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June 1, 2018

By Electronic Filing

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Mid-Atlantic Interstate Transmission, LLC
Docket No. ER18-_____
2018 PTRR Informational Filing**

Dear Secretary Bose:

Pursuant to Section VI of the Mid-Atlantic Interstate Transmission, LLC, Formula Rate Implementation Protocols (Annual True-Up, Information Exchange, and Challenge Procedures)¹ (“Protocols”), Mid-Atlantic Interstate Transmission, LLC (“MAIT”) submits this informational filing of its Projected Transmission Revenue Requirement (“PTRR”) for Rate Year 2018 (“2018 PTRR”).

I. Background

On October 13, 2017, MAIT submitted its 2018 PTRR to PJM for posting. As set forth in Article III of the Offer of Settlement filed in FERC Docket No. ER17-211 on October 13, 2017 (“Offer of Settlement”), and approved by the Commission on May 21, 2018,² MAIT posted two PTRRs: (i) a PTRR (the “Effective PTRR”) developed pursuant to the MAIT formula rate template as set forth in Attachment H-28 of the PJM OATT; and (ii) a PTRR (the “Settlement PTRR”) developed pursuant to the MAIT formula rate template as provided as part of the Offer of Settlement (“Settlement Template”). As explained, MAIT posted both the Effective PTRR

¹ PJM Open Access Transmission Tariff, Attach. H-28B.

² *PJM Interconnection, L.L.C.*, 163 FERC ¶ 61,131 (2018).

and the Settlement PTRR because it did not know which template would be in effect on January 1, 2018.

MAIT held an open meeting on the 2018 PTRR with interested parties on November 29, 2017. Subsequent to the open meeting, MAIT and interested parties engaged in discovery following the information exchange provisions of Section III of the Protocols.³

Under Section VI of the Protocols, by June 1 of each Rate Year, MAIT is required to submit to the Commission in a new docket an informational filing of its PTRR for that Rate Year (“Informational Filing”). The Informational Filing must include MAIT’s Actual Transmission Revenue Requirement (“ATRR”) and True-up (defined below) reflected in the PTRR for that Rate Year.

The Informational Filing also must include information sufficient to determine:

1. that input data under the Formula Rate are properly recorded in any underlying workpapers;
2. that MAIT has properly applied the Formula Rate and these procedures;
3. the accuracy of data and the consistency with the Formula Rate of the transmission revenue requirement and rates under review;
4. the extent of Accounting Changes that affect Formula Rate inputs; and
5. the reasonableness of projected costs and the prudence of actual costs.

The Informational Filing also must describe any corrections or adjustments, and must describe all aspects of the Formula Rate or its inputs that are the subject of an ongoing dispute under the Preliminary or Formal Challenge procedures.

Finally, the Informational Filing shall include for the applicable Rate Year the following information related to affiliate cost allocation: a detailed description of the methodologies used to allocate and directly assign costs between MAIT and its affiliates by service category or function, including any changes to such cost allocation methodologies from the prior year, and the reasons and justification for those changes; the magnitude of such costs that have been allocated or directly assigned between MAIT and each affiliate by service category or function; and a copy of any service agreement between MAIT and any MAIT affiliate that went into effect during the Rate Year.

II. Description of Filing

As required under Section VI of the Protocols, this Informational Filing includes the following information.

³ Coincident with this filing, as required under Section II(B) of the Protocols, MAIT is providing its Annual Update for Rate Year 2017 to PJM for posting on the PJM website.

A. ATRR and True-up reflected in the 2018 PTRR

Under the Protocols, the ATRR is defined as:

the actual net transmission revenue requirement calculated and posted on the PJM website no later than June 1 of each year subsequent to calendar year 2017 for the immediately preceding calendar year in accordance with MAIT's Formula Rate and based upon MAIT's actual costs and expenditures.

Under the Protocols, "True-up" means the difference between the revenues collected by PJM based on the PTRR (net of the True-up from the prior year) and the ATRR for the same Rate Year. The True-up is defined as a component of the PTRR.

This Informational Filing does not include an ATRR or True-up. Because MAIT's forward-looking Formula Rate was not in effect until July 1, 2017, MAIT did not prepare projections or a related True-up for calendar year 2016. (A True-up for calendar year 2016 would have been included as a component of the 2018 PTRR.) Consequently, MAIT is not required to include an ATRR or True-up in this Informational Filing.

B. 2018 PTRR

The 2018 PTRRs, as posted on October 13, 2017, included sufficient information to determine: (i) that input data under the Formula Rate are properly recorded in any underlying workpapers; (ii) that MAIT has properly applied the Formula Rate and the Protocols; (iii) the accuracy of data and the consistency with the Formula Rate of the transmission revenue requirement and rates under review; (iv) the extent of Accounting Changes that affect Formula Rate inputs; and (v) the reasonableness and prudence of actual or projected costs.

The 2018 PTRRs, as posted, are attached as Attachment A to this Informational Filing.

C. Corrections or Adjustments

N/A

D. Ongoing Disputes

There are no ongoing disputes concerning the 2018 PTRR.

E. Affiliate Cost Allocation

Under the Protocols, “Rate Year” is defined as “the twelve consecutive month period that begins on January 1 and continues through December 31.” For this provision of the Protocols, MAIT is utilizing the most recent complete calendar year as the “Rate Year”—i.e., 2017.

A detailed description of the methodologies used to allocate and directly assign costs between MAIT and its affiliates by service category or function may be found in the cost allocation methodologies set forth in the Service Agreement entered into between FirstEnergy Service Company and each of the associate companies listed therein. There were no changes to the methodologies in the Rate Year. A copy of the Service Agreement is attached as Attachment B to this Informational Filing.

The magnitude of such costs that have been allocated or directly assigned between MAIT and each affiliate by service category or function may be found on Pages 429, 429.1, 429.2, 450.1, 450.2, 450.3, 450.4, and 450.5 of MAIT’s most recent FERC Form 1. The relevant pages are attached as Attachment C to this Informational Filing.

The Protocols also require copies of any service agreement between MAIT and any MAIT affiliate that went into effect during the Rate Year. A copy of the Service Agreement is attached as Attachment B. Copies of the Revised Amended and Restated Mutual Assistance Agreement, the Ground Lease Between Metropolitan Edison Company and MAIT, and the Ground Lease Between Pennsylvania Electric Company and MAIT are attached as Attachment D to this Informational Filing. These four agreements went into effect in their current versions during the Rate Year. The Service Agreement and Revised and Restated Mutual Assistance Agreement were existing agreements revised to incorporate MAIT and the two ground leases were established in connection with the initial transfer of assets to MAIT.

F. Informational Purposes Only

As specified in Section VI of the Protocols, this filing is informational only. Any challenges to the implementation of the MAIT Formula Rate must be made through the challenge procedures described in Section IV of the Protocols or in a separate complaint proceeding, and not in response to this Informational Filing.

Honorable Kimberly D. Bose
June 1, 2018
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III. Communications

Communications with respect to the Information Filing should be directed to the following individuals whose names should be entered on the official service list for this docket.⁴

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IV. Notice and Service

As required by Section VI of the Protocols, within five (5) days of the submission of this Informational Filing, MAIT shall coordinate with PJM to provide notice of the Informational Filing via an email exploder list and by posting the docket number assigned to this Informational Filing on the PJM website.⁵

MAIT has served a copy of this Informational Filing on the parties listed on the Commission's official service list for Docket No. ER17-211.

⁴ MAIT requests waiver of 18 C.F.R. § 385.203(b)(3) to the extent necessary to include more than two names on the official service list.

⁵ This notice is subject to the protection of any confidential information contained in the Informational Filing, as needed, under non-disclosure agreements that are based on the Commission's Model Protective Order.

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V. Conclusion

Please contact the undersigned with any questions regarding this matter.

Respectfully submitted,

/s/ Mike Naeve

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Attachment A
2018 PTRR

Effective PTRR

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|----------|---|--|---------------------------|------------------|----------------------|
| | | | | | Allocated Amount |
| 1 | GROSS REVENUE REQUIREMENT [page 3, line 43, col 5] | | | | \$ 162,741,395 |
| | REVENUE CREDITS | (Note T) | <u>Total</u> | <u>Allocator</u> | |
| 2 | Account No. 451 | (page 4, line 29) | - | TP 1.00000 | - |
| 3 | Account No. 454 | (page 4, line 30) | 3,761,088 | TP 1.00000 | 3,761,088 |
| 4 | Account No. 456 | (page 4, line 31) | 1,397,264 | TP 1.00000 | 1,397,264 |
| 5 | Revenues from Grandfathered Interzonal Transactions | | - | TP 1.00000 | - |
| 6 | Revenues from service provided by the ISO at a discount | | - | TP 1.00000 | - |
| 7 | TEC Revenue | Attachment 11, Page 2, Line 3, Col. 12 | <u>6,724,340</u> | TP 1.00000 | <u>6,724,340</u> |
| 8 | TOTAL REVENUE CREDITS (sum lines 2-7) | | 11,882,692 | | 11,882,692 |
| 9 | True-up Adjustment with Interest | Attachment 13, Line 28 | | | - |
| 10 | NET REVENUE REQUIREMENT | (Line 1 - Line 8 + Line 9) | | | \$ 150,858,703 |
| | DIVISOR | | | | <u>Total</u> |
| 11 | 1 Coincident Peak (CP) (MW) | | | (Note A) | 5,786.8 |
| 12 | Average 12 CPs (MW) | | | (Note CC) | 5,063.5 |
| 13 | Annual Rate (\$/MW/Yr) | (line 10 / line 11) | <u>Total</u> 26,069.39 | | |
| | | | <u>Peak Rate</u> | | <u>Off-Peak Rate</u> |
| 14 | Point-to-Point Rate (\$/MW/Year) | (line 10 / line 12) | 29,793.13 | | 29,793.13 |
| 15 | Point-to-Point Rate (\$/MW/Month) | (line 14/12) | 2,482.76 | | 2,482.76 |
| 16 | Point-to-Point Rate (\$/MW/Week) | (line 14/52) | 572.94 | | 572.94 |
| 17 | Point-to-Point Rate (\$/MW/Day) | (line 16/5; line 16/7) | 114.59 | | 81.85 |
| 18 | Point-to-Point Rate (\$/MWh) | (line 14/4,160; line 14/8,760) | 7.16 | | 3.40 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|---------------------------------|---|--|----------------------|-----------|-------------------------------------|
| | | Source | Company Total | Allocator | Transmission (Col 3 times Col 4) |
| RATE BASE: | | | | | |
| GROSS PLANT IN SERVICE | | | | | |
| 1 | Production | Attachment 3, Line 14, Col. 1 (Notes U & X) | - | NA | - |
| 2 | Transmission | Attachment 3, Line 14, Col. 2 (Notes U & X) | 1,219,721,068 | TP | 1,219,721,068 |
| 3 | Distribution | Attachment 3, Line 14, Col. 3 (Notes U & X) | - | NA | - |
| 4 | General & Intangible | Attachment 3, Line 14, Col. 4 & 5 (Notes U & X) | 40,516,028 | W/S | 40,516,028 |
| 5 | Common | Attachment 3, Line 14, Col. 6 (Notes U & X) | - | CE | - |
| 6 | TOTAL GROSS PLANT (sum lines 1-5) | | <u>1,260,237,097</u> | GP= | <u>1,260,237,097</u> |
| ACCUMULATED DEPRECIATION | | | | | |
| 7 | Production | Attachment 4, Line 14, Col. 1 (Notes U & X) | - | NA | - |
| 8 | Transmission | Attachment 4, Line 14, Col. 2 (Notes U & X) | 353,676,488 | TP | 353,676,488 |
| 9 | Distribution | Attachment 4, Line 14, Col. 3 (Notes U & X) | - | NA | - |
| 10 | General & Intangible | Attachment 4, Line 14, Col. 4 & 5 (Notes U & X) | 6,319,769 | W/S | 6,319,769 |
| 11 | Common | Attachment 4, Line 14, Col. 6 (Notes U & X) | - | CE | - |
| 12 | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) | | <u>359,996,256</u> | | <u>359,996,256</u> |
| NET PLANT IN SERVICE | | | | | |
| 13 | Production | (line 1 - line 7) | - | | - |
| 14 | Transmission | (line 2 - line 8) | 866,044,581 | | 866,044,581 |
| 15 | Distribution | (line 3 - line 9) | - | | - |
| 16 | General & Intangible | (line 4 - line 10) | 34,196,260 | | 34,196,260 |
| 17 | Common | (line 5 - line 11) | - | | - |
| 18 | TOTAL NET PLANT (sum lines 13-17) | | <u>900,240,840</u> | NP= | <u>900,240,840</u> |
| ADJUSTMENTS TO RATE BASE | | | | | |
| 19 | Account No. 281 (enter negative) | Attachment 5, Line 3, Col. 1 (Notes F & Y & DD) | - | NA | - |
| 20 | Account No. 282 (enter negative) | Attachment 5, Line 3, Col. 2 (Notes F & Y & DD) | (241,706,999) | NP | (241,706,999) |
| 21 | Account No. 283 (enter negative) | Attachment 5, Line 3, Col. 3 (Notes F & Y & DD) | (6,249,455) | NP | (6,249,455) |
| 22 | Account No. 190 | Attachment 5, Line 3, Col. 4 (Notes F & Y & DD) | 4,674,302 | NP | 4,674,302 |
| 23 | Account No. 255 (enter negative) | Attachment 5, Line 3, Col. 5 (Notes F & Y & DD) | (2,379,313) | NP | (2,379,313) |
| 24 | Unfunded Reserve Plant-related (enter negative) | Attachment 14, Line 6, Col. 6 (Note Y) | - | NP | - |
| 25 | Unfunded Reserve Labor-related (enter negative) | Attachment 14, Line 9, Col. 6 (Note Y) | - | W/S | - |
| 26 | CWIP | 216.b (Notes X & Z) | - | DA | - |
| 27 | Unamortized Regulatory Asset | Attachment 16a, 16b, 16c, line 15, Col. 7 (Notes X) | 13,989,639 | DA | 13,989,639 |
| 28 | Unamortized Abandoned Plant | Attachment 17, Line 15, Col. 7 (Notes X & BB) | - | DA | - |
| 29 | TOTAL ADJUSTMENTS (sum lines 19-28) | | <u>(231,671,825)</u> | | <u>(231,671,825)</u> |
| 30 | LAND HELD FOR FUTURE USE | 214.x.d (Attachment 14, Line 3, Col. 1) (Notes G & Y) | - | TP | - |
| 31 | WORKING CAPITAL (Note H) | | | | |
| 32 | CWC | 1/8*(Page 3, Line 15 minus Page 3, Lines 11 & 12) | 6,809,443 | | 6,675,428 |
| 33 | Materials & Supplies (Note G) | 227.8.c & .16.c (Attachment 14, Line 3, Col. 2) (Note Y) | - | TE | - |
| 34 | Prepayments (Account 165) | 111.57.c (Attachment 14, Line 3, Col. 3) (Notes B & Y) | 545,482 | GP | 545,482 |
| 35 | TOTAL WORKING CAPITAL (sum lines 32 - 34) | | <u>7,354,925</u> | | <u>7,220,911</u> |
| 36 | RATE BASE (sum lines 18, 29, 30, & 35) | | <u>675,923,941</u> | | <u>675,789,926</u> |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|---|--|---|---------------|-------------|-------------------------------------|
| | | Source | Company Total | Allocator | Transmission (Col 3 times Col 4) |
| O&M | | | | | |
| 1 | Transmission | 321.112.b | 54,706,299 | TE 0.98040 | 53,634,183 |
| 2 | Less LSE Expenses Included in Transmission | O&M Accounts (Note W) | - | DA 1.00000 | - |
| 3 | Less Account 565 | 321.96.b | - | DA 1.00000 | - |
| 4 | Less Account 566 | 321.97.b | 5,466,499 | DA 1.00000 | 5,466,499 |
| 5 | A&G | 323.197.b | 1,141,284 | W/S 1.00000 | 1,141,284 |
| 6 | Less FERC Annual Fees | | - | W/S 1.00000 | - |
| 7 | Less EPRI & Reg. Comm. Exp. & Non-safety Ad. | (Note I) | - | W/S 1.00000 | - |
| 8 | Plus Transmission Related Reg. Comm. Exp. | (Note I) | - | TE 0.98040 | - |
| 9 | PBOP Expense Adjustment in Year | Attachment 6, Line 9 | (1,372,039) | DA 1.00000 | (1,372,039) |
| 10 | Common | 356.1 | - | CE 1.00000 | - |
| 11 | Account 407.3 Amortization of Regulatory Assets | Attachment 16a, 16b, 16c, Line 15, Col. 5 | 2,631,904 | DA 1.00000 | 2,631,904 |
| 12 | Account 566 Amortization of Regulatory Assets | 321.97.b (notes) | - | DA 1.00000 | - |
| 13 | Acct. 566 Miscellaneous Transmission Expense (less amortization of regulatory asset) | 321.97.b - line 12 | 5,466,499 | DA 1.00000 | 5,466,499 |
| 14 | Total Account 566 (sum lines 12 & 13, ties to 321.97.b) | | 5,466,499 | | 5,466,499 |
| 15 | TOTAL O&M (sum lines 1, 5, 8, 9, 10, 11, 14 less 2, 3, 4, 6, 7) | | 57,107,448 | | 56,035,331 |
| DEPRECIATION AND AMORTIZATION EXPENSE | | | | | |
| 16 | Transmission | 336.7.b (Note U) | 27,133,954 | TP 1.00000 | 27,133,954 |
| 17 | General & Intangible | 336.1.f & 336.10.f (Note U) | 845,385 | W/S 1.00000 | 845,385 |
| 18 | Common | 336.11.b (Note U) | - | CE 1.00000 | - |
| 19 | Amortization of Abandoned Plant | Attachment 17, Line 15, Col. 5 (Note BB) | - | DA 1.00000 | - |
| 20 | TOTAL DEPRECIATION (sum lines 16 - 19) | | 27,979,340 | | 27,979,340 |
| TAXES OTHER THAN INCOME TAXES (Note J) | | | | | |
| LABOR RELATED | | | | | |
| 21 | Payroll | 263.i (Attachment 7, line 1z) | - | W/S 1.00000 | - |
| 22 | Highway and vehicle | 263.i (Attachment 7, line 2z) | - | W/S 1.00000 | - |
| 23 | PLANT RELATED | | | | |
| 24 | Property | 263.i (Attachment 7, line 3z) | 60,727 | GP 1.00000 | 60,727 |
| 25 | Gross Receipts | 263.i (Attachment 7, line 4z) | - | NA | - |
| 26 | Other | 263.i (Attachment 7, line 5z) | - | GP 1.00000 | - |
| 27 | Payments in lieu of taxes | Attachment 7, line 6z | - | GP 1.00000 | - |
| 28 | TOTAL OTHER TAXES (sum lines 21 - 27) | | 60,727 | | 60,727 |
| INCOME TAXES (Note K) | | | | | |
| 29 | T=1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) = | | 41.49% | | |
| 30 | CIT=(T/1-T) * (1-(WCLTD/R)) = where WCLTD=(page 4, line 22) and R=(page 4, line 25) and FIT, SIT & p are as given in footnote K. | | 50.33% | | |
| 31 | 1 / (1 - T) = (from line 29) | | 1.7092 | | |
| 32 | Amortized Investment Tax Credit (266.8.f) (enter negative) | | (170,383) | | |
| 33 | Tax Effect of Permanent Differences and AFUDC Equity (Attachment 15, Line 1, Col. 3) [Notes D & Y] | | 130,585 | | |
| 34 | (Excess)/Deficient Deferred Income Taxes (Attachment 15, Lines 2 & 3, Col. 3) [Notes E & Y] | | - | | |
| 35 | Income Tax Calculation = line 30 * line 40 | | 26,365,528 | NA | 26,360,300 |
| 36 | ITC adjustment (line 31 * line 32) | | (291,220) | NP 1.00000 | (291,220) |
| 37 | Permanent Differences and AFUDC Equity Tax Adjustment (line 31 * line 33) | | 223,197 | DA 1.00000 | 223,197 |
| 38 | (Excess)/Deficient Deferred Income Tax Adjustment (line 31 * line 34) | | - | DA 1.00000 | - |
| 39 | Total Income Taxes (sum lines 35 through 38) | | 26,297,505 | | 26,292,278 |
| 40 | RETURN [Rate Base (page 2, line 36) * Rate of Return (page 4, line 25)] | | 52,384,105.41 | NA | 52,373,719 |
| 41 | GROSS REV. REQUIREMENT (WITHOUT INCENTIVE) (sum lines 15, 20, 28, 39, 40) | | 163,829,124 | | 162,741,395 |
| 42 | ADDITIONAL INCENTIVE REVENUE (Attachment 11, Line 4 (Note AA)) | | 0 | | 0 |
| 43 | GROSS REV. REQUIREMENT (line 41 + line 42) | | 163,829,124 | | 162,741,395 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

