Inc.

SUPPORTING CALCULATIONS AND NOTES

Line No.	(1)	(2)	(3)	(4)	(5)	(6)
TRANSMISSION PLANT INCLUDED IN ISO RATES						
1	Total transmission plant (page 2, line 2, column 3)					1,553,084,881
2	Less transmission plant excluded from ISO rates (Note M)					0
3	Less transmission plant included in OATT Ancillary Services (Note N)					0
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)					1,553,084,881
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)				TP=	1.00000
TRANSMISSION EXPENSES						
6	Total transmission expenses (page 3, line 1, column 3)					46,706,292
7	Less transmission expenses included in OATT Ancillary Services (Note L)					1,721,162
8	Included transmission expenses (line 6 less line 7)					44,985,130
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)					0.96315
10	Percentage of transmission plant included in ISO Rates (line 5)				TP	1.00000
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)				TE=	0.96315
WAGES & SALARY ALLOCATOR (W&S)						
	Form 1 Reference		\$	TP		Allocation
12	Production 354.20.b		0	0.00		0
13	Transmission 354.21.b		2,634,543	1.00		2,634,543
14	Distribution 354.23.b		0	0.00		0
15	Other 354.24,25,26.b		0	0.00		0
16	Total (sum lines 12-15)		2,634,543			2,634,543 = 1.00000 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)						
			\$			% Electric
17	Electric 200.3.c		1,544,768,135			(line 17 / line 20)
18	Gas 201.3.d		0			1.00000 * 1.00000 =
19	Water 201.3.e		0			CE
20	Total (sum lines 17 - 19)		1,544,768,135			1.00000
RETURN (R)						
21	Long Term Interest (117, sum of 62c through 67c)					\$ 21,827,525
22	Preferred Dividends (118.29e) (positive number)					\$ -
Development of Common Stock:						
23	Proprietary Capital (112.16c)					424,932,059
24	Less Preferred Stock (line 28)					0
25	Less Account 216.1 (112.12c) (enter negative)					0
26	Common Stock (sum lines 23-25)					424,932,059
			\$	%	Cost (Note P)	Weighted
27	Long Term Debt (112, sum of 18 through 21)		400,000,000	48%	0.0546	0.0265 =WCLTD
28	Preferred Stock (112.3d)		0	0%	0.0000	0.0000
29	Common Stock (line 26)		424,932,059	52%	0.1238	0.0638
30	Total (sum lines 27-29)		824,932,059		0	0.0902 =R
REVENUE CREDITS						
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)						
31	a. Bundled Non-RQ Sales for Resale (311.x.h)					0
32	b. Bundled Sales for Resale included in Divisor on page 1					0
33	Total of(a)-(b)					0
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)				NPA	Below 138 KV
34a	Amount line 34 allocated to below 138 KV facilities		-\$11,649		30.60350%	-\$3,565
35	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (Note V)		(330.x.n)			\$6,543,267

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/10

American Transmission Systems, Inc.

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note

Letter

- A As provided by PJM and in effect at the time of the annual rate calculations pursuant to Section 34.1 of the PJM OATT. The percentage of load served below 138 kV for the ATSI zone shall be updated annually in accordance with the settlement agreement in Docket No. ER05-285.
- B Peak as would be reported on page 401, column d of Form 1 at the time of the zonal peak for the twelve month period ending October 31 of the calendar year used to calculate rates. The percentage of load served below 138 kV for the ATSI zone shall be updated annually in accordance with the settlement agreement in Docket No. ER05-285.
- C Amount shown in Exhibit No. FE-100, Page 29 of 33, for Deferred Internal Integration Costs
- D Reserved
- E Reserved
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111, line 57 in the Form 1.
- I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- K 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 is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 0.77% (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1 - 561.3, and 561.BA.
- M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amounts
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456.1 and all other uses are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Reserved
- T The revenues credited on page 1, lines 2-4b shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template. The revenues on lines 5a-5d are supported by separate references for each item.
- U Gross plant and depreciation reserve balances for facilities below 138 kV are reported in a footnote to the FERC Form 1 pages.
- V On Line 35, enter revenues from RTO settlements that are associated with NITS and firm Point-to-Point Service for which the load is not included in the divisor to derive ATSI's zonal rates. Exclude non-firm Point-to-Point revenues, and revenues related to MTEP and RTEP projects. Include revenues and revenue adjustments associated with Docket EL02-111, and revenue credit adjustments related to ATSI's PJM integration as supported by Appendix G.
- W Account Nos. 561.4, 561.8, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
- X Reserved
- Y Reserved
- Z Reserved

