

July 31, 2020

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE, Room 1A  
Washington, DC 20426

**Re: *American Electric Power Service Corporation on behalf of its affiliate Transource Pennsylvania, LLC***, Docket No. ER20-2585-000  
Order No. 864 Compliance Filing Revising Transmission Formula Rate

Dear Secretary Bose:

In compliance with Order No. 864,<sup>1</sup> the American Electric Power Service Corporation, (“AEP Service Corporation” or “AEPSC”),<sup>2</sup> on behalf of its affiliate Transource Pennsylvania, LLC (“TPA”), (AEPSC and TPA may be collectively referred to as “the Company” or “AEP” in this application; submit to the Federal Energy Regulatory Commission (“Commission” or “FERC”) revisions to Attachment H-29A<sup>3</sup> of the PJM Open Access Transmission Tariff (“OATT” or “the Tariff”), in order to comply with the requirements of Order No. 864.

Consistent with Order No. 864, TPA respectfully requests an effective date of January 27, 2020, for these Tariff changes.<sup>4</sup>

## **I. BACKGROUND**

### **A. PJM, TPA and Relevant Tariff Provisions**

PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.

TPA is a wholly-owned subsidiary of Transource Energy, LLC (Transource) currently seeking regulatory approval for the Independence Energy Connection Project in Pennsylvania

---

<sup>1</sup> *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019).

<sup>2</sup> Pursuant to Order No. 714, this filing is submitted by PJM Interconnection, L.L.C. (“PJM”) on behalf of Transource Pennsylvania, LLC, as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, TPA has requested PJM submit this compliance filing in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

<sup>3</sup> TPA provides service under Attachment H-29A which refers to the formula rate portion of this attachment (Attachment A).

<sup>4</sup> See Order No. 864 at P 100; *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, 84 Fed. Reg. 65281 (Nov. 27, 2019).

and Pennsylvania. Transource is a joint venture company of AEP Transmission Holding Company, LLC, a wholly-owned subsidiary of American Electric Power Company, Inc., and Evergy Transmission Company, LLC, a wholly-owned subsidiary of Evergy, Inc. (“Evergy”). AEP is headquartered in Columbus, Ohio and serves customers in 11 states. Evergy is an electric utility, formed from a merger between Kansas City Power & Light and Westar Energy, is based in Kansas City, Missouri and serves customers in Kansas and Missouri.

TPA provides transmission service under the requirements defined in Attachment H-29 of the PJM OATT. The charges for such service are calculated under the formula rate found in Attachment H-29A of the OATT.

## **B. Order No. 864**

On November 21, 2019 the Commission issued Order No. 864 and set forth a number of requirements related to how transmission formula rates should account for changes arising from the TCJA. Specifically, the requirements are designed to address the effects of the TCJA on the accumulated deferred income taxes (“ADIT”) reflected in transmission formula rates. The Commission directed utilities with transmission formula rates to revise those rates to include: (i) a mechanism that will deduct any excess ADIT from, or add any deficient ADIT to, rate base (the “Rate Base Adjustment Mechanism”);<sup>5</sup> (ii) a mechanism that will decrease or increase the income tax components of their transmission formula rates by any amortized excess or deficient ADIT, respectively (the “Income Tax Allowance Adjustment Mechanism”);<sup>6</sup> (iii) a new permanent worksheet that will annually track information related to excess or deficient ADIT and will contain five categories of information (the “ADIT Worksheet”).

In addition to the items listed above, Order No. 864 contains other requirements including that each public utility with transmission formula rates must submit a populated version of the ADIT Worksheet.<sup>7</sup> The Commission made it clear that, rather than impose specific standards, it will evaluate proposed changes to a public utility’s transmission formula rates intended to comply with Order No. 864 on a case-by-case basis, and that “public utilities may also demonstrate that their formula rates already meet the Rate Base Adjustment Mechanism requirements” of Order No. 864.<sup>8</sup>

While the revised tariff sheets submitted in response to Order No. 864 will become effective January 27, 2020, the date Order No. 864 was published in the Federal Register,<sup>9</sup> the compliance filings required by Order No. 864 are due the later of thirty days after Order No. 864’s effective date, or the date of the public utility’s next annual informational filing following Order No. 864’s issuance. For TPA as a PJM TO, that “later of” date is June 30, 2020, the date

---

<sup>5</sup> *Id.* at P 28.

<sup>6</sup> *Id.* at P 42.

<sup>7</sup> *Id.* at P 63.

<sup>8</sup> *Id.* at P 30.

<sup>9</sup> *Id.* at P 100.

the annual informational filing is due.<sup>10</sup> Additionally, TPA submitted a motion for extension of time until July 31, 2020 to comply with Order No. 864 in Docket No. RM19-5-000, which was granted by the Commission on July 1, 2020.

## **II. COMPLIANCE FILING**

In compliance with Order No. 864, TPA hereby submits this filing demonstrating that the proposed tariff revisions including the new permanent worksheet<sup>11</sup> and populated templates filed herein satisfy Order No. 864's requirements. The new permanent ADIT worksheets can be found on worksheets 4a, 4b and 4d of the Populated ADIT Worksheet and replace the prior 4a and 4b ADIT worksheets. TPA respectfully requests that the Commission find the proposed revisions described below fully comply with the Commission's Order No. 864 requirements.

### **A. Rate Base Adjustment Mechanism**

Order No. 864 requires that a transmission formula rate include a Rate Base Adjustment Mechanism to deduct any excess ADIT from, or add any deficient ADIT to, its rate base.<sup>12</sup> The Commission indicated that without this mechanism, transmission formula rates could overstate or understate rate base. This mechanism will ensure that such public utilities offset their rate base by any unamortized excess or deficient ADIT and maintain rate base neutrality.<sup>13</sup> The Commission added that the Rate Base Adjustment Mechanism must apply to future changes in federal, state, or local tax laws that result in excess or deficient ADIT.<sup>14</sup>

TPA is not proposing any changes to Attachment H-29A to reflect the adjustments to TPA's rate base associated with excess or deficient ADIT because TPA's transmission formula rate already reflects the Commission's Rate Base Adjustment Mechanism requirements. Specifically, as explained in Note D of Attachment H-29A, the balances of Accounts 281, 282, 283 and 190 are "adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109." The balances for Accounts 281, 282, 283 and 190 are included on Page 2, Lines 19-22 of Attachment H-29A, respectively, as adjustments to rate base. However, TPA is changing the reference in column (5) to directly reference the Transmission total for each ADIT account from the "ADIT Average Balances" worksheet 4a instead of calculating this amount on Attachment H-29A. Additionally, on the "Rate Base" worksheet 4, TPA has removed the beginning and ending balances for Accounts 281, 282, 283 and 190, Lines 15 and 27 respectively, because these are now displayed with greater transparency on the "ADIT Beginning Ending" worksheet 4b. The average balances for Accounts 281, 282, 283 and 190 on Line 28 of the "Rate Base" worksheet 4 now reference the Total Company average balance calculated for each ADIT Account on the "ADIT Average Balances" worksheet 4a, Lines 28, 56, 88 and 119 respectively.

---

<sup>10</sup> Per the protocols governing AEP's Attachment H-29A, the filing deadline for annual informational filings for a calendar year is June 30<sup>th</sup> of the succeeding year.

<sup>11</sup> *Id.* at P 63.

<sup>12</sup> *Id.* at P 28.

<sup>13</sup> *Id.* at P 28.

<sup>14</sup> *Id.* at P 29.

As part of the annual update process, TPA reflects any balances in deferred tax assets and liabilities as “960F-XS Excess ADFIT” in the breakdown of Accounts 281, 282, 283 and 190 in the “ADIT Average Balances” worksheet 4a included as part of this filing in the Populated ADIT Worksheet. Furthermore, balances identified as “960F-XS Excess ADFIT” on worksheet 4a are recorded in two separate offsetting subaccounts denoted by a .1 or a .4 within the line description. The lines with a .1 represent the protected or unprotected excess/deficient ADIT caused by the change in ADIT balances related to the new tax rate. These .1 accounts, combined with any ADIT amounts on the worksheet that are not designated as “960F-XS Excess ADFIT” balances, reflect the ADIT obligation prior to the change in tax rate. The lines with a .4 track regulatory accounting requirements, are contra to the .1 line items, and are offset by balances in the 254 or 182.3 accounts. These .4 contra accounts are then removed from the balances of Accounts 281, 282, 283 and 190 on worksheet 4a through the line labeled “Less FASB 109 above not separately removed”, Lines 25, 53, 85 and 116 respectively. Removal of the .4 contra accounts while leaving the balance of the re-measured ADIT represented by the .1 subaccounts preserves rate base neutrality of the account totals because they are reflective of deferrals recorded at the previous tax rate, thus constituting TPA’s Rate Base Adjustment Mechanism. Note that while TPA appropriately accounts for Excess and Deficient ADIT in accounts 254 and 182.3, respectively, there is no need to include them to the rate base calculation due to the accounting within the ADIT accounts described above.

## **B. Income Tax Allowance Adjustment Mechanism**

Order No. 864 further directs each public utility with transmission formula rates to include an Income Tax Allowance Adjustment Mechanism in its formula rates that decreases or increases the income tax components of its rates by amortized excess or deficient ADIT.<sup>15</sup> This requirement ensures that utilities with transmission formula rates return excess ADIT to or recover deficient ADIT from ratepayers. The Income Tax Adjustment Mechanisms must also be applicable to any future changes to tax rates that give rise to excess or deficient ADIT, including any federal, state or local tax rate changes.<sup>16</sup>

TPA is not proposing any changes to Attachment H-29A to reflect the adjustments to TPA’s income taxes associated with any amortized excess or deficient ADIT because TPA’s transmission formula rate already reflects the Commission’s Income Tax Allowance Adjustment Mechanism requirements. Specifically, TPA already incorporates this requirement in the “Income Taxes” section on page 3 of Attachment H-29A, on the following Lines:

- Line 40, which reflects the annual amortization of excess or deficient ADIT for both protected and unprotected ADIT balances. Any amortization of excess or deficient ADIT balances reflected in Line 40 will be sourced directly from Lines 14 and 46 of the new permanent “ADIT Amortization” worksheet 4d.
- Line 44, which reflect the annual gross-up calculation for any amortization of excess or deficient ADIT balances included in Line 40. The gross-up values of

---

<sup>15</sup> *Id.* at P 42.

<sup>16</sup> *Id.* at P 42-43

Line 44 in turn act as an adjustment to the Total Income Taxes reflected in Line 46 of the “Income Taxes” section of TPA’s Attachment H-29A.

Due to the design of the Income Tax Allowance Adjustment Mechanism and the ADIT Worksheet discussed below, TPA will be able to incorporate the ADIT impacts of future tax rate changes in the Attachment H-29A formula rate without the need for additional filings.<sup>17</sup>

### **C. ADIT Worksheet**

Order No. 864 requires that the transmission formula rate include a new permanent ADIT Worksheet that will annually track information related to excess or deficient ADIT. This requirement provides transparency regarding the adjustment of rate base and income tax allowances to account for excess or deficient ADIT, including excess and deficient ADIT included in rates following future federal, state, and local tax rate changes.<sup>18</sup>

In Order No. 864, the Commission declined to establish a *pro forma* ADIT Worksheet. However, Order No. 864 requires the ADIT Worksheet to include the following five categories of information:

1. How ADIT accounts were re-measured and the excess or deficient ADIT contained therein;
2. The accounting for any excess or deficient amounts in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities);
3. Whether the excess or deficient ADIT is protected or unprotected;
4. The accounts to which the excess or deficient ADIT are amortized; and
5. The amortization period of the excess or deficient ADIT being returned or recovered through rates.<sup>19</sup>

In complying with the first requirement, TPA elected to include a separate “Tax Re-measurement Worksheet” (Attachment C) for greater transparency. In Attachment C, Transource Pennsylvania re-measured Accounts 190, 282, and 283 showing the re-measurement amount and percentage in column E and F respectively. As part of the re-measurement calculation, the re-measured ADIT balance in account 190.1 was re-classed to account 283.1 to group non-property utility deferrals together as one timing difference. The result established a total re-measurement amount of \$(14,632); \$(2,434) in 282.1 and \$(12,198) in 283.1. These re-measured account balances support the total of the “960F-XS Excess ADFIT” lines with a .1 in their description in the breakdown of Accounts 281, 282, 283 and 190 on the “ADIT Beginning Ending Balances” worksheet 4b included as part of the annual update of the TPA formula rate.

Second, as described in the Rate Base Adjustment Mechanism section above, TPA preserves rate base neutrality by separately identifying and removing the .4 contra accounts from rate base while leaving the balance of the re-measured ADIT represented by the .1 subaccounts. Thus, while there is no need to include accounts 254 and 182.3 in the rate base calculation, as the

---

<sup>17</sup> *Id.* at P 43.

<sup>18</sup> *Id.* at P 62.

<sup>19</sup> *Id.* at P 52 and 62.

.1 balances represent these amounts in rate base, the final balances of excess ADIT are still recorded as an offset to the .4 contra accounts through a net entry in the 254 or 182.3 account. Additionally, explained in Note 1 to the “ADIT Beginning Ending Balances” worksheet 4b, excess or deficient ADIT balances resulting from corporate income tax rate changes, including future federal, state, and local tax rate changes, are to be recorded to Accounts 254 or 182.3, respectively.

Third, as described in the Rate Base Adjustment Mechanism section above, TPA reflects any balances in deferred tax assets and liabilities as “960F-XS Excess ADFIT” in the breakdown of Accounts 281, 282, 283 and 190 in the “ADIT Average Balances” worksheet 4a included as part of this filing in the Populated ADIT Worksheet. Furthermore, balances identified as “960F-XS Excess ADFIT” on worksheet 4a are recorded in two separate offsetting subaccounts denoted by a .1 or a .4 within the line description. The lines with a .1 identify the protected or unprotected excess/deficient ADIT caused by the change in ADIT balances related to the new tax rate.

Fourth, as explained in Note 1 to the “ADIT Amortization” worksheet 4d of the Populated ADIT Worksheet, “the amortization of the excess ADIT is recorded to accounts 410 and 411.”

Finally, as explained in Note 1 to the “ADIT Amortization” worksheet 4d of the Populated ADIT Worksheet, worksheet 4d presents total company amortization for excess and deficient amounts. Worksheet 4d of the Populated ADIT Worksheet provides additional detail by categorizing the amortization under either the Protected or Unprotected section. Note 2 corresponds to column (i) of the protected amortization section and states that “the amortization of Tax Cuts and Jobs Act (“TCJA”) related Excess and Deficient Protected ADIT balances starts January 1, 2018 over the remaining life of Transource Pennsylvania LLC's assets consistent the “Average Rate Assumption Method” (ARAM).” TPA’s use of ARAM to amortize protected ADIT is just and reasonable because it’s required by the TCJA<sup>20</sup> and consistent with Order No. 864.<sup>21</sup> Note 3 corresponds to column (i) of the unprotected amortization section and states that “This amortization of TCJA-related Excess and Deficient Unprotected ADIT balances starts January 1, 2020 using a straight-line amortization period of one (1) year. Unprotected amortization is not generally booked or tracked by item. Excess and deficient unprotected amortization primarily relates to the following deferred tax items: Federal & State NOL Carryovers and Regulatory Assets & Liabilities.” Because of the relatively small magnitude of the unprotected amount (less than 1% of total annual transmission revenue requirement), TPA is proposing to use a one (1) year amortization period beginning on January 1, 2020.

As described above, TPA has provided sufficient detail needed to verify excess and deficient ADIT resulting from the TCJA and any future tax rate changes. Therefore, TPA’s proposal is consistent with the requirements of Order No. 864.

---

<sup>20</sup> Tax Cuts and Jobs Act, Pub. L. No. 115-97, § 13001(b)(6)(A), 131 Stat. 2054, 2099 (2017), 26 U.S.C. § 1561)

<sup>21</sup> *Id.* at P 33.

#### **D. Additional Revisions**

In addition to the tariff changes outlined above to comply with Order No. 864, TPA is proposing updates to its ADIT proration adjustment. TPA has included a new proration adjustment worksheet which can be found on worksheet 4c of the Populated ADIT Worksheet. This new worksheet replaces TPA's prior proration worksheet and calculates the proration adjustment for each ADIT account consistent with recent FERC and IRS guidelines.<sup>22</sup> The amount of the proration adjustment is then subtracted from the average ADIT balance for each account on worksheet 4a in Lines 27, 55, 87 and 118.

#### **III. EFFECTIVE DATE**

Consistent with Order No. 864, the Filing Parties request an effective date of January 27, 2020 for the Tariff revisions contained herein.

#### **IV. DOCUMENTS SUBMITTED WITH THIS FILING**

In addition to this transmittal letter, the documents submitted in this filing are:

Attachment A – Populated ADIT Worksheet as part of Attachment H-29A (in Excel)

Attachment B – Revised Attachment H-29A Tariff Sheets (clean);

Attachment B-1 – Revised Attachment H-29A Tariff Sheets (redline);

Attachment C – Tax Re-measurement Worksheet for TPA.

#### **V. COMMUNICATIONS**

The Filing Parties request that the Commission place the following individuals on the official service for this proceeding:

Stacey Burbure  
Counsel  
American Electric Power Service  
Corporation  
801 Pennsylvania Avenue N.W.  
Suite 735  
Washington, DC 20004-2615  
202-383-3452  
slburbure@aep.com

Doug Larson  
Regulatory Consultant  
American Electric Power Service  
Corporation  
1 Riverside Plaza  
23<sup>rd</sup> Floor  
Columbus, OH 43215  
614-716-6138  
drlarson@aep.com

---

<sup>22</sup> *Midcontinent Independent System Operator, Inc., et al.*, 167 FERC ¶ 61,128 (2019).

## VI. SERVICE

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>23</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/fercmanuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an email on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>24</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.

## VII. CONCLUSION

For the reasons stated above, the Filing Parties request that the Commission accept the proposed Tariff sheets being filed herein to be effective January 27, 2020, and find that TPA is in compliance with Order No. 864.

Respectfully submitted,

*/s/ Stacey Burbure*  
Stacey Burbure  
American Electric Power Service Corporation  
801 Pennsylvania Avenue N.W.  
Suite 735  
Washington, DC 20004-2615  
202-383-3452  
slburbure@aep.com  
*Counsel for American Electric Power Service Corporation*

---

<sup>23</sup> See 18 C.F.R §§ 35.2(e) and 385.2010(f)(3).

<sup>24</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.



