
	<h1>Business Practice</h1>	Department: Customer Relations
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Title: JOINT-USE SUBSTATIONS COST RESPONSIBILITY FOR COMMON FACILITIES	Issue Date: 11-28-2012	
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CAUTION: Any hard copy reproductions of this Business Practice should be verified against the on-line system for current revisions.

1 PURPOSE

This Business Practice identifies the allocation of the cost responsibility for expansions and improvements to Common Facilities at Joint Use Substations. These expansions and improvements may arise from project work of the Common Facilities Owner, a Tenant, or as a result of equipment failure or infrastructure modernization. It applies to substations that were deemed Joint Use Substations at the time of ATC formation, as well as those that are deemed Joint Use Substations and constructed following ATC's initial formation. The entity that drives the need for Common Facilities Expansion will be responsible for the initial associated costs. If Common Facilities Expansion is driven by the Tenant, the Common Facilities Owner will book the assets at zero value so that annual return on and of will not be collected on an asset for which the Tenant has already paid in full. Annual proportionate allocation of Common Facilities operating and maintenance costs will change as values of Assignable Facilities change. Common Facilities Improvements will be the responsibility of the Common Facilities Owner.

2 SCOPE AND APPLICABILITY

- 1. Operating and Maintenance Expense.** Each Party is responsible for the operating and maintenance of its Assignable Facilities at its sole cost. The Common Facilities Owner shall perform or have performed all operation and maintenance of Common Facilities as required by and in accordance with Good Utility Practice and any applicable mandatory reliability standards. The Common Facilities Owner shall calculate and bill each Joint Use Substation Tenant, and each Joint Use Substation Tenant shall pay the Common Facility Owner the Joint Use Substation Tenant's allocable share times the costs associated with operating and maintaining the Common Facilities at each Joint Use Substation in accordance with the Agreement.

1.1 Common Facility Assets Electricity Usage

Electricity consumed by common facility assets; (heating, and cooling, yard lighting, etc.) will be the cost responsibility of the Common Facility Owner consistent with the ATC "Transmission Related Station Power Use At Substations" Business Practice. If this equipment is metered separately or if the parties agree on an estimating methodology, the common facility assets electricity cost can be split like other O&M expenses. An estimate of this cost would be included in the annual O&M forecast exchanged in July/Aug of each year for budgeting purposes.

- 2. Common Facilities Improvements.** When existing Common Facilities must be expanded, improved, or replaced by reason of degradation or failure due to use over time, or the Parties mutually agree upon an expansion, improvement or replacement of Common Facilities, the Parties shall cooperate in good faith on the design, engineering, scheduling and installation of the expansion, improvement or replacement. The functionality of the expanded, improved or replaced Common Facilities shall be equal to or greater than their original functionality unless the Parties agree otherwise. The Common Facilities Owner shall perform or have performed the expansion, improvement or replacement in accordance with Good Utility Practice and will own the expanded, improved, or replaced Common Facilities when they are completed. Each Joint Use Substation Tenant shall pay its Joint Use Substation Tenant's allocable share of the Common Facilities Owner's costs of the expansion, improvement or replacement to the Common Facilities Owner through the Return On and Of Billing.
- 3. Common Facilities Owner Initiated Common Facilities Expansion.** If the Common Facilities Owner determines that a modification to its Assignable Facilities or a change in its business needs or operating requirements requires an expansion, improvement or replacement of Common Facilities at a Joint Use Substation, it shall provide reasonable

notice to the Joint Use Substation Tenants of that Joint Use Substation. The Parties shall cooperate in good faith on the design, engineering, scheduling and installation of the expansion, improvement or replacement. The Common Facilities Owner shall perform or have performed the expansion, improvement or replacement in accordance with Good Utility Practice and will own the expanded, improved or replaced Common Facilities when they are completed. Each Joint Use Substation Tenant shall pay its Joint Use Substation Tenant allocable share of the Common Facilities Owner's costs of the expansion, improvement, or replacement to the Common Facilities Owner through Return On and Of Billing.

4. **Tenant Initiated Common Facilities Expansion.** If a Joint Use Substation Tenant determines that a modification to its Assignable Facilities or a change in its business needs or operating requirements requires an expansion, improvement or replacement of Common Facilities at a Joint Use Substation, the Joint Use Substation Tenant may request the Common Facilities Owner to perform the expansion, improvement or replacement pursuant to the Project Services Agreement or any other acceptable agreement between the Parties.