Schedule 1A Rate Calculation

1	\$ 1,721,162	Attachment H-21A, Page 4, Line 7
2	\$ -	Revenue Credits for Sched 1A - Note A
3	\$ 1,721,162	Net Schedule 1A Expenses (Line 1 - Line 2)
4	66,807,357	Annual MWh in ATSI Zone - Note B
5	\$ 0.0258	Schedule 1A rate \$/MWh (Line 3/ Line 4)

Note:

- A Revenues received pursuant to PJM Schedule 1A revenue allocation procedures for transmission service outside of ATSI's zone during the year used to calculate rates under Attachment H-21A.
- B Load expressed in MWh consistent with load used for billing under Schedule 1A for the ATSI zone. Data from RTO settlement systems for the calendar year prior to the rate year.

Attachment H-21A, Appendix B, Page 1 of 3

Dual Voltage Billing Factors Calculation Example

(Current Dual Voltage Billing factors and Rates are posted on PJM.com on the MSWG page)

Assumptions:

Total Annual Peak Load for ATSI Zone = 12,000 MW, with the breakdown of the peak within each state approved service territory below:

CEI: 4,100 MW

OE: 5,000 MW

PP: 900 MW

TE: 2,000 MW

Based on engineering studies, the percentage of ATSI's total annual peak load deemed to be utilizing transmission facilities below 138 kV is 34%, with 0% in CEI's territory, 22% in OE's territory, 5% in PennPower's territory, and 7% in TE's territory.

Two municipal/rural customers have loads metered at each interconnection point.

Customers A and B's peak loads for each of the 3 service territories having transmission facilities below 138 kV facilities are provided below:

	<u>OE</u>	<u>TE</u>	<u>PP</u>
Customer A			
Total Metered Load	50	25	10
Metered load at locations served below 138 kV	40	25	10
Customer B			
Total Metered Load	20	10	-
Metered load at locations served below 138 kV	15	10	-

Transmission Rates

138 kV and above	\$	1,000	/MW-month
Below 138 kV	\$	1,200	/MW-month

Attachment H-21A, Appendix B, Page 2 of 3
 Dual Voltage Billing Factors Calculation Example
 (Current Dual Voltage Billing factors and Rates are posted on PJM.com)

	(1)	(2)	(3)=(2)/(1)
	NPLS- Network Peak Load (MW)	NPLS-Network Peak Load Utilizing Below 138 kV Facilities	Billing Factor for Below 138 kV % Load
Total For ATSI Zone	12,000	4,080	34.00%
<u>Cleveland Electric Illuminating (CEI)</u>			
CEI Total	4,100	0	0.00%
CEI Wholesale, Retail, POLR Load Suppliers	4,100	0	0.00%
<u>Ohio Edison (OE)</u>			
OE Total	5,000	2,640	52.80%
<u>Specifically Metered Wholesale Load</u>			
Customer A	50	40	80.00%
Customer B	<u>20</u>	<u>15</u>	<u>75.00%</u>
	70	55	
OE Retail, POLR Load Suppliers	4,930	2,585	52.43%
<u>Toledo Edison (TE)</u>			
TE Total	2,000	840	42.00%
<u>Specifically Metered Wholesale Load</u>			
Customer A	25	25	100.00%
Customer B	<u>10</u>	<u>10</u>	<u>100.00%</u>
	35	35	
TE Retail, POLR Load Suppliers	1,965	805	40.97%
<u>Pennsylvania Power (PP)</u>			
PP Total	900	600	66.67%
<u>Specifically Metered Wholesale Load</u>			
Customer A	10	10	100.00%
Customer B	<u>-</u>	<u>-</u>	N/A
	10	10	
PP Retail, POLR Load Suppliers	890	590	66.29%

