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May 1, 2014

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

**Re: *American Transmission Systems, Incorporated*
Informational Filing
2014 Transmission Formula Rate Annual Update
Docket No. ER11-3508-000**

Dear Secretary Bose:

American Transmission Systems, Incorporated (“ATSI”) hereby submits for informational purposes only its 2014 Transmission Formula Rate Annual Update as required under Attachment H-21B (Formula Rate Implementation Protocols) (the “ATSI Protocols”) under the Open Access Transmission Tariff (“OATT”) of PJM Interconnection, L.L.C. (“PJM”). As provided in Section 1.b of the ATSI Protocols, this 2014 Annual Update is an informational filing, and therefore does not require any Commission action.

Description of Filing

ATSI makes its transmission facilities available on an open access basis under the PJM OATT. ATSI recovers its transmission revenue requirements through a formula rate that is designated as Attachment H-21 under the PJM OATT.¹ Pursuant to the ATSI Protocols, on or before May 1 of each year, ATSI is required to recalculate its annual transmission revenue requirements, producing the “Annual Update” for the upcoming rate year.² ATSI is required to submit the Annual Update as an informational filing with the Commission. The annual transmission revenue requirements identified in the Annual Update are used to derive the Network Integration Transmission Service and Point-to-Point rates under the PJM OATT for service in the ATSI zone.

¹ Certain aspects of ATSI’s formula rate are pending on rehearing and compliance in Docket Nos. ER11-2814, *et al.*

² ATSI Protocols, Section 1.b. The current version of the Protocols was accepted by the Commission by letter order dated January 9, 2014. A correction to the electronic tariff record filed February 21, 2014 is pending before the Commission.

The revenue requirements submitted in this Annual Update will be used to derive the transmission rates for service on and after June 1, 2014 through May 31, 2015. Each input to the formula rate is either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information.³ The Annual Update is subject to the review procedures set forth in Section 2 of the ATSI Protocols.

The Annual Update is attached to this filing as Attachment A. It includes ATSI's formula rate template, which includes Attachment H-21A and Appendices A-G, populated, where appropriate, with inputs for 2014. Workpapers that support the Annual Update are attached as Attachment B. Each of the supporting workpapers is separately described below.

- Workpaper 1 – Other Electric Revenue: Supporting the value listed in Attachment H-21A, Page 4, Line 35.
- Workpaper 2 – Revenue Credit Adjustment: Supporting the value listed in Appendix G (Revenue Credit Adjustment Worksheet), Column 3 (Firm PTP and NITS Revenue Included in Rates Excluding True-Up, June – December 2011).
- Workpaper 3 – Input Calculations for Appendix G: Supporting values listed in Appendix G (Revenue Credit Adjustment Worksheet), Columns 2, 3, and 5.
- Workpaper 4 – Accumulated Deferred Investment Tax Credits (Account 255): Supporting the value for Account 255 that appears in Attachment H-21A, Page 2, Line 23.
- Workpaper 5 – Deferred Income Tax Rate: Supporting the deferred income tax rate listed in Attachment H-21A, Appendix G, Line 3 and supporting the Federal income tax rate and Composite State income tax rate in Attachment H-21A, Page 5, Note K.

³ ATSI Protocols, Note 1. The formula rate inputs for (i) rate of return on common equity; (ii) "Post- Employment Benefits Other Than Pension" pursuant to Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("PBOP") charges; and (iii) depreciation and/or amortization rates are stated values. Pursuant to section 1.g (i) of the ATSI Protocols, ATSI has specified these stated-value inputs in Workpaper 10 included with this Annual Update. Further, Attachment H-21A, Page 1, Line 8 lists a value of 13,141.1 MW. As described in Note A of Attachment H-21A, that value was provided by PJM.

- Workpaper 6 – FAS 109 Deferred Income Taxes Depreciation Adjustment: Supporting the values listed in Attachment H-21A, Page 2, Column 3, Lines 20 and 21.
- Workpaper 7 – Taxes Other Than Income Taxes Reconciliation: Supporting the value used to adjust Property Tax listed in Attachment H-21A, Page 3, Column 3, Line 16.
- Workpaper 8 – General Advertising Reconciliation: Supporting the value used to adjust Line 5a in Attachment H-21A, Page 3, Column 3.
- Workpaper 9 – General & Intangible Accumulated Depreciation: Supporting the value listed in Attachment H-21A, Page 2, Column 3, Line 10.
- Workpaper 10 – Stated values for: (i) rate of return on common equity; (ii) “Post- Employment Benefits Other Than Pension” pursuant to Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions charges; and (iii) depreciation and/or amortization rates.
- Workpaper 11 – Asset Retirement Obligation Adjustments: Supporting the values listed in Attachment H-21A, Page 2, Column 3, Lines 2 and 8.

ATSI will submit this filing to PJM for posting on its website (www.pjm.com). Moreover, pursuant to Section 1.e of the ATSI Protocols, this Annual Update includes a "workable" Excel file or files containing the data-populated Formula Rate Template.

