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January 25, 2019

By Electronic Filing

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

**Re: PJM Interconnection, L.L.C. and AMP Transmission, LLC  
Docket No. ER19-263 -001  
Response to Deficiency Letter**

Dear Secretary Bose:

On November 1, 2018, PJM Interconnection, L.L.C. ("PJM") and AMP Transmission, LLC ("AMPT") jointly filed pursuant to Section 205 of the Federal Power Act a transmission formula rate template and formula rate implementation protocols ("Formula Rate") to recover AMPT's annual revenue requirement for transmission facilities owned or leased by AMPT. On December 26, 2018, the Director of the Commission's Division of Electric Power Regulation-East issued a letter pursuant to 18 C.F.R. § 375.307 (2018) advising AMPT that its November 1, 2018 filing is deficient and that additional information is necessary to process the filing.<sup>1</sup> The Deficiency Letter requested that AMPT provide additional information pertaining to the November 1 Filing within 30 days.

PJM and AMPT hereby submit AMPT's response to the Deficiency Letter.<sup>2</sup> As part of this Response, AMPT is submitting the following documents and materials:

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<sup>1</sup> *PJM Interconnection, L.L.C. and AMPT Transmission, LLC*, Docket No. ER19-263-000 (Dec. 26, 2016) (hereinafter, "Deficiency Letter").

<sup>2</sup> Pursuant to Order No. 714, this submittal (hereinafter, the "Response") is being submitted by PJM on behalf of AMPT 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. AMPT requested that PJM submit this Response in the eTariff system as part of PJM's electronic Intra PJM Tariff. PJM makes this filing as the administrator of the PJM Open

- ) Attachment 1: Revised Attachment H-32A to the PJM Tariff (Marked). AMPT is revising the formula rate template (“Template”) included in its November 1 Filing in three discrete respects. First, AMPT is removing the references in the Template to a “calendar year.” This change is discussed in the narrative response to Question 2.a.1 of the Deficiency Letter. Second, AMPT also is revising its Template to include the workpapers as part of the filed tariff sheets in Attachment H-32A to the PJM Tariff. The purpose of this revision is discussed in the narrative response to Question 1.c.i of the Deficiency Letter.<sup>3</sup> Third, AMPT is revising Note L to the Template and Workpaper WP06 to clarify that Annual Debt Service will not include costs incurred by AMPT to finance any acquisition premium (*i.e.*, cost to acquire a facility in excess of the seller’s net book value at the time of the sale). Although this is not an issue in regard to AMPT’s Initial Facilities (since no acquisition premium was included in the price of the Napoleon facilities), an intervenor protest submitted in response to the November 1 Filing<sup>4</sup> expressed uncertainty about AMPT’s intentions with respect to the costs of financing any future acquisition premium. AMPT’s clarifies through the revision to Note L of the Template and Workpaper WP06 that the costs of financing any acquisition premium would be excluded from the “Projected Yearly Debt Service Payment,” which has the effect of excluding any such amounts both for debt service cost recovery and for Margin Requirement calculation purposes.
- ) Attachment 2: Revised Attachment H-32A to the PJM Tariff (Clean).
- ) Attachment 3: Narrative responses to the specific questions in the Deficiency Letter.

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Access Transmission Tariff but takes no position on the substance of this Response and reserves its rights with respect thereto.

<sup>3</sup> These workpapers were part of Exhibit No. AMT-11 in the November 1 Filing but will now be part of the filed tariff sheets. AMPT also is including as part of the filed tariff sheets a new workpaper (WP10) to show the calculation of its Margin Requirement. This additional workpaper is discussed in AMPT’s narrative response to item 3.c of the Deficiency Letter.

<sup>4</sup> See “Protest of the Indicated Transmission Owners,” *PJM Interconnection, L.L.C. and AMP Transmission, LLC*, Docket No. ER19-263-000 (Nov. 21, 2018) at 13-15. AMPT noted in response that the November 1 Filing expressed AMPT’s intent not to include in debt service the costs of financing any portion of a purchase price constituting an acquisition premium. “Motion for Leave to Respond and Response of AMP Transmission, LLC,” *PJM Interconnection, L.L.C. and AMP Transmission, LLC*, Docket No. ER19-263-000 (Dec. 6, 2018) at 13-14. The changes to Note L and Workpaper WP06 submitted herewith should put this matter to rest.

- J) Attachment 4: Narrative description of cost and plant items in Exhibit No. AMT-11. This information is provided in response to Question 1b.i. of the Deficiency Letter.
- J) Attachment 5: Affidavit of Mr. James Pardikes discussing AMPT's proposed Margin Factor. Mr. Pardikes' affidavit provides additional support in response to Question 3b of the Deficiency Letter.
- J) Attachment 6: Corrected version of Exhibit No. AMT-11 to the November 1 Filing. In the course of preparing its response to the Deficiency Letter, AMPT identified two errors in its calculation of the 2019 Projected Transmission Revenue Requirement ("PTRR") for AMPT facilities in the ATSI Transmission Zone. First, AMPT identified an inadvertent duplication of one set of costs included in the 2019 PTRR.<sup>5</sup> Second, AMPT identified an incorrect classification of certain legal expenses.<sup>6</sup> AMPT is correcting the errors at this time rather than waiting to correct them in the true-up of its 2019 costs, and is providing the corrected version of Exhibit AMT-11 with this submittal for informational purposes.<sup>7</sup> The net effect of these corrections is to reduce the 2019 PTRR by \$247,583. AMPT will request that PJM Settlement use the corrected PTRR for ATSI Zone billing purposes during 2019 at such time as it is permitted to place its proposed Template and Protocols into effect.

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<sup>5</sup> \$195,762 shown on original Exhibit No. AMT-11, page 5 of 17, for AMP Labor/Overhead is already included in other entries on that page and should be removed.

<sup>6</sup> As described in Attachment 2, four sets of legal expenses were incorrectly classified as being among the AMPT startup costs subject to a one-year amortization rather than AMPT startup costs subject to a three-year amortization with a 50-50 split between the ATSI Zone and a future zone. These costs are being reclassified as startup costs subject to the three-year amortization and two-zone split:

- a. \$11,949 of legal expenses shown on Exhibit No. AMT-11, page 5, of 17, in the November 1 Filing;
- b. \$236 of legal expenses shown on Exhibit No. AMT-11, page 5, of 17, in the November 1 Filing;
- c. \$25,000 of legal expenses shown on Exhibit No. AMT-11, page 16, of 17, line 10, in the November 1 Filing; and
- d. \$25,000 of legal expenses shown on Exhibit No. AMT-11 page 16 of 17, line 11, in the November 1 Filing.

<sup>7</sup> AMPT's proposed formula rate protocols would not require correction of the errors at this time. See section 1.e of proposed Attachment H-32B to the PJM Tariff. Since the Protocols have not yet been made effective, however, AMPT has elected to make the correction at this time. AMPT's election to do so is without prejudice to its rights under the Protocols as and when they are made effective by Commission order.

- ) Attachment 7: Financial Policy adopted by AMP Board of Trustees on January 17, 2019, discussed in the response to Question 3.d of the Deficiency Letter.

Finally, AMPT is submitting functional versions of the Excel spreadsheets included in its November 1 Filing as part of this filing. The functional spreadsheet files are being provided in response to Question 1.a and Question 1.b.ii of the Deficiency Letter.

The information included in the November 1 Filing and in this Response provides the Commission an ample basis and an adequate record upon which to grant AMPT's requests in the November 1 Filing. Specifically, AMPT submits that the Commission has an adequate record to issue an order accepting AMPT's proposed formula rate Template and Protocols and allowing them to take effect on January 1, 2019, as requested in the November 1 Filing.<sup>8</sup>

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>9</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>10</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

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<sup>8</sup> The Commission has stated that it "has frequently used the original filing date in the case of an initially deficient filing to calculate the effective date." *Niagara Mohawk Power Corp.*, 126 FERC ¶ 61,173 at PP-13-17 (2009); *see also Pioneer Transmission, LLC*, 164 FERC ¶ 61,155 (2018) (granting the effective date requested in the original filing even though Commission Staff had found the original filing to be deficient). If and to the extent a waiver of the Commission's prior notice requirements or other regulations is necessary in order for AMPT to place its formula rate into effect on January 1, 2019, AMPT hereby respectfully requests such waiver.

<sup>9</sup> See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

<sup>10</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

Hon. Kimberly D. Bose  
January 25, 2019  
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If you have any questions concerning this Response, please do not hesitate to contact the undersigned.

Respectfully submitted,

/s/ Gary J. Newell  
Gary J. Newell  
*Attorney for AMP Transmission, LLC*

Attachments

cc: Jonathan Fernandez  
Christopher Mahon  
(w/ attachments)

# **ATTACHMENT 1**

**Revised Attachment H-32A to the PJM Tariff  
(Marked)**

AMP Transmission LLC  
 Calculation of Transmission Revenue Requirements  
 Transmission Zone  
 Cash-Flow Model  
 Year Ended 12/31/20  
 Projected or Actual

Line No. (a)	Cost of Service Item (b)	(Note A) Page, Line, Col. (c)	Notes (d)	Company Total (e)	Allocator (f)	Qualifying Transmission (g) (e) x (f) Allocated Amount
1	GROSS REVENUE REQUIREMENT (line 54)					\$ -
2						
3						
4	REVENUE CREDITS	(Note C)		Total	Allocator	
5	Account No. 454	WP02		\$ -	TP 0.000%	\$ -
6	Account No. 456	WP02		\$ -	TP 0.000%	\$ -
7	Revenue Credits Specific to zone	WP02		\$ -	D/A 100.000%	\$ -
8	Reserved			\$ -	TP 0.000%	\$ -
9	Transmission Enhancement Credit	WP07		\$ -	TP 0.000%	\$ -
10	TOTAL REVENUE CREDITS (sum lines 5-9)					\$ -
11						
12	TRUE-UP ADJUSTMENT WITH INTEREST (Protocols)	(Note D) WP05				\$ -
13						
14	Adjustments to Net Revenue Requirement (Note G)					\$ -
15	Interest on Adjustments (Note H)					\$ -
16	Total Adjustment (line 14 + line 15)					\$ -
17	NET REVENUE REQUIREMENTS					\$ -
17a	DIVISOR					
17b	1 Coincident Peak (CP) (MW) - Enter Zone Name					- MW
17c	Annual Network Rate (\$/MW/Yr) (Line 17 / Line 17b)					\$ - MW/Yr
18						
19	<u>O&amp;M/A&amp;G, DEBT SERVICE &amp; OTHER TAXES</u>					
20						
21	Transmission O&M allocable to zone	321.112.b and WP09	WP09	\$ -	TP 0.000%	\$ -
22	Transmission O&M Specific to zone (Note M)	Zone in title	WP09	\$ -	D/A 100.000	\$ -
23	Less Account 565	321.96.b	Form 1	\$ -	TP 0.000%	\$ -
24	Less: Account 561.2 Load Dispatch - Monitor and Operate Trans System through Schedule 1A	321.86.b	Form 1	\$ -	TP 0.000%	\$ -
25	A&G allocable to zone (Note M)	323.197.b and WP09	WP09	\$ -	W&S 100.000%	\$ -
26	A&G Specific to zone (Note M)		WP09	\$ -	W&S 100.000%	\$ -
27	Other Amortizations - _____ current Zone (Note N)		WP03	\$ -	D/A 100.000%	\$ -
28	Other Amortizations - _____ other Zone (Note N)		WP03	\$ -	N/A 0.000%	\$ -
29	Other Amortizations - All zones		WP03	\$ -	D/A 100.000%	\$ -
30	Amortization of Start-Up Costs to zone (Note N)		WP03	\$ -	D/A 100.000%	\$ -
31	TOTAL O&M (sum lines 21, 23, 25-28, less lines 23 and 24)					\$ -
32						
33	DEBT SERVICE					
34	Debt Service (Note L)		WP06	\$ -	TP 0.000%	\$ -
35	Amortization of premium or discount (Note E)			\$ -	TP 0.000%	\$ -
36	TOTAL DEBT SERVICE (Sum lines 34 and 35)			\$ -		\$ -
37	Interest for Working Capital needs		WP06b	\$ -	TP 0.000%	\$ -
38						
39	TAXES OTHER THAN INCOME TAXES (Note F)					
40	LABOR RELATED					
41	Payroll	263.i	Form 1	\$ -	W&S 100.000%	\$ -
42	Highway and vehicle	263.i	Form 1	\$ -	W&S 100.000%	\$ -
43	PLANT RELATED	263.i				
44	Property specific to zone (Note M)	Reference zone	WP09	\$ -	D/A 100.000%	\$ -
45	Property allocable to zone (Note M)	263.i and WP09	WP09	\$ -	TP 0.000%	\$ -
46	Other	263.i	Form 1	\$ -	D/A 100.000%	\$ -
47	State Franchise Tax	263.i	Form 1	\$ -	D/A 100.000%	\$ -
48	TOTAL OTHER TAXES (sum lines 41 through 47)			\$ -		\$ -
49						
50	Subtotal (lines 31 + 36 + 37 + 48)			\$ -		\$ -
51		<u>Margin factor</u>				
52	MARGIN REQUIREMENT (Note I)(WP10)	40% of Debt Service	40.0%	\$ -	D/A 100.000%	\$ -
53						
54	REV. REQUIREMENT (sum lines 50 and 52)			\$ -		\$ -
55						
56	GROSS PLANT IN SERVICE					
57	Production			\$ -	NA	\$ -
58	Transmission (Note B)	207.58.g	WP01/04	\$ -	D/A 100.000%	\$ -
59	Distribution			\$ -	N/A 0.000%	\$ -
60	General & Intangible	205.5.g & 207.99.g	WP01	\$ -	W&S 100.000%	\$ -
61	Reserved			\$ -	TP 0.000%	\$ -
62	Other			\$ -	TP 0.000%	\$ -
63	TOTAL GROSS PLANT (sum lines 57 - 62)			\$ -		\$ -
64						
65	TRANSMISSION PLANT % INCLUDED IN PJM COST OF SERVICE					
66						
67	Total transmission plant		WP04			\$ -
68	Less Non-Qualifying Transmission Plant		WP04			\$ -
69	Less transmission plant included in OATT Ancillary Services		WP04			\$ -
70	Total Qualifying Transmission Plant in Service (line 67 - 68 - 69)					\$ -
71						
72	Percentage of PJM Qualifying transmission plant included in Cost of Service (line 70 / line 67)					TP= 0.000%

AMP Transmission LLC  
 Calculation of Transmission Revenue Requirements  
 Transmission Zone  
 Cash-Flow Model  
 Year Ended 12/31/20  
 Projected or Actual

Line No. (a)	Cost of Service Item (b)	(Note A) Page, Line, Col. (c)	Notes (d)	Company Total (e)	Allocator (f)	Qualifying Transmission (g) (e) x (f) Allocated Amount
73						
74	TRANSMISSION EXPENSES					
75						
76	Total transmission expenses (line 21+22 Column e)					\$ -
77	Less transmission expenses included in OATT Ancillary Services (Note J)					\$ -
78	Included transmission expenses (line 76 less line 77)					\$ -
79						
80	Percentage of transmission expenses after adjustment (line 78 divided by line 76)					0.000%
81	Percentage of transmission plant included in ISO Rates (line 72)				TP	0.000%
82	Percentage of transmission expenses included in ISO Rates (line 80 times line 81)				TE=	0.000%
83						
84						
85	WAGES & SALARY ALLOCATOR (W&S) (Note K)			\$	TP	Allocation
86	Production			\$ -	0.000%	\$ -
87	Transmission (WP04)			\$ 1	100.000%	\$ 1
88	Distribution			\$ -	0.000%	\$ -
89	Other			\$ -	0.000%	\$ -
90	Total (sum lines 86-89)			\$ 1		\$ 1
91						=
92						100.000%
93						= WS
94						
95						
96						
97						
98						
99	<u>General Note:</u>		References to pages in this formulary rate are indicated as: (page#, line#, col.#)			
100			References to data from Informational FERC Form 1 are indicated as: #.y.x (page, line, column)			
101						
102	<u>Notes:</u>					
103	A		AMPT will maintain and post with informational filings an Informational FERC Form 1.			
104	B		Beginning/End year balances will match Form 1. 13-Month average balances shown on WP-01. Qualifying zonal transmission investment shown on WP04. Excluding any Transmission AROs			
105	C		The revenues credited on page 1 lines 5-9 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.			
106						
107						
108	D		The True-Up adjustment is the difference between (1) the revenues received for the <u>twelve month period</u> and (2) the ATRR for that <u>twelve month period</u> after it is known, with interest			
109			Over Recoveries are entered as negative to reduce the net revenue. Under recoveries are entered as Positive to increase the net revenue.			
110	E		Includes amounts recorded to accounts 428 and 429.			
111	F		Includes only FICA, unemployment, highway, property, gross receipts, PILOT, and other assessments charged in the current year. Taxes related to income are excluded.			
112			Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.			
113	G		Adjustments required pursuant to Section 6 of the AMPT Protocols. Refunds shall be entered as a negative number to reduce the net revenue requirement. Surcharges shall be entered as a positive number to increase the net revenue requirement.			
114						
115	H		Interest required pursuant to Section 2(c) of Protocols. Interest on any refunds shall be entered as a negative number to reduce the net revenue requirement. Interest on surcharge shall be entered as a positive number to increase the net revenue requirement.			
116						
117	I		Margin Factor equals .40 or 40% of debt service. Margin Requirement is the dollar amount that results from applying the Margin Factor to annual debt service.			
118			The Margin Factor can only be changed by Order of the Commission			
119	J		Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.1, 561.2, 561.3 and 561.BA.			
120						
121	K		AMPT will have no wages and salaries. However, all A&G expense incurred by AMPT will be 100% related to AMPT Transmission			
122	L		PTRR debt service projections for zone are shown on WP06. Actual ATRR debt service (for True-up template) will be from AMPT accounting records			
123	M		If ASTI zone, entry is WP09, line Col (d) for O&M and A&G			
124						
125			If AEP zone, entry is WP09, line Col (d) for O&M and A&G			
126	N		Includes amortization of pre-commercial Start-Up costs booked in account 182.3, approved by the Commission and amortized through Account 566.			

**AMP Transmission  
LLC**

**Gross Plant in Service - 13 Month Average Balances**

**Attachment H-32A - WP01 - Plant**  
Projected

<u>Line No.</u>	<u>Month</u>	<u>Year</u>	<u>Production</u>	<u>Transmission</u>	<u>Distribution</u>	<u>General</u>	<u>Intangible</u>	<u>Total</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		[A]	205.46.g	207.58.g	207.75.g	207.99.g	205.5.g	
1	December	2018						
2	January	2019						
3	February	2019						
4	March	2019						
5	April	2019						
6	May	2019						
7	June	2019						
8	July	2019						
9	August	2019						
10	September	2019						
11	October	2019						
12	November	2019						
13	December	2019						

14  
15 13-month

**Asset Retirement Cost for Transmission Plant**

			<u>Transmission</u>
21		[A]	207.57.g
22	December	2018	-
23	January	2019	-
24	February	2019	-
25	March	2019	-
26	April	2019	-
27	May	2019	-
28	June	2019	-
29	July	2019	-
30	August	2019	-
31	September	2019	-
32	October	2019	-
33	November	2019	-
34	December	2019	-

35  
36 13-month Average -

37  
38 Notes:

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

**AMP Transmission**  
**LLC**  
Revenue Credits Workpaper

**H-32A-WP02 - Revenue Credits**

Add Lines if needed

Line

<u>No.</u>	<u>REVENUE CREDITS</u>	<u>Amount</u>	<u>Description of Revenue Credits</u>	
<u>(a)</u>	<u>(b)</u>		<u>(c)</u>	<u>(d)</u>

**ADD LINES AS NEEDED FOR ADDITIONAL REVENUE CREDITS**

<u>1</u>	<u>Account No. 454</u>	<u>\$ _____</u>	<u>-</u>
<u>2</u>	<u>Account No. 454 Revenue Credits specific to zone</u>	<u>\$ _____</u>	<u>-</u>
<u>3</u>	<u>Account No. 454 Revenue Credits allocable to all zones</u>	<u>\$ _____</u>	<u>-</u>
<u>4</u>			
<u>5</u>			
<u>6</u>			
<u>7</u>	<u>Account No. 456</u>	<u>\$ _____</u>	<u>-</u>
<u>8</u>	<u>Account No. 456 Revenue Credits specific to zone</u>	<u>\$ _____</u>	<u>-</u>
<u>9</u>	<u>Account No. 456 Revenue Credits allocable to all zones</u>	<u>\$ _____</u>	<u>-</u>
<u>10</u>			
<u>11</u>			
<u>12</u>	<u>Other Revenue Credits specific to zone</u>	<u>\$ _____</u>	<u>-</u>
<u>13</u>			
<u>14</u>			
<u>15</u>			

**AMP Transmission LLC**

Add Columns and lines as needed

**AMP Transmission LLC**  
**2018 Start-Up Costs**

**3-year Amorts**  
**Deferred from**  
**and Incurred in**  
**2018**

Up Front Costs	-	-	-	\$
Legal :	-	-	-	\$
Legal :	-	-	-	\$
Legal :	-	-	-	\$
Legal :	-	-	-	\$
Legal :	-	-	-	\$
Legal :	-	-	-	\$
Total Legal	-	-	-	\$
consultant	-	-	-	\$
Travel, Meals	-	-	-	\$
AMP Labor/Overhead	-	-	-	\$
consultant	-	-	-	\$
PJM Application fee	-	-	-	\$
Legal	-	-	-	\$
Legal	-	-	-	\$
Legal	-	-	-	\$
Total Up-Front Costs	-	-	-	\$
Number of anticipated Transmission Zones		<u>2</u>		ATSI and AEP East
Amortization period		<u>3</u>		years beginning 1/1/2019
Yearly Amortization				\$ ATSI Zone
Deferred to AEP Zone (or Next Zone)				\$ AEP zone for future request at FERC

Other Amortizations of deferred start-up – ATSI Zone Specific

	<u>Total</u>	<u>Term</u>	<u>Yearly Amortization</u>
<u>Legal</u>		<u>1</u>	
<u>Consulting</u>		<u>1</u>	
<u>Consulting</u>		<u>1</u>	Add lines as needed
<u>PJM</u>		<u>1</u>	
<u>Consulting</u>		<u>1</u>	
<u>O&amp;M Napoleon rest of 2018 estimate</u>		<u>1</u>	
<u>Travel/Meals/Insurance</u>		<u>1</u>	
<u>AMP Labor/Overhead</u>		<u>1</u>	
<u>Fourth quarter 2018 interest on Napoleon Loan</u>		<u>1</u>	
<u>legal</u>		<u>1</u>	
<u>Legal</u>		<u>1</u>	
<u>legal</u>		<u>1</u>	
<u>Total 1-year Amort to ATSI zone</u>		<u>1</u>	

ADD LINES AND CATEGORIES AS NEEDED

Other Amortizations - AEP

	<u>Total</u>	<u>term</u>	<u>Yearly Amortization</u>
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
List other AEP Amortizations here	\$	-	0 \$ -
Total AEP zonal Amortizations			\$ -

Add lines as needed

AMP Labor – Start-up amortization over 3 or 1 years.

