

True Up Adjustment – Questions from Consumers Energy

1. **Can we provide a list of projects with costs, comparing projected with actual, or if not projected, what was actually spent on each project in 2007?**

Since METC was under a frozen rate in 2007, there are no projected project costs to use as a comparison. Below is a list of the projects and dollars making up the majority of the projects and costs (in millions):

Vehicles, Tools and Equipment	\$16.0
HSC Solar Interconnection	15.2
Conveyances (CE and other)	7.5
Facilities/Warehouses	6.9
Baraga Substation	3.9
METC SCADA Redirect	3.9
Breaker Replacement	3.8
American Bumper to David	3.0
Relay Betterment	2.6
Miscellaneous NRUC/ERUC	2.6
Wood Pole Replacement	2.0
Race Street	2.0
IT Projects	1.7
Titabawassee Breaker	1.4
RTU/SCADA Upgrade	1.4
Thetford 345kV	1.2
Iosco 138kV	1.1

2. **What are the primary costs driving A&G? Can we provide a breakdown of A&G cost by category?**

See Attachment 1 for a breakdown of A&G costs.

3. **How are the revenues received from the TOOAs for Wolverine and MPPA being allocated? If this is being offset, can we demonstrate this (where it occurs)?**

Amounts received by METC that are associated with WPSC and MPPA as members of a joint zone are not recognized as revenue by METC, but are passed through to WPSC and MPPA as part of a joint zone agreement. Because these amounts are passed through, they are not part of the formula rate. However, KVAR service revenues are revenue credited in the formula rate. Except for KVAR service revenues, amounts charged or credited are not adjustments to revenues, but adjustments to expense.

For example utilization adjustments associated with various TOOAs between METC and MPPA, MSCPA or WPSCI for transmission capacity are either charged or

credited to O&M expenses, FERC account 566, Miscellaneous transmission expenses. Easement fees associated with the TOOAs between METC and MPPA or MSCPA are credited to O&M expenses, FERC account 567, Rents. Amounts received for agency agreements between METC and MPPA, CMS or WPSCI are also credited to O&M expenses. Revenues received for KVAR service are revenue credited in the formula rate. Amounts received for shared services are credited to O&M expense.

4. Can we put together a diagram explaining the difference in equity structure for METC from pre-acquisition to present ITC ownership?

For pre- and post-acquisition equity adjustments, please see METC filing in FERC Docket No. AC07-92-001 dated June 15, 2007.

For changes in proprietary capital for the period from October 10, 2006 (date of acquisition) through December 31, 2007, see below.

**Michigan Electric Transmission Company, LLC Change in Proprietary Capital
for the Period from October 10, 2006 (Date of Acquisition) Through December 31, 2006 and for the Year Ended December 31, 2007**

	Common Stock Issued (201)	Total other Paid- in capital (211)	Retained Earnings (216)	Total Proprietary Capital
October 10, 2006	1,000	205,437,183	-	205,438,183
Net Income	-	-	3,313,715	3,313,715
Contributions from member	-	25,000,000	-	25,000,000
Stock based compensation	-	215,719	-	215,719
Income tax benefit relating to the amortization of goodwill for tax purposes	-	609,589	-	609,589
December 31, 2006	1,000	231,262,491	3,313,715	234,577,206
Net Income	-	-	39,193,258	39,193,258
Contributions from member	-	116,461,928	-	116,461,928
Return of capital to member	-	(48,470,780)	-	(48,470,780)
Dividends to member	-	-	(42,506,973)	(42,506,973)
Income tax benefit relating to the amortization of goodwill for tax purposes	-	2,125,779	-	2,125,779
Purchase accounting adjustments	-	(2,138,341)	-	(2,138,341)
December 31, 2007	1,000	299,241,077	-	299,242,077

Attachment 1

Name of Respondent Michigan Electric Transmission Company LLC		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2007	Year/Period of Report End of 2007/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
166	Operation			
167	(907) Supervision			
168	(908) Customer Assistance Expenses			
169	(909) Informational and Instructional Expenses			
170	(910) Miscellaneous Customer Service and Informational Expenses			
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)			
172	7. SALES EXPENSES			
173	Operation			
174	(911) Supervision			
175	(912) Demonstrating and Selling Expenses			
176	(913) Advertising Expenses			
177	(916) Miscellaneous Sales Expenses			
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)			
179	8. ADMINISTRATIVE AND GENERAL EXPENSES			
180	Operation			
181	(920) Administrative and General Salaries	7,371,049		1,768,080
182	(921) Office Supplies and Expenses	4,529,324		1,370,534
183	(Less) (922) Administrative Expenses Transferred-Credit	762,153		79,940
184	(923) Outside Services Employed	3,411,250		1,379,382
185	(924) Property Insurance	330,922		111,904
186	(925) Injuries and Damages	1,073,194		209,375
187	(926) Employee Pensions and Benefits	2,540,616		677,062
188	(927) Franchise Requirements			
189	(928) Regulatory Commission Expenses	76,560		393,249
190	(929) (Less) Duplicate Charges-Cr.			
191	(930.1) General Advertising Expenses	26,106		
192	(930.2) Miscellaneous General Expenses	289,023		
193	(931) Rents	216,100		94,591
194	TOTAL Operation (Enter Total of lines 181 thru 193)	19,101,991		5,924,237
195	Maintenance			
196	(935) Maintenance of General Plant	219,893		55,881
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	19,321,884		5,980,118
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	67,858,903		16,082,129