Notice to Interested Parties

Pursuant to section 1.f (i) of the ATSI Protocols, notice is hereby given that a conference call open to all Interested Parties will be held on May 21, 2014 from 10:00 a.m. to 12:00 p.m. to discuss the Annual Update. The term "Interested Party" means any person or entity having standing under section 206 of the Federal Power Act with respect to the Annual Update. Any Interested Party wishing to join the conference call should RSVP to Rick Sparling, Alston & Bird, LLP by phone (202-239-3077) or email (richard.sparling@alston.com) by May 20, 2014 to obtain the call-in information.

The Honorable Kimberly D. Bose
May 1, 2014
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Communications

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Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ **Kenneth G. Jaffe**

Kenneth G. Jaffe
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*Attorneys for American Transmission
Systems, Incorporated*

Attachment A
2014 Annual Update

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2013

American Transmission Systems, Inc.

Line No.			NPA	Allocated Amount	Below 138 KV
1	GROSS REVENUE REQUIREMENT (page 3, line 29, col 5)			\$ 255,457,606	
1a	GROSS REVENUE REQUIREMENT BELOW 138 KV (line 1 times NPA)		21.925104%		\$ 56,009,345
REVENUE CREDITS (Note T)					
		<u>Total</u>	<u>Allocator</u>		
2	Account No. 454 (page 4, line 34 & 34a)	673,519	TP 1.00000	673,519	147,670
3	Account No. 456 (page 4, line 35)	2,871,900	TP 1.00000	2,871,900	0
4a	Revenues from Grandfathered Interzonal Transactions	0	TP 1.00000	0	0
4b	Revenues from service provided by the ISO at a discount	0	TP 1.00000	0	0
5a	Legacy MTEP Credit (Appendix E, page 2, line 3, col. 12)	320,008	TP 1.00000	320,008	N/A
5b	Reserved	0	TP 1.00000	0	N/A
5c	Reserved	0	TP 1.00000	0	N/A
5d	Transmission Enhancement Credit (Appendix D, page 2, line 2, col. 10)	0	TP 1.00000	0	N/A
6	TOTAL REVENUE CREDITS (sum lines 2-5d)	\$ 3,865,428		\$ 3,865,428	\$ 147,670
7	NET REVENUE REQUIREMENT (line 1 minus line 6)			\$ 251,592,178	\$ 55,861,675
DIVISOR					
				<u>Total</u>	<u>Below 138 KV</u>
8	1 Coincident Peak (CP) (MW)		(Note A)	13,141.1	34.7% 4,560.0
9	Average 12 CPs (MW)		(Note B)	10,657.1	34.7% 3,698.0
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)				
16a	Annual Network Rate (\$/MW/Yr) (diff. line 7 / line 8 total)	\$ 14,894.53			\$ 12,250.47
Peak Rate					
		<u>138KV and Above</u>	<u>Below 138 KV</u>		
17	Point-To-Point Rate (\$/MW/Year) (line 7 / line 9)				
17a	Point-To-Point Rate (\$/MW/Year) (diff. line 7 / line 9 total)	\$ 18,366.00		\$ 15,106.00	
18	Point-To-Point Rate (\$/MW/Month) (line 17/12; line 17a/12)	\$ 1,531.00	\$ 1,259.00	\$ 1,531.00	\$ 1,259.00
19	Point-To-Point Rate (\$/MW/Week) (line 17/52; line 17a/52)	\$ 353.20	\$ 290.50	\$ 353.20	\$ 290.50
20	Point-To-Point Rate (\$/MW/Day) (line 19/5; line 19/7)	\$ 70.64	\$ 58.10	\$ 50.46	\$ 41.50
21	Point-To-Point Rate (\$/MWh) (line 17,17a/4,160; line 17,17a/8,760)	\$ 4.41	\$ 3.63	\$ 2.10	\$ 1.72
Off-Peak Rate					
		<u>138KV and Above</u>	<u>Below 138 KV</u>		

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2013

		American Transmission Systems, Inc.					
(1)	(2)	(3)	(4)	(5)	(6)		
Line No.	Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	Transmission Below 138 KV		
RATE BASE:							
GROSS PLANT IN SERVICE							
1	Production	205.46.g	0	NA			
2	Transmission	207.58.g & Note U	1,989,708,176	TP	1.00000	1,989,708,176	413,371,626
3	Distribution	207.75.g	0	NA			
4	General & Intangible	205.5.g & 207.99.g	90,877,402	W/S	1.00000	90,877,402	
5	Common	356.1	0	CE	1.00000	0	
6	TOTAL GROSS PLANT (sum lines 1-5)		<u>2,080,585,578</u>	GP=	100.000%	<u>2,080,585,578</u>	
ACCUMULATED DEPRECIATION							
7	Production	219.20-24.c	0	NA			
8	Transmission	219.25.c & Note U	954,557,902	TP	1.00000	954,557,902	186,413,855
9	Distribution	219.26.c	0	NA			
10	General & Intangible	200.21.c & 219.28.c	14,460,975	W/S	1.00000	14,460,975	
11	Common	356.1	0	CE	1.00000	0	
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		<u>969,018,877</u>			<u>969,018,877</u>	
NET PLANT IN SERVICE							
13	Production	(line 1 - line 7)	0				
14	Transmission	(line 2 - line 8)	1,035,150,274			1,035,150,274	226,957,771
15	Distribution	(line 3 - line 9)	0				
16	General & Intangible	(line 4 - line 10)	76,416,427			76,416,427	
17	Common	(line 5 - line 11)	0			0	
18	TOTAL NET PLANT (sum lines 13-17)		<u>1,111,566,701</u>	NP=	100.000%	<u>1,111,566,701</u>	
18a	Percentage of below 138 KV transmission plant (line 14, col 6 divided by col 5)			NPA	21.925104%		
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	(248,067,448)	NP	1.00000	(248,067,448)	
21	Account No. 283 (enter negative)	277.9.k	(18,755,058)	NP	1.00000	(18,755,058)	
22	Account No. 190	234.8.c	70,100,793	NP	1.00000	70,100,793	
23	Account No. 255 (enter negative)	267.8.h	(17,059)	NP	1.00000	(17,059)	
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		<u>(196,738,772)</u>			<u>(196,738,772)</u>	
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	5,894,602			5,739,103	
27	Materials & Supplies (Note G)	227.8.c & .16.c	0	TE	0.96135	0	
28	Prepayments (Account 165)	111.57.c	1,826,952	GP	1.00000	1,826,952	
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		<u>7,721,554</u>			<u>7,566,055</u>	
30	RATE BASE (sum lines 18, 24, 25, & 29)		<u><u>922,733,259</u></u>			<u><u>922,577,761</u></u>	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2013

