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November 25, 2020

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

Re: PJM Interconnection, L.L.C.
American Transmission Systems, Incorporated
Docket No. ER20-1739-001
Response to Deficiency Letter
Type of Filing Code 80 – Compliance

Dear Secretary Bose:

In response to the Commission's October 28, 2020 deficiency letter in this proceeding ("Deficiency Letter"), American Transmission Systems, Incorporated ("ATSI") submits this filing.

I. Background

Order No. 864

In Order No. 864,[1] the Commission required public utility transmission providers with transmission formula rates under an Open Access Transmission Tariff, a transmission owner tariff, or a rate schedule to revise those transmission formula rates to account for changes resulting from the Tax Cuts and Jobs Act of 2017 ("TCJA").

The Commission required, among other things, that public utilities include: (1) a mechanism to deduct any excess ADIT from or add any deficient ADIT to their rate bases ("Rate Base Adjustment Mechanism"); (2) a mechanism to decrease or increase their income tax allowances by any amortized excess or deficient ADIT, respectively ("Income Tax Allowance Adjustment Mechanism"); and (3) a new permanent ADIT Worksheet that will annually track information related to excess or deficient ADIT.[2]

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[1] *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 84 Fed. Reg. 65,281, 169 FERC ¶ 61,139 (2019), *order on reh'g and clarification*, Order No. 864-A, 171 FERC ¶ 61,033 (2020).

[2] Order No. 864, 169 FERC ¶ 61,139 at PP 1, 3-5.

ATSI's May 1 Compliance Filing

On May 1, 2020 pursuant to section 206 of the Federal Power Act,[3] ATSI submitted its Order No. 864 compliance filing ("May 1 Compliance Filing"). The May 1 Compliance Filing contained proposed revisions to ATSI's transmission formula rate template set forth in Attachment H-21A of the PJM Interconnection, L.L.C. Open Access Transmission Tariff ("PJM Tariff").[4] These revisions included, among other things, a Rate Base Adjustment Mechanism, an Income Tax Allowance Adjustment Mechanism and a new permanent ADIT Worksheet, included as Appendix G (1) of ATSI's formula rate template.

The Deficiency Letter

In the Deficiency Letter, the Commission advised ATSI that the May 1 Compliance Filing was deficient and that additional information was required in order to process the compliance filing. The letter requested additional information concerning ATSI's proposed Rate Base Adjustment Mechanism, its ADIT Worksheet and its proposed amortization periods.

II. Response to Deficiency Letter

As requested in the Deficiency Letter, ATSI provides the following information.

1. Rate Base Adjustment Mechanism

Regarding ATSI's proposed Rate Base Adjustment Mechanism, the Deficiency Letter states that:

> ATSI states that its excess and deficient ADIT balances are within Accounts 254 and 182.3, respectively. ATSI explains that the Formula Rate treats the excess and deficient ADIT balances within Accounts 254 and 182.3 as part of its "FAS109" adjustments, which can be seen on "WP03 – ADIT" by ADIT account (190, 282, and 283). ATSI further explains "WP03-ADIT," as part of its "FAS109" adjustments, deducts excess ADIT and adds any deficient ADIT from the total ADIT balance to ensure that ATSI preserves rate base neutrality.

Regarding this matter, the Deficiency Letter makes four requests for additional information. The requests and ATSI's responses are provided below.

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[3] 16 U.S.C. § 824e.

[4] Pursuant to Order No. 714, this filing is being submitted by PJM Interconnection, L.L.C. ("PJM") on behalf of ATSI as part of an XML filing package that conforms with the Commission's regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, ATSI has requested PJM submit this filing in the eTariff system as part of PJM's electronic Intra PJM Tariff.

Request:

a. Please explain how "WP03 – ADIT" distinguishes between total "FAS109" amounts and excess and deficient ADIT recorded in Accounts 254 and 182.3, respectively.