When the Project Services Agreement is utilized, the Project Services Agreement and its procedures shall govern the request except as follows:

- a.) When a Joint Use Substation Tenant reimburses the Common Facilities Owner for the expansion, improvement or replacement of Common Facilities, the value of such Common Facility expansion, improvement or replacement shall be entered on the books of the Common Facilities Owner at zero net book value. The expansion, improvement or replacement shall not be reflected in the Common Facilities Owners' Return On and Of Billings.
 - b.) Any reimbursement shall be made at a time that is mutually agreeable to the Common Facilities Owner and the Joint Use Substation Tenant. Upon receipt of such reimbursement, the Common Facilities Owner shall assume responsibility for any and all tax liabilities resulting from such reimbursement.
5. **Contributions In Aid of Construction.** Any CIAC payment shall be made at a time that is mutually acceptable to the affected Parties. Because one Party, either Common Facilities Owner or Tenant, may be making a payment that is later deemed to be taxable to the other Party by the Internal Revenue Service, the Party receiving the payment for the Common Facilities Expansion or Common Facilities Improvement will assume full responsibility for any and all tax liability implications as a result of the CIAC.
 6. **Good Utility Practice.** The Common Facilities Owner has the obligation in the exercise of prudent business judgment to operate and maintain all of the Common Facilities according to Good Utility Practice standards. Because the determination of Good Utility Practice may be different for transmission, distribution and generation facilities, the most stringent definition of Good Utility Practice as used by either Party at a given Joint Use Substation shall be applied to that Joint Use Substation. Additionally, any of the Tenants at any Joint Use Substation may reasonably require that, due to the differences in the definition of Good Utility Practice, the Common Facilities Owner provide Common Facilities Improvements to any component of the Common Facilities subject to the terms above.
 7. **De minimus Use.** In situations where the Parties agree the used and useful benefit of a Common Facilities Owner's asset is of minimal or insignificant value or benefit to a Joint Use Substation Tenant and therefore does not warrant proportionate cost allocation by the Common Facilities Owner will be considered de minimus use. Examples of de minimus use may include but are not limited to, spare fuse storage in a control house, a

control wire in a trench, conduit, and/or cable tray or the presence of metering for balancing authority or revenue collection purposes. In retrofit situations, if there is less than a 10% increase in common usage that increased use will be considered de minimus use. An example is a Tenant adds 1 cable to 10 cable trenway; the additional cable is considered de minimus use.

- 8. Common Facility Drawings.** The Common Facility Owner is responsible to control, update and maintain the substation drawings that contain Common Facilities information and to provide current updated electronic copies of those drawings to the Tenant upon request. The Tenant has cost responsibility to check out and correctly update and return drawings in support of their projects. (See Exhibit 3 for a listing of drawings that typically show Common Facilities).
- 9. Third Party Requirements.** For instances when third parties require special upgrades at a Joint Use Substation such as substation facades, retaining walls, retention facilities, etc., the Party causing the substation expansion or improvement funds the special upgrade and turns it over to the Common Facility Owner to care for the asset(s) going forward. Operating and maintenance costs for these special requirements are shared between the Parties pursuant to the Agreement as Common Facilities.
- 10. Limited Space.** Space inside Joint Use Substations will generally be allocated on a first come first serve basis unless an approved budgeted project already exists for the space and is to be installed within 24 months of notice to the other Party.
- 11. Common Facility Ownership Change.** Generally, Common Facility ownership is established initially as the Party with the greatest value of Assignable Facilities. The Parties can mutually agree to change ownership and transfer common assets on a case by case basis when circumstances warrant a change due to changing business needs.
- 12. Environmental Plans: including SPCC Plans.** Responsibility for the SPCC Plan will be determined on a case-by-case basis but generally will be the responsibility of the Common Facility Owner and will include the Tenant's oil-filled equipment.
- 13. Storm Water Facilities Inspection and Maintenance.** Responsibility for inspecting and maintaining storm water facilities will be determined on a case by case basis but generally will be the responsibility of the Common Facility Owner.

3 ROLES AND RESPONSIBILITIES

External Relations' executive administrator is responsible for maintaining this template.

Any External Relations personnel who is the author of an External Relations business practice will utilize this template as a starting point for its creation.

