

American Transmission Company LLC
Estimated Network Revenue Requirement True-up
For the Year Ended December 31, 2008

Total Network Revenue Requirement per Attachment O	\$ 418,437,385
Network Billings	\$ (434,489,854)
True-up to be refunded in 2009	<u>\$ (16,052,469)</u>

Monthly FERC Interest Rate:

1st Qtr 2008	0.65%
2nd Qtr 2008	0.56%
3rd Qtr 2008	0.44%
4th Qtr 2008	0.42%

2.07%

Avg 0.52%

0.52% Avg Monthly FERC Rate

(\$83,473) Per Month

X 12 months

(\$1,001,674)

Total Amount to be Refunded, including Interest	<u>\$ (17,054,143)</u>
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Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data**Thirteen Monthly Balances**
Composite Depreciation Rates

ATC

Line No.					Allocated Amount
1	GROSS REVENUE REQUIREMENT	(page 3, line 29)			\$ 455,532,960
	REVENUE CREDITS	(Note T)	Total	Allocator	
2	Account No. 454	(page 4, line 34)	1,578,640	TP 1.00000	1,578,640
3	Account No. 456	(page 4, line 37)	35,516,935	TP 1.00000	35,516,935
4	Revenues from Grandfathered Interzonal Transactions		0	TP 1.00000	0
5	Revenues from service provided by the ISO at a discount		0	TP 1.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)				37,095,575
7	NET REVENUE REQUIREMENT	(line 1 minus line 6)			\$ 418,437,385
	DIVISOR				
8	Average of 12 coincident system peaks for requirements (RQ) service	(Note A)			0
9	Plus 12 CP of firm bundled sales over one year not in line 8	(Note B)			0
10	Plus 12 CP of Network Load not in line 8	(Note C)			0
11	Less 12 CP of firm P-T-P over one year (enter negative)	(Note D)			0
12	Plus Contract Demand of firm P-T-P over one year				0
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)				0
14	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)				0
15	Divisor (sum lines 8-14)				0
16	Annual Cost (\$/kW/Yr)	(line 7 / line 15)	#DIV/0!		
17	Network & P-to-P Rate (\$/kW/Mo)	(line 16 / 12)	#DIV/0!		
			Peak Rate		Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk)	(line 16 / 52; line 16 / 52)	#DIV/0!		#DIV/0!
19	Point-To-Point Rate (\$/kW/Day)	(line 18 / 5; line 18 / 7)	#DIV/0!	Capped at weekly rate	#DIV/0!
20	Point-To-Point Rate (\$/MWh)	(line 19 / 16; line 19 / 24 times 1,000)	#DIV/0!	Capped at weekly and daily rates	#DIV/0!
21	FERC Annual Charge(\$/MWh)	(Note E)	\$0.000 Short Term		\$0.000 Short Term
22			\$0.000 Long Term		\$0.000 Long Term