Response:

Currently, "WP03 – ADIT" displays the total FAS 109 adjustments, including any excess or deficient ADITs in aggregate. However, when reviewing ATSI's FERC Form No. 1 each year, interested parties can identify the components of FAS 109 within Accounts 182.3 and 254 including the deficient and excess ADITs, respectively to ensure that the total FAS 109, as adjusted on WP03, corresponds to the FERC Form No. 1 amounts.

As further support, below is a reconciliation that demonstrates how ATSI achieves rate base neutrality, utilizing 2019 data from ATSI's FERC Form No. 1 and comparing to ATSI's populated permanent ADIT Worksheet provided in the May 1 Compliance Filing.

(1) 2019 FERC Form No. 1 Account 182.3 FAS 109 Detail associated with Deficient Accumulated Deferred Income Taxes due to the TCJA is $38,010,836.

(2) 2019 FERC Form No. 1 Account 254 FAS 109 Detail associated with Excess Deferred Income Taxes due to the TCJA is ($379,835,060).

(3) The total net 2019 FERC Form No. 1 FAS 109 balance associated with Excess/Deficient Deferred Income Taxes within Accounts 182.3 and 254 is ($341,824,223).

(4) The total net FAS 109 balance reflected in ATSI's permanent ADIT Worksheet populated with 2019 data in the compliance filing is ($341,824,223).

(5) The total net FAS 109 balance of ($341,824,223 in its 2019 ATRR) is included, along with other FAS 109 amounts as identified in ATSI's FERC Form No. 1 in Accounts 182.3 and 254, in ATSI's WP03 as an adjustment to its total ADIT, thereby deducting any excess ADIT and adding any deficient ADITs from the total ADIT balance to ensure ATSI preserves rate base neutrality.

As further detail, the other FAS 109 amount identified in ATSI's FERC Form No. 1 is in Account 182.3 labeled as "FAS 109 Deferred Income Taxes - Deprec Related" of $33,176,330. Currently, Account 254 does not contain any other FAS 109 balances.

(6) The total ATSI FAS 109 aggregate balance including all items as mentioned above, as identified in the FERC Form No. 1, is ($308,647,894). On ATSI's WP03, the

FAS 109 aggregate 2019 year-end balance is ($308,662,471). An inadvertent difference of $14,577 exists within ATSI's WP03, which will be addressed in a future rate period.

Request:

b. To support your answer to question 1(a), please provide a populated version of "WP03 – ADIT" with data that reconciles to the populated ADIT Worksheet provided in your compliance filing. Please separate excess and deficient ADIT amounts, including gross-up, from other amounts classified by ATSI as "FAS109" adjustments to Accounts 190, 282 and 283.

Response:

See Response to Request 1(a) above as well as Attachment A to this deficiency letter response, which is WP03 included in ATSI's actual transmission revenue requirement for Rate Year 2019.

Request:

c. Referring to Attachment D, "Workpapers," to ATSI's compliance filing, ATSI states that "[t]he first column, 'Book-Tax Temporary Difference' identifies the book-tax timing difference by schedule M item. Next, the columns under the 'Deferred Tax Asset (Liability)' section represent the balances at [December 31, 2017] at a 35% federal corporate income tax rate, balances at [December 31, 2017] at a 21% federal corporate income tax rate, and the resulting variance, respectively." However, the resulting variances indicate each schedule M item ADIT balance increased or decreased by one of at least three amounts: (1) 40%; (2) 37.78%; or (3) 21.54%. Please provide support for the rate adjustments and explain the criteria for when the different rate adjustments are used to adjust the excess or deficient ADIT.

Response:

Not all ADIT items are taxed at a Federal-only rate. ATSI is subject to Federal, State, and blended Federal, State and Local tax rates. Accordingly, each schedule M item ADIT balance increased or decreased by one of three amounts: (1) 40%; (2) 37.78%; or (3) 21.54%.

(1) 40% is the change in the Federal tax rate on a Federal Deferred Tax item only. Example: Federal NOLs are only taxed at the Federal level of 35%, which is now at 21%, or a 40% change (35% - 21% = 14% / 35% = 40%)

(2) 37.78% is the change in the Federal tax rate on a Deferred Tax item that is typically tax-effected at a blended Federal, State, and Local tax rate. Example: The PJM Receivable associated with the formula rate actual to projection true-ups is taxed in all of ATSI's jurisdictions with a pre-tax reform blended tax rate of 36.31% and after tax reform

blended tax rate of 22.60%, or a 37.78% change (36.31% - 22.60% = 13.72% / 36.31% = 37.78%).

