

2010 METC True Up Adjustment--Final

1	Actual Net Revenue Requirement for 2010 Actual and 2008 True Up	(Attmnt O, p 1, Line 7)	\$ 182,762,005
2			
3	Less: 2008 True up Under (Over) Recovery	(Attmnt O, p 1, Line 6a)	\$ 12,197,148
4			
5	Actual Net Revenue Requirement for 2010	(Line 1 - Line 3)	\$ 170,564,857
6			
7	Less: Actual Network Revenues for 2010	(F1, footnote p328-330, column n, Line 6)	\$ 173,709,946
8			
9	True-Up Principal Under(Over) Recovery before Interest	(Line 5 - Line 7)	\$ (3,145,089)
10			
11	Monthly Interest Rate--Final	METC Interest Rate	0.0027
12			
13	Number of Months		24
14			
15	Interest--Final	(Line 9 x Line 11 x Line 13)	\$ (203,802)
16			
17	True Up Principal & Interest Under(Over) Recovery--Final	(Line 9 + Line 15)	\$ (3,348,891)
18			
19			
20			
21	Note: Final interest rate based on 19 months ending July 2011.		
22			
23			
24			

Midwest ISO
 FERC Electric Tariff, Fourth Revised Volume No. 1

First Revised Sheet No. 2732
 Superseding Original Sheet No. 2732

Attachment O
 page 1 of 5

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

Michigan Electric Transmission Company, LLC

Line No.					Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 31)				\$ 187,317,733
	REVENUE CREDITS	(Note T)	Total	Allocator	
2	Account No. 454	(page 4, line 34)	394,886	TP 1.00000	394,886
3	Account No. 456.1	(page 4, line 37)	16,357,990	TP 1.00000	16,357,990
4	Revenues from Grandfathered Interzonal Transactions		0	TP 1.00000	0
5	Revenues from service provided by the ISO at a discount		0	TP 1.00000	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)				16,752,876
6A	True-up Adjustment	(See Note 1)			12,197,148
7	NET REVENUE REQUIREMENT	(line 1 minus line 6 plus line 6A)			182,762,005
	DIVISOR				
8	Average of 12 coincident system peaks for requirements (RQ) service			(Note A)	6,545,167
9	Plus 12 CP of firm bundled sales over one year not in line 8			(Note B)	0
10	Plus 12 CP of Network Load not in line 8			(Note C)	0
11	Less 12 CP of firm P-T-P over one year (enter negative)			(Note D)	0
12	Plus Contract Demand of firm P-T-P over one year				0
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)				0
14	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)				0
15	Divisor (sum lines 8-14)				6,545,167
16	Annual Cost (\$/kW/Yr)	(line 7 / line 15)	27.9232		
17	Network & P-to-P Rate (\$/kW/Mo)	(line 16 / 12)	2.3269		
			Peak Rate		Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk)	(line 16 / 52; line 16 / 52)	\$0.5370		\$0.5370
19	Point-To-Point Rate (\$/kW/Day)	(line 16 / 260; line 16 / 365)	\$0.1074	Capped at weekly rate	\$0.0765
20	Point-To-Point Rate (\$/MWh)	(line 16 / 4,160; line 16 / 8,760 times 1,000)	\$6.7123	Capped at weekly and daily rates	\$3.1876
21	FERC Annual Charge (\$/MWh)	(Note E)	\$0.000	Short Term	\$0.000 Short Term
22			\$0.000	Long Term	\$0.000 Long Term

Note 1: Calculated in accordance with the Annual Rate Calculation and True-up Procedures on pages 1365Z.16A and 1365Z.16B of this Tariff.