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	42,697,445	TE	0.96135 41,047,120
1a	Less LSE Expenses Included in Transmission O&M Accounts (Note W)		412,578		1.00000
2	Less Account 565	321.96.b	(3,751)		1.00000 (3,751)
2a	Less Deferred Internal Integration Costs (Note C)		0		0.96135 0
3	A&G	323.197.b	4,869,095	W/S	1.00000 4,869,095
4	Less FERC Annual Fees		0	W/S	1.00000 0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		162,296	W/S	1.00000 162,296
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		161,396	TE	0.96135 155,158
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)		<u>47,156,813</u>		<u>45,912,828</u>
DEPRECIATION AND AMORTIZATION EXPENSE					
9	Transmission	336.7.b	41,957,011	TP	1.00000 41,957,011
10	General & Intangible	336.1.f & 336.10.f	1,940,413	W/S	1.00000 1,940,413
11	Common	336.11.b	0	CE	1.00000 0
12	TOTAL DEPRECIATION (sum lines 9 - 11)		<u>43,897,424</u>		<u>43,897,424</u>
TAXES OTHER THAN INCOME TAXES (Note J)					
LABOR RELATED					
13	Payroll	263.i	282,473	W/S	1.00000 282,473
14	Highway and vehicle	263.i	8,450	W/S	1.00000 8,450
PLANT RELATED					
16	Property	263.i	38,383,044	GP	1.00000 38,383,044
17	Gross Receipts	263.i	63,795	NA	zero 0
18	Other	263.i	7,499	GP	1.00000 7,499
19	Payments in lieu of taxes		0	GP	1.00000 0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		<u>38,745,261</u>		<u>38,681,466</u>
INCOME TAXES (Note K)					
21	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.87%		
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.		42.85%		
23	$1 / (1 - T) =$ (from line 21)		1.5593		
24	Amortized Investment Tax Credit (266.8f) (enter negative)		(658,904)		
25	Income Tax Calculation = line 22 * line 28		38,403,042	NA	38,396,570
26	ITC adjustment (line 23 * line 24)		(1,027,415)	NP	1.00000 (1,027,415)
27	Total Income Taxes (line 25 plus line 26)		<u>37,375,627</u>		<u>37,369,155</u>
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		89,611,834	NA	89,596,733
29	GROSS REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		<u>256,786,959</u>		<u>255,457,606</u>

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2013

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)					1,989,708,176	
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)					1,989,708,176	
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)					42,697,445	
7	Less transmission expenses included in OATT Ancillary Services (Note L)					1,650,325	
8	Included transmission expenses (line 6 less line 7)					41,047,120	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)					0.96135	
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=	0.96135	
WAGES & SALARY ALLOCATOR (W&S)							
	Form 1 Reference		\$	TP	Allocation		
12	Production 354.20.b		0	0.00	0		
13	Transmission 354.21.b		1,910,299	1.00	1,910,299		
14	Distribution 354.23.b		0	0.00	0	W&S Allocator	
15	Other 354.24,25,26.b		0	0.00	0	(\$ / Allocation)	
16	Total (sum lines 12-15)		1,910,299		1,910,299	=	1.00000 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)							
			\$		% Electric	W&S Allocator	CE
17	Electric 200.3.c		1,785,264,028		(line 17 / line 20)	(line 16)	
18	Gas 201.3.d		0		1.00000	*	1.00000 =
19	Water 201.3.e		0				1.00000
20	Total (sum lines 17 - 19)		1,785,264,028				
RETURN (R)							
21	Long Term Interest (117, sum of 62c through 67c)					\$	\$22,762,626
22	Preferred Dividends (118.29c) (positive number)					\$	-
Development of Common Stock:							
23	Proprietary Capital (112.16c)						602,736,336
24	Less Preferred Stock (line 28)						0
25	Less Account 216.1 (112.12c) (enter negative)						0
26	Common Stock (sum lines 23-25)						602,736,336
			\$	%	Cost (Note P)	Weighted	
27	Long Term Debt (112, sum of 18 through 21)		400,000,000	40%	0.0569	0.0227	=WCLTD
28	Preferred Stock (112.3d)		0	0%	0.0000	0.0000	
29	Common Stock (line 26)		602,736,336	60%	0.1238	0.0744	
30	Total (sum lines 27-29)		1,002,736,336		0	0.0971	=R
REVENUE CREDITS							
ACCOUNT 447 (SALES FOR RESALE)							
31	a. Bundled Non-RQ Sales for Resale (311.x.h)	(310-311)		(Note Q)			0
32	b. Bundled Sales for Resale included in Divisor on page 1						0
33	Total of (a)-(b)						0
ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)							
34	Amount line 34 allocated to below 138 KV facilities		\$673,519		21.92510%	\$673,519	Below 138 KV
35	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (Note V)	(330.x.n)				\$2,871,900	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2013