Mid-Atlantic Interstate Transmission, LLC

SUPPORTING CALCULATIONS AND NOTES

| Line No. | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|-------------|------------|-----|---------------------|-------------------|
| TRANSMISSION PLANT INCLUDED IN ISO RATES | | | | | | |
| 1 | Total transmission plant (page 2, line 2, column 3) | | | | | 1,219,721,068 |
| 2 | Less transmission plant excluded from ISO rates (Note M) | | | | | - |
| 3 | Less transmission plant included in OATT Ancillary Services (Note N) | | | | | - |
| 4 | Transmission plant included in ISO rates (line 1 less lines 2 & 3) | | | | | 1,219,721,068 |
| 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) | | | | | 54,706,299 |
| 7 | Less transmission expenses included in OATT Ancillary Services (Note L) | | | | | 1,072,116 |
| 8 | Included transmission expenses (line 6 less line 7) | | | | | 53,634,183 |
| 9 | Percentage of transmission expenses after adjustment (line 8 divided by line 6) | | | | | 0.98040 |
| 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= | 0.98040 |
| WAGES & SALARY ALLOCATOR (W&S) | | | | | | |
| | Form 1 Reference | \$ | TP | | Allocation | |
| 12 | Production 354.20.b | - | 0.00 | | - | |
| 13 | Transmission 354.21.b | - | 1.00 | | - | |
| 14 | Distribution 354.23.b | - | 0.00 | | - | W&S Allocator |
| 15 | Other 354.24,25,26.b | - | 0.00 | | - | (\$ / Allocation) |
| 16 | Total (sum lines 12-15) | - | - | | - | = 1.00000 = WS |
| COMMON PLANT ALLOCATOR (CE) (Note O) | | | | | | |
| | | \$ | | | % Electric | W&S Allocator |
| 17 | Electric 200.3.c | - | | | (line 17 / line 20) | (line 16) |
| 18 | Gas 201.3.d | - | | | 1.00000 * | 1.00000 |
| 19 | Water 201.3.e | - | | | | = |
| 20 | Total (sum lines 17 - 19) | - | | | | CE 1.00000 |
| RETURN (R) | | | | | | |
| 21 | Preferred Dividends (118.29c) (positive number) | | | | | \$ - |
| Cost Allocation | | | | | | |
| | | \$ | (Note C) % | | Cost (Note P) | Weighted |
| 22 | Long Term Debt (112.24.c) (Attachment 8, Line 14, Col. 7) (Note X) | 276,923,077 | 50% | | 0.0450 | 0.0225 =WCLTD |
| 23 | Preferred Stock (112.3d) (Attachment 8, Line 14, Col. 2) (Note X) | - | 0% | | 0.0000 | 0.0000 |
| 24 | Common Stock (Attachment 8, Line 14, Col. 6) (Note X) | 562,476,500 | 50% | | 0.1100 | 0.0550 |
| 25 | Total (sum lines 22-24) | 839,399,577 | | | | 0.0775 =R |
| REVENUE CREDITS | | | | | | |
| ACCOUNT 447 (SALES FOR RESALE) | | | | | | |
| 26 | a. Bundled Non-RQ Sales for Resale (311.x.h) | (310-311) | (Note Q) | | | - |
| 27 | b. Bundled Sales for Resale included in Divisor on page 1 | | | | | - |
| 28 | Total of (a)-(b) | | | | | - |
| 29 | ACCOUNT 451 (MISCELLANEOUS SERVICE REVENUE) (Note S) | | (300.17.b) | | | - |
| 30 | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R) | | (300.19.b) | | | 3,761,088 |
| 31 | ACCOUNT 456 (OTHER ELECTRIC REVENUE) (Note V) | | (330.x.n) | | | 1,397,264 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

Mid-Atlantic Interstate Transmission, 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 As provided by PJM and in effect at the time of the annual rate calculations pursuant to Section 34.1 of the PJM OATT. Includes combined CPs for Met-Ed and Penelec zones.
 - B Prepayments shall exclude prepayments of income taxes.
 - C In its order approving the transfer of Penelec's and Met-Ed's transmission assets to MAIT, the Commission approved MAIT's commitment to apply a 50 percent equity/50 percent debt capital structure for ratemaking purposes for a two-year transition period. Pennsylvania Electric, 154 FERC ¶ 61,109 at P 51. Consequently, for the first two years (i.e., calendar years 2017 and 2018) the hypothetical capital structure will be used instead of the actual calculation. The capital structure will remain 50% equity and 50% debt until calendar year 2019, in which case actual capital structure will prevail and be utilized for all subsequent filings.
 - D 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.
 - E Upon enactment of changes in tax law, income tax rates (including changes in apportionment) and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes. Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes. Amounts to be included will be January 1, 2017 and thereafter.
 - F The balances in Accounts 190, 281, 282 and 283, should exclude all FASB 106 or 109 related amounts. For example, any and all amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109 should be excluded. The 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 15, column 5 minus amortization of regulatory assets (page 3, lines 11 & 12, col. 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 7 - 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 8 - 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 31).
- | | | |
|--------|-------|---|
| Inputs | FIT = | 35.00% |
| | SIT = | 9.99% (State Income Tax Rate or Composite SIT) |
| | p = | (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 - 561.3, and 561.BA., and related to 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.
 - 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 will be set at 4.5% until such time as debt is issued by MAIT. Once debt is issued, the long-term debt cost rate will be the weighted average of the rates for all outstanding debt instruments, calculated within Attachment 10, col. j. Consistent with Note C, there will be no preferred stock cost, consistent with MAIT's commitment to use a hypothetical 50%/50% capital structure until calendar year 2019. Thereafter, Preferred cost rate = preferred dividends (line 21) / preferred outstanding (line 23). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
 - Q Line 28 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 Excludes revenues unrelated to transmission services.
 - T The revenues credited on page 1, lines 2-6 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, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template. The revenue on line 7 is supported by its own reference.
 - U Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
 - V On Page 4, Line 31, enter revenues from RTO settlements that are associated with NITS and firm Point-to-Point Service for which the load is not included in the divisor to derive Met-Ed's and Penelec's zonal rates. Exclude non-firm Point-to-Point revenues and revenues related to RTEP projects.
 - W Account Nos. 561.4, 561.8, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
 - X Calculate using a 13 month average balance.
 - Y Calculate using average of beginning and end of year balance.
 - Z Includes only CWIP authorized by the Commission for inclusion in rate base.
 - AA Any actual ROE incentive must be approved by the Commission; therefore, line will remain zero until a project(s) is granted an ROE incentive adder.
 - BB 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.
 - CC Peak as would be reported on page 401, column d of Form 1 at the time of Met-Ed's and Penelec's zonal peak for the twelve month period ending October 31 of the calendar year used to calculate rates. The projection year will utilize the most recent preceding 12-month period at the time of the filing.
 - DD Includes transmission-related balance only.

Schedule 1A Rate Calculation

| | | |
|---|--------------|---|
| 1 | \$ 1,072,116 | Attachment H-28A, Page 4, Line 7 |
| 2 | \$ 103,341 | Revenue Credits for Sched 1A - Note A |
| 3 | \$ 968,775 | Net Schedule 1A Expenses (Line 1 - Line 2) |
| 4 | 28,891,661 | Annual MWh in Met-Ed and Penelec Zones - Note B |
| 5 | \$ 0.0335 | Schedule 1A rate \$/MWh (Line 3/ Line 4) |

Note:

- A Revenues received pursuant to PJM Schedule 1A revenue allocation procedures for transmission service outside of Met-Ed's and Penelec's zones during the year used to calculate rates under Attachment H-28A.
- B Load expressed in MWh consistent with load used for billing under Schedule 1A for the Met-Ed and Penelec zones. Data from RTO settlement systems for the calendar year prior to the rate year.

Incentive ROE Calculation

| Return Calculation | | Source Reference | | |
|--------------------|---|---|---|------------|
| 1 | Rate Base | Attachment H-28A, page 2, Line 36, Col. 5 | 675,789,926 | |
| 2 | Preferred Dividends | enter positive | 0 | |
| Common Stock | | | | |
| 3 | Proprietary Capital | Attachment 8, Line 14, Col. 1 | 786,068,470 | |
| 4 | Less Preferred Stock | Attachment 8, Line 14, Col. 2 | 0 | |
| 5 | Less Accumulated Other Comprehensive Income Account 219 | Attachment 8, Line 14, Col. 4 | 0 | |
| 6 | Less Account 216.1 & Goodwill | Attachment 8, Line 14, Col. 3 & 5 | 223,591,970 | |
| 7 | Common Stock | Attachment 8, Line 14, Col. 6 | 562,476,500 | |
| Capitalization | | | | |
| 8 | Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 3 | 276,923,077 | |
| 9 | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 3 | 0 | |
| 10 | Common Stock | Attachment H-28A, page 4, Line 24, Col. 3 | 562,476,500 | |
| 11 | Total Capitalization | Attachment H-28A, page 4, Line 25, Col. 3 | 839,399,577 | |
| 12 | Debt % | Total Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 4 | 50.0000% |
| 13 | Preferred % | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 4 | 0.0000% |
| 14 | Common % | Common Stock | Attachment H-28A, page 4, Line 24, Col. 4 | 50.0000% |
| 15 | Debt Cost | Total Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 5 | 0.0450 |
| 16 | Preferred Cost | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 5 | 0.0000 |
| 17 | Common Cost | Common Stock | 11.00% | 0.1100 |
| 18 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 12 * Line 15) | 0.0225 |
| 19 | Weighted Cost of Preferred | Preferred Stock | (Line 13 * Line 16) | 0.0000 |
| 20 | Weighted Cost of Common | Common Stock | (Line 14 * Line 17) | 0.0550 |
| 21 | Rate of Return on Rate Base (ROR) | | (Sum Lines 18 to 20) | 0.0775 |
| 22 | Investment Return = Rate Base * Rate of Return | | (Line 1 * Line 21) | 52,373,719 |

| Income Taxes | | | |
|------------------|---|---|---------------|
| Income Tax Rates | | | |
| 23 | $T = 1 - (((1 - \text{SIT}) * (1 - \text{FIT})) / (1 - \text{SIT} * \text{FIT} * p)) =$ | Attachment H-28A, page 3, Line 29, Col. 3 | 41.49% |
| 24 | $\text{CIT} = (T / (1 - T)) * (1 - (\text{WCLTD} / \text{R})) =$ | Calculated | 50.33% |
| 25 | $1 / (1 - T) =$ (from line 23) | Attachment H-28A, page 3, Line 31, Col.3 | 1.7092 |
| 26 | Amortized Investment Tax Credit (266.8.f) (enter negative) | Attachment H-28A, page 3, Line 32, Col. 3 | (170,382.72) |
| 27 | Tax Effect of Permanent Differences and AFUDC Equity (Excess)/Deficient Deferred Income Taxes | Attachment H-28A, page 3, Line 33, Col. 3 | 130,585.00 |
| 28 | Income Tax Calculation | Attachment H-28A, page 3, Line 34, Col. 3 | - |
| 29 | ITC adjustment | (line 22 * line 24) | 26,360,300.34 |
| 30 | Permanent Differences and AFUDC Equity Tax Adjustment (Excess)/Deficient Deferred Income Tax Adjustment | (line 25 * line 26) | (291,220.16) |
| 31 | | Attachment H-28A, page 3, Line 37, Col. 3 | 223,197.42 |
| 32 | | Attachment H-28A, page 3, Line 38, Col. 3 | - |
| 33 | Total Income Taxes | Sum lines 29 to 32 | 26,292,277.60 |

| Increased Return and Taxes | | | |
|----------------------------|---|---|----------------|
| 34 | Return and Income taxes with increase in ROE | (Line 22 + Line 33) | 78,665,996.88 |
| 35 | Return without incentive adder | Attachment H-28A, Page 3, Line 40, Col. 5 | 52,373,719.28 |
| 36 | Income Tax without incentive adder | Attachment H-28A, Page 3, Line 39, Col. 5 | 26,292,277.60 |
| 37 | Return and Income taxes <u>without</u> increase in ROE | Line 35 + Line 36 | 78,665,996.88 |
| 38 | Return and Income taxes with increase in ROE | Line 34 | 78,665,996.88 |
| 39 | Incremental Return and incomes taxes for increase in ROE | Line 38 - Line 37 | - |
| 40 | Rate Base | Line 1 | 675,789,926.20 |
| 41 | Incremental Return and incomes taxes for increase in ROE divided by rate base | Line 39 / Line 40 | - |

Notes:
Line 17 to include an incentive ROE that is used only to determine the increase in return and incomes taxes associated with a specific increase in ROE. Any actual ROE incentive must be approved by the Commission. Until an ROE incentive is approved, line 17 will reflect the current ROE.

Gross Plant Calculation

For the 12 months ended 12/31/2018

| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] | |
|----|------------------|------------|--------------|---------------|------------|---------|------------|-------|---------------|
| | | Production | Transmission | Distribution | Intangible | General | Common | Total | |
| 1 | December | 2017 | - | 1,133,031,967 | - | - | 35,818,555 | - | 1,168,850,522 |
| 2 | January | 2018 | - | 1,135,039,334 | - | - | 37,384,342 | - | 1,172,423,677 |
| 3 | February | 2018 | - | 1,137,852,749 | - | - | 37,578,294 | - | 1,175,431,043 |
| 4 | March | 2018 | - | 1,141,895,513 | - | - | 39,035,332 | - | 1,180,930,845 |
| 5 | April | 2018 | - | 1,146,135,029 | - | - | 39,210,019 | - | 1,185,345,048 |
| 6 | May | 2018 | - | 1,213,816,117 | - | - | 39,408,566 | - | 1,253,224,684 |
| 7 | June | 2018 | - | 1,238,268,761 | - | - | 39,540,996 | - | 1,277,809,757 |
| 8 | July | 2018 | - | 1,245,391,101 | - | - | 39,837,486 | - | 1,285,228,587 |
| 9 | August | 2018 | - | 1,251,552,217 | - | - | 40,291,625 | - | 1,291,843,842 |
| 10 | September | 2018 | - | 1,258,243,444 | - | - | 42,140,943 | - | 1,300,384,387 |
| 11 | October | 2018 | - | 1,269,621,583 | - | - | 43,833,835 | - | 1,313,455,419 |
| 12 | November | 2018 | - | 1,280,819,355 | - | - | 44,351,087 | - | 1,325,170,443 |
| 13 | December | 2018 | - | 1,404,706,717 | - | - | 48,277,288 | - | 1,452,984,005 |
| 14 | 13-month Average | [A] [C] | - | 1,219,721,068 | - | - | 40,516,028 | - | 1,260,237,097 |

| | | | Production | Transmission | Distribution | Intangible | General | Common | Total |
|----|------------------|------|------------|---------------|--------------|------------|------------|--------|---------------|
| | | [B] | 205.46.g | 207.58.g | 207.75.g | 205.5.g | 207.99.g | 356.1 | |
| 15 | December | 2017 | - | 1,133,036,067 | - | - | 35,818,555 | - | 1,168,854,622 |
| 16 | January | 2018 | - | 1,135,043,435 | - | - | 37,384,342 | - | 1,172,427,777 |
| 17 | February | 2018 | - | 1,137,856,849 | - | - | 37,578,294 | - | 1,175,435,143 |
| 18 | March | 2018 | - | 1,141,899,614 | - | - | 39,035,332 | - | 1,180,934,946 |
| 19 | April | 2018 | - | 1,146,139,130 | - | - | 39,210,019 | - | 1,185,349,149 |
| 20 | May | 2018 | - | 1,213,820,218 | - | - | 39,408,566 | - | 1,253,228,784 |
| 21 | June | 2018 | - | 1,238,272,861 | - | - | 39,540,996 | - | 1,277,813,857 |
| 22 | July | 2018 | - | 1,245,395,202 | - | - | 39,837,486 | - | 1,285,232,688 |
| 23 | August | 2018 | - | 1,251,556,317 | - | - | 40,291,625 | - | 1,291,847,942 |
| 24 | September | 2018 | - | 1,258,247,544 | - | - | 42,140,943 | - | 1,300,388,487 |
| 25 | October | 2018 | - | 1,269,625,684 | - | - | 43,833,835 | - | 1,313,459,519 |
| 26 | November | 2018 | - | 1,280,823,456 | - | - | 44,351,087 | - | 1,325,174,543 |
| 27 | December | 2018 | - | 1,404,710,818 | - | - | 48,277,288 | - | 1,452,988,106 |
| 28 | 13-month Average | | - | 1,219,725,169 | - | - | 40,516,028 | - | 1,260,241,197 |

| Asset Retirement Costs | | | Production | Transmission | Distribution | Intangible | General | Common |
|------------------------|------------------|------|------------|--------------|--------------|-----------------|----------|-----------------|
| | | [B] | 205.44.g | 207.57.g | 207.74.g | company records | 207.98.g | company records |
| 29 | December | 2017 | - | 4,100 | - | - | - | - |
| 30 | January | 2018 | - | 4,100 | - | - | - | - |
| 31 | February | 2018 | - | 4,100 | - | - | - | - |
| 32 | March | 2018 | - | 4,100 | - | - | - | - |
| 33 | April | 2018 | - | 4,100 | - | - | - | - |
| 34 | May | 2018 | - | 4,100 | - | - | - | - |
| 35 | June | 2018 | - | 4,100 | - | - | - | - |
| 36 | July | 2018 | - | 4,100 | - | - | - | - |
| 37 | August | 2018 | - | 4,100 | - | - | - | - |
| 38 | September | 2018 | - | 4,100 | - | - | - | - |
| 39 | October | 2018 | - | 4,100 | - | - | - | - |
| 40 | November | 2018 | - | 4,100 | - | - | - | - |
| 41 | December | 2018 | - | 4,100 | - | - | - | - |
| 42 | 13-month Average | | - | 4,100 | - | - | - | - |

Notes:

[A] Included on Attachment H-28A, page 2, lines 1-6, Col. 3

[B] Reference for December balances as would be reported in FERC Form 1.