## ATTACHMENT B

Revised Attachment H-29A Tariff Sheets Clean

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

Line No.	(1)	(2) Source	(3)	(4)	(5) Allocated Amount
					\$
1	GROSS REVENUE REQUIREMENT, without incentives	(page 3, line 49)			-
	REVENUE CREDITS	(Note A)	Total	Allocator	
2	Account No. 454	(page 4, line 20)	-	TP 1.0000	-
3	Accounts 456.0 and 456.1	(page 4, line 21)	-	TP 1.0000	-
4	Revenues from Grandfathered Interzonal Transactions	(Note B)	-	TP 1.0000	-
5	Revenues from service provided by the ISO at a discount		-	TP 1.0000	-
6	TOTAL REVENUE CREDITS	(Sum of Lines 2 through 5)	-		-
7	Prior Period Adjustments	Attachment 11	-	D A 1.0000	-
8	True-up Adjustment with Interest	Attachment 3, line 9, Col. G+H	-	D A 1.0000	-
9	Facility Credits under Section 30.9 of the PJM OATT	Attachment 13	-	D A 1.0000	-
10	NET ANNUAL TRANSMISSION REVENUE REQUIREMENT	( Line 1 less line 6 plus lines 7,8, and 9)			\$ -

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

Lin e No.	(1)	(2)	(3)	(4)	(5) Transmission (Col 3 times Col 4)
	<b>RATE BASE: (Note R)</b>	<b>Source</b>	<b>Company Total</b>	<b>Allocator</b>	
	GROSS PLANT IN SERVICE	Note C			
1	Production	205.46.g for end of year, records for other months	-	NA	-
2	Transmission	Attachment 4, Line 14, Col. (b)	-	TP	1.0000
3	Distribution	207.75.g for end of year, records for other months	-	NA	-
4	General & Intangible	Attachment 4, Line 14, Col. (c)	-	W/S	1.0000
5	TOTAL GROSS PLANT	(Sum of Lines 1 through 4)	-	GP=	1.0000
6	ACCUMULATED DEPRECIATION	Note C			
7	Production	219.20-24.c for end of year, records for other months	-	NA	-
8	Transmission	Attachment 4, Line 14, Col. (h)	-	TP	1.0000
9	Distribution	219.26.c for end of year, records for other months	-	NA	-
10	General & Intangible	Attachment 4, Line 14, Col. (i)	-	W/S	1.0000
11	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 7 through 10)	-		-
12	NET PLANT IN SERVICE				
13	Production	(line 1 - line 7)	-		-
14	Transmission	(line 2 - line 8)	-		-
15	Distribution	(line 3 - line 9)	-		-
16	General & Intangible	(line 4 - line 10)	-		-
17	TOTAL NET PLANT	( Sum of line 5 - line 11)	-	NP=	1.0000
18	ADJUSTMENTS TO RATE BASE				
19	Account No. 281 (enter negative)	Attachment 4 and 4a (Note D)	-		-
20	Account No. 282 (enter negative)	Attachment 4 and 4a (Note D)	-		-
21	Account No. 283 (enter negative)	Attachment 4 and 4a (Note D)	-		-
22	Account No. 190	Attachment 4 and 4a (Note D)	-		-
23	Account No. 255 (enter negative)	Attachment 4, Line 28, Col. (h) (Note D)	-	NP	1.0000
24	Unfunded Reserves (enter negative)	Attachment 4, Line 43, Col. (h)	-	DA	1.0000
25	CWIP	Attachment 4, Line 14, Col. (d) (Note W)	-	DA	1.0000
26	Unamortized Regulatory Asset	Attachment 4, Line 28, Col. (b) (Note E)	-	DA	1.0000

27	Unamortized Abandoned Plant	Attachment 4, Line 28, Col. (c) (Note F)	-	DA	1.0000	-
28	TOTAL ADJUSTMENTS	( Sum of line 19 - line 27)	-			-
29	LAND HELD FOR FUTURE USE	Attachment 4, Line 14, Col. (e) (Note G)	-	TP	1.0000	-
30	WORKING CAPITAL	Note H				
31	Cash Working Capital	1/8*(Page 3, Line 17 minus Page 3, Line 14)	-			-
32	Materials & Supplies	Attachment 4, Line 14, Col. (f)	-	TP	1.0000	-
33	Prepayments (Account 165)	Attachment 4, Line 14, Col. (g)	-	GP	1.0000	-
34	TOTAL WORKING CAPITAL	( Sum of line 31 - line 33)	-			-
35	RATE BASE	( Sum of line 17, 28, 29, 34)	-			-

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

For the 12 months ended 12/31/\_\_\_\_

Line No.	(1)	(2)	(3)	(4)	(5)
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)
	O&M				
1	Transmission	321.112.b	-	TP	1.0000
2	Less Account 566 (Misc Trans Expense)	321.97.b	-	TP	1.0000
3	Less Account 565	321.96.b	-	TP	1.0000
4	A&G	323.197.b	-	W/S	1.0000
5	Less FERC Annual Fees	350.h (Note I)	-	W/S	1.0000
6	Less EPRI Dues	Note J	-	W/S	1.0000
7	Less Reg. Commission Expense Account 928	Note J	-	W/S	1.0000
8	Less: Non-safety Advertising account 930.1	Note J	-	W/S	1.0000
9	Less Actual PBOP Expense in Year	Attachment 7, Line 10, Col. (c)	-	W/S	1.0000
10	Plus Transmission Related Reg. Comm. Exp.	Note K	-	TP	1.0000
11	Plus PBOP Expense Allowed Amount	Attachment 7, Line 8, Col. (c)	-	W/S	1.0000
12	Plus Transmission Lease Payments in Acct 565	Note V	-	DA	1.0000
13	Account 566				
14	Amortization of Regulatory Asset	Note E	-	DA	1.0000
15	Misc. Transmission Expense (less amort. of regulatory asset)	321.97b less line 14	-	TP	1.0000
16	Total Account 566	( Sum of line 14 - line 15)" Ties to 321.97b	-		-
17	TOTAL O&M	(Sum of Lines 1, 4, 10, 11, 12, 16 less Lines 2, 3, 5-9)	-		-
18	DEPRECIATION EXPENSE	Note C			
19	Transmission	336.7.b&d	-	TP	1.0000
20	General & Intangible	336.10.b&d, 336.1.b&d	-	W/S	1.0000
21	Amortization of Abandoned Plant	Note F	-	DA	1.0000
22	TOTAL DEPRECIATION	( Sum of line 19 - line 21)	-		-
23	TAXES OTHER THAN INCOME TAXES (Note M)				
24	LABOR RELATED				
25	Payroll	263.i	-	W/S	1.0000
26	Highway and vehicle	263.i	-	W/S	1.0000
27	PLANT RELATED				
28	Property	263.i	-	GP	1.0000
29	Gross Receipts	263.i	-	NA	zero
30	Other	263.i	-	GP	1.0000
31	Payments in lieu of taxes	263.i	-	GP	1.0000
32	TOTAL OTHER TAXES	( Sum of line 25 - line 31)	-		-
33	INCOME TAXES (Note N)	Note N			
34	$T=1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} * (1 - \text{TEP})$		-		
35	$\text{CIT}=(T/1-T) * (1-(\text{WCLTD}/R)) =$	WCLTD = Page 4, Line 15, R = Page 4, Line 18	-		
36	FIT & SIT & P				
37					
38	$1 / (1 - T) =$ (from line 34)	$1 / (1 - T)$ , T from Line 34	-		
39	Amortized Investment Tax Credit	266.8f (enter negative)	-		
40	Excess / (Deficit) Deferred Income Taxes	Company Books and Records - Note O	-		
41	Tax Effect of Permanent Differences	Company Books and Records - Note O	-		
42	Income Tax Calculation	(Line 35 times Line 48)	-	NA	-
43	ITC adjustment	(Line 38 times Line 39)	-	NP	1.0000
44	Excess / (Deficit) Deferred Income Tax Adjustment	(Line 38 times Line 40)	-	NP	1.0000
45	Permanent Differences Tax Adjustment	(Line 38 times Line 41)	-	NP	1.0000
46	Total Income Taxes	( Sum of line 42 - line 45)	-		-
47	RETURN				
48	Rate Base times Return	(Page 2, line 35 times Page 4, Line 18)	-	NA	-
49	GROSS REVENUE REQUIREMENT	( Sum of line 17,22, 32, 46, 48)	-		-

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

For the 12 months ended 12/31/\_\_\_\_

	(1)	(2)	(3)	(4)	(5)
	<b>SUPPORTING CALCULATIONS AND NOTES</b>				
Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total Transmission plant	(Page 2, Line 2, Column 3)		-	
2	Less Transmission plant excluded from ISO rates	(Note P)		-	
3	Less Transmission plant included in OATT Ancillary Service rates	(Note S)		-	
4	Transmission plant included in ISO rates	(Line 1 minus Lines 2 & 3)		-	
5	Percentage of Transmission plant included in ISO Rates	(Line 4 divided by Line 1) (If line 1 is zero, enter 1)		TP=	1.0000
6	WAGES & SALARY ALLOCATOR (W&S)				
		Form 1 Reference	\$	TP	Allocation
7	Production	354.20.b	-	-	-
8	Transmission	354.21.b	-	1.0000	-
9	Distribution	354.23.b	-	-	-
10	Other	354.24,25,26.b	-	-	-
11	Total (W& S Allocator is 1 if lines 7-10 are zero)	( Sum of line 7 - line 10)	-	-	-
				=	W&S Allocator (\$ / Allocation) 1.00000 WS
12	RETURN (R)				\$
13					
14			\$	%	Cost
15	Long Term Debt	Attachment 5, (Notes Q & R)	-	-	-
16	Preferred Stock (112.3.c)	Attachment 5, (Notes Q & R)	-	-	-
17	Common Stock	Attachment 5, (Notes Q, R, and T)	-	-	10.40%
18	Total	( Sum of line 15 - line 17)	-		-
19	REVENUE CREDITS				
20	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)	Attachment 12, line 8 (Note U)			-
21	ACCOUNTS 456.0 AND 456.1 (OTHER ELECTRIC REVENUES)	Attachment 12, line 21 (Note A)			-

Formula Rate - Non-Levelized

## Rate Formula Template - Attachment H-29A

### Utilizing FERC Form 1 Data

### Transource Pennsylvania, LLC

General Note: References to pages in this formula rate template are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Notes

- A The revenues credited on page 1 lines 2-6 shall include revenues related to the Transmission Owner's integrated transmission facilities, including revenues for any load which is not included in the divisor used to derive the annual rate. They do not include revenues associated with FERC annual charges, gross receipts taxes, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- B Company will not have any grandfathered agreements. Therefore, this line shall remain zero.
- C Plant In Service, Accumulated Depreciation, and Depreciation Expenses shall exclude Asset Retirement Obligation amounts.
- D Balances in Accounts 190, 281, 282 and 283 classified in the FERC Form 1 as Electric-related, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Excludes ARO-related items. Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income. Account 281 is not allocated to Transmission. For rate projections, the ADIT calculation will include a proration of accelerated tax depreciation-related deferred taxes in accordance with Section 1.167(l)-1(h)(6)(ii) of the IRS regulations.
- E Recovery of Regulatory Asset permitted only for pre-commercial and formation expenses as authorized by the Commission. Recovery of any other regulatory assets requires authorization from the Commission. A carrying charge equal to the AFUDC rate will be applied to the Regulatory Asset prior to the rate year when costs are first recovered.
- F Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
- G Identified in FERC Form 1, or Company records if not so indicated on the FERC Form 1, as being transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 15, column 5 minus amortization of Regulatory Asset at page 3, line 12, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on page 111, line 57 in the Form 1.
- I The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff. To the extent the charges are separately identified on the FERC Form 1 page 350, column I, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified on the FERC Form 1 page 350 will be obtained from Company books and records.
- J Page 3, Line 6 - Subtract all EPRI Annual Membership Dues recorded in any O&M or A&G account listed in Form 1 at 353.f, all Regulatory Commission Expenses in account 928 itemized at 351.h, and non-safety related advertising included in Account 930.1.
- K Page 3, Line 8-Add back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- M Includes only FICA, unemployment, highway, property, and other assessments charged in the current year. Taxes related to income, franchise taxes, and sales and use taxes are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere. To the extent individual types of taxes are separately identified on the FERC Form 1 page 263, column I, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified on the FERC Form 1 page 263 will be obtained from Company books and records.
- N The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes" and TEP = "the tax exempt ownership interest". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (T/1-T).
- |                  |       |   |   |
|------------------|-------|---|---|
| Inputs Required: | FIT = | - | (Federal Income Tax Rate)                                     |
|                  | SIT = | - | (State Income Tax Rate or Composite SIT)                      |
|                  | p =   | - | (percent of federal income tax deductible for state purposes) |
|                  | TEP = | - | (percent of the tax exempt ownership)                         |
- O Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-29A that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions.
- P Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- Q The cost of debt will be determined based on the financing in place during each stage of project development. Before debt is obtained, a proxy interest rate which will be supported in the original Section 205 filing will be used. This rate is provided on Attachment 8 line 36. If construction debt (wherein principal is drawn down over time) is issued, the rate plus an amortization of fees projected to be incurred on the construction debt during the rate year will be the cost of debt. This construction debt rate (inclusive of fees) will be reset and true-up every year using the method on Attachment 9 for multi-year construction projects. Once non-construction debt is obtained, the actual interest rate and fees on the debt in place at the end of the year such non-construction debt is obtained will become the cost of debt. In the first full year after non-construction debt is obtained, the cost of debt will be the actual cost of debt determined using the method on Attachment 5.
- A hypothetical capital structure of 60% equity and 40% debt will be used until the first transmission asset is placed in service, or until otherwise authorized by the Commission, subject to any project-specific limitations reflected on Attachment 1, Project Revenue Requirement Worksheet.
- R Calculate rate base using 13 month average balance, except ADIT which is calculated based on the average of the beginning of the year and the end of the year balances.
- S Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- T ROE will be supported in the original Section 205 filing and no change in ROE may be made absent a filing with FERC.
- U Includes only income related to transmission facilities, such as pole attachments, rentals and special use from general ledger.
- V Add back any lease expense of transmission assets used to provide service under this tariff included in account 565. Amount to be obtained from company books and records.

- W Recovery of CWIP in rate base must be approved by FERC. Attachment 4 provides a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on Attachment 4.

Page 1 of 3

# Attachment 1 Project Revenue Requirement Worksheet Transource Pennsylvania, LLC

To be completed in conjunction with Attachment H-29A.

Line No.	(1)	(2) Attachment H-29A Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant plus CWIP	Attach H-29A, p 2, line 2 col 5 plus line 25 col 5 (Note A)	-	
2	Net Transmission Plant plus CWIP and Abandoned Plant	Attach H-29A, p 2, line 14 col 5 plus line 25 & 27 col 5 (Note B)	-	
	O&M EXPENSE			
3	Total O&M Allocated to Transmission	Attach H-29A, p 3, line 17 col. 5, less line 14 col. 5	-	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1 col 3)	-	-
	GENERAL AND INTANGIBLE (G & I) DEPRECIATION EXPENSE			
5	Total G & I Depreciation Expense	Attach H-29A, p 3, line 20, col 5 (Note C)	-	
6	Annual Allocation Factor for G & I Depreciation Expense	(line 5 divided by line 1 col 3)	-	-
	TAXES OTHER THAN INCOME TAXES			
7	Total Other Taxes	Attach H-29A, p 3, line 32 col 5	-	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	-	-
9	Less Revenue Credits	Attach H-29A, p 1, line 6 col 5	-	
10	Annual Allocation Factor for Revenue Credits	(line 9 divided by line 1 col 3)	-	-
11	<b>Annual Allocation Factor for Expense</b>	<b>Sum of line 4, 6, 8, and 10</b>		-
	INCOME TAXES			
12	Total Income Taxes	Attach H-29A, p 3, line 46 col 5	-	
13	Annual Allocation Factor for Income Taxes	(line 12 divided by line 2 col 3)	-	-
	RETURN			
14	Return on Rate Base	Attach H-29A, p 3, line 48 col 5	-	
15	Annual Allocation Factor for Return on Rate Base	(line 14 divided by line 2 col 3)	-	-
16	<b>Annual Allocation Factor for Return</b>	<b>Sum of line 13 and 15</b>	-	-



Attachment 1  
Project Revenue Requirement Worksheet  
Transource Pennsylvania, LLC

This worksheet is used to compute project specific revenue requirements for any projects for which such calculation is required by PJM. This will generally include projects with specific incentives or competitive concessions, or projects with regional cost allocation in PJM. Projects will be listed as either Schedule 12, Zonal, or other category defined by PJM. Other projects which comprise the remaining revenue requirement on Attachment H-29A will not be entered on this schedule.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)
Line No.	Project Name	PJM Category	RTEP Project Number Or Other Identifier	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge
				(Note D)	(Page 1 line 11)	(Col. 3 * Col. 4)	(Note E)	(Page 1 line 16)	(Col. 6 * Col. 7)
1a	Project A	Schedule 12	AAAA	-	-	-	\$ -	-	-
1b	Project B	Schedule 12	BBBB	-	-	-	\$ -	-	-
2	Total Schedule 12			-		-	\$ -		-
3a	Project C	Zonal	CCCC	-	-	-	\$ -	-	-
3b	Project D	Zonal	DDDD	-	-	-	\$ -	-	-
4	Total Zonal			-		-	\$ -		-
5	Other								
6	Annual Totals			-		-	-		-

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-29A inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-29A inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3 , column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base, if applicable and Unamortized Abandoned Plant, if applicable.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-29A, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-29A, page 3, line 21, if applicable.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is a reduction in the revenue requirement, if any, that the Company agreed to, for instance, in the process of being selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate. The Competitive Concession column will also be used to reflect any reduction in the revenue requirement resulting from the following provisions of the Settlement filed in Docket No. ER17-419, after such Settlement becomes effective by its terms: (i) the requirement that the Company cap the equity component of the capital structure for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A ("Project 9A") at 50% beginning on the earlier of (a) Project 9A's in-service date, (b) the date non-construction debt (i.e., permanent financing) is put in place, or (c) June 1, 2020; and (ii) the requirement that the Company forgo any ROE incentives (including the 50 basis point RTO participation adder) for any Project 9A costs that exceed \$210 million on the date the project is placed into service. A workpaper will be prepared supporting the amount of any applicable concession or other revenue requirement reduction reflected in this column..
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 1  
Project Revenue Requirement  
Worksheet  
Transource Pennsylvania, LLC

(9)	(10)	(11)	(12)	(12a)	(13)	(14)	(15)	(16)
Line No.	Project Depreciation/Amortization Expense	Annual Revenue Requirement	Incentive Return in Basis Points	Incentive Return	Ceiling Rate	Competitive Concession	Total Annual Revenue Requirement	Net Revenue Requirement
	(Note F)	(Sum Col. 5, 8 & 9)	(Note G)	(Attachment 2, Line 28 Incentive Return * Col. 6)	(Sum Col. 10 & 12)	(Note H)	(Sum Col. 10 & 12 Less Col. 13)	Sum Col. 14 & 15
1a	-	-	-	-	-	-	-	-
1b	-	-	-	-	-	-	-	-
2	-	-		-	-	-	-	-
3a	-	-	-	-	-	-	-	-
3b	-	-	-	-	-	-	-	-
4	-	-		-	-	-	-	-
5								
6	-	-		-	-	-	-	-

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-29A inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-29A inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3, column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base, if applicable and Unamortized Abandoned Plant, if applicable.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-29A, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-29A, page 3, line 21, if applicable.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is a reduction in the revenue requirement, if any, that the Company agreed to, for instance, in the process of being selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate. The Competitive Concession column will also be used to reflect any reduction in the revenue requirement resulting from the following provisions of the Settlement filed in Docket No. ER17-419, after such Settlement becomes effective by its terms: (i) the requirement that the Company cap the equity component of the capital structure for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A ("Project 9A") at 50% beginning on the earlier of (a) Project 9A's in-service date, (b) the date non-construction debt (i.e., permanent financing) is put in place, or (c) June 1, 2020; and (ii) the requirement that the Company forgo any ROE incentives (including the 50 basis point RTO participation adder) for any Project 9A costs that exceed \$210 million on the date the project is placed into service. A workpaper will be prepared supporting the amount of any applicable concession or other revenue requirement reduction reflected in this column.
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 2  
Incentive ROE  
Transource Pennsylvania, LLC

1	Rate Base	Attachment H-29A, page 2, line 35, Col.5							-
2	100 Basis Point Incentive Return								
								\$	
								Cost	
								Weighted	
3	Long Term Debt	(Notes Q & R from Attachment H-29A)				-	-	-	-
4	Preferred Stock	(Notes Q & R from Attachment H-29A)				-	-	-	-
5	Common Stock	(Notes Q, R, & T from Attachment H-29A)	Cost = Attachment H-29A, page 4, Line 17, Cost plus 100 bp			-	-	-	-
6	Total (sum lines 3-5)					-		-	-
7	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 6)								-
8	INCOME TAXES								
9	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} * (1-TEP)$					-			
10	$CIT=(T/1-T) * (1-(WCLTD/R)) =$					-			
11	WCLTD = Line 3								
12	and FIT, SIT & p are as given in Attachment H-29A footnote N.								
13	$1 / (1 - T) =$ (from line 9)					-			
14	Amortized Investment Tax Credit (266.8f) (enter negative)	Attachment H-29A, Page 3, Line 39				-			
15	Excess Deferred Income Taxes (enter negative)	Attachment H-29A, Page 3, Line 40				-			
16	Tax Effect of Permanent Differences (Note B)	Attachment H-29A, Page 3, Line 41				-			
17	Income Tax Calculation = line 7 * line 10								-
18	ITC adjustment (line 13 * line 14)					-	NP	1.00	-
19	Excess Deferred Income Tax Adjustment (line 13 * line 15)					-	NP	1.00	-
20	Permanent Differences Tax Adjustment (line 13 * 16)					-	NP	1.00	-
21	Total Income Taxes (sum lines 17 - 20)								-
22	Return and Income Taxes with 100 basis point increase in ROE	(line 7 + line 21)							-
23	Return (Attach. H-29A, page 3 line 48 col 5)								-
24	Income Tax (Attach. H-29A, page 3 line 46 col 5)								-
25	Return and Income Taxes without 100 basis point increase in ROE	(line 23 + line 24)							-
26	Incremental Return and Income Taxes for 100 basis point increase in ROE	(line 22 - line 25)							-
27	Rate Base (line 1)								-
28	Incremental Return and Income Taxes for 100 basis point increase in ROE divided by Rate Base								-

Notes:

- A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any ROE actual incentive must be approved by the Commission.  
For example, if the Commission were to grant a 150 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 1.5 on Attachment 1 column 12.
- B The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-29A that are not the result of a timing difference.
- C Pursuant to the Commission-approved settlement in Docket No. ER17-419, the Company has agreed not to seek a risk-based incentive ROE for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A. Therefore, Attachment 2 shall not be used for PJM Market Efficiency Project 9A.