Attachment H-21A, Appendix B, Page 3 of 3
Dual Voltage Billing Factors Calculation Example
(Current Dual Voltage Billing factors and Rates are posted on PJM.com)

Calculation of Monthly Transmission Bill Based Using the Dual Voltage Rates

Example: For a Transmission Customer serving 100 MW of retail load in Ohio Edison (OE) territory:

1) Multiply the Customer's Daily Average NPLS by the '138 kV and Above Rate' to get the 138 kV and above portion of the bill.

$$100 \text{ MW} \times \$1,000.00 = \$100,000$$

2) Multiply the Daily Average NPLS by the Billing Factor for OE Retail Load, then multiply the resultant product by the 'Below 138 kV Rate'

$$100 \text{ MW} \times 52\% = 52 \text{ MW}$$

$$52 \text{ MW} \times \$1,200 = \$62,400$$

3) Add the results of step 1 and 2 to get the total NITS charges.

$$\$100,000 + \$62,400 = \$162,400$$

Reserved

Transmission Enhancement Credit
To be completed in conjunction with Attachment H-21A

Line No.	(1)	(2) Reference	(3) Transmission	(4) Allocator
1	Gross Transmission Plant - Total	Attach. H-21A, p. 2, line 2, col. 5 (Note A)	\$ 1,553,084,881	
2	Net Transmission Plant - Total	Attach. H-21A, p. 2, line 14, col. 5 (Note B)	\$ 687,930,498	
	O&M EXPENSE			
3	Total O&M Allocated to Transmission	Attach. H-21A, p. 3, line 8, col. 5	\$ 54,299,769	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1, col. 3)	3.496252%	3.496252%
	TAXES OTHER THAN INCOME TAXES			
5	Total Other Taxes	Attach. H-21A, p. 3, line 20, col. 5	\$ 29,629,711	
6	Annual Allocation Factor for Other Taxes	(line 5 divided by line 1, col. 3)	1.907797%	1.907797%
7	Annual Allocation Factor for Expense	Sum of line 4 and 6		5.404050%
	INCOME TAXES			
8	Total Income Taxes	Attach. H-21A, p. 3, line 27, col. 5	\$ 20,936,609	
9	Annual Allocation Factor for Income Taxes	(line 8 divided by line 2, col. 3)	3.043419%	3.043419%
	RETURN			
10	Return on Rate Base	Attach. H-21A, p. 3, line 28, col. 5	\$ 56,801,081	
11	Annual Allocation Factor for Return on Rate Base	(line 10 divided by line 2, col. 3)	8.256805%	8.256805%
12	Annual Allocation Factor for Return	Sum of line 9 and 11		11.300224%

Transmission Enhancement Credit
To be completed in conjunction with Attachment H-21A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Line No.	Project Name	RTEP Project Number	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement
		(Note C)	(Page 1, line 7)	(Col. 3 * Col. 4)	(Note D)	(Page 1, line 12)	(Col. 6 * Col. 7)	(Note E)	(Sum Col. 5, 8 & 9)	
1a	Project 1	\$ -	5.404050%	\$0	\$ -	11.300224%	\$0	\$ -	\$0	
1b	Project 2	\$ -	5.404050%	\$0	\$ -	11.300224%	\$0	\$ -	\$0	
1c	Project 3	\$ -	5.404050%	\$0	\$ -	11.300224%	\$0	\$ -	\$0	

2 Transmission Enhancement Credit for Attachment H-21A Page 1, Line 5d \$ -

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-21A.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-21A.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 above. This value includes subsequent capital investments required to maintain the project in-service.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-21A page 3 line 12.