LABOR FOR SEPT DEC

<u>AMP Labor Hours</u>	<u>%</u>	<u>Hours</u>	<u>Expenses</u>	
1		10	52	3 months remaining
2		10	52	
3		50	260	
4		35	182	
5		90	468	
6		10	52	
7		10	52	
8		10	52	
9	5%	26	26	
10		20	104	
11		20	104	
12	5%	26	26	
13	5%	26	26	
14		20	104	
15		20	104	
	%			
16	5%	26		<u>Blended Rate</u>

LABOR HOURS \$ 75.00  
1690

LABOR EXPENSES 41%  
\$

Labor Overhead \$  
\$ Budget for Oct - Dec 2018

\$ Actuals thru September  
\$ Budget October - December based on AMP % allocation  
\$ Total

But, 3 vs 1 year split is thru August!  
So, \$ - /9\*8 = actual thru August \$  
Half goes to 3 year, half to 1 \$  
Remainder goes to ATSI; \$

ADD LINES AND CATEGORIES AS NEEDED

**AMP Transmission**  
**LLC**  
Zonal Investment Workpaper

**Add Zones if necessary. Add lines for more project investment**

<u>Line No.</u>		<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>
			<u>ATS</u>	<u>AE</u>	<u>Other zone</u>	<u>AMPT Total</u>
1	<b><u>AMPT Transmission Investment - Gross Plant</u></b>					
2						
3						
4						
5						
6	City of Napoleon Assets	\$	\$	-	\$	\$
7	Non-Qualifying	\$ -	\$ -	-	\$ -	\$ -
8	-Total	\$	\$	-	\$	\$
9	Qualifying	\$				
10	-Zonal Allocation		100%		0%	0%
11						
12	Allocated To Zone		\$	\$	-	\$
13						
14						
15	<b><u>Transmission Plant recovered in Ancillary Services</u></b>					
16						
17						
18						<u>AMPT</u>
19		<u>ATSI</u>	<u>AEP</u>	<u>Other Zone</u>		<u>Total</u>
20						
21	Amount	\$ -	\$ -	\$ -		\$ -
22						
23	Zone Allocation	0%	0%	0%		
24						
25	Allocated to Zone	\$ -	\$ -	\$ -		\$ -
26						
27						
28	<b><u>Wages and Salaries Proxy – Gross Plant in Each Zone</u></b>					
29						
30	Line 12 (a, b, or c) divided by Line 12(e)	100.0%	0.0%	0.0%		

**AMP Transmission  
LLC**

True-Up and Adjustments Workpaper

**AMPT True-up with Interest - based on Protocols**

<u>NITS Revenues received by PJM for the Year (Note 2)</u>	<u>Actual Revenue Requirement For Year (ATTR)</u>	<u>True-up Adjustment - (Over)/Under Recovery</u>
-	-	=
-	-	\$

<u>Over (Under) Recovery Plus Interest</u>	<u>Average Monthly Interest Rate Amortization</u>	<u>Months</u>	<u>Calculated Interest</u>	<u>Surcharge (Refund) Owed</u>
Interest Rate on Amount of Refunds or Surcharges (Note 1)	0.3542%			

As an example, an over or under collection will be recovered prorata over 2019, held for 2020 and returned prorata over 2021

<u>Calculation of Interest</u>		<u>Monthly</u>			
January	Year 2019	-	0.3542%	12	-
February	Year 2019	-	0.3542%	11	-
March	Year 2019	-	0.3542%	10	-
April	Year 2019	-	0.3542%	9	-
May	Year 2019	-	0.3542%	8	-
June	Year 2019	-	0.3542%	7	-
July	Year 2019	-	0.3542%	6	-
August	Year 2019	-	0.3542%	5	-
September	Year 2019	-	0.3542%	4	-
October	Year 2019	-	0.3542%	3	-
November	Year 2019	-	0.3542%	2	-
December	Year 2019	-	0.3542%	1	-
					-

		<u>Annual</u>			
January through December	Year 2020	-	0.3542%	12	-

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>		<u>Monthly</u>			
January	Year 2021	-	0.3542%		-
February	Year 2021	-	0.3542%		-
March	Year 2021	-	0.3542%		-
April	Year 2021	-	0.3542%		-
May	Year 2021	-	0.3542%		-
June	Year 2021	-	0.3542%		-
July	Year 2021	-	0.3542%		-
August	Year 2021	-	0.3542%		-
September	Year 2021	-	0.3542%		-
October	Year 2021	-	0.3542%		-
November	Year 2021	-	0.3542%		-
December	Year 2021	-	0.3542%		-
					-

True-Up with Interest	\$	-
Less Over (Under) Recovery	\$	-
Total Interest	\$	-

Note 1:  
Interest Rate on Amount of Refunds or Surcharges is the monthly average interest rate calculated in accordance with section 2(c) of the AMPT Formula Rate Protocols.  
Note 2:  
Exclude any true-up amount included in the PTRR for the year being true-up

**AMP Transmission LLC**

Debt Service Workpaper - Annual

Projections  
Page 9 of 18

**Debt Service Payments - Year End 12/31/2019**

For ATRR and True-up, AMPT will record actual P&I in the year and those P&I entries will be populated in H-32A, page 1, line 36  
Add Additional Project Columns as needed

Rate Year	Total	Actual
2019	\$151,085.79	\$0

for PTRR - to line 34 of Attachment H-32A

<b>AMPT Projects</b>	<u>Project #1</u>	<u>Project #2</u>	<u>Project #3</u>	<u>Project #4</u>	<u>Project #5</u>	<u>Project #6</u>	<u>Project #7</u>	<u>Project #8</u>	<u>Project #9</u>	<u>Project #10</u>	<u>Total Projected</u>
<u>Project Name:</u>											
<u>Loan Principal:</u>											
<u>Less Acquisition Premium</u>	\$0										\$0
<u>Net Loan Principal</u>											
<u>Loan Term</u>											
<u>(Years): Loan</u>											
<u>Start Date:</u>											
<u>Loan End Date:</u>											
<u>Annual Interest</u>											
<u>Rate: Projected Yearly Debt Service</u>											
<u>Debt Service Schedule (Yearly)</u>											
<u>Year</u>											
2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**AMP Transmission LLC**

Debt Service Workpaper - Annual

**Debt Service Payments - Year End 12/31/2019**

Add Additional "Other" Columns as needed

<b>Other AMPT Capitalized Equipment</b>											
	<u>Project #1</u>	<u>Project #2</u>	<u>Project #3</u>	<u>Project #4</u>	<u>Project #5</u>	<u>Project #6</u>	<u>Project #7</u>	<u>Project #8</u>	<u>Project #9</u>	<u>Project #10</u>	<u>Total Projected</u>
<u>Project Name:</u>											
<u>Loan Principal:</u>											
<u>Less Acquisition Premium</u>											\$0
<u>Net Loan Principal</u>											
<u>Loan Term (Years):</u>											
<u>Start Date:</u>											
<u>Loan End Date:</u>											
<u>Annual Interest Rate:</u>											
<u>Rate: Projected Yearly Debt Service</u>											
<u>Debt Service Schedule (Yearly)</u>											
<u>Year</u>											
2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

AMP Transmission LLC
Debt Service Workpaper - Monthly

Debt Service Payments - Year End12/31/2019

This tab is to accommodate projects that may go in service or close mid-year in any particular month

Add Additional Project Columns and lines as needed

Table with columns: AMPT Projects, Project #1 through Project #10, and rows for Total Debt Service Over Loan Term and Debt Service Schedule (Monthly) from 2019 to 2023.



**AMP Transmission LLC**  
Zonal Investment Workpaper

Line

No. Components - Description  
Amounts

(a)  
(c)

(b)

<u>1</u>	<u>AMPT Working Capital Loan from AMP</u>	<u>\$</u>
<u>2</u>		
<u>3</u>	<u>Prime Rate</u>	<u>5.25%</u>
<u>4</u>		
<u>5</u>	<u>Interest on Working Capital Loan<sup>1</sup></u>	<u>\$</u>
<u>6</u>		
<u>7</u>		
<u>8</u>	<u>For ATRR and True-up, AMPT will record actual interest expense</u>	
<u>9</u>		
<u>10</u>	<u>Note 1: to Attachment H-32A, page 1, line 37</u>	
<u>11</u>		
<u>12</u>	<u>For ATRR and True-up, interest will be per books</u>	
<u>13</u>	<u>For PTRR, use most recent available Prime Rate when projections are done</u>	

**AMP Transmission LLC**  
Transmission Enhancement Credit (Schedule 12  
Projects) To be completed in conjunction with Attachment  
H-32A

	(1)	(2)	(3)	(4)
<u>Line No.</u>	<u>Reference</u>		<u>Transmission</u>	<u>Allocator</u>
1	Gross Transmission Plant - Total		\$	
2	Net Transmission Plant - Total			
3				
4	<u>O&amp;M EXPENSE</u>			
5	Total O&M Allocated to Transmission		\$	
6	Annual Allocation Factor for O&M		%	%
7				
8	<u>DEBT SERVICE</u>		\$	
9	Annual Allocation Factor for Debt Service		%	%
10				
11	<u>MARGIN REQUIREMENT</u>		\$	
12	Annual Allocation Factor for Margin Requirement		%	%
13				
14	<u>TAXES OTHER THAN INCOME TAXES</u>			
15	Total Other Taxes		\$	
16	Annual Allocation Factor for Other Taxes		0.00%	0.00%
17				
18	<b>Annual Allocation Factor for Expense and Margin Requirement</b>	<b>Sum of line 6 through 16</b>		<b>%</b>
19				
20				
21	<b>Add lines for projects as needed</b>			
22				
23	<u>Transmission Enhancement Credit (Schedule 2 Projects)</u>			
24	<u>To be completed in conjunction with Attachment H-32A</u>			
25				

<u>Line No.</u>	<u>Project Name</u>	<u>RTEP Project Number</u>	<u>Project Gross Plant</u>	<u>Annual Allocation Factor for Expense</u>	<u>Annual Expense Charge</u>	<u>Project Net Plant</u>	<u>Annual Allocation Factor for Return</u>	<u>Annual Return Charge</u>	<u>Project Depreciation Expense</u>	<u>True-up Adjustment</u>	<u>Annual Revenue Requirement with True-up</u>
27				(line 18)	(Col. 3 * Col. 4)	N/A		(Col. 6 * Col. 7)		(WP08-True-up Col. i)	(Sum Col. 5, 8, 9 & 10)
28											
29											
30											
31											
32	1a	b	\$	-	128.15%	\$	-	N/A	0.00%	\$	-
33		b	\$	-	128.15%	\$	-	N/A	0.00%	\$	-
34	1b	b	\$	-	128.15%	\$	-	N/A	0.00%	\$	-
35											
36	1c		\$	-	128.15%	\$	-	0.00%	\$		-
37											

2 Transmission Enhancement Credit for Attachment H-32A Page 1, Line 9

Note

- 40 s
- 41 A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-21A.
- 42 B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-21A.
- 43 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.
- 44 D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.

45 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.

**AMP Transmission LLC**  
Transmission Enhancement Credit (Schedule 12 Projects)

Add more lines as needed

**Transmission Enhancement Credit - True-up**  
 To be completed after WP07 for the True-up Year is updated using actual data

<u>Line No.</u>	<u>(a)</u> <u>Project Name</u>	<u>(b)</u> <u>RTEP Project Number</u>	<u>(c)</u> <u>Actual TEC Revenues</u>	<u>(d)</u> <u>Projected TEC Annual Revenue Requirement</u> from PTRR	<u>(e)</u> <u>Actual TEC Revenues Allocated to Projects</u> [Col. c, line 1 * (Col. d, line 2x / Col. d, line 3)]	<u>(f)</u> <u>Actual TEC Annual Revenue Requirement</u> from ATRR	<u>(g)</u> <u>True-up Adjustment Principal Under/(Over)</u> Col. f - Col. e	<u>(h)</u> <u>Applicable Interest on Under/(Over)</u> Col. g * [(line 4a / line 4b) - 1]	<u>(i)</u> <u>True-up Adjustment with Interest Under/(Over)</u> Col. g + Col. H
1	[A] Actual PJM TEC Revenues for True-up Year		=						
2a		b							
2b		b							
2c		b							
3	Subtotal								
4a	Revenue Requirement True-up with Interest						=		
4b	Revenue Requirement True-up - Over/Under Recovery						=		

NOTE

[A] Amount included in revenues reported on page 330, column k of FERC Form 1.

**AMP Transmission LLC**  
Transmission O&M, A&G, and Other Taxes Workpaper

Add lines and other zones as needed to increase transparency

**TRANSMISSION O&M, A&G, and OTHER TAXES DETAIL**

Add Lines and Columns to if necessary to increase transparency

Line No.	Item	Form 1 Reference	Amount	Deferred	Description
(a)	(b)	(c)	(d)	(e)	(f)
1	<b>Total Transmission O&amp;M - 2019 Projections</b>	321.112.b			From Informational AMPT Form 1 - ATRR True-up
2					
3	Total Transmission O&M Specific to ATSI zone			Est. for Zone	Projections
4	consultant	Total	Alloc	ATSI	
5	consultant Implementation	\$0	35%	\$0	\$0 Transmission modeling and analysis services
6	consultant Annual	\$0	100%	\$0	\$0 communications equipment
7	consultant	\$0	35%	\$0	\$0 operational services for PJM communications and dispatch for transmission equip
8	consultant	\$0	35%	\$0	\$0 consulting services for equip evaluation for NERC BES compliance and Tariff eligibility
9	legal	\$0	50%	\$0	\$0 Consultants
10	legal	\$0	100%	\$0	\$0 Legal
11	legal	\$0	100%	\$0	\$0 Legal
12	O&M Napoleon	\$0	100%	\$0	\$0 O&M on facilities
13	Meals/Travel	\$0	35%	\$0	\$0
14	Insurance	\$0	100%	\$0	\$0
15		\$0		\$0	\$0
16	List transmission specific to ATSI zone here - add rows if necessary	\$0		\$0	\$0
17		\$0		\$0	\$0 sum of transmission O&M specific to ATSI zone
18	Total Transmission O&M Specific to AEP zone				
19	List transmission specific to AEP zone here - add rows if necessary	\$ -		\$ -	Add description
20	List transmission specific to AEP zone here - add rows if necessary	\$ -		\$ -	Add description
21	List transmission specific to AEP zone here - add rows if necessary	\$ -		\$ -	Add description
22	List transmission specific to AEP zone here - add rows if necessary	\$ -		\$ -	Add description
23	List transmission specific to AEP zone here - add rows if necessary	\$ -		\$ -	Add description
24		\$ -		\$ -	sum of transmission O&M specific to AEP zone
25	Total Transmission O&M Specific to all zones				
26	List transmission specific to all zones here - add rows if necessary	\$ -		\$ -	Add description
27	List transmission specific to all zones here - add rows if necessary	\$ -		\$ -	Add description
28	List transmission specific to all zones here - add rows if necessary	\$ -		\$ -	Add description
29	List transmission specific to all zones here - add rows if necessary	\$ -		\$ -	Add description
30	List transmission specific to all zones here - add rows if necessary	\$ -		\$ -	Add description
31		\$ -		\$ -	sum of transmission O&M specific to all zones
32					

ADD LINES AND ZONES FOR DATA IN FUTURE AS NEEDED

**AMP Transmission LLC**  
**Transmission O&M, A&G, and Other Taxes**  
**Workpaper**

Line	Item	Form 1 Reference	Amount	Deferred	Description
No.	(b)	(c)	(d)	(e)	(f)
33	<b>A&amp;G Expense</b>		3:	\$ -	From Informational Form 1 for PTRR True-up, otherwise estimate for PTRR
34					
35	<b>AMP Labor and Over</b>				
36	AMP Labor and Overheads Allocable to the ASTI Zone		\$0	35%	\$ - \$ - AMP staff labor and overhead
37	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
38	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
39	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
40	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
41	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
42			\$0		\$ - \$ - sum of A&G specific to ATSI zone
43	Total A&G Specific to AEP zone				
44	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
45	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
46	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
47	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
48	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
49					\$ - \$ - sum of A&G specific to AEP zone
50	Total A&G Specific to all zones				
51	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
52	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
53	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
54	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
55	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
56	Total A&G Specific to all zones				\$ - \$ - sum of A&G specific to all zones
57					
58					
59	<b>Other Taxes</b>	263.i			\$ - From Informational Form 1 for PTRR True-up, otherwise estimate for PTRR
60					
61	Other Taxes specific to ATSI Zone				
62	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
63	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
64	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
65	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
66	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
67	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
68					\$ - \$ - sum of Other Taxes specific to ATSI zone
69	Other Taxes specific to AEP Zone				
70	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
71	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
72	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
73	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
74	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
75					\$ - \$ - sum of Other Taxes specific to AEP zone
76	Other Taxes Specific to all zones				
77	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
78	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
79	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
80	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
81	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
82	Total Other Taxes Specific to all zones				\$ - \$ - sum of Other Taxes specific to all zones

Attachment H-32A - WP10 - Margin Requirement

**AMP Transmission LLC**  
**Development of Margin Requirement**

<u>Line No.</u>	<u>Item</u>	<u>12-Month Period=</u>	<u>2019</u>
<u>(a)</u>	<u>(b)</u>		<u>(c)</u>
<u>1</u>	<u>Debt Service Payments<sup>1</sup></u>		<u>\$ -</u>
<u>2</u>			
<u>3</u>	<u>Less:</u>		
<u>4</u>	<u>Interest on Working Capital Loans (WP06b)</u>		<u>\$ -</u>
<u>5</u>	<u>Premium paid on Debt and included in debt service</u>		<u>\$ -</u>
<u>6</u>	<u>Other Adjustments needed to reflect only Debt Service on Assets</u>		<u>\$ -</u>
<u>7</u>	<u>Add Additional deductions to Debt Service Payments as needed</u>		<u>\$ -</u>
<u>8</u>			
<u>9</u>	<u>Net Debt Service Payments (line 1 - lines 4 through 7)</u>		<u>\$ -</u>
<u>10</u>	<u>Margin Factor (fixed)</u>		<u>40%</u>
<u>11</u>	<u>Margin Requirement (line 9 x line 10) - To H-32A line</u>		<u>\$ -</u>
<u>12</u>			
<u>13</u>	<u>Notes:</u>		
<u>14</u>	<u>1. Excludes any Debt Service related to Acquisition Adjustments if any per WP06</u>		

**ATTACHMENT 2**  
**Revised Attachment H-32A to the PJM Tariff**  
**(Clean)**

**AMP Transmission LLC**  
**Calculation of Transmission Revenue Requirements**  
**Transmission Zone**  
 Cash-Flow Model  
 Year Ended 12/31/20  
 Projected or Actual