**Attachment 3**  
**Formula Rate True-Up**  
**Transource Pennsylvania, LLC**

This Attachment 3 is used to calculate the annual formula rate true-up. Any projects for which the RTO requires a true-up on an individual project basis, as shown on Attachment 1, will be computed separately. The remainder of the revenue requirement will also be trueed up. The utility will individually enter the projected true-up year revenue requirements in Column C. A percentage of total will be calculated in Column D. Actual revenue received during the true-up year is entered into Column E, line 2 and allocated using the Column D percentage. The utility will prepare this formula rate template with the actual inputs for the true-up year, with the resulting revenue requirement for each line being separately entered in Column F. In Col. G, Col. F is subtracted from Col. E to calculate the true-up adjustment. Interest on the true-up is computed in Column H. Any adjustments to prior period true-ups are entered in Col. I. Col. J computes the total true-up as the sum of Cols. G, H and I.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

Line:				Projected True-Up Year Revenue Requirement Calculation		True-Up Year Revenue Received <sup>1</sup>	Actual True-Up Year Revenue Req.	Annual True-Up Calculation			
1	True-Up Year					\$					
2	0					-					
	A		B	C	D	E	F	G	H	I	J
			Project #		% of Total	Allocation of Revenue	True-Up	Net	True-Up	Prior Period	Total True-
			Or Other	Net Revenue	Revenue	Received	Net Revenue	Under/(Over)	Income	Adjustment	Up
	Project Name	PJM Category	Identifier	Requirement <sup>2</sup>	Requirement	(E, Line 2 ) x (D)	Requirement <sup>3</sup>	Collection (F)- (E)	(Expense) <sup>4</sup>	Interest <sup>5</sup>	(G) + (H) + (I)
3	Remaining Attachment H-29A			-	-	-	-	-	-	-	-
4a	Project A	Schedule 12	AAAA	-	-	-	-	-	-	-	-
4b	Project B	Schedule 12	BBBB	-	-	-	-	-	-	-	-
5	Total Schedule 12			-	-	-	-	-	-	-	-
6a	Project C	Zonal	CCCC	-	-	-	-	-	-	-	-
6b	Project D	Zonal	DDDD	-	-	-	-	-	-	-	-
7	Total Zonal			-	-	-	-	-	-	-	-
8	Other										
9	Total Annual Revenue Requirements			-	-	-	-	-	-	-	-
10				Total Interest on True-Up - Attachment 6							-

**Prior Period Adjustment**

	A	B
	Prior Period Adjustment (Note 5)	Adjustment Amount
11	Description of Adjustment	-

Notes

- 1) The revenue received is the total amount of revenue distributed to company in the year as shown on pages 328-330 of the Form No 1. The Revenue Received is input on line 2, Col. E.
- 2) From the Attachment 1, Page 3 of 3, line 1 or 3, col. 16 from the template in which the true-up year revenue requirement was initially projected.
- 3) From True-Up revenue requirement template Attachment 1, page 3 of 3, line 1 or 3, col. 14.
- 4) Interest due on the true up is calculated for the 24 month period from the start of the true-up year until the end of the year following the true-up year when the true up will be included in rates. Total True up Interest calculated on Attachment 6 and allocated to projects based on the percentage in Column D.
- 5) Corrections to true-ups for previous rate years including interest will be computed on Attachment 11 and entered on the appropriate line 3-8 above.

Attachment 4  
Rate Base Worksheet  
Transource Pennsylvania, LLC

Page 1 of 2

Line No	Month	Gross Plant In Service		CWIP	LHFFU	Working Capital		Accumulated Depreciation	
		Transmission	General & Intangible	CWIP in Rate Base	Held for Future Use	Materials & Supplies	Prepayments	Transmission	General & Intangible
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	(Note A)	207.58.g for end of year, records for other months	205.5.g & 207.99.g for end of year, records for other months	Note B - page 2, column C	214.c for end of year, records for other months	227.8.c & 227.16.c for end of year, records for other months	Note J - 111.57.c for end of year, records for other months	219.25.c for end of year, records for other months	219.28.c & 200.21.c for end of year, records for other months
1	December Prior Year								
2	January								
3	February								
4	March								
5	April								
6	May								
7	June								
8	July								
9	August								
10	September								
11	October								
12	November								
13	December								
14	Average of the 13 Monthly Balances	-	-	-	-	-	-	-	-

Line No	Month	Adjustments to Rate Base						
		Unamortized Regulatory Asset	Unamortized Abandoned Plant	Account No. 281 Accumulated Deferred Income Taxes (Note E)	Account No. 282 Accumulated Deferred Income Taxes (Note E)	Account No. 283 Accumulated Deferred Income Taxes (Note E)	Account No. 190 Accumulated Deferred Income Taxes (Note E)	Account No. 255 Accumulated Deferred Investment Credit
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	(Note A)	Note C	Note D	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Consistent with 266.8.b & 267.8.h
15	December Prior Year							
16	January							
17	February							
18	March							
19	April							
20	May							
21	June							
22	July							
23	August							
24	September							
25	October							
26	November							
27	December							
28	Average of the 13 Monthly Balances	-	-	-	-	-	-	-

Attachment 4  
Rate Base Worksheet  
Transource Pennsylvania, LLC

Page 2 of 2

Reconciliation of CWIP in Rate Base to FERC Form 1 - Note B

	Total CWIP	Less: CWIP Excluded from Rate Base	Less: AFUDC Excluded from Rate Base	CWIP Allowed in Rate Base (d) = (a) - (b) - (c)
	(a) 216.b for end of year, records for other months	(b) Company records	(c) Company records	
29	December Prior Year			-
30	January			-
31	February			-
32	March			-
33	April			-
34	May			-
35	June			-
36	July			-
37	August			-
38	September			-
39	October			-
40	November			-
41	December			-
	-	-	-	-

Unfunded Reserves (Notes A and F through H)

	(a)	(b)	(b.i)	(b.ii)	(c)	(d)	(e)	(f)	(g)	(h)
			FERC balance sheet account where reserves are recorded	FERC income statement account where reserves are recorded	Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers less the percent associated with an offsetting liability on the balance sheet (Note H)	Allocation (Plant or Labor Allocator)	Amount Allocated, col. e x col. d x col. e x col. f x col. g
	List of all reserves:									
42a	Reserve 1	-	-	-	-	-	-	-	-	-
42b	Reserve 2	-	-	-	-	-	-	-	-	-
43	Total				-					-

Notes:

- A Calculate using 13 month average balance, except ADIT which is calculated as described in Note E.
- B Recovery of CWIP in rate base must be approved by FERC. Lines 29-41 of page 2 provide a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on this Attachment.
- C Recovery of a Regulatory Asset is permitted only for pre-commercial and formation expenses, and is subject to FERC approval before the amortization of the Regulatory Asset can be included in rates. Recovery of any other regulatory assets requires authorization from the Commission.
- D Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC.
- E ADIT is computed using the average of the beginning of the year and the end of the year balances. Attachments 4a and 4b are used to populate the average ADIT balances on line 28 above. ADIT calculations will be prorated to the extent required by Section 1.167(l)-1(h)(6)(ii) of the IRS regulations. Rate Projections and True-ups will use Attachment 4c to calculate the proration adjustment.
- F The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account (see Note H)). Each unfunded reserve will be included on lines 42 above. The allocator in Col. (g) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by creating an offsetting balance sheet account, rather than through cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.
- G Not all unfunded reserves are created only from contributions from customers. Many are created by creating an offsetting liability in whole or in part. Column (f) ensures only the portion of the unfunded reserve contributed by the customer (and not created by an offsetting liability) is a reduction to rate base.
- H The inputs in Column (f) are the percentage of the unfunded reserve that was created by an offsetting liability. The percentage shown in Column (f) is then equal to the percentage that customers have contributed to the unfunded reserve.
- I Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income.
- J Overpayments of Income Taxes shall be excluded from Prepayments if the overpayments are not used to reduce future tax liability.

Worksheet 4a - ADIT Average Balances  
Transource Pennsylvania, LLC  
For the 12 months ended 12/31/\_\_\_\_

I. Account 281 - ADIT - Accelerated  
Amortization Property

Line No.	(A)  Identification	(B) Relevant Year Avg. Balance Worksheet 4b	(C) 100% Non- Transmission Related	(D) 100% Related to Facilities Excluded	(E) 100% Transmission Related	(F) Plant Related	(G) Labor Related	(H) Total Included in Ratebase (E)+(F)+(G)	(I)  Description / Justification
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24	Subtotal - Form 1, Avg. (272.17.b & 273.17.k)	-	-	-	-	-	-		
25	Less FASB 109 Above if not separately removed	-							
26	Less FASB 106 and Other Excludable Items Above if not separately removed	-							
27	Less Proration Adjustment (from Worksheet 4c)	-							
28	Total Company (In 24 - In 25 - In 26 + In 27)	-	-	-	-	-	-		

29	Transmission Allocator [ GP or W/S ]		0.0000%	0.0000%	100.0000%	100.0000%	100.0000%		
30	Total Transmission (In 28 * In 29)		0	0	0	0	0	0	

II. Account 282 - ADIT - Other  
Property

Line	(A) Identification	(B) Relevant Year Avg. Balance Worksheet 4b	(C) 100% Non- Transmission Related	(D) 100% Related to Facilities Excluded	(E) 100% Transmission Related	(F) Plant Related	(G) Labor Related	(H) Total Included in Ratebase (E)+(F)+(G)	(I) Description / Justification
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
51									
52	Subtotal - Form 1, Avg. (274.9.b & 275.9.k)	-	-	-	-	-	-		
53	Less FASB 109 Above if not separately removed	-							
54	Less FASB 106 and Other Excludable Items Above if not separately removed	-							
55	Less Proration Adjustment (from Worksheet 4c)	-							
56	Total Company (In 52 - In 53 - In 54 + In 55)	-	-	-	-	-	-		
57	Transmission Allocator [ GP or W/S ]		0.0000%	0.0000%	100.0000%	100.0000%	100.0000%		
58	Total Transmission (In 56 * In 57)		0	0	0	0	0	0	



## III. Account 283 - ADIT - Other

Line No.	(A) <u>Identification</u>	(B) Relevant Year Avg. Balance <u>Worksheet 4b</u>	(C) 100% Non- Transmission <u>Related</u>	(D) 100% Related to Facilities <u>Excluded</u>	(E) 100% Transmission <u>Related</u>	(F) Plant <u>Related</u>	(G) Labor <u>Related</u>	(H) Total Included in Ratebase (E)+(F)+(G)	(I) <u>Description / Justification</u>
59									
60									
61									
62									
63									
64									
65									
66									
67									
68									
69									
70									
71									
72									
73									
74									
75									
76									
77									
78									
79									
80									
81									
82									
83									
84	Subtotal - Form 1, Avg. (276.19.b & 277.19.k)	-	-	-	-	-	-		
85	Less FASB 109 Above if not separately removed	-							
86	Less FASB 106 and Other Excludable Items Above if not separately removed	-							

87	Less Proration Adjustment (from Worksheet 4c)	-							
88	Total Company (In 84 - In 85 - In 86 + In 87)	-	-	-	-	-	-		
89	Transmission Allocator [ GP or W/S ]		<u>0.0000%</u>	<u>0.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>		
90	Total Transmission (In 88 * In 89)		0	0	0	0	0	0	

IV. Account 190 - ADIT

Line No.	(A) Identification	(B) Relevant Year Avg. Balance Worksheet 4b	(C) 100% Non- Transmission Related	(D) 100% Related to Facilities Excluded	(E) 100% Transmission Related	(F) Plant Related	(G) Labor Related	(H) Total Included in Ratebase (E)+(F)+(G)	(I) Description / Justification
91									
92									
93									
94									
95									
96									
97									
98									
99									
100									
101									
102									
103									
104									
105									
106									
107									
108									
109									
110									
111									
112									
113									
114									
115	Subtotal - Form 1, Avg. (234.17.b & 234.17.c)	-	-	-	-	-	-		
116	Less FASB 109 Above if not separately removed	-							

117	Less FASB 106 and Other Excludable Items Above if not separately removed	-							
118	Less Proration Adjustment (from Worksheet 4c)	-							
119	Total Company (In 115 - In 116 - In 117 + In 118)	-	-	-	-	-	-		
120	Transmission Allocator [ GP or W/S ]	-	<u>0.0000%</u>	<u>0.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>		
121	Total Transmission (In 119 * In 120)		0	0	0	0	0	0	

Worksheet 4b - Beginning & Ending Balances  
Transource Pennsylvania, LLC  
For the 12 months ended 12/31/\_\_\_\_

Line	Beginning Balance	Dr. (Cr.)	Ending Balance	AVG Bal
No.	-		-	to Worksheet 4a
1	<u>Acct 282</u> (a)		(b)	
2				-
3				
4				
5				
6				
7				
8				
9				
10	Form 1 p. 274.9.b -		Form 1 p. 275.9.k -	-
11	<u>Acct 283</u>			
12				-
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				

32

Form 1 p. 276.19.b

-

Form 1 p. 277.19.k

-

-

33

Acct 190

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

51

Form 1 p. 234.18.b

-

Form 1 p. 234.18.c

-

-

Line		Dr.		AVG Bal
No.		(Cr.)		to Worksheet 4a
52	<u>Acct 254</u>			
53				-
54				
55				
56				
57				
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
71	Total Acct 254 Grossed Up - Form 1, p. 278.b	-	Total Acct 254 Grossed Up - Form 1, p. 278.f	-
72	<u>Acct 182.3</u>			
73				-
74				
75				
76				
77				
78				
79				
80				
81				
82				
83				
84				
85				

86					
87					
88		-		-	-
89	Acct 182.3 Gross Up	-	Acct 182.3 Gross Up	-	-
90	Total Acct 182.3 Grossed Up - Form 1, p. 232.b	-	Total Acct 182.3 Grossed Up - Form 1, p. 232.f	-	-

Note 1: Excess or deficient ADIT balances resulting from corporate income tax rate changes, including future federal, state, and local tax rate changes, are to be recorded to Accounts 254 or 182.3, respectively.

## Worksheet 4c - ADIT Proration Adjustment

Transource Pennsylvania, LLC

For the 12 months ended 12/31/\_\_\_\_

Page 1 of 3

Account 282

Line

No.

Line No.	Days in Period					Averaging with Proration		
	A	B	C	D	E	F	G	H
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
3								
4	Average Balance of Prorated Items							-
5								
6	January	31	335	365	91.78%	-	-	-
7	February	28	307	365	84.11%	-	-	-
8	March	31	276	365	75.62%	-	-	-
9	April	30	246	365	67.40%	-	-	-
10	May	31	215	365	58.90%	-	-	-
11	June	30	185	365	50.68%	-	-	-
12	July	31	154	365	42.19%	-	-	-
13	August	31	123	365	33.70%	-	-	-
14	September	30	93	365	25.48%	-	-	-
15	October	31	62	365	16.99%	-	-	-
16	November	30	32	365	8.77%	-	-	-
17	December	31	1	365	0.27%	-	-	-
18	Total	365	2,029	4,380		-	-	



19	Ending Balance of Prorated items	(Line 17, & Col H)	-
20	Non-prorated Average Balance		-
21	Proration Adjustment	(Line 19 minus Line 20)	-

**Account 283**

Line  
No.

22	Days in Period					Averaging with Proration		
23	A	B	C	D	E	F	G	H
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
24								
25	December 31st balance Prorated Items							
26	January	31	335	365	91.78%		-	-
27	February	28	307	365	84.11%		-	-
28	March	31	276	365	75.62%		-	-
29	April	30	246	365	67.40%		-	-
30	May	31	215	365	58.90%		-	-
31	June	30	185	365	50.68%		-	-
32	July	31	154	365	42.19%		-	-
33	August	31	123	365	33.70%		-	-
34	September	30	93	365	25.48%		-	-
35	October	31	62	365	16.99%		-	-
36	November	30	32	365	8.77%		-	-
37	December	31	1	365	0.27%		-	-
38	Total	365	2,029	4,380		-	-	
39								

(Line 38, & Col  
H)

40 Ending Balance of Prorated items

-

41 Non-prorated Average Balance

42 Proration Adjustment

(Line 40 minus Line 41)

-

## Account 190

Line

No.

Days in Period					Averaging with Proration		
A	B	C	D	E	F	G	H
Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
December 31st balance Prorated Items							
January	31	335	365	91.78%		-	-
February	28	307	365	84.11%		-	-
March	31	276	365	75.62%		-	-
April	30	246	365	67.40%		-	-
May	31	215	365	58.90%		-	-
June	30	185	365	50.68%		-	-
July	31	154	365	42.19%		-	-
August	31	123	365	33.70%		-	-
September	30	93	365	25.48%		-	-
October	31	62	365	16.99%		-	-
November	30	32	365	8.77%		-	-
December	31	1	365	0.27%		-	-
Total	365	2,029	4,380		-	-	

61 Ending Balance of Prorated items

(Line 59, &amp; Col H)

62 Non-prorated Average Balance

Line  
No.