Legacy MTEP Credit Calculation
To be completed in conjunction with Attachment H-21A

Line No.	(1)	(2)	(3)	(4)
		Reference	Transmission	Allocator
1	Gross Transmission Plant - Total	Attach. H-21A, p. 2, line 2, col. 5 (Note A)	\$ 1,553,084,881	
2	Net Transmission Plant - Total	Attach. H-21A, p. 2, line 14, col. 5 (Note B)	\$ 687,930,498	
O&M EXPENSE				
3	Total O&M Allocated to Transmission	Attach. H-21A, p. 3, line 8, col. 5	\$ 54,299,769	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1, col. 3)	3.496252%	3.496252%
TAXES OTHER THAN INCOME TAXES				
5	Total Other Taxes	Attach. H-21A, p. 3, line 20, col. 5	\$ 29,629,711	
6	Annual Allocation Factor for Other Taxes	(line 5 divided by line 1, col. 3)	1.907797%	1.907797%
7	Annual Allocation Factor for Expense	Sum of line 4 and 6		5.404050%
INCOME TAXES				
8	Total Income Taxes	Attach. H-21A, p. 3, line 27, col. 5	\$ 20,936,609	
9	Annual Allocation Factor for Income Taxes	(line 8 divided by line 2, col. 3)	3.043419%	3.043419%
RETURN				
10	Return on Rate Base	Attach. H-21A, p. 3, line 28, col. 5	\$ 56,801,081	
11	Annual Allocation Factor for Return on Rate Base	(line 10 divided by line 2, col. 3)	8.256805%	8.256805%
12	Annual Allocation Factor for Return	Sum of line 9 and 11		11.300224%

Legacy MTEP Credit Calculation
To be completed in conjunction with Attachment H-21A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Line No.	Project Name	MTEP Project Number	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement	ATSI Zone Share	MISO Share
		(Note C)	(Page 1, line 7)	(Col. 3 * Col. 4)		(Note D)	(Page 1, line 12)	(Col. 6 * Col. 7)	(Note E)	(Sum Col. 5, 8 & 9)	(Note F)	Col. 10*(1-Col. 11) (Note G)
1a	North Medina Substation	1	\$ 10,146,850	5.404050%	\$548,341	\$ 9,676,537	11.300224%	\$1,093,470	\$ 221,156	\$1,862,967	92.780000%	\$ 134,506
1b	Harding/Juniper Cap Banks	2	\$ 6,415,895	5.404050%	\$346,718	\$ 6,140,765	11.300224%	\$693,920	\$ 132,231	\$1,172,869	82.580000%	\$ 204,314
2	Annual Totals									\$ 3,035,837		\$ 338,820
3	Legacy MTEP Credit for Attachment H-21A Page 1, Line 5a											\$ 338,820

Note Letter

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-21A and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-21A and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 above and includes CWIP in rate base if applicable. This value includes subsequent capital investments required to maintain the project in-service.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-21A page 3 line 12.
- F ATSI Zone allocation from the Midwest ISO MTEP report when the project was approved.
- G MISO Share is the value to be included as a credit in Attachment H-21A page 1, line 5a. The Midwest ISO will recover this amount in MTEP-related charges applicable to Midwest ISO zones.

Reserved

Revenue Credit Adjustment Calculation
To be completed in conjunction with Attachment H-21A

Line No.	(1)	(2) Reference	(3) Company Total
	REVENUE CREDIT TRUE-UP		
1	Difference Between Revenues Received Under Midwest ISO and PJM Protocols	(Note A)	-
	ACCUMULATED REVENUE CREDIT BALANCE		
2	Accumulated Balance	(Note B)	-
3	Deferred Income Tax Rate	(Note C)	-
4	Deferred Income Taxes (Line 2 * Line 3)		\$ -
5	Regulatory Rate Base (Line 2 - Line 4)		\$ -
	INCOME TAXES		
6	CIT=(T/1-T) * (1-(WCLTD/R))	Attachment H-21A, page 3, line 22	38.90%
7	Income Taxes (Line 6 * Line 9)		\$ -
	RETURN		
8	FERC Refund Rate	(Note D)	-
9	Return (Line 5 * Line 8)		\$ -
10	Revenue Credit Adjustment (Lines 1 + 7 + 9)		\$ -