(3) 21.54% is the change in the Federal tax rate on State-only Deferred Tax items where there is a benefit at the Federal level. Example: PA NOLs have a State tax rate of 9.99% that did not change due to the Federal tax reform. However, this State-only item does have a Federal benefit associated with it, meaning it would be measured at 65% (100% - 35%) of its total State Deferred Tax, which is now at 79% (100% - 21%). The difference between the two is a change of 21.54% (65% - 79% = 14% / 65% = 21.54%).

Request:

d. ATSI explains that in the "(Excess) Deficient Deferred Income Tax Activity post [Tax Cuts and Jobs Act]" there were certain corrections and two tax returns were filed that affected the excess and deficient balances. Please further explain and support any corrections and the types of adjustments that were made to the initial excess/deficient balances at December 31, 2017.

Response:

The TCJA was enacted in December 2017 and all deferred taxes were remeasured as of that date. At that time, nearly all the book-tax timing differences on the books were based on estimates used for the 2017 year-end income tax provision. Due to the uncertainty of how to reflect the regulatory impacts of the TCJA in the FERC Form 1, all impacts to the tax regulatory asset/liability were reflected as a net excess deferred income tax amount in Account 254. This balance, however, included more than just true excess deferred taxes (e.g., impacts from AFUDC Flow-through), so reclassifications were made to FERC Form 1 balances in 2018. It was ATSI's intention to tie back to the FERC Form 1 balances as of the 2017 TJCA for purposes of the permanent ADIT Worksheet, which means reflecting those additional adjustments in the beginning balances. As further described below, these amounts were adjusted out of the excess and deficient ADIT balances in Attachment D to the May 1 Compliance Filing.

As mentioned above, estimates were used for the 2017 year-end income tax provision and those amounts were remeasured due to the TCJA. During 2018, the 2017 Federal income tax return was prepared with final 2017 return-to-accrual adjustments being recorded in the third quarter of 2018, truing-up the 2017 year-end book-tax timing difference estimates. Consequently, a resulting true-up was needed to adjust the initial net excess deferred taxes as well. This is reflected in Attachment D to the May 1 Compliance Filing as the "2017 Return-to-Accrual Adjustment (Recorded in 2018)." Subsequent years return-to-accrual adjustments were modifying the amortization periods initially established for certain excess and deficient ADIT items. The mechanics of Attachment D are as follows.

In Attachment D, ATSI separates out specific adjustments resulting from current and future changes in tax rates utilized for gross-up and return to provision true-ups associated with timing of tax return filings associated with a prior FERC Form No. 1 calendar year. An explanation for each column within Attachment D is below. The first column, "Book-Tax Temporary Difference" identifies the book-tax timing difference by schedule M item. Next, the columns under the "Deferred Tax Asset (Liability)" section represent the balances at 12/31/17 at a 35% federal corporate income tax rate, balances at 12/31/17 at a 21% federal corporate income tax rate, and the resulting variance, respectively. The next column, "ADIT Offset to P&L" represents balances that were taken directly to the income statement and therefore do not have an associated excess/deficient ADIT deferred balance. The next column, "(Excess) Deficient Deferred Income Taxes" represents the balances after initial remeasurement and after accounting for items taken to the income statement.