The assigned Customer Relations Regional Manager for this Joint –Use Substations Common Facilities Business Practice will meet with internal and external parties to build consensus when changes to the business practice are necessary. The assigned Customer Relations Regional Manager will then edit the business practice using the track changes feature in Microsoft Word. The proposed revisions will then be submitted to the Customer Relations Customer Communications Coordinator for grammatical review and improvement. The document will then be forwarded to the External Relations Director's Executive Assistant for External Relations Director's signature and subsequent publication.

4 **DEFINITIONS** (For Reference Only, Refer to Common Facility Agreement for Exact Definition Language).

Agreement¹ – is the Common Facilities Agreement between the Common Facilities Owner and Joint Use Substation Tenant.

Assignable Facilities – are those used and useful facilities at a Joint Use Substation that belong to and serve a single owner and are not Common Facilities.

Common Facilities - are those facilities at a Joint Use Substation that are used and useful to both Parties. Common Facilities include, but are not limited to, batteries, structures that house equipment, ground grids, fences, gravel areas, parking areas, landscaping, access roads, yard lighting, shielding and screening. See Exhibit 2 for a more extensive listing of typical Common Facilities found in a Joint Use Substation. Common Facilities do not include land, land rights, intangible assets, Assignable Facilities or those Common Facilities deemed to be of de minimus use by the Parties to the Agreement. Most, if not all, Joint Use Substations have Common Facilities.

Common Facilities Expansion – shall mean additions made to the Common Facilities as they existed when the substation was first designated a Joint Use Substation and which require an increased footprint, completely new material, infrastructure, etc. Common Facilities Expansion examples include but are not limited to : expansion of ground grid, fencing, RTU's, site grading and stoning, addition of area lighting, expansion of the control house, station power facilities (both AC & DC) and lightning protection.

Common Facilities Improvement – are improvements or replacements made to existing Common Facilities for the betterment, maintenance, and/or operation of existing Common Facilities by reason of their obsolescence, or equipment failure.

Common Facilities Owner – means, unless otherwise agreed to in writing by the Parties, the Party that owns the greater value (based on original installed cost) of Assignable Facilities at the Joint Use Substation as of the date the distribution utility transferred its transmission facilities to ATC, or the date the substation became a Joint Use Substation (whether by designation or completion of construction), whichever date is later.

Joint Use Substation – means a substation at which Assignable Facilities are owned and operated by each Party. A listing of the Joint Use Substations covered by the Agreement is typically found in Schedule 3 of that Agreement. The Agreement Schedule 3 may be amended from time to time by mutual agreement of the Parties to reflect new Joint Use Substations and changes in designations of existing Joint Use Substations.

Joint Use Substation Tenant (or Tenant) - means an entity who is not the Common Facilities Owner but owns assignable facilities within a Joint Use Substation. There may be more than one Joint Use Substation Tenant associated with a Joint Use Substation.

Party² – The Common Facilities Owner and the Joint Use Substation Tenant each may be referred to as a “Party” or collectively as the “Parties”.

¹ Note: This is a defined term to be used as part of this Business Practice and is not found in the referenced Common Facility Agreement.

² Note: This is a defined term to be used as part of this Business Practice and is not found in the referenced Common Facility Agreement.

Return On and Return Of Billings - means an annual billing of Joint Use Substation Tenant by the Common Facilities Owner pursuant to Article 4 of the Agreement of the following amounts:

(a) "Return On investment" shall be calculated as follows: by multiplying the total net book investment value of the Common Facilities times the overall pre-tax rate of return allowed the Common Facilities Owner by the governmental agency with jurisdiction over Common Facilities Owner's rates in its most recent rate order times the Joint Use Substation Tenant's allocable share; and

"Return Of investment" shall be calculated as follows: by using the depreciation rate most recently established for the Common Facilities by the governmental agency with jurisdiction over Common Facility Owner's rates in its most recent depreciation order to determine the annual depreciation of the Common Facilities, then multiply by the Joint Use Substation Tenant's allocable shares..

5 ADDITIONAL INFORMATION

Supporting Information: In Given the Common Facilities Owner expenditures may be driven by Tenant construction needs, it is the responsibility of the Tenant to provide adequate notice of these impacts so they can be included in the budget processes of the Common Facilities Owner. ATC will continually strive to fully inform Common Facilities Owners of forecasted Common Facility Expansions or Common Facilities Improvements, which may occur, as a result of an ATC project. In its role as a Common Facilities Owner, ATC expects similar consideration from Tenants.