Line No. (a)	Cost of Service Item (b)	(Note A) Page, Line, Col. (c)	Notes (d)	Company Total (e)	Allocator (f)	Qualifying Transmission (g) (e) x (f) Allocated Amount
1	GROSS REVENUE REQUIREMENT (line 54)					\$ -
2						
3						
4	REVENUE CREDITS	(Note C)		Total	Allocator	
5	Account No. 454	WP02		\$ -	TP 0.000%	\$ -
6	Account No. 456	WP02		\$ -	TP 0.000%	\$ -
7	Revenue Credits Specific to zone	WP02		\$ -	D/A 100.000%	\$ -
8	Reserved			\$ -	TP 0.000%	\$ -
9	Transmission Enhancement Credit	WP07		\$ -	TP 0.000%	\$ -
10	TOTAL REVENUE CREDITS (sum lines 5-9)					\$ -
11						
12	TRUE-UP ADJUSTMENT WITH INTEREST (Protocols)	(Note D) WP05				\$ -
13						
14	Adjustments to Net Revenue Requirement (Note G)					\$ -
15	Interest on Adjustments (Note H)					\$ -
16	Total Adjustment (line 14 + line 15)					\$ -
17	NET REVENUE REQUIREMENTS					\$ -
17a	DIVISOR					
17b	1 Coincident Peak (CP) (MW) - Enter Zone Name					- MW
17c	Annual Network Rate (\$/MW/Yr) (Line 17 / Line 17b)					\$ - MW/Yr
18						
19	<u>O&amp;M/A&amp;G, DEBT SERVICE &amp; OTHER TAXES</u>					
20						
21	Transmission O&M allocable to zone	321.112.b and WP09	WP09	\$ -	TP 0.000%	\$ -
22	Transmission O&M Specific to zone (Note M)	Zone in title	WP09	\$ -	D/A 100.000	\$ -
23	Less Account 565	321.96.b	Form 1	\$ -	TP 0.000%	\$ -
24	Less: Account 561.2 Load Dispatch - Monitor and Operate Trans System through Schedule 1A	321.86.b	Form 1	\$ -	TP 0.000%	\$ -
25	A&G allocable to zone (Note M)	323.197.b and WP09	WP09	\$ -	W&S 100.000%	\$ -
26	A&G Specific to zone (Note M)		WP09	\$ -	W&S 100.000%	\$ -
27	Other Amortizations - _____ current Zone (Note N)		WP03	\$ -	D/A 100.000%	\$ -
28	Other Amortizations - _____ other Zone (Note N)		WP03	\$ -	N/A 0.000%	\$ -
29	Other Amortizations - All zones		WP03	\$ -	D/A 100.000%	\$ -
30	Amortization of Start-Up Costs to zone (Note N)		WP03	\$ -	D/A 100.000%	\$ -
31	TOTAL O&M (sum lines 21, 23, 25-28, less lines 23 and 24)					\$ -
32						
33	DEBT SERVICE					
34	Debt Service (Note L)		WP06	\$ -	TP 0.000%	\$ -
35	Amortization of premium or discount (Note E)			\$ -	TP 0.000%	\$ -
36	TOTAL DEBT SERVICE (Sum lines 34 and 35)			\$ -		\$ -
37	Interest for Working Capital needs		WP06b	\$ -	TP 0.000%	\$ -
38						
39	TAXES OTHER THAN INCOME TAXES (Note F)					
40	LABOR RELATED					
41	Payroll	263.i	Form 1	\$ -	W&S 100.000%	\$ -
42	Highway and vehicle	263.i	Form 1	\$ -	W&S 100.000%	\$ -
43	PLANT RELATED	263.i				
44	Property specific to zone (Note M)	Reference zone	WP09	\$ -	D/A 100.000%	\$ -
45	Property allocable to zone (Note M)	263.i and WP09	WP09	\$ -	TP 0.000%	\$ -
46	Other	263.i	Form 1	\$ -	D/A 100.000%	\$ -
47	State Franchise Tax	263.i	Form 1	\$ -	D/A 100.000%	\$ -
48	TOTAL OTHER TAXES (sum lines 41 through 47)			\$ -		\$ -
49						
50	Subtotal (lines 31 + 36 + 37 + 48)			\$ -		\$ -
51		<u>Margin factor</u>				
52	MARGIN REQUIREMENT (Note I)(WP10)	40% of Debt Service	40.0%	\$ -	D/A 100.000%	\$ -
53						
54	REV. REQUIREMENT (sum lines 50 and 52)			\$ -		\$ -
55						
56	GROSS PLANT IN SERVICE					
57	Production			\$ -	NA	\$ -
58	Transmission (Note B)	207.58.g	WP01/04	\$ -	D/A 100.000%	\$ -
59	Distribution			\$ -	N/A 0.000%	\$ -
60	General & Intangible	205.5.g & 207.99.g	WP01	\$ -	W&S 100.000%	\$ -
61	Reserved			\$ -	TP 0.000%	\$ -
62	Other			\$ -	TP 0.000%	\$ -
63	TOTAL GROSS PLANT (sum lines 57 - 62)			\$ -		\$ -
64						
65	TRANSMISSION PLANT % INCLUDED IN PJM COST OF SERVICE					
66						
67	Total transmission plant		WP04			\$ -
68	Less Non-Qualifying Transmission Plant		WP04			\$ -
69	Less transmission plant included in OATT Ancillary Services		WP04			\$ -
70	Total Qualifying Transmission Plant in Service (line 67 - 68 - 69)					\$ -
71						
72	Percentage of PJM Qualifying transmission plant included in Cost of Service (line 70 / line 67)					TP= 0.000%

AMP Transmission LLC  
 Calculation of Transmission Revenue Requirements  
 Transmission Zone  
 Cash-Flow Model  
 Year Ended 12/31/20  
 Projected or Actual

Line No. (a)	Cost of Service Item (b)	(Note A) Page, Line, Col. (c)	Notes (d)	Company Total (e)	Allocator (f)	Qualifying Transmission (g) (e) x (f) Allocated Amount
73						
74	TRANSMISSION EXPENSES					
75						
76	Total transmission expenses (line 21+22 Column e)					\$ -
77	Less transmission expenses included in OATT Ancillary Services (Note J)					\$ -
78	Included transmission expenses (line 76 less line 77)					\$ -
79						
80	Percentage of transmission expenses after adjustment (line 78 divided by line 76)					0.000%
81	Percentage of transmission plant included in ISO Rates (line 72)				TP	0.000%
82	Percentage of transmission expenses included in ISO Rates (line 80 times line 81)				TE=	0.000%
83						
84						
85	WAGES & SALARY ALLOCATOR (W&S) (Note K)			\$	TP	Allocation
86	Production			\$ -	0.000%	\$ -
87	Transmission (WP04)			\$ 1	100.000%	\$ 1
88	Distribution			\$ -	0.000%	\$ -
89	Other			\$ -	0.000%	\$ -
90	Total (sum lines 86-89)			\$ 1		\$ 1
91						=
92						W&S Allocator (\$/Allocation)
93						= 100.000% = WS
94						
95						
96						
97						
98						
99	<u>General Note:</u>		References to pages in this formulary rate are indicated as: (page#, line#, col.#)			
100			References to data from Informational FERC Form 1 are indicated as: #.y.x (page, line, column)			
101						
102	<u>Notes:</u>					
103	A		AMPT will maintain and post with informational filings an Informational FERC Form 1.			
104	B		Beginning/End year balances will match Form 1. 13-Month average balances shown on WP-01. Qualifying zonal transmission investment shown on WP04. Excluding any Transmission AROs			
105	C		The revenues credited on page 1 lines 5-9 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.			
106						
107						
108	D		The True-Up adjustment is the difference between (1) the revenues received for the twelve month period and (2) the ATRR for that twelve month period after it is known, with interest			
109						
110			Over Recoveries are entered as negative to reduce the net revenue. Under recoveries are entered as Positive to increase the net revenue.			
111	E		Includes amounts recorded to accounts 428 and 429.			
112	F		Includes only FICA, unemployment, highway, property, gross receipts, PILOT, and other assessments charged in the current year. Taxes related to income are excluded.			
113			Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.			
114	G		Adjustments required pursuant to Section 6 of the AMPT Protocols. Refunds shall be entered as a negative number to reduce the net revenue requirement. Surcharges shall be entered as a positive number to increase the net revenue requirement.			
115						
116	H		Interest required pursuant to Section 2(c) of Protocols. Interest on any refunds shall be entered as a negative number to reduce the net revenue requirement. Interest on surcharge shall be entered as a positive number to increase the net revenue requirement.			
117						
118	I		Margin Factor equals .40 or 40% of debt service. Margin Requirement is the dollar amount that results from applying the Margin Factor to annual debt service.			
119			The Margin Factor can only be changed by Order of the Commission			
120	J		Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.1, 561.2, 561.3 and 561.BA.			
121						
122	K		AMPT will have no wages and salaries. However, all A&G expense incurred by AMPT will be 100% related to AMPT Transmission			
123	L		PTRR debt service projections for zone are shown on WP06. Actual ATRR debt service (for True-up template) will be from AMPT accounting records			
124	M		If ASTI zone, entry is WP09, line Col (d) for O&M and A&G			
125			If AEP zone, entry is WP09, line Col (d) for O&M and A&G			
126	N		Includes amortization of pre-commercial Start-Up costs booked in account 182.3, approved by the Commission and amortized through Account 566.			

# AMP Transmission LLC

## Gross Plant in Service - 13 Month Average Balances

Attachment H-32A - WP01 - Plant  
Projected

<u>Line No.</u>	<u>Month</u>	<u>Year</u>	<u>Production</u>	<u>Transmission</u>	<u>Distribution</u>	<u>General</u>	<u>Intangible</u>	<u>Total</u>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		[A]	205.46.g	207.58.g	207.75.g	207.99.g	205.5.g	
1	December	2018						
2	January	2019						
3	February	2019						
4	March	2019						
5	April	2019						
6	May	2019						
7	June	2019						
8	July	2019						
9	August	2019						
10	September	2019						
11	October	2019						
12	November	2019						
13	December	2019						

14  
15 13-month

18 **Asset Retirement Cost for Transmission Plant**

			<b>Transmission</b>
21		[A]	207.57.g
22	December	2018	-
23	January	2019	-
24	February	2019	-
25	March	2019	-
26	April	2019	-
27	May	2019	-
28	June	2019	-
29	July	2019	-
30	August	2019	-
31	September	2019	-
32	October	2019	-
33	November	2019	-
34	December	2019	-

35  
36 13-month Average

37  
38 Notes:  
39 [A] Reference for December balances as would be reported in FERC Form 1.

**AMP Transmission  
LLC**  
Revenue Credits Workpaper

**H-32A-WP02 - Revenue Credits**

Add Lines if needed

Line

<u>No.</u>	<u>REVENUE CREDITS</u>	<u>Amount</u>	<u>Description of Revenue Credits</u>
(a)	(b)		(c) (d)

**ADD LINES AS NEEDED FOR ADDITIONAL REVENUE CREDITS**

1	Account No. 454	\$	-
2	Account No. 454 Revenue Credits specific to zone	\$	-
3	Account No. 454 Revenue Credits allocable to all zones	\$	-
4			
5			
6			
7	Account No. 456	\$	-
8	Account No. 456 Revenue Credits specific to zone	\$	-
9	Account No. 456 Revenue Credits allocable to all zones	\$	-
10			
11			
12	Other Revenue Credits specific to zone	\$	-
13			
14			
15			

**AMP Transmission LLC**  
Formation Cost (Start-up) Workpaper

Add Columns and lines as needed

**AMP Transmission LLC**  
**2018 Start-Up Costs**

**3-year Amorts**  
Deferred from  
and Incurred in  
2018

Up Front Costs		
Legal :	\$	
Legal :	\$	
Legal :	\$	
Legal:	\$	
Legal :	\$	
Total Legal consultant	\$	
Travel, Meals	\$	
AMP Labor/Overhead consultant	\$	
PJM Application fee	\$	
Legal	\$	
Legal	\$	
Legal	\$	
Total Up-Front Costs	\$	
Number of anticipated Transmission Zones		2
Amortization period		3
Yearly Amortization	\$	ATSI and AEP East
Deferred to AEP Zone (or Next Zone)	\$	years beginning 1/1/2019 ATSI Zone AEP zone for future request at FERC

Other Amortizations of deferred start-up – ATSI Zone Specific

	<u>Total</u>	<u>Term</u>	<u>Yearly Amortization</u>
Legal		1	
Consulting		1	
Consulting		1	Add lines as needed
PJM		1	
Consulting		1	
O&M Napoleon rest of 2018 estimate		1	
Travel/Meals/Insurance		1	
AMP Labor/Overhead		1	
Fourth quarter 2018 interest on Napoleon Loan		1	
legal		1	
Legal		1	
legal		1	
Total 1-year Amort to ATSI zone			

ADD LINES AND CATEGORIES AS NEEDED

**Other Amortizations - AEP**

	<u>Total</u>	<u>term</u>	<u>Yearly Amortization</u>
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
Total AEP zonal Amortizations			\$ -

Add lines as needed

AMP Labor – Start-up amortization over 3 or 1 years.

**LABOR FOR SEPT\_DEC**

AMP Labor Hours	%	Hours	Expenses
1		10	52
2		10	52
3		50	260
4		35	182
5		90	468
6		10	52
7		10	52
8		10	52
9	5%	26	
10	20	104	
11	20	104	
12	5%	26	
13	5%	26	
14	20	104	
15	20	104	
	%		
16	5%	26	Blended Rate

3 months remaining

LABOR HOURS 1690 \$ 75.00

LABOR EXPENSES \$ 41%

\$ Labor Overhead \$ Budget for Oct - Dec 2018

\$ Actuals thru September  
 \$ Budget October - December based on AMP % allocation  
 \$ Total

But, 3 vs 1 year split is thru August!  
 So, \$ - /9\*8 = actual thru August \$  
 Half goes to 3 year, half to 1 \$  
 Remainder goes to ATSI; \$

ADD LINES AND CATEGORIES AS NEEDED

# AMP Transmission LLC

## Zonal Investment Workpaper

**Add Zones if necessary. Add lines for more project investment**

Line No.					
1	<b><u>AMPT Transmission Investment - Gross Plant</u></b>				
2	(a)	(b)	(c)	(d)	(e)
3					AMPT
4		<u>ATS</u>	<u>AE</u>	<u>Other zone</u>	<u>Total</u>
5					
6	City of Napoleon Assets	\$	\$ -	\$ -	\$
7	Non-Qualifying	\$ -	\$ -	\$ -	\$ -
8	Total Qualifying	\$	\$ -	\$ -	\$
9		\$			
10	Zonal Allocation		100%	0%	0%
11					
12	Allocated To Zone	\$	\$	-	\$
13					
14					
15	<b><u>Transmission Plant recovered in Ancillary</u></b>				
16	<b><u>Services</u></b>				
17					
18					AMPT
19		<u>ATSI</u>	<u>AEP</u>	<u>Other Zone</u>	<u>Total</u>
20					
21	Amount	\$ -	\$ -	\$ -	\$ -
22					
23	Zone Allocation	0%	0%	0%	
24					
25	Allocated to Zone	\$ -	\$ -	\$ -	\$ -
26					
27					
28	<b><u>Wages and Salaries Proxy – Gross Plant in Each Zone</u></b>				
29					
30	Line 12 (a, b, or c) divided by Line 12(e)	100.0%	0.0%	0.0%	

**AMP Transmission  
LLC**  
True-Up and Adjustments Workpaper

**AMPT True-up with Interest - based on Protocols**

NITS Revenues received by PJM for the Year (Note 2)	Actual Revenue Requirement For Year (ATRR)	True-up Adjustment - (Over)/Under Recovery
-	-	-

	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate Amortization	Months	Calculated Interest	Surcharge (Refund) Owed
Interest Rate on Amount of Refunds or Surcharges (Note 1)		0.3542%			

As an example, an over or under collection will be recovered prorata over 2019, held for 2020 and returned prorata over 2021

Calculation of Interest					Monthly	
January	Year 2019	-	0.3542%	12	-	-
February	Year 2019	-	0.3542%	11	-	-
March	Year 2019	-	0.3542%	10	-	-
April	Year 2019	-	0.3542%	9	-	-
May	Year 2019	-	0.3542%	8	-	-
June	Year 2019	-	0.3542%	7	-	-
July	Year 2019	-	0.3542%	6	-	-
August	Year 2019	-	0.3542%	5	-	-
September	Year 2019	-	0.3542%	4	-	-
October	Year 2019	-	0.3542%	3	-	-
November	Year 2019	-	0.3542%	2	-	-
December	Year 2019	-	0.3542%	1	-	-
					-	-
					<b>Annual</b>	
January through December	Year 2020	-	0.3542%	12	-	

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					Monthly	
January	Year 2021	-	0.3542%		-	-
February	Year 2021	-	0.3542%		-	-
March	Year 2021	-	0.3542%		-	-
April	Year 2021	-	0.3542%		-	-
May	Year 2021	-	0.3542%		-	-
June	Year 2021	-	0.3542%		-	-
July	Year 2021	-	0.3542%		-	-
August	Year 2021	-	0.3542%		-	-
September	Year 2021	-	0.3542%		-	-
October	Year 2021	-	0.3542%		-	-
November	Year 2021	-	0.3542%		-	-
December	Year 2021	-	0.3542%		-	-
					-	-

True-Up with Interest		\$		
Less Over (Under) Recovery		\$	-	
Total Interest		\$		

Note 1:  
Interest Rate on Amount of Refunds or Surcharges is the monthly average interest rate calculated in accordance with section 2(c) of the AMPT Formula Rate Protocols.

Note 2:  
Exclude any true-up amount included in the PTRR for the year being true-up

**AMP Transmission LLC**  
Debt Service Workpaper - Annual

Projections  
Page 9 of 18

**Debt Service Payments - Year End 12/31/2019**

For ATRR and True-up, AMPT will record actual P&I in the year and those P&I entries will be populated in H-32A, page 1, line 36  
Add Additional Project Columns as needed

Rate Year	Total	Actual
2019	\$151,085.79	\$0

for PTRR - to line 34 of Attachment H-32A

AMPT Projects	Project #1	Project #2	Project #3	Project #4	Project #5	Project #6	Project #7	Project #8	Project #9	Project #10	Total Projected
Project Name:											
Loan Principal:											
Less Acquisition Premium	\$0										\$0
Net Loan Principal											
Loan Term (Years):											
Start Date:											
Loan End Date:											
Annual Interest Rate:											
Rate: Projected Yearly Debt Service											
<u>Debt Service Schedule (Yearly)</u>											
Year											
2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**AMP Transmission LLC**  
Debt Service Workpaper - Annual

**Debt Service Payments - Year End 12/31/2019**

Add Additional "Other" Columns as needed

<b>Other AMPT Capitalized Equipment</b>											
	Project #1	Project #2	Project #3	Project #4	Project #5	Project #6	Project #7	Project #8	Project #9	Project #10	Total Projected
Project Name:											
Loan Principal:											
Less Acquisition Premium											\$0
Net Loan Principal											
Loan Term (Years):											
Loan Start Date:											
Loan End Date:											
Annual Interest Rate:											
Projected Yearly Debt Service											
<b>Debt Service Schedule (Yearly)</b>											
Year											
2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2033	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0







**AMP Transmission LLC**  
**Transmission Enhancement Credit (Schedule 12**  
**Projects) To be completed in conjunction with Attachment**  
**H-32A**

Line No.	(1)	(2)	(3)	(4)
	<u>Reference</u>		<u>Transmission</u>	<u>Allocator</u>
1	Gross Transmission Plant - Total		\$	
2	Net Transmission Plant - Total			
3				
4	O&M EXPENSE			
5	Total O&M Allocated to Transmission		\$	
6	Annual Allocation Factor for O&M		%	%
7				
8	DEBT SERVICE		\$	
9	Annual Allocation Factor for Debt Service		%	%
10				
11	MARGIN REQUIREMENT		\$	
12	Annual Allocation Factor for Margin Requirement		%	%
13				
14	TAXES OTHER THAN INCOME TAXES			
15	Total Other Taxes		\$ -	
16	Annual Allocation Factor for Other Taxes		0.00%	0.00%
17				
18	<b>Annual Allocation Factor for Expense and Margin Requirement</b>	<b>Sum of line 6 through 16</b>		<b>%</b>
19				
20				
21	<b>Add lines for projects as needed</b>			
22				
23		<b>Transmission Enhancement Credit (Schedule 2 Projects)</b>		
24		To be completed in conjunction with Attachment H-32A		
25				

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	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	True-up Adjustment	Annual Revenue Requirement with True-up
27				(line 18)	(Col. 3 * Col. 4)	N/A		(Col. 6 * Col. 7)		(WP08-True-up Col. i)	(Sum Col. 5, 8, 9 & 10)
28											
29											
30											
31											
32	1a	b	\$ -	128.15%	\$ -	N/A	0.00%	\$ -	\$ -	-	\$ -
33		b				N/A					
34	1b	b	\$ -	128.15%	\$ -	N/A	0.00%	\$ -	\$ -	-	\$ -
35											
36	1c		\$ -	128.15%	\$ -		0.00%	\$ -			\$ -
37											

38 2 Transmission Enhancement Credit for Attachment H-32A Page 1, Line 9

39 Note

- 40 1.
- 41 A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-21A.
- 42 B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-21A.
- 43 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.
- 44 D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.

45 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.