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 Reserved
- 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 = | 1.34% (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	\$ 1,650,325	Attachment H-21A, Page 4, Line 7
2	\$ 89,827	<u>Revenue Credits for Sched 1A - Note A</u>
3	\$ 1,560,498	Net Schedule 1A Expenses (Line 1 - Line 2)
4	68,386,245	Annual MWh in ATSI Zone - Note B
5	\$ 0.0228	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) NPLS- Network Peak Load (MW)	(2) NPLS-Network Peak Load Utilizing Below 138 kV Facilities	(3)=(2)/(1) 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	20	15	75.00%
	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	10	10	100.00%
	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	-	-	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) Reference	(3) Transmission	(4) Allocator
1	Gross Transmission Plant - Total	Attach. H-21A, p. 2, line 2, col. 5 (Note A)	\$ 1,989,708,176
2	Net Transmission Plant - Total	Attach. H-21A, p. 2, line 14, col. 5 (Note B)	\$ 1,035,150,274
O&M EXPENSE			
3	Total O&M Allocated to Transmission	Attach. H-21A, p. 3, line 8, col. 5	\$ 45,912,828
4	Annual Allocation Factor for O&M	(line 3 divided by line 1, col. 3)	2.307516%
TAXES OTHER THAN INCOME TAXES			
5	Total Other Taxes	Attach. H-21A, p. 3, line 20, col. 5	\$ 38,681,466
6	Annual Allocation Factor for Other Taxes	(line 5 divided by line 1, col. 3)	1.944077%
7	Annual Allocation Factor for Expense	Sum of line 4 and 6	4.251593%
INCOME TAXES			
8	Total Income Taxes	Attach. H-21A, p. 3, line 27, col. 5	\$ 37,369,155
9	Annual Allocation Factor for Income Taxes	(line 8 divided by line 2, col. 3)	3.610022%
RETURN			
10	Return on Rate Base	Attach. H-21A, p. 3, line 28, col. 5	\$ 89,596,733
11	Annual Allocation Factor for Return on Rate Base	(line 10 divided by line 2, col. 3)	8.655432%
12	Annual Allocation Factor for Return	Sum of line 9 and 11	12.265455%

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	\$ -	4.251593%	\$0	\$ -	12.265455%	\$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)	\$ 1,989,708,176	
2	Net Transmission Plant - Total	Attach. H-21A, p. 2, line 14, col. 5 (Note B)	\$ 1,035,150,274	
O&M EXPENSE				
3	Total O&M Allocated to Transmission	Attach. H-21A, p. 3, line 8, col. 5	\$ 45,912,828	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1, col. 3)	2.307516%	2.307516%
TAXES OTHER THAN INCOME TAXES				
5	Total Other Taxes	Attach. H-21A, p. 3, line 20, col. 5	\$ 38,681,466	
6	Annual Allocation Factor for Other Taxes	(line 5 divided by line 1, col. 3)	1.944077%	1.944077%
7	Annual Allocation Factor for Expense	Sum of line 4 and 6		4.251593%
INCOME TAXES				
8	Total Income Taxes	Attach. H-21A, p. 3, line 27, col. 5	\$ 37,369,155	
9	Annual Allocation Factor for Income Taxes	(line 8 divided by line 2, col. 3)	3.610022%	3.610022%
RETURN				
10	Return on Rate Base	Attach. H-21A, p. 3, line 28, col. 5	\$ 89,596,733	
11	Annual Allocation Factor for Return on Rate Base	(line 10 divided by line 2, col. 3)	8.655432%	8.655432%
12	Annual Allocation Factor for Return	Sum of line 9 and 11		12.265455%

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	\$ 10,131,113	4.251593%	\$430,734	\$ 8,998,257	12.265455%	\$1,103,677	\$ 220,789	\$1,755,200	92.780000%	\$ 126,725
1b	Harding/Juniper Cap Banks	2	\$ 6,415,895	4.251593%	\$272,778	\$ 5,744,068	12.265455%	\$704,536	\$ 132,232	\$1,109,546	82.580000%	\$ 193,283
2	Annual Totals									\$ 2,864,746		\$ 320,008
3	Legacy MTEP Credit for Attachment H-21A Page 1, Line 5a											\$ 320,008