6 DOCUMENT REVIEW

This document will be reviewed and revised as necessary no less than every three years.

This "Document Review" section describes the expected cycle for regular review and revision, if necessary, of the document in order to maintain the content as fresh and relevant as possible.

7 REVISION INFORMATION

In this "Revision Information" section, provide a timeline summary of all documents revisions, with the most recent revision shown first.

Version	Author	Date	Section	Description
v3.0	Kurt Hendrickson	11-28-2012	Storm Water Facilities Inspection and Maintenance.	Wording Change to 'Common Facilities Owner' from 'permit holder'

8 APPENDIX A

8.1 Exhibit 1 – Joint Use Substations Cost Responsibility For Common Facilities

Business Practice		Revision 1 Effective Date 09/01/2010
COST RESPONSIBILITY SCENARIO DESCRIPTION	Annual O & M (e.g. monitoring, cutting grass, weed control, snow removal, etc.)	CFO costs shared between CFO and Tenant based upon relative amount of Assigned Facilities owned by each
	CFO* performs improvement beneficial to all parties (e.g. battery replacements, routine replacement of auxiliary power transformers, ground grid upgrade, etc.)	CFO pays ownership booked to CFO recovered thru proportionate share of return on and of billings
	CFO requires improvement (e.g. larger battery or auxiliary power transformers, etc.)	CFO pays ownership booked to CFO recovered thru proportionate share of return on and of billings
	Tenant requires improvement (e.g. Larger Battery or Auxiliary Power Transformers, etc.)	CFO Pays -with CIAC from Tenant for Undepreciated Amount of existing asset and marginal cost for larger replacement over and above replacement with ratings equivalent to existing. Ownership booked to CFO. No Return On and Of Billings since Tenant has paid in full
	CFO initiated site expansion (e.g. land acquisition, increased footprint, new addition to ground grid or fence) to accommodate a CFO need	CFO pays ownership booked to CFO recovered thru proportionate share of return on and of billings
	Tenant initiated site expansion (e.g. land acquisition, increased footprint, addition to ground grid or fence) to accommodate a Tenant need	Tenant Pays as CIAC to CFO Ownership transferred to CFO at end of work on Common. No Return On and Of Billings as Tenant has already paid in full
	Jointly-initiated site expansion (e.g. land acquisition, increased footprint, addition to ground grid or fence) to accommodate both transmission and distribution work	CFO pays ownership booked to CFO recovered thru proportionate share of return on and of billings

*CFO = Common Facilities Owner as referenced in Business Practice

8.2 Exhibit 2 - Common Facilities Listing

Listed below are the typical common facilities found in Joint Use Substations:

AC/DC Distribution (Station Power) – (Note: Separately owned AC panels are Assignable Facilities – not Common Facilities).

Air Conditioning / Heating (HVAC)

Battery

Battery Charger

Cable Trench - Trenwa

Cables associated with Common Facilities

Communication Facilities

Shared Control Building (House) and Foundation – (Note: Separately owned Control Buildings and Foundations are Assignable Facilities – not Common Facilities).

Drainage (Storm Sewers & Storm Water Facilities)

Duct System

Fence

Fire Protection

Gravel (Grading & Surfacing)

Ground Grid

Ground Stingers (Pigtails)

Landscaping

Main Termination Cabinet

Roads / Bridges

RTU

Security Equipment (Card Readers, Video Surveillance etc.)

Shield Wire - Lightning Protection (Including the lightning mast)

Substation Barriers

Substation Signage

Yard (Station) Lighting

Yard Enclosure with Common Facilities

Yard Junction Box

Yard Receptacles

Other agreed upon facilities/equipment

This list represents typical common assets unless the parties agree a particular asset is assignable.