**AMP Transmission LLC**  
Transmission Enhancement Credit (Schedule 12 Projects)

Add more lines as needed

**Transmission Enhancement Credit - True-up**  
To be completed after WP07 for the True-up Year is updated using actual data

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line No.	Project Name	RTEP Project Number	Actual TEC Revenues	Projected TEC Annual Revenue Requirement	Actual TEC Revenues Allocated to Projects	Actual TEC Annual Revenue Requirement	True-up Adjustment Principal Under/(Over)	Applicable Interest on Under/(Over)	True-up Adjustment with Interest Under/(Over)
				from PTRR	[Col. c, line 1 * (Col. d, line 2x / Col. d, line 3)]	from ATRR	Col. f - Col. e	Col. g * [(line 4a / line 4b) - 1]	Col. g + Col. H
1	[A] Actual PJM TEC Revenues for True-up Year		-						
2a		b		-			-	-	-
2b		b		-			-	-	-
2c		b		-			-	-	-
3	Subtotal			-					
4a	Revenue Requirement True-up with Interest						-		
4b	Revenue Requirement True-up - Over/Under Recovery						-		

NOTE

[A] Amount included in revenues reported on page 330, column k of FERC Form 1.

**AMP Transmission LLC**  
Transmission O&M, A&G, and Other Taxes Workpaper

Add lines and other zones as needed to increase transparency

**TRANSMISSION O&M, A&G, and OTHER TAXES DETAIL**

Add Lines and Columns to if necessary to increase transparency

Line No. (a)	Item (b)	Form 1 Reference (c)	Amount (d)	Deferred (e)	Description (f)
1	<b>Total Transmission O&amp;M - 2019 Projections</b>	321.112.b			From Informational AMPT Form 1 - ATRR True-up
2				Est. for Zone	
3	Total Transmission O&M Specific to ATSI zone	<u>Total</u>	<u>Alloc</u>	<u>ATSI</u>	<u>Projections</u>
4	consultant	\$0	35%	\$0	\$0 Transmission modeling and analysis services
5	consultant Implementation	\$0	100%	\$0	\$0 communications equipment
6	consultant Annual	\$0	100%	\$0	\$0 operational services for PJM communications and dispatch for transmission equip
7	consultant	\$0	35%	\$0	\$0 consulting services for equip evaluation for NERC BES compliance and Tariff eligibility
8	consultant	\$0	35%	\$0	\$0 Consultants
9	legal	\$0	50%	\$0	\$0 Legal
10	legal	\$0	100%	\$0	\$0 Legal
11	legal	\$0	100%	\$0	\$0 Legal
12	O&M Napoleon	\$0	100%	\$0	\$0 O&M on facilities
13	Meals/Travel	\$0	35%	\$0	\$0
14	Insurance	\$0	100%	\$0	\$0
15		\$0		\$0	\$0
16	List transmission specific to ATSI zone here - add rows if necessary	\$0		\$0	\$0
17		\$0		\$0	\$0 sum of transmission O&M specific to ATSI zone
18	Total Transmission O&M Specific to AEP zone				
19	List transmission specific to AEP zone here - add rows if necessary			\$ - \$ -	Add description
20	List transmission specific to AEP zone here - add rows if necessary			\$ - \$ -	Add description
21	List transmission specific to AEP zone here - add rows if necessary			\$ - \$ -	Add description
22	List transmission specific to AEP zone here - add rows if necessary			\$ - \$ -	Add description
23	List transmission specific to AEP zone here - add rows if necessary			\$ - \$ -	Add description
24				\$ - \$ -	sum of transmission O&M specific to AEP zone
25	Total Transmission O&M Specific to all zones				
26	List transmission specific to all zones here - add rows if necessary			\$ - \$ -	Add description
27	List transmission specific to all zones here - add rows if necessary			\$ - \$ -	Add description
28	List transmission specific to all zones here - add rows if necessary			\$ - \$ -	Add description
29	List transmission specific to all zones here - add rows if necessary			\$ - \$ -	Add description
30	List transmission specific to all zones here - add rows if necessary			\$ - \$ -	Add description
31				\$ - \$ -	sum of transmission O&M specific to all zones
32					

ADD LINES AND ZONES FOR DATA IN FUTURE AS NEEDED

**AMP Transmission LLC**  
**Transmission O&M, A&G, and Other Taxes**  
**Workpaper**

Line No.	Item	Form 1 Reference	Amount	Deferred	Description
(a)	(b)	(c)	(d)	(e)	(f)
33	<b>A&amp;G Expense</b>		3:	\$ -	From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR
34					
35	AMP Labor and Over				
36	AMP Labor and Overheads Allocable to the ASTI Zone		\$0	35%	\$ - \$ - AMP staff labor and overhead
37	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
38	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
39	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
40	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
41	List A&G specific to ATSI zone here - add rows if necessary		\$0		\$ - \$ - Add description
42			\$0		\$ - \$ - sum of A&G specific to ATSI zone
43	Total A&G Specific to AEP zone				
44	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
45	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
46	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
47	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
48	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
49					\$ - \$ - sum of A&G specific to AEP zone
50	Total A&G Specific to all zones				
51	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
52	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
53	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
54	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
55	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
56	Total A&G Specific to all zones				\$ - \$ - sum of A&G specific to all zones
57					
58					
59	<b>Other Taxes</b>	263.i		\$ -	From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR
60					
61	Other Taxes specific to ATSI Zone				
62	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
63	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
64	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
65	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
66	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
67	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
68					\$ - \$ - sum of Other Taxes specific to ATSI zone
69	Other Taxes specific to AEP Zone				
70	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
71	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
72	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
73	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
74	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
75					\$ - \$ - sum of Other Taxes specific to AEP zone
76	Other Taxes Specific to all zones				
77	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
78	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
79	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
80	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
81	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
82	Total Other Taxes Specific to all zones				\$ - \$ - sum of Other Taxes specific to all zones

**AMP Transmission LLC**  
**Development of Margin Requirement**

Line No.	Item	12-Month Period=	2019
(a)	(b)		(c)
1	Debt Service Payments <sup>1</sup>		\$ -
2			
3	Less:		
4	Interest on Working Capital Loans (WP06b)		\$ -
5	Premium paid on Debt and included in debt service		\$ -
6	Other Adjustments needed to reflect only Debt Service on Assets		\$ -
7	Add Additional deductions to Debt Service Payments as needed		\$ -
8			
9	Net Debt Service Payments (line 1 - lines 4 through 7)		\$ -
10	Margin Factor (fixed)		40%
11	Margin Requirement (line 9 x line 10) - To H-32A line		\$ -
12			
13	Notes:		
14	1. Excludes any Debt Service related to Acquisition Adjustments if any per WP06		

## **ATTACHMENT 3**

**Narrative responses to the specific questions in the Deficiency Letter**

**ATTACHMENT 3**  
**NARRATIVE RESPONSES TO QUESTIONS**  
**IN THE DEFICIENCY LETTER**

**REQUEST:**

- 1) **Excel Spreadsheet and Template**
  - a. **Please provide the transmission formula rate template from Attachment H in a workable Microsoft Excel file (which would be compatible with Excel version 2013) that includes all links and formulas used to calculate each cell in the Microsoft Excel file. All spreadsheets must contain the formulas necessary to calculate all of the numbers used in the formula. If the spreadsheets use macros, functions, or other techniques to perform iterative functions, AMP Transmission should provide an explanation of the macros or functions used, indicate their location in the formula rate, and how to initiate those functions. All macros and functions should not be set at a default state to run upon opening the spreadsheet. All formulas, variables, and results should be visible and not hidden. The spreadsheets should not use security features that prevent copying, modification, or printing. The spreadsheets should not contain any links to sources outside of the spreadsheet document.**

**RESPONSE:**

An electronic file containing the transmission formula rate template filed by AMPT as Attachment H-32A to the PJM Tariff is being provided with this submittal in the form of a functional Excel spreadsheet file meeting the requirements set forth in the Deficiency Letter (see Excel file labeled "Response 1.a\_.xls").

**REQUEST:**

- b. Please provide the following for Ex. No. AMT-11:**
  - i. A narrative explaining all of the costs with the 2019 projected data for AMPT facilities in the ATSI Transmission Zone.**
  - ii. A workable Microsoft Excel file (which would be compatible with Excel version 2010), populated with the costs detailed in the narrative of Ex. No. AMT-11, and adhering to all of the requirements listed above.**

**RESPONSE:**

- b. Regarding Exhibit No. AMT-11:**
  - i. Attachment 4 to this response provides a narrative explanation for each of the costs (and plant items) included in the 2019 projected transmission revenue requirement for the ATSI Zone, as set forth in Exhibit No. AMT-11 in the November 1 Filing. The narrative text is arranged according to the page and line number in Exhibit No. AMT-11 in which a balance for the cost or plant item is shown. Please note that explanatory text is furnished only for those cost or plant items having a positive balance in Exhibit No. AMT-11; narrative text is not furnished for items in the exhibit for which no amount is included in the 2019 PTRR.**
  - ii. An electronic file containing a functional Excel spreadsheet meeting the requirements set forth in the Deficiency Letter and populated with the costs described in the response to part (i) above is being furnished with this submittal (see Excel file labeled "Response 1.b.ii\_.xls").**

**REQUEST:**

- c. **Ex. No. AMT-11 includes the summary pages of AMP Transmission's formula rate template, as well [as] several worksheets denoted as WP01 through WP09, which provide supporting details for the calculation of various components of AMP Transmission's proposed formula rate (e.g., Gross Plant in Service, Start-Up Costs, Debt Service). However, while these worksheets are referenced in the summary pages of the proposed formula rate template, the worksheets are not provided in the proposed formula rate template as filed in eTariff.**
  - i. **Please explain how AMP Transmission's proposed formula rate template as filed in eTariff complies with the requirements of the Commission's policy that (1) all of the formula calculations be incorporated into rate schedules so that public utilities cannot unilaterally revise the calculations at their discretion; and (2) formula rates must be stated with sufficient specificity, clarity, and transparency so as to be understandable and reviewable by those affected by them and by the Commission.**

**RESPONSE:**

AMPT has revised its proposed formula rate template (Attachment H-32A to the PJM Tariff) to incorporate (i) the worksheets designated in Exhibit No. AMT-11 of the November 1 Filing as worksheets WP01 through WP09, and (ii) a new worksheet designated WP10, which provides the derivation of the Margin Requirement. These worksheets provide supporting details for the calculation of various components of AMPT's proposed formula rate. The inclusion of these worksheets as part of the Template satisfies the requirement that AMPT's filed formula rate include all formula calculations in the rate schedule and state the formula rate with sufficient specificity, clarity and transparency so as to be understandable and reviewable by those affected by them and by the Commission.

Accordingly, the revised version of Attachment H-32A to the PJM Tariff that is submitted with this Response includes worksheets WP01 through WP09 and new worksheet WP10 as part of the AMPT Template. The revised version of Attachment H-32A is provided in Marked format in Attachment 1 and in Clean format in Attachment 2 to this Response.

**REQUEST:****2) Applicability of Formula Rate to PJM Transmission Zones****a. In its transmittal, AMP Transmission states the following:**

**If and when AMP[Transmission] contemplates acquiring or building integrated facilities in a zone in which transmission owners develop their PTRR and ATRR on other than a calendar year basis, AMP[Transmission] will develop and submit for Commission review [P]rotocols that are similarly synchronized to the posting and review cycle of the other transmission owner.**

**Please confirm whether AMP Transmission is requesting Commission approval of its proposed Template for use (1) in all PJM Transmission Zones regardless of the rate year used or (2) only in those PJM Transmission Zones in which the rate year is based on the calendar year.**

- i. If AMP Transmission is requesting Commission approval consistent with option (1) above, please explain how its proposed Template can be utilized by AMP Transmission in all PJM Transmission Zones, regardless of the time period in which the other transmission owner(s) in the zone also develop and post their transmission revenue requirements and rates.**

**RESPONSE:**

AMPT is requesting Commission approval of its proposed Template for use in any PJM Transmission Zone in which it owns or leases facilities. AMPT intends for its Template to be sufficiently flexible that it can be applied in a zone on any 12-month basis (i.e., either a calendar year basis or a different 12-month basis). Review of the Template in preparing this Response identified only one reference in AMPT's originally-filed Template that indicated a rate year must be based on a calendar year. Note D in Attachment H-32A stated, "The True-Up adjustment is the difference between (1) the revenues received for the Calendar year and (2) the ATRR for that Calendar year after it is known, with interest." The revised tariff sheets being submitted with this Response amend Note D so that it more accurately reflects AMPT's intent to apply the proposed Template based on whatever twelve-month period is used as the rate year in a particular PJM Transmission Zone. The amended Note D states, "The True-Up adjustment is the difference between (1) the revenues received for the twelve-month period and (2) the ATRR for that twelve-month period after it is known, with interest." This change is reflected in the revised tariff sheets include in Attachment 1 (Marked tariff sheets) and Attachment 2 (clean tariff sheets) to this Response. Additionally, AMPT is proposing to include as part of the filed tariff sheets the workpapers that were part of Exhibit No. AMT-11 in the November 1 Filing. In the workpaper designated WP06, the word "Calendar"

appeared once; it has been deleted from the version of WP06 being submitted for inclusion with the filed tariff sheets.

If and when AMPT contemplates acquiring or building facilities in a PJM Transmission Owner zone in which transmission owners develop their transmission revenue requirements on other than a calendar year basis, AMPT will develop and submit for Commission review protocols that are similarly synchronized to the posting and review cycle of the zone. See November 1 Filing, transmittal letter at n.29, and proposed Attachment H-32 to the PJM OATT at note 1. AMPT submits that this approach comports with *NextEra Energy Transmission MidAtlantic, LLC*, 164 FERC ¶ 61,185 (2018). AMPT would file appropriately modified protocols at least sixty (60) days in advance of the date on which it intends to begin collecting its revenue requirement in the relevant zone. It would not be necessary to modify the proposed Template in such an event as it will operate correctly regardless of whether the rate year utilized in the zone is based on a calendar year or a different 12-month period.

**REQUEST:****3) Margin Factor/Margin Requirement**

- a. Please explain and justify how the Margin Requirement affects the monthly rate and whether the margin amounts not needed in a particular year are returned in the true-up process.**

**RESPONSE:**

Cost and revenue items affect the AMPT annual transmission revenue requirement, which will be calculated on a daily basis and invoiced by PJM weekly. The Margin Requirement is one of the many cost and revenue items that are included in the calculation of AMPT's annual transmission revenue requirement (the others being, for example, Operation & Maintenance expenses, Administrative & General expenses, taxes other than income taxes or payments in lieu thereof, revenue credits, debt service expense, and lease payments, if any). The individual cost and revenue items that are included in the calculation of AMPT's annual transmission revenue requirement are specified in AMPT's formula rate Template (proposed Attachment H-32A to the PJM Tariff); the net sum of these cost and revenue items results in the AMPT transmission revenue requirement. As discussed in the prepared testimony of Mr. Robert Smith included in the November 1 Filing (see Exhibit No. AMT-7 at pages 8-9 of the November 1 Filing), and as specified in AMPT's formula rate Protocols (proposed Attachment H-32B to the PJM Tariff), a comparison is performed each year between the revenues collected by AMPT based on its forecast of AMPT's aggregate transmission revenue requirement and its actual transmission revenue requirement once its actual costs and revenues are known. Depending on whether that comparison shows an over-recovery or under-recovery of AMPT's actual aggregate transmission revenue requirement in the pertinent rate year, a true-up adjustment (positive or negative) is applied to the aggregate estimated revenue requirement on which charges are based in the rate year that follows the year in which the comparison is performed.

The comparison of forecasted and actual costs (and any resulting refund or additional charge) is based on the net total of all cost and revenue items included in the transmission revenue requirement. If the actual Margin Requirement were lower than forecasted in a given rate year (due to, for example, the debt service expense against which the Margin Factor is applied being lower than forecasted), that "extra" Margin Requirement revenue would be included with all other "higher than forecasted" and "lower than forecasted" cost and revenue items in the annual true-up process. The overall true-up transmission revenue requirement amount (positive or negative) with interest becomes part of the next year's forecast.

**REQUEST:**

- b. **AMP Transmission proposes to establish a Margin Factor of 40 percent of annual debt service for AMP Transmission-owned facilities. In its transmittal, AMP Transmission states that:**

**The Margin Factor proposed by AMP [Transmission] is justified by several considerations. First, it is consistent with AMP's near-term goal of ensuring sufficient cash flow to service its debt during unforeseen conditions. Second, it will allow AMP [Transmission] to establish a "track record" of meeting its debt service obligations that will facilitate the receipt of a favorable credit rating should AMP [Transmission] rely in the future on rated debt obligations. Third, a Margin Requirement of 0.4 times annual Debt Service expense is well within the range of Margin Requirements approved or accepted by the Commission for other public power transmission owners.**

**In its filing, AMP Transmission also provides testimony detailing that it has taken out loans to finance its purchase of bulk electric system facilities previously owned by the City of Napoleon, Ohio and related equipment and services for which the actual or anticipated applicable interest rates are 5.5 percent and the higher of Prime Rate or AMP's bank letter of credit rate (currently 5.35 percent).**

**Please provide additional support for the proposed Margin Factor which appears to be more than 7 times the established or anticipated interest rate of AMP Transmission's known debt service obligations.**

**RESPONSE:**

The Margin Factor used in calculating AMPT's Margin Requirement has no direct relationship to the interest rate on the AMPT debt. That is, the magnitude of the Margin Factor (*i.e.*, the percentage value) is not a function of the percentage value of the interest rate or dollar amount of annual interest expense. Rather, the Margin Factor is established independently based on other considerations. The considerations that support AMPT's decision to adopt a Margin Factor of 0.40 are described in the prepared testimony of Ms. Marcy Steckman included in the November 1 Filing (see Exhibit No. AMT-4, at pages 8-17). Additional discussion of the factors considered by public power entities in establishing a margin requirement, and additional support for the specific Margin Factor proposed by AMPT in the November 1 Filing, is provided in the affidavit of Mr. James Pardikes submitted as Attachment 5 to this Response.

**REQUEST:**

- c. **The Commission accepted for filing tariff records in Midcontinent Independent System Operator, Inc.'s (MISO) Open Access Transmission, Energy and Operating Reserve Markets Tariff that contain the following requirements for municipalities using the cash flow method: "The ISO will review such party's filings to assure that the [Marginal Requirements] are consistent with those applicable to native load or required by bond covenants and utility must provide workpapers showing derivation of margin." Please explain or provide additional evidence and workpapers to show how you would comply with these requirements.**

**RESPONSE:**

The PJM Tariff does not include a provision, such as that set forth in the notes to the cash flow version of Attachment O to the MISO Tariff, requiring the ISO to review a proposed margin requirement for consistency with charges to native load or bond covenant requirements. In lieu of the ISO/RTO review provided for in the MISO Tariff, AMPT's expectation is that its proposed Margin Factor would be included by the Commission in its overall review of the November 1 Filing pursuant to Section 205 of the Federal Power Act and that any subsequent change in the Margin Factor would require an additional Section 205 joint filing by PJM and AMPT and approval or acceptance of the new Margin Factor by the Commission. AMPT believes this approach is in line with that used by transmission owners in the Southwest Power Pool that have filed transmission revenue requirements based on the cash flow method, since the SPP open access tariff, like the PJM Tariff, has no provision for prior ISO/RTO review of a transmission owner's proposed margin requirement.

As to whether the specific Margin Factor proposed by AMPT is "consistent with [that] applicable to native load or required by bond covenants," AMPT points out that, as a startup transmission-only company, it has no "native load" to which a Margin Requirement has been charged. See the discussion included in the prepared testimony of Marcy Steckman, Exhibit No. AMT-4 to the November 1 Filing, at page 15. On a prospective basis, AMPT, as a transmission-only entity, will not have firm service power supply obligations to a defined set of customers that would cause those customers to be properly characterized as AMPT "native load." Rather, AMPT's facilities will be used to serve all network load receiving service under the PJM Tariff, and, consistent with the PJM Tariff, the costs of those facilities will be recovered from all network load in the zone in which the facilities are located (including network load for which American Municipal Power is the network customer).

Moreover, although identified as factors for ISO review in Attachment O of the MISO Tariff, consistency with charges to native load or requirements of bond covenants are but two criteria relevant to determining an appropriate margin level for non-

jurisdictional transmission owners and are not determinative here. Discussion of the additional factors considered by public power entities in establishing a margin requirement, the methodologies used in filings the Commission has accepted or approved, and additional support for the specific Margin Factor proposed by AMPT are provided in the affidavit of Mr. James Pardikes submitted as Attachment 5 to this Response.

Insofar as the Deficiency Letter indicates a desire for additional documentation of AMPT's calculation of the Margin Requirement, AMPT has included an additional workpaper showing that calculation in the revised tariff sheets for Attachment H-32A to the PJM Tariff included in this Response. (See Attachments 1 (marked tariff sheets) and 5 (clean tariff sheets) appended to the Response. The new workpaper for the dollar amount of the Margin Requirement (workpaper WP10) takes the annual debt service amount from worksheet WP06 and applies the adjustments to the annual debt service amount that AMPT proposes to make before applying the Margin Factor (e.g., removal of debt premium amortization). (Note that debt service attributable to any acquisition premium is already removed from annual debt service on worksheet WP06.) The resulting adjusted annual debt service value is then multiplied by the then-effective Margin Factor percentage to calculate the Margin Requirement for the applicable rate year.

**REQUEST:**

- d. In its filing, AMP Transmission also provides, as part of its testimony, the Declaration of Operating Agreement between AMP and AMP Transmission (Operating Agreement). Article VII of the Operating Agreement states that “All of the Net Profits and Net Losses of the Company for each Fiscal Year will be allocated to [AMP]” and that “Cash Flow will be distributed to the [AMP] at such time or times as the [AMP] determines in the [AMP]’s sole discretion.”