- 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)	\$ (79,869)
ACCUMULATED REVENUE CREDIT BALANCE			
2	Accumulated Balance	(Note B)	\$ (1,031,355)
3	Deferred Income Tax Rate	(Note C)	35.867778%
4	Deferred Income Taxes (Line 2 * Line 3)		\$ (369,924)
5	Regulatory Rate Base (Line 2 - Line 4)		\$ (661,431)
INCOME TAXES			
6	CIT=(T/I-T) * (1-(WCLTD/R))	Attachment H-21A, page 3, line 22	42.85%
7	Income Taxes (Line 6 * Line 9)		\$ (9,212)
RETURN			
8	FERC Refund Rate	(Note D)	3.25%
9	Return (Line 5 * Line 8)		\$ (21,497)
10	Revenue Credit Adjustment (Lines 1 + 7 + 9)		\$ (110,578)

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 +
		<u>Firm PTP and NITS Revenue</u>	<u>Difference Between Revenues</u>	<u>True-up Adjustment</u>		(6)
<u>Month</u>	<u>Firm PTP and NITS Revenue</u>	<u>Included in Rates Excluding</u>	<u>Received and Amount in</u>	<u>Included in ATSI's Net</u>	<u>Amount to be Added to</u>	<u>Accumulated Balance</u>
	<u>Received from RTO (Note A)</u>	<u>True-Up (Note B)</u>	<u>Rates Excluding True-Up</u>	<u>Revenue Requirements</u>	<u>Accumulated Balance</u>	
				<u>Divided by 12</u>		
January - December 2010						
Jan-11	\$ 300,242					
Feb-11	\$ 300,242					
Mar-11	\$ 300,242					
Apr-11	\$ 300,242					
May-11	\$ 300,242					
Jun-11	\$ 258,473	\$ 668,247	\$ (409,773)	\$ -	\$ (409,773)	\$ (409,773)
Jul-11	\$ 278,936	\$ 668,247	\$ (389,310)	\$ -	\$ (389,310)	\$ (799,084)
Aug-11	\$ 238,642	\$ 668,247	\$ (429,604)	\$ -	\$ (429,604)	\$ (1,228,688)
Sep-11	\$ 225,417	\$ 668,247	\$ (442,830)	\$ -	\$ (442,830)	\$ (1,671,518)
Oct-11	\$ 216,890	\$ 668,247	\$ (451,357)	\$ -	\$ (451,357)	\$ (2,122,875)
Nov-11	\$ 182,227	\$ 668,247	\$ (486,020)	\$ -	\$ (486,020)	\$ (2,608,895)
Dec-11	\$ 264,699	\$ 668,247	\$ (403,548)	\$ -	\$ (403,548)	\$ (3,012,443)
Total			\$ (3,012,443)	\$ -	\$ (3,012,443)	
Jan-12	\$ 247,901	\$ 668,247	\$ (420,346)	\$ -	\$ (420,346)	\$ (3,432,789)
Feb-12	\$ 247,901	\$ 668,247	\$ (420,346)	\$ -	\$ (420,346)	\$ (3,853,135)
Mar-12	\$ 247,901	\$ 668,247	\$ (420,346)	\$ -	\$ (420,346)	\$ (4,273,481)
Apr-12	\$ 247,901	\$ 668,247	\$ (420,346)	\$ -	\$ (420,346)	\$ (4,693,827)
May-12	\$ 247,901	\$ 668,247	\$ (420,346)	\$ -	\$ (420,346)	\$ (5,114,173)
Jun-12	\$ 258,473	\$ 263,875	\$ (5,401)	\$ (251,037)	\$ 245,636	\$ (4,868,537)
Jul-12	\$ 278,936	\$ 263,875	\$ 15,062	\$ (251,037)	\$ 266,099	\$ (4,602,439)
Aug-12	\$ 238,642	\$ 263,875	\$ (25,232)	\$ (251,037)	\$ 225,805	\$ (4,376,634)
Sep-12	\$ 225,417	\$ 263,875	\$ (38,458)	\$ (251,037)	\$ 212,579	\$ (4,164,055)
Oct-12	\$ 216,890	\$ 263,875	\$ (46,985)	\$ (251,037)	\$ 204,052	\$ (3,960,003)
Nov-12	\$ 182,227	\$ 263,875	\$ (81,647)	\$ (251,037)	\$ 169,390	\$ (3,790,613)
Dec-12	\$ 264,699	\$ 263,875	\$ 824	\$ (251,037)	\$ 251,861	\$ (3,538,752)
Total			\$ (2,283,567)	\$ (1,757,258)	\$ (526,309)	
Jan-13	\$ 247,901	\$ 263,875	\$ (15,974)	\$ (251,037)	\$ 235,063	\$ (3,303,689)
Feb-13	\$ 247,901	\$ 263,875	\$ (15,974)	\$ (251,037)	\$ 235,063	\$ (3,068,626)
Mar-13	\$ 247,901	\$ 263,875	\$ (15,974)	\$ (251,037)	\$ 235,063	\$ (2,833,562)
Apr-13	\$ 247,901	\$ 263,875	\$ (15,974)	\$ (251,037)	\$ 235,063	\$ (2,598,499)
May-13	\$ 247,901	\$ 263,875	\$ (15,974)	\$ (251,037)	\$ 235,063	\$ (2,363,436)
Jun-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (2,173,139)
Jul-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,982,842)
Aug-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,792,544)
Sep-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,602,247)
Oct-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,411,950)
Nov-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,221,653)
Dec-13	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (1,031,355)
Total			\$ (79,869)	\$ (2,587,265)	\$ 2,507,396	
Jan-14	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (841,058)
Feb-14	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (650,761)
Mar-14	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (460,463)
Apr-14	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (270,166)
May-14	\$ -	\$ -	\$ -	\$ (190,297)	\$ 190,297	\$ (79,869)
Jun-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (73,213)
Jul-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (66,557)
Aug-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (59,902)
Sep-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (53,246)
Oct-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (46,590)
Nov-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (39,934)
Dec-14	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (33,279)
Total			\$ -	\$ (998,077)	\$ 998,077	\$ 964,798
Jan-15	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (26,623)
Feb-15	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (19,967)
Mar-15	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (13,311)
Apr-15	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (6,656)
May-15	\$ -	\$ -	\$ -	\$ (6,656)	\$ 6,656	\$ (0)
Total			\$ -	\$ (33,279)	\$ 33,279	