[C] Balance excludes Asset Retirements Costs

Accumulated Depreciation Calculation

For the 12 months ended 12/31/2018

| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] | |
|----|-------------------------|----------------|--------------|--------------------|------------|---------|------------------|-------|--------------------|
| | | Production | Transmission | Distribution | Intangible | General | Common | Total | |
| 1 | December | 2017 | - | 357,773,407 | - | - | 6,298,607 | - | 364,072,014 |
| 2 | January | 2018 | - | 359,096,733 | - | - | 6,259,209 | - | 365,355,942 |
| 3 | February | 2018 | - | 359,771,111 | - | - | 6,298,266 | - | 366,069,376 |
| 4 | March | 2018 | - | 359,038,620 | - | - | 6,256,940 | - | 365,295,560 |
| 5 | April | 2018 | - | 358,097,781 | - | - | 6,299,077 | - | 364,396,858 |
| 6 | May | 2018 | - | 353,434,789 | - | - | 6,350,954 | - | 359,785,744 |
| 7 | June | 2018 | - | 352,642,169 | - | - | 6,407,689 | - | 359,049,858 |
| 8 | July | 2018 | - | 353,244,176 | - | - | 6,454,349 | - | 359,698,525 |
| 9 | August | 2018 | - | 353,153,749 | - | - | 6,491,737 | - | 359,645,486 |
| 10 | September | 2018 | - | 352,123,155 | - | - | 6,442,051 | - | 358,565,206 |
| 11 | October | 2018 | - | 350,325,833 | - | - | 6,299,916 | - | 356,625,749 |
| 12 | November | 2018 | - | 348,641,504 | - | - | 6,237,886 | - | 354,879,390 |
| 13 | December | 2018 | - | 340,451,312 | - | - | 6,060,313 | - | 346,511,625 |
| 14 | 13-month Average | [A] [C] | - | 353,676,488 | - | - | 6,319,769 | - | 359,996,256 |

| | | | Production | Transmission | Distribution | Intangible | General | Common | Total |
|----|-------------------------|------|-------------|--------------------|--------------|------------|------------------|--------|--------------------|
| | | [B] | 219.20-24.c | 219.25.c | 219.26.c | 200.21.c | 219.28.c | 356.1 | |
| 15 | December | 2017 | | 357,775,364 | | | 6,298,607 | | 364,073,971 |
| 16 | January | 2018 | | 359,098,681 | | | 6,259,209 | | 365,357,890 |
| 17 | February | 2018 | | 359,773,049 | | | 6,298,266 | | 366,071,315 |
| 18 | March | 2018 | | 359,040,549 | | | 6,256,940 | | 365,297,489 |
| 19 | April | 2018 | | 358,099,701 | | | 6,299,077 | | 364,398,778 |
| 20 | May | 2018 | | 353,436,699 | | | 6,350,954 | | 359,787,654 |
| 21 | June | 2018 | | 352,644,069 | | | 6,407,689 | | 359,051,759 |
| 22 | July | 2018 | | 353,246,067 | | | 6,454,349 | | 359,700,416 |
| 23 | August | 2018 | | 353,155,631 | | | 6,491,737 | | 359,647,367 |
| 24 | September | 2018 | | 352,125,027 | | | 6,442,051 | | 358,567,078 |
| 25 | October | 2018 | | 350,327,695 | | | 6,299,916 | | 356,627,611 |
| 26 | November | 2018 | | 348,643,357 | | | 6,237,886 | | 354,881,243 |
| 27 | December | 2018 | | 340,453,156 | | | 6,060,313 | | 346,513,469 |
| 28 | 13-month Average | | - | 353,678,388 | - | - | 6,319,769 | - | 359,998,157 |

| Reserve for Depreciation of Asset Retirement Costs | | | Production | Transmission | Distribution | Intangible | General | Common | |
|---|-------------------------|------|-----------------|--------------|--------------|------------|---------|--------|--|
| | | [B] | Company Records | | | | | | |
| 29 | December | 2017 | | 1,958 | | | | | |
| 30 | January | 2018 | | 1,948 | | | | | |
| 31 | February | 2018 | | 1,939 | | | | | |
| 32 | March | 2018 | | 1,929 | | | | | |
| 33 | April | 2018 | | 1,920 | | | | | |
| 34 | May | 2018 | | 1,910 | | | | | |
| 35 | June | 2018 | | 1,901 | | | | | |
| 36 | July | 2018 | | 1,891 | | | | | |
| 37 | August | 2018 | | 1,882 | | | | | |
| 38 | September | 2018 | | 1,872 | | | | | |
| 39 | October | 2018 | | 1,863 | | | | | |
| 40 | November | 2018 | | 1,853 | | | | | |
| 41 | December | 2018 | | 1,844 | | | | | |
| 42 | 13-month Average | | | 1,901 | - | - | - | - | |

Notes:

- [A] Included on Attachment H-28A, page 2, lines 7-11, Col. 3
- [B] Reference for December balances as would be reported in FERC Form 1.
- [C] Balance excludes reserve for depreciation of asset retirement costs

ADIT Calculation

| | [1] | [2] | [3] | [4] | [5] | [6] |
|----------------------------|---|-----------------------------------|-----------------------------------|------------------|-----------------------------------|----------------------|
| | ADIT Transmission Total (including Plant & Labor Related Transmission ADITs and applicable transmission adjustments from notes below) | | | | | |
| | Acct. No. 281 (enter negative) | Acct. No. 282 (enter negative) | Acct. No. 283 (enter negative) | Acct. No. 190 | Acct. No. 255 (enter negative) | Total |
| | | [C] | [D] | [E] | [F] | |
| 1 December 31 2017 | - | (231,772,463) | (6,436,420) | 4,623,150 | (2,429,155) | (236,014,888) |
| 2 December 31 2018 | - | (251,641,536) | (6,062,490) | 4,725,455 | (2,329,470) | (255,308,041) |
| 3 Begin/End Average | [A] | (241,706,999) | (6,249,455) | 4,674,302 | (2,379,313) | (245,661,465) |

| | Acct. No. 281 | Acct. No. 282 | Acct. No. 283 | Acct. No. 190 | Acct. No. 255 | Total |
|----------------------------|--|--------------------|-------------------|-------------------|------------------|--------------------|
| | ADIT Total Transmission-related only, including Plant & Labor Related Transmission ADITs (prior to adjustments from notes below) | | | | | |
| | [B] | 273.8.k | 275.2.k | 277.9.k | 234.8.c | 267.h |
| 4 December 31 2017 | | 245,190,307 | 15,952,513 | 12,085,507 | 2,429,155 | 275,657,482 |
| 5 December 31 2018 | | 302,359,277 | 13,698,243 | 13,369,023 | 2,329,470 | 331,756,013 |
| 6 Begin/End Average | | 273,774,792 | 14,825,378 | 12,727,265 | 2,379,313 | 303,706,748 |

Notes:

[A] Beginning/Ending Average with adjustments for FAS143, FAS106, FAS109, CIACs and normalization to populate Appendix H-28A, page 2, lines 19-23, col. 3 for accounts 281, 282, 283, 190, and 255, respectively

[B] Reference for December balances as would be reported in FERC Form 1.

[C] FERC Account No. 282 is adjusted for the following items.

| | <u>FAS 143 - ARO</u> | <u>FAS 106</u> | <u>FAS 109</u> | <u>CIAC</u> | <u>Normalization [G]</u> |
|------|----------------------|----------------|----------------|-------------|--------------------------|
| 2017 | - | - | 13,417,844 | - | - |
| 2018 | - | - | 11,800,765 | - | 38,916,976 |

[D] FERC Account No. 283 is adjusted for the following items.

| | <u>FAS 143 - ARO</u> | <u>FAS 106</u> | <u>FAS 109</u> | <u>CIAC</u> | <u>Normalization [G]</u> |
|------|----------------------|----------------|----------------|-------------|--------------------------|
| 2017 | - | - | 9,516,093 | - | - |
| 2018 | - | - | 8,368,158 | - | (732,405) |

[E] FERC Account No. 190 is adjusted for the following items:

| | <u>FAS 143 - ARO</u> | <u>FAS 106</u> | <u>FAS 109</u> | <u>CIAC</u> | <u>Normalization [G]</u> |
|------|----------------------|----------------|----------------|-------------|--------------------------|
| 2017 | - | - | - | 7,462,357 | - |
| 2018 | - | - | - | 8,443,185 | 200,383 |

[F] Based on prior elections and IRS rulings, the 3% Investment Tax Credit ("ITC") and the 4% ITC may be used to reduce rate base as well as utilizing amortization of the tax credits against taxable income.

As a result, only the 3% and 4% values in FERC Form 1 column (h) on page 267 should be reported under Acct. No. 255.

[G] Taken from Attachment 5a, page 2, col. 4

ADIT Normalization Calculation

| [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|---|---|------------------|----------------------------------|------------------|----------------------------------|------------------|--------------------------------|------------------|
| | 2018 Quarterly Activity and Balances | | | | | | | |
| Beginning 190 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 4,623,150 | 67,572 | 4,690,722 | 82,324 | 4,773,046 | 35,965 | 4,809,011 | 116,827 | 4,925,838 |
| Beginning 190 (including adjustments) 4,623,150 | Pro-rated Q1 51,096 | | Pro-rated Q2 41,726 | | Pro-rated Q3 9,164 | | Pro-rated Q4 320 | |
| Beginning 282 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 231,772,463 | 13,123,446 | 244,895,909 | 15,988,411 | 260,884,320 | 6,984,895 | 267,869,215 | 22,689,297 | 290,558,512 |
| Beginning 282 (including adjustments) 231,772,463 | Pro-rated Q1 9,923,483 | | Pro-rated Q2 8,103,715 | | Pro-rated Q3 1,779,713 | | Pro-rated Q4 62,162 | |
| Beginning 283 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 6,436,420 | (246,979) | 6,189,441 | (300,897) | 5,888,544 | (131,453) | 5,757,090 | (427,005) | 5,330,085 |
| Beginning 283 (including adjustments) 6,436,420 | Pro-rated Q1 (186,757) | | Pro-rated Q2 (152,509) | | Pro-rated Q3 (33,494) | | Pro-rated Q4 (1,170) | |

ADIT Normalization Calculation

| | [1] | [2] | [3] | [4] | [5] |
|-----------------|--|---|--|---|---|
| | FERC Form 1 - Year-End (sourced from Attachment 5, page 1, line 5) | Prorated year-end less FERC Form 1 Year-end | Sum of FAS143, FAS106, FAS109, and CIAC from Attachment 5, page 1, notes | Total Normalization to Attachment 5 (col. 2 - col. 3) | Ending Balance for formula rate (col. 1 - col. 3. - col. 4) |
| 2018 Activity | | | | | |
| <hr/> | | | | | |
| Pro-rated Total | Pro-rated Ending 190 | | | | |
| 102,305 | 4,725,455 | 13,369,023 | 8,643,567 | 8,443,185 | 200,383 |
| | | | | | 4,725,455 |
| <hr/> | | | | | |
| Pro-rated Total | Pro-rated Ending 282 | | | | |
| 19,869,073 | 251,641,536 | 302,359,277 | 50,717,741 | 11,800,765 | 38,916,976 |
| | | | | | 251,641,536 |
| <hr/> | | | | | |
| Pro-rated Total | Pro-rated Ending 283 | | | | |
| (373,930) | 6,062,490 | 13,698,243 | 7,635,753 | 8,368,158 | (732,405) |
| | | | | | 6,062,490 |

1 **Calculation of PBOP Expenses**

2 **MAIT**

| | | |
|---|--|---------------|
| 3 | Total FirstEnergy PBOP expenses | (108,686,300) |
| 4 | Labor dollars (FirstEnergy) | 2,024,261,894 |
| 5 | cost per labor dollar (line 3 / line 4) | -\$0.0537 |
| 6 | labor (labor not capitalized) current year | 14,029,594 |
| 7 | PBOP Expense for current year (line 5 * line 6) | -\$753,274 |
| 8 | PBOP expense in all O&M and A&G accounts for current year | 618,765 |
| 9 | PBOP Adjustment for Attachment H-28A, page 3, line 9 (line 7 - line 8) | (1,372,039) |

10 Lines 3-4 cannot change absent approval or acceptance by FERC in a separate proceeding

Taxes Other than Income Calculation

| | | [A] | Dec 31, 2018 |
|-----------|--|-------|--------------------|
| 1 | Payroll Taxes | | |
| 1a | FICA | 263.i | - |
| 1b | Federal Unemployment Tax | 263.i | - |
| 1c | Pennsylvania Unemployment Tax | 263.i | - |
| 1z | Payroll Taxes Total | | - |
| 2 | Highway and Vehicle Taxes | | |
| 2a | Federal Excise Tax | 263.i | - |
| 2z | Highway and Vehicle Taxes | | - |
| 3 | Property Taxes | | |
| 3a | Property Tax | 263.i | 60,727 |
| 3b | | | - |
| 3c | | | - |
| 3z | Property Taxes | | 60,727 |
| 4 | Gross Receipts Tax | | |
| 4a | Gross Receipts Tax | 263.i | - |
| 4z | Gross Receipts Tax | | - |
| 5 | Other Taxes | | |
| 5a | Sales & Use Tax | 263.i | - |
| 5b | Capital Stock Tax/Franchise | 263.i | - |
| 5c | | | - |
| 5z | Other Taxes | | - |
| 6z | Payments in lieu of taxes | | - |
| 7 | Total other than income taxes (sum lines 1z, 2z, 3z, 4z, 5z, 6z) [tie to 114.14c] | | \$60,727.00 |

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

Capital Structure Calculation

For the 12 months ended 12/31/2018

| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|----|------------------|-------------|-----------------|---------------|-------------|-------------|-----------------------------|----------------|
| | | Proprietary | Preferred Stock | Account 216.1 | Account 219 | Goodwill | Common Stock | Long Term Debt |
| | | Capital | | | | | | |
| | [A] | 112.16.c | 112.3.d | 112.12.c | 112.15.c | 233.5.f | (1) - (2) - (3) - (4) - (5) | 112.24.c |
| 1 | December | 2017 | 782,921,751 | | | 223,591,970 | 559,329,781 | - |
| 2 | January | 2018 | 786,595,554 | | | 223,591,970 | 563,003,584 | - |
| 3 | February | 2018 | 790,341,684 | | | 223,591,970 | 566,749,714 | - |
| 4 | March | 2018 | 782,924,362 | | | 223,591,970 | 559,332,392 | - |
| 5 | April | 2018 | 786,904,847 | | | 223,591,970 | 563,312,877 | - |
| 6 | May | 2018 | 791,545,425 | | | 223,591,970 | 567,953,455 | 450,000,000 |
| 7 | June | 2018 | 783,957,994 | | | 223,591,970 | 560,366,024 | 450,000,000 |
| 8 | July | 2018 | 787,428,123 | | | 223,591,970 | 563,836,153 | 450,000,000 |
| 9 | August | 2018 | 790,951,999 | | | 223,591,970 | 567,360,029 | 450,000,000 |
| 10 | September | 2018 | 783,284,923 | | | 223,591,970 | 559,692,953 | 450,000,000 |
| 11 | October | 2018 | 786,980,184 | | | 223,591,970 | 563,388,214 | 450,000,000 |
| 12 | November | 2018 | 790,646,180 | | | 223,591,970 | 567,054,210 | 450,000,000 |
| 13 | December | 2018 | 774,407,086 | | | 223,591,970 | 550,815,116 | 450,000,000 |
| 14 | 13-month Average | | 786,068,470 | - | - | 223,591,970 | 562,476,500 | 276,923,077 |

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

Stated Value Inputs

**Formula Rate Protocols
Section VIII.A**

1. Rate of Return on Common Equity ("ROE")

MAIT's stated ROE is set to: 11.0%

2. Postretirement Benefits Other Than Pension ("PBOP")

**sometimes referred to as Other Post Employment Benefits, or "OPEB"*

| | |
|---------------------------------|---------------|
| Total FirstEnergy PBOP expenses | (108,686,300) |
| Labor dollars (FirstEnergy) | 2,024,261,894 |

3. Depreciation Rates

| FERC Account | <u>Depr %</u> |
|--------------|---------------|
| 352 | 1.28% |
| 353 | 2.05% |
| 354 | 1.39% |
| 355 | 2.32% |
| 356 | 2.68% |
| 356.1 | 1.27% |
| 358 | 2.52% |
| 359 | 0.87% |
| 390 | 1.81% |
| 397 | 2.81% |
| 303 | 14.29% |

Debt Cost Calculation

TABLE 1: Summary Cost of Long Term Debt

CALCULATION OF COST OF DEBT

| YEAR ENDED | 12/31/2018 | | | | | | | | | | |
|----------------------------------|------------|------------|-----------------------|--------------------------------------|---|-------------------------------|---------------------------|--|--|--|---------------------------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| | t=N | Issue Date | Maturity Date | ORIGINAL ISSUANCE (table 2, col. cc) | Net Proceeds At Issuance (table 2, col. hh) | Net Amount Outstanding at t=N | Months Outstanding at t=N | Average Net Outstanding in Year* 2" ((col. e. * col. Fj)/12) | Weighted Outstanding Rates (col. g/col. g total) | Effective Cost Rate (Table 2, Col. ii) | Weighted Debt Cost at t = N (h) * (i) |
| Long Term Debt | 12/31/2018 | | | | | | | | | | |
| First Mortgage Bonds: | | | | | | | | | | | |
| (1) 4.50% Senior Unsecured Notes | 5/15/2018 | 5/15/2028 | \$ 450,000,000 | \$ 450,000,000 | \$ 450,000,000 | 7.5 | ##### | 100.00% | 4.50% | 4.50% | |
| Total | | | \$ 450,000,000 | | \$ 450,000,000 | | \$ 281,250,000 | 100.000% | | 4.50% | ** |

t = time
 The current portion of long term debt is included in the Net Amount Outstanding at t = N in these calculations.
 The outstanding amount (column (e)) for debt retired during the year is the outstanding amount at the last month it was outstanding.
 * 2 = Average of monthly balances for months outstanding during the year (average of the balances for the 12 months of the year, with zero in months that the issuance is not outstanding in a month.)
 ** This Total Weighted Average Debt Cost will be shown on page 4, line 22, column 5 of formula rate Attachment H-28A.