**Please explain what percentage, if any, of the proposed Margin Requirement would be allocated to AMP pursuant to the Operating Agreement provisions listed above as either Cash Flow or Net Profit. Please explain how this percentage will be determined.**

**RESPONSE:**

As stated in the prepared testimony of Ms. Marcy Steckman, AMPT’s Chief Financial Officer (Exhibit No. AMT-4 to the November 1 Filing, at 13-14), AMPT’s goal is to obtain an “A” credit rating. To formalize that objective, on January 17, 2019, AMP, as the sole member of the AMPT limited liability company, adopted through action of its Board of Trustees a Financial Policy applicable to AMPT. (A copy of the Financial Policy is appended to this Response as Attachment 7.) The Financial Policy provides in part that AMPT will endeavor to build over time an equity component within its capital structure that is consistent with achieving and maintaining an “A” (Moody’s) credit rating, as this will permit AMPT to obtain debt financing independent of AMP at reasonable cost in the future. It is contemplated that, for the foreseeable future, all incoming cash flow will be retained within AMPT in order to facilitate achievement of this element of the Financial Policy.

In addition, AMPT intends to continue to invest in transmission for the benefit of AMP’s municipal members and to support the transmission network in PJM. Retention of cash flow within AMPT could reduce the amount of external funding AMPT requires to engage in such transmission investments. After AMPT achieves the equity ratio goal set forth in the Financial Policy, a determination will be made regarding the disposition of any incremental free cash flow taking into consideration AMPT’s investment plans at the time and other important metrics such as liquidity. This determination would be made by the membership of the AMPT limited liability company at the time. (Although AMP is currently the only member of the AMPT limited liability company, AMPT may gain additional members over time. See the prepared testimony of Ms. Pamala M. Sullivan, AMPT’s President, Exhibit AMT-1 to the November 1 Filing, at page 8.)

**ATTACHMENT 4**  
**Narrative description of cost and plant  
items in Exhibit No. AMT 11**

**ATTACHMENT 4**  
**NARRATIVE DESCRIPTION OF COST AND PLANT ITEMS  
IN EXHIBIT AMT-11**

**Page:** 1

**Line:** 21

**Item:** Transmission O&M allocable to zone

**Amount:** \$213,000

**Narrative Description:**

These are costs in which less than 100% of the total cost incurred is allocable to the ATSI zone. The total of \$213,000 is the sum of the estimates for the ATSI zone shown in WP09, column (d), lines 4, 7, 8, 9, and 13 (e.g., \$87,500 + \$10,500 + \$28,000 + \$80,000 + \$7,000 = \$213,000).

Details and Descriptions of Costs included on WP09

**Line 4** is a total annual estimated expense of \$250,000 for a consultant that provides modeling and analysis of transmission facilities. Based upon anticipated activity in the ATSI zone vs. other PJM zones, AMPT estimates that 35%, or \$87,500, of this consultant's charges are related to the ATSI zone.

**Line 7** is a total annual estimated expense of \$30,000 for a consultant who provides review and evaluation of member transmission facilities that fall under NERC Bulk Electric System definitions and subject to NERC compliance costs. Based upon anticipated activity in the ATSI zone vs. other PJM zones, AMPT estimates that 35% or \$10,500 of this consultant's charges are related to the ATSI zone.

**Line 8** is a total annual estimated expense of \$80,000 for a consultant who provides FERC testimony and advice on tariff design and FERC accounting for AMPT. In addition, this consultant assists AMPT with development of the net book value of AMP member transmission facilities. AMPT estimates that 35%, or \$28,000, of this consultant's charges are related to the ATSI zone based upon the estimated activities for this consultant in the ATSI zone.

**Line 9** is a total annual estimated expense of \$160,000 for FERC counsel who provides support on all FERC legal matters for AMPT. AMPT estimates that 50%, or \$80,000, of this consultant's charges are related to the ATSI zone based on the amount of activities provided by the FERC counsel.

**Line 13** is shows a total annual estimated expense of \$20,000 for meals and travel incurred by AMPT related to FERC formula rate matters. The amount of \$7,000 is

based upon the estimated activities in the ATSI zone, which AMPT estimates are 35% of total ( $35\% \times \$20,000 = \$7,000$ ).

The difference between the total cost incurred and the amount allocated to the ATSI zone as described above is included as a proposed deferred cost shown on WP09, column (e), lines 4 through 16.

---

**Page: 1**

**Line: 22**

**Item: Transmission O&M Specific to zone**

**Amount: \$143,133 (Revised to \$93,133)**

**Narrative Description:**

These are costs for Operations and Maintenance, Administrative and General, Debt Service and other taxes that are directly allocable to the ATSI zone. Please refer to Note M and WP09 for details related to the \$93,133 in this account.

Details and Descriptions of Costs included on WP09

These are costs that are attributable solely to the ATSI zone based on the timing, the specific relation to the Napoleon facilities or the nature of the activities being limited to the FERC filing in the ATSI zone. The total of \$93,133 is the sum of the estimates for the ATSI zone shown in column (d), lines 6, 12 and 14 (e.g., \$23,333 + \$60,000 + \$9,800 = \$93,133).

**Line 6** is a total annual estimated expense of \$23,333 for a consultant who provides required operational services for PJM communications and dispatch for transmission equipment that AMPT owns currently in the ATSI zone, which is currently limited to the Napoleon facilities in the ATSI zone.

**Line 12** is a total annual estimated expense of \$60,000 for AMPT purchase of O&M services on the Napoleon transmission assets.

**Line 14** is the total annual estimated expense of \$9,800 related to purchase of insurance on the Napoleon transmission assets that AMPT acquired.

**Line 21** of page 1 of 17 of the AMPT formula rate (\$213,000) plus line 22 of page 1 of 17 of the AMPT formula rate (\$93,133) equals a total of \$306,133 which is shown on WP09, column (d) line 17 and is the total projected O&M expense for 2019 in the ATSI zone under the projected AMPT formula rate.

---

**Page: 1**

**Line: 26**

**Item: A&G specific to zone**

**Amount: \$257,711**

**Narrative Description:**

\$257,711 is the total projected 2019 AMP labor cost and overhead cost allocated to the ATSI zone. These estimates are based on projections of personnel time dedicated to AMPT tasks. A total of \$736,316 was projected for AMP labor and overhead costs allocable to the AMPT matters in 2019. The amount shown is based upon the estimated activities in the ATSI zone, which AMPT estimates are 35% of the 2019 total projection (or \$257,711). The allocation is shown on WP09, column (d) line 36 and on page 1 of 17 of the AMPT formula rate, line 26.

---

**Page: 1**

**Line: 27**

**Item: Other Amortizations - ATSI**

**Amount: \$785,776 (Revised to \$577,829)**

**Narrative Description:**

These costs are start-up costs for activities AMPT undertook in 2018 to prepare for ownership of transmission facilities in the ATSI transmission zone. The costs are described below and shown in WP03. Many of these amounts are estimates because 2018 was not finalized at the time of filing in November 2018. They will be trued-up to actual in the calendar year 2018 true-up.

\$82,308 – Legal cost for preparing filing, editing testimony, legal documents for closing on facilities, development of the AMPT tariff and protocols, and related legal activities.

\$18,000 – Consulting costs for a consultant who evaluated the existing and necessary communications and other infrastructure, ordered and installed equipment, and developed required procedures for communication with the Transmission Operator and adjacent Transmission Owner.

\$195,762 – AMP personnel time and benefits related to AMPT formation costs through August 2018. This was revised to \$0 as a duplicate item.

\$14,321 – Engineering Costs for evaluating the equipment and developing NERC compliance documentation.

\$90,000 – estimated costs paid to PJM in 2018 for PJM to include AMPT in its load model.

\$68,485 – costs for FERC consultant to assist with development of book value of assets in ATSI zone, development of formula rate and protocols, testimony and exhibits for filing, and FERC accounting direction.

\$1,000 – estimated O&M expense on Napoleon transmission assets from closing in 2018 to the end of the year.

\$11,347 – total of travel, meals and insurance on transmission facilities for partial year (from closing).

\$264,868 - AMP personnel time and benefits related to AMPT formula rate filing in the ATSI zone from October 2018 through December 2018, legal documents related to closing with Napoleon, consultation with PJM, etc., calculated on WP02.

\$17,500 – estimate of 4th quarter interest on loan from AMP.

\$10,000 – Legal expenses for drafting the loan agreement for the purchase of the Napoleon assets.

Revised Total is due to the removal of a duplicative cost of \$195,762 as well as the reallocation of the legal expenses of \$236 and \$11,949 to the Amortization of Start-Up Costs to zone in line 30.

---

**Page: 1**

**Line: 30**

**Item: Amortization of Start-Up Costs to zone**

**Amount: \$32,344 (Revised to \$42,708)**

**Narrative Description:**

The costs in this account are start-up costs that are general in nature and pertain to the establishment of AMPT as a legal entity in 2018. AMPT proposes to assign 50% of the start-up costs to the ATSI zone and then amortize the costs over three years. The basis for the 50% assignment is that AMPT expects the majority of its transmission assets to be located in two zones (ATSI and AEP) thus resulting in half of the start-up costs being assigned to ATSI. Please refer to Note N for the reference to the total start-up costs.

The Costs are detailed below and shown on WP03 under the heading “3-year Amorts Deferred from and Incurred in 2018”:

\$42,692 – Legal costs associated with evaluation and development of rate methodology.

\$64,323– Legal costs associated with advising AMPT on corporate formation, tax and financing issues. (\$39,323 + 25,000)

\$5,003– Legal costs associated with drafting and filing with the Ohio Secretary of State the articles of incorporation for the formation of AMPT. (\$4,767 + \$236)

\$37,000– Legal costs associated with FERC Standards of Conduct compliance and waiver issues. (\$51 + \$11,949 + \$25,000)

Subtotal of Legal costs is \$149,018.

\$27,583 – Outside Consulting Cost assisting AMP with general formula rate development and protocols, meetings on how to perform FERC accounting, etc.

\$678 – Travel and meals related to the start-up of AMPT as a legal entity.

\$68,921 – one-half of January - August 2018 AMP personnel costs plus benefits related to start-up. Calculated on WP03 line 101.

\$8,550 – Consultant fees related to review and consultation on PJM TO/TOP Matrix compliance

\$1,500 – PJM Application fee.

Total start-up costs (revised) = \$256,250 / 2 zones = \$128,125 / 3 years = \$42,708 as shown on WP03, line 32.

---

**Page: 1**

**Line: 34**

**Item: Debt Service**

**Amount: \$151,086**

**Narrative Description:** This is the sum of the debt service payments projected for 2019, which was calculated by using an excel function to find the year at issue (e.g., 2019) and summing the debt service payments calculated on WP06 for that year. Please refer to Note L and WP06, cell C13.

---

**Page: 1**

**Line: 37**

**Item: Interest for Working Capital needs**

**Amount: \$26,250**

**Narrative Description:** This account includes an estimate of the annual interest cost in 2019 of a \$500,000 working capital loan from AMP at 5.25%. It is calculated on WP06b.

---

**Page: 1**

**Line: 52**

**Item: Margin Requirement**

**Amount: \$60,434**

**Narrative Description:** The proposed margin requirement of 40% is calculated by multiplying line 34 (\$151,086) by 0.40 = \$60,434 as shown on line 53 of Attachment H-32A and as detailed on WP10.

---

**Page: 1**

**Line: 58**

**Item: Gross Plant in Service - Transmission**

**Amount: \$1,114,272 (revised to \$1,089,272)**

**Narrative Description:** This is the Original Cost of transmission plant flowing from WP04, which flows from WP01 showing 13-month balances. (Corrected to reflect a change from \$100,000 to \$75,000 for Grid Force Equipment installed at transmission facilities.)

---

**Page: 2**

**Line: 76**

**Item: Total transmission expenses**

**Amount: \$356,133 (Revised to \$306,133)**

**Narrative Description:** See WP09 Lines 4 through 17. This is the same line item discussed above for Page 1, lines 21 and 22.

---

**Page: 3**

**Line: 1-13, 15**

**Item: Gross Plant in Service - 13 Month Average Balances - Transmission**

**Amount: \$1,114,272 (Revised to \$1,089,272)**

**Narrative Description:** This is the same line item discussed above for Page 1, line 58.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs - Legal**

**Amount: \$86,833 (Revised to \$149,018)**

**Narrative Description:** This is the subtotal of certain legal items as discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs - Consultant**

**Amount: \$27,583**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs – Travel, Meals**

**Amount: \$678**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs - AMP Labor/Overhead**

**Amount: \$68,921**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs - consultant**

**Amount: \$8,550**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: 2018 Start-Up Costs - PJM Application fee**

**Amount: \$1,500**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: Yearly Amortization**

**Amount: \$32,344 (Revised to \$42,708)**

**Narrative Description:** Discussed above for Page 1, line 30.

---

**Page: 5**

**Line:**

**Item: Deferred to AEP Zone (or Next Zone)**

**Amount: \$97,032 (Revised to \$128,125)**

**Narrative Description:** This is one-half of \$256,250 that is deferred to the AEP zone as discussed above for Page 1, line 30.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - legal**

**Amount: \$82,308**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page:** 5

**Line:** N/A

**Item:** Other Amortizations of deferred start-up - ATSI Zone Specific - consulting

**Amount:** \$18,000

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page:** 5

**Line:** N/A

**Item:** Other Amortizations of deferred start-up - ATSI Zone Specific – AMP Labor / Overhead

**Amount:** \$195,762 (Revised to \$0)

**Narrative Description:** Revised Total is due to the removal of a duplicative cost of \$195,762, discussed above for Page 1, line 27.

---

**Page:** 5

**Line:** N/A

**Item:** Other Amortizations of deferred start-up - ATSI Zone Specific – consulting [sic – consulting]

**Amount:** \$14,321

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page:** 5

**Line:** N/A

**Item:** Other Amortizations of deferred start-up - ATSI Zone Specific - PJM

**Amount:** \$90,000

**Narrative Description:** Discussed above for Page 1, line 27.

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific – consulting**

**Amount: \$68,485**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - O&M  
Napoleon rest of 2018 estimate**

**Amount: \$1,000**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific -  
Travel/Meals/Insurance**

**Amount: \$11,347**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - AMP  
Labor/Overhead**

**Amount: \$264,868**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - fourth quarter 2018 interest on Napoleon Loan**

**Amount: \$17,500**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific – legal**

**Amount: \$236 (Revised to \$0)**

**Narrative Description:** Revised Total is due to the moving the cost to start-up costs as discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific – legal**

**Amount: \$10,000**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - legal**

**Amount: \$11,949 (Revised to \$0)**

**Narrative Description:** Discussed above for Page 1, line 30, which is now included in the start-up costs.

---

**Page: 5**

**Line: N/A**

**Item: Other Amortizations of deferred start-up - ATSI Zone Specific - Total 1-year Amort to ATSI zone**

**Amount: \$785,776 (Revised to \$577,829)**

**Narrative Description:** Discussed above for Page 1, line 27.

---

**Page: 6**

**Line: N/A**

**Item: LABOR OVERHEAD (This was mislabeled and should be only "LABOR")**

**Amount: \$126,750**

**Narrative Description:** Total Labor Hours estimated for October – December 2018 of 1,690 hours x blended AMP cost rate for employees of \$75/hour = \$126,750.

---

**Page: 6**

**Line: N/A**

**Item: OCT-DEC LABOR TOTAL (This line should read "OCT-DEC OVERHEAD COST")**

**Amount: \$51,968**

**Narrative Description:** Labor overhead costs of \$126,750 x AMP's internal overhead rate of 41% = \$51,968.

---

**Page: 6**

**Line: N/A**

**Item: Budget for Oct - Dec 2018 Restate**

**Amount: \$178,718**

**Narrative Description:** This is the sum of the two items listed immediately above. (\$126,750 and \$51,968)

---

**Page: 6**

**Line: N/A**

**Item: Actuals thru September**

**Amount: \$155,071**

**Narrative Description:** Actual AMP cost allocated to AMPT for January 2018 through September 2018 plus benefit costs.

---

**Page: 6**

**Line: N/A**

**Item: Budget October - December based on AMP % allocation**

**Amount: \$178,718**

**Narrative Description:** This is the sum of \$126,750 and \$51,968 listed immediately above.

---

**Page: 6**

**Line: N/A**

**Item: Total**

**Amount: \$333,789**

**Narrative Description:** This is the sum of \$178,718 and \$155,071.

---

**Page: 6**

**Line: N/A**

**Item: But, 3 vs 1 year split is thru August! So,  $\$155,071/9*8$  = actual thru August**

**Amount: \$137,841**

**Narrative Description:** This restates the total of \$155,071, which accounts for the labor through September (9 months), to 8 months on the basis that prior to September, AMP personnel were focused on the start-up of the overall company. After end of August, AMP personnel focused on the formula rate filing for the ATSI Zone, which is allocable to the ATSI Zone.

---

**Page: 6**

**Line: N/A**

**Item: Half goes to 3 year, half to 1**

**Amount: \$68,921**

**Narrative Description: \$137,821 divided by 2.**

---

**Page: 6**

**Line: N/A**

**Item: Remainder goes to ATSI; \$333,789-\$137,841**

**Amount: \$195,948**

**Narrative Description: \$333,789 minus \$137,841.**

---

**Page: 7**

**Line: N/A**

**Item: City of Napoleon Assets - ATSI**

**Amount: \$1,114,272 (Revised to \$1,089,272)**

**Narrative Description:** Corrected to \$1,089,272. This is the sum of net book value of Napoleon assets of \$1,014,272 and GridForce assets installed in the Napoleon substation of \$75,000. This revision alone does not affect revenue requirements.

---

**Page: 7**

**Line: N/A**

**Item: Total Qualifying - ATSI**

**Amount: \$1,114,272 (Revised to \$1,089,272)**

**Narrative Description: Same as above, corrected to \$1,089,272.**

---

**Page: 7**

**Line: N/A**

**Item: Allocated To Zone - ATSI**

**Amount: \$1,114,272 (Revised to \$1,089,272)**

**Narrative Description:** Same as above, corrected to \$1,089,272.

---

**Page: 7**

**Line: N/A**

**Item: Wages and Salaries Proxy - Gross Plant in Each Zone - ATSI**  
**Line 12(a,b, or c) divided by Line 12 (e)**

**Amount: 100%**

**Narrative Description:** AMPT is a transmission-only entity so the Wages & Salaries allocator would always be 100% to transmission.

---

**Page: 9**

**Line: N/A**

**Item: Debt Service Payments - Year End 12/31/2019**  
**Total Projected**

**Amount: \$151,085.79**

**Narrative Description:** This is the sum of 2019 principal and interest payments on the \$1,014,272 loan for Napoleon assets plus principal and interest payments on the \$75,000 loan for GridForce equipment. Debt service payment is based on excel "PMT" function reflecting interest rate, term, and loan amounts of each.

---

**Page: 9**

**Line: N/A**

**Item: Debt Service Payments - Year End 12/31/2019**  
**Projected Yearly Debt Service Payment: AMPT Projects**

**Amount: \$133,595**

**Narrative Description:** This is the principal and interest payments on \$1,014,272 loan for Napoleon assets.

---

**Page: 10**

**Line: N/A**

**Item: Debt Service Payments - Year End 12/31/2019**  
**Projected Yearly Debt Service Payment: Other AMPT Capitalized**  
**Equipment**

**Amount: \$17,491**

**Narrative Description:** This represents principal and interest payments in 2019 on the \$75,000 loan for the purchase of GridForce equipment.

---

**Page: 13**

**Line: 1**

**Item: AMPT Working Capital Loan**

**Amount: \$500,000**

**Narrative Description:** This is the principal amount of the loan from AMP to fund AMPT's working capital needs.

---

**Page: 13**

**Line: 3**

**Item: Prime Rate at time of filing**

**Amount: 5.25%**

**Narrative Description:** This is the most recently published prime commercial lending rate at the time of the November 1 Filing.

---

**Page: 13**

**Line: 5**

**Item: Interest on Working Capital Loan**

**Amount: \$26,250**

**Narrative Description:** This represents interest payable in 2019 on the portion of the borrowing from AMP to fund AMPT's working capital needs (calculated as \$500,000 x 5.25%).

**Page: 14**

**Line: 1**

**Item: Gross Transmission Plant**

**Amount: \$1,089,272**

**Narrative Description:** This workpaper calculates a fixed charge rate for any RTEP projects that AMPT may be required to build in the future and uses the AMPT gross transmission plant in that calculation. Refer to page 3 (WP01).