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.

Attachment B
Workpapers

OTHER ELECTRIC REVENUE

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>	<u>Input</u>
1	MISO 2013 Point-to-Point Transmission Revenues	\$ -	2013 Q4 FERC Form 1, 330.x.n	
2	PJM 2013 Point-to-Point Transmission Revenues	\$ 2,982,478	2013 Q4 FERC Form 1, 330.4.n	
3	Appendix G Revenue Credit Adjustment	\$ (110,578)	2013 Year End Formula Rate Filing, Attachment H-21A, Appendix G, Line 10	
4	Total Other Electric Revenues	<u>\$ 2,871,900</u>	(Line 1 + Line 2 + Line 3)	Attachment H-21A, Page 4, Line 35

APPENDIX G: REVENUE CREDIT ADJUSTMENT WORKPAPER

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>	<u>Source</u>
1	Point-To-Point Revenues Reported	\$ 11,884,189	Form 1 - Page 330, Line 5, Col n	FERC Form 1, 2010
1a	LTF Point-To-Point Revenues Related to Load in Divisor	\$ 4,299,654	Footnote	FERC Form 1, 2010
1b	Non-Firm Point-to-Point Revenues	<u>\$ 1,041,268</u>	Footnote	FERC Form 1, 2010
2	Total Reported on Line 35, Attachment H-21A Page 4	\$ 6,543,267	(Line 1 - Line 1a - Line 1b)	
3	Revenue and Revenue Adjustments Associated with Docket EL02-111	\$ (1,475,695)		Company Records
4	Total adjusted for Docket EL02-111 Revenue and Revenue Adjustments	\$ 8,018,962	(Line 2 - Line 3)	
5	Monthly Total reported in Column 3, June-December 2011, Appendix G - Revenue Credit Adjustment Worksheet	\$ 668,247	(Line 4 / 12)	

INPUT CALCULATIONS for APPENDIX G

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>	<u>Input</u>
1	Monthly Revenue From MISO: Jan - May 2011			
2	MISO 2011 Point-to-Point Transmission Revenues	\$ 3,496,306	2011 FERC Form 1, 330.5.n	
3	MISO 2011 Point-to-Point Revenue Associated with Non-Firm Point-to-Point Service	\$ 258,448	2011 FERC Form 1, Footnote for 328.5.m	
4	MISO 2011 Point-to-Point Revenue Associated with Load Included in the Divisor	\$ 1,736,650	2011 FERC Form 1, Footnote for 328.5.m	
5	Total MISO 2011 Firm Point-to-Point Transmission Revenues	\$ 1,501,208	(Line 1 - Line 2 - Line 3)	
6	Average Monthly Revenue Received From MISO for Jan - May 2011	\$ 300,242	(Line 5) / 5	Appendix G Worksheet, Column (2)
7				
8	Monthly Revenue From PJM: Jan - May 2012			
9	PJM Point-to-Point Transmission Revenues for Jan - May 2012	\$ 1,239,504	Company Records	
10	Average Monthly Revenue Received From PJM for Jan - May 2012	\$ 247,901	(Line 9) / 5	Appendix G Worksheet, Column (2)
11				
12	Monthly Revenue Included in Rates for Jun 2012 - May 2013 Excluding True-up			
13	Sum RTO Firm Point-to-Point Transmission Revenues for 2011	\$ 3,166,495	Revenue Credit Adj WS, Column (2)	
14	Average Monthly Rev. Included in Rates for Jun 2012 - May 2013 Excl. True-up	\$ 263,875	(Line 13) / 12	Appendix G Worksheet, Column (3)
15				
16	True-up Adjustment Included in ATSI's Net Revenue Requirement for Jun 2013 - May 2014			
17	Difference Between Rev Rec'd and Amt in Rates Excl True-up for Jan - Dec 2012	\$ 2,283,567	Att. G Worksheet, Col (4), Sum (Jan - Dec 2012)	
18	Monthly True-up Adjustment for Jun 2013 - May 2014	\$ 190,297	(Line 17) / 12	Appendix G Worksheet, Column (5)
19				
20	True-up Adjustment Included in ATSI's Net Revenue Requirement for Jun 2014 - May 2015			
21	Difference Between Rev Rec'd and Amt in Rates Excl True-up for Jan - May 2013	79,869	Att. G Worksheet, Col (4), Sum (Jan - May 2013).	
22	Monthly True-up Adjustment for Jun 2014 - May 2015	6,656	(Line 21) / 12	Appendix G Worksheet, Column (5)

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (ACCOUNT 255)

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, for the rate year beginning in June 2014, the amount included on Attachment H-21A, page 2 of 5, at line 23 is equal to \$17,059. This value can be found on FERC Form 1, page 267, at line 3 and column h.