Moving to the right in Attachment D, the "(Excess) Deficient Deferred Income Tax Activity post TCJA" section, which includes columns, "Other Adjustments Including Gross-up True-ups," "2017 Return-to-Accrual Adjustment (Recorded in 2018)" and "2018 Return-to-Accrual Adjustment (Recorded in 2019)" represents return to accrual adjustments and other necessary adjustments, which occurred after 12/31/17 but related to the 12/31/17 originally recorded remeasurement. Each year by October 15, ATSI (as a member of the FirstEnergy consolidated tax group) must file its tax return for the prior year and any subsequent items resulting in a difference between the FERC Form No. 1 amounts and the final tax return amounts must be included as an adjustment to ensure the excess/deficient ADIT balances are accurate. Since the TCJA remeasurement occurred on 12/31/17, as of the time of the May 1 Compliance Filing, ATSI had filed two tax returns, one for 2017 in the Fall of 2018 and one for 2018 in the Fall of 2019. Consequently, the columns in this section identify any items for which the balances were adjusted to line up to the final tax return filed by ATSI. Ultimately, this results in the 2019 year-ending balances that tie back to ATSI's 2019 FERC Form No. 1 and ensures that the appropriate amount of excess/deficient ADIT is amortized.

2. ADIT Worksheet

Regarding ATSI's proposed ADIT Worksheet, the Deficiency Letter states that:

> In Order No. 864, the Commission required the ADIT Worksheet to include five categories of information: (1) how any ADIT accounts were re-measured and the excess or deficient ADIT contained therein; (2) the accounting for any excess or deficient amounts in Accounts 254 (Other Regulatory Liabilities) and 182.3 (Other Regulatory Assets), respectively; (3) whether the excess or deficient ADIT is protected or unprotected; (4) the accounts to which the excess or deficient ADIT are amortized; and (5) the amortization period of the excess or deficient ADIT being returned or recovered through the rates. The Commission stated that it expects public utilities to identify each specific source of the excess or deficient ADIT, classify the excess or deficient ADIT

> as protected or unprotected, and list the proposed amortization period associated with each source in their proposed ADIT Worksheets. Further, the Commission required the ADIT Worksheet to apply to any future local, state, and federal tax rate changes.

Regarding this matter, the Deficiency Letter makes five requests for additional information. The requests and ATSI's responses are provided below.

Request:

a. For category two, Note A in ATSI's proposed ADIT Worksheet discusses ATSI's proposed accounting for excess and deficient ADIT resulting from tax rate changes. Specifically, Note A states that, upon remeasuring its ADIT balances, ATSI will make a "change to the net deferred tax assets/liabilities recorded in [A]ccounts 190, 282, and 283 with a corresponding change in regulatory assets ([A]ccount 182.3) and regulatory liabilities ([A]ccount 254) to reflect the return of/collection from excess/deficient deferred taxes to/from customers." Excess ADIT is recorded in Account 254 and deficient ADIT is recorded in Account 182.3. However, Note A does not specify the account to which excess ADIT will be recorded and the account to which deficient ADIT will be recorded. Please clarify ATSI's accounting treatment of excess and deficient ADIT described in the proposed ADIT Worksheet.

Response:

Note A of ATSI's proposed ADIT Worksheet states that, "…[w]ithin the FERC Form 1, deficient and excess ADITs in Account 182.3 and Account 254, respectively are presented grossed-up for tax purposes…." ATSI confirms that its net deficient ADIT balances are recorded within Account 182.3 and the net excess ADIT balances are recorded within Account 254. The language in Note A and quoted above confirms this treatment.

Specifically, ATSI grouped its excess/deficient ADITs into two categories: (1) Property related items; and (2) Non-property related items. From there, the resulting excess/deficient ADITs within each separate category were netted, resulting in either an excess or deficient ADIT balance.

The Property related items resulted in a net excess ADIT balance that was recorded to Account 254. The amortization of the components of the net excess ADIT balance will occur through Accounts 411.1 and 410.1. The Power Tax System treats individual items as excess or deficient but the integration to the general accounting system (SAP) results in instances where individual excess or deficient amortization when combined with current period activity are netted and therefore recorded to either 411.1 or 410.1.

The Non-property related items resulted in a net deficient ADIT balance that was recorded to Account 182.3. The amortization of the net deficient ADIT balance is currently occurring through Account 410.1.

Request:

b. For category four, Note E to ATSI's proposed ADIT Worksheet states that "amortization will occur through FERC income statement Accounts 410.1 and 411.1." In its answer, ATSI states that Note E is applicable to all amortization amounts. Please explain whether amortized excess ADIT has been recorded to Account 411.1 and amortized deficient ADIT has been recorded to Account 410.1.

