

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2017

ITC Midwest LLC

Line No.	(1)	(2)	(3)	(4)	(5)
			Allocated Amount	Adjustments	Adjusted Allocated Amount
1	GROSS REVENUE REQUIREMENT (page 3, line 31)	12 months	\$ 382,568,886	0	\$ 382,568,886
REVENUE CREDITS					
2	Account No. 454 (Note T) (page 4, line 34)	Total 2,315,000	TP 0.99999 2,314,977	0	2,314,977
3	Account No. 456.1 (page 4, line 37)	12,443,000	TP 0.99999 12,442,875		12,442,875
4	Revenues from Grandfathered Interzonal Transactions	0	TP 0.99999 0		0
5	Revenues from service provided by the ISO at a discount	0	TP 0.99999 0		0
6	TOTAL REVENUE CREDITS (sum lines 2-5)		14,757,852	0	14,757,852
6A	True-up Adjustment [See Note 1.]		\$1,675,541		\$1,675,541
7	NET REVENUE REQUIREMENT (line 1 minus line 6 plus line 6A)		\$ 369,486,575	\$ -	\$ 369,486,575
DIVISOR					
8	Average of 12 coincident system peaks for requirements (RQ) service		2,926,000		2,926,000
9	Plus 12 CP of firm bundled sales over one year not in line 8	(Note A)			0
10	Plus 12 CP of Network Load not in line 8	(Note B)			0
11	Less 12 CP of firm P-T-P over one year (enter negative)	(Note C)			0
12	Plus Contract Demand of firm P-T-P over one year	(Note D)			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)		2,926,000	0	2,926,000
16	Annual Cost (\$/kW/Yr) (line 7 / line 15)	126.277			
17	Network & P-to-P Rate (\$/kW/Mo) (line 16 / 12)	10.523			
Peak Rate					
18	Point-To-Point Rate (\$/kW/Wk) (line 16 / 52; line 16 / 52)	2.428	\$2.428		
19	Point-To-Point Rate (\$/kW/Day) (line 16 / 260; line 16 / 365)	0.486	\$0.346		
20	Point-To-Point Rate (\$/MWh) (line 16 / 4,160; line 16 / 8,760 times 1,000)	30.355	\$14.415		
Off-Peak Rate					
21	FERC Annual Charge(\$/MWh) (Note E)		\$0.000	Short Term	
22				Long Term	

NOTES

Note 1. Calculated in accordance with the ITC Midwest, LLC Annual Rate Calculation and True-up Procedures in Attachment O-Midwest of this Tariff.