ATSI TAX RATES

Company: ATCO American Trans Sys
Dit Schema Select: Current ATSI - 35
Description: Current ATSI
DIT Schema Type:
Dampening Option:
Entity Include:
Rate Type: Calculated Current Rate
Single State Offset:

Options
 Always Protect Statutory: Always Normalize Offset:
 Ignore State Inter-Deduct:

Effective Date:
 09-01-2012
 11-01-2012
 01-01-2013
 02-01-2013
 09-01-2013
10-01-2013
 01-01-2014

New
 Delete
 Copy
 Update
 Assign Rates

Description	Effective Rate	Statutory Rate	Calc Eff Rate	Calc Stat Rate	Entity Apport
Federal	0.34532735	0.35	0.00	0.00	1.00000000
Ohio	0.00	0.00	0.00	0.00	0.00000000
Pennsylvania	0.00	0.0999	0.00	0.00	0.00000000
West Virginia	0.00002275	0.07	0.00	0.00	0.00032500
Ohio OE Local	0.00	0.01865202	0.00	0.00	0.00000000
Ohio ATSI Local	0.01332768	0.01692701	0.00	0.00	0.78736146
Totals	0.35867778		0.00		

Default Rows
 Calc Rates
 Update Rates

FAS 109 DEFERRED INCOME TAXES DEPRECIATION ADJUSTMENT

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Reference</u>
1	Account 282: Electric Accumulated Deferred Income Taxes - Other Property	\$ (251,639,454)	FERC Form 1, Page 275, Row 2, Column k
1a	Federal Liberal Depreciation OPER Adjustment	\$ 3,482,979	GL Account 282170
1b	State Liberal Depreciation OPER Adjustment	\$ 89,027	GL Account 282175
2	Total Included on Line 20, Attachment H-21A, Page 2	\$ (248,067,448)	Attachment H-21A, Page 2, Line 20, Column 3
3	Account 283: Electric Accumulated Deferred Income Taxes - Other	\$ (20,726,813)	FERC Form 1, Page 277, Row 9, Column k
3a	Federal Other Accumulated Deferred Tax OPER	\$ 1,923,388	GL Account 283170
3b	State Other Accumulated Deferred Tax OPER	\$ 48,367	GL Account 283175
4	Total Included on Line 21, Attachment H-21A, Page 2	\$ (18,755,058)	Attachment H-21A, Page 2, Line 21, Column 3

2013 FILED ATSI FORMULA RATE TAXES OTHER THAN INCOME TAXES RECONCILIATION

Taxes Reported in 2013 Filing		Taxes That Should Have Been Reported in 2013 Filing		True-up Adjustment - Over (Under) Recovery
FERC Form 1		FERC Form 1		
263.37.i	33,000,000	263.36.i	(52,985)	
263(.1).20.i	11,244	263.37.i	33,000,000	
263.33.i	1,252	263(.1).19.i	(3,577)	
		263(.1).20.i	11,244	
		263.32.i	(432)	
		263.33.i	1,252	
	33,012,496		32,954,250	= 58,246

	No. of Months	Beginning Balance	Expense to be Trued-Up	Credit for True-Up	Interest Rate	Calculated Interest Quarterly	Ending Balance
(1) Calculation of Interest							
Month of June 2013	1	-	4,854		0.0027	7	4,860
July 2013 through Sept 2013	3	4,860	14,562		0.0028	102	19,524
Oct 2013 through Dec 2013	3	19,524	14,562		0.0028	225	34,311
Jan 2014 through Mar 2014	3	34,311	14,562		0.0027	337	49,209
Apr 2014 through May 2014	2	49,209	9,708		0.0027	292	59,209
REVERSES							
Month of June 2014	1	59,209		(5,016)	0.0027	153	54,346
July 2014 through Sept 2014	3	54,346		(15,048)	0.0028	393	39,691
Oct 2014 through Dec 2014	3	39,691		(15,048)	0.0028	270	24,913
Jan 2015 through Mar 2015	3	24,913		(15,048)	0.0027	141	10,005
Apr 2015 through May 2015	2	10,005		(10,032)	0.0027	27	0
Total Interest						1,947	
Over Recovery						58,246	
(2) Total Reconciliation (subtracted from Property Tax in Att. H-21A, page 3 of 5, line 16)						<u>60,193</u>	

(1) Adjustment calculations performed per Section 4, Part b of the Formula Rate Implementation Protocols, found in Attachment A of the Settlement Agreement and Offer of Settlement submitted July 27, 2011, and approved April 18, 2014, under Docket Nos. ER11-2814 and ER11-2815.

(2) To limit the number of adjustments in Attachment H-21A, the 2011 Ohio CAT Tax (FERC Form 1 page 263.32.i) reconciliation is included in the Property Tax line as opposed to the "Other" line in Attachment H-21A, page 3 of 5, line 18. Property Tax and Other are both summed and allocated in Attachment H-21A in the same manner.