Response:

See Response to Request 2(a) above.

For ratemaking purposes, there is no impact to customers based on whether the amortization occurs through Account 410.1 or 411.1 because the net amortization amount is what ultimately gets passed back to customers. Amortizing all excess ADIT to Account 411.1 and all deficient ADIT to Account 410.1 would require that ATSI modify its internal accounting systems and/or tracking. ATSI does not believe that this additional burden is necessary given the fact that there is no net impact on rates.

Request:

c. For category five, please explain whether, and if so how, ATSI distinguishes between protected, plant-based excess and deficient ADIT and unprotected, plant-based excess and deficient ADIT in the proposed ADIT Worksheet.

Response:

Column H of ATSI's permanent ADIT Worksheet identifies whether the Property and Non-property excess / deficient ADITs are classified as protected or unprotected. Specifically, for plant-based property items, ATSI classifies accelerated tax depreciation M's as protected and all other in-service property M's as unprotected. For ratemaking purposes, there is no impact to customers whether the in-service property M's are classified as protected or unprotected as both are utilizing ARAM to determine each year's amortization.

Request:

d. Please explain how ATSI's proposed ADIT Worksheet applies to future tax rate changes. In doing so, please explain whether a Federal Power Act section 205 filing to revise the ADIT Worksheet would be needed to revise ATSI's proposed ADIT Worksheet to add or remove rows or tabs.

Response:

ATSI's ADIT Worksheet is set up to support any future tax rate changes. Further, ATSI will not need to submit a Section 205 filing to revise the ADIT Worksheet for any future tax rate changes. The ADIT Worksheet is structured in such a manner that if any tax rate changes occur, ATSI has the capability to add any new M items relating to Non-property items because rows 1 through 4 are direct inputs. Additionally, Property-related items are included in total within rows 6 through 9. Consequently, if any new property M items were to arise because of a change in a tax rate, the aggregated balances would automatically be reflected in these rows.

To further demonstrate that ATSI's ADIT Worksheet can support future tax rate changes Column C ("Current Period Other Activity") is available as a direct input. Column C is included in ATSI's ADIT Worksheet and can be populated if the outstanding excess and/or deficient ADIT balances are remeasured because of a tax rate change. This will ensure that any tax rate changes during a particular period can be reflected here to ensure that the subsequent amortization and ending balances for the period are reflective of any remeasurements and the going forward balances (after remeasurement) and amortization will remain accurate.

Request:

e. In ATSI's populated ADIT Worksheet, it appears that instead of the amortization period being used as the divisor, ATSI used the unamortized years at the beginning of the period (i.e., amortization period reduced by 1 year for 2018). For example, Line 3d lists the MISO Exit Fee Deferral as ($8,022,055), with a 10-year amortization period, meaning that the annual payment for that fee should be ($802,205.50). However, the amortized yearly payment listed in column F shows ($891,339), which would indicate a nine-year amortization period. Please explain this discrepancy.

Response:

ATSI's ADIT Worksheet in column A is labeled as "(Excess)/Deficient ADIT Transmission - Beg Balance of Year (Note B)" and Note B states, "Beginning balance of year is the end of the prior year balance, including gross-up for taxes, as reflected on FERC Form No. 1, pages 232 (Account 182.3) and 278 (Account 254)." It is ATSI's intention to populate column A with each year's beginning of year balance (or end of the prior year balance) to demonstrate the tie-out to FERC Form No. 1. Therefore, in ATSI's populated ADIT Worksheet submitted as part of the May 1 Compliance Filing, column A is representative of beginning of year 2019 balances (or end of year 2018 balances) and not the end of year 2017 balances.