64	Days in Period					Averaging with Proration		
65	A	B	C	D	E	F	G	H
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
66								
67	December 31st balance Prorated Items							
68	January	31	335	365	91.78%		-	-
70	February	28	307	365	84.11%		-	-
71	March	31	276	365	75.62%		-	-
72	April	30	246	365	67.40%		-	-
73	May	31	215	365	58.90%		-	-
74	June	30	185	365	50.68%		-	-
75	July	31	154	365	42.19%		-	-
76	August	31	123	365	33.70%		-	-
77	September	30	93	365	25.48%		-	-
78	October	31	62	365	16.99%		-	-
79	November	30	32	365	8.77%		-	-
80	December	31	1	365	0.27%		-	-
81	Total	365	2,029	4,380		-	-	

82	Ending Balance of Prorated items	(Line 80, & Col H)	-
83	Non-prorated Average Balance		
84	Proration Adjustment	(Line 82 minus Line 83)	-

**Account 182.3**

Line

No.

85	Days in Period					Averaging with Proration		
	A	B	C	D	E	F	G	H
86	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
87								
88	December 31st balance Prorated Items							
89	January	31	335	365	91.78%		-	-
90	February	28	307	365	84.11%		-	-
91	March	31	276	365	75.62%		-	-
92	April	30	246	365	67.40%		-	-
93	May	31	215	365	58.90%		-	-
94	June	30	185	365	50.68%		-	-
95	July	31	154	365	42.19%		-	-
96	August	31	123	365	33.70%		-	-
97	September	30	93	365	25.48%		-	-
98	October	31	62	365	16.99%		-	-
99	November	30	32	365	8.77%		-	-
100	December	31	1	365	0.27%		-	-
101								
102	Total	365	2,029	4,380		-	-	

103 Ending Balance of Prorated items

(Line 101, &amp; Col H)

-

104 Non-prorated Average Balance



105 Proration Adjustment

(Line 103 minus Line 104)

-

**Transsource Pennsylvania, LLC**  
**For the 12 months ended 12/31/\_\_\_\_**

**Protected - (Excess) /  
Deficient ADIT Amortization  
(Note 2)**

**Unprotected - (Excess) /  
Deficient ADIT Amortization  
(Note 3)**

[illegible]



17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44	<b>Subtotal</b>	-	-	-	-	-	-		
45	<b>Transmission Allocator [GP or W/S ]</b>		<u>0.0000%</u>	<u>0.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>		
46	<b>Total (In 44 * In 45)</b>		0	0		0	0	0	

**Worksheet 4d - Excess Deferred  
Taxes - Calculated End of Year  
Balance**

	(a)	(b)	(c)	(d)	(e)	
Line	Total Company	Beginning of Year	Return to Provision	Other	Current Year	End of Year
No.	Regulatory Liability Balances	Balances	Adjustment	Adjustments	EDIT Amortization	Balance
47						
48						
49						
50						
51						
52						
53						
54						
55	<b>Total Regulatory Liability (sum Ins 47 and 54)</b>	-	-	-	-	-

Note 1: Worksheet 4d presents total company amortization for excess / deficient ADIT amounts. The amortization of the excess ADIT is recorded to accounts 410 and 411.

Note 2: The amortization of Tax Cuts and Jobs Act ("TCJA") related Excess and Deficient Protected ADIT balances starts January 1, 2018 over the remaining life of Transource Pennsylvania LLC's assets consistent the "Average Rate Assumption Method" (ARAM).

Note 3: This amortization of TCJA-related Excess and Deficient Unprotected ADIT balances starts January 1, 2020 using a straight-line amortization period of one (1) year. Unprotected amortization is not generally booked or tracked by item. Excess and deficient unprotected amortization primarily relates to the following deferred tax items: Federal & State NOL Carryovers and Regulatory Assets & Liabilities.

Attachment 5  
Return on Rate Base Worksheet  
Transource Pennsylvania, LLC

RETURN ON RATE BASE (R)

			\$				
1	Long Term Debt Interest (117, sum of 62.c - 67.c) Note D		-				
2	Preferred Dividends (118.29c) (positive number)		-				
3	Proprietary Capital (Line 25 ( c))		-				
4	Less Preferred Stock (line 25(b))		-				
5	Less Account 216.1 Undistributed Subsidiary Earnings (Line 25(d))		-				
6	Less Account 219 Accum. Other Comprehensive Income (Line 25(e))		-				
7	Common Stock (Sum of Lines 3 through 6)		-				
			\$	%	Cost	Weighted	
8	Long Term Debt	Line 25 (a), Note A and Attachment H-29A Note Q	-	-	-	-	=WCLTD
9	Preferred Stock	Line 25 (b), Note B and Attachment H-29A Note Q	-	-	-	-	
10	Common Stock	Line 7, Note C and Attachment H-29A Notes Q and T	-	-	-	-	
11	Total (Sum of Lines 8 through 10)		-	-	-	-	=R

	(a) Long Term Debt (112.18- 21.c)	(b) Preferred Stock (112.3.c)	( c) Proprietary Capital (112.16.c)	(d) Undistributed Sub Earnings 216.1 (112.12.c)	(e) Accum Other Comp. Income 219 (112.15.c)
Monthly Balances for Capital Structure					
12 December (prior year)					
13 January					
14 February					
15 March					
16 April					
17 May					
18 June					
19 July					
20 August					
21 September					
22 October					
23 November					
24 December					
25 13 Month Average	-	-	-	-	-

Notes

- Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 1 by the Long Term Debt balance on line 8.
- A Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 line 3.c in the Form No. 1
- B Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on Form 1 page 112 line 16.c less lines 3.c , 12.c, and 15.c
- C Long Term debt interest is the sum of Form 1 page 117 lines 62-67.c, with 65-66.c entered as negative numbers. If the Company has any short term debt with associated companies, the interest on that short term debt recorded in Account 430 will be excluded. The portion of interest in Account 430 related to any long term debt to associated companies will be included.
- D

Attachment 6  
Interest on True-Up  
Transource Pennsylvania, LLC

2017		2017	
Projected Revenue Requirement (Note A)		Actual Net Revenue Requirement (Note B)	Over (Under) Recovery
\$0	Less	\$0	Equals

Note A - Projected ATRR for the true-up year from Page 1, Line 1 of Projection Attachment H-29A minus Line 6 of Projection Attachment H-29A.  
Note B - Actual Net ATRR for the true-up year from Page 1, Line 10 of True-Up Attachment H-29A.

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 6a 0.271%	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year						
<u>Calculation of Interest</u>				Monthly		
January	Year 2017	-	0.271%	12	-	-
February	Year 2017	-	0.271%	11	-	-
March	Year 2017	-	0.271%	10	-	-
April	Year 2017	-	0.271%	9	-	-
May	Year 2017	-	0.271%	8	-	-
June	Year 2017	-	0.271%	7	-	-
July	Year 2017	-	0.271%	6	-	-
August	Year 2017	-	0.271%	5	-	-
September	Year 2017	-	0.271%	4	-	-
October	Year 2017	-	0.271%	3	-	-
November	Year 2017	-	0.271%	2	-	-
December	Year 2017	-	0.271%	1	-	-
					-	-
				Annual		
January through December	Year 2018	-	0.271%	12	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>						
				Monthly		
January	Year 2019	-	0.271%		-	-
February	Year 2019	-	0.271%		-	-
March	Year 2019	-	0.271%		-	-
April	Year 2019	-	0.271%		-	-
May	Year 2019	-	0.271%		-	-
June	Year 2019	-	0.271%		-	-
July	Year 2019	-	0.271%		-	-
August	Year 2019	-	0.271%		-	-
September	Year 2019	-	0.271%		-	-
October	Year 2019	-	0.271%		-	-
November	Year 2019	-	0.271%		-	-
December	Year 2019	-	0.271%		-	-
					-	-
					\$	
Total Amount of True-Up Adjustment					-	
					\$	
Less Over (Under) Recovery					-	

Total Interest	\$ -
----------------	---------

Attachment 6a  
True-Up Interest Rate Calculation  
Transource Pennsylvania, LLC

This Attachment is used to compute the interest rate to be applied to each year's revenue requirement true-up.

Applicable FERC Interest Rate (Note A):		
1	Rate Year January	3.25%
2	Rate Year February	3.25%
3	Rate Year March	3.25%
4	Rate Year April	3.25%
5	Rate Year May	3.25%
6	Rate Year June	3.25%
7	Rate Year July	3.25%
8	Rate Year August	3.25%
9	Rate Year September	3.25%
10	Rate Year October	3.25%
11	Rate Year November	3.25%
12	Rate Year December	3.25%
13	Rate Year Plus 1 January	3.25%
14	Rate Year Plus 1 February	3.25%
15	Rate Year Plus 1 March	3.25%
16	Rate Year Plus 1 April	3.25%
17	Rate Year Plus 1 May	3.25%
18	Rate Year Plus 1 June	3.25%
19	Rate Year Plus 1 July	3.25%
20	Rate Year Plus 1 August	3.25%
21	Average rate	3.25%
22	Monthly Average rate	0.27%

Note A - Lines 1-20 are the FERC interest rates under section 35.19a of the regulations for the period shown. Line 21 is the average of lines 1-20.

Attachment 7  
Post-Employment Benefits Other than Pensions (PBOP)  
Transource Pennsylvania, LLC

**Calculation of PBOP Expenses**

Line No.			AEP (a)	KCP&L (b)	Total (c) = (a+b)
1			<b>Year Ended December 31, 2015</b>		
2	Total PBOP expenses, corporate parent companies	Note A	-\$92,333,868	\$8,386,137	
3	Amount relating to retired personnel	Note A	-\$46,186,984	\$3,469,667	
4	Amount allocated on Labor	Line 2 less line 3	-\$46,146,884	\$4,916,470	
5	Labor dollars	Note B	\$1,573,181,281	\$191,733,310	
6	Cost per labor dollar	Line 4 divided by line 5	-\$0.029	\$0.026	
7	Labor (labor not capitalized) current year	Note C	-	-	
8	PBOP Expense Allowed for current year	Line 6 times line 7	-	-	-
9					
10	Actual PBOP in Company's O&M and A&G expense accounts in Form No. 1				-

**Notes**

- A Amounts on lines 2-3 reflect data from the 2015 actuarial reports for AEP and KCP&L. These values cannot change absent approval or acceptance by FERC in a separate proceeding.
- B Amounts on line 5 reflect the actual AEP and KCP&L straight-time labor, including both capitalized and expensed labor, loaded for non-productive load. KCP&L's labor is \$243,676,962, as provided on the 2015 FERC Form 1 on page 354.96.d, less \$51,943,652 of labor dollars associated with the Wolf Creek Nuclear Facility.
- C The labor in line 7 is the total labor excluding capitalized labor charged by an AEP affiliate or KCP&L affiliate to the Company in the year.

**Attachment 8**  
**Cost of Debt Prior to Issuing Non-Construction Financing**  
**Transource Pennsylvania, LLC**

This Attachment 8 is to be utilized to determine the cost of debt prior to issuing non-construction financing. Once non-construction financing is issued the cost of debt shall be determined using the methodology described in Note Q on Attachment H-29A

If construction debt has not or will not be issued when construction starts, a proxy interest rate will be used for the cost of debt, which will be supported in the initial section 205 filing. The proxy interest rate will be entered on line 36 of this attachment.

If construction financing has been obtained, the cost of debt prior to the issuance of non-construction financing shall be based on the terms of the construction financing and determined below. Up-front fees including origination fees will be amortized and included in the cost of debt.

If construction financing is obtained, all rates, fees and monthly debt balances will be subject to true up pursuant to Attachment 9.

Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Line No								
1	Interest rate on Construction Debt for Rate Year - Line 19 (g)					3.11%		
2	Rate Year Debt Fee expense - Line 35 ( e )					0.38%		
3	<b>Total Cost of Debt</b>					<b>3.49%</b>		
	<b>Interest Rate Information</b>							
4	Commitment Fee Rate (%)					0.35%		
5	Projected Average Drawn Rate for Rate Year (%) - Note A					2.05%		
	<b>Month During Rate Year</b>	<b>Total Loan Amount (\$000)</b>	<b>Principal Drawn (\$000)</b>	<b>Unutilized Loan Balance (\$000)</b>	<b>Commitment Fee (\$000)</b>	<b>Interest Expense (\$000)</b>	<b>Effective Annual Interest Rate (%)</b>	
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	
6	December Prior Year	100,000	-	100,000	29.17	-		
7	January	100,000	5,000	95,000	27.71	9		
8	February	100,000	10,000	90,000	26.25	17		
9	March	100,000	15,000	85,000	24.79	26		
10	April	100,000	20,000	80,000	23.33	34		
11	May	100,000	25,000	75,000	21.88	43		
12	June	100,000	30,000	70,000	20.42	51		
13	July	100,000	35,000	65,000	18.96	60		
14	August	100,000	40,000	60,000	17.50	68		
15	September	100,000	45,000	55,000	16.04	77		
16	October	100,000	50,000	50,000	14.58	85		
17	November	100,000	55,000	45,000	13.13	94		
18	December	100,000	60,000	40,000	11.67	103		
19	Average of the 13 Monthly Balances		30,000		265.42	666	3.11%	
	Example Fee Calculation - All amounts represent actual rate year expenses.							
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	
		<b>Gross Fee Amount (\$000)</b>	<b>Year Fee Incurred</b>	<b>Fee Amortization period (years)</b>	<b>Rate Year Amortized Fee Amount, col. b / col. d</b>	<b>Prior Years Accumulated Fee Amortization</b>	<b>Unamortized Balance - End of Rate Year</b>	
	<b>Origination Fees</b>	<b>Rates/Fees</b>						
20	Underwriting Discount	20	2017	2	10	-	10	
21	Arrangement Fee	0.15%	20	2017	2	-	10	
22	Upfront Fee	0.35%	50	2017	2	-	25	
23	Rating Agency Fee		20	2017	2	-	10	
24	Legal Fees		20	2017	2	-	10	
25	Other		0	2	0	-	0	
26	Total Issuance Expense / Origination Fees	130			65	-	65	
27								
28	<b>Annual Fees</b>							
29	Annual Rating Agency Fee	0.10%	20	2017	N/A	N/A	N/A	
30	Annual Bank Agency Fee		20	2017	N/A	N/A	N/A	
31	Utilization Fee	0.10%	10	2017	N/A	N/A	N/A	
32	Other Fees			N/A	0	N/A	N/A	
33	Total Fees	180			115	-	65	
34	13 Month Average Debt balance - Line 19 ( c )				30,000			
35	Rate Year cost of fees				0.38%			
36	Proxy interest rate. Used prior to issuance of construction financing and supported in initial section 205 filing.							
Notes								
A	Projected rate will be Average LIBOR for rate year + spread. LIBOR will be updated based on information in the Wall Street Journal as of the 15th day of the month prior to population of this template.							
	LIBOR	0.30%						
	Spread	1.75%						
	Total	2.05%						



**Attachment 9**  
**True-up - Construction Financing Cost of Debt**  
**Transource Pennsylvania, LLC**

This Attachment 9 is to be utilized only in the event construction financing has been obtained to compute the actual cost of debt to be included in the return on rate base calculation for the true-up each year prior to the issuance of non-construction financing. Once non-construction financing has been obtained the cost of debt shall be determined using the methodology described in Note Q on Attachment H-29A. One time up-front debt fees, including origination fees will be amortized and included in the cost of debt. Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Line  
No.

		\$
1	Long Term Interest and Fees (117, sum of 62.c through 67.c) - Note A	800,000
2	Line of Credit Fees (68.c)	500,000
3	Total Interest and Fees	1,300,000
13 Month Average Long-Term Debt - Note B		
	Month During Rate Year (a)	Long Term Debt (d)
4	December Prior Year	-
5	January	-
6	February	-
7	March	5,000,000
8	April	11,000,000
9	May	17,000,000
10	June	23,000,000
11	July	29,000,000
12	August	35,000,000
13	September	41,000,000
14	October	47,000,000
15	November	53,000,000
16	December	59,000,000
17	Average of the 13 Monthly Balances	24,615,385
18	True-Up Cost of Debt (Line 3 / Line 17)	5.28%

Notes

- A Long Term debt interest is the sum of Form 1 page 117 lines 62-67.c, with 65-66.c entered as negative numbers. If the Company has any short term debt with associated companies, the interest on that short term debt recorded in Account 430 will be excluded. The portion of interest in Account 430 related to any long term debt to associated companies will be included.
- B Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 3 by the Long Term Debt balance on line 17.

Attachment 10  
Depreciation Rates  
Transource Pennsylvania, LLC

**INITIAL PROPOSED TRANSMISSION AND GENERAL PLANT DEPRECIATION RATES  
CALCULATED FROM APPALACHIAN POWER COMPANY (WEST VIRGINIA) MORTALITY CHARACTERISTICS  
FROM CASE NO. 14-1151-E-D (NOTE A)**

		Average Service Life (Years)	Iowa Curve	Salvage Factor	Cost of Removal Factor	Net Salvage Factor	Calculated Initial Annual Depreciation Rates (Note B)
<b><u>TRANSMISSION PLANT</u></b>							
351.0	Energy Storage Equipment	15	SQ	5%	5%	0%	6.67%
352.0	Structures & Improvements	62	R4.0	5%	15%	-10%	1.77%
353.0	Station Equipment	45	R1.5	28%	13%	15%	1.89%
354.0	Towers & Fixtures	68	R3.0	25%	35%	-10%	1.62%
355.0	Poles & Fixtures	42	R0.5	5%	20%	-15%	2.74%
356.0	OH Cond. & Devices	64	R3.0	30%	18%	12%	1.38%
357.0	Underground Conduit	50	R2.0	0%	0%	0%	2.00%
358.0	Underground Conductor and Devices	20	L4.0	0%	0%	0%	5.00%
<b><u>GENERAL PLANT</u></b>							
390.0	Structures & Improvements	42	SQ	36%	11%	25%	1.79%
391.0	Office Furniture & Equipment	30	SQ	0%	0%	0%	3.33%
392.0	Transportation Equipment	27	SQ	0%	0%	0%	3.70%
393.0	Stores Equipment	55	SQ	0%	0%	0%	1.82%
394.0	Tools Shop & Garage Equipment	43	SQ	0%	10%	-10%	2.56%
395.0	Laboratory Equipment	37	SQ	0%	0%	0%	2.70%
396.0	Power Operated Equipment	25	SQ	0%	0%	0%	4.00%
397.0	Communication Equipment	24	SQ	0%	1%	-1%	4.21%
398.0	Miscellaneous Equipment	35	SQ	0%	0%	0%	2.86%
<b><u>INTANGIBLE PLANT</u></b>							
303	Miscellaneous Intangible Plant	5					20.00%

**Notes**

- A The proposed transmission and general plant depreciation rates were determined using the same depreciation study utilized by Appalachian Power Company to develop transmission and general plant depreciation rates that were approved by the Public Service Commission of West Virginia in their order in Case Nos. 14-1152-E-42T and 14-1151-E-D on May 26, 2015.
- B These depreciation rates will not be changed absent a FERC order.