Note Letter

- A Revenue Credit Adjustment Worksheet, Column 4 for calendar year prior to rate year.
- B Accumulated balance as of December 31 of the calendar year prior to the rate year (Column 7 of Revenue Credit Adjustment Worksheet).
- C Effective deferred tax rate as of December 31 of the calendar year prior to the rate year.
- D The applied FERC Refund Rate is the rate approved as of December 31 of the calendar year prior to the rate year, as described under section 35.19a(a)(2) of the Commission's Regulations, 18 C.F.R. § 35.19a(a)(2) (2005).

Revenue Credit Adjustment Worksheet

(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6)=(4)-(5)	(7)=Prior Month's Balance + (6)
<u>Month</u>	<u>Firm PTP and NITS Revenue</u>	<u>Firm PTP and NITS Revenue</u>	<u>Difference Between Revenues</u>	<u>True-up Adjustment</u>		
	<u>Received from RTO (Note A)</u>	<u>Included in Rates Excluding True-Up (Note B)</u>	<u>Received and Amount in Rates Excluding True-Up</u>	<u>Included in ATSI's Net Revenue Requirements</u>	<u>Divided by 12</u>	<u>Amount to be Added to Accumulated Balance</u>
						<u>Accumulated Balance</u>
January - December 2010						
Jan-11						
Feb-11						
Mar-11						
Apr-11						
May-11						
Jun-11			\$ -	\$ -	\$ -	\$ -
Jul-11			\$ -	\$ -	\$ -	\$ -
Aug-11			\$ -	\$ -	\$ -	\$ -
Sep-11			\$ -	\$ -	\$ -	\$ -
Oct-11			\$ -	\$ -	\$ -	\$ -
Nov-11			\$ -	\$ -	\$ -	\$ -
Dec-11			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ -	\$ -
Jan-12			\$ -	\$ -	\$ -	\$ -
Feb-12			\$ -	\$ -	\$ -	\$ -
Mar-12			\$ -	\$ -	\$ -	\$ -
Apr-12			\$ -	\$ -	\$ -	\$ -
May-12			\$ -	\$ -	\$ -	\$ -
Jun-12			\$ -	\$ -	\$ -	\$ -
Jul-12			\$ -	\$ -	\$ -	\$ -
Aug-12			\$ -	\$ -	\$ -	\$ -
Sep-12			\$ -	\$ -	\$ -	\$ -
Oct-12			\$ -	\$ -	\$ -	\$ -
Nov-12			\$ -	\$ -	\$ -	\$ -
Dec-12			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ -	\$ -
Jan-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Feb-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mar-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Apr-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
May-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jun-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jul-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aug-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sep-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oct-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nov-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dec-13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jan-14			\$ -	\$ -	\$ -	\$ -
Feb-14			\$ -	\$ -	\$ -	\$ -
Mar-14			\$ -	\$ -	\$ -	\$ -
Apr-14			\$ -	\$ -	\$ -	\$ -
May-14			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ -	\$ -

Notes

- A Revenues received from PJM or Midwest ISO that are associated with NITS and Point-to-Point Service for which the load is not included in the divisor to derive ATSI's zonal rates. Excludes non-firm Point-to-Point revenues, revenues and revenue adjustments associated with Docket EL02-111, and revenues related to MTEP and RTEP projects. Revenues received from PJM for the months of June 2011 - May 2012 will be used for the comparable months of June 2012 - May 2013.
- B Revenues received from PJM or Midwest ISO that are associated with NITS and Point-to-Point Service for which the load is not included in the divisor to derive ATSI's zonal rates, and included in the derivation of zonal net revenue requirements, divided by 12. Excludes non-firm Point-to-Point revenues, revenues and revenue adjustments associated with Docket EL02-111, and revenues related to MTEP and RTEP projects.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list for the captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 14th day of July, 2011, at Washington, D.C.

/s/ Bradley R. Miliauskas

Bradley R. Miliauskas
(202) 239-3300