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

Line No.	(1)	(2) Michigan Electric Transmission Company, LLC Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)
RATE BASE:					
GROSS PLANT IN SERVICE					
1	Production	205.46.g	0	NA	zero
2	Transmission (Note V)	207.58.g	884,872,795	TP	1.00000
3	Distribution	207.75.g	0	NA	zero
4	General & Intangible (Note V)	205.5.g & 207.99.g	45,203,445	W/S	1.00000
5	Common	356.1	0	CE	1.00000
6	TOTAL GROSS PLANT (sum lines 1-5)		930,076,240	GP=	100.000%
ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c	0	NA	zero
8	Transmission (Note V)	219.25.c	303,296,375	TP	1.00000
9	Distribution	219.26.c	0	NA	zero
10	General & Intangible (Note V)	219.28.c	14,302,286	W/S	1.00000
11	Common	356.1	0	CE	1.00000
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		317,598,661		
NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	0		
14	Transmission (Note V)	(line 2 - line 8)	581,576,420		
15	Distribution	(line 3 - line 9)	0		
16	General & Intangible (Note V)	(line 4 - line 10)	30,901,159		
17	Common	(line 5 - line 11)	0		
18	TOTAL NET PLANT (sum lines 13-17)		612,477,579	NP=	100.000%
ADJUSTMENTS TO RATE BASE (Note F)					
19	Account No. 281 (enter negative) (Note W)	273.8.k	0	NA	zero
20	Account No. 282 (enter negative) (Note W)	275.2.k	-93,193,398	NP	1.00000
21	Account No. 283 (enter negative) (Note W)	277.9.k	-19,797,922	NP	1.00000
22	Account No. 190 (Note W)	234.8.c	15,409,745	NP	1.00000
23	Account No. 255 (enter negative) (Note W)	267.8.h	0	NP	1.00000
23a	Account No. 182.3 Deferral		55,000,000	NP	1.00000
23b	Account No. 114 ADIT		61,291,272	NP	1.00000
23c	Amortization of Deferral		-8,250,000	NP	1.00000
23d	Amortization of ADIT		-10,215,212	NP	1.00000
24	TOTAL ADJUSTMENTS (sum lines 19- 23d)		244,485		
25	LAND HELD FOR FUTURE USE (Note W)	214.x.d (Note G)	0	TP	1.00000
WORKING CAPITAL (Note H)					
26	CWC	calculated	10,170,970		
27	Materials & Supplies (Note G) (Note W)	227.8.c & 227.16.c	26,591,668	TE	0.906834
28	Prepayments (Account 165) (Note W)	111.57.c	1,652,904	GP	1.00000
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		38,415,542		
30	RATE BASE (sum lines 18, 24, 25, & 29)		651,137,606		

Note 2: Excludes deferred taxes associated with the True-up Adjustment that are not otherwise included in rate base.

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

Line No.	(1)	Michigan Electric Transmission Company, LLC		(4)	(5)	
		Form No. 1 Page, Line, Col.	Company Total			Allocator
O&M						
1	Transmission	321.112.b	58,443,066	TE	0.90683	52,998,137
2	Less Account 565	321.96.b	0		1.00000	0
2a	Customer Records	322.164.b	0	W/S	1.00000	0
3	A&G	323.197.b	23,068,165	W/S	1.00000	23,068,165
4	Less FERC Annual Fees		0	W/S	1.00000	0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		306,308	W/S	1.00000	306,308
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		162,840	TE	0.90683	147,669
6	Common	356.1	0	CE	1.00000	0
7	Transmission Lease Payments		0		1.00000	0
8	TOTAL O&M (sum lines 1, 2a, 3, 5a, 6, 7 less lines 2, 4, 5)		81,367,763			75,907,663
DEPRECIATION EXPENSE						
9	Transmission	336.7.b	16,683,794	TP	1.00000	16,683,794
10	General & Intangible	336.10.b & 336.1.f	2,424,823	W/S	1.00000	2,424,823
11	Common	336.11.b	0	CE	1.00000	0
11a	Regulatory Deferral Amortization (Note I-a)		2,750,000			2,750,000
11b	ADIT Amortization		3,405,071			3,405,071
12	TOTAL DEPRECIATION (sum lines 9 - 11b)		25,263,688			25,263,688
TAXES OTHER THAN INCOME TAXES (Note J)						
LABOR RELATED						
13	Payroll	263.3,4,8.i	710,656	W/S	1.00000	710,656
14	Highway and vehicle	263.i	0	W/S	1.00000	0
PLANT RELATED						
16	Property	263.i	12,291,768	GP	1.00000	12,291,768
17	Gross Receipts	263.i	0	NA	zero	0
18	Other	263.i	21,002	GP	1.00000	21,002
19	Payments in lieu of taxes		0	GP	1.00000	0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		13,023,426			13,023,426
INCOME TAXES (Note K)						
21	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.73%			
22	$CIT=(T/1-T) * (1-(WCLTD/R)) =$ where WCLTD=(page 4, line 27) and R=(page 4, line30) and FIT, SIT & p are as given in footnote K.		48.97%			
23	$1 / (1 - T) =$ (from line 21)		1.6321			
24	Amortized Investment Tax Credit (266.8f) (enter negative)		0			
25	Income Tax Calculation = line 22 * line 28		33,065,778	NA	zero	32,905,310
26	ITC adjustment (line 23 * line 24)		0	NP	1.00000	0
27	Total Income Taxes (line 25 plus line 26)		33,065,778			32,905,310
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		67,516,299	NA	zero	67,188,643
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		220,236,954			214,288,730
30	LESS ATTACHMENT GG ADJUSTMENT [Attachment GG, page 2, line 3, column 10] (Note X) [Revenue Requirement for facilities included on page 2, line 2, and also included in Attachment GG]		26,970,997			26,970,997
31	REV. REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O (line 29 - line 30)		193,265,957			187,317,733