TABLE 2: Effective Cost Rates For Traditional Front-Loaded Debt Issuances:

| YEAR ENDED | 12/31/2018 | | | | | | | | | | | |
|----------------------------------|------------|---------------|-----------------------|--------------------------------|------------------|------------------------------|--------------------|--|--|-------------|-------------------------------------|--|
| | (aa) | (bb) | (cc) | (dd) | (ee) | (ff) | (gg) | (hh) | (ii) | (jj) | (kk) | (ll) |
| Long Term Debt | Issue Date | Maturity Date | Amount Issued | (Discount) Premium at Issuance | Issuance Expense | Loss/Gain on Recaptured Debt | Less: Related ADIT | Net Proceeds (col. cc + col. dd + col. ee + col. ff) | Net Proceeds Ratio ((col. cc / col. hh)/100) | Coupon Rate | Annual Interest (col. cc * col. jj) | Effective Cost Rate (Yield to Maturity at Issuance, t = 0) |
| (1) 4.50% Senior Unsecured Notes | 5/15/2018 | 5/15/2028 | \$ 450,000,000 | \$ - | | - | xxx | \$ 450,000,000 | 100.0000 | 0.04500 | \$ 20,250,000 | 4.50% |
| TOTALS | | | \$ 450,000,000 | - | - | - | xxx | \$ 450,000,000 | | | \$ 20,250,000 | |

* YTM at issuance calculated from an acceptable bond table or from YTM = Internal Rate of Return (IRR) calculation
 Effective Cost Rate of Individual Debenture (YTM at issuance): the t=0 Cashflow C₀ equals Net Proceeds column (gg); Semi-annual (or other) interest cashflows (C_{1/2}, C_{3/2}, etc.).

Transmission Enhancement Charge (TEC) Worksheet
 To be completed in conjunction with Attachment H-28A

| Line No. | (1) | (2) Reference | (3) Transmission | (4) Allocator |
|---|---|---|------------------|------------------|
| 1 | Gross Transmission Plant - Total | Attach. H-28A, p. 2, line 2, col. 5 (Note A) | \$ 1,219,721,068 | |
| 2 | Net Transmission Plant - Total | Attach. H-28A, p. 2, line 14, col. 5 (Note B) | \$ 866,044,581 | |
| O&M EXPENSE | | | | |
| 3 | Total O&M Allocated to Transmission | Attach. H-28A, p. 3, line 15, col. 5 | \$ 56,035,331 | |
| 4 | Annual Allocation Factor for O&M | (line 3 divided by line 1, col. 3) | 4.594110% | 4.594110% |
| GENERAL INTANGIBLE AND COMMON (G, I, & C) DEPRECIATION EXPENSE | | | | |
| 5 | Total G, I, & C depreciation expense | Attach. H-28A, p. 3, lines 17 & 18, col. 5 | \$ 845,385 | |
| 6 | Annual allocation factor for G, I, & C depreciation expense | (line 5 divided by line 1, col. 3) | 0.069310% | 0.069310% |
| TAXES OTHER THAN INCOME TAXES | | | | |
| 7 | Total Other Taxes | Attach. H-28A, p. 3, line 26, col. 5 | \$ 63,727 | |
| 8 | Annual Allocation Factor for Other Taxes | (line 7 divided by line 1, col. 3) | 0.004979% | 0.004979% |
| 9 | Annual Allocation Factor for Expense | Sum of line 4, 6, & 8 | | 4.668399% |
| INCOME TAXES | | | | |
| 10 | Total Income Taxes | Attach. H-28A, p. 3, line 39, col. 5 | \$ 26,292,278 | |
| 11 | Annual Allocation Factor for Income Taxes | (line 10 divided by line 2, col. 3) | 3.035903% | 3.035903% |
| RETURN | | | | |
| 12 | Return on Rate Base | Attach. H-28A, p. 3, line 40, col. 5 | \$ 52,373,719 | |
| 13 | Annual Allocation Factor for Return on Rate Base | (line 12 divided by line 2, col. 3) | 6.047462% | 6.047462% |
| 14 | Annual Allocation Factor for Return | Sum of line 11 and 13 | | 9.083366% |

| Column 5-9 (page 1) only applies with incentive RDE project(s) (Note F) | | | | |
|---|---|---|------------------|------------------|
| Line No. | (5) | (6) Reference | (7) Transmission | (8) Allocator |
| INCOME TAXES | | | | |
| 10b | Total Income Taxes | Attachment 2, line 33 | \$ 26,292,278 | |
| 11b | Annual Allocation Factor for Income Taxes | (line 10b divided by line 2, col. 3) | 3.035903% | 3.035903% |
| RETURN | | | | |
| 12b | Return on Rate Base | Attachment 2, line 22 | \$ 52,373,719 | |
| 13b | Annual Allocation Factor for Return on Rate Base | (line 12b divided by line 2, col. 3) | 6.047462% | 6.047462% |
| 14b | Annual Allocation Factor for Return | Sum of line 11b and 13b | | 9.083366% |
| 15 | Additional Annual Allocation Factor for Return | Line 14 b, col. 9 less line 14, col. 4 | | 0.00000% |

Transmission Enhancement Charge (TEC) Worksheet
 To be completed in conjunction with Attachment H-28A

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | |
|----------|---|--|---------------------|--------------------------------------|------------------------------|-------------------|-------------------------------------|----------------------|------------------------------------|----------------------------|---|----------------------------------|--------------------|--------------------------------------|
| Line No. | Project Name | RTEP Project Number | Project Gross Plant | Annual Allocation Factor for Expense | Annual Expense Charge | Project Net Plant | Annual Allocation Factor for Return | Annual Return Charge | Project Depreciation Expense | Annual Revenue Requirement | Additional Incentive Annual Allocation Factor for Return (Note F) | Total Annual Revenue Requirement | True-up Adjustment | Net Revenue Requirement with True-up |
| | | (Note C & H) | (Page 1, line 9) | (Col. 3 * Col. 4) | (Note D & H) Page 1, line 14 | (Col. 6 * Col. 7) | (Note E) | (Sum Col. 5, 8, & 9) | (Col. 6 * Page 1, line 15, Col. 8) | (Sum Col. 10 & 11) | (Note G) | (Sum Col. 12 & 13) | | |
| | Install 230kV series reactor and 2- 100MVAR PLC switched capacitors at Huntersdown | b0215 | \$ 12,627,431 | 4.668399% | \$388,968 | \$ 10,364,858 | 9.083366% | \$941,487 | \$ 259,067 | \$ 1,780,520 | 0 | \$ 1,780,520 | | \$ 1,780,520 |
| 2a | | b0549 | \$ 3,207,134 | 4.668399% | \$149,722 | \$ 2,859,667 | 9.083366% | \$259,754 | \$ 65,746 | \$475,222 | 0 | \$475,222 | | \$475,222 |
| 2c | Install 25 MVAR capacitor at Lewis Run 115 kV substation | b0550 | \$ - | 4.668399% | \$ 0 | \$ - | 9.083366% | \$ 0 | \$ 0 | \$ 0 | 0 | \$ 0 | | \$ 0 |
| 2d | Install 25 MVAR capacitor at States 115 kV substation | b0551 | \$ 1,380,393 | 4.668399% | \$64,442 | \$ 1,125,106 | 9.083366% | \$102,199 | \$ 28,022 | \$194,662 | 0 | \$194,662 | | \$194,662 |
| 2e | Install 50 MVAR capacitor at Albions 230 kV substation | b0552 | \$ 1,038,335 | 4.668399% | \$48,474 | \$ 952,250 | 9.083366% | \$86,496 | \$ 21,286 | \$156,256 | 0 | \$156,256 | | \$156,256 |
| 2f | Install 50 MVAR capacitor at Rawtown 230 kV substation | b0553 | \$ 927,947 | 4.668399% | \$43,320 | \$ 827,069 | 9.083366% | \$75,126 | \$ 19,023 | \$137,469 | 0 | \$137,469 | | \$137,469 |
| 2g | Install 75 MVAR capacitor at East Towanda 230 kV substation | b0557 | \$ 2,177,814 | 4.668399% | \$101,669 | \$ 1,941,433 | 9.083366% | \$176,347 | \$ 44,210 | \$322,226 | 0 | \$322,226 | | \$322,226 |
| 2h | Relocate the Erie South 345 kV line terminal | b1993 | \$ 10,675,225 | 4.668399% | \$498,362 | \$ 10,110,506 | 9.083366% | \$918,374 | \$ 219,910 | \$1,636,646 | 0 | \$1,636,646 | | \$1,636,646 |
| | Convert Lewis RunFarmers Valley to 230 kV using 1033.5 ACBR conductor. Project to be completed in conjunction with new Farmers Valley 345/230 kV transformation | b1994 | \$ 102,703 | 4.668399% | \$4,795 | \$ 100,207 | 9.083366% | \$9,102 | \$ 2,167 | \$16,064 | 0 | \$16,064 | | \$16,064 |
| 2i | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1_1_DFAX_All ocat | \$ 1,975,998 | 4.668399% | \$92,247 | \$ 1,923,717 | 9.083366% | \$174,738 | \$ 48,610 | \$315,595 | 0 | \$315,595 | | \$315,595 |
| 2j | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1_1_Load_Rail o_Share_Allocation | \$ 1,668,653 | 4.668399% | \$79,300 | \$ 1,651,774 | 9.083366% | \$150,037 | \$ 41,787 | \$271,123 | 0 | \$271,123 | | \$271,123 |
| 2k | Install 2nd Huntersdown 230/115 kV transformer | b2452 | \$ 4,063,115 | 4.668399% | \$203,190 | \$ 3,824,423 | 9.083366% | \$538,137 | \$ 133,389 | \$954,576 | 0 | \$954,576 | | \$954,576 |
| 2m | Reconductor Huntersdown - Oxford 115 kV line | b2452.1 | \$ 2,884,049 | 4.668399% | \$134,639 | \$ 2,817,160 | 9.083366% | \$255,893 | \$ 63,449 | \$453,981 | 0 | \$453,981 | | \$453,981 |
| 3 | Transmission Enhancement Credit taken to Attachment H-28A Page 1, Line 7 | | | | | | | | | | 6,724,340.03 | | | |
| 4 | Additional Incentive Revenue taken to Attachment H-28A Page 3, Line 42 | | | | | | | | | | \$0.00 | | | |

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-28A.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-28A.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 above. This value includes subsequent capital investments required to maintain the project in-service.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-28A, page 3, line 16.
- F Any actual ROE incentive must be approved by the Commission
- G True-up adjustment is calculated on the project true-up schedule, attachment 12, column i
- H Based on a 15-month average

TEC Worksheet Support
Net Plant Detail

| Line No. | Project Name | RTEP Project Number | Project Gross Plant (Note A) | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|----------|--|---------------------------|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2a | Install 230Kv series reactor and 2- 100MVAR PLC switched capacitors at Hunterstown | b0215 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 |
| 2b | Install 250 MVAR capacitor at Keystone 500 kV | b0549 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 |
| 2c | Install 25 MVAR capacitor at Lewis Run 115 kV substation | b0550 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2d | Install 25 MVAR capacitor at Saxton 115 kV substation | b0551 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 |
| 2e | Install 50 MVAR capacitor at Altoona 230 kV substation | b0552 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 |
| 2f | Install 50 MVAR capacitor at Raystown 230 kV substation | b0553 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 |
| 2g | Install 75 MVAR capacitor at East Towanda 230 kV substation | b0557 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 |
| 2h | Relocate the Erie South 345 kV line terminal | b1993 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 |
| 2i | Convert Lewis Run-Farmers Valley to 230 kV using 1033.5 ACSR conductor. Project to be completed in conjunction with new Farmers Valley 345/230 kV transformation | b1994 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 |
| 2j | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Laushtown substation and upgrade relay at TMI 500 kV | b2006.1.1_DFAX_Allocation | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 |
| 2k | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Laushtown substation and upgrade relay at TMI 500 kV | b2006.1.1_Load_Ratio_S | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 |
| 2l | Install 2nd Hunterstown 230/115 kV transformer | b2452 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 |
| 2m | Reconductor Hunterstown - Oxford 115 kV line | b2452.1 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 |

NOTE
[A] Project Gross Plant is the total capital investment for the project, including subsequent capital investments required to maintain the project in-service. Utilizing a 13-month average.

TEC Worksheet Support
Net Plant Detail

Attachment H-28A, Attachment 11a
page 2 of 2
For the 12 months ended 12/31/2018

| Accumulated Depreciation (Note B) | Dec-17 (Note D) | Jan-18 (Note D) | Feb-18 (Note D) | Mar-18 (Note D) | Apr-18 (Note D) | May-18 (Note D) | Jun-18 (Note D) | Jul-18 (Note D) | Aug-18 (Note D) | Sep-18 (Note D) | Oct-18 (Note D) | Nov-18 (Note D) | Dec-18 (Note D) | Project Net Plant (Note B & C) |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------------|
| \$2,272,473.08 | \$ 2,142,939 | \$ 2,164,528 | \$ 2,186,117 | \$ 2,207,706 | \$ 2,229,295 | \$ 2,250,884 | \$ 2,272,473 | \$ 2,294,062 | \$ 2,315,651 | \$ 2,337,240 | \$ 2,358,829 | \$ 2,380,418 | \$ 2,402,007 | \$10,364,958.39 |
| \$347,467.15 | \$ 314,594 | \$ 320,073 | \$ 325,552 | \$ 331,031 | \$ 336,509 | \$ 341,988 | \$ 347,467 | \$ 352,946 | \$ 358,425 | \$ 363,904 | \$ 369,383 | \$ 374,861 | \$ 380,340 | \$2,859,667.10 |
| \$0.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$0.00 |
| \$255,286.61 | \$ 241,276 | \$ 243,611 | \$ 245,946 | \$ 248,281 | \$ 250,616 | \$ 252,951 | \$ 255,287 | \$ 257,622 | \$ 259,957 | \$ 262,292 | \$ 264,627 | \$ 266,962 | \$ 269,298 | \$1,125,106.49 |
| \$86,084.96 | \$ 75,442 | \$ 77,216 | \$ 78,990 | \$ 80,763 | \$ 82,537 | \$ 84,311 | \$ 86,085 | \$ 87,859 | \$ 89,633 | \$ 91,406 | \$ 93,180 | \$ 94,954 | \$ 96,728 | \$952,249.70 |
| \$100,878.00 | \$ 91,367 | \$ 92,952 | \$ 94,537 | \$ 96,122 | \$ 97,708 | \$ 99,293 | \$ 100,878 | \$ 102,463 | \$ 104,048 | \$ 105,634 | \$ 107,219 | \$ 108,804 | \$ 110,389 | \$827,068.84 |
| \$236,381.87 | \$ 214,277 | \$ 217,961 | \$ 221,645 | \$ 225,329 | \$ 229,014 | \$ 232,698 | \$ 236,382 | \$ 240,066 | \$ 243,750 | \$ 247,434 | \$ 251,118 | \$ 254,803 | \$ 258,487 | \$1,941,432.50 |
| \$564,719.49 | \$ 454,765 | \$ 473,090 | \$ 491,416 | \$ 509,742 | \$ 528,068 | \$ 546,394 | \$ 564,719 | \$ 583,045 | \$ 601,371 | \$ 619,697 | \$ 638,023 | \$ 656,349 | \$ 674,674 | \$10,110,505.51 |
| \$2,495.80 | \$ 1,412 | \$ 1,593 | \$ 1,773 | \$ 1,954 | \$ 2,135 | \$ 2,315 | \$ 2,496 | \$ 2,676 | \$ 2,857 | \$ 3,038 | \$ 3,218 | \$ 3,399 | \$ 3,579 | \$100,207.39 |
| \$52,280.69 | \$ 27,976 | \$ 32,027 | \$ 36,078 | \$ 40,128 | \$ 44,179 | \$ 48,230 | \$ 52,281 | \$ 56,331 | \$ 60,382 | \$ 64,433 | \$ 68,484 | \$ 72,535 | \$ 76,585 | \$1,923,717.13 |
| \$46,879.40 | \$ 25,986 | \$ 29,468 | \$ 32,950 | \$ 36,433 | \$ 39,915 | \$ 43,397 | \$ 46,879 | \$ 50,362 | \$ 53,844 | \$ 57,326 | \$ 60,808 | \$ 64,291 | \$ 67,773 | \$1,651,773.60 |
| \$138,691.98 | \$ 71,998 | \$ 83,113 | \$ 94,229 | \$ 105,345 | \$ 116,461 | \$ 127,576 | \$ 138,692 | \$ 149,808 | \$ 160,923 | \$ 172,039 | \$ 183,155 | \$ 194,271 | \$ 205,386 | \$5,924,423.26 |
| \$66,888.76 | \$ 35,164 | \$ 40,452 | \$ 45,739 | \$ 51,026 | \$ 56,314 | \$ 61,601 | \$ 66,889 | \$ 72,176 | \$ 77,464 | \$ 82,751 | \$ 88,038 | \$ 93,326 | \$ 98,613 | \$2,817,160.00 |

NOTE

[B] Utilizing a 13-month average.