2013 FILED ATSI FORMULA RATE GENERAL ADVERTISING RECONCILIATION

		Note I	As Entered in 2013 Filing	What Should Have Been Entered in 2013 Filing
Line 5	Less EPHI & Reg. Comm. Exp. & Non-safety Ad (Note I)	EPRI Annual Membership Dues listed in FF1 at 353.f	CEATI Transmission Line Research (641)	*(CEATI Tx Line Research is NOT EPRI Annual Membership Dues) -
			CEATI Transmission Line Research 11,757	
		Regulatory Commission Expenses itemized at 351.h	PUCO Annual Assessment 160,394	PUCO Annual Assessment 160,394
		non-safety related advertising included in account 930.1	FF1 pg 323.191.b - Gen Advertise Exp 880	FF1 pg 323.191.b - Gen Advertise Exp 880
			172,390	161,274
Line 5a	Plus Transmission Related Reg. comm. Exp (Note I)	Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h	CEATI Transmission Line Research (641)	*(CEATI Tx Line Research is NOT EPRI Annual Membership Dues) -
			CEATI Transmission Line Research 11,757	
			PUCO Annual Assessment 160,394	PUCO Annual Assessment 160,394
			FF1 pg 323.191.b - Gen Advertise Exp 880	
			172,390	160,394
(Over) Under Recovery			-	(880)

2013 FILED ATSI FORMULA RATE GENERAL ADVERTISING RECONCILIATION

Over Recovery	
As calculated on Workpaper	880
#8 Page 1 of 2	

	No. of Months	Beginning Balance	Expense to be Trued-Up	Credit for True-Up	Interest Rate	Calculated Interest Quarterly	Ending Balance
(1) Calculation of Interest							
Month of June 2013	1	-	73		0.2700%	0	74
July 2013 through Sept 2013	3	74	220		0.2800%	2	296
Oct 2013 through Dec 2013	3	296	220		0.2800%	3	519
Jan 2014 through Mar 2014	3	519	220		0.2700%	4	743
Apr 2014 through May 2014	2	743	147		0.2700%	3	892
REVERSES							
Month of June 2014	1	892		(75)	0.2700%	1	819
July 2014 through Sept 2014	3	819		(224)	0.2800%	2	596
Oct 2014 through Dec 2014	3	596		(224)	0.2800%	1	373
Jan 2015 through Mar 2015	3	373		(224)	0.2700%	(0)	150
Apr 2015 through May 2015	2	150		(149)	0.2700%	(0)	0
Total Interest						15	
Over Recovery						880	
Total Reconciliation (subtracted from line 5a on page 3 of 5 in Att. H-21A)						895	

(1) Adjustment calculations performed per Section 4, Part b of the Formula Rate Implementation Protocols, found in Attachment A of the Settlement Agreement and Offer of Settlement submitted July 27, 2011, and approved April 18, 2014, under Docket Nos. ER11-2814 and ER11-2815.

GENERAL & INTANGIBLE ACCUMULATED DEPRECIATION
Attachment H-21A page 2 of 5

Per Formula Rate	Column (2)	
General	FF1 page 219.28.c	14,460,975
Intangible	FF1 page 200.21.c	<u>8,161,234</u>
Total		22,622,209

Taking into Account Footnote for FERC Form 1 page 219		
General	FF1 page 219.28.c	6,299,741
Intangible	FF1 page 200.21.c	<u>8,161,234</u>
Total to be entered in Att. H-21A on page 2 of 5, line 10, column (3)		14,460,975

STATED-VALUE INPUTS TO THE FORMULA RATE**Formula Rate Protocols****Appendix C, Section g, Item i****1. Rate of Return on Common Equity ("ROE")**

Per June 3, 2005 Remand Order (Docket No. ER02-485-004), ATSI ROE set to 12.38 percent.

2. Postretirement Benefits Other Than Pension ("PBOP")

sometimes referred to as Other Post Employment Benefits, or "OPEB"

PBOP included in FERC Acct. No. 926, as reported in FERC Form 1 page 323.187.b, is included in the Administrative & General Expenses input to Attachment H-21A, page 3 of 5, line 3. The total PBOP amount in FERC Acct. No. 926 is (\$336,866), per company records.

PBOP included in FERC Acct. No. 283, as reported in FERC Form 1 page 277.9.k, is included in the Adjustments to Rate Base section of Attachment H-21A on page 2 of 5, line 21. The total PBOP amount in FERC Acct. No. 283 is \$192,802, per the footnote for FERC Form 1 page 276.3.k.

3. Depreciation Rates

FERC Account	Depr %
352	2.24%
353	2.06%
354	2.24%
355	3.09%
356	2.69%
357	2.00%
358	2.04%
359	1.33%

ASSET RETIREMENT OBLIGATION ADJUSTMENTS

<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Attachment H-21A Adjustment</u>
Asset Retirement Cost for Transmission Plant	FERC Form 1 page 207.57.g	1,161,643	Subtracted from page 2 of 5, Line 2, Column (3)
Reserve for Depreciation of Asset Retirement Costs	Company Records	110,819	Subtracted from page 2 of 5, Line 8, Column (3)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 1st day of May, 2014.

/s/ Richard P. Sparling

Richard P. Sparling
Alston & Bird LLP