Consequently, as submitted in ATSI's May 1 Compliance Filing, the amortization period shown in column D cannot be divided by the beginning of year balance in column

A as the balance has already been amortized by one year. The amortization period in columns D and E are included to ensure that customers can track the years of amortization for each M item. To be clear, with regard to any prior-period amortizations, Note G, which relates to line 11 of ATSI's ADIT Worksheet states:

> Reflects the net amount of amortization, including gross-up for taxes, from prior period(s) that was booked for GAAP, but deferred for FERC purposes because a mechanism did not exist to pass back/collect excess/deficient ADITs to/from customers. The net amortized deferral amount, including the gross-up for taxes, is in Account 254, as reflected on FERC Form No. 1, page 278, or Account 182.3, as reflected on FERC Form No. 1, page 232.

Any prior-period amortizations, as defined in Note G, will flow through line 11 of ATSI's ADIT worksheet, and thus will be passed back to or collected from customers.

3. Amortization Periods

Regarding ATSI's proposed amortization periods, the Deficiency Letter states that:

> In Order No. 864, the Commission required public utilities with transmission formula rates to provide supporting documentation necessary to justify their proposed amortization periods. ATSI explains in its answers that it proposes to amortize protected and unprotected non-plant-based excess and deficient ADIT over the timeframe the underlying ADIT will turn over, as opposed to a flat number of years. ATSI states that its proposal is appropriate because there are varying degrees of years that such underlying ADIT items will turn over.

Regarding this matter, the Deficiency Letter makes two requests for additional information. The requests and ATSI's responses are provided below.

Request:

a. Please elaborate on your explanation that ATSI's proposed amortization periods for non-plant based ADIT is appropriate because, for ATSI, "there are varying degree of years that such underlying ADIT items will turn over."

Response:

For non-plant based ADITs, ATSI has assigned varying amortization periods to generally coincide with the timeframe in which the associated ADITs would turn. Some items have been assigned longer amortization periods because the asset/liability turn would follow the asset lives. For example, the Pension/OPEB: Other Def. Cr. Or Dr. deficient ADIT balance has been assigned an amortization period of 33 years (as shown on ATSI's permanent ADIT Worksheet), which was ATSI's transmission-related assets' average useful life at year-end 2017.

Other items have been assigned shorter amortization periods. For example, the PJM Receivable excess ADIT balance in Account 190 has been assigned an amortization period of 2 years (as shown on ATSI' permanent ADIT Worksheet). This ADIT balance is derived from the true-ups created when ATSI's projected revenue requirement varies versus its actual revenue requirement. For example, ATSI's 2017 actual revenue requirement is compared to its 2017 billings, which are based on the 2017 projected revenue requirement. In accordance with ATSI's protocols, the difference between those revenue requirements (actuals vs. projection) creates an over recovery that must be passed back to customers in a rate period that occurs 2 years later (2019). Therefore, as this ADIT turns in two years, ATSI thought it was most appropriate to turn the deficient ADIT balances over the same time period.

For other items in which a specific turn period is unknown, ATSI directly assigned an amortization period that it believed to be rational based on the nature of the related ADIT. For example, the long-term state NOLs for WV and PA have been assigned an amortization period of 20 years, which is based on the fact that such NOLs have a 20-year carryforward period.

Based on the varying degrees of turn of the ADIT balances ATSI believes it is more appropriate to generally turn the excess/deficient ADITs over that same timeframe as the related ADIT versus applying the same number of years for amortization to all non-plant based excess/deficient ADIT items.

Request:

b. Please explain ATSI's classification of "Federal Long Term [Net Operating Losses]" as protected ADIT in its populated ADIT Worksheet.

Response:

The "with and without" test is used to determine what portion of the Federal NOL should be considered "protected." The "with and without" analysis is performed on all existing Federal NOLs in tax years through 2017 and is used to determine how much of the Federal NOL in each respective year was driven by the excess of tax over book depreciation. The analysis recomputes the Federal NOL as if tax depreciation had not been taken in each of the tax years, and to the extent unwinding the excess tax over book depreciation causes the company to be in a taxable income position, the "with and without" analysis determines that all of the Federal NOL for that tax year was due to accelerated tax depreciation and should therefore be considered "protected." To the extent unwinding the excess tax over book depreciation causes the company to be in a lesser Federal NOL, then the Federal NOL is prorated between "protected" and "unprotected" based on the loss caused by excess tax over book depreciation divided by the Federal NOL for that tax year.