[C] Taken to Attachment 11, Page 2, Col. 6

[D] Company records

TEC - True-up

To be completed after Attachment 11 for the True-up Year is updated using actual data

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | |
|----------|---|---------------------|--------------------------------|---|--------------------------------|-----------------------|--|---|--|---|
| Line No. | Project Name | RTEP Project Number | Actual Revenues for Appendix D | Projected Annual Revenue Requirement | % of Total Revenue Requirement | Revenue Received | Actual Annual Revenue Requirement | True-up Adjustment Principal Over/(Under) | Applicable Interest Rate on Over/(Under) | Total True-up Adjustment with Interest Over/(Under) |
| | | | | Projected Attachment 11 p 2 of 2, col. 14 | Col d, line 2 / Col. d, line 3 | Col c, line 1 * Col e | Actual Attachment 11 p 2 of 2, col. 14 | Col. f - Col. G | Col. H line 2x / Col. H line 3 * Col. J line 4 | Col. h + Col. i |
| 1 | [A] Actual RTEP Credit Revenues for true-up year | | 0 | | | | | | | |
| 2a | Project 1 | | | - | - | - | - | - | #DIV/0! | #DIV/0! |
| 2b | Project 2 | | | | - | - | | - | #DIV/0! | #DIV/0! |
| 2c | Project 3 | | | | - | - | | - | #DIV/0! | #DIV/0! |
| 3 | Subtotal | | | - | | | - | - | | #DIV/0! |
| 4 | Total Interest (Sourced from Attachment 13a, line 30) | | | | | | | | | - |

NOTE
[A] Amount included in revenues reported on pages 328-330 of FERC Form 1.

TEC Revenue Requirement True-up with Interest

| | | |
|--|---|--|
| TEC Reconciliation Revenue Requirement For Year 2015 Available May 1, 2016 | TEC 2015 Revenue Requirement Collected by PJM Based on Forecast filed on Oct 31, 2014 | True-up Adjustment - Over (Under) Recovery |
| \$0 | \$0 | \$0 |

| | Over (Under) Recovery Plus Interest | Average Monthly Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund) Owed |
|---|-------------------------------------|-------------------------------|--------|---------------------|--------------|-------------------------|
| 2 Interest Rate on Amount of Refunds or Surcharges ^[A] | | 0.0000% | | | | |

An over or under collection will be recovered prorata over 2015, held for 2016 and returned prorata over 2017

| <u>Calculation of Interest</u> | | | | Monthly | | |
|--------------------------------|-----------|-----------|---|---------|----|---|
| 3 | January | Year 2015 | - | 0.0000% | 12 | - |
| 4 | February | Year 2015 | - | 0.0000% | 11 | - |
| 5 | March | Year 2015 | - | 0.0000% | 10 | - |
| 6 | April | Year 2015 | - | 0.0000% | 9 | - |
| 7 | May | Year 2015 | - | 0.0000% | 8 | - |
| 8 | June | Year 2015 | - | 0.0000% | 7 | - |
| 9 | July | Year 2015 | - | 0.0000% | 6 | - |
| 10 | August | Year 2015 | - | 0.0000% | 5 | - |
| 11 | September | Year 2015 | - | 0.0000% | 4 | - |
| 12 | October | Year 2015 | - | 0.0000% | 3 | - |
| 13 | November | Year 2015 | - | 0.0000% | 2 | - |
| 14 | December | Year 2015 | - | 0.0000% | 1 | - |
| | | | | | - | - |

| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> | | | | Monthly | | |
|---|--------------------------|-----------|---|---------|----|---|
| 15 | January through December | Year 2016 | - | 0.0000% | 12 | - |

| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> | | | | Monthly | | |
|---|-----------|-----------|---|---------|---|---|
| 16 | January | Year 2017 | - | 0.0000% | - | - |
| 17 | February | Year 2017 | - | 0.0000% | - | - |
| 18 | March | Year 2017 | - | 0.0000% | - | - |
| 19 | April | Year 2017 | - | 0.0000% | - | - |
| 20 | May | Year 2017 | - | 0.0000% | - | - |
| 21 | June | Year 2017 | - | 0.0000% | - | - |
| 22 | July | Year 2017 | - | 0.0000% | - | - |
| 23 | August | Year 2017 | - | 0.0000% | - | - |
| 24 | September | Year 2017 | - | 0.0000% | - | - |
| 25 | October | Year 2017 | - | 0.0000% | - | - |
| 26 | November | Year 2017 | - | 0.0000% | - | - |
| 27 | December | Year 2017 | - | 0.0000% | - | - |
| | | | | | - | - |

| | | | | | | |
|----|----------------------------|--|--|--|----|---|
| 28 | True-Up with Interest | | | | \$ | - |
| 29 | Less Over (Under) Recovery | | | | \$ | - |
| 30 | Total Interest | | | | \$ | - |

[A] Interest rate equal to: (i) MAIT's actual short-term debt costs capped at the interest rate determined by 18 C.F.R. 35.19a; or (ii) the interest rate determined by 18 C.F.R. 35.19, if MAIT does not have short term debt

Other Rate Base Items

For the 12 months ended 12/31/2018

| | | [1] | [2] | [3] | [4] | [5] | [6] |
|---|----------------------|-----------------------------|-------------------------|------------------------------|--------------|--------------|--------------|
| | | Land Held for Future Use | Materials & Supplies | Prepayments (Account 165) | | Total | |
| | [A] | 214.x.d | 227.8.c & .16.c | 111.57.c [C] | | | |
| 1 | December 31 | 2017 | - | - | 545,482 | 545,482 | |
| 2 | December 31 | 2018 | - | - | 545,482 | 545,482 | |
| 3 | Begin/End Average | | - | - | 545,482 | 545,482 | |
| Unfunded Reserve - Plant Related | | | | | | | |
| | FERC Acct No. | 228.1 | 228.2 | 228.3 | 228.4 | 242 | Total |
| | [A,D] | 112.27.c | 112.28.c | 112.29.c | 112.30.c | 113.48.c | |
| 4 | December 31 | 2017 | - | - | - | - | - |
| 5 | December 31 | 2018 | - | - | - | - | - |
| 6 | Begin/End Average | | - | - | - | - | - |
| Unfunded Reserve - Labor Related | | | | | | | |
| | FERC Acct No. | 228.1 | 228.2 | 228.3 | 228.4 | 242 | Total |
| | [A,D] | 112.27.c | 112.28.c | 112.29.c | 112.30.c | 113.48.c [B] | |
| 7 | December 31 | 2017 | - | - | - | - | - |
| 8 | December 31 | 2018 | - | - | - | - | - |
| 9 | Begin/End Average | | - | - | - | - | - |

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

[B] Values entered under FERC Account No. 242, classified as Unfunded Reserve - Labor Related, are limited to MAIT labor-related Vacation Accruals and Employee Incentive Compensation.

[C] Prepayments shall exclude prepayments of income taxes.

[D] Includes transmission-related balance only.

| [1] | Income Tax Adjustments | | [4] | [5] |
|---|-------------------------------|---------------------|-----------------|-----------------|
| | [2] | [3] | Dec 31, 2017 | Dec 31, 2018 |
| | | Beg/End Average [C] | | |
| 1 Tax adjustment for Permanent Differences & AFUDC Equity | [A] | 130,585 | 111,170 | \$150,000 |
| 2 Amortized Excess Deferred Taxes (enter negative) | [B] | - | - | \$0 |
| 3 Amortized Deficient Deferred Taxes | [B] | - | - | \$0 |

Notes:

[A] AFUDC equity component is the gross cumulative annual amount based upon tax records of capitalized AFUDC equity embedded in the gross plant attributable to the transmission function.

[B] Upon enactment of changes in tax law, income tax rates (including changes in apportionment) and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes. Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes. Amounts to be included will be January 1, 2017 and thereafter.

[C] Beg/End Average for line 1 included on Attachment H-28A, page 3, line 33; Beg/End Average for lines 2-3 taken to Attachment H-28A, page 3, line 34

| | | Regulatory Asset - Deferred Storms | | | | |
|-----|---|--|-------------------|---|---------------------------|---------------------|
| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p232 (and Notes) | 49 | | | 971,662.40 |
| 3 | January | FERC Account 182.3 | 48 | 971,662 | 20,242.97 | 951,419.43 |
| 4 | February | FERC Account 182.3 | 47 | 951,419 | 20,242.97 | 931,176.47 |
| 5 | March | FERC Account 182.3 | 46 | 931,176 | 20,242.97 | 910,933.50 |
| 6 | April | FERC Account 182.3 | 45 | 910,934 | 20,242.97 | 890,690.53 |
| 7 | May | FERC Account 182.3 | 44 | 890,691 | 20,242.97 | 870,447.57 |
| 8 | June | FERC Account 182.3 | 43 | 870,448 | 20,242.97 | 850,204.60 |
| 9 | July | FERC Account 182.3 | 42 | 850,205 | 20,242.97 | 829,961.63 |
| 10 | August | FERC Account 182.3 | 41 | 829,962 | 20,242.97 | 809,718.67 |
| 11 | September | FERC Account 182.3 | 40 | 809,719 | 20,242.97 | 789,475.70 |
| 12 | October | FERC Account 182.3 | 39 | 789,476 | 20,242.97 | 769,232.73 |
| 13 | November | FERC Account 182.3 | 38 | 769,233 | 20,242.97 | 748,989.77 |
| 14 | December 2018 | p232 (and Notes) | 37 | 748,990 | 20,242.97 | 728,746.80 |
| 15 | Ending Balance 13-Month Average (sum lines 2-14) /13 | | | <u>\$242,915.60</u> | - | <u>\$850,204.60</u> |

Attachment H-28A, page 3, line 12

Attachment H-28A, page 2, Line 27

Regulatory Asset - Vegetation Management

| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|-----|--|--|-------------------|---|---------------------------|------------------------|
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p232 (and Notes) | 73 | | | 14,333,928.86 |
| 3 | January | FERC Account 182.3 | 72 | 14,333,929 | 199,082.35 | 14,134,846.51 |
| 4 | February | FERC Account 182.3 | 71 | 14,134,847 | 199,082.35 | 13,935,764.17 |
| 5 | March | FERC Account 182.3 | 70 | 13,935,764 | 199,082.35 | 13,736,681.82 |
| 6 | April | FERC Account 182.3 | 69 | 13,736,682 | 199,082.35 | 13,537,599.48 |
| 7 | May | FERC Account 182.3 | 68 | 13,537,599 | 199,082.35 | 13,338,517.13 |
| 8 | June | FERC Account 182.3 | 67 | 13,338,517 | 199,082.35 | 13,139,434.79 |
| 9 | July | FERC Account 182.3 | 66 | 13,139,435 | 199,082.35 | 12,940,352.44 |
| 10 | August | FERC Account 182.3 | 65 | 12,940,352 | 199,082.35 | 12,741,270.10 |
| 11 | September | FERC Account 182.3 | 64 | 12,741,270 | 199,082.35 | 12,542,187.75 |
| 12 | October | FERC Account 182.3 | 63 | 12,542,188 | 199,082.35 | 12,343,105.40 |
| 13 | November | FERC Account 182.3 | 62 | 12,343,105 | 199,082.35 | 12,144,023.06 |
| 14 | December 2018 | p232 (and Notes) | 61 | 12,144,023 | 199,082.35 | 11,944,940.71 |
| 15 | Ending Balance 13-Month Average | (sum lines 2-14) /13 | | <u>\$2,388,988.14</u> | - | <u>\$13,139,434.79</u> |

Attachment H-28A, page 3, line 12

Attachment H-28A, page 2, Line 27

| | | Regulatory Asset - Start-up Costs | | | | |
|-----|---|--|-------------------|---|---------------------------|----------------|
| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p232 (and Notes) | 13 | | | - |
| 3 | January | FERC Account 182.3 | 12 | - | - | - |
| 4 | February | FERC Account 182.3 | 11 | - | - | - |
| 5 | March | FERC Account 182.3 | 10 | - | - | - |
| 6 | April | FERC Account 182.3 | 9 | - | - | - |
| 7 | May | FERC Account 182.3 | 8 | - | - | - |
| 8 | June | FERC Account 182.3 | 7 | - | - | - |
| 9 | July | FERC Account 182.3 | 6 | - | - | - |
| 10 | August | FERC Account 182.3 | 5 | - | - | - |
| 11 | September | FERC Account 182.3 | 4 | - | - | - |
| 12 | October | FERC Account 182.3 | 3 | - | - | - |
| 13 | November | FERC Account 182.3 | 2 | - | - | - |
| 14 | December 2018 | p232 (and Notes) | 1 | - | - | - |
| 15 | Ending Balance 13-Month Average (sum lines 2-14) /13 | | | <u>\$0.00</u> | - | <u>\$0.00</u> |

Attachment H-28A, page 3, line 12

Attachment H-28A, page 2, Line 27

| | | Abandoned Plant | | | | |
|-----|--|---|-------------------|--------------------------------------|-------------------------------|----------------|
| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (p114.10.c) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p111.71.d (and Notes) | 13 | - | - | - |
| 3 | January | FERC Account 182.2 | 12 | - | - | - |
| 4 | February | FERC Account 182.2 | 11 | - | - | - |
| 5 | March | FERC Account 182.2 | 10 | - | - | - |
| 6 | April | FERC Account 182.2 | 9 | - | - | - |
| 7 | May | FERC Account 182.2 | 8 | - | - | - |
| 8 | June | FERC Account 182.2 | 7 | - | - | - |
| 9 | July | FERC Account 182.2 | 6 | - | - | - |
| 10 | August | FERC Account 182.2 | 5 | - | - | - |
| 11 | September | FERC Account 182.2 | 4 | - | - | - |
| 12 | October | FERC Account 182.2 | 3 | - | - | - |
| 13 | November | FERC Account 182.2 | 2 | - | - | - |
| 14 | December 2018 | p111.71.c (and Notes) Detail on p230b | 1 | - | - | - |
| 15 | Ending Balance 13-Month Average | (sum lines 2-14) /13 | | <u>\$0.00</u> | | <u>\$0.00</u> |

Attachment H-28A, page 3, Line 19

Attachment H-28A, page 2, Line 28

Note:

Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC and will be zero until the Commission accepts or approves recovery of the cost of abandoned plant

| | | | CWIP |
|----|------------------|------|-------------|
| | | | [A] |
| | | | 216.b |
| 1 | December | 2017 | |
| 2 | January | 2018 | |
| 3 | February | 2018 | |
| 4 | March | 2018 | |
| 5 | April | 2018 | |
| 6 | May | 2018 | |
| 7 | June | 2018 | |
| 8 | July | 2018 | |
| 9 | August | 2018 | |
| 10 | September | 2018 | |
| 11 | October | 2018 | |
| 12 | November | 2018 | |
| 13 | December | 2018 | |
| 14 | 13-month Average | | - |

Notes:

[A] Includes only CWIP authorized by the Commission for inclusion in rate base.