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Line No.	(1)	(2) Form No. 1 Page, Line, Col.	ITC Midwest LLC		(5) Transmission (Col 3 times Col 4)	For the 12 months ended 12/31/2017	
			(3) Company Total	(4) Allocator		(6) Adjustments	(7) Adjusted Amount
RATE BASE:							
GROSS PLANT IN SERVICE (Note AA)							
1		205.46.g		NA			0
2		207.58.g	2,866,344,400	TP 0.99999	2,866,315,698		2,866,315,698
3		207.75.g		NA			
4		205.5.g & 207.99.g	119,843,170	W/S 0.99999	119,841,970		119,841,970
5		356.1		CE 0.99999	0		0
6		TOTAL GROSS PLANT (sum lines 1-5)	2,986,187,570	GP= 99.999%	2,986,157,668	0	2,986,157,668
ACCUMULATED DEPRECIATION (Note AA)							
7		219.20-24.c		NA			
8		219.25.c	403,880,130	TP 0.99999	403,876,086		403,876,086
9		219.26.c		NA			
10		219.28.c & 200.21.c	58,767,690	W/S 0.99999	58,767,102		58,767,102
11		356.1		CE 0.99999	0		0
12		TOTAL ACCUM. DEPRECIATION (sum lines 7-11)	462,647,820		462,643,187	0	462,643,187
NET PLANT IN SERVICE							
13		(line 1 - line 7)	0				
14		(line 2 - line 8)	2,462,464,270		2,462,439,612		2,462,439,612
15		(line 3 - line 9)					
16		(line 4 - line 10)	61,075,480		61,074,868		61,074,868
17		(line 5 - line 11)	0		0		0
18		TOTAL NET PLANT (sum lines 13-17)	2,523,539,750	NP= 99.999%	2,523,514,480	0	2,523,514,480
ADJUSTMENTS TO RATE BASE (Note F)							
19		273.8.k	0	NP 0.99999	0		0
20		275.2.k	-412,390,938	NP 0.99999	-412,386,809		-412,386,809
21		[See Note 2.] 277.9.k	-1,657,000	NP 0.99999	-1,656,983		-1,656,983
22		234.8.c	44,624,000	NP 0.99999	44,623,553		44,623,553
23		267.8.h		NP 0.99999	0		0
24		TOTAL ADJUSTMENTS (sum lines 19- 23B)	-369,423,938		-369,420,239	0	-369,420,239
25		214.x.d (Note G)	0	TP 0.99999	0		0
WORKING CAPITAL (Note H)							
26		calculated	9,928,875		9,148,408	0	9,148,408
27		227.8.c & .16.c	32,127,000	TP 0.99999	32,126,678		32,126,678
28		111.57.c	2,160,000	GP 0.99999	2,159,978		2,159,978
29		TOTAL WORKING CAPITAL (sum lines 26 - 28)	44,215,875		43,435,065	0	43,435,065
30		RATE BASE (sum lines 18, 24, 25, & 29)	2,198,331,687		2,197,529,307	0	2,197,529,307

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

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For the 12 months ended 12/31/2017

Line No.	(1)	(2) Form No. 1 Page, Line, Col.	(3) Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)	(6) Adjustments	(7) Adjusted Amount
O&M							
1	Transmission [See Note 3.]	321.112.b	41,504,000	TE 0.84957	35,260,647		35,260,647
2	Less Account 565	321.96.b		TE 0.84957	0		0
3	A&G	323.197.b	38,115,000	W/S 0.99999	38,114,618		38,114,618
4	Less FERC Annual Fees			W/S 0.99999	0		0
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)		532,000	W/S 0.99999	531,995		531,995
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)		344,000	TP 0.99999	343,997		343,997
6	Common	356.1		CE 0.99999	0		0
7	Transmission Lease Payments			1.00000	0		0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)		79,431,000		73,187,267	0	73,187,267
DEPRECIATION AND AMORTIZATION EXPENSE (Note AA)							
9	Transmission	336.7.b & c	52,803,000	TP 0.99999	52,802,471		52,802,471
10	General & Intangible	336.10.f & 336.1.f	4,192,000	W/S 0.99999	4,191,958		4,191,958
11	Common	336.11.b & c		CE 0.99999	0		0
12	TOTAL DEPRECIATION (Sum lines 9 - 11)		56,995,000		56,994,429	0	56,994,429
TAXES OTHER THAN INCOME TAXES (Note J)							
LABOR RELATED							
13	Payroll	263i	1,417,000	W/S 0.99999	1,416,986		1,416,986
14	Highway and vehicle	263i		W/S 0.99999	0		0
PLANT RELATED							
16	Property	263i	11,898,000	GP 0.99999	11,897,881		11,897,881
17	Gross Receipts	263i		NA zero	0		0
18	Other	263i		GP 0.99999	0		0
19	Payments in lieu of taxes			GP 0.99999	0		0
20	TOTAL OTHER TAXES (sum lines 13 - 19)		13,315,000		13,314,867	0	13,314,867
INCOME TAXES (Note K)							
21	T = 1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p) =		41.4000%				
22	CIT = (T/1-T) * (1 - (WCLTD/R)) = where WCLTD = (page 4, line 27) and R = (page 4, line 30) and FIT, SIT & p are as given in footnote K.		56.4035%				
23	1 / (1 - T) = (from line 21)		1.7065				
24	Amortized Investment Tax Credit (266.8f) (enter negative)						
24a	(Excess)/Deficient Deferred Income Taxes (Note AB)						
24b	Tax Effect of Permanent Differences and AFUDC Equity (Note AC)		661,756				
25	Income Tax Calculation = line 22 * line 28		115,354,968	NA	115,312,864	0	115,312,864
26	ITC adjustment (line 23 * line 24)		0	NP 0.99999	0		0
26a	(Excess)/Deficient Deferred Income Tax Adjustment (Line 23 x Line 24a)		0	NP 0.99999	0		0
26b	Permanent Differences and AFUDC Equity Tax Adjustment (Line 23 x Line 24b)		1,129,276	NP 0.99999	1,129,265		1,129,265
27	Total Income Taxes (line 25 plus line 26 + 26a + 26b)		116,484,244		116,442,129	0	116,442,129
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]		204,517,412	NA	204,442,765	0	204,442,765
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)		470,742,657		464,381,456	0	464,381,456
LESS ATTACHMENT GG ADJUSTMENT							
30	[Attachment GG, page 2 line 3, column 10] (Note W) [Revenue Requirement for facilities Included on page 2, line 2, and also Included in Attachment GG]		26,463,220		26,463,220	0	26,463,220
LESS ATTACHMENT MM ADJUSTMENT							
30a	[Attachment MM, page 2 line 3, column 14] (Note Y) [Revenue Requirement for facilities Included on page 2, line 2, and also Included in Attachment MM]		55,349,351		55,349,351	0	55,349,351
31	REV. REQUIREMENT TO BE COLLECTED UNDER ATTACHMENT O (line 29 - line 30 - line 30a)		388,930,086		382,568,886	0	382,568,886