---

**Page: 14**

**Line: 5**

**Item: Total 2019 projected transmission O&M expense**

**Amount: \$1,431,964 (Revised to \$1,184,381)**

**Narrative Description:** From page 1, line 31.

---

**Page: 14**

**Line: 6**

**Item: Annual Allocation Factor for O&M**

**Amount: 128.51% (Revised to 108.73%)**

**Narrative Description:** Page 14, line 5 divided by page 14, line 1.

---

**Page: 14**

**Line: 8**

**Item: Debt Service**

**Amount: \$151,086**

**Narrative Description:** From page 9. This is the calculated Debt Service for 2019.

---

**Page: 14**

**Line: 9**

**Item: Annual Allocation Factor for Debt Service**

**Amount: 13.56% (Revised to 13.87%)**

**Narrative Description:** Page 14, line 8 divided by page 14, line 1.

---

**Page: 14**

**Line: 11**

**Item: Margin Requirement**

**Amount: \$60,434**

**Narrative Description:** From page 1, line 52.

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**Page: 14**

**Line: 12**

**Item: Annual Allocation Factor for Margin Requirement**

**Amount: 5.42% (Revised to 5.55%)**

**Narrative Description:** Page 14, line 11 divided by page 14, line 1.

---

**Page: 14**

**Line: 18**

**Item: Annual Allocation Factor for Expense and Margin Requirement**

**Amount: 147.49% (Revised to 128.15%)**

**Narrative Description:** This is the sum of lines 6, 9, 12, and 16 in column 4.

---

**Page: 16**

**Line: 4 - 16**

**Item: Trans O&M specific to ATSI zone**

**Amount: \$356,133 (Revised to \$306,133)**

**Narrative Description:** See description for Page 1, lines 21 and 22.

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**Page: 17**

**Line: 36/41**

**Item: A&G Expense**

**Amount: \$257,711**

**Narrative Description:** See the description for Page 1, line 26.

**ATTACHMENT 5**  
**Affidavit of Mr. James Pardikes**

## **ATTACHMENT 5**

### **AFFIDAVIT OF JAMES PARDIKES**

I, James Pardikes, having been first duly sworn according to law, state that the following facts provided under oath are true and correct to the best of my knowledge, information and belief.

#### **INTRODUCTION AND QUALIFICATIONS**

1. I am a Vice President and head of the Transmission Strategy Practice at MCR Performance Solutions ("MCR"). My business address is 155 N. Pfingsten Road, Suite 155, Deerfield, IL 60015.
2. I have been asked by AMP Transmission, LLC ("AMPT") to submit this affidavit in support of AMPT's use of the cash flow method of determining its annual transmission revenue requirement for facilities it owns in the PJM Interconnection, LLC ("PJM") region. More specifically, I have been asked to provide information bearing on the reasonableness of AMPT's proposal to use a Margin Factor of 0.40 in calculating the Margin Requirement to be included in AMPT's annual transmission revenue requirement.
3. I have consulted to the utility industry for over 33 years. I earned a Bachelors degree in Business Administration with an emphasis in Accounting from the University of Michigan Business School in 1979 and obtained a Master of Business Administration in Finance from Michigan State University in 1982. After graduation, I worked for the Consulting Division of Arthur Andersen for five years on strategy projects. From 1987 to 1999, I was employed by CSC Planmetrics, a

management consulting firm dedicated to serving electric and natural gas utilities, focusing on wholesale power marketing, strategic planning, and retail competitive energy markets for IOUs and G&Ts. From 1999 to 2001, I worked for Accenture in its Energy practice, assisting utility and energy clients in wholesale and competitive retail energy markets. In 2001, I joined MCR, where I am now a Vice President and lead the Transmission Strategy Practice.

4. As head of MCR's Transmission Strategy practice since 2008, I lead consulting projects for MCR's transmission clients. I have advised joint action public power agencies, municipal utilities, generation and transmission cooperatives ("G&Ts") and transmission companies ("Transcos") on a variety of transmission strategy and capital planning matters. In the Transmission Strategy area, I have provided expert testimony, analytics, and evidentiary support for various public power and G&T client filings in SPP and MISO under Section 205 of the Federal Power Act ("FPA"), including: (1) annual transmission revenue requirement ("ATRR") filings to gain recovery of costs related to transmission assets placed under functional control of an RTO; (2) supporting transmission formula rates and variances to transmission formula rate templates; and (3) substantiating and implementing FERC-approved transmission rate incentives for proposed transmission projects including a hypothetical capital structure tied to the required debt service coverage ("DSC") ratio, liquidity levels and equity ratios.
5. As part of ATRR filings and other engagements, I have conducted or managed multiple client engagements in various RTOs that involve the selection of appropriate transmission formula rate methodologies. This involves advising

these public power or G&T clients, which do not issue equity stock on publicly or privately traded exchanges, as to the appropriate cost recovery method and type of template to use. The analyses have examined whether the cash flow template (also referred to as the debt service recovery method) or the non-levelized template (also referred to as the return on rate base) is most suitable to each clients' situation. The analysis often includes providing testimony as to the recommended proper level of margin requirement or ROE. These assignments have often involved research of the types of templates used by other public power and cooperative utilities and the basis for their margin requirement or ROE.

6. A list of the proceedings before the Federal Energy Regulatory Commission in which I have prepared testimony is attached to this affidavit.

#### DESCRIPTION OF CASH FLOW METHOD

7. As discussed in more detail in Ms. Marcy Steckman's prepared testimony included in AMPT's November 1 Filing,<sup>1</sup> the Margin Requirement is part of the cash flow template (also referred to as the debt service recovery template). The Commission has consistently allowed transmission owners to use the type of template (non-levelized or cash flow) that suits them best. The cash flow template tends to be used by many public power transmission owners (e.g., joint action agencies and municipals) in the Midcontinent Independent System Operator, Inc. ("MISO") and Southwest Power Pool, Inc. ("SPP") regions that

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<sup>1</sup> See Exhibit No. AMT-4 to the November 1 Filing at pages 4-9.

have relatively low equity-to-total-capitalization ratios (“equity ratios”). By contrast, investor-owned utilities and many other transmission owners with higher equity ratios use the non-levelized, or “return on rate base” template. The cash flow template recovers the current year’s debt service (principal payment plus interest) plus a dollar Margin Requirement. The Margin Requirement is a form of return on investment that is necessary for a public power entity to achieve its financial goals and objectives. The Margin Factor percentage (e.g., 40%) is equivalent to making provision for a debt service coverage (“DSC”) ratio<sup>2</sup> of 1.40.

8. The Commission has long allowed the use of the cash flow template (which includes a Margin Requirement) going back to about 2001 and coinciding with the startup of MISO. Importantly, the Commission stated in the landmark 2004 MISO Wolverine Power Supply Cooperative/Michigan Public Power Agency case<sup>3</sup> that public power owners are entitled to a return on investment, just as are investor-owned utilities (in the *Wolverine* case, the same ROE):<sup>4</sup>

Consistent with our policy outlined in Order No. 2000, we continue to encourage participation of all transmission owners in RTOs, including cooperatives and municipals. Their participation will enhance the reliability and economic benefit of RTOs and ensure appropriate RTO size and scope. It is unlikely that Wolverine or any other small transmission owner will participate in an RTO without proper and equitable compensation for their transmission

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<sup>2</sup> Credit rating agencies generally calculate DSC as net earnings plus depreciation and amortization and interest expense, divided by debt service paid (interest and principal payments). An equivalent calculation is operating revenues plus interest income minus cash operating expenses divided by debt service paid.

<sup>3</sup> See *Midwest Indep. Transmission Sys. Operator, Inc.*, 106 FERC ¶ 61,219, P 31 (2004), on reh'g, 112 FERC ¶ 61,351 (2005).

<sup>4</sup> Michigan Public Power Agency ultimately opted to use the cash flow template under Attachment O to the MISO Tariff.

facilities. We find that once Wolverine and MPPA become participating members of Midwest ISO by turning over control of their transmission facilities to Midwest ISO, they should receive the same 12.88 percent ROE afforded to other transmission owners in Midwest ISO.

*Midwest Indep. Transmission Sys. Operator, Inc.*, 106 FERC ¶ 61,219, P 31 (2004), *on reh'g*, 112 FERC ¶ 61,351 (2005).

### FLEXIBILITY IN ESTABLISHING THE MARGIN REQUIREMENT

9. With regard to the Margin Requirement component of the cash flow template, the Commission has accepted or approved the use of several different methodologies for establishing an appropriate margin level for non-jurisdictional transmission owners. These methods for establishing a margin level have included basing the margin on a DSC factor,<sup>5</sup> on a Times Interest Earned Ratio (“TIER”) factor,<sup>6</sup> on a Margin for Interest (“MFI”) amount,<sup>7</sup> on a portion of projected capital expenditure requirements,<sup>8</sup> or the Fixed Charge Coverage Ratio

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<sup>5</sup> For example, in SPP, each of Grand River Dam Authority (“GRDA”), Tex-La Electric Cooperative of Texas, Inc., Harlan Municipal Utilities (“HMU”), and Missouri River Energy Services (“MRES”) use DSC to calculate the margin requirement in its formula rate template. For GRDA, see *Southwest Power Pool, Inc.*, Letter Order, Docket No. ER11-2220-000 (issued Jan. 26, 2011). For HMU, see *Southwest Power Pool, Inc.*, Letter Order, Docket No. ER15-2291-000 (issued Sept. 28, 2015). For MRES, see *Southwest Power Pool, Inc.*, 156 FERC ¶ 61,124 (2016) and related compliance filing letter order Docket Nos. ER15-1943-001, 002 (issued February 8, 2017). For current SPP formula rate templates see <http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>.

<sup>6</sup> Sunflower Electric Power Corporation in SPP uses the maximum margin generated from DSC or TIER to calculate the margin requirement in its formula rate template. See October 30, 2013 filing in *Southwest Power Pool, Inc.*, Docket No. ER14-228-000, and Letter Order issued therein on December 19, 2013.

<sup>7</sup> Mid-Kansas Electric Company, LLC in SPP uses the maximum margin generated from MFI and DSC to calculate the margin requirement in its formula rate template. See February 7, 2013 filing in *Southwest Power Pool, Inc.*, Docket Nos. ER13-301-001, *et al.*, and Letter Order issued therein on April 8, 2013.

<sup>8</sup> Nebraska Public Power District in SPP bases its margin requirement, in part, on planned plant additions. “NPPD’s investments in infrastructure are funded under existing rates charged to its native load customers, through debt service (annual interest expense and principal payments) and the recovery of a margin referred to as “Construction from Revenue.” NPPD includes planned plant

("FCCR").<sup>9</sup> These methods determine the amount above the recovery of expenses, interest and principal needed for example, to:

- ) Provide the capability to fund capital expenditures for asset replacement and growth,
- ) Fund debt service reserves to meet bond covenants, and
- ) Ensure sufficient equity, liquidity and financial stability to meet credit rating financial metrics consistent with a targeted credit rating.

10. As to the particular level of Margin Requirement that is appropriate for any particular entity or situation, the Commission has applied a "case-by-case" analysis. For example, in the case of a public power transmission owner in the Southwest Power Pool that submitted a revenue requirement utilizing the cash flow method, the Commission specifically rejected an intervenor's request to lock-in a particular margin level for all public power transmission owners, stating that it will continue to evaluate specific margin levels on a case-by-case basis.<sup>10</sup> This holding underscores the flexibility that has been afforded public power transmission owners in establishing their individual margin requirements.

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additions in its projected cost-of-service. NPPD determines what portion of such additions will be funded with debt and includes the projected costs of such debt service in the embedded debt service component of the transmission cost-of plant additions that is funded with the separate component of NPPD's cost-of-service referred to as "Construction from Revenue." See November 7, 2008 filing on behalf of NPPD in *Southwest Power Pool, Inc.*, Docket No. ER09-255-000, Transmittal Letter at 8, and Letter Order issued therein on January 27, 2009.

<sup>9</sup> Also in SPP, Heartland Consumers Power District ("HCPD") uses the Fixed Charge Coverage Ratio to establish its margin requirement. See *Southwest Power Pool, Inc.*, Docket No. ER15-1777-000, Letter Order approving settlement issued Oct. 4, 2016, and November 1, 2016 compliance filing therein.

<sup>10</sup> *Southwest Power Pool, Inc.*, 147 FERC ¶ 61,003 at P 22 (2014).

11. Attachment O of the MISO Tariff sets out a cash flow template that includes a margin requirement element as a method made available to transmission owners. That template includes a note stating that MISO will evaluate a transmission owner's proposed margin requirement taking into account whether the transmission owner is proposing to charge RTO transmission customers the same level of Margin Requirement in its formula rate as it charges to its "native load." This particular factor is not suited to determining the reasonableness of a Margin Factor for AMPT because, as noted in Ms. Steckman's prepared testimony in AMPT's November 1 Filing, AMPT is a start-up transmission company that has no native load.<sup>11</sup> Transmission facilities are deemed to be used to provide network service throughout the region, with the costs of most such facilities recovered from network load in the zone where the facilities are located. It is not meaningful to speak of AMPT "native load" under these circumstances.

AMPT's MARGIN SHOULD BE ESTABLISHED ON A STANDALONE BASIS

12. AMPT's need for a particular margin level should be determined on a standalone basis. For that reason, it would not be a valid approach to "look through" AMPT to consider what debt service coverage allowance American Municipal Power ("AMP") includes in charges to its native load customers. AMPT is intended to be a standalone transmission company<sup>12</sup> and its margin needs should be evaluated

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<sup>11</sup> See Exhibit No. AMT-4 in the November 1 Filing, at page 15.

<sup>12</sup> See prepared testimony of Pamala M. Sullivan included in the November 1 Filing, at pages 2-5 (discussing the rationale for establishing AMPT).

as such. AMPT's standalone nature is not undercut by the fact that it utilizes AMP personnel, or that AMP is currently the sole member of the AMPT limited liability company. Use of a founding entity's personnel is not uncommon for a startup company, and it would be grossly inefficient for an entity with the limited assets of AMPT to incur the expense of having its own staff (although doing so may make sense as AMPT grows and owns additional assets). As for AMP being the sole LLC member, AMP's November 1 Filing points out that additional members may be added over time. Nor is the appropriateness of considering AMPT's margin needs on a standalone nature undercut by the fact that its financial results will be consolidated with AMP's for financial reporting because AMPT's financial data will be separate from AMP as it will have its own budget and its own financial operating statements to track its own financial results and to establish a financial "record" necessary to eventually obtain its target credit rating. Moreover, AMPT has committed to produce and file each year a report in the FERC Form 1 format that shows its own assets, expenses and metrics.

13. There is an additional set of reasons why AMP's financial metrics should not factor into the determination of AMPT's margin needs. Consider the fact that AMP's DSC and FCCR, as calculated by Moody's, are both only 1.0.<sup>13</sup> Yet, Moody's has assigned AMP a very healthy A1 credit rating, which is the equivalent of an A+ rating by Standard & Poors. AMP's very low DSC<sup>14</sup> is highly

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<sup>13</sup> See Moody's Update to Credit Analysis for American Municipal Power, Inc., 12/31/18 at page 6.

<sup>14</sup> Note that the FCCR and DSC are nearly identical for AMP, thus DSC will be used in the remainder of this text.

unusual for a joint action agency (“JAA”) and practically unheard of for a JAA rated A1. In fact, Moody’s ratings methodology places a FCCR and DSC of 1.0 (both of which imply a 0% Margin Factor) in the very low “Ba” category, which is below investment grade.<sup>15</sup> According to Moody’s, despite its low DSC, AMP’s solid A1 credit rating is largely based on its very strong liquidity (in the Aa range), large number of members and their geographic diversity, member credit quality (in the A2 range) and advantageous contract/legal structure consisting of full requirements contracts and/or take-or-pay requirements contracts with its members. In terms of its credit quality, these features serve to counteract AMP’s very low DSC. AMPT, on the other hand, enjoys none of the same credit enhancing characteristics that underlie AMP’s strong rating. Therefore, a “margin” of zero, as is implied by AMP’s DSC of 1.0, is not a relevant proxy for AMPT. This conclusion is in line with the conclusion reached by Ms. Steckman in her prepared testimony that AMP’s debt service coverage requirements under its project bond indentures are not pertinent in establishing AMPT’s margin requirements.<sup>16</sup>

14. There is a final reason it would not be appropriate for AMPT to be allowed to include in its revenue requirement a Margin Factor that is based on AMP’s financial metrics including a DSC of 1.0: doing so would essentially result in AMPT improperly subsidizing the costs of transmission service to PJM network

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<sup>15</sup> Moody’s publishes ranges for various financial metrics for each credit rating category. See Moody’s Ratings Methodology for U. S. Joint Action Agencies, 10/4/16, Appendix B. See moodys.com for all Moody’s credit rating methodologies.

<sup>16</sup> See Exhibit No. AMT-4 in the November 1 Filing, at pages 15-16.

customers. PJM ratepayers would be receiving “free rider” benefits of AMP’s advantageous characteristics, such as high liquidity and contractual strength, that enable AMP to receive an A1 credit rating—advantageous characteristics that AMPT does not enjoy.

15. The Commission has long encouraged the formation of transmission-focused companies like AMPT. AMPT desires in the future to be able to issue its own debt with its own credit rating in order to assist its members (currently only AMP) and finance transmission projects that improve the regional grid for all network customers. Achieving the ability to do so at reasonable cost requires that it have a Margin Factor that meets its financial objectives and is comparable to other public power entities with which AMPT would compete for access to capital. Basing AMPT’s Margin Factor on AMP’s financial metrics would deprive AMPT of the ability to establish itself as a viable standalone entity with an appropriate credit rating to issue its own debt.

#### AMPT FINANCIAL POLICY

16. The AMP Board has recently passed a resolution to memorialize the financial policy of AMPT that includes becoming an A-rated utility by all major credit rating agencies. (A copy of this Financial Policy is appended as Attachment 7 to AMPT’s Deficiency Letter Response.) An “A” rating would allow AMPT to eventually issue its own debt at reasonable interest rates, which is ultimately beneficial to PJM ratepayers through the lower ATRR for AMPT’s debt-financed

facilities. This target “A” rating level also mirrors the credit quality of the JAA sector, which Moody’s indicates is in the ‘A’ category on average.<sup>17</sup>

17. Two key financial metrics in achieving the Moody’s “A” rated category are the DSC and the Debt Ratio (roughly the inverse of the equity to total capitalization ratio). Regarding the importance of debt service coverage, Moody’s states on page 15 of its 2016 JAA Ratings Methodology Report:

A consistent and stable fixed obligation charge coverage ratio provides increased resiliency to withstand revenue and expense volatility. A stable or improving fixed obligation charge coverage ratio is an important indicator of financial stability.

Moody’s continues on page 14 of that report that it looks favorably upon a company that has built equity and is not highly leveraged:

A JAA that is highly leveraged may have less financial flexibility... (h)igh leverage may also prevent or limit a JAA’s ability to construct or acquire new energy sources or maintain existing facilities.

18. This information establishes the importance of the DSC in AMPT’s ability to achieve the objectives of its Financial Policy. A Margin Factor that produces an insufficient DSC for AMPT, taking into account its other financial characteristics, would prevent AMPT from achieving the goals of its Financial Policy.

#### REASONABLENESS OF AMPT’S REQUESTED MARGIN FACTOR

19. AMPT is a unique entity; there is no Moody’s category for standalone public power transmission companies. In the absence of such ratings for public power transmission companies, one can look to Moody’s other public power and G&T

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<sup>17</sup> See Moody’s Ratings Methodology for U. S. Joint Action Agencies, 10/4/16, page 2.

ratings methodologies as a guide when determining what financial metric levels are consistent with an A-rated utility. This information is presented in the following table:

**Moody’s Metrics Scores Consistent with Debt Service Coverage Ratio and Equity Ratio for Various “A” Rated Public Power and G&T Utilities**

<b>Moody’s Sector</b>	<b>DSC Range Consistent with “A” Rating</b>	<b>Equity Ratio Range Consistent with “A” Rating</b>	<b>Moody’s Ratings Methodology Report</b>
JAA with Full Requirements Member Contracts	1.2 - 1.4	0 – 30%	Ratings Methodology U S Municipal Joint Action Agencies, 10/4/16
JAA with Take or Pay Member Contracts	1.6 – 2.2	25 – 50%	Ratings Methodology U S Municipal Joint Action Agencies, 10/4/16
Municipal Utility Revenue Debt	1.25 – 1.7	Not reported as a metric for this sector	Ratings Methodology U S Municipal Utility Revenue Debt, 10/19/17
Municipals with Generation Exposure	1.5 – 2.0	25 – 40%	Ratings Methodology US Public Power Electric Utilities with Generation Ownership Exposure, 11/28/17
Generation and Transmission Cooperatives	1.2 – 1.4	20-35%	Rating Methodology US Generation and Transmission Cooperatives, 8/10/18

20. The foregoing table shows the Moody's A-rated DSC ranges for various public power and G&T cooperative sectors that are rated by Moody's. Full requirements JAAs in the "A" ratings category (*i.e.*, A1, A2 and A3) tend to be in the 1.2 - 1.4 range. In addition, JAAs with take or pay contracts have a DSC range of 1.6 - 2.2.<sup>18</sup> The DSCs of issuers of A-rated municipal revenue debt are in the 1.25 - 1.70 range, and municipal issuers with generation have DSCs in the range of 1.50 - 2.0. The contractual arrangements between Generation and Transmission Cooperatives and their members are similar in key respects to those between full requirements JAAs and their members, which, according to Moody's, largely explains why G&T Coops have the same DSC range of 1.2 - 1.4 for an A-rating.<sup>19</sup>
21. A 1.40 DSC (40% Margin Factor) is reasonable for AMPT because it is a level consistent with the coverage requirements of A-rated public power entities and G&Ts. The midpoint of the lowest of the sectors (full requirements JAAs and G&Ts) is 1.30. The fact that AMPT will still be a relatively new entity with no standalone track record of issuing long term debt, combined with the higher DSCs of other municipal sectors indicated above, gives support to the

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<sup>18</sup> Moody's imposes higher debt service coverage requirements on JAAs with take-or-pay contracts as compared to full requirements contracts due to added risk. Moody's states on page 15 of its JAA ratings methodology: "*For take-or-pay projects, the typically stronger metrics for a given sub factor reflect greater comparability to project financings.*"

<sup>19</sup> Moody's notes on page 2 of its JAA Ratings Methodology Report the likeness between full requirements JAAs and G&Ts: "*(a)ll-requirement agencies share many similarities with Generation and Transmission Cooperatives (G&T Cooperatives) such as an obligation to meet all of the energy resource needs of its participants.*"

importance of AMPT obtaining authorization to base its Margin Requirement on a 40% Margin Factor.