Midwest ISO
 FERC Electric Tariff, Fourth Revised Volume No. 1

First Revised Sheet No. 2735
 Superseding Original Sheet No. 2735
 Attachment O
 page 4 of 5

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

Michigan Electric Transmission Company, LLC
SUPPORTING CALCULATIONS AND NOTES

Line							
No. TRANSMISSION PLANT INCLUDED IN ISO RATES							
1	Total transmission plant (page 2, line 2, column 3)					884,872,795	
2	Less transmission plant excluded from ISO rates (Note M)					0	
3	Less transmission plant included in OATT Ancillary Services (Note N)					0	
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)					884,872,795	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)			TP=		1.00000	
TRANSMISSION EXPENSES							
6	Total transmission expenses (page 3, line 1, column 3)					58,443,066	
7	Less transmission expenses included in OATT Ancillary Services (Note L)					5,444,929	
8	Included transmission expenses (line 6 less line 7)					52,998,137	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)					0.90683	
10	Percentage of transmission plant included in ISO Rates (line 5)			TP		1.00000	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)			TE=		0.90683	
WAGES & SALARY ALLOCATOR (W&S)		Form 1 Reference	\$	TP	Allocation		
12	Production	354.20.b	0	1.00	0		
13	Transmission	354.21.b	3,037,980	1.00	3,037,980		
14	Distribution	354.23.b	0	1.00	0		
15	Other	354.24,25,26,27.b	4,694,530	1.00	4,694,530		
16	Total (sum lines 12-15)		7,732,510		7,732,510	=	1.00000 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)			\$		% Electric		W&S Allocator
17	Electric	200.3.c	743,795,436		(line 17 / line 20)		(line 16) CE
18	Gas	201.3.d	0		1.00000 *		1.00000 = 1.00000
19	Water	201.3.e	0				
20	Total (sum lines 17 - 19)		743,795,436				
RETURN (R)							
21	Long Term Interest (117, sum of 62.c through 67.c) see footnote to FERC Form 1					\$	15,840,078
22	Preferred Dividends (118.29c) (positive number)					\$	-
Development of Common Stock:							
23	Proprietary Capital (112.16.c) (Note V)						407,227,969
24	Less Preferred Stock (line 28) (Note V)						0
25	Less Account 216.1 (112.12.c) (enter negative) (Note V)						0
25a	Less 2003 Equity Adjustment (253.3.b) (enter negative) (Note V)						0
26	Common Stock (sum lines 23-25a)						407,227,969
			\$	%	Cost (Note P)	Weighted	
27	Long Term Debt (112, sum of 18.c through 21.c) (Note V)		271,018,214	40%	0.0584	0.02335 =WCLTD	
28	Preferred Stock (112.3.c) (Note V)		0	0%	0.0000	0.00000	
29	Common Stock (line 26)		407,227,969	60%	0.1338	0.08034	
30	Total (sum lines 27-29)		678,246,183			0.10369 =R	
REVENUE CREDITS							
ACCOUNT 447 (SALES FOR RESALE)		(310-311)	(Note Q)			Load	
31	a. Bundled Non-RQ Sales for Resale (311.x.h)					0	
32	b. Bundled Sales for Resale included in Divisor on page 1					0	
33	Total of (a)-(b)					0	
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)					\$394,886	
ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) (Note U)		(330.x.n)					
35	a. Transmission charges for all transmission transactions					\$219,474,910	
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1					\$176,030,764	
36a	c. Transmission charges associated with Schedule 26 (Note Y)					\$27,086,156	
37	Total of (a)-(b)-(c)					\$16,357,990	

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

Michigan Electric Transmission Company, LLC

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

Note
Letter

- A Peak as reported on page 400, column b of Form 1 at the time of the ISO coincident monthly peaks.
 - B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peaks.
 - C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
 - D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
 - E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
 - F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
 - G Identified in Form 1 as being only transmission related.
 - H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111 line 57 in the Form 1.
 - I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
 - I-a For the rate period June 1, 2006 through May 31, 2007, this amount will reflect an adjustment (positive or negative) equal to the true-up amount, including interest, determined pursuant to the
 - J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
 - K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 5.74% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including Account Nos. 561.1, 561.2, 561.3, and 561.BA.
 - M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
 - N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
 - O Enter dollar amounts
 - P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
 - Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456.1 and all other uses are to be included in the divisor.
 - R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
 - S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4, page 1 and the loads are included in line 13, page 1.
Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
 - T The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
 - U Account 456.1 entry shall be the annual total of the quarterly values reported at Form 1, 330.x.n.
 - V Calculate using 13 month average balance.
 - W Calculate using average of beginning and end of year balances.
 - X Pursuant to Attachment GG of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GG and recovered under Schedule 26 of the Midwest ISO Tariff.
 - Y Removes from revenue credits revenues that are distributed pursuant to Schedule 26 of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment GG revenue requirements.