III. Additional Information

Communications

Communications with respect to this filing should be directed to the following persons:

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Service

A copy of this filing has been served on the parties to the official service list established by the Commission for this proceeding. In addition, ATSI has provided an electronic version of this response to Theodore Glick at theodore.glick@ferc.gov.

eFiling Compliance

As instructed by the Commission, ATSI has used "Type of Filing Code 80 – Compliance" for this response.[5]

Effective Date

In accordance with Order No. 864, ATSI reiterates its request that the Commission accept the formula rate revisions effective date January 27, 2020.[6]

IV. Conclusion

The information submitted with this filing fully satisfies the Commission's request

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5 *See* Errata, Docket No. ER20-1739-000 (Issued October 30, 2020).

6 Order No. 864 at P 100.

for additional information in the Deficiency Letter and its directives in Order No. 864. Accordingly, ATSI respectfully requests that the Commission accept this filing and the May 1 Compliance Filing without hearing, modification or condition.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Richard P. Sparling

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Attorneys for American Transmission Systems, Inc.

ATTACHMENT A

WP03 ADIT

			Acct. No. 281	Acct. No. 282	Acct. No. 283	Acct. No. 190	Acct. No. 255	
		[A]	273.8.k	275.2.k	277.9.k	234.8.c	267.h	
1 December 31	2018		-	582,572,874	87,874,926	229,144,109	-	(441,303,691)
2 December 31	2019		-	631,235,961	100,916,000	232,072,762	-	(500,079,199)

Values from lines 1 and 2 adjusted per Notes.
Adjusted values for input to Attachment H-21A, Page 2, Lines 19-23

		(enter negative)	(enter negative)	(enter negative)		(enter negative)	Total
			[B]	[C]	[D]	[E]	
3 December 31	2018	-	(870,094,682)	(80,885,509)	179,160,132	-	(771,820,059)
4 December 31	2019	-	(885,971,097)	(85,173,943)	175,723,161	-	(795,421,880)
5 Begin/End Average		-	(878,032,889)	(83,029,726)	177,441,646	-	(783,620,969)

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

[B] FERC Account No. 282 is adjusted for the following items.

	FAS 143 - ARO (Acct 190 Offset)	Charitable Contr. Limit (Acct 190 Offset)	Asset Impairment	FAS 106	Contribution In Aid of Construction	FAS 109 (include AFUDC-related)	Extraordinary Prop. Losses	FAS123R	Normalization
2018	-	-	-	-	-	(287,522,246)	-	439	
2019	1,449	-	-	-	-	(277,092,928)	-	423	22,355,921

[C] FERC Account No. 283 is adjusted for the following items.

	FAS 143 - ARO (Acct 190 Offset)	Charitable Contr. Limit (Acct 190 Offset)	FAS 106	Contribution In Aid of Construction	FAS 109 (include AFUDC-related)	Normalization
2018	-	4,342	-	4,716,442	2,268,634	
2019	-	4,674	-	6,391,847	8,124,077	1,221,457

[D] FERC Account No. 190 is adjusted for the following items:

	FAS 143 - ARO	Charitable Contr. Limit	FAS 123R	FAS 106	Contribution In Aid of Construction	FAS 109 (include AFUDC-related)	Normalization
2018	454,502	228	-	-	12,299,638	37,229,610	
2019	496,049	4,638	-	-	14,377,159	39,693,621	1,778,135

[E] Based on prior elections and IRS rulings, the 3% Investment Tax Credit ("ITC") and the 4% ITC may be used to reduce rate base as well as utilizing amortization of the tax credits against taxable income.
As a result, only the 3% and 4% values in FERC Form 1 column (h) on page 267 should be reported under Acct. No. 255.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document has been served upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, D.C., this 25th day of November, 2020.

/s/ Jesse Jacobe
Jesse Jacobe
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Suite 500 East
1301 K Street NW
Washington, D.C. 20005-3317