Formula Rate - Non-Levelized
Thirteen Month Average Plant Balar

Rate Formula Template
Utilizing FERC Form 1 Data

	(1)	(2)	ATC	(3)	(4)	(5)
Line No.		Form No. 1 Page, Line, Col.		Company Total	Allocator	Transmission (Col 3 times Col 4)
	RATE BASE:					
	GROSS PLANT IN SERVICE					
1	Production	206.42.g		0	NA	0
2a	Transmission - 13 month average			2,568,063,607	TP 1.00000	2,568,063,607
2b	CWIP - 13 month average			201,872,092	1.00000	201,872,092
3	Distribution	206.69.g		0	NA	0
4	General & Intangible	205.5.g & 207.99.g		98,993,229	W/S 1.00000	98,993,229
5	Common	356.1		0	CE 0.00000	0
6	TOTAL GROSS PLANT (sum lines 1-5)			2,868,928,928	GP= 100.000%	2,868,928,928
	ACCUMULATED DEPRECIATION					
7	Production	219.18-22.c		0	NA	0
8a	Transmission - 13 month average	219.25.c		667,653,100	TP 1.00000	667,653,100
8b	CWIP - 13 month average			0	1.00000	-
9	Distribution	219.24.c		0	NA	0
10	General & Intangible	219.28.c		38,679,852	W/S 1.00000	38,679,852
11	Common	356.1		0	CE 0.00000	0
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)			706,332,953		706,332,953
	NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)		-		-
14a	Transmission - 13 month average	(line 2 - line 8)		1,900,410,507		1,900,410,507
14b	CWIP - 13 month average			201,872,092		201,872,092
15	Distribution	(line 3 - line 9)		0		0
16	General & Intangible	(line 4 - line 10)		60,313,376		60,313,376
17	Common	(line 5 - line 11)		0		0
18	TOTAL NET PLANT (sum lines 13-17)			2,162,595,975	NP= 100.000%	2,162,595,975
	ADJUSTMENTS TO RATE BASE (Note F)					
19	Account No. 281 (enter negative)	273.8.k		0	NA zero	0
20	Account No. 282 (13 month avg)	275.2.k		-161,053,182	NP 1.00000	(161,053,182)
21	Account No. 283 (enter negative)	277.9.k		-1,184,429	NP 1.00000	(1,184,429)
22	Account No. 190	234.8.c		10,755,064	NP 1.00000	10,755,064
23	Account No. 255 (enter negative)	267.8.h		0	NP 1.00000	-
24	TOTAL ADJUSTMENTS (sum lines 19- 23)			(151,482,548)		(151,482,548)
25	LAND HELD FOR FUTURE USE	214.x.d (Note G)		11,232,132	TP 1.00000	11,232,132
	WORKING CAPITAL (Note H)					
26	CWC			15,062,913		13,753,087
27	Materials & Supplies (Note G)	227.8.c		673,140	TE 0.85696	576,855
28	Prepayments (Account 165)	111.57.c		3,235,185	GP 1.00000	3,235,185
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)			18,971,238		17,565,127
30	RATE BASE (sum lines 18, 24, 25, & 29)			2,041,316,797		2,039,910,686

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

	(1)	(2)	ATC	(3)	(4)	(5)
Line No.	Form No. 1 Page, Line, Col.		Company Total	Allocator	Transmission (Col 3 times Col 4)	
O&M (Note U)						
1	Transmission	321.112.b	72,823,606	TE	0.85696	62,406,995
2	Less Account 565	321.96.b	0		1.00000	0
3	A&G	323.197.b	48,272,346	W/S	1.00000	48,272,346
4	Less FERC Annual Fees		0	W/S	1.00000	-
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		1,026,053	W/S	1.00000	1,026,053
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		433,403	TE	0.85696	371,410
6	Common	356.1	0	CE	0.00000	0
7	Transmission Lease Payments		0		1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)		120,503,302			110,024,697
DEPRECIATION EXPENSE						
9	Transmission	336.7.b	68,529,084	TP	1.00000	68,529,084
10	General	336.10.b	7,305,236	W/S	1.00000	7,305,236
11	Common	336.11.b	0	CE	0.00000	0
12	TOTAL DEPRECIATION (Sum lines 9 - 11)		75,834,320			75,834,320
TAXES OTHER THAN INCOME TAXES (Note J)						
LABOR RELATED						
13	Payroll	263.i	2,880,061	W/S	1.00000	2,880,061
14	Highway and vehicle	263.i	0	W/S	1.00000	-
PLANT RELATED						
16	Property	263.i	5,995,118	GP	1.00000	5,995,118
17	Gross Receipts	263.i		NA	zero	
18	Other	263.i	2,258,447	GP	1.00000	2,258,447
19	Payments in lieu of taxes			GP	1.00000	-
20	TOTAL OTHER TAXES (sum lines 13 - 19)		11,133,626			11,133,626
INCOME TAXES (Note K)						
21	T=1 - {(1 - SIT) * (1 - FIT)} / (1 - SIT * FIT * p)} * (1-TEP)=		37.02%			
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.		39.31%			
23	1 / (1 - T) = (from line 21)		1.5877			
24	Amortized Investment Tax Credit (266.8f) (enter negative)		-596,133			
24a	Excess Deferred Income Taxes (enter negative)		-155,249			
24b	Tax Affect of Permanent Differences		358,156			
25	Income Tax Calculation = line 22 * line 28		73,179,418	NA		73,129,010
26	ITC adjustment (line 23 * line 24)		(946,475)	NP	1.00000	(946,475)
26a	Excess Deferred Income Tax Adjustment (line 23 * line 24a)		(246,487)	NP	1.00000	(246,487)
26b	Permanent Differences Tax Adjustment		568,641		1.00000	568,641
27	Total Income Taxes (line 25 plus line 26 plus line 26a)		72,555,097			72,504,689
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		186,163,862	NA		186,035,628
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		466,190,208			455,532,960