Federal Income Tax Rate

Nominal Federal Income Tax Rate 35.00%
(entered on Attachment H-28A,
page 5 of 5, Note K)

State Income Tax Rate

| | Pennsylvania | Combined Rate (entered on Attachment H-28A, page 5 of 5, Note K) |
|--------------------------------|---------------|--|
| Nominal State Income Tax Rate | 9.99% | |
| Times Apportionment Percentage | 100.00% | |
| Combined State Income Tax Rate | <u>9.990%</u> | <u>9.990%</u> |

Settlement PTRR

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|----------|---|--|---------------------------|------------------|----------------------|
| | | | | | Allocated Amount |
| 1 | GROSS REVENUE REQUIREMENT [page 3, line 43, col 5] | | | | \$ 157,048,022 |
| | REVENUE CREDITS | (Note T) | <u>Total</u> | <u>Allocator</u> | |
| 2 | Account No. 451 | (page 4, line 29) | - | TP 1.00000 | - |
| 3 | Account No. 454 | (page 4, line 30) | 3,761,088 | TP 1.00000 | 3,761,088 |
| 4 | Account No. 456 | (page 4, line 31) | 1,397,264 | TP 1.00000 | 1,397,264 |
| 5 | Revenues from Grandfathered Interzonal Transactions | | - | TP 1.00000 | - |
| 6 | Revenues from service provided by the ISO at a discount | | - | TP 1.00000 | - |
| 7 | TEC Revenue | Attachment 11, Page 2, Line 3, Col. 12 | <u>6,458,031</u> | TP 1.00000 | <u>6,458,031</u> |
| 8 | TOTAL REVENUE CREDITS (sum lines 2-7) | | 11,616,383 | | 11,616,383 |
| 9 | True-up Adjustment with Interest | Attachment 13, Line 28 | | | - |
| 10 | NET REVENUE REQUIREMENT | (Line 1 - Line 8 + Line 9) | | | \$ 145,431,639 |
| | DIVISOR | | | | <u>Total</u> |
| 11 | 1 Coincident Peak (CP) (MW) | | | (Note A) | 5,786.8 |
| 12 | Average 12 CPs (MW) | | | (Note CC) | 5,063.5 |
| 13 | Annual Rate (\$/MW/Yr) | (line 10 / line 11) | <u>Total</u> 25,131.56 | | |
| | | | <u>Peak Rate</u> | | <u>Off-Peak Rate</u> |
| 14 | Point-to-Point Rate (\$/MW/Year) | (line 10 / line 12) | 28,721.33 | | 28,721.33 |
| 15 | Point-to-Point Rate (\$/MW/Month) | (line 14/12) | 2,393.44 | | 2,393.44 |
| 16 | Point-to-Point Rate (\$/MW/Week) | (line 14/52) | 552.33 | | 552.33 |
| 17 | Point-to-Point Rate (\$/MW/Day) | (line 16/5; line 16/7) | 110.47 | | 78.90 |
| 18 | Point-to-Point Rate (\$/MWh) | (line 14/4,160; line 14/8,760) | 6.90 | | 3.28 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|---------------------------------|---|--|----------------------|-----------|-------------------------------------|
| | | Source | Company Total | Allocator | Transmission (Col 3 times Col 4) |
| RATE BASE: | | | | | |
| GROSS PLANT IN SERVICE | | | | | |
| 1 | Production | Attachment 3, Line 14, Col. 1 (Notes U & X) | - | NA | - |
| 2 | Transmission | Attachment 3, Line 14, Col. 2 (Notes U & X) | 1,219,721,068 | TP | 1,219,721,068 |
| 3 | Distribution | Attachment 3, Line 14, Col. 3 (Notes U & X) | - | NA | - |
| 4 | General & Intangible | Attachment 3, Line 14, Col. 4 & 5 (Notes U & X) | 40,516,028 | W/S | 40,516,028 |
| 5 | Common | Attachment 3, Line 14, Col. 6 (Notes U & X) | - | CE | - |
| 6 | TOTAL GROSS PLANT (sum lines 1-5) | | <u>1,260,237,097</u> | GP= | <u>1,260,237,097</u> |
| ACCUMULATED DEPRECIATION | | | | | |
| 7 | Production | Attachment 4, Line 14, Col. 1 (Notes U & X) | - | NA | - |
| 8 | Transmission | Attachment 4, Line 14, Col. 2 (Notes U & X) | 353,676,488 | TP | 353,676,488 |
| 9 | Distribution | Attachment 4, Line 14, Col. 3 (Notes U & X) | - | NA | - |
| 10 | General & Intangible | Attachment 4, Line 14, Col. 4 & 5 (Notes U & X) | 6,319,769 | W/S | 6,319,769 |
| 11 | Common | Attachment 4, Line 14, Col. 6 (Notes U & X) | - | CE | - |
| 12 | TOTAL ACCUM. DEPRECIATION (sum lines 7-11) | | <u>359,996,256</u> | | <u>359,996,256</u> |
| NET PLANT IN SERVICE | | | | | |
| 13 | Production | (line 1 - line 7) | - | | - |
| 14 | Transmission | (line 2 - line 8) | 866,044,581 | | 866,044,581 |
| 15 | Distribution | (line 3 - line 9) | - | | - |
| 16 | General & Intangible | (line 4 - line 10) | 34,196,260 | | 34,196,260 |
| 17 | Common | (line 5 - line 11) | - | | - |
| 18 | TOTAL NET PLANT (sum lines 13-17) | | <u>900,240,840</u> | NP= | <u>900,240,840</u> |
| ADJUSTMENTS TO RATE BASE | | | | | |
| 19 | Account No. 281 (enter negative) | Attachment 5, Line 3, Col. 1 (Notes F & Y & DD) | - | NA | - |
| 20 | Account No. 282 (enter negative) | Attachment 5, Line 3, Col. 2 (Notes F & Y & DD) | (253,565,471) | NP | (253,565,471) |
| 21 | Account No. 283 (enter negative) | Attachment 5, Line 3, Col. 3 (Notes F & Y & DD) | (2,593,026) | NP | (2,593,026) |
| 22 | Account No. 190 | Attachment 5, Line 3, Col. 4 (Notes F & Y & DD) | 4,674,302 | NP | 4,674,302 |
| 23 | Account No. 255 (enter negative) | Attachment 5, Line 3, Col. 5 (Notes F & Y & DD) | - | NP | - |
| 24 | Unfunded Reserve Plant-related (enter negative) | Attachment 14, Line 9, Col. G (Note Y) | - | DA | - |
| 25 | Unfunded Reserve Labor-related (enter negative) | Attachment 14, Line 10, Col. G (Note Y) | - | DA | - |
| 26 | CWIP | 216.b (Notes X & Z) | - | DA | - |
| 27 | Unamortized Regulatory Asset | Attachment 16a, 16b, 16c, line 15, Col. 7 (Notes X) | 5,397,056 | DA | 5,397,056 |
| 28 | Unamortized Abandoned Plant | Attachment 17, Line 15, Col. 7 (Notes X & BB) | - | DA | - |
| 29 | TOTAL ADJUSTMENTS (sum lines 19-28) | | <u>(246,087,138)</u> | | <u>(246,087,138)</u> |
| 30 | LAND HELD FOR FUTURE USE | 214.x.d (Attachment 14, Line 1, Col. D) (Notes G & Y) | - | TP | - |
| 31 | WORKING CAPITAL (Note H) | | | | |
| 32 | CWC | 1/8*(Page 3, Line 15 minus Page 3, Lines 11 & 12) | 6,809,443 | | 6,675,428 |
| 33 | Materials & Supplies (Note G) | 227.8.c & .16.c (Attachment 14, Line 2, Col. D) (Note Y) | - | TE | - |
| 34 | Prepayments (Account 165) | 111.57.c (Attachment 14, Line 3, Col. D) (Notes B & Y) | 545,482 | GP | 545,482 |
| 35 | TOTAL WORKING CAPITAL (sum lines 32 - 34) | | <u>7,354,925</u> | | <u>7,220,911</u> |
| 36 | RATE BASE (sum lines 18, 29, 30, & 35) | | <u>661,508,628</u> | | <u>661,374,613</u> |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

| Line No. | (1) | (2) | (3) | (4) | (5) |
|---|--|--|---------------|-------------|-------------------------------------|
| | | Source | Company Total | Allocator | Transmission (Col 3 times Col 4) |
| O&M | | | | | |
| 1 | Transmission | 321.112.b (Attachment 20, page 1, line 112) | 54,706,299 | TE 0.98040 | 53,634,183 |
| 2 | Less LSE Expenses Included in Transmission | O&M Accounts (Note W) | - | DA 1.00000 | - |
| 3 | Less Account 565 | 321.96.b | - | DA 1.00000 | - |
| 4 | Less Account 566 | 321.97.b | 5,466,499 | DA 1.00000 | 5,466,499 |
| 5 | A&G | 323.197.b (Attachment 20, page 2, line 197) | 1,141,284 | W/S 1.00000 | 1,141,284 |
| 6 | Less FERC Annual Fees | | - | W/S 1.00000 | - |
| 7 | Less EPRI & Reg. Comm. Exp. & Non-safety Ad. | (Note I) | - | W/S 1.00000 | - |
| 8 | Plus Transmission Related Reg. Comm. Exp. | (Note I) | - | TE 0.98040 | - |
| 9 | PBOP Expense Adjustment in Year | Attachment 6, Line 9 | (1,372,039) | DA 1.00000 | (1,372,039) |
| 10 | Common | 356.1 | - | CE 1.00000 | - |
| 11 | Account 407.3 Amortization of Regulatory Assets | Attachment 16a, 16b, 16c, Line 15, Col. 5 | 2,574,514 | DA 1.00000 | 2,574,514 |
| 12 | Account 566 Amortization of Regulatory Assets | 321.97.b (notes) | - | DA 1.00000 | - |
| 13 | Acct. 566 Miscellaneous Transmission Expense (less amortization of regulatory asset) | 321.97.b - line 12 | 5,466,499 | DA 1.00000 | 5,466,499 |
| 14 | Total Account 566 (sum lines 12 & 13, ties to 321.97.b) | | 5,466,499 | | 5,466,499 |
| 15 | TOTAL O&M (sum lines 1, 5, 8, 9, 10, 11, 14 less 2, 3, 4, 6, 7) | | 57,050,057 | | 55,977,941 |
| DEPRECIATION AND AMORTIZATION EXPENSE | | | | | |
| 16 | Transmission | 336.7.b (Note U) | 27,133,954 | TP 1.00000 | 27,133,954 |
| 17 | General & Intangible | 336.1.f & 336.10.f (Note U) | 845,385 | W/S 1.00000 | 845,385 |
| 18 | Common | 336.11.b (Note U) | - | CE 1.00000 | - |
| 19 | Amortization of Abandoned Plant | Attachment 17, Line 15, Col. 5 (Note BB) | - | DA 1.00000 | - |
| 20 | TOTAL DEPRECIATION (sum lines 16 - 19) | | 27,979,340 | | 27,979,340 |
| TAXES OTHER THAN INCOME TAXES (Note J) | | | | | |
| LABOR RELATED | | | | | |
| 21 | Payroll | 263.i (Attachment 7, line 1z) | - | W/S 1.00000 | - |
| 22 | Highway and vehicle | 263.i (Attachment 7, line 2z) | - | W/S 1.00000 | - |
| 23 | PLANT RELATED | | | | |
| 24 | Property | 263.i (Attachment 7, line 3z) | 60,727 | GP 1.00000 | 60,727 |
| 25 | Gross Receipts | 263.i (Attachment 7, line 4z) | - | NA | - |
| 26 | Other | 263.i (Attachment 7, line 5z) | - | GP 1.00000 | - |
| 27 | Payments in lieu of taxes | Attachment 7, line 6z | - | GP 1.00000 | - |
| 28 | TOTAL OTHER TAXES (sum lines 21 - 27) | | 60,727 | | 60,727 |
| INCOME TAXES (Note K) | | | | | |
| 29 | T=1 - $\{[(1 - \text{SIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\}$ = | | 41.49% | | |
| 30 | CIT= $(T/1-T) * (1-(\text{WCLTD}/R))$ = where WCLTD=(page 4, line 22) and R=(page 4, line 25) and FIT, SIT & p are as given in footnote K. | | 49.36% | | |
| 31 | $1 / (1 - T)$ = (from line 29) | | 1.7092 | | |
| 32 | Amortized Investment Tax Credit (266.8.f) (enter negative) | | (170,383) | | |
| 33 | Tax Effect of Permanent Differences and AFUDC Equity (Attachment 15, Line 1, Col. 3) [Notes D & Y] | | 130,585 | | |
| 34 | (Excess)/Deficient Deferred Income Taxes (Attachment 15, Lines 2 & 3, Col. 3) [Notes E & Y] | | - | | |
| 35 | Income Tax Calculation = line 30 * line 40 | | 24,161,211 | NA | 24,156,316 |
| 36 | ITC adjustment (line 31 * line 32) | | (291,220) | NP 1.00000 | (291,220) |
| 37 | Permanent Differences and AFUDC Equity Tax Adjustment (line 31 * line 33) | | 223,197 | DA 1.00000 | 223,197 |
| 38 | (Excess)/Deficient Deferred Income Tax Adjustment (line 31 * line 34) | | - | DA 1.00000 | - |
| 39 | Total Income Taxes | sum lines 35 through 38 | 24,093,188 | | 24,088,293 |
| 40 | RETURN | [Rate Base (page 2, line 36) * Rate of Return (page 4, line 25)] | 48,951,638.45 | NA | 48,941,721 |
| 41 | GROSS REV. REQUIREMENT (WITHOUT INCENTIVE) | (sum lines 15, 20, 28, 39, 40) | 158,134,950 | | 157,048,022 |
| 42 | ADDITIONAL INCENTIVE REVENUE | Attachment 11, page 2, line 4, col 11 (Note AA) | 0 | | 0 |
| 43 | GROSS REV. REQUIREMENT | (line 41 + line 42) | 158,134,950 | | 157,048,022 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

Mid-Atlantic Interstate Transmission, LLC

SUPPORTING CALCULATIONS AND NOTES

| Line No. | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|----------------|-------------------------------------|---------------|---------------------|-------------------|
| TRANSMISSION PLANT INCLUDED IN ISO RATES | | | | | | |
| 1 | Total transmission plant (page 2, line 2, column 3) | | | | | 1,219,721,068 |
| 2 | Less transmission plant excluded from ISO rates (Note M) | | | | | - |
| 3 | Less transmission plant included in OATT Ancillary Services (Note N) | | | | | - |
| 4 | Transmission plant included in ISO rates (line 1 less lines 2 & 3) | | | | | 1,219,721,068 |
| 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) | | | | | 54,706,299 |
| 7 | Less transmission expenses included in OATT Ancillary Services (Note L) | | | | | 1,072,116 |
| 8 | Included transmission expenses (line 6 less line 7) | | | | | 53,634,183 |
| 9 | Percentage of transmission expenses after adjustment (line 8 divided by line 6) | | | | | 0.98040 |
| 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= | 0.98040 |
| WAGES & SALARY ALLOCATOR (W&S) | | | | | | |
| | Form 1 Reference | \$ | TP | | Allocation | |
| 12 | Production | 354.20.b | - | 0.00 | - | |
| 13 | Transmission | 354.21.b | - | 1.00 | - | |
| 14 | Distribution | 354.23.b | - | 0.00 | - | W&S Allocator |
| 15 | Other | 354.24,25,26.b | - | 0.00 | - | (\$ / Allocation) |
| 16 | Total (sum lines 12-15) | | - | | - | = 1.00000 = WS |
| COMMON PLANT ALLOCATOR (CE) (Note O) | | | | | | |
| | | \$ | | | % Electric | W&S Allocator |
| 17 | Electric | 200.3.c | - | | (line 17 / line 20) | (line 16) |
| 18 | Gas | 201.3.d | - | | 1.00000 * | 1.00000 |
| 19 | Water | 201.3.e | - | | | = |
| 20 | Total (sum lines 17 - 19) | | - | | | CE 1.00000 |
| RETURN (R) | | | | | | |
| 21 | Preferred Dividends (118.29c) (positive number) | | | | | \$ - |
| WCLTD | | | | | | |
| | | \$ | (Note C) % | Cost (Note P) | Weighted | |
| 22 | Long Term Debt (112.24.c) (Attachment 8, Line 14, Col. 7) (Note X) | 276,923,077 | 50% | 0.0450 | 0.0225 | =WCLTD |
| 23 | Preferred Stock (112.3d) (Attachment 8, Line 14, Col. 2) (Note X) | - | 0% | 0.0000 | 0.0000 | |
| 24 | Common Stock (Attachment 8, Line 14, Col. 6) (Note X) | 562,476,500 | 50% | 0.1030 | 0.0515 | |
| 25 | Total (sum lines 22-24) | 839,399,577 | | | 0.0740 | =R |
| REVENUE CREDITS | | | | | | |
| ACCOUNT 447 (SALES FOR RESALE) | | | | | | |
| 26 | a. Bundled Non-RQ Sales for Resale (311.x.h) | (310-311) | (Note Q) | | | - |
| 27 | b. Bundled Sales for Resale included in Divisor on page 1 | | | | | - |
| 28 | Total of (a)-(b) | | | | | - |
| 29 | ACCOUNT 451 (MISCELLANEOUS SERVICE REVENUE) (Note S) | | (300.17.b) (Attachment 21, line 1z) | | | - |
| 30 | ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R) | | (300.19.b) (Attachment 21, line 2z) | | | 3,761,088 |
| 31 | ACCOUNT 456 (OTHER ELECTRIC REVENUE) (Note V) | | (330.x.n) (Attachment 21, line 3z) | | | 1,397,264 |

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2018

Mid-Atlantic Interstate Transmission, 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 As provided by PJM and in effect at the time of the annual rate calculations pursuant to Section 34.1 of the PJM OATT. Includes combined CPs for Met-Ed and Penelec zones.
 - B Prepayments shall exclude prepayments of income taxes.
 - C In its order approving the transfer of Penelec's and Met-Ed's transmission assets to MAIT, the Commission approved MAIT's commitment to apply a 50 percent equity/50 percent debt capital structure for ratemaking purposes for a two-year transition period. Pennsylvania Electric, 154 FERC ¶ 61,109 at P 51. Consequently, for the first two years (i.e., calendar years 2017 and 2018) the hypothetical capital structure will be used instead of the actual calculation. Per the Settlement Agreement in docket number ER17-211-000, beginning in calendar year 2019, the equity component of MAIT's capital structure to be used in calculating charges under the formula rate shall be the lower of (i) MAIT's actual equity component as calculated in accordance with Attachment 8 or (ii) 60%.
 - D 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.
 - E Upon enactment of changes in tax law, income tax rates (including changes in apportionment) and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes. Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes. Amounts to be included will be January 1, 2017 and thereafter.
 - F The balances in Accounts 190, 281, 282 and 283, should exclude all FASB 106 or 109 related amounts. For example, any and all amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109 should be excluded. The 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 15, column 5 minus amortization of regulatory assets (page 3, lines 11 & 12, col. 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 7 - 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 8 - 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 31).
- | | | |
|--------|-------|---|
| Inputs | FIT = | 35.00% |
| | SIT = | 9.99% |
| | p = | (State Income Tax Rate or Composite SIT) (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 - 561.3, and 561.BA., and related to 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.
 - 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 will be set at 4.5% until such time as debt is issued by MAIT. Once debt is issued, the long-term debt cost rate will be the weighted average of the rates for all outstanding debt instruments, calculated within Attachment 10, col. j. Consistent with Note C, there will be no preferred stock cost, consistent with MAIT's commitment to use a hypothetical 50%/50% capital structure until calendar year 2019. Thereafter, Preferred cost rate = preferred dividends (line 21) / preferred outstanding (line 23). No change in ROE may be made absent a filing with FERC under Section 205 or Section 206 of the Federal Power Act. Per the Settlement Agreement in Docket No. ER17-211-000, MAIT's stated ROE is set to 10.30% (9.8% base ROE plus 50 basis point adder for RTO participation).
 - Q Line 28 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 Excludes revenues unrelated to transmission services.
 - T The revenues credited on page 1, lines 2-6 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, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template. The revenue on line 7 is supported by its own reference.
 - U Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
 - V On Page 4, Line 31, enter revenues from RTO settlements that are associated with NITS and firm Point-to-Point Service for which the load is not included in the divisor to derive Met-Ed's and Penelec's zonal rates. Exclude non-firm Point-to-Point revenues and revenues related to RTEP projects.
 - W Account Nos. 561.4, 561.8, and 575.7 consist of RTO expenses billed to load-serving entities and are not included in Transmission Owner revenue requirements.
 - X Calculate using a 13 month average balance.
 - Y Calculate using average of beginning and end of year balance.
 - Z Includes only CWIP authorized by the Commission for inclusion in rate base.
 - AA Any actual ROE incentive must be approved by the Commission; therefore, line will remain zero until a project(s) is granted an ROE incentive adder.
 - BB 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.
 - CC Peak as would be reported on page 401, column d of Form 1 at the time of Met-Ed's and Penelec's zonal peak for the twelve month period ending October 31 of the calendar year used to calculate rates. The projection year will utilize the most recent preceding 12-month period at the time of the filing.
 - DD Includes transmission-related balance only.