Attachment 11  
Prior Period Adjustments or Corrections  
Transource Pennsylvania, LLC

				(a)	(b)
				Revenue	Calendar Year
Line				Impact of	Revenue
<u>No.</u>	<u>Description</u>	<u>Source</u>		<u>Correction</u>	<u>Requirement</u>
1	Filing Name and Date				-
2	Original Revenue Requirement				-
3					
4	Description of Correction 1				
5	Description of Correction 2				-
6					
7	Total Corrections	Line 4 + 5			-
8					
9	Corrected Revenue Requirement	line 2 + 7			-
10					
11					
12	Total Corrections	Line 7			-
13					
14	Average Monthly FERC Refund Rate	Note A			0.25%
15	Number of Months of Interest	Note B			30
16	Interest on Correction	Line 12 x 14 x 15			-
17					
18	Total Annual Refunds Due to Customers	Line 12+16			-
Notes					
:					
A	The interest rate on corrections will be the average monthly FERC interest rate for the period from the beginning of the year being corrected through the most recent month available as of the time the correction is computed and included in an annual filing.				
B	The number of months interest due on the correction will be the number of months from the beginning of the year being corrected through June of the year in which the correction will be reflected in rates. In this manner the interest computed will reflect all years prior to when the correction is reflected in rates plus interest on the average unrefunded balance of the correction during the year the correction is reflected in rates.				

Attachment 12  
Revenue Credit Detail  
Transource Pennsylvania, LLC

Line No.	(Note 1)	Source	(a) Company Total	(b) Less: Non Transmission	(c ) = (a)- (b) Transmission-related
1	<b>Account 454 - Rent from Electric Property</b>				
2	Joint pole attachments - telephone	Company books	-	-	-
3	Joint pole attachments - cable	Company books	-	-	-
4	Underground rentals	Company books	-	-	-
5	Transmission tower wireless rentals	Company books	-	-	-
6	Other rentals	Company books	-	-	-
7	Other rentals	Company books	-	-	-
8	<b>Account 454 Revenue Credit</b>	Form 1 300.19.b	-	-	-
	<b>Account 456.0 Other Operating Revenues</b>				
9	Other	Company books	-	-	-
10	Other	Company books	-	-	-
11	<b>Account 456.0 Revenue Credit</b>	Form 1 300.21.b	-	-	-
	<b>Account 456.1 Revenues from Transmission of Electricity for Others</b>				
12	PJM NITS	Company books	-	-	-
13	PJM Point to Point	Company books	-	-	-
14	Over/Under recovery deferral	Company books	-	-	-
15	Other PJM revenues	Company books	-	-	-
16	Other	Company books	-	-	-
17	Total Per Books	Form 1 330.n	-	-	-
18	Less: revenues received pursuant to this Formula Rate	Company books	-	-	-
19	Less: Over/Under recovery deferral	Company books	-	-	-
20	<b>Account 456.1 Revenue Credit</b>	(Line 17 - line 18 - line 19)	-	-	-
21	<b>Total 456.0 and 456.1 Revenue Credits</b>	(Line 11 + line 20)	-	-	-
Note 1	All 454, 456.0 and 456.1 revenues will be detailed from Company books and records or FERC Form 1, and additional rows added if necessary. Non-transmission related amounts will be deducted to determine transmission-related amounts. Revenues that are not derived from PJM rates which are based on this transmission formula rate will be included as a revenue credit.				

Attachment 13  
Facility Credits under Section 30.9 of the PJM OATT  
Transource Pennsylvania, LLC

Line No.	Source	Amount
1	Facility Credits under Section 30.9 of the PJM OATT	-

Note: Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to an approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

## ATTACHMENT B-1

Revised Attachment H-29A Tariff Sheets Redline

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

Line No.	(1)	(2) Source	(3)	(4)	(5) Allocated Amount
					\$
1	GROSS REVENUE REQUIREMENT, without incentives	(page 3, line 49)			-
	REVENUE CREDITS	(Note A)	Total	Allocator	
2	Account No. 454	(page 4, line 20)	-	TP 1.0000	-
3	Accounts 456.0 and 456.1	(page 4, line 21)	-	TP 1.0000	-
4	Revenues from Grandfathered Interzonal Transactions	(Note B)	-	TP 1.0000	-
5	Revenues from service provided by the ISO at a discount		-	TP 1.0000	-
6	TOTAL REVENUE CREDITS	(Sum of Lines 2 through 5)	-		-
7	Prior Period Adjustments	Attachment 11	-	D A 1.0000	-
8	True-up Adjustment with Interest	Attachment 3, line 9, Col. G+H	-	D A 1.0000	-
9	Facility Credits under Section 30.9 of the PJM OATT	Attachment 13	-	D A 1.0000	-
10	NET ANNUAL TRANSMISSION REVENUE REQUIREMENT	( Line 1 less line 6 plus lines 7,8, and 9)			\$ -

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

Lin e No.	(1)	(2)	(3)	(4)	(5) Transmission (Col 3 times Col 4)
	<b>RATE BASE: (Note R)</b>	<b>Source</b>	<b>Company Total</b>	<b>Allocator</b>	
	GROSS PLANT IN SERVICE	Note C			
1	Production	205.46.g for end of year, records for other months	-	NA	-
2	Transmission	Attachment 4, Line 14, Col. (b)	-	TP	1.0000
3	Distribution	207.75.g for end of year, records for other months	-	NA	-
4	General & Intangible	Attachment 4, Line 14, Col. (c)	-	W/S	1.0000
5	TOTAL GROSS PLANT	(Sum of Lines 1 through 4)	-	GP=	1.0000
6	ACCUMULATED DEPRECIATION	Note C			
7	Production	219.20-24.c for end of year, records for other months	-	NA	-
8	Transmission	Attachment 4, Line 14, Col. (h)	-	TP	1.0000
9	Distribution	219.26.c for end of year, records for other months	-	NA	-
10	General & Intangible	Attachment 4, Line 14, Col. (i)	-	W/S	1.0000
11	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 7 through 10)	-		-
12	NET PLANT IN SERVICE				
13	Production	(line 1 - line 7)	-		-
14	Transmission	(line 2 - line 8)	-		-
15	Distribution	(line 3 - line 9)	-		-
16	General & Intangible	(line 4 - line 10)	-		-
17	TOTAL NET PLANT	( Sum of line 5 - line 11)	-	NP=	1.0000
18	ADJUSTMENTS TO RATE BASE				
19	Account No. 281 (enter negative)	Attachment 4, <del>Line 28, Col. (d) and 4a</del> (Note D)	-	NA	-zero
20	Account No. 282 (enter negative)	Attachment 4, <del>Line 28, Col. (e) and 4a</del> (Note D)	-	NP	1.0000
21	Account No. 283 (enter negative)	Attachment 4, <del>Line 28, Col. (f) and 4a</del> (Note D)	-	NP	1.0000
22	Account No. 190	Attachment 4, <del>Line 28, Col. (g) and 4a</del> (Note D)	-	NP	1.0000
23	Account No. 255 (enter negative)	Attachment 4, Line 28, Col. (h) (Note D)	-	NP	1.0000
24	Unfunded Reserves (enter negative)	Attachment 4, Line 43, Col. (h)	-	DA	1.0000
25	CWIP	Attachment 4, Line 14, Col. (d) (Note W)	-	DA	1.0000
26	Unamortized Regulatory Asset	Attachment 4, Line 28, Col. (b) (Note E)	-	DA	1.0000



27	Unamortized Abandoned Plant	Attachment 4, Line 28, Col. (c) (Note F)	-	DA	1.0000	-
28	TOTAL ADJUSTMENTS	( Sum of line 19 - line 27)	-			-
29	LAND HELD FOR FUTURE USE	Attachment 4, Line 14, Col. (e) (Note G)	-	TP	1.0000	-
30	WORKING CAPITAL	Note H				
31	Cash Working Capital	1/8*(Page 3, Line 17 minus Page 3, Line 14)	-			-
32	Materials & Supplies	Attachment 4, Line 14, Col. (f)	-	TP	1.0000	-
33	Prepayments (Account 165)	Attachment 4, Line 14, Col. (g)	-	GP	1.0000	-
34	TOTAL WORKING CAPITAL	( Sum of line 31 - line 33)	-			-
35	RATE BASE	( Sum of line 17, 28, 29, 34)	-			-

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

For the 12 months ended 12/31/\_\_\_\_

Line No.	(1)	(2)	(3)	(4)	(5)
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)
	O&M				
1	Transmission	321.112.b	-	TP	1.0000
2	Less Account 566 (Misc Trans Expense)	321.97.b	-	TP	1.0000
3	Less Account 565	321.96.b	-	TP	1.0000
4	A&G	323.197.b	-	W/S	1.0000
5	Less FERC Annual Fees	350.h (Note I)	-	W/S	1.0000
6	Less EPRI Dues	Note J	-	W/S	1.0000
7	Less Reg. Commission Expense Account 928	Note J	-	W/S	1.0000
8	Less: Non-safety Advertising account 930.1	Note J	-	W/S	1.0000
9	Less Actual PBOP Expense in Year	Attachment 7, Line 10, Col. (c)	-	W/S	1.0000
10	Plus Transmission Related Reg. Comm. Exp.	Note K	-	TP	1.0000
11	Plus PBOP Expense Allowed Amount	Attachment 7, Line 8, Col. (c)	-	W/S	1.0000
12	Plus Transmission Lease Payments in Acct 565	Note V	-	DA	1.0000
13	Account 566				
14	Amortization of Regulatory Asset	Note E	-	DA	1.0000
15	Misc. Transmission Expense (less amort. of regulatory asset)	321.97b less line 14	-	TP	1.0000
16	Total Account 566	( Sum of line 14 - line 15)" Ties to 321.97b	-		-
17	TOTAL O&M	(Sum of Lines 1, 4, 10, 11, 12, 16 less Lines 2, 3, 5-9)	-		-
18	DEPRECIATION EXPENSE	Note C			
19	Transmission	336.7.b&d	-	TP	1.0000
20	General & Intangible	336.10.b&d, 336.1.b&d	-	W/S	1.0000
21	Amortization of Abandoned Plant	Note F	-	DA	1.0000
22	TOTAL DEPRECIATION	( Sum of line 19 - line 21)	-		-
23	TAXES OTHER THAN INCOME TAXES (Note M)				
24	LABOR RELATED				
25	Payroll	263.i	-	W/S	1.0000
26	Highway and vehicle	263.i	-	W/S	1.0000
27	PLANT RELATED				
28	Property	263.i	-	GP	1.0000
29	Gross Receipts	263.i	-	NA	zero
30	Other	263.i	-	GP	1.0000
31	Payments in lieu of taxes	263.i	-	GP	1.0000
32	TOTAL OTHER TAXES	( Sum of line 25 - line 31)	-		-
33	INCOME TAXES (Note N)	Note N			
34	$T=1 - \{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} * (1 - \text{TEP})$		-		
35	$\text{CIT}=(T/1-T) * (1-(\text{WCLTD}/R)) =$	WCLTD = Page 4, Line 15, R = Page 4, Line 18	-		
36	FIT & SIT & P				
37					
38	$1 / (1 - T) =$ (from line 34)	$1 / (1 - T)$ , T from Line 34	-		
39	Amortized Investment Tax Credit	266.8f (enter negative)	-		
40	Excess / (Deficit) Deferred Income Taxes	Company Books and Records - Note O	-		
41	Tax Effect of Permanent Differences	Company Books and Records - Note O	-		
42	Income Tax Calculation	(Line 35 times Line 48)	-	NA	-
43	ITC adjustment	(Line 38 times Line 39)	-	NP	1.0000
44	Excess / (Deficit) Deferred Income Tax Adjustment	(Line 38 times Line 40)	-	NP	1.0000
45	Permanent Differences Tax Adjustment	(Line 38 times Line 41)	-	NP	1.0000
46	Total Income Taxes	( Sum of line 42 - line 45)	-		-
47	RETURN				
48	Rate Base times Return	(Page 2, line 35 times Page 4, Line 18)	-	NA	-
49	GROSS REVENUE REQUIREMENT	( Sum of line 17,22, 32, 46, 48)	-		-

Formula Rate - Non-Levelized

**Rate Formula Template - Attachment H-29A**  
**Utilizing FERC Form 1 Data**  
**Transource Pennsylvania, LLC**

For the 12 months ended 12/31/\_\_\_\_

	(1)	(2)	(3)	(4)	(5)
	<b>SUPPORTING CALCULATIONS AND NOTES</b>				
Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total Transmission plant	(Page 2, Line 2, Column 3)		-	
2	Less Transmission plant excluded from ISO rates	(Note P)		-	
3	Less Transmission plant included in OATT Ancillary Service rates	(Note S)		-	
4	Transmission plant included in ISO rates	(Line 1 minus Lines 2 & 3)		-	
5	Percentage of Transmission plant included in ISO Rates	(Line 4 divided by Line 1) (If line 1 is zero, enter 1)		TP=	1.0000
6	WAGES & SALARY ALLOCATOR (W&S)				
		Form 1 Reference	\$	TP	Allocation
7	Production	354.20.b	-	-	-
8	Transmission	354.21.b	-	1.0000	-
9	Distribution	354.23.b	-	-	-
10	Other	354.24,25,26.b	-	-	-
11	Total (W& S Allocator is 1 if lines 7-10 are zero)	( Sum of line 7 - line 10)	-	-	= 1.00000 WS
12	RETURN (R)				\$
13					
14			\$	%	Cost
15	Long Term Debt	Attachment 5, (Notes Q & R)	-	-	-
16	Preferred Stock (112.3.c)	Attachment 5, (Notes Q & R)	-	-	-
17	Common Stock	Attachment 5, (Notes Q, R, and T)	-	-	10.40%
18	Total	( Sum of line 15 - line 17)	-		-
19	REVENUE CREDITS				
20	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)	Attachment 12, line 8 (Note U)			-
21	ACCOUNTS 456.0 AND 456.1 (OTHER ELECTRIC REVENUES)	Attachment 12, line 21 (Note A)			-

Formula Rate - Non-Levelized

## Rate Formula Template - Attachment H-29A

### Utilizing FERC Form 1 Data

### Transource Pennsylvania, LLC

General Note: References to pages in this formula rate template are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Notes

- A The revenues credited on page 1 lines 2-6 shall include revenues related to the Transmission Owner's integrated transmission facilities, including revenues for any load which is not included in the divisor used to derive the annual rate. They do not include revenues associated with FERC annual charges, gross receipts taxes, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- B Company will not have any grandfathered agreements. Therefore, this line shall remain zero.
- C Plant In Service, Accumulated Depreciation, and Depreciation Expenses shall exclude Asset Retirement Obligation amounts.
- D Balances in Accounts 190, 281, 282 and 283 classified in the FERC Form 1 as Electric-related, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Excludes ARO-related items. Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income. Account 281 is not allocated to Transmission. For rate projections, the ADIT calculation will include a proration of accelerated tax depreciation-related deferred taxes in accordance with Section 1.167(l)-1(h)(6)(ii) of the IRS regulations.
- E Recovery of Regulatory Asset permitted only for pre-commercial and formation expenses as authorized by the Commission. Recovery of any other regulatory assets requires authorization from the Commission. A carrying charge equal to the AFUDC rate will be applied to the Regulatory Asset prior to the rate year when costs are first recovered.
- F Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
- G Identified in FERC Form 1, or Company records if not so indicated on the FERC Form 1, as being transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 15, column 5 minus amortization of Regulatory Asset at page 3, line 12, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on page 111, line 57 in the Form 1.
- I The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff. To the extent the charges are separately identified on the FERC Form 1 page 350, column I, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified on the FERC Form 1 page 350 will be obtained from Company books and records.
- J Page 3, Line 6 - Subtract all EPRI Annual Membership Dues recorded in any O&M or A&G account listed in Form 1 at 353.f, all Regulatory Commission Expenses in account 928 itemized at 351.h, and non-safety related advertising included in Account 930.1.
- K Page 3, Line 8-Add back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- M Includes only FICA, unemployment, highway, property, and other assessments charged in the current year. Taxes related to income, franchise taxes, and sales and use taxes are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere. To the extent individual types of taxes are separately identified on the FERC Form 1 page 263, column I, the line number will be added to the source in Column 2 for reference. Line item references can change from year to year. Items not specifically identified on the FERC Form 1 page 263 will be obtained from Company books and records.
- N The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes" and TEP = "the tax exempt ownership interest". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (T/1-T).
- |                  |       |   |   |
|------------------|-------|---|---|
| Inputs Required: | FIT = | - | (Federal Income Tax Rate)                                     |
|                  | SIT = | - | (State Income Tax Rate or Composite SIT)                      |
|                  | p =   | - | (percent of federal income tax deductible for state purposes) |
|                  | TEP = | - | (percent of the tax exempt ownership)                         |
- O Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-29A that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions.
- P Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- Q The cost of debt will be determined based on the financing in place during each stage of project development. Before debt is obtained, a proxy interest rate which will be supported in the original Section 205 filing will be used. This rate is provided on Attachment 8 line 36. If construction debt (wherein principal is drawn down over time) is issued, the rate plus an amortization of fees projected to be incurred on the construction debt during the rate year will be the cost of debt. This construction debt rate (inclusive of fees) will be reset and true-up every year using the method on Attachment 9 for multi-year construction projects. Once non-construction debt is obtained, the actual interest rate and fees on the debt in place at the end of the year such non-construction debt is obtained will become the cost of debt. In the first full year after non-construction debt is obtained, the cost of debt will be the actual cost of debt determined using the method on Attachment 5.
- A hypothetical capital structure of 60% equity and 40% debt will be used until the first transmission asset is placed in service, or until otherwise authorized by the Commission, subject to any project-specific limitations reflected on Attachment 1, Project Revenue Requirement Worksheet.
- R Calculate rate base using 13 month average balance, except ADIT which is calculated based on the average of the beginning of the year and the end of the year balances.
- S Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- T ROE will be supported in the original Section 205 filing and no change in ROE may be made absent a filing with FERC.
- U Includes only income related to transmission facilities, such as pole attachments, rentals and special use from general ledger.
- V Add back any lease expense of transmission assets used to provide service under this tariff included in account 565. Amount to be obtained from company books and records.

- W Recovery of CWIP in rate base must be approved by FERC. Attachment 4 provides a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on Attachment 4.

Page 1 of 3

# Attachment 1 Project Revenue Requirement Worksheet Transource Pennsylvania, LLC

To be completed in conjunction with Attachment H-29A.