22. A 40% Margin Factor also is consistent with AMPT's financial policy of building equity to achieve an equity-to-total-capitalization ratio consistent with an A-rated utility. (See Attachment 7 to this Response.) As a guide, the Moody's A-rated equity ratio range consistent with JAAs with full requirements contracts is 0-30% (see Table 1 above). The range for JAAs with take or pay contracts is higher at 25%-50%. A-rated municipals with generation typically have an equity ratio range of 25-40%. Moody's places the desired equity ratio range for A-rated G&Ts at 20%-35%. AMPT's Financial Policy provides for it to build to an equity ratio in the 20-25% range, which is within the ratings methodology ranges of other A-rated public power entities and G&T cooperatives rated by Moody's.

#### CONCLUSION

23. For the reasons stated above, my conclusion is that AMPT's proposed Margin Factor of 0.40 (40%) is reasonable and consistent with AMPT's Financial Policy and prudent financial objectives, including achieving the ability to obtain external financing at reasonable cost. Accordingly, the Commission should accept AMPT's proposed 0.40 Margin Factor as set forth in its November 1 Filing.
24. This concludes my Affidavit.

  
James Pardikes

ATTACHMENT TO JAMES PARDIKES AFFIDAVIT

**Direct Testimony Experience of James Pardikes at FERC**

*Xcel Energy Utilities, Inc.*, Docket No. ER07-1415 on behalf of Midwest Municipal Transmission Group and Central Minnesota Municipal Power Agency

*Central Minnesota Municipal Power Agency and Midwest Municipal Transmission Group*, Docket No. EL08-32

*Midwest Independent Transmission System Operator*, Docket Nos. ER11-2700, ER11-2700-001, ER11-2700-002, ER11-2700-003 on behalf of Midwest Independent Transmission System Operator at the behest of the Central Minnesota Municipal Power Agency and its member utilities, and the Midwest Municipal Transmission Group

*Missouri River Energy Services*, Docket No. EL11-45-000

*Midwest Independent Transmission System Operator*, Docket No. ER12-427 on behalf Central Minnesota Municipal Power Agency and the Midwest Municipal Transmission Group

*WPPI Energy*, Docket No. EL12-67-000

*Midcontinent Independent System Operator and Central Minnesota Municipal Power Agency*, Docket No. ER13-2468 on behalf of Central Minnesota Municipal Power Agency

*Dairyland Power Cooperative*, Docket No. EL13-19-000

*Central Minnesota Municipal Power Agency*, Docket No. ER14-246

*Midcontinent Independent System Operator, Inc.*, Docket No. ER15-1079 on behalf of South Mississippi Electric Power Association

*WPPI Energy*, Docket No. ER15-1544-000

*Midcontinent Independent System Operator, Inc.*, Docket No. ER15-1689-000 on behalf of Dairyland Power Cooperative

*Southwest Power Pool, Inc.*, Docket No. ER15-2291-000 on behalf of Harlan Municipal Utilities

*Southwest Power Pool, Inc.*, Docket No. ER15-1777-000 on behalf of Heartland Consumers Power District

*Southwest Power Pool, Inc.*, Docket No. ER15-1943-000 on behalf of Missouri River Energy Services

*Southwest Power Pool, Inc.*, Docket No. ER15-2324 on behalf of Missouri River Energy Services and its Five Members

*Southwest Power Pool, Inc.*, Docket No. ER17-426 on behalf of Missouri River Energy Services and its member, Denison Municipal Utilities

*Southwest Power Pool, Inc.*, Docket No. ER17-428 on behalf of Missouri River Energy Services and its member, Vermillion Light & Power

*Midcontinent Independent System Operator, Inc.*, Docket No. ER17-1515 on behalf of Missouri River Energy Services

*Dairyland Power Cooperative*, Docket No. ER18-193

*WPPI Energy*, Docket ER-17-1504

**AFFIRMATION**

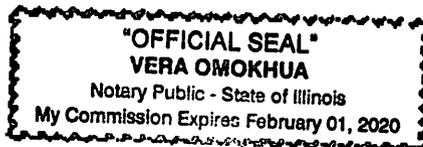
STATE OF ILLINOIS  
COUNTY OF LAKE COUNTY

James Pardikes, being first duly sworn, affirms that the foregoing is his affidavit and that its contents are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Notary Public

01-22-19  
Date

My commission expires on  
02/01/20.



## **ATTACHMENT 6**

**Corrected version of Exhibit No. AMT-11 to  
the November 1 Filing**

AMP Transmission LLC  
Calculation of Transmission Revenue Requirements  
ATSI Transmission Zone  
Cash-Flow Model  
Year Ended 12/31/2019  
Projected

Line No.	Cost of Service Item	(Note A) Page, Line, Col.	Notes	Company Total	Allocator	Qualifying Transmission (e) x (f) Allocated Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	GROSS REVENUE REQUIREMENT (line 54)					\$1,422,151
2						
3						
4	REVENUE CREDITS	(Note C)		Total	Allocator	
5	Account No. 454	WP02		\$ -	TP 1.000	\$ -
6	Account No. 456	WP02		\$ -	TP 1.000	\$ -
7	Revenue Credits Specific to zone	WP02		\$ -	D/A	\$ -
8	Reserved			\$ -	TP 1.000	\$ -
9	Transmission Enhancement Credit	WP07		\$ -	TP 1.000	\$ -
10	TOTAL REVENUE CREDITS (sum lines 5-9)					\$ -
11						
12	TRUE-UP ADJUSTMENT WITH INTEREST (Protocols)	(Note D) WP05				\$ -
13						
14	Adjustments to Net Revenue Requirement (Note G)					\$ -
15	Interest on Adjustments (Note H)					\$ -
16	Total Adjustment (line 14 + line 15)					\$ -
17	NET REVENUE REQUIREMENTS					\$1,422,151
17a	DIVISOR					
17b	1 Coincident Peak (CP) (MW) - Enter Zone Name					12,824.5 MW
17c	Annual Network Rate (\$/MW/Yr) (Line 17 / Line 17b)					\$ 110.9 MW/Yr
18						
19	O&M/A&G, DEBT SERVICE & OTHER TAXES					
20						
21	Transmission O&M allocable to zone	321.112.b and WP09	WP09	\$ 213,000	TP 0.000%	\$ 213,000
22	Transmission O&M Specific to zone (Note M)	Zone in title	WP09	\$ 93,133	D/A 100.000	\$ 93,133
23	Less Account 565	321.96.b	Form 1	\$ -	TP 0.000%	\$ -
24	Less: Account 561.2 Load Dispatch - Monitor and Operate Trans System through Schedule 1A	321.86.b	Form 1	\$ -	TP 0.000%	\$ -
25	A&G allocable to zone (Note M)	323.197.b and WP09	WP09	\$ -	W&S 100.000%	\$ -
26	A&G Specific to zone (Note M)		WP09	\$ 257,711	W&S 100.000%	\$ 257,711
27	Other Amortizations - current Zone (Note N)		WP03	\$ 577,829	D/A 100.000%	\$ 577,829
28	Other Amortizations - other Zone (Note N)		WP03	\$ -	N/A 0.000%	\$ -
29	Other Amortizations - All zones		WP03	\$ -	D/A 100.000%	\$ -
30	Amortization of Start-Up Costs to zone (Note N)		WP03	\$ 42,708	D/A 100.000%	\$ 42,708
31	TOTAL O&M (sum lines 21, 23, 25-28, less lines 23 and 24)			\$ 1,184,381		\$1,184,381
32						-
33	DEBT SERVICE					
34	Debt Service (Note L)		WP06	\$ 151,086	TP 0.000%	\$ 151,086
35	Amortization of premium or discount (Note E)			\$ -	TP 0.000%	\$ -
36	TOTAL DEBT SERVICE (Sum lines 34 and 35)			\$ 151,086		\$ 151,086
37	Interest for Working Capital needs		WP06b	\$ 26,250	TP 0.000%	\$ 26,250
38						
39	TAXES OTHER THAN INCOME TAXES (Note F)					
40	LABOR RELATED					
41	Payroll	263.i	Form 1	\$ -	W&S 100.000%	\$ -
42	Highway and vehicle	263.i	Form 1	\$ -	W&S 100.000%	\$ -
43	PLANT RELATED	263.i				
44	Property specific to zone (Note M)	Reference zone	WP09	\$ -	D/A 100.000%	\$ -
45	Property allocable to zone (Note M)	263.i and WP09	WP09	\$ -	TP 0.000%	\$ -
46	Other	263.i	Form 1	\$ -	D/A 100.000%	\$ -
47	State Franchise Tax	263.i	Form 1	\$ -	D/A 100.000%	\$ -
48	TOTAL OTHER TAXES (sum lines 41 through 47)			\$ -		\$ -
49						
50	Subtotal (lines 31 + 36 + 37 + 48)			\$1,361,717		\$1,361,717
51		Margin factor				
52	MARGIN REQUIREMENT (Note I)(WP10)	40% of Debt Service	40.0%	\$ 60,434	D/A 100.000%	\$ 60,434
53						
54	REV. REQUIREMENT (sum lines 50 and 52)			\$ 1,422,151		\$1,422,151
55						
56	GROSS PLANT IN SERVICE					
57	Production			\$ -	NA	\$ -
58	Transmission (Note B)	207.58.g	WP01/04	\$1,089,272	D/A 100.000%	\$1,089,272
59	Distribution			\$ -	N/A 0.000%	\$ -
60	General & Intangible	205.5.g & 207.99.g	WP01	\$ -	W&S 100.000%	\$ -
61	Reserved			\$ -	TP 0.000%	\$ -
62	Other			\$ -	TP 0.000%	\$ -
63	TOTAL GROSS PLANT (sum lines 57 - 62)			\$ 1,089,272		\$1,089,272
64						\$ -
65	TRANSMISSION PLANT % INCLUDED IN PJM COST OF SERVICE					\$ -
66						\$ -
67	Total transmission plant		WP04			\$1,089,272
68	Less Non-Qualifying Transmission Plant		WP04			\$ -
69	Less transmission plant included in OATT Ancillary Services		WP04			\$ -
70	Total Qualifying Transmission Plant in Service (line 67 - 68 - 69)					\$1,089,272
71						
72	Percentage of PJM Qualifying transmission plant included in Cost of Service (line 70 / line 67)					TP= 100.000%

**AMP Transmission LLC**  
**Calculation of Transmission Revenue Requirements**  
**ATSI Transmission Zone**  
Cash-Flow Model  
**Year Ended 12/31/2019**  
Projected

Line No. (a)	Cost of Service Item (b)	(Note A) Page, Line, Col. (c)	Notes (d)	Company Total (e)	Allocator (f)	Qualifying Transmission (g) (e) x (f) Allocated Amount
73						
74	TRANSMISSION EXPENSES					
75						
76	Total transmission expenses (line 21+22 Column e)					\$306,133
77	Less transmission expenses included in OATT Ancillary Services (Note J)					\$ 0
78	Included transmission expenses (line 76 less line 77)					\$306,133
79						
80	Percentage of transmission expenses after adjustment (line 78 divided by line 76)					1.000
81	Percentage of transmission plant included in ISO Rates (line 72)				TP	1.000
82	Percentage of transmission expenses included in ISO Rates (line 80 times line 81)				TE=	1.000
83						
84						
85	WAGES & SALARY ALLOCATOR (W&S) (Note K)			\$	TP Allocation	
86	Production			\$ -	0.000%	\$ -
87	Transmission (WP04)			\$ 1	100.000%	\$ 1
88	Distribution			\$ -	0.000%	\$ -
89	Other			\$ -	0.000%	\$ -
90	Total (sum lines 86-89)			\$ 1		\$ 1 = 100.000% =WS
91						
92						
93						
94						
95						
96						
97						
98						
99	<u>General Note:</u>		References to pages in this formulary rate are indicated as: (page#, line#, col.#)			
100			References to data from Informational FERC Form 1 are indicated as: #.y.x (page, line, column)			
101						
102	<u>Notes:</u>					
103	A		AMPT will maintain and post with informational filings an Informational FERC Form 1.			
104	B		Beginning/End year balances will match Form 1. 13-Month average balances shown on WP-01. Qualifying zonal transmission investment shown on WP04. Excluding any Transmission AROs			
105	C		The revenues credited on page 1 lines 5-9 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.			
106						
107						
108	D		The True-Up adjustment is the difference between (1) the revenues received for the twelve month period and (2) the ATRR for that twelve month period after it is known, with interest			
109						
110			Over Recoveries are entered as negative to reduce the net revenue. Under recoveries are entered as Positive to increase the net revenue.			
111	E		Includes amounts recorded to accounts 428 and 429.			
112	F		Includes only FICA, unemployment, highway, property, gross receipts, PILOT, and other assessments charged in the current year. Taxes related to income are excluded.			
113			Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.			
114	G		Adjustments required pursuant to Section 6 of the AMPT Protocols. Refunds shall be entered as a negative number to reduce the net revenue requirement.			
115			Surcharges shall be entered as a positive number to increase the net revenue requirement.			
116	H		Interest required pursuant to Section 2(c) of Protocols. Interest on any refunds shall be entered as a negative number to reduce the net revenue requirement. Interest on surcharge shall be entered as a positive number to increase the net revenue requirement.			
117						
118	I		Margin Factor equals .40 or 40% of debt service. Margin Requirement is the dollar amount that results from applying the Margin Factor to annual debt service.			
119			The Margin Factor can only be changed by Order of the Commission			
120	J		Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.1, 561.2, 561.3 and 561.BA.			
121						
122	K		AMPT will have no wages and salaries. However, all A&G expense incurred by AMPT will be 100% related to AMPT Transmission			
123	L		PTRR debt service projections for zone are shown on WP06. Actual ATRR debt service (for True-up template) will be from AMPT accounting records			
124	M		If ASTI zone, entry is WP09, line Col (d) for O&M and A&G			
125			If AEP zone, entry is WP09, line Col (d) for O&M and A&G			
126	N		Includes amortization of pre-commercial Start-Up costs booked in account 182.3, approved by the Commission and amortized through Account 566.			

# AMP Transmission LLC

## Gross Plant in Service - 13 Month Average Balances

Attachment H-32A - WP01 - Plant  
Projected

<u>Line No.</u>	<u>Month</u> (b)	<u>Year</u> (c)	<u>Production</u> (d)	<u>Transmission</u> (e)	<u>Distribution</u> (f)	<u>General</u> (g)	<u>Intangible</u> (h)	<u>Total</u> (i)
			[A] 205.46.g	207.58.g	207.75.g	207.99.g	205.5.g	
1	December	2018		1,089,272		-	-	
2	January	2019		1,089,272		-	-	
3	February	2019		1,089,272		-	-	
4	March	2019		1,089,272		-	-	
5	April	2019		1,089,272		-	-	
6	May	2019		1,089,272		-	-	
7	June	2019		1,089,272		-	-	
8	July	2019		1,089,272		-	-	
9	August	2019		1,089,272		-	-	
10	September	2019		1,089,272		-	-	
11	October	2019		1,089,272		-	-	
12	November	2019		1,089,272		-	-	
13	December	2019		1,089,272		-	-	
14								
15	13-month Average		-	1,089,272	-	1,089,272	-	-
16								
17								

<u>Asset Retirement Cost for Transmission Plant</u>			<u>Transmission</u>	
			[A] 207.57.g	
22	December	2018		-
23	January	2019		-
24	February	2019		-
25	March	2019		-
26	April	2019		-
27	May	2019		-
28	June	2019		-
29	July	2019		-
30	August	2019		-
31	September	2019		-
32	October	2019		-
33	November	2019		-
34	December	2019		-
35				
36	13-month Average			-
37				

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

**AMP Transmission  
LLC**  
Revenue Credits Workpaper

H-32A-WP02 - Revenue Credits

Add Lines if needed

Line No.	<u>REVENUE CREDITS</u>	<u>Amount</u>	<u>Description of Revenue Credits</u>
(a)	(b)		(c) (d)
<b><u>ADD LINES AS NEEDED FOR ADDITIONAL REVENUE CREDITS</u></b>			
1	Account No. 454	\$	-
2	Account No. 454 Revenue Credits specific to zone	\$	-
3	Account No. 454 Revenue Credits allocable to all zones	\$	-
4			
5			
6			
7	Account No. 456	\$	-
8	Account No. 456 Revenue Credits specific to zone	\$	-
9	Account No. 456 Revenue Credits allocable to all zones	\$	-
10			
11			
12	Other Revenue Credits specific to zone	\$	-
13			
14			
15			

# AMP Transmission LLC

Formation Cost (Start-up) Workpaper

Add Columns and lines as needed

## AMP Transmission LLC 2018 Start-Up Costs

### 3-year Amorts Deferred from and Incurred in 2018

Up Front Costs			
Legal :			
Legal :	\$	42,692	
Legal :	\$	64,323	
Legal :	\$	5,003	
Legal :	\$	37,000	
Total Legal consultant	\$	149,018	
Travel, Meals	\$	678	
AMP Labor/Overhead consultant	\$	68,921	
PJM Application fee	\$	8,550	
	\$	1,500	
Total Up-Front Costs	\$	256,250	
Number of anticipated Transmission Zones		2	ATSI and AEP East
Amortization period		3	years beginning 1/1/2019
Yearly Amortization	\$	42,708	ATSI Zone
Deferred to AEP Zone (or Next Zone)	\$	128,125	AEP zone for future request at FERC

### Other Amortizations of deferred start-up – ATSI Zone Specific

	<u>Total</u>	<u>Term</u>	<u>Yearly Amortization</u>	
Legal	\$82,308	1	\$ 82,308	
Consulting	\$18,000	1	\$18,000	
			-	
Consulting	\$14,321	1	\$14,321	Add lines a
PJM	\$90,000	1	\$90,000	
Consulting	\$68,485	1	\$68,485	
O&M Napoleon rest of 2018 estimate	\$1,000	1	\$1,000	
Travel/Meals/Insurance	\$11,347	1	\$11,347	
AMP Labor/Overhead	\$264,868	1	\$264,868	
Fourth quarter 2018 interest on Napoleon Loan	\$17,500	1	\$17,500	
legal	-	1	-	
Legal	\$10,000	1	\$10,000	
legal	-	1	-	
Total 1-year Amort to ATSI zone	\$577,829		\$577,829	

ADD LINES AND CATEGORIES AS NEEDED

**Other Amortizations - AEP**

	<u>Total</u>	<u>term</u>	<u>Yearly Amortization</u>
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
List other AEP Amortizations here	\$ -		0 \$ -
Total AEP zonal Amortizations			\$ -

AMP Labor – Start-up amortization over 3 or 1 years.

**LABOR FOR SEPT\_DEC**

AMP Labor Hours	%	Hours	Expenses	
1		10	52	3 months remaining
2		10	52	
3		50	260	
4		35	182	
5		90	468	
6		10	52	
7		10	52	
8		10	52	
9	5%		26	
10	20		104	
11	20		104	
12	5%		26	
13	5%		26	
14	20		104	
15	20		104	
16	5%		26	
LABOR HOURS			\$	Blended Rate
1690			-	75.00
LABOR EXPENSES	41%		\$ 126,750	
\$				
Labor Overhead			\$ 51,968	
			\$ 178,718	Budget for Oct - Dec 2018

\$ 155,071 Actuals thru September  
 \$ 178,718 Budget October - December based on AMP % allocation  
 \$ 333,789 Total

But, 3 vs 1 year split is thru August!  
 So, \$155,071/9\*8 = actual thru August \$ 137,841  
 Half goes to 3 year, half to 1 \$ 68,920.50  
 Remainder goes to ATSI; \$333,789-\$137,841 \$ 195,948

ADD LINES AND CATEGORIES AS NEEDED

# AMP Transmission LLC

## Zonal Investment Workpaper

**Add Zones if necessary. Add lines for more project investment**

Line  
No.