Schedule 1A Rate Calculation

| | | |
|---|--------------|---|
| 1 | \$ 1,072,116 | Attachment H-28A, Page 4, Line 7 |
| 2 | \$ 103,341 | Revenue Credits for Sched 1A - Note A |
| 3 | \$ 968,775 | Net Schedule 1A Expenses (Line 1 - Line 2) |
| 4 | 28,891,661 | Annual MWh in Met-Ed and Penelec Zones - Note B |
| 5 | \$ 0.0335 | Schedule 1A rate \$/MWh (Line 3/ Line 4) |

Note:

- A Revenues received pursuant to PJM Schedule 1A revenue allocation procedures for transmission service outside of Met-Ed's and Penelec's zones during the year used to calculate rates under Attachment H-28A.
- B Load expressed in MWh consistent with load used for billing under Schedule 1A for the Met-Ed and Penelec zones. Data from RTO settlement systems for the calendar year prior to the rate year.

Incentive ROE Calculation

| Return Calculation | | Source Reference | |
|--------------------|---|---|---|
| 1 | Rate Base | Attachment H-28A, page 2, Line 36, Col. 5 | 661,374,613 |
| 2 | Preferred Dividends | enter positive | 0 |
| Common Stock | | | |
| 3 | Proprietary Capital | Attachment 8, Line 14, Col. 1 | 786,068,470 |
| 4 | Less Preferred Stock | Attachment 8, Line 14, Col. 2 | 0 |
| 5 | Less Accumulated Other Comprehensive Income Account 219 | Attachment 8, Line 14, Col. 4 | 0 |
| 6 | Less Account 216.1 & Goodwill | Attachment 8, Line 14, Col. 3 & 5 | 223,591,970 |
| 7 | Common Stock | Attachment 8, Line 14, Col. 6 | 562,476,500 |
| Capitalization | | | |
| 8 | Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 3 | 276,923,077 |
| 9 | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 3 | 0 |
| 10 | Common Stock | Attachment H-28A, page 4, Line 24, Col. 3 | 562,476,500 |
| 11 | Total Capitalization | Attachment H-28A, page 4, Line 25, Col. 3 | 839,399,577 |
| 12 | Debt % | Total Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 4 |
| 13 | Preferred % | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 4 |
| 14 | Common % | Common Stock | Attachment H-28A, page 4, Line 24, Col. 4 |
| 15 | Debt Cost | Total Long Term Debt | Attachment H-28A, page 4, Line 22, Col. 5 |
| 16 | Preferred Cost | Preferred Stock | Attachment H-28A, page 4, Line 23, Col. 5 |
| 17 | Common Cost | Common Stock | 10.30% 0.1030 |
| 18 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 12 * Line 15) 0.0225 |
| 19 | Weighted Cost of Preferred | Preferred Stock | (Line 13 * Line 16) 0.0000 |
| 20 | Weighted Cost of Common | Common Stock | (Line 14 * Line 17) 0.0515 |
| 21 | Rate of Return on Rate Base (ROR) | (Sum Lines 18 to 20) | 0.0740 |
| 22 | Investment Return = Rate Base * Rate of Return | (Line 1 * Line 21) | 48,941,721 |

| Income Taxes | | | |
|------------------|---|---|---------------|
| Income Tax Rates | | | |
| 23 | $T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$ | Attachment H-28A, page 3, Line 29, Col. 3 | 41.49% |
| 24 | $CIT=(T/1-T) * (1-(WCLTD/R)) =$ | Calculated | 49.36% |
| 25 | $1 / (1 - T) =$ (from line 23) | Attachment H-28A, page 3, Line 31, Col.3 | 1.7092 |
| 26 | Amortized Investment Tax Credit (266.8.f) (enter negative) | Attachment H-28A, page 3, Line 32, Col. 3 | (170,382.72) |
| 27 | Tax Effect of Permanent Differences and AFUDC Equity (Excess)/Deficient Deferred Income Taxes | Attachment H-28A, page 3, Line 33, Col. 3 | 130,585.00 |
| 28 | Income Tax Calculation | Attachment H-28A, page 3, Line 34, Col. 3 | - |
| 29 | ITC adjustment | (line 22 * line 24) | 24,156,315.91 |
| 30 | Permanent Differences and AFUDC Equity Tax Adjustment (Excess)/Deficient Deferred Income Tax Adjustment | (line 25 * line 26) | (291,220.16) |
| 31 | | Attachment H-28A, page 3, Line 37, Col. 3 | 223,197.42 |
| 32 | | Attachment H-28A, page 3, Line 38, Col. 3 | - |
| 33 | Total Income Taxes | Sum lines 29 to 32 | 24,088,293.18 |

| Increased Return and Taxes | | | |
|----------------------------|---|---|----------------|
| 34 | Return and Income taxes with increase in ROE | (Line 22 + Line 33) | 73,030,014.55 |
| 35 | Return without incentive adder | Attachment H-28A, Page 3, Line 40, Col. 5 | 48,941,721.38 |
| 36 | Income Tax without incentive adder | Attachment H-28A, Page 3, Line 39, Col. 5 | 24,088,293.18 |
| 37 | Return and Income taxes <u>without</u> increase in ROE | Line 35 + Line 36 | 73,030,014.55 |
| 38 | Return and Income taxes with increase in ROE | Line 34 | 73,030,014.55 |
| 39 | Incremental Return and incomes taxes for increase in ROE | Line 38 - Line 37 | - |
| 40 | Rate Base | Line 1 | 661,374,613.18 |
| 41 | Incremental Return and incomes taxes for increase in ROE divided by rate base | Line 39 / Line 40 | - |

Notes:
Line 17 to include an incentive ROE that is used only to determine the increase in return and incomes taxes associated with a specific increase in ROE. Any actual ROE incentive must be approved by the Commission. Until an ROE incentive is approved, line 17 will reflect the current ROE.

Gross Plant Calculation

| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] | |
|----|-------------------------|----------------|-------------------|----------------------|---------------------|-------------------|-------------------|---------------|----------------------|
| | | Production | Transmission | Distribution | Intangible | General | Common | Total | |
| 1 | December | 2017 | - | 1,133,031,967 | - | - | 35,818,555 | - | 1,168,850,522 |
| 2 | January | 2018 | - | 1,135,039,334 | - | - | 37,384,342 | - | 1,172,423,677 |
| 3 | February | 2018 | - | 1,137,852,749 | - | - | 37,578,294 | - | 1,175,431,043 |
| 4 | March | 2018 | - | 1,141,895,513 | - | - | 39,035,332 | - | 1,180,930,845 |
| 5 | April | 2018 | - | 1,146,135,029 | - | - | 39,210,019 | - | 1,185,345,048 |
| 6 | May | 2018 | - | 1,213,816,117 | - | - | 39,408,566 | - | 1,253,224,684 |
| 7 | June | 2018 | - | 1,238,268,761 | - | - | 39,540,996 | - | 1,277,809,757 |
| 8 | July | 2018 | - | 1,245,391,101 | - | - | 39,837,486 | - | 1,285,228,587 |
| 9 | August | 2018 | - | 1,251,552,217 | - | - | 40,291,625 | - | 1,291,843,842 |
| 10 | September | 2018 | - | 1,258,243,444 | - | - | 42,140,943 | - | 1,300,384,387 |
| 11 | October | 2018 | - | 1,269,621,583 | - | - | 43,833,835 | - | 1,313,455,419 |
| 12 | November | 2018 | - | 1,280,819,355 | - | - | 44,351,087 | - | 1,325,170,443 |
| 13 | December | 2018 | - | 1,404,706,717 | - | - | 48,277,288 | - | 1,452,984,005 |
| 14 | 13-month Average | [A] [C] | - | 1,219,721,068 | - | - | 40,516,028 | - | 1,260,237,097 |
| | | | Production | Transmission | Distribution | Intangible | General | Common | Total |
| | | [B] | 205.46.g | 207.58.g | 207.75.g | 205.5.g | 207.99.g | 356.1 | |
| 15 | December | 2017 | - | 1,133,036,067 | - | - | 35,818,555 | - | 1,168,854,622 |
| 16 | January | 2018 | - | 1,135,043,435 | - | - | 37,384,342 | - | 1,172,427,777 |
| 17 | February | 2018 | - | 1,137,856,849 | - | - | 37,578,294 | - | 1,175,435,143 |
| 18 | March | 2018 | - | 1,141,899,614 | - | - | 39,035,332 | - | 1,180,934,946 |
| 19 | April | 2018 | - | 1,146,139,130 | - | - | 39,210,019 | - | 1,185,349,149 |
| 20 | May | 2018 | - | 1,213,820,218 | - | - | 39,408,566 | - | 1,253,228,784 |
| 21 | June | 2018 | - | 1,238,272,861 | - | - | 39,540,996 | - | 1,277,813,857 |
| 22 | July | 2018 | - | 1,245,395,202 | - | - | 39,837,486 | - | 1,285,232,688 |
| 23 | August | 2018 | - | 1,251,556,317 | - | - | 40,291,625 | - | 1,291,847,942 |
| 24 | September | 2018 | - | 1,258,247,544 | - | - | 42,140,943 | - | 1,300,388,487 |
| 25 | October | 2018 | - | 1,269,625,684 | - | - | 43,833,835 | - | 1,313,459,519 |
| 26 | November | 2018 | - | 1,280,823,456 | - | - | 44,351,087 | - | 1,325,174,543 |
| 27 | December | 2018 | - | 1,404,710,818 | - | - | 48,277,288 | - | 1,452,988,106 |
| 28 | 13-month Average | | - | 1,219,725,169 | - | - | 40,516,028 | - | 1,260,241,197 |

Asset Retirement Costs

| | | | Production | Transmission | Distribution | Intangible | General | Common |
|----|-------------------------|------|------------|--------------|--------------|-----------------|----------|-----------------|
| | | [B] | 205.44.g | 207.57.g | 207.74.g | company records | 207.98.g | company records |
| 29 | December | 2017 | - | 4,100 | - | - | - | - |
| 30 | January | 2018 | - | 4,100 | - | - | - | - |
| 31 | February | 2018 | - | 4,100 | - | - | - | - |
| 32 | March | 2018 | - | 4,100 | - | - | - | - |
| 33 | April | 2018 | - | 4,100 | - | - | - | - |
| 34 | May | 2018 | - | 4,100 | - | - | - | - |
| 35 | June | 2018 | - | 4,100 | - | - | - | - |
| 36 | July | 2018 | - | 4,100 | - | - | - | - |
| 37 | August | 2018 | - | 4,100 | - | - | - | - |
| 38 | September | 2018 | - | 4,100 | - | - | - | - |
| 39 | October | 2018 | - | 4,100 | - | - | - | - |
| 40 | November | 2018 | - | 4,100 | - | - | - | - |
| 41 | December | 2018 | - | 4,100 | - | - | - | - |
| 42 | 13-month Average | | - | 4,100 | - | - | - | - |

Notes:

- [A] Included on Attachment H-28A, page 2, lines 1-6, Col. 3
- [B] Reference for December balances as would be reported in FERC Form 1.
- [C] Balance excludes Asset Retirements Costs
- [D] Met-Ed retained 34.5kV lines

Accumulated Depreciation Calculation

| | | | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|----|-------------------------|----------------|------------|--------------------|--------------|------------|------------------|--------|--------------------|
| | | | Production | Transmission | Distribution | Intangible | General | Common | Total |
| 1 | December | 2017 | - | 357,773,407 | - | - | 6,298,607 | - | 364,072,014 |
| 2 | January | 2018 | - | 359,096,733 | - | - | 6,259,209 | - | 365,355,942 |
| 3 | February | 2018 | - | 359,771,111 | - | - | 6,298,266 | - | 366,069,376 |
| 4 | March | 2018 | - | 359,038,620 | - | - | 6,256,940 | - | 365,295,560 |
| 5 | April | 2018 | - | 358,097,781 | - | - | 6,299,077 | - | 364,396,858 |
| 6 | May | 2018 | - | 353,434,789 | - | - | 6,350,954 | - | 359,785,744 |
| 7 | June | 2018 | - | 352,642,169 | - | - | 6,407,689 | - | 359,049,858 |
| 8 | July | 2018 | - | 353,244,176 | - | - | 6,454,349 | - | 359,698,525 |
| 9 | August | 2018 | - | 353,153,749 | - | - | 6,491,737 | - | 359,645,486 |
| 10 | September | 2018 | - | 352,123,155 | - | - | 6,442,051 | - | 358,565,206 |
| 11 | October | 2018 | - | 350,325,833 | - | - | 6,299,916 | - | 356,625,749 |
| 12 | November | 2018 | - | 348,641,504 | - | - | 6,237,886 | - | 354,879,390 |
| 13 | December | 2018 | - | 340,451,312 | - | - | 6,060,313 | - | 346,511,625 |
| 14 | 13-month Average | [A] [C] | - | 353,676,488 | - | - | 6,319,769 | - | 359,996,256 |

| | | | Production | Transmission | Distribution | Intangible | General | Common | Total |
|----|-------------------------|------|-------------|--------------------|--------------|------------|------------------|--------|--------------------|
| | | [B] | 219.20-24.c | 219.25.c | 219.26.c | 200.21.c | 219.28.c | 356.1 | |
| 15 | December | 2017 | | 357,775,364 | | | 6,298,607 | | 364,073,971 |
| 16 | January | 2018 | | 359,098,681 | | | 6,259,209 | | 365,357,890 |
| 17 | February | 2018 | | 359,773,049 | | | 6,298,266 | | 366,071,315 |
| 18 | March | 2018 | | 359,040,549 | | | 6,256,940 | | 365,297,489 |
| 19 | April | 2018 | | 358,099,701 | | | 6,299,077 | | 364,398,778 |
| 20 | May | 2018 | | 353,436,699 | | | 6,350,954 | | 359,787,654 |
| 21 | June | 2018 | | 352,644,069 | | | 6,407,689 | | 359,051,759 |
| 22 | July | 2018 | | 353,246,067 | | | 6,454,349 | | 359,700,416 |
| 23 | August | 2018 | | 353,155,631 | | | 6,491,737 | | 359,647,367 |
| 24 | September | 2018 | | 352,125,027 | | | 6,442,051 | | 358,567,078 |
| 25 | October | 2018 | | 350,327,695 | | | 6,299,916 | | 356,627,611 |
| 26 | November | 2018 | | 348,643,357 | | | 6,237,886 | | 354,881,243 |
| 27 | December | 2018 | | 340,453,156 | | | 6,060,313 | | 346,513,469 |
| 28 | 13-month Average | | - | 353,678,388 | - | - | 6,319,769 | - | 359,998,157 |

| Reserve for Depreciation of Asset Retirement Costs | | | Production | Transmission | Distribution | Intangible | General | Common |
|---|-------------------------|------|-----------------|--------------|--------------|------------|---------|--------|
| | | [B] | Company Records | | | | | |
| 29 | December | 2017 | | 1,958 | | | | |
| 30 | January | 2018 | | 1,948 | | | | |
| 31 | February | 2018 | | 1,939 | | | | |
| 32 | March | 2018 | | 1,929 | | | | |
| 33 | April | 2018 | | 1,920 | | | | |
| 34 | May | 2018 | | 1,910 | | | | |
| 35 | June | 2018 | | 1,901 | | | | |
| 36 | July | 2018 | | 1,891 | | | | |
| 37 | August | 2018 | | 1,882 | | | | |
| 38 | September | 2018 | | 1,872 | | | | |
| 39 | October | 2018 | | 1,863 | | | | |
| 40 | November | 2018 | | 1,853 | | | | |
| 41 | December | 2018 | | 1,844 | | | | |
| 42 | 13-month Average | | | 1,901 | - | - | - | - |

Notes:

- [A] Included on Attachment H-28A, page 2, lines 7-11, Col. 3
- [B] Reference for December balances as would be reported in FERC Form 1.
- [C] Balance excludes reserve for depreciation of asset retirement costs

ADIT Calculation

| | [1] | [2] | [3] | [4] | [5] | [6] |
|--------------------------------|---|-----------------------------------|-----------------------------------|------------------|-----------------------------------|----------------------|
| | ADIT Transmission Total (including Plant & Labor Related Transmission ADITs and applicable transmission adjustments from notes below) | | | | | |
| | Acct. No. 281 (enter negative) | Acct. No. 282 (enter negative) | Acct. No. 283 (enter negative) | Acct. No. 190 | Acct. No. 255 (enter negative) | Total |
| | | [C] | [D] | [E] | [F] | |
| 1 December 31 2017 | - | (243,630,934) | (2,773,555) | 4,623,150 | - | (241,781,340) |
| 2 December 31 2018 | - | (263,500,008) | (2,412,496) | 4,725,455 | - | (261,187,049) |
| 3 Begin/End Average [A] | - | (253,565,471) | (2,593,026) | 4,674,302 | - | (251,484,194) |

| | Acct. No. 281 | Acct. No. 282 | Acct. No. 283 | Acct. No. 190 | Acct. No. 255 | Total |
|----------------------------|--|--------------------|-------------------|-------------------|------------------|--------------------|
| | ADIT Total Transmission-related only, including Plant & Labor Related Transmission ADITs (prior to adjustments from notes below) | | | | | |
| | [B] 273.8.k | 275.2.k | 277.9.k | 234.8.c | 267.h | |
| 4 December 31 2017 | | 245,190,307 | 12,289,649 | 12,085,507 | 2,429,155 | 271,994,617 |
| 5 December 31 2018 | | 302,359,277 | 10,073,458 | 13,369,023 | 2,329,470 | 328,131,228 |
| 6 Begin/End Average | - | 273,774,792 | 11,181,553 | 12,727,265 | 2,379,313 | 300,062,923 |

Notes:

[A] Beginning/Ending Average with adjustments for FAS143, FAS106, FAS109, CIACs and normalization to populate Appendix H-28A, page 2, lines 19-23, col. 3 for accounts 281, 282, 283, 190, and 255, respectively

[B] Reference for December balances as would be reported in FERC Form 1.