Line No.	(1)	(2) Attachment H-29A Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant plus CWIP	Attach H-29A, p 2, line 2 col 5 plus line 25 col 5 (Note A)	-	
2	Net Transmission Plant plus CWIP and Abandoned Plant	Attach H-29A, p 2, line 14 col 5 plus line 25 & 27 col 5 (Note B)	-	
	O&M EXPENSE			
3	Total O&M Allocated to Transmission	Attach H-29A, p 3, line 17 col. 5, less line 14 col. 5	-	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1 col 3)	-	-
	GENERAL AND INTANGIBLE (G & I) DEPRECIATION EXPENSE			
5	Total G & I Depreciation Expense	Attach H-29A, p 3, line 20, col 5 (Note C)	-	
6	Annual Allocation Factor for G & I Depreciation Expense	(line 5 divided by line 1 col 3)	-	-
	TAXES OTHER THAN INCOME TAXES			
7	Total Other Taxes	Attach H-29A, p 3, line 32 col 5	-	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	-	-
9	Less Revenue Credits	Attach H-29A, p 1, line 6 col 5	-	
10	Annual Allocation Factor for Revenue Credits	(line 9 divided by line 1 col 3)	-	-
11	<b>Annual Allocation Factor for Expense</b>	<b>Sum of line 4, 6, 8, and 10</b>		-
	INCOME TAXES			
12	Total Income Taxes	Attach H-29A, p 3, line 46 col 5	-	
13	Annual Allocation Factor for Income Taxes	(line 12 divided by line 2 col 3)	-	-
	RETURN			
14	Return on Rate Base	Attach H-29A, p 3, line 48 col 5	-	
15	Annual Allocation Factor for Return on Rate Base	(line 14 divided by line 2 col 3)	-	-
16	<b>Annual Allocation Factor for Return</b>	<b>Sum of line 13 and 15</b>	-	-

**Attachment 1**  
**Project Revenue Requirement Worksheet**  
**Transource Pennsylvania, LLC**

This worksheet is used to compute project specific revenue requirements for any projects for which such calculation is required by PJM. This will generally include projects with specific incentives or competitive concessions, or projects with regional cost allocation in PJM. Projects will be listed as either Schedule 12, Zonal, or other category defined by PJM. Other projects which comprise the remaining revenue requirement on Attachment H-29A will not be entered on this schedule.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

(1)		(2)	(3)		(4)	(5)	(6)	(7)	(8)
Line No.	Project Name	PJM Category	RTEP Project Number Or Other Identifier	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge
				(Note D)	(Page 1 line 11)	(Col. 3 * Col. 4)	(Note E)	(Page 1 line 16)	(Col. 6 * Col. 7)
1a	Project A	Schedule 12	AAAA	-	-	-	\$ -	-	-
1b	Project B	Schedule 12	BBBB	-	-	-	\$ -	-	-
2	Total Schedule 12			-		-	\$ -		-
3a	Project C	Zonal	CCCC	-	-	-	\$ -	-	-
3b	Project D	Zonal	DDDD	-	-	-	\$ -	-	-
4	Total Zonal			-		-	\$ -		-
5	Other								
6	Annual Totals			-		-	-		

**Notes**

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-29A inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-29A inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3 , column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base, if applicable and Unamortized Abandoned Plant, if applicable.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-29A, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-29A, page 3, line 21, if applicable.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is a reduction in the revenue requirement, if any, that the Company agreed to, for instance, in the process of being selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate. The Competitive Concession column will also be used to reflect any reduction in the revenue requirement resulting from the following provisions of the Settlement filed in Docket No. ER17-419, after such Settlement becomes effective by its terms: (i) the requirement that the Company cap the equity component of the capital structure for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A ("Project 9A") at 50% beginning on the earlier of (a) Project 9A's in-service date, (b) the date non-construction debt (i.e., permanent financing) is put in place, or (c) June 1, 2020; and (ii) the requirement that the Company forgo any ROE incentives (including the 50 basis point RTO participation adder) for any Project 9A costs that exceed \$210 million on the date the project is placed into service. A workpaper will be prepared supporting the amount of any applicable concession or other revenue requirement reduction reflected in this column..
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 1  
Project Revenue Requirement  
Worksheet  
Transource Pennsylvania, LLC

	(9)	(10)	(11)	(12)	(12a)	(13)	(14)	(15)	(16)
Line No.	Project Depreciation/Amortization Expense	Annual Revenue Requirement	Incentive Return in Basis Points	Incentive Return	Ceiling Rate	Competitive Concession	Total Annual Revenue Requirement	True-Up Adjustment	Net Revenue Requirement
	(Note F)	(Sum Col. 5, 8 & 9)	(Note G)	(Attachment 2, Line 28 Incentive Return * Col. 6)	(Sum Col. 10 & 12)	(Note H)	(Sum Col. 10 & 12 Less Col. 13)	(Note I)	Sum Col. 14 & 15
1a	-	-	-	-	-	-	-	-	-
1b	-	-	-	-	-	-	-	-	-
2	-	-		-	-	-	-	-	-
3a	-	-	-	-	-	-	-	-	-
3b	-	-	-	-	-	-	-	-	-
4	-	-		-	-	-	-	-	-
5									
6	-	-		-	-	-	-	-	-

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-29A inclusive of any CWIP included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-29A inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3, column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base, if applicable and Unamortized Abandoned Plant, if applicable.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-29A, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-29A, page 3, line 21, if applicable.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is a reduction in the revenue requirement, if any, that the Company agreed to, for instance, in the process of being selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate. The Competitive Concession column will also be used to reflect any reduction in the revenue requirement resulting from the following provisions of the Settlement filed in Docket No. ER17-419, after such Settlement becomes effective by its terms: (i) the requirement that the Company cap the equity component of the capital structure for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A ("Project 9A") at 50% beginning on the earlier of (a) Project 9A's in-service date, (b) the date non-construction debt (i.e., permanent financing) is put in place, or (c) June 1, 2020; and (ii) the requirement that the Company forgo any ROE incentives (including the 50 basis point RTO participation adder) for any Project 9A costs that exceed \$210 million on the date the project is placed into service. A workpaper will be prepared supporting the amount of any applicable concession or other revenue requirement reduction reflected in this column.
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.





Attachment 2  
Incentive ROE  
Transource Pennsylvania, LLC

1	Rate Base	Attachment H-29A, page 2, line 35, Col.5							-
2	100 Basis Point Incentive Return								
								\$	
								Cost	
								Weighted	
3	Long Term Debt	(Notes Q & R from Attachment H-29A)				-	-	-	-
4	Preferred Stock	(Notes Q & R from Attachment H-29A)				-	-	-	-
5	Common Stock	(Notes Q, R, & T from Attachment H-29A)	Cost = Attachment H-29A, page 4, Line 17, Cost plus 100 bp			-	-	-	-
6	Total (sum lines 3-5)					-		-	-
7	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 6)								-
8	INCOME TAXES								
9	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} * (1-TEP)$					-			
10	$CIT=(T/1-T) * (1-(WCLTD/R)) =$					-			
11	WCLTD = Line 3								
12	and FIT, SIT & p are as given in Attachment H-29A footnote N.								
13	$1 / (1 - T) =$ (from line 9)					-			
14	Amortized Investment Tax Credit (266.8f) (enter negative)	Attachment H-29A, Page 3, Line 39				-			
15	Excess Deferred Income Taxes (enter negative)	Attachment H-29A, Page 3, Line 40				-			
16	Tax Effect of Permanent Differences (Note B)	Attachment H-29A, Page 3, Line 41				-			
17	Income Tax Calculation = line 7 * line 10								-
18	ITC adjustment (line 13 * line 14)					-	NP	1.00	-
19	Excess Deferred Income Tax Adjustment (line 13 * line 15)					-	NP	1.00	-
20	Permanent Differences Tax Adjustment (line 13 * 16)					-	NP	1.00	-
21	Total Income Taxes (sum lines 17 - 20)								-
22	Return and Income Taxes with 100 basis point increase in ROE	(line 7 + line 21)							-
23	Return (Attach. H-29A, page 3 line 48 col 5)								-
24	Income Tax (Attach. H-29A, page 3 line 46 col 5)								-
25	Return and Income Taxes without 100 basis point increase in ROE	(line 23 + line 24)							-
26	Incremental Return and Income Taxes for 100 basis point increase in ROE	(line 22 - line 25)							-
27	Rate Base (line 1)								-
28	Incremental Return and Income Taxes for 100 basis point increase in ROE divided by Rate Base								-

Notes:

- A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any ROE actual incentive must be approved by the Commission.  
For example, if the Commission were to grant a 150 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 1.5 on Attachment 1 column 12.
- B The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-29A that are not the result of a timing difference.
- C Pursuant to the Commission-approved settlement in Docket No. ER17-419, the Company has agreed not to seek a risk-based incentive ROE for the competitive elements of a project in Pennsylvania and Maryland known as PJM Market Efficiency Project 9A. Therefore, Attachment 2 shall not be used for PJM Market Efficiency Project 9A.

**Attachment 3**  
**Formula Rate True-Up**  
**Transource Pennsylvania, LLC**

This Attachment 3 is used to calculate the annual formula rate true-up. Any projects for which the RTO requires a true-up on an individual project basis, as shown on Attachment 1, will be computed separately. The remainder of the revenue requirement will also be trueed up. The utility will individually enter the projected true-up year revenue requirements in Column C. A percentage of total will be calculated in Column D. Actual revenue received during the true-up year is entered into Column E, line 2 and allocated using the Column D percentage. The utility will prepare this formula rate template with the actual inputs for the true-up year, with the resulting revenue requirement for each line being separately entered in Column F. In Col. G, Col. F is subtracted from Col. E to calculate the true-up adjustment. Interest on the true-up is computed in Column H. Any adjustments to prior period true-ups are entered in Col. I. Col. J computes the total true-up as the sum of Cols. G, H and I.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

Line:				Projected True-Up Year Revenue Requirement Calculation		True-Up Year Revenue Received <sup>1</sup>	Actual True-Up Year Revenue Req.	Annual True-Up Calculation			
1	True-Up Year					\$					
2	0					-					
	A		B	C	D	E	F	G	H	I	J
	Project Name	PJM Category	Project # Or Other Identifier	Net Revenue Requirement <sup>2</sup>	% of Total Revenue Requirement	Allocation of Revenue Received (E, Line 2 ) x (D)	True-Up Net Revenue Requirement <sup>3</sup>	Net Under/(Over) Collection (F)- (E)	True-Up Interest Income (Expense) <sup>4</sup>	Prior Period Adjustment with Interest <sup>5</sup>	Total True- Up (G) + (H) + (I)
3	Remaining Attachment H-29A			-	-	-	-	-	-	-	-
4a	Project A	Schedule 12	AAAA	-	-	-	-	-	-	-	-
4b	Project B	Schedule 12	BBBB	-	-	-	-	-	-	-	-
5	Total Schedule 12			-	-	-	-	-	-	-	-
6a	Project C	Zonal	CCCC	-	-	-	-	-	-	-	-
6b	Project D	Zonal	DDDD	-	-	-	-	-	-	-	-
7	Total Zonal			-	-	-	-	-	-	-	-
8	Other										
9	Total Annual Revenue Requirements			-	-	-	-	-	-	-	-
10				Total Interest on True-Up - Attachment 6							-

**Prior Period Adjustment**

	A	B
	Prior Period Adjustment (Note 5)	Adjustment Amount
11	Description of Adjustment	-

Notes

- 1) The revenue received is the total amount of revenue distributed to company in the year as shown on pages 328-330 of the Form No 1. The Revenue Received is input on line 2, Col. E.
- 2) From the Attachment 1, Page 3 of 3, line 1 or 3, col. 16 from the template in which the true-up year revenue requirement was initially projected.
- 3) From True-Up revenue requirement template Attachment 1, page 3 of 3, line 1 or 3, col. 14.
- 4) Interest due on the true up is calculated for the 24 month period from the start of the true-up year until the end of the year following the true-up year when the true up will be included in rates. Total True up Interest calculated on Attachment 6 and allocated to projects based on the percentage in Column D.
- 5) Corrections to true-ups for previous rate years including interest will be computed on Attachment 11 and entered on the appropriate line 3-8 above.

Attachment 4  
Rate Base Worksheet  
Transource Pennsylvania, LLC

Page 1 of 2

Line No	Month	Gross Plant In Service		CWIP	LHFFU	Working Capital		Accumulated Depreciation	
		Transmission	General & Intangible	CWIP in Rate Base	Held for Future Use	Materials & Supplies	Prepayments	Transmission	General & Intangible
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	(Note A)	207.58.g for end of year, records for other months	205.5.g & 207.99.g for end of year, records for other months	Note B - page 2, column C	214.c for end of year, records for other months	227.8.c & 227.16.c for end of year, records for other months	Note J - 111.57.c for end of year, records for other months	219.25.c for end of year, records for other months	219.28.c & 200.21.c for end of year, records for other months
1	December Prior Year								
2	January								
3	February								
4	March								
5	April								
6	May								
7	June								
8	July								
9	August								
10	September								
11	October								
12	November								
13	December								
14	Average of the 13 Monthly Balances	-	-	-	-	-	-	-	-

Line No	Month	Adjustments to Rate Base						
		Unamortized Regulatory Asset	Unamortized Abandoned Plant	Account No. 281 Accumulated Deferred Income Taxes (Note E)	Account No. 282 Accumulated Deferred Income Taxes (Note E)	Account No. 283 Accumulated Deferred Income Taxes (Note E)	Account No. 190 Accumulated Deferred Income Taxes (Note E)	Account No. 255 Accumulated Deferred Investment Credit
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	(Note A)	Note C	Note D	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Att. 4a & Att. 4b	Consistent with 266.8.b & 267.8.h
15	December Prior Year			-	-	-	-	
16	January							
17	February							
18	March							
19	April							
20	May							
21	June							
22	July							
23	August							
24	September							
25	October							
26	November							
27	December			-	-	-	-	
28	Average of the 13 Monthly Balances	-	-	-	-	-	-	-

Attachment 4  
Rate Base Worksheet  
Transource Pennsylvania, LLC

Page 2 of 2

Reconciliation of CWIP in Rate Base to FERC Form 1 - Note B

	Total CWIP	Less: CWIP Excluded from Rate Base	Less: AFUDC Excluded from Rate Base	CWIP Allowed in Rate Base (d) = (a) - (b) - (c)
	(a) 216.b for end of year, records for other months	(b) Company records	(c) Company records	
29	December Prior Year			-
30	January			-
31	February			-
32	March			-
33	April			-
34	May			-
35	June			-
36	July			-
37	August			-
38	September			-
39	October			-
40	November			-
41	December			-
	-	-	-	-

Unfunded Reserves (Notes A and F through H)

	(a)	(b)	(b.i)	(b.ii)	(c)	(d)	(e)	(f)	(g)	(h)
			FERC balance sheet account where reserves are recorded	FERC income statement account where reserves are recorded	Amount	Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers less the percent associated with an offsetting liability on the balance sheet (Note H)	Allocation (Plant or Labor Allocator)	Amount Allocated, col. e x col. d x col. e x col. f x col. g
	List of all reserves:									
42a	Reserve 1	-	-	-	-	-	-	-	-	-
42b	Reserve 2	-	-	-	-	-	-	-	-	-
43	Total				-					-

Notes:

- A Calculate using 13 month average balance, except ADIT which is calculated as described in Note E.
- B Recovery of CWIP in rate base must be approved by FERC. Lines 29-41 of page 2 provide a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on this Attachment.
- C Recovery of a Regulatory Asset is permitted only for pre-commercial and formation expenses, and is subject to FERC approval before the amortization of the Regulatory Asset can be included in rates. Recovery of any other regulatory assets requires authorization from the Commission.
- D Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC.
- E ADIT is computed using the average of the beginning of the year and the end of the year balances. Attachments 4a and 4b are used to populate the beginning and ending average ADIT balances on lines 15 and 2728 above. ADIT calculations will be prorated to the extent required by Section 1.167(l)-1(h)(6)(ii) of the IRS regulations. Rate Projections and True-ups will use Attachment 4c to calculate the proration adjustment.
- F The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account (see Note H)). Each unfunded reserve will be included on lines 42 above. The allocator in Col. (g) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by creating an offsetting balance sheet account, rather than through cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.
- G Not all unfunded reserves are created only from contributions from customers. Many are created by creating an offsetting liability in whole or in part. Column (f) ensures only the portion of the unfunded reserve contributed by the customer (and not created by an offsetting liability) is a reduction to rate base.
- H The inputs in Column (f) are the percentage of the unfunded reserve that was created by an offsetting liability. The percentage shown in Column (f) is then equal to the percentage that customers have contributed to the unfunded reserve.
- I Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income.
- J Overpayments of Income Taxes shall be excluded from Prepayments if the overpayments are not used to reduce future tax liability.

Worksheet 4a - ADIT Average Balances

Transource Pennsylvania, LLC

For the 12 months ended 12/31/

I. Account 281 - ADIT - Accelerated  
Amortization Property

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Relevant Year	100% Non-	100%	100%			Total Included in	
Line	Identification	Avg. Balance	Transmission	Related to Facilities	Transmission	Plant	Labor	Ratebase	Description / Justification
No.		Worksheet 4b	Related	Excluded	Related	Related	Related	(E)+(F)+(G)	
1									
2								-	
3								-	
4								-	
5								-	
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23			-						
24	Subtotal - Form 1, Avg. (272.17.b & 273.17.k)								
25	Less FASB 109 Above if not separately removed								
26	Less FASB 106 and Other Excludable Items Above if not separately removed								
27	Less Proration Adjustment (from Worksheet 4c)								
28	Total Company (In 24 - In 25 - In 26 + In 27)								

29	Transmission Allocator [ GP or W/S ]	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
30	Total Transmission (In 28 * In 29)	-	0	0	0	0	0	0	-

II. Account 282 - ADIT - Other  
Property

Line	(A) Identification	(B) Relevant Year Avg. Balance Worksheet 4b	(C) 100% Non- Transmission Related	(D) 100% Related to Facilities Excluded	(E) 100% Transmission Related	(F) Plant Related	(G) Labor Related	(H) Total Included in Ratebase (E)+(F)+(G)	(I) Description / Justification
31	-	-	-	-	-	-	-	-	-
32	-	-	-	-	-	-	-	-	-
33	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-
52	Subtotal - Form 1, Avg. (274.9.b & 275.9.k)	-	-	-	-	-	-	-	-
53	Less FASB 109 Above if not separately removed	-	-	-	-	-	-	-	-
54	Less FASB 106 and Other Excludable Items Above if not separately removed	-	-	-	-	-	-	-	-
55	Less Proration Adjustment (from Worksheet 4c)	-	-	-	-	-	-	-	-
56	Total Company (In 52 - In 53 - In 54 + In 55)	-	-	-	-	-	-	-	-
57	Transmission Allocator [ GP or W/S ]	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
58	Total Transmission (In 56 * In 57)	-	0	0	0	0	0	0	-

III. Account 283 - ADIT - Other

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Relevant Year	100% Non- Transmission	100% Related to Facilities	100% Transmission	Plant	Labor	Total Included in Ratebase	
Line	Identification	Avg. Balance Worksheet 4b	Related	Excluded	Related	Related	Related	(E)+(F)+(G)	Description / Justification
59									
60									
61									
62									
63									
64									
65									
66									
67									
68									
69									
70									
71									
72									
73									
74									
75									
76									
77									
78									
79									
80									
81									
82									
83									
84	Subtotal - Form 1, Avg. (276.19.b & 277.19.k)	-	-	-	-	-	-	-	
85	Less FASB 109 Above if not separately removed	-							
86	Less FASB 106 and Other Excludable Items Above if not separately removed	-							

87	Less Proration Adjustment (from Worksheet 4c)	-	-	-	-	-	-	-	-
88	Total Company (In 84 - In 85 - In 86 + In 87)	-	-	-	-	-	-	-	-
89	Transmission Allocator [ GP or W/S ]	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
90	Total Transmission (In 88 * In 89)	-	0	0	0	0	0	0	-

IV. Account 190 - ADIT

Line	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
No.	Identification	Relevant Year Avg. Balance Worksheet 4b	100% Non- Transmission Related	100% Related to Facilities Excluded	100% Transmission Related	Plant Related	Labor Related	Total Included in Ratebase (E)+(F)+(G)	Description / Justification
91									
92									
93									
94									
95									
96									
97									
98									
99									
100									
101									
102									
103									
104									
105									
106									
107									
108									
109									
110									
111									
112									
113									
114									
115	Subtotal - Form 1, Avg. (234.17.b & 234.17.c)	-	-	-	-	-	-	-	-
116	Less FASB 109 Above if not separately removed	-							-



117	Less FASB 106 and Other Excludable Items Above if not separately removed	-	-	-	-	-	-	-	-
118	Less Proration Adjustment (from Worksheet 4c)	-	-	-	-	-	-	-	-
119	Total Company (In 115 - In 116 - In 117 + In 118)	=	=	=	=	=	=	=	-
120	Transmission Allocator [ GP or W/S ]	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
121	Total Transmission (In 119 * In 120)	-	0	0	0	0	0	0	-

Worksheet 4b - Beginning & Ending Balances  
Transource Pennsylvania, LLC  
For the 12 months ended 12/31/