1	<b><u>AMPT Transmission Investment - Gross Plant</u></b>				
2	(a)	(b)	(c)	(d)	(e)
3					AMPT
4		<u>ATSI</u>	<u>AEP</u>	<u>Other zone</u>	<u>Total</u>
5					
6	City of Napoleon Assets	\$ 1,089,272	\$ -	\$ -	\$ 1,089,272
7	Non-Qualifying	\$ -	\$ -	\$ -	\$ -
8	Total Qualifying	\$ 1,089,272	\$ -	-	\$ 1,089,272
9		\$			
10	Zonal Allocation	100%	0%	0%	
11					
12	Allocated To Zone	\$ 1,089,272	\$ -	-	\$ 1,089,272
13					
14					
15	<b><u>Transmission Plant recovered in Ancillary</u></b>				
16	<b><u>Services</u></b>				
17					
18					AMPT
19		<u>ATSI</u>	<u>AEP</u>	<u>Other Zone</u>	<u>Total</u>
20					
21	Amount	\$ -	\$ -	\$ -	\$ -
22					
23	Zone Allocation	0%	0%	0%	
24					
25	Allocated to Zone	\$ -	\$ -	\$ -	\$ -
26					
27					
28	<b><u>Wages and Salaries Proxy – Gross Plant in Each Zone</u></b>				
29					
30	Line 12 (a, b, or c) divided by Line 12(e)	100.0%	0.0%	0.0%	

**AMP Transmission  
LLC**  
True-Up and Adjustments Workpaper

**AMPT True-up with Interest - based on Protocols**

NITS Revenues received by PJM for the Year (Note 2)	Actual Revenue Requirement For Year (ATRR)	True-up Adjustment - (Over)/Under Recovery
-	-	-

	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate Amortization	Months	Calculated Interest	Surcharge (Refund) Owed
Interest Rate on Amount of Refunds or Surcharges (Note 1)		0.3542%			

As an example, an over or under collection will be recovered prorata over 2019, held for 2020 and returned prorata over 2021

<u>Calculation of Interest</u>					Monthly
January	Year 2019	-	0.3542%	12	-
February	Year 2019	-	0.3542%	11	-
March	Year 2019	-	0.3542%	10	-
April	Year 2019	-	0.3542%	9	-
May	Year 2019	-	0.3542%	8	-
June	Year 2019	-	0.3542%	7	-
July	Year 2019	-	0.3542%	6	-
August	Year 2019	-	0.3542%	5	-
September	Year 2019	-	0.3542%	4	-
October	Year 2019	-	0.3542%	3	-
November	Year 2019	-	0.3542%	2	-
December	Year 2019	-	0.3542%	1	-
					-

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					Annual
January through December	Year 2020	-	0.3542%	12	-

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					Monthly
January	Year 2021	-	0.3542%	-	-
February	Year 2021	-	0.3542%	-	-
March	Year 2021	-	0.3542%	-	-
April	Year 2021	-	0.3542%	-	-
May	Year 2021	-	0.3542%	-	-
June	Year 2021	-	0.3542%	-	-
July	Year 2021	-	0.3542%	-	-
August	Year 2021	-	0.3542%	-	-
September	Year 2021	-	0.3542%	-	-
October	Year 2021	-	0.3542%	-	-
November	Year 2021	-	0.3542%	-	-
December	Year 2021	-	0.3542%	-	-
					-

True-Up with Interest	\$	-
Less Over (Under) Recovery	\$	-
Total Interest	\$	-

Note 1:  
Interest Rate on Amount of Refunds or Surcharges is the monthly average interest rate calculated in accordance with section 2(c) of the AMPT Formula Rate Protocols.  
Note 2:  
Exclude any true-up amount included in the PTRR for the year being true-up









# AMP Transmission LLC

## Zonal Investment Workpaper

Line

No.      Components - Description  
Amounts

(a)  
(c)

(b)

1	AMPT Working Capital Loan from AMP	\$ 500,000
2		
3	Prime Rate	5.25%
4		
5	Interest on Working Capital Loan <sup>1</sup>	\$ 26,250
6		
7		
8	For ATRR and True-up, AMPT will record actual interest expense	
9		
10	Note 1: to Attachment H-32A, page 1, line 37	
11		
12	For ATRR and True-up, interest will be per books	
13	For PTRR, use most recent available Prime Rate when projections are done	

**AMP Transmission LLC**  
**Transmission Enhancement Credit (Schedule 12**  
**Projects)** To be completed in conjunction with Attachment  
H-32A

Line No.	(1)	(2)	(3)	(4)
		<u>Reference</u>	<u>Transmission</u>	<u>Allocator</u>
1	Gross Transmission Plant - Total		\$ 1,089,272	
2	Net Transmission Plant - Total			
3				
4	O&M EXPENSE			
5	Total O&M Allocated to Transmission		\$ 1,184,381	
6	Annual Allocation Factor for O&M		108.73%	108.73%
7				
8	DEBT SERVICE		\$ 151,086	
9	Annual Allocation Factor for Debt Service		13.87%	13.87%
10				
11	MARGIN REQUIREMENT		\$ 60,434	
12	Annual Allocation Factor for Margin Requirement		5.55%	5.55%
13				
14	TAXES OTHER THAN INCOME TAXES			
15	Total Other Taxes		\$ -	
16	Annual Allocation Factor for Other Taxes		0.00%	0.00%
17				
18	<b>Annual Allocation Factor for Expense and Margin Requirement</b>	<b>Sum of line 6 through 16</b>		<b>128.15%</b>
19				
20				
21	<b>Add lines for projects as needed</b>			

**Transmission Enhancement Credit (Schedule 2 Projects)**  
To be completed in conjunction with Attachment H-32A

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Project Name Number	RTEP Project	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	True-up Adjustment	Annual Revenue Requirement with True-up
27				(line 18)	(Col. 3 * Col. 4)	N/A		(Col. 6 * Col. 7)		(WP08-True-up Col. i)	(Sum Col. 5, 8, 9 & 10)
28											
29											
30	1a	b	\$ -	128.15%	\$ -	N/A	0.00%	\$ -	-	-	\$ -
31		b				N/A			-	-	\$ -
32	1b	b	\$ -	128.15%	\$ -	N/A	0.00%	\$ -	-	-	\$ -
33											
34	1c		\$ -	128.15%	\$ -		0.00%	\$ -			\$ -
35											
36											
37											
38	2	Transmission Enhancement Credit for Attachment H-32A Page 1, Line 9									
39											

Notes

- 41 A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-21A.
- 42 B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-21A.
- 43 C
- 44 D 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.
- 45 E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.

**AMP Transmission LLC**  
**Transmission Enhancement Credit (Schedule 12 Projects)**

Add more lines as needed

**Transmission Enhancement Credit - True-up**  
 To be completed after WP07 for the True-up Year is updated using actual data

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line No.	Project Name	RTEP Project Number	Actual TEC Revenues	Projected TEC Annual Revenue Requirement	Actual TEC Revenues Allocated to Projects	Actual TEC Annual Revenue Requirement	True-up Adjustment Principal Under/(Over)	Applicable Interest on Under/(Over)	True-up Adjustment with Interest Under/(Over)
				from PTRR	[Col. c, line 1 * (Col. d, line 2x / Col. d, line 3)]	from ATRR	Col. f - Col. e	Col. g * [(line 4a / line 4b) - 1]	Col. g + Col. H
1	[A] Actual PJM TEC Revenues for True-up Year		-						
2a		b		-	-		-	-	-
2b		b		-	-		-	-	-
2c		b		-	-		-	-	-
3	Subtotal			-	-	-			
4a	Revenue Requirement True-up with Interest						-		
4b	Revenue Requirement True-up - Over/Under Recovery						-		

NOTE

[A] Amount included in revenues reported on page 330, column k of FERC Form 1.

**AMP Transmission LLC**  
Transmission O&M, A&G, and Other Taxes Workpaper

Add lines and other zones as needed to increase transparency

**TRANSMISSION O&M, A&G, and OTHER TAXES DETAIL**

Add Lines and Columns to if necessary to increase transparency

Line No. (a)	Item (b)	Form 1 Reference (c)	Amount (d)	Deferred (e)	Description (f)	
1	<b>Total Transmission O&amp;M - 2019 Projections</b>	321.112.b			From Informational AMPT Form 1 - ATRR True-up	
2						
3	Total Transmission O&M Specific to ATSI zone		Est. for Zone			
4	consultant	Total	Alloc	ATSI	Projections	
5	consultant Implementation	\$ 250,000	35%	\$ 87,500	\$ 162,500	Transmission modeling and analysis services
6	consultant Annual	\$ -	100%	\$ -	\$ -	communications equipment
7	consultant	\$ 23,333	100%	\$ 23,333	\$ -	operational services for PJM communications and dispatch for transmission equip
8	consultant	\$ 30,000	35%	\$ 10,500	\$ 19,500	consulting services for equip evaluation for NERC BES compliance and Tariff eligibility
9	legal	\$ 80,000	35%	\$ 28,000	\$ 52,000	Consultants
10	legal	\$ 160,000	50%	\$ 80,000	\$ 80,000	Legal
11	legal	\$ -	100%	\$ -	\$ -	Legal
12	O&M Napoleon	\$ -	100%	\$ -	\$ -	Legal
13	Meals/Travel	\$ 60,000	100%	\$ 60,000	\$ -	O&M on facilities
14	Insurance	\$ 20,000	35%	\$ 7,000	\$ 13,000	
15		\$ 9,800	100%	\$ 9,800	\$ -	
16	List transmission specific to ATSI zone here - add rows if necessary			\$ -	\$ -	
17		\$ 633,133		\$ 306,133	\$ 327,000	sum of transmission O&M specific to ATSI zone
18	Total Transmission O&M Specific to AEP zone					
19	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
20	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
21	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
22	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
23	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
24				\$ -	\$ -	sum of transmission O&M specific to AEP zone
25	Total Transmission O&M Specific to all zones					
26	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
27	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
28	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
29	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
30	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
31				\$ -	\$ -	sum of transmission O&M specific to all zones
32						

ADD LINES AND ZONES FOR DATA IN FUTURE AS NEEDED

**AMP Transmission LLC**  
**Transmission O&M, A&G, and Other Taxes Workpaper**

Line No.	Item	Form 1 Reference	Amount	Deferred	Description
(a)	(b)	(c)	(d)	(e)	(f)
33	<b>A&amp;G Expense</b>		3;	\$ -	From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR
34					
35	AMP Labor and Over				
36	AMP Labor and Overheads Allocable to the ASTI Zone		\$ 736,316	35%	\$ 257,711 \$ 478,605 AMP staff labor and overhead
37	List A&G specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
38	List A&G specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
39	List A&G specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
40	List A&G specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
41	List A&G specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
42					\$ 257,711 \$ 478,605 sum of A&G specific to ATSI zone
43	Total A&G Specific to AEP zone				
44	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
45	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
46	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
47	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
48	List A&G specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
49					\$ - \$ - sum of A&G specific to AEP zone
50	Total A&G Specific to all zones				
51	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
52	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
53	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
54	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
55	List A&G specific to all zones here - add rows if necessary				\$ - \$ - Add description
56	Total A&G Specific to all zones				\$ - \$ - sum of A&G specific to all zones
57					
58					
59	<b>Other Taxes</b>		263.i		\$ - From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR
60					
61	Other Taxes specific to ATSI Zone				
62	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
63	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
64	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
65	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
66	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
67	Other Tax specific to ATSI zone here - add rows if necessary				\$ - \$ - Add description
68					\$ - \$ - sum of Other Taxes specific to ATSI zone
69	Other Taxes specific to AEP Zone				
70	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
71	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
72	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
73	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
74	Other Tax specific to AEP zone here - add rows if necessary				\$ - \$ - Add description
75					\$ - \$ - sum of Other Taxes specific to AEP zone
76	Other Taxes Specific to all zones				
77	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
78	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
79	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
80	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
81	Other Tax specific to all zones here - add rows if necessary				\$ - \$ - Add description
82	Total Other Taxes Specific to all zones				\$ - \$ - sum of Other Taxes specific to all zones

## AMP Transmission LLC

### Development of Margin Requirement

Line No.	Item	12-Month Period=	2019
(a)	(b)		(c)
1	Debt Service Payments <sup>1</sup>		\$177,336
2			
3	Less:		
4	Interest on Working Capital Loans (WP06b)		\$ 26,250
5	Premium paid on Debt and included in debt service		\$ -
6	Other Adjustments needed to reflect only Debt Service on Assets		\$ -
7	Add Additional deductions to Debt Service Payments as needed		\$ -
8			
9	Net Debt Service Payments (line 1 - lines 4 through 7)		\$ 151,086
10	Margin Factor (fixed)		40%
11	Margin Requirement (line 9 x line 10) - To H-32A line		\$ 60,434
12			
13	Notes:		
14	1. Excludes any Debt Service related to Acquisition Adjustments if any per WP06		

**ATTACHMENT 7**  
**Financial Policy**

**AMERICAN MUNICIPAL POWER, INC.**

**RESOLUTION NO. 19-01-4088**

**MEMORIALIZING AMP TRANSMISSION'S FINANCIAL POLICY**

WHEREAS, AMP Transmission, LLC ("AMPT") was created at the request of American Municipal Power, Inc. ("AMP") Members to address the impact to some AMP Members' electric facilities resulting from the change to the North American Electric Reliability Corporation ("NERC") definition of the Bulk Electric System ("BES") that became effective on June 1, 2016. The AMP Board of Trustees determined that formation of AMPT was the best approach to meet its Members' needs and comply with the newly applicable Transmission Owner obligations. Consequently, the AMP Board of Trustees authorized the formation of AMPT to address the NERC compliance responsibilities through joint-action.

WHEREAS, AMPT is a transmission-only, non-profit, Ohio limited liability company of which AMP is currently the only member, created to own, operate and maintain transmission facilities for the benefit of its Member(s) and the regional transmission network.

WHEREAS, although initial financing for acquisition of assets and working capital was provided by AMP through a loan agreement with AMPT, both AMP and AMPT intend that AMPT will acquire or construct additional transmission facilities that will be financed on a per-asset basis with distinct and separate loans borrowed on the strength of its own performance and credit rating, without relying on AMP to fund its acquisitions or working capital requirements.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of American Municipal Power, Inc., that Financial Policy of AMPT be adopted as follows:

1. AMPT shall strive to become A-rated by major credit rating agencies as an "A" category rating will allow AMPT to eventually issue its own debt at reasonable interest rates and is consistent with the credit quality of the entire Joint Action Agency sector.<sup>1</sup>
2. AMPT shall build equity to achieve an equity to total capitalization ratio consistent with an A-rated Joint Action Agency, which is currently estimated to be in the 20-25% range. AMPT will periodically review public data and confer with rating agencies to ensure its performance metrics, including its equity to total capitalization ratio are consistent with an A rating.
3. If and to the extent achieving the foregoing financial objectives necessitates an adjustment in the Margin Factor then currently in effect under AMPT's formula

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<sup>1</sup> See Moody's Ratings Methodology for U.S. Joint Action Agencies, 10/4/2016, page 2.

transmission rate(s) on file with the Federal Energy Regulatory Commission, AMPT shall coordinate with PJM Interconnection, L.L.C. to make an appropriate filing under Section 205 of the Federal Power Act requesting such adjustment.

DATE: January 17, 2019

[Signature]  
CHAIR

APPROVED AS  
TO FORM: [Signature]  
GENERAL COUNSEL FOR  
CORPORATE AFFAIRS AND  
ASSISTANT SECRETARY

[Signature]  
PRESIDENT

**AMP Transmission LLC**  
Transmission Enhancement Credit (Schedule 12 Projects)

Add more lines as needed

**Transmission Enhancement Credit - True-up**  
To be completed after WP07 for the True-up Year is updated using actual data

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line No.	Project Name	RTEP Project Number	Actual TEC Revenues	Projected TEC Annual Revenue Requirement	Actual TEC Revenues Allocated to Projects	Actual TEC Annual Revenue Requirement	True-up Adjustment Principal Under/(Over)	Applicable Interest on Under/(Over)	True-up Adjustment with Interest Under/(Over)
				from PTRR	[Col. c, line 1 * (Col. d, line 2x / Col. d, line 3)]	from ATRR	Col. f - Col. e	Col. g * [(line 4a / line 4b) - 1]	Col. g + Col. H
1	[A] Actual PJM TEC Revenues for True-up Year		-						
2a		b		-	-		-	-	-
2b		b		-	-		-	-	-
2c		b		-	-		-	-	-
3	Subtotal			-	-	-			
4a	Revenue Requirement True-up with Interest						-		
4b	Revenue Requirement True-up - Over/Under Recovery						-		

NOTE

[A] Amount included in revenues reported on page 330, column k of FERC Form 1.

**AMP Transmission LLC**  
Transmission O&M, A&G, and Other Taxes Workpaper

Add lines and other zones as needed to increase transparency

**TRANSMISSION O&M, A&G, and OTHER TAXES DETAIL**

Add Lines and Columns to if necessary to increase transparency

Line No. (a)	Item (b)	Form 1 Reference (c)	Amount (d)	Deferred (e)	Description (f)	
1	<b>Total Transmission O&amp;M - 2019 Projections</b>	321.112.b			From Informational AMPT Form 1 - ATRR True-up	
2				Est. for Zone		
3	Total Transmission O&M Specific to ATSI zone	<u>Total</u>	<u>Alloc</u>	<u>ATSI</u>	<u>Projections</u>	
4	consultant	\$ 250,000	35%	\$ 87,500	\$ 162,500	Transmission modeling and analysis services
5	consultant Implementation	\$ -	100%	\$ -	\$ -	communications equipment
6	consultant Annual	\$ 23,333	100%	\$ 23,333	\$ -	operational services for PJM communications and dispatch for transmission equip
7	consultant	\$ 30,000	35%	\$ 10,500	\$ 19,500	consulting services for equip evaluation for NERC BES compliance and Tariff eligibility
8	consultant	\$ 80,000	35%	\$ 28,000	\$ 52,000	Consultants
9	legal	\$ 160,000	50%	\$ 80,000	\$ 80,000	Legal
10	legal	\$ -	100%	\$ -	\$ -	Legal
11	legal	\$ -	100%	\$ -	\$ -	Legal
12	O&M Napoleon	\$ 60,000	100%	\$ 60,000	\$ -	O&M on facilities
13	Meals/Travel	\$ 20,000	35%	\$ 7,000	\$ 13,000	
14	Insurance	\$ 9,800	100%	\$ 9,800	\$ -	
15				\$ -	\$ -	
16	List transmission specific to ATSI zone here - add rows if necessary			\$ -	\$ -	
17		\$ 633,133		\$ 306,133	\$ 327,000	sum of transmission O&M specific to ATSI zone
18	Total Transmission O&M Specific to AEP zone					
19	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
20	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
21	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
22	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
23	List transmission specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
24				\$ -	\$ -	sum of transmission O&M specific to AEP zone
25	Total Transmission O&M Specific to all zones					
26	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
27	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
28	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
29	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
30	List transmission specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
31				\$ -	\$ -	sum of transmission O&M specific to all zones
32						

## AMP Transmission LLC

Transmission O&M, A&G, and Other Taxes Workpaper

Line No. (a)	Item (b)	Form 1 Reference (c)	Amount (d)	Deferred (e)	Description (f)	
33	<b>A&amp;G Expense</b>	323.197.b	\$ -		From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR	
34						
35	Total A&G Specific to ATSI zone					
36	AMP Labor and Overheads Allocable to the ASTI Zone	\$ 736,316	35%	\$ 257,711	\$ 478,605	AMP staff labor and overhead
37	List A&G specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
38	List A&G specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
39	List A&G specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
40	List A&G specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
41	List A&G specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
42				\$ 257,711	\$ 478,605	sum of A&G specific to ATSI zone
43	Total A&G Specific to AEP zone					
44	List A&G specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
45	List A&G specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
46	List A&G specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
47	List A&G specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
48	List A&G specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
49				\$ -	\$ -	sum of A&G specific to AEP zone
50	Total A&G Specific to all zones					
51	List A&G specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
52	List A&G specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
53	List A&G specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
54	List A&G specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
55	List A&G specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
56	Total A&G Specific to all zones			\$ -	\$ -	sum of A&G specific to all zones
57						
58						
59	<b>Other Taxes</b>	263.i		\$ -		From Informational Form 1 for ATRR True-up, otherwise estimate for PTRR
60						
61	Other Taxes specific to ATSI Zone					
62	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
63	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
64	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
65	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
66	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
67	Other Tax specific to ATSI zone here - add rows if necessary			\$ -	\$ -	Add description
68				\$ -	\$ -	sum of Other Taxes specific to ATSI zone
69	Other Taxes specific to AEP Zone					
70	Other Tax specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
71	Other Tax specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
72	Other Tax specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
73	Other Tax specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
74	Other Tax specific to AEP zone here - add rows if necessary			\$ -	\$ -	Add description
75				\$ -	\$ -	sum of Other Taxes specific to AEP zone
76	Other Taxes Specific to all zones					
77	Other Tax specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
78	Other Tax specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
79	Other Tax specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
80	Other Tax specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
81	Other Tax specific to all zones here - add rows if necessary			\$ -	\$ -	Add description
82	Total Other Taxes Specific to all zones			\$ -	\$ -	sum of Other Taxes specific to all zones

## AMP Transmission LLC

### Development of Margin Requirement

Line No.	Item	12-Month Period=	2019
(a)	(b)		(c)
1	Debt Service Payments <sup>1</sup>		\$177,336
2			
3	Less:		
4	Interest on Working Capital Loans (WP06b)		\$ 26,250
5	Premium paid on Debt and included in debt service		\$ -
6	Other Adjustments needed to reflect only Debt Service on Assets		\$ -
7	Add Additional deductions to Debt Service Payments as needed		\$ -
8			
9	Net Debt Service Payments (line 1 - lines 4 through 7)		\$ 151,086
10	Margin Factor (fixed)		40%
11	Margin Requirement (line 9 x line 10) - To H-32A line		\$ 60,434
12			
13	Notes:		
14	1. Excludes any Debt Service related to Acquisition Adjustments if any per WP06		