Note 3. Adjustments to Line 1 will equal the sum of the amounts on ITC's Report on FERC Form No. 1 for Customer Accounts Expenses [FERC Form No. 1, 323.164.b], Customer Service and Informational Expenses [FERC Form No. 1, 323.171.b], and Sales Expenses [FERC Form No. 1, 323.178.b] that are not otherwise recoverable through some other tariff. Adjustments to be made before calculation of allocator for Line 1, Column (4).

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ITC Midwest LLC

SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES						
1	Total transmission plant (page 2, line 2, column 3)					2,866,315,698	
2	Less transmission plant excluded from ISO rates (Note M)						
3	<u>Less transmission plant included in OATT Ancillary Services (Note N)</u>					<u>28,702</u>	
4	Transmission plant included in ISO rates (line 1 less lines 2 & 3)					2,866,286,996	
5	Percentage of transmission plant included in ISO Rates (line 4 divided by line 1)			TP=		0.99999	
TRANSMISSION EXPENSES							
6	Total transmission expenses (page 3, line 1, column 3)					41,504,000	
7	<u>Less transmission expenses included in OATT Ancillary Services (Note L)</u>					<u>6,243,000</u>	
8	Included transmission expenses (line 6 less line 7)					35,261,000	
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)					0.84958	
10	Percentage of transmission plant included in ISO Rates (line 5)			TP		0.99999	
11	Percentage of transmission expenses included in ISO Rates (line 9 times line 10)			TE=		0.84957	
WAGES & SALARY ALLOCATOR (W&S)							
	Form 1 Reference	\$	TP	Allocation			
12	Production 354.20.b		0.00	0			
13	Transmission 354.21.b	6,094,507	0.999990	6,094,446			
14	Distribution 354.23.b		0.00	0			
15	Other 354.24,25,26.b		0.00	0			
16	Total (sum lines 12-15)	6,094,507		6,094,446	=	0.99999	= WS
COMMON PLANT ALLOCATOR (CE) (Note O)							
		\$		% Electric		W&S Allocator	
17	Electric 200.3.c	2,624,127,000		(line 17 / line 20)		(line 16)	CE
18	Gas 201.3.d			1.00000	*	0.99999	= 0.99999
19	Water 201.3.e						
20	Total (sum lines 17 - 19)	2,624,127,000				(5)	(6) (7)
RETURN (R)							
21	Long Term Interest (117, sum of 62c through 67c)					\$44,603,000	Adjusted Amount 44,603,000
22	Preferred Dividends (118.29c) (positive number)						0
Development of Common Stock:							
23	Proprietary Capital (112.16c) - (Note U)					1,426,553,000	1,426,553,000
24	Less Preferred Stock (line 28) - (Note U)					0	0
25	Less Account 216.1 (112.12c) (enter negative) - (Note U)						0
26	Common Stock (sum lines 23-25)					1,426,553,000	0 1,426,553,000
		\$	%	Cost (Note P)		Weighted	
27	Long Term Debt (112, sum of 18c through 21c) - (Note U)	951,208,000	40%	0.0469		0.0188	=WCLTD
28	Preferred Stock (112.3c)- (Note U)		0%	0.0000		0.0000	
29	Common Stock (line 26) [See Note 4.]	1,426,553,000	60%	0.1238		0.0743	
30	Total (sum lines 27-29)	2,377,761,000				0.0930	=R
REVENUE CREDITS							
ACCOUNT 447 (SALES FOR RESALE) (310-311) (Note Q)							
31	a. Bundled Non-RQ Sales for Resale (311.x.h)						
32	<u>b. Bundled Sales for Resale included in Divisor on page 1</u>						
33	Total of (a)-(b)					0	
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)					\$2,315,000	
ACCOUNT 456.1 (OTHER ELECTRIC REVENUES) (330.x.n)							
35	a. Transmission charges for all transmission transactions					471,660,687	
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1					377,405,117	
36a	c. Transmission charges from Schedules associated with Attachment GG (Note X)					26,463,220	
36b	<u>d. Transmission charges from Schedules associated with Attachment MM (Note Z)</u>					<u>55,349,351</u>	
37	Total of (a)-(b)-(c)-(d)					12,443,000	