8.3 Exhibit 3 – Listing of Common Facilities Substation Drawings

Listed below are the types of Substation Drawings that typically show Common Facilities found in Joint Use substations:

AC Panel

DC Panel

Control House Layout

Site Layout

Underground Facilities

Fence Layout

Ground Grid Layout

1 Line Diagram

3 Line diagram

Other drawings

8.4 Exhibit 4 – Examples Common Facility Calculations

Example 1 – ATC as Substation Owner

Common Facility Charge Calculation - Conveyed Substation					
2012 Common Facility Calculation Based on 2011 Plant Data					
	Substation Name	Substation B			
	State	WI			
	Billing Month	December 2012			
		Transmission	Distribution	Total	Description
1	Original Cost of Identifiable Plant as of 06-30-11	\$1,175,621.73 (ATC provides this)	\$ 962,065.17 (Customer provides this)	\$ 2,137,686.90	The Original Cost of Identifiable Plant includes the installed Cost of all distribution / transmission assets located within the ATC-owned substation facility. This does NOT include common assets.
2	Ratio	55.0%	45.0%	100.0%	The ratio is the percentage of total identifiable plant owned by each utility in the substation (Calculated).
3	Original Cost of Common Facilities as of 06-30-11	\$ 196,752.27 (ATC provides this)			For Transmission, this represents the installed cost of assets designated as Common Facilities. The Distribution value is assumed to be zero at an ATC-owned substation.
4	Original Cost of TAXABLE Common Facilities as of 06-30-11	\$ 19,954.40 (ATC provides this)			For Transmission, this represents the installed cost of taxable assets designated as Common Facilities. The Distribution value is assumed to be zero at an ATC-owned substation.
5	Accumulated Depreciation Recorded on Taxable Common Facilities as of 06-30-11	\$ 4,158.11 (ATC provides this)			For Transmission, this value is the depreciation recorded to date on the taxable assets designated as Common Facilities. The Distribution value is assumed to be zero since the LDC would not own common assets at an ATC-owned substation.
6	Net Book Value of Taxable Common Facilities as of 06-30-11	\$ 15,796.29			For Transmission, this represents the installed cost of the taxable common facilities less the depreciation to date. The distribution value is assumed to be zero since the LDC would not own or depreciate common assets at an ATC-owned substation (Calculated).
7	Original Cost of NON-TAXABLE Common Facilities as of 06-30-11	\$ 176,797.87 (ATC provides this)			For Transmission, this represents the installed cost of non-taxable assets designated as Common Facilities. The Distribution value is assumed to be zero at an ATC-owned substation.
8	Accumulated Depreciation Recorded on Non-Taxable Common Facilities as of 06-30-11	\$ 37,960.47 (ATC provides this)			For Transmission, this value is the depreciation recorded to date on the non-taxable assets designated as Common Facilities. The Distribution value is assumed to be zero since the LDC would not own common assets at an ATC-owned substation.
9	Net Book Value of Non-Taxable Common Facilities as of 06-30-11	\$ 138,837.40			For Transmission, this represents the original cost of the non-taxable common facilities less the depreciation to date. The distribution value is assumed to be zero since the LDC would not own or depreciate common assets at an ATC-owned substation (Calculated).
10	Return Component on Taxable Common Facilities (based on Net Book Value)	\$ 866.66			The Return Component is determined by multiplying the Total Cost of Capital by the Net Book Value of taxable Common Facilities by the Customer's ownership ratio (Calculated)
11	Return Component on Non-Taxable Common Facilities (based on Net Book Value)	\$ 7,617.30			The Return Component is determined by multiplying the Total Cost of Capital by the Net Book Value of non-taxable Common Facilities by the Customer's ownership ratio (Calculated).
12	Depreciation Component on Taxable Common Facilities (Percent of Original Cost)	\$ 261.26			The Depreciation Component is determined by multiplying the Original Cost of taxable Common Facilities by the Depreciation Rate by the Customer's ownership ratio (Calculated).
13	Depreciation Component on Non-Taxable Common Facilities (Percent of Original Cost)	\$ 2,314.81			The Depreciation Component is determined by multiplying the Original Cost of non-taxable Common Facilities by the Depreciation Rate by the Customer's ownership ratio (Calculated).
14	Personal Property Tax (MI Only)	\$ -			For Michigan substations, the common facilities owner may recover a portion of personal property taxes on common facilities. Use the appropriate tax rate.
15	Sales Tax	\$ -			Sales tax rate as appropriate.
16	Total Annual Facility Charge to be Invoiced by ATC	\$ 11,060.03			Tenant Pays Owner. This field adds up the Return, the Depreciation and the Sales Taxes (Calculated).