Line	Beginning Balance	Dr. (Cr.)	Ending Balance	AVG Bal
No.	-		-	to Worksheet 4a
1	Acct 282 (a)		(b)	
2	-		-	-
3	-		-	
4	-		-	
5	-		-	
6	-		-	
7	-		-	
8	-		-	
9	-		-	
10	Form 1 p. 274.9.b -		Form 1 p. 275.9.k -	-
11	Acct 283			
12	-		-	-
13	-		-	
14	-		-	
15	-		-	
16	-		-	
17	-		-	
18	-		-	
19	-		-	
20	-		-	
21	-		-	
22	-		-	
23	-		-	
24	-		-	
25	-		-	
26	-		-	
27	-		-	
28	-		-	
29	-		-	
30	-		-	
31	-		-	

32 Form 1 p. 276.19.b -

Form 1 p. 277.19.k -

33 Acct 190

<u>34</u>	-	-
<u>35</u>	-	-
<u>36</u>	-	-
<u>37</u>	-	-
<u>38</u>	-	-
<u>39</u>	-	-
<u>40</u>	-	-
<u>41</u>	-	-
<u>42</u>	-	-
<u>43</u>	-	-
<u>44</u>	-	-
<u>45</u>	-	-
<u>46</u>	-	-
<u>47</u>	-	-
<u>48</u>	-	-
<u>49</u>	-	-
<u>50</u>	-	-

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

-

51 Form 1 p. 234.18.b -

Form 1 p. 234.18.c -

Line		Dr.		AVG Bal	
No.		(Cr.)		to Worksheet 4a	
52	Acct 254				
53	-	-	-	-	-
54	-	-	-	-	-
55	-	-	-	-	-
56	-	-	-	-	-
57	-	-	-	-	-
58	-	-	-	-	-
59	-	-	-	-	-
60	-	-	-	-	-
61	-	-	-	-	-
62	-	-	-	-	-
63	-	-	-	-	-
64	-	-	-	-	-
65	-	-	-	-	-
66	-	-	-	-	-
67	-	-	-	-	-
68	-	-	-	-	-
69	-	-	-	-	-
70	-	-	-	-	-
71	Total Acct 254 Grossed Up - Form 1, p. 278.b	-	Total Acct 254 Grossed Up - Form 1, p. 278.f	-	-
72	Acct 182.3				
73	-	-	-	-	-
74	-	-	-	-	-
75	-	-	-	-	-
76	-	-	-	-	-
77	-	-	-	-	-
78	-	-	-	-	-
79	-	-	-	-	-
80	-	-	-	-	-
81	-	-	-	-	-
82	-	-	-	-	-
83	-	-	-	-	-
84	-	-	-	-	-
85	-	-	-	-	-

86	-	-	-	-	
87	-	-	-	-	
88		-	-	-	
89	Acct 182.3 Gross Up	-	Acct 182.3 Gross Up	-	-
90	Total Acct 182.3 Grossed Up - Form 1, p. 232.b	-	Total Acct 182.3 Grossed Up - Form 1, p. 232.f	-	-

Note 1: Excess or deficient ADIT balances resulting from corporate income tax rate changes, including future federal, state, and local tax rate changes, are to be recorded to Accounts 254 or 182.3, respectively.

**Worksheet 4c - ADIT Proration Adjustment**

**Transource Pennsylvania, LLC**

**For the 12 months ended 12/31/**

Page 1 of 3

**Account 282**

Line  
No.

Line No.	Days in Period					Averaging with Proration		
	A	B	C	D	E	F	G	H
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
3								
4								
5	Average Balance of Prorated Items							-
6	January	31	335	365	91.78%	-	-	-
7	February	28	307	365	84.11%	-	-	-
8	March	31	276	365	75.62%	-	-	-
9	April	30	246	365	67.40%	-	-	-
10	May	31	215	365	58.90%	-	-	-
11	June	30	185	365	50.68%	-	-	-
12	July	31	154	365	42.19%	-	-	-
13	August	31	123	365	33.70%	-	-	-
14	September	30	93	365	25.48%	-	-	-
15	October	31	62	365	16.99%	-	-	-
16	November	30	32	365	8.77%	-	-	-
17	December	31	1	365	0.27%	-	-	-
18	Total	365	2,029	4,380	-	-	-	-

19	Ending Balance of Prorated items	(Line 17, & Col H)	=
20	Non-prorated Average Balance		=
21	Proration Adjustment	(Line 19 minus Line 20)	=

**Account 283**

Line  
No.

22	Days in Period					Averaging with Proration		
23	A	B	C	D	E	F	G	H
	Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)	Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)
24								
25	December 31st balance Prorated Items							-
26								
27	January	31	335	365	91.78%	-	=	=
28	February	28	307	365	84.11%	-	=	=
29	March	31	276	365	75.62%	-	=	=
30	April	30	246	365	67.40%	-	=	=
31	May	31	215	365	58.90%	-	=	=
32	June	30	185	365	50.68%	-	=	=
33	July	31	154	365	42.19%	-	=	=
34	August	31	123	365	33.70%	-	=	=
35	September	30	93	365	25.48%	-	=	=
36	October	31	62	365	16.99%	-	=	=
37	November	30	32	365	8.77%	-	=	=
38	December	31	1	365	0.27%	-	=	=
39	Total	365	2,029	4,380	-	=	=	-

40 Ending Balance of Prorated items

(Line 38, & Col  
H)

=

41 Non-prorated Average Balance

=

42 Proration Adjustment

(Line 40 minus Line 41)

=





63 Proration Adjustment (Line 61 minus Line 62) =

Account 281

Line  
No.

64

65

Days in Period				
A	B	C	D	E
Month	Days in the Month	Number of Days Remaining in Year After Month's Accrual of Deferred Taxes	Total Days in Future Portion of Test Period	Proration Amount (C / D)

Averaging with Proration		
F	G	H
Projected Monthly Activity	Prorated Projected Monthly Activity (E x F)	Prorated Projected Balance (Cumulative Sum of G)

66

67

68

December 31st balance Prorated Items

-

69

January

31

335

365

91.78%

-

=

=

70

February

28

307

365

84.11%

-

=

=

71

March

31

276

365

75.62%

-

=

=

72

April

30

246

365

67.40%

-

=

=

73

May

31

215

365

58.90%

-

=

=

74

June

30

185

365

50.68%

-

=

=

75

July

31

154

365

42.19%

-

=

=

76

August

31

123

365

33.70%

-

=

=

77

September

30

93

365

25.48%

-

=

=

78

October

31

62

365

16.99%

-

=

=

79

November

30

32

365

8.77%

-

=

=

80

December

31

1

365

0.27%

-

=

=

81

Total

365

2,029

4,380

-

=

=

-

<u>82</u>	<u>Ending Balance of Prorated items</u>	<u>(Line 80, &amp; Col H)</u>	=
<u>83</u>	<u>Non-prorated Average Balance</u>		<div></div>
<u>84</u>	<u>Proration Adjustment</u>	<u>(Line 82 minus Line 83)</u>	=

**Account 182.3**

Line

No.

85

86

<u>Days in Period</u>				
<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Month</u>	<u>Days in the Month</u>	<u>Number of Days Remaining in Year After Month's Accrual of Deferred Taxes</u>	<u>Total Days in Future Portion of Test Period</u>	<u>Proration Amount (C / D)</u>

<u>Averaging with Proration</u>		
<u>F</u>	<u>G</u>	<u>H</u>
<u>Projected Monthly Activity</u>	<u>Prorated Projected Monthly Activity (E x F)</u>	<u>Prorated Projected Balance (Cumulative Sum of G)</u>

87

88

89

90

91

92

93

94

95

96

97

98

99

100

101

102

103

December 31st balance Prorated Items

January

February

March

April

May

June

July

August

September

October

November

December

Total

31

28

31

30

31

31

30

31

31

30

31

30

31

30

31

365

335

307

276

246

215

185

154

123

93

62

32

1

2,029

4,380

365 91.78%

365 84.11%

365 75.62%

365 67.40%

365 58.90%

365 50.68%

365 42.19%

365 33.70%

365 25.48%

365 16.99%

365 8.77%

365 0.27%

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

-

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

=

(Line 101, &amp; Col H)

=

104 Non-prorated Average Balance

105 Proration Adjustment

(Line 103 minus Line 104)

=

**For the 12 months ended 12/31/**

**Protected - (Excess) /**  
**Deficient ADIT Amortization**  
**(Note 2)**

	(a)	(b)	(c) 100%	(d) 100%	(e) 100%	(f)	(g)	(h) Total Included in Income Tax Expense	(i) Remaining Amortization Period (Note 2)
Line	Identification	Total (Note 1)	Non-Transmission Related	Related to Facilities Excluded	Transmission Related	Plant Related	Labor Related		
1	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	Subtotal	-	-	-	-	-	-	-	-
13	Transmission Allocator [GP or W/S]	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
14	Total (ln 12 * ln 13)	-	0	0	-	0	0	0	-

**Unprotected - (Excess) /  
Deficient ADIT Amortization  
(Note 3)**

[illegible]

17	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-	-	-
24	-	-	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-
29	-	-	-	-	-	-	-	-	-
30	-	-	-	-	-	-	-	-	-
31	-	-	-	-	-	-	-	-	-
32	-	-	-	-	-	-	-	-	-
33	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-
44	<b>Subtotal</b>	=	=	=	-	=	=	=	-
45	<b>Transmission Allocator [GP or W/S ]</b>	-	0.0000%	0.0000%	100.0000%	100.0000%	100.0000%	-	-
46	<b>Total (In 44 * In 45)</b>	-	0	0	-	0	0	0	-

**Worksheet 4d - Excess Deferred  
Taxes - Calculated End of Year  
Balance**

	(a)	(b)	(c)	(d)	(e)	
Line	Total Company	Beginning of Year	Return to Provision	Other	Current Year	End of
No.	Regulatory Liability Balances	Balances	Adjustment	Adjustments	EDIT Amortization	Year
						Balance
						Notes
47	-	-	-	-	-	-
48	-	-	-	-	-	-
49	-	-	-	-	-	-
50	-	-	-	-	-	-
51	-	-	-	-	-	-
52	-	-	-	-	-	-
53	-	-	-	-	-	-
54	-	-	-	-	-	-
55	<b>Total Regulatory Liability (sum Ins 47 and 54)</b>	-	-	-	-	-

Note 1: Worksheet 4d presents total company amortization for excess / deficient ADIT amounts. The amortization of the excess ADIT is recorded to accounts 410 and 411.

Note 2: The amortization of Tax Cuts and Jobs Act ("TCJA") related Excess and Deficient Protected ADIT balances starts January 1, 2018 over the remaining life of Transource Pennsylvania LLC's assets consistent the "Average Rate Assumption Method" (ARAM).

Note 3: This amortization of TCJA-related Excess and Deficient Unprotected ADIT balances starts January 1, 2020 using a straight-line amortization period of one (1) year. Unprotected amortization is not generally booked or tracked by item. Excess and deficient unprotected amortization primarily relates to the following deferred tax items: Federal & State NOL Carryovers and Regulatory Assets & Liabilities.



**Transource Pennsylvania, LLC**  
**Attachment 4a—Accumulated Deferred Income Taxes (ADIT) Worksheet**  
**Beginning of Rate Year and Rate Year Average**

For the 12 months ended 12/31/\_\_\_\_

Page 1 of 2

A description of each item and justification for the exclusion from or allocation to the Transmission function will be listed below.

Dissimilar items with amounts exceeding \$100,000 will be listed separately.

**Instructions for Account 190:**

1. ADIT items related only to Non-Electric Utility Operations and excluded items are directly assigned to Column C

2. ADIT items related only to Transmission other than Plant-related items are directly assigned to Column D

3. ADIT items related to Plant and not in Columns C & D are included in Column E

4. ADIT items related to Labor and not in Columns C & D are included in Column F

	A	B	C	D	F	G	H
	ADIT-190	Total	Non-Electric or Excluded	Transmission Related	Plant Related	Labor Related	Justification
Line:							
1	-	_____	-	-	-	-	-
2	-	_____	-	-	-	-	-
3	-	_____	-	-	-	-	-
4	-	_____	-	-	-	-	-
5	-	_____	-	-	-	-	-
6	-	_____	-	-	-	-	-
7	-	_____	-	-	-	-	-
8	-	_____	-	-	-	-	-
9	-	_____	-	-	-	-	-
10	-	_____	-	-	-	-	-
11	Subtotal—Form 1 p234, line 8, column (b)	_____	_____	_____	_____	_____	-
12	Wages & Salary Allocator	-	-	-	-	1.00	
13	Net Plant Allocator	-	-	-	1.00	-	
14	Total—sum cols. D-G	_____	-	_____	_____	_____	

**Transource Pennsylvania, LLC**  
**Attachment 4a--Accumulated Deferred Income Taxes (ADIT) Worksheet**  
**Beginning of Rate Year and Rate Year Average**

**Instructions for Account 281/282/283:**

Page 2 of 2

1. ADIT items related only to Non-Electric Utility Operations and excluded items are directly assigned to Column C
2. ADIT items related only to Transmission other than Plant related items are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to Labor and not in Columns C & D are included in Column F

Line:	A ADIT-281	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
15	-		-	-	-	-	-
16	-		-	-	-	-	-
17	Subtotal - Form 1 p272, line 8, column (b)						-
18	Wages & Salary Allocator	-	-	-	-	1.00	
19	Net Plant Allocator	-	-	-	1.00	-	
20	Total - sum cols. D-G						

Line:	A ADIT-282	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
21	-		-	-	-	-	-
22	-		-	-	-	-	-
23	-		-	-	-	-	-
24	-		-	-	-	-	-
25	-		-	-	-	-	-
26	Subtotal - Form 1 p274, line 2, column (b)						-
27	Wages & Salary Allocator	-	-	-	-	1.00	
28	Net Plant Allocator	-	-	-	1.00	-	
29	Total - sum cols. D-G						

Line:	A ADIT-283	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
30	-		-	-	-	-	-
31	-		-	-	-	-	-
32	-		-	-	-	-	-
33	-		-	-	-	-	-
34	-		-	-	-	-	-
35	Subtotal - Form 1 p276, line 9, column (b)						-
36	Wages & Salary Allocator	-	-	-	-	1.00	
37	Net Plant Allocator	-	-	-	1.00	-	
38	Total - sum cols. D-G						

**Transource Pennsylvania, LLC**

For the 12 months ended 12/31/\_\_\_\_

**Attachment 4b – Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)**

Page 1 of 2

A description of each item and justification for the exclusion from or allocation to the Transmission function will be listed below.

Dissimilar items with amounts exceeding \$100,000 will be listed separately.

**Instructions for Account 190:**

1. ADIT items related only to Non-Electric Utility Operations and excluded items are directly assigned to Column C

2. ADIT items related only to Transmission other than Plant-related items are directly assigned to Column D

3. ADIT items related to Plant and not in Columns C & D are included in Column E

4. ADIT items related to Labor and not in Columns C & D are included in Column F

	A	B	C	D	E	F	G	H
	ADIT-190	Total	Non-Electric or Excluded	Transmission Related	Plant Related	Labor Related		Justification
Line:								
1	-		-	-	-	-	-	
2	-		-	-	-	-	-	
3	-		-	-	-	-	-	
4	-		-	-	-	-	-	
5	-		-	-	-	-	-	
6	-		-	-	-	-	-	
7	-		-	-	-	-	-	
8	-		-	-	-	-	-	
9	-		-	-	-	-	-	
10	-		-	-	-	-	-	
11	Subtotal – Form 1-p234, line 8, column (c)							
12	Wages & Salary Allocator	-	-	-	-	1.00		
13	Net Plant Allocator	-	-	-	1.00			
14	Total – sum cols. D-G		-					

**Transource Pennsylvania, LLC**

**Attachment 4b – Accumulated Deferred Income Taxes (ADIT) Worksheet (End of Year)**

Page 2 of 2

**Instructions for Account 281/282/283:**

1. ADIT items related only to Non-Electric Utility Operations and excluded items are directly assigned to Column C
2. ADIT items related only to Transmission other than Plant related items are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to Labor and not in Columns C & D are included in Column F

Line:	ADIT-281	A	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
15	-			-	-	-	-	-
16	-			-	-	-	-	-
17	Subtotal – Form 1-p273, line 8, column (k)							-
18	Wages & Salary Allocator	-		-	-	-	1.00	
19	Net Plant Allocator	-		-	-	1.00	-	
20	Total – sum cols. D-G			-	-			
21	Wages & Salary Allocator	-		-	-	-	1.00	
22	Net Plant Allocator	-		-	-	1.00	-	
23	Total – sum cols. D-G			-	-			

Line:	ADIT-282	A	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
24	-			-	-	-	-	-
25	-			-	-	-	-	-
26	-			-	-	-	-	-
27	-			-	-	-	-	-
28	-			-	-	-	-	-
29	-			-	-	-	-	-
30	Subtotal – Form 1-p275, line 2, column (k)							-
31	Wages & Salary Allocator	-		-	-	-	1.00	
32	Net Plant Allocator	-		-	-	1.00	-	
33	Subtotal – sum cols. D-G			-	-			
34	Less: IRS Proration Adjustment – Att. 4C, line 19			-	-		-	
35	Total – sum cols. D-G			-	-			

Line:	ADIT-283	A	B Total	C Non-Electric or Excluded	D Transmission Related	F Plant Related	G Labor Related	H Justification
36	-			-	-	-	-	-
37	-			-	-	-	-	-
38	-			-	-	-	-	-
39	-			-	-	-	-	-
40	-			-	-	-	-	-
41	-			-	-	-	-	-
42	Subtotal – Form 1-p277, line 9, column (k)							-
43	Wages & Salary Allocator	-		-	-	-	1.00	
44	Net Plant Allocator	-		-	-	1.00	-	
45	Total – sum cols. D-G			-	-			

Transource Pennsylvania, LLC

For the 12 months ended 12/31/\_\_\_\_

Attachment 4c – Proration of Property-Related Accumulated Deferred Income Taxes

Note: This workpaper documents the calculation of the rate base adjustment to prorate forecasted activity in ADIT resulting from the use of accelerated tax depreciation on additions to plant in service required by IRS regulation Section 1.167(l)-1(h)(6)(ii) when preparing forecasted rates. This worksheet is not used during Annual True-Ups. The adjustment on line 21 is included on Attachment 4b as a reduction to the ending forecasted ADIT balance of ADIT Account 282.