Note 4. Allowed ROE set to- 12.38%

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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 would be reported on page 401, column d of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
- C Labeled LF on page 328 of Form 1 at the time of the applicable pricing zone coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the applicable pricing zone 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. Exclude ADIT balances when the associated income tax consequences have been paid by others. 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. The calculation of ADIT in the annual true-up calculation will use the beginning-of-year balances and end-of-year balances; the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation section 1.167(1)-(h)(6).
- 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 Pages 110-111 line 57 in the Form 1.
- I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". 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 = | 11.34% | (State Income Tax Rate or Composite SIT) |
| | p = | 41.64% | (percent of federal income tax deductible for state purposes) |
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of 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 to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amounts
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC. A 50 basis point adder for RTO participation and 50 basis point adder for independence may be added to the allowed ROE up to the upper end of the zone of reasonableness established by 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 Calculate using 13 month average balance.
- V Calculate using average of beginning and end of year balances.
- W Pursuant to Attachment GG of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment GG.
- X Removes from revenue credits revenues that are distributed pursuant to Schedules associated with Attachment GG of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment GG revenue requirements.
- Y Pursuant to Attachment MM of the Midwest ISO Tariff, removes dollar amount of revenue requirements calculated pursuant to Attachment MM.
- Z Removes from revenue credits revenues that are distributed pursuant to Schedules associated with Attachment MM of the Midwest ISO Tariff, since the Transmission Owner's Attachment O revenue requirements have already been reduced by the Attachment MM revenue requirements.
- AA Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
- AB Includes the amortization of any excess/deficient deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority. Excess and deficient deferred income taxes will reduce or increase tax expense by the amount of the excess or deficiency multiplied by (1/1-T) (page 3, line 26a).
- AC Includes the annual income tax cost or benefits due to permanent differences or differences between the amounts of expenses or revenues recognized in one period for ratemaking purposes and the amounts recognized for income tax purposes which do not reverse in one or more other periods, including the cost of income taxes on the Allowance for Other Funds Used During Construction. T multiplied by the amount of permanent differences and depreciation expense associated with Allowance for Other Funds Used During Construction is included in page 3, line 24b and will increase or decrease tax expense by the amount of the expense or benefit included on line 24b multiplied by (1/1-T) (page 3, line 26b).