8.5 Exhibit 4 – Examples Common Facility Calculations Cont.

Example 2 – ATC as Substation Tenant

Common Facility Charge Calculation - Retained Substation					
2012 Common Facility Calculation Based on 2011 Plant Data					
	Substation Name	Substation A			
	State	MI			
	Billing Month	January			
		Distribution	Transmission	Total	Description
1	Original Cost of Identifiable Plant as of 06-30-11	\$ 558,719.24 (Customer provides this)	\$ 1,222,149.01 ³ (ATC provides this)	\$ 1,780,868.25	The Original Cost of Identifiable Plant includes the installed Cost of all distribution / transmission assets located within the Customer-owned substation facility. This does NOT include common assets.
2	Ratio	31.4%	68.6%	100.0%	The ratio is the percentage of total identifiable plant owned by each utility in the substation (Calculated).
3	Original Cost of Common Facilities as of 06-30-11	\$ 217,942.03 (Customer provides this)			For Distribution, this represents the installed cost of assets designated as Common Facilities. The Transmission value is assumed to be zero at a Customer-owned substation.
4	Original Cost of TAXABLE Common Facilities as of 06-30-11	\$ 217,942.03 (Customer provides this)			For Distribution, this represents the installed cost of taxable assets designated as Common Facilities. The Transmission value is assumed to be zero at a customer-owned substation.
5	Accumulated Depreciation Recorded on Taxable Common Facilities as of 06-30-11	\$ 13,630.73 (Customer provides this)			For Distribution, this value is the depreciation recorded to date on the taxable assets designated as Common Facilities. The Transmission value is assumed to be zero since ATC would not own any of the common assets at a Customer-owned substation.
6	Net Book Value of Taxable Common Facilities as of 06-30-11	\$ 204,311.30			For Distribution, this represents the original cost of the taxable common facilities less the depreciation to date. The Transmission value is assumed to be zero since ATC would not own or depreciate any common assets at a Customer-owned substation (Calculated).
7	Original Cost of NON-TAXABLE Common Facilities as of 06-30-11	\$ - (Customer provides this)			For Distribution, this represents the installed cost of non-taxable assets designated as Common Facilities. The Transmission value is assumed to be zero at a Customer-owned substation.
8	Accumulated Depreciation Recorded on Non-Taxable Common Facilities as of 06-30-11	\$ - (Customer provides this)			For Distribution, this value is the depreciation recorded to date on the non-taxable assets designated as Common Facilities. The Transmission value is assumed to be zero since ATC would not own common assets at a Customer-owned substation.
9	Net Book Value of Non-Taxable Common Facilities as of 06-30-11	\$ -			For Distribution, this represents the original cost of the non-taxable common facilities less the depreciation to date. The Transmission value is assumed to be zero since ATC would not own or depreciate common assets at a Customer-owned substation (Calculated).
10	Return Component on Taxable Common Facilities (based on Net Book Value)	\$ 6,200.17			The Return Component is determined by multiplying the Total Cost of Capital by the Net Book Value of taxable Common Facilities by ATC's ownership ratio (Calculated).
11	Return Component on Non-Taxable Common Facilities (based on Net Book Value)	\$ -			The Return Component is determined by multiplying the Total Cost of Capital by the Net Book Value of non-taxable Common Facilities by ATC's ownership ratio (Calculated).
12	Depreciation Component on Taxable Common Facilities (Percent of Original Cost)	\$ 3,484.89			The Depreciation Component is determined by multiplying the Original Cost of taxable Common Facilities by the Depreciation Rate by ATC's ownership ratio (Calculated).
13	Depreciation Component on Non-Taxable Common Facilities (Percent of Original Cost)	\$ -			The Depreciation Component is determined by multiplying the Original Cost of non-taxable Common Facilities by the Depreciation Rate by ATC's ownership ratio. (Calculated).
14	Personal Property Tax (MI Only)	\$ -			For Michigan substations, the common facilities owner may recover a portion of personal property taxes on common facilities. Use the appropriate tax rate.
15	Sales Tax	\$ 1,024.19			Sales tax rate as appropriate.
16	Total Annual Facility Charge to ATC	\$ 10,709.25			Tenant Pays Owner. This field adds up the Return, the Depreciation and the Sales Taxes (Calculated).

³ Note: In this example, while ATC currently owns a greater value of the Identifiable Plant in the Substation (as of 6/30/11 in the example), that was not the case when the distribution utility originally transferred its transmission facilities to ATC. Substation ownership ratios change over time due to facility improvements / changes / additions.