Calculation of Account 282 monthly forecasted activity for Prorable balances

		Source	
1	Rate Year ending balance	Attachment 4b, line 30-Column B	
2	Rate Year beginning balance	Attachment 4a, line 26-Column B	
3	Annual forecasted change	Line 1 less Line 2	0
4	Monthly forecasted change	Line 3 / 12	0

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line	Future Test Period	Prorable-Deferred Tax Activity	Deferred Tax Balance	Days in Month	Number of Days Left in Period	Proration Amount	Prorated Item	Prorated Balance
5	Beginning Balance	\$ _____	\$ _____		365	100.00%	\$ _____	\$ _____
6	January (line 4)	\$ _____	\$ _____	31	335	91.78%	\$ _____	\$ _____
7	February	\$ _____	\$ _____	28	307	84.11%	\$ _____	\$ _____
8	March	\$ _____	\$ _____	31	276	75.62%	\$ _____	\$ _____
9	April	\$ _____	\$ _____	30	246	67.40%	\$ _____	\$ _____
10	May	\$ _____	\$ _____	31	215	58.90%	\$ _____	\$ _____
11	June	\$ _____	\$ _____	30	185	50.68%	\$ _____	\$ _____
12	July	\$ _____	\$ _____	31	154	42.19%	\$ _____	\$ _____
13	August	\$ _____	\$ _____	31	123	33.70%	\$ _____	\$ _____
14	September	\$ _____	\$ _____	30	93	25.48%	\$ _____	\$ _____
15	October	\$ _____	\$ _____	31	62	16.99%	\$ _____	\$ _____
16	November	\$ _____	\$ _____	30	32	8.77%	\$ _____	\$ _____
17	December	\$ _____	\$ _____	31	1	0.27%	\$ _____	\$ _____
18	Ending Balance		\$ _____					\$ _____
19	Proration Adjustment – Line 18 Col. (H) less Col. (C)			-	-	-	-	\$ _____

Attachment 5  
Return on Rate Base Worksheet  
Transource Pennsylvania, LLC

RETURN ON RATE BASE (R)

			\$					
1	Long Term Debt Interest (117, sum of 62.c - 67.c) Note D		-					
2	Preferred Dividends (118.29c) (positive number)		-					
3	Proprietary Capital (Line 25 ( c))		-					
4	Less Preferred Stock (line 25(b))		-					
5	Less Account 216.1 Undistributed Subsidiary Earnings (Line 25(d))		-					
6	Less Account 219 Accum. Other Comprehensive Income (Line 25(e))		-					
7	Common Stock (Sum of Lines 3 through 6)		-					
			\$	%	Cost	Weighted		
8	Long Term Debt	Line 25 (a), Note A and Attachment H-29A Note Q	-	-	-	-	-	=WCLTD
9	Preferred Stock	Line 25 (b), Note B and Attachment H-29A Note Q	-	-	-	-	-	
10	Common Stock	Line 7, Note C and Attachment H-29A Notes Q and T	-	-	-	-	-	
11	Total (Sum of Lines 8 through 10)		-			-		=R

		(a)	(b)	( c)	(d)	(e)
	Monthly Balances for Capital Structure	Long Term Debt (112.18-21.c)	Preferred Stock (112.3.c)	Proprietary Capital (112.16.c)	Undistributed Sub Earnings 216.1 (112.12.c)	Accum Other Comp. Income 219 (112.15.c)
12	December (prior year)					
13	January					
14	February					
15	March					
16	April					
17	May					
18	June					
19	July					
20	August					
21	September					
22	October					
23	November					
24	December					
25	13 Month Average	-	-	-	-	-

Notes

- A Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 1 by the Long Term Debt balance on line 8.
- B Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 line 3.c in the Form No. 1
- C Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on Form 1 page 112 line 16.c less lines 3.c , 12.c, and 15.c
- D Long Term debt interest is the sum of Form 1 page 117 lines 62-67.c, with 65-66.c entered as negative numbers. If the Company has any short term debt with associated companies, the interest on that short term debt recorded in Account 430 will be excluded. The portion of interest in Account 430 related to any long term debt to associated companies will be included.

Attachment 6  
Interest on True-Up  
Transource Pennsylvania, LLC

2017		2017	
Projected Revenue Requirement (Note A)		Actual Net Revenue Requirement (Note B)	Over (Under) Recovery
\$0	Less	\$0	Equals

Note A - Projected ATRR for the true-up year from Page 1, Line 1 of Projection Attachment H-29A minus Line 6 of Projection Attachment H-29A.  
Note B - Actual Net ATRR for the true-up year from Page 1, Line 10 of True-Up Attachment H-29A.

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 6a 0.271%	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year						
<u>Calculation of Interest</u>				Monthly		
January	Year 2017	-	0.271%	12	-	-
February	Year 2017	-	0.271%	11	-	-
March	Year 2017	-	0.271%	10	-	-
April	Year 2017	-	0.271%	9	-	-
May	Year 2017	-	0.271%	8	-	-
June	Year 2017	-	0.271%	7	-	-
July	Year 2017	-	0.271%	6	-	-
August	Year 2017	-	0.271%	5	-	-
September	Year 2017	-	0.271%	4	-	-
October	Year 2017	-	0.271%	3	-	-
November	Year 2017	-	0.271%	2	-	-
December	Year 2017	-	0.271%	1	-	-
					-	-
				Annual		
January through December	Year 2018	-	0.271%	12	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>						
				Monthly		
January	Year 2019	-	0.271%		-	-
February	Year 2019	-	0.271%		-	-
March	Year 2019	-	0.271%		-	-
April	Year 2019	-	0.271%		-	-
May	Year 2019	-	0.271%		-	-
June	Year 2019	-	0.271%		-	-
July	Year 2019	-	0.271%		-	-
August	Year 2019	-	0.271%		-	-
September	Year 2019	-	0.271%		-	-
October	Year 2019	-	0.271%		-	-
November	Year 2019	-	0.271%		-	-
December	Year 2019	-	0.271%		-	-
					-	-
					\$	
Total Amount of True-Up Adjustment					-	
					\$	
Less Over (Under) Recovery					-	

Total Interest	\$ -
----------------	---------



Attachment 6a  
True-Up Interest Rate Calculation  
Transource Pennsylvania, LLC

This Attachment is used to compute the interest rate to be applied to each year's revenue requirement true-up.

Applicable FERC Interest Rate (Note A):		
1	Rate Year January	3.25%
2	Rate Year February	3.25%
3	Rate Year March	3.25%
4	Rate Year April	3.25%
5	Rate Year May	3.25%
6	Rate Year June	3.25%
7	Rate Year July	3.25%
8	Rate Year August	3.25%
9	Rate Year September	3.25%
10	Rate Year October	3.25%
11	Rate Year November	3.25%
12	Rate Year December	3.25%
13	Rate Year Plus 1 January	3.25%
14	Rate Year Plus 1 February	3.25%
15	Rate Year Plus 1 March	3.25%
16	Rate Year Plus 1 April	3.25%
17	Rate Year Plus 1 May	3.25%
18	Rate Year Plus 1 June	3.25%
19	Rate Year Plus 1 July	3.25%
20	Rate Year Plus 1 August	3.25%
21	Average rate	3.25%
22	Monthly Average rate	0.27%

Note A - Lines 1-20 are the FERC interest rates under section 35.19a of the regulations for the period shown. Line 21 is the average of lines 1-20.

Attachment 7  
Post-Employment Benefits Other than Pensions (PBOP)  
Transource Pennsylvania, LLC

**Calculation of PBOP Expenses**

Line No.			AEP (a)	KCP&L (b)	Total (c) = (a+b)
1			<b>Year Ended December 31, 2015</b>		<b>Year Ended December 31, 2015</b>
2	Total PBOP expenses, corporate parent companies	Note A	-\$92,333,868	\$8,386,137	
3	Amount relating to retired personnel	Note A	-\$46,186,984	\$3,469,667	
4	Amount allocated on Labor	Line 2 less line 3	-\$46,146,884	\$4,916,470	
5	Labor dollars	Note B	\$1,573,181,281	\$191,733,310	
6	Cost per labor dollar	Line 4 divided by line 5	-\$0.029	\$0.026	
7	Labor (labor not capitalized) current year	Note C	-	-	
8	PBOP Expense Allowed for current year	Line 6 times line 7	-	-	-
9					
10	Actual PBOP in Company's O&M and A&G expense accounts in Form No. 1				-

**Notes**

- A Amounts on lines 2-3 reflect data from the 2015 actuarial reports for AEP and KCP&L. These values cannot change absent approval or acceptance by FERC in a separate proceeding.
- B Amounts on line 5 reflect the actual AEP and KCP&L straight-time labor, including both capitalized and expensed labor, loaded for non-productive load. KCP&L's labor is \$243,676,962, as provided on the 2015 FERC Form 1 on page 354.96.d, less \$51,943,652 of labor dollars associated with the Wolf Creek Nuclear Facility.
- C The labor in line 7 is the total labor excluding capitalized labor charged by an AEP affiliate or KCP&L affiliate to the Company in the year.

**Attachment 8**  
**Cost of Debt Prior to Issuing Non-Construction Financing**  
**Transource Pennsylvania, LLC**

This Attachment 8 is to be utilized to determine the cost of debt prior to issuing non-construction financing. Once non-construction financing is issued the cost of debt shall be determined using the methodology described in Note Q on Attachment H-29A

If construction debt has not or will not be issued when construction starts, a proxy interest rate will be used for the cost of debt, which will be supported in the initial section 205 filing. The proxy interest rate will be entered on line 36 of this attachment.

If construction financing has been obtained, the cost of debt prior to the issuance of non-construction financing shall be based on the terms of the construction financing and determined below. Up-front fees including origination fees will be amortized and included in the cost of debt.

If construction financing is obtained, all rates, fees and monthly debt balances will be subject to true up pursuant to Attachment 9.

Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Line No								
1	Interest rate on Construction Debt for Rate Year - Line 19 (g)					3.11%		
2	Rate Year Debt Fee expense - Line 35 ( e )					0.38%		
3	<b>Total Cost of Debt</b>					<b>3.49%</b>		
	<b>Interest Rate Information</b>							
4	Commitment Fee Rate (%)					0.35%		
5	Projected Average Drawn Rate for Rate Year (%) - Note A					2.05%		
	<b>Month During Rate Year</b>	<b>Total Loan Amount</b>	<b>Principal Drawn</b>	<b>Unutilized Loan</b>	<b>Commitment Fee</b>	<b>Interest Expense</b>	<b>Effective Annual</b>	
	<b>(a)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>Balance (\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>Interest Rate (%)</b>	
		<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	
6	December Prior Year	100,000	-	100,000	29.17	-		
7	January	100,000	5,000	95,000	27.71	9		
8	February	100,000	10,000	90,000	26.25	17		
9	March	100,000	15,000	85,000	24.79	26		
10	April	100,000	20,000	80,000	23.33	34		
11	May	100,000	25,000	75,000	21.88	43		
12	June	100,000	30,000	70,000	20.42	51		
13	July	100,000	35,000	65,000	18.96	60		
14	August	100,000	40,000	60,000	17.50	68		
15	September	100,000	45,000	55,000	16.04	77		
16	October	100,000	50,000	50,000	14.58	85		
17	November	100,000	55,000	45,000	13.13	94		
18	December	100,000	60,000	40,000	11.67	103		
19	Average of the 13 Monthly Balances		30,000		265.42	666	3.11%	
	Example Fee Calculation - All amounts represent actual rate year expenses.							
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
		Gross Fee Amount	Year Fee Incurred	Fee Amortization period	Rate Year Amortized	Prior Years	Unamortized	
		Rates/Fees	(\$000)	(years)	Fee Amount, col. b /	Accumulated Fee	Balance - End	
					col. d	Amortization	of Rate Year	
20	<b>Origination Fees</b>							
21	Underwriting Discount		20	2017	2	10	-	10
22	Arrangement Fee	0.15%	20	2017	2	10	-	10
23	Upfront Fee	0.35%	50	2017	2	25	-	25
24	Rating Agency Fee		20	2017	2	10	-	10
25	Legal Fees		20	2017	2	10	-	10
26	Other		0		2	0	-	0
27	Total Issuance Expense / Origination Fees		130			65	-	65
28	<b>Annual Fees</b>							
29	Annual Rating Agency Fee	0.10%	20	2017	N/A	20	N/A	N/A
30	Annual Bank Agency Fee		20	2017	N/A	20	N/A	N/A
31	Utilization Fee	0.10%	10	2017	N/A	10	N/A	N/A
32	Other Fees				N/A	0	N/A	N/A
33	Total Fees		180			115	-	65
34	13 Month Average Debt balance - Line 19 ( c )					30,000		
35	Rate Year cost of fees					0.38%		
36	Proxy interest rate. Used prior to issuance of construction financing and supported in initial section 205 filing.							
								2.98%
Notes								
A	Projected rate will be Average LIBOR for rate year + spread. LIBOR will be updated based on information in the Wall Street Journal as of the 15th day of the month prior to population of this template.							
	LIBOR							0.30%
	Spread							1.75%
	Total							2.05%

**Attachment 9**  
**True-up - Construction Financing Cost of Debt**  
**Transource Pennsylvania, LLC**

This Attachment 9 is to be utilized only in the event construction financing has been obtained to compute the actual cost of debt to be included in the return on rate base calculation for the true-up each year prior to the issuance of non-construction financing. Once non-construction financing has been obtained the cost of debt shall be determined using the methodology described in Note Q on Attachment H-29A. One time up-front debt fees, including origination fees will be amortized and included in the cost of debt. Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Line  
No.

		\$
1	Long Term Interest and Fees (117, sum of 62.c through 67.c) - Note A	800,000
2	Line of Credit Fees (68.c)	500,000
3	Total Interest and Fees	1,300,000
	13 Month Average Long-Term Debt - Note B	
	Month During Rate Year (a)	Long Term Debt (d)
4	December Prior Year	-
5	January	-
6	February	-
7	March	5,000,000
8	April	11,000,000
9	May	17,000,000
10	June	23,000,000
11	July	29,000,000
12	August	35,000,000
13	September	41,000,000
14	October	47,000,000
15	November	53,000,000
16	December	59,000,000
17	Average of the 13 Monthly Balances	24,615,385
18	True-Up Cost of Debt (Line 3 / Line 17)	5.28%

Notes

- A Long Term debt interest is the sum of Form 1 page 117 lines 62-67.c, with 65-66.c entered as negative numbers. If the Company has any short term debt with associated companies, the interest on that short term debt recorded in Account 430 will be excluded. The portion of interest in Account 430 related to any long term debt to associated companies will be included.
- B Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 3 by the Long Term Debt balance on line 17.

Attachment 10  
Depreciation Rates  
Transource Pennsylvania, LLC

**INITIAL PROPOSED TRANSMISSION AND GENERAL PLANT DEPRECIATION RATES  
CALCULATED FROM APPALACHIAN POWER COMPANY (WEST VIRGINIA) MORTALITY CHARACTERISTICS  
FROM CASE NO. 14-1151-E-D (NOTE A)**

		Average Service Life (Years)	Iowa Curve	Salvage Factor	Cost of Removal Factor	Net Salvage Factor	Calculated Initial Annual Depreciation Rates (Note B)
<b><u>TRANSMISSION PLANT</u></b>							
351.0	Energy Storage Equipment	15	SQ	5%	5%	0%	6.67%
352.0	Structures & Improvements	62	R4.0	5%	15%	-10%	1.77%
353.0	Station Equipment	45	R1.5	28%	13%	15%	1.89%
354.0	Towers & Fixtures	68	R3.0	25%	35%	-10%	1.62%
355.0	Poles & Fixtures	42	R0.5	5%	20%	-15%	2.74%
356.0	OH Cond. & Devices	64	R3.0	30%	18%	12%	1.38%
357.0	Underground Conduit	50	R2.0	0%	0%	0%	2.00%
358.0	Underground Conductor and Devices	20	L4.0	0%	0%	0%	5.00%
<b><u>GENERAL PLANT</u></b>							
390.0	Structures & Improvements	42	SQ	36%	11%	25%	1.79%
391.0	Office Furniture & Equipment	30	SQ	0%	0%	0%	3.33%
392.0	Transportation Equipment	27	SQ	0%	0%	0%	3.70%
393.0	Stores Equipment	55	SQ	0%	0%	0%	1.82%
394.0	Tools Shop & Garage Equipment	43	SQ	0%	10%	-10%	2.56%
395.0	Laboratory Equipment	37	SQ	0%	0%	0%	2.70%
396.0	Power Operated Equipment	25	SQ	0%	0%	0%	4.00%
397.0	Communication Equipment	24	SQ	0%	1%	-1%	4.21%
398.0	Miscellaneous Equipment	35	SQ	0%	0%	0%	2.86%
<b><u>INTANGIBLE PLANT</u></b>							
303	Miscellaneous Intangible Plant	5					20.00%

**Notes**

- A The proposed transmission and general plant depreciation rates were determined using the same depreciation study utilized by Appalachian Power Company to develop transmission and general plant depreciation rates that were approved by the Public Service Commission of West Virginia in their order in Case Nos. 14-1152-E-42T and 14-1151-E-D on May 26, 2015.
- B These depreciation rates will not be changed absent a FERC order.

Attachment 11  
Prior Period Adjustments or Corrections  
Transource Pennsylvania, LLC

				(a)	(b)
				Revenue	Calendar Year
Line				Impact of	Revenue
<u>No.</u>	<u>Description</u>	<u>Source</u>		<u>Correction</u>	<u>Requirement</u>
1	Filing Name and Date				-
2	Original Revenue Requirement				-
3					
4	Description of Correction 1				
5	Description of Correction 2				-
6					
7	Total Corrections	Line 4 + 5			-
8					
9	Corrected Revenue Requirement	line 2 + 7			-
10					
11					
12	Total Corrections	Line 7			-
13					
14	Average Monthly FERC Refund Rate	Note A			0.25%
15	Number of Months of Interest	Note B			30
16	Interest on Correction	Line 12 x 14 x 15			-
17					
18	Total Annual Refunds Due to Customers	Line 12+16			-
Notes					
:					
A	The interest rate on corrections will be the average monthly FERC interest rate for the period from the beginning of the year being corrected through the most recent month available as of the time the correction is computed and included in an annual filing.				
B	The number of months interest due on the correction will be the number of months from the beginning of the year being corrected through June of the year in which the correction will be reflected in rates. In this manner the interest computed will reflect all years prior to when the correction is reflected in rates plus interest on the average unrefunded balance of the correction during the year the correction is reflected in rates.				

Attachment 12  
Revenue Credit Detail  
Transource Pennsylvania, LLC

Line No.	(Note 1)	Source	(a) Company Total	(b) Less: Non Transmission	(c ) = (a)- (b) Transmission-related
1	<b>Account 454 - Rent from Electric Property</b>				
2	Joint pole attachments - telephone	Company books	-	-	-
3	Joint pole attachments - cable	Company books	-	-	-
4	Underground rentals	Company books	-	-	-
5	Transmission tower wireless rentals	Company books	-	-	-
6	Other rentals	Company books	-	-	-
7	Other rentals	Company books	-	-	-
8	<b>Account 454 Revenue Credit</b>	Form 1 300.19.b	-	-	-
	<b>Account 456.0 Other Operating Revenues</b>				
9	Other	Company books	-	-	-
10	Other	Company books	-	-	-
11	<b>Account 456.0 Revenue Credit</b>	Form 1 300.21.b	-	-	-
	<b>Account 456.1 Revenues from Transmission of Electricity for Others</b>				
12	PJM NITS	Company books	-	-	-
13	PJM Point to Point	Company books	-	-	-
14	Over/Under recovery deferral	Company books	-	-	-
15	Other PJM revenues	Company books	-	-	-
16	Other	Company books	-	-	-
17	Total Per Books	Form 1 330.n	-	-	-
18	Less: revenues received pursuant to this Formula Rate	Company books	-	-	-
19	Less: Over/Under recovery deferral	Company books	-	-	-
20	<b>Account 456.1 Revenue Credit</b>	(Line 17 - line 18 - line 19)	-	-	-
21	<b>Total 456.0 and 456.1 Revenue Credits</b>	(Line 11 + line 20)	-	-	-
Note 1	All 454, 456.0 and 456.1 revenues will be detailed from Company books and records or FERC Form 1, and additional rows added if necessary. Non-transmission related amounts will be deducted to determine transmission-related amounts. Revenues that are not derived from PJM rates which are based on this transmission formula rate will be included as a revenue credit.				

Attachment 13  
Facility Credits under Section 30.9 of the PJM OATT  
Transource Pennsylvania, LLC

Line No.	Source	Amount
1	Facility Credits under Section 30.9 of the PJM OATT	-

Note: Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to an approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.