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

ATC

SUPPORTING CALCULATIONS AND NOTES

Line
No.

TRANSMISSION PLANT INCLUDED IN ISO RATES

1	Total transmission plant (page 2, line 2, column 3)	2,568,063,607
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)	2,568,063,607
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)	72,823,606
7	Less transmission expenses included in OATT Ancillary Services (Note L)	10,416,612
8	Included transmission expenses (line 6 less line 7)	62,406,995
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)	0.85696
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= 0.85696

WAGES & SALARY ALLOCATOR (W&S)

	Form 1 Reference	\$	TP	Allocation	
12	Production	354.20.b	0	0.00	0
13	Transmission	354.21.b	29,032,985	1.00	29,032,985
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)	29,032,985		29,032,985	= 1.00000 = WS

COMMON PLANT ALLOCATOR (CE) (Note O)

		\$	% Electric (line 17 / line 20)	W&S Allocator (line 16)	CE
17	Electric	200.3.c	1,897,847,901	0.00000	*
18	Gas	200.3.d	0	1.00000	= 0.00000
19	Water	200.3.e	0		
20	Total (sum lines 17 - 19)	1,897,847,901			

RETURN (R)

		\$			
21	Long Term Interest (117, sum of 62.c through 67.c)	n/a			
22	Preferred Dividends (118.29c) (positive number)	n/a			
23	Development of Common Stock:				
24	Proprietary Capital (112.16d)	n/a			
25	Less Preferred Stock (line 28)	n/a			
26	Less Account 216.1 (112.12.c) (enter negative)	n/a			
26	Common Stock (sum lines 23-25)	n/a			
27	Long Term Debt (112, sum of 18.c through 21.c)	n/a	50%	0.0604	0.0302 =WCLTD
28	Preferred Stock (112.3.c)	n/a	0%	0.0000	
29	Common Stock (line 26)	n/a	50%	0.1220	0.0610
30	Total (sum lines 27-29)	662,966,904			0.0912 =R

REVENUE CREDITS

			Load
31	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)		\$1,578,640
35	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (330.21.b)		
35	a. Transmission charges for all transmission transactions		\$35,516,935
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1		\$0
37	Total of (a)-(b)		\$35,516,935

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

ATC

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 Note: ISO refers to ATC until Midwest ISO is operational

- A Peak as would be reported on page 401, column d of Form 1 at the time of the ISO coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peaks.
- C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- 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" and TEP = "the tax exempt ownership interest". 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). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (T/(1-T)).
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 7.77% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
| | TEP = | 7.58% | (percent of the tax exempt ownership) |
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.
- 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 to be 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 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 Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
- T The revenues credited on page 1 lines 2-5 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, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- U Preliminary Survey and Investigation charges related to transmission construction projects started on or after January 1, 2004 are included in account 566 and not in account 183.