

American Transmission Company LLC

**Responses to June 26, 2014 Questions from the Michigan Public Service Commission
about the 2013 True-up**

July 14, 2014

1. Tab ATC O ER13-1181, please provide the work paper to support line 161 (line 5 of page 3 of 5) “Less EPRI & Reg. Comm. Exp. & Non-Safety Ad.” of \$1,113,367.

The following amounts are included in page 3, line 5, column 5 of ATC’s Attachment O:

<u>Item*</u>	<u>FERC Form No. 1 Page, Line, Col.</u>	<u>Amount</u>
Regulatory Commission Expense	351.46.h	\$ 511,408
Non-safety Advertising	323.191.b	601,959
		<u>\$ 1,113,367</u>

*EPRI amounts in 353.1.f relate to research support, not annual dues and are therefore excluded from ATC's Attachment O page 3, line 5.

2. Tab ATC O ER13-1181, please provide the work paper to support line 283 (line 35 of page 4 of 5) “Transmission charges for all transmission transactions” of \$613,204,612.

The amounts that are included in page 4, line 35, column 5 of ATC’s Attachment O, are as follows:

<u>Item</u>	<u>FERC Form No. 1 Page, Line, Col.</u>	<u>Amount</u>
456.1 Revenues from Transmission of Electricity of Others	300.22.b	\$ 613,177,650
456 Other Electric Revenues	300.21.b	26,962
		<u>\$ 613,204,612</u>

3. Tab ATC O ER13-1181, please provide the work paper to support line 284 (line 36 of page 4 of 5) “Transmission charges for all transmission transactions included in Divisor on Page 1” of \$514,462,419.

This amount is calculated in ATC’s Attachment O as follows:

Revenue Requirement - Attachment O, pg 3, line 29, col 5	\$ 614,618,398
Less: Attachment GG adjustment, pg 3, line 30, col 5	84,167,619
Less: Attachment MM adjustment, pg 3, line 30a, col 5	4,976,053
Less: Account No. 454 - page 4, line 34	1,413,786
Less: Account No. 456.1 - page 4, line 37	9,598,521
	<u>\$ 514,462,419</u>

4. Tab Revenue Breakout, please provide the work paper to support line 12, row (3) 456.1 Revenue-Network Service of \$531,152,392.
This amount is the projected annual revenue requirement derived by ATC's Attachment O and posted on the MISO OASIS site in October 2012 (updated January 2013) on page 1, line 7: <http://www.oasis.oati.com/woa/docs/ATC/ATCdocs/rateformula010713.pdf>
This amount, less the 2011 network over-collection of \$1,295,494, which was refunded to network customers through their monthly 2013 bills (inclusive of accrued interest), was the annual amount billed to network customers in 2013 (\$44,154,741.52 per month).
5. Tab Revenue Breakout, please provide the work paper to support line 13, row (4) 456.1 Revenue-Network Service True-up of (\$16,689,973).
This amount is calculated as the difference between the projected (billed) annual network revenue requirement of \$531,152,392 and the actual network revenue requirement of \$514,462,419 from #3 above. Since the amount billed was higher than the actual calculated revenue requirement (over-collection), this resulted in a refund due to network customers of \$16,689,973.
6. Tab Revenue Breakout, please provide the work paper to support line ~~12~~14, row (35) 456.1 Revenue-Point to Point of \$9,571,559.
This is the amount of Schedules 7 and 8 (point-to-point) revenue received from MISO each month during 2013.
7. Tab Revenue Breakout, please provide the work paper to support line ~~12~~15, row (36) 456.1 Revenue-Regional Schedule 26 of \$83,450,640.
This is the amount of Schedule 26 (regional expansion criteria and benefits, or "RECB") revenue received from MISO each month during 2013.

Note: ATC's Attachment GG true-up for 2013 was \$716,919. This is the amount by which ATC's 2013 regional cost-sharing revenue requirement as calculated in ATC's Attachment GG (\$84,167,619) exceeded the amount we received from MISO (\$83,450,640). This is the amount on tab Revenue Breakout in line 16, row (7) Revenue-Regional Schedule 26 True-up.
8. Tab Revenue Breakout, please provide the work paper to support line 12, row (3) 456.1 Revenue-Regional Schedule 26A of \$716,979.
As noted above, the amount of \$716,979 was the Schedule 26 true-up.

The Revenue-Regional Schedule 26A amount was \$9,237,876 on line 17, row (8)
This is the amount of Schedule 26A (Multi-Value Projects, or "MVP") revenue received from MISO each month during 2013.
9. Tab Revenue Breakout, please provide the work paper to support line ~~12~~18, row (39) 456.1 Revenue-Regional Schedule 26A True-up of (\$4,261,823).

This is the amount by which ATC’s 2013 MVP revenue requirement as calculated in ATC’s Attachment MM (\$4,976,053) was less than the amount we received from MISO (\$9,237,876), resulting in an over-collection of \$4,261,823.

10. Tab ATC Attach GG ER13-2297, please provide the work paper to support line 23, row 3a “Less: Preliminary Survey and Investigation Adjustment” of \$19,012,033. I can find \$19M on page 123.2 of the FERC Form 1. Same amount listed on line 25 on Tab ATC Attach MM ER13-12. The amounts in the ATC general ledger that are grouped under FERC account 566, “Miscellaneous Transmission Expense, are as follows:

<u>FERC Form No. 1 Account</u>	<u>ATC General Ledger Account</u>	
566 - Misc Transmission Expense	56600 - Misc Transmission Exp	\$ 1,357,414
566 - Misc Transmission Expense	56650 - PS&I Expense	<u>19,012,033</u>
Total Prelim Survey and Investigation - FERC Form No. 1 - 321.97.b		\$ 20,369,447

11. Tab Network True-Up, please explain the interest calculation. Why wouldn’t the interest be accrued through the period you are refunding to—say the third quarter of 2014 and where is the interest for the 4th quarter of 2013?

In 2005, FERC approved a joint filing between MISO and ATC that would allow ATC to accelerate refunds of network over-collections at ATC’s discretion. According to the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff, the interest rate period would be the average monthly FERC rate for the period January 1, 2013 through September 30, 2013. Using this rate, interest is accrued from July 1, 2013 through June 30, 2014. Here is the language from Section VII of ATC’s Attachment O of the MISO tariff that defines interest calculation:

- (2) Interest on any excess in the revenue requirement shall be determined in accordance with the Commission’s interest rate on refunds (18 C.F.R § 35.19a). The interest payable shall be calculated as follows:

- a. Absent an election to accelerate the crediting of any excess collection of the revenue requirement, the average of the interest rates will be used to calculate the time value of money for the twenty-four (24) months to which the excess in the revenue requirement exists. The average interest rate will be determined using the twenty-one (21) months preceding September 30th of the current year.
- b. **In the event of an election to accelerate the crediting of any excess collection of the revenue requirement, the average of the interest rates will be used to calculate the time value of money for twelve (12) months to which the excess in the revenue requirement exists. The average interest rate will be determined using the nine (9) months preceding September 30th of the current year.** The resulting interest component of the true-up will be included in the projected costs made available on October 1 in accordance with Section II.C above. Interest on

shortfalls in the revenue requirement shall be determined using the same methodology set forth in subparagraph (i) above, except that the interest rate will be equal to ATCLLC's actual short-term debt costs, capped at the Commission's interest rate on refunds as provided in 18 C.F.R. §35.19a.

- (3) The Net Revenue Requirement for transmission services for the following Year shall be the sum of the projected cost of service for the following year, plus or minus the true-up from the previous year, if any, including the appropriate average interest rate as explained above.