[C] FERC Account No. 282 is adjusted for the following items.

| | FAS 143 - ARO | FAS 106 | FAS 109 | CIAC | Other: [H] | Other: [H] | Normalization [G] |
|------|---------------|---------|-----------|------|------------|------------|-------------------|
| 2017 | - | - | 1,559,372 | | - | - | - |
| 2018 | - | - | 2,056,652 | | - | - | 36,802,617 |

[D] FERC Account No. 283 is adjusted for the following items.

| | FAS 143 - ARO | FAS 106 | FAS 109 | CIAC | Other: [H] | Other: [H] | Normalization [G] |
|------|---------------|---------|-----------|------|------------|------------|-------------------|
| 2017 | - | - | 9,516,093 | | - | - | - |
| 2018 | - | - | 8,368,159 | | - | - | (707,196) |

[E] FERC Account No. 190 is adjusted for the following items:

| | FAS 143 - ARO | FAS 106 | FAS 109 | CIAC | Other: [H] | Other: [H] | Normalization [G] |
|------|---------------|---------|---------|-----------|------------|------------|-------------------|
| 2017 | - | - | - | 7,462,357 | - | - | - |
| 2018 | - | - | - | 8,443,185 | - | - | 200,383 |

[F] See Attachment H-28A, page 5, note K; 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).

[G] Taken from Attachment 5a, page 2, col. 4.

[H] Include any additional adjustments to ADIT items as may be recognized in the future to be proper for PTRR/ATRR calculation purposes.

ADIT Normalization Calculation

| [1] | [2] | [3] | [4] | [5] | [6] | [7] | [8] | [9] |
|--|---|------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| | 2018 Quarterly Activity and Balances | | | | | | | |
| Beginning 190 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 4,623,150 | 67,572 | 4,690,722 | 82,324 | 4,773,046 | 35,965 | 4,809,011 | 116,827 | 4,925,838 |
| Beginning 190 (including adjustments) | Pro-rated Q1 | | Pro-rated Q2 | | Pro-rated Q3 | | Pro-rated Q4 | |
| 4,623,150 | 51,096 | | 41,726 | | 9,164 | | 320 | |
| Beginning 282 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 243,630,934 | 13,123,446 | 256,754,381 | 15,988,411 | 272,742,792 | 6,984,895 | 279,727,687 | 22,689,297 | 302,416,984 |
| Beginning 282 (including adjustments) | Pro-rated Q1 | | Pro-rated Q2 | | Pro-rated Q3 | | Pro-rated Q4 | |
| 243,630,934 | 9,923,483 | | 8,103,715 | | 1,779,713 | | 62,162 | |
| Beginning 283 (including adjustments) | Q1 Activity | Ending Q1 | Q2 Activity | Ending Q2 | Q3 Activity | Ending Q3 | Q4 Activity | Ending Q4 |
| 2,773,555 | (238,478) | 2,535,077 | (290,540) | 2,244,537 | (126,929) | 2,117,608 | (412,308) | 1,705,300 |
| Beginning 283 (including adjustments) | Pro-rated Q1 | | Pro-rated Q2 | | Pro-rated Q3 | | Pro-rated Q4 | |
| 2,773,555 | (180,329) | | (147,260) | | (32,341) | | (1,130) | |

ADIT Normalization Calculation

| | [1] | [2] | [3] | [4] | [5] |
|---|--|--|--|--|--|
| | FERC Form 1 - Year- End (sourced from Attachment 5, page 1, line 5) | Prorated year- end less FERC Form 1 Year- end | Sum of FAS143, FAS106, FAS109, CIAC and Other from Attachment 5, page 1, notes | Total Normalization to Attachment 5 (col. 2 - col. 3) | Ending Balance for formula rate (col. 1 - col. 3. - col. 4) |
| 2018 Activity | | | | | |
| <hr/> | | | | | |
| Pro-rated Total Pro-rated Ending 190 | | | | | |
| 102,305 4,725,455 | 13,369,023 | 8,643,567 | 8,443,185 | 200,383 | 4,725,455 |
| <hr/> | | | | | |
| Pro-rated Total Pro-rated Ending 282 | | | | | |
| 19,869,073 263,500,008 | 302,359,277 | 38,859,269 | 2,056,652 | 36,802,617 | 263,500,008 |
| <hr/> | | | | | |
| Pro-rated Total Pro-rated Ending 283 | | | | | |
| (361,059) 2,412,496 | 10,073,458 | 7,660,962 | 8,368,159 | (707,196) | 2,412,496 |

ADIT Detail

For the 12 months ended 12/31/2018

| <u>COLUMN A</u> | <u>COLUMN B</u> | <u>COLUMN C</u> | <u>COLUMN D</u> |
|----------------------------------|-----------------------------------|-----------------------------------|----------------------------|
| | <u>BALANCE AS OF 12-31-17</u> | <u>BALANCE AS OF 12-31-18</u> | <u>AVERAGE BALANCE</u> |
| ACCOUNT 255: | | | |
| Investment Tax Credit | 2,429,155 | 2,329,470 | 2,379,313 |
| 1 TOTAL ACCOUNT 255 | <u>2,429,155</u> | <u>2,329,470</u> | |
| ACCOUNT 282: | | | |
| 263A Capitalized Overheads | 24,990,314 | 28,883,136 | 26,936,725 |
| 263A Miscellaneous | 2,258,977 | 1,993,504 | 2,126,240 |
| Accelerated Depreciation | 188,440,777 | 244,154,364 | 216,297,571 |
| AFUDC | 3,336,884 | 3,595,356 | 3,466,120 |
| AFUDC Equity (FAS109) | 1,559,372 | 2,056,652 | 1,808,012 |
| Capitalized Tree Trimming | 4,315,138 | 4,200,696 | 4,257,917 |
| Casualty Loss | 2,865,380 | 763,983 | 1,814,682 |
| Other | (4,195,910) | (4,740,657) | (4,468,283) |
| Pension and Capitalized Benefits | (1,963,650) | (1,581,423) | (1,772,536) |
| Tax Repairs | 11,724,554 | 13,289,552 | 12,507,053 |
| FAS109 Related to Property | 11,858,472 | 9,744,113 | 10,801,292 |
| 2 TOTAL ACCOUNT 282 | <u>245,190,307</u> | <u>302,359,277</u> | |

ADIT Detail

For the 12 months ended 12/31/2018

| <u>COLUMN A</u> | <u>COLUMN B</u> | <u>COLUMN C</u> | <u>COLUMN D</u> |
|-----------------------------------|----------------------------------|----------------------------------|----------------------------|
| | BALANCE AS <u>OF 12-31-17</u> | BALANCE AS <u>OF 12-31-18</u> | <u>AVERAGE BALANCE</u> |
| ACCOUNT 283: | | | |
| AFUDC Equity Flow Thru (Gross up) | 1,105,925 | 1,458,602 | 1,282,264 |
| Property FAS109 | 8,410,168 | 6,909,557 | 7,659,862 |
| Deferred Storm Costs | 327,581 | 218,387 | 272,984 |
| Vegetation Management | 1,734,731 | 1,486,912 | 1,610,822 |
| Start-up Costs | 711,243 | 0 | 355,622 |
| 3 TOTAL ACCOUNT 283 | <u>12,289,649</u> | <u>10,073,458</u> | |

1 **Calculation of PBOP Expenses**

| 2 | <u>MAIT</u> | <u>Amount</u> | <u>Source</u> |
|---|--|----------------------|--|
| 3 | Total FirstEnergy PBOP expenses | (108,686,300) | FirstEnergy 2015 Actuarial Study |
| 4 | Labor dollars (FirstEnergy) | 2,024,261,894 | FirstEnergy 2015 Actual: Company Records |
| 5 | cost per labor dollar (line 3 / line 4) | -\$0.0537 | |
| 6 | labor (labor not capitalized) current year | 14,029,594 | MAIT Labor: Company Records |
| 7 | PBOP Expense for current year (line 5 * line 6) | -\$753,274 | |
| 8 | PBOP expense in Account 926 for current year | 618,765 | MAIT Account 926: Company Records |
| 9 | PBOP Adjustment for Attachment H-28A, page 3, line 9 (line 7 - line 8) | (1,372,039) | |

10 Lines 3-4 cannot change absent a Section 205 or 206 filing approved or accepted by FERC in a separate proceeding

Taxes Other than Income Calculation

| | [A] | Dec 31, 2018 |
|--|-------|--------------|
| 1 Payroll Taxes | | |
| 1a FICA | 263.i | - |
| 1b Federal Unemployment Tax | 263.i | - |
| 1c Pennsylvania Unemployment Tax | 263.i | - |
| 1z Payroll Taxes Total | | - |
| 2 Highway and Vehicle Taxes | | |
| 2a Federal Excise Tax | 263.i | - |
| 2z Highway and Vehicle Taxes | | - |
| 3 Property Taxes | | |
| 3a Property Tax | 263.i | 60,727 |
| 3b | | - |
| 3c | | - |
| 3z Property Taxes | | 60,727 |
| 4 Gross Receipts Tax | | |
| 4a Gross Receipts Tax | 263.i | - |
| 4z Gross Receipts Tax | | - |
| 5 Other Taxes | | |
| 5a Sales & Use Tax | 263.i | - |
| 5b Capital Stock Tax/Franchise | 263.i | - |
| 5c | | - |
| 5z Other Taxes | | - |
| 6z Payments in lieu of taxes | | - |
| 7 Total other than income taxes (sum lines 1z, 2z, 3z, 4z, 5z, 6z) [tie to 114.14c] | | \$60,727.00 |

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

Capital Structure Calculation

For the 12 months ended 12/31/2018

| | | [1] | [2] | [3] | [4] | [5] | [6] | [7] | |
|----|------------------|-------------|-----------------|---------------|-------------|-------------|-----------------------------|----------------|-------------|
| | | Proprietary | Preferred Stock | Account 216.1 | Account 219 | Goodwill | Common Stock | Long Term Debt | |
| | | Capital | | | | | | | |
| | [A] | 112.16.c | 112.3.d | 112.12.c | 112.15.c | 233.5.f | (1) - (2) - (3) - (4) - (5) | 112.24.c | |
| 1 | December | 2017 | 782,921,751 | | | 223,591,970 | 559,329,781 | - | |
| 2 | January | 2018 | 786,595,554 | | | 223,591,970 | 563,003,584 | - | |
| 3 | February | 2018 | 790,341,684 | | | 223,591,970 | 566,749,714 | - | |
| 4 | March | 2018 | 782,924,362 | | | 223,591,970 | 559,332,392 | - | |
| 5 | April | 2018 | 786,904,847 | | | 223,591,970 | 563,312,877 | - | |
| 6 | May | 2018 | 791,545,425 | | | 223,591,970 | 567,953,455 | 450,000,000 | |
| 7 | June | 2018 | 783,957,994 | | | 223,591,970 | 560,366,024 | 450,000,000 | |
| 8 | July | 2018 | 787,428,123 | | | 223,591,970 | 563,836,153 | 450,000,000 | |
| 9 | August | 2018 | 790,951,999 | | | 223,591,970 | 567,360,029 | 450,000,000 | |
| 10 | September | 2018 | 783,284,923 | | | 223,591,970 | 559,692,953 | 450,000,000 | |
| 11 | October | 2018 | 786,980,184 | | | 223,591,970 | 563,388,214 | 450,000,000 | |
| 12 | November | 2018 | 790,646,180 | | | 223,591,970 | 567,054,210 | 450,000,000 | |
| 13 | December | 2018 | 774,407,086 | | | 223,591,970 | 550,815,116 | 450,000,000 | |
| 14 | 13-month Average | | 786,068,470 | - | - | - | 223,591,970 | 562,476,500 | 276,923,077 |

Notes:

[A] Reference for December balances as would be reported in FERC Form 1.

Stated Value Inputs

**Formula Rate Protocols
Section VIII.A**

1. Rate of Return on Common Equity ("ROE")

MAIT's stated ROE is set to: 10.3%

2. Postretirement Benefits Other Than Pension ("PBOP")

**sometimes referred to as Other Post Employment Benefits, or "OPEB"*

| | |
|---------------------------------|---------------|
| Total FirstEnergy PBOP expenses | (108,686,300) |
| Labor dollars (FirstEnergy) | 2,024,261,894 |

3. Depreciation Rates

| FERC Account | <u>Depr %</u> |
|--------------|---------------|
| 352 | 1.28% |
| 353 | 2.05% |
| 354 | 1.39% |
| 355 | 2.32% |
| 356 | 2.68% |
| 356.1 | 1.27% |
| 358 | 2.52% |
| 359 | 0.87% |
| 390.1 | 2.90% |
| 390.2 | 1.24% |
| 391.1 | 0.63% |
| 391.2 | 18.82% |
| 392 | 4.84% |
| 393 | 0.01% |
| 394 | 4.62% |
| 395 | 0.00% |
| 396 | 0.47% |
| 397 | 1.80% |
| 398 | 0.32% |
| 303 | 14.29% |

4. Net Plant Allocator

If the Net Plant (NP) allocator becomes anything other than 1.000 (or 100%), MAIT must make a Section 205 filing to seek approval of any new depreciation or amortization rates applicable to production and/or distribution plant accounts.

5. Land Rights

If Land Rights (Account 350) are acquired by MAIT, it must make a Section 205 filing to establish the appropriate depreciation rate.

Debt Cost Calculation

TABLE 1: Summary Cost of Long Term Debt

CALCULATION OF COST OF DEBT

| YEAR ENDED | 12/31/2018 | | | | | | | | | | |
|-----------------------------------|----------------|---------------|--------------------------------------|---|-------------------------------|---------------------------|--|--|--|---------------------------------------|-----------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| Long Term Debt | t=N Issue Date | Maturity Date | ORIGINAL ISSUANCE (table 2, col. cc) | Net Proceeds At Issuance (table 2, col. hh) | Net Amount Outstanding at t=N | Months Outstanding at t=N | Average Net Outstanding in Year* 2" ((col. e. * col. Fj)/12) | Weighted Outstanding Rates (col. g/col. g total) | Effective Cost Rate (Table 2, Col. ii) | Weighted Debt Cost at t = N (h) * (i) | |
| (1) 4.50%, Senior Unsecured Notes | 5/15/2018 | 5/15/2028 | \$ 450,000,000 | \$ 450,000,000 | \$ 450,000,000 | 7.5 | ##### | 100.00% | 4.50% | 4.50% | |
| Total | | | \$ 450,000,000 | | \$ 450,000,000 | | \$ 281,250,000 | 100.000% | | 4.50% | ** |

t = time
 The current portion of long term debt is included in the Net Amount Outstanding at t = N in these calculations.
 The outstanding amount (column (e)) for debt retired during the year is the outstanding amount at the last month it was outstanding.
 * 2 = Average of monthly balances for months outstanding during the year (average of the balances for the 12 months of the year, with zero in months that the issuance is not outstanding in a month.)
 ** This Total Weighted Average Debt Cost will be shown on page 4, line 22, column 5 of formula rate Attachment H-28A.

TABLE 2: Effective Cost Rates For Traditional Front-Loaded Debt Issuances:

| YEAR ENDED | 12/31/2018 | | | | | | | | | | | |
|-----------------------------------|-----------------|--------------------|-----------------------|-------------------------------------|-----------------------|-----------------------------------|------------------------|---|---|------------------|--|---|
| Long Term Debt | (fa) Issue Date | (fb) Maturity Date | (fc) Amount Issued | (fd) (Discount) Premium at Issuance | (fe) Issuance Expense | (ff) Loss/Gain on Recaptured Debt | (fg) Less Related ADIT | (fh) Net Proceeds (col. cc + col. dd + col. ee + col. ff) | (fi) Net Proceeds Ratio ((col. cc / col. hh)/100) | (fj) Coupon Rate | (fk) Annual Interest (col. cc * col. fj) | (fl) Effective Cost Rate (Yield to Maturity at Issuance, t = 0) |
| (1) 4.50%, Senior Unsecured Notes | 5/15/2018 | 5/15/2028 | \$ 450,000,000 | \$ - | 0 | - | xxx | \$ 450,000,000 | 100.0000 | 0.04500 | \$ 20,250,000 | 4.50% |
| TOTALS | | | \$ 450,000,000 | - | 0 | - | xxx | \$ 450,000,000 | | | \$ 20,250,000 | |

* YTM at issuance calculated from an acceptable bond table or from YTM = Internal Rate of Return (IRR) calculation
 Effective Cost Rate of Individual Debenture (YTM at issuance): the t=0 Cashflow C₀ equals Net Proceeds column (gg); Semi-annual (or other) interest cashflows (C₁, C₂, etc.).

Transmission Enhancement Charge (TEC) Worksheet
 To be completed in conjunction with Attachment H-28A

| Line No. | (1) | (2) Reference | (3) Transmission | (4) Allocator |
|---|---|---|------------------|------------------|
| 1 | Gross Transmission Plant - Total | Attach. H-28A, p. 2, line 2, col. 5 (Note A) | \$ 1,219,721,068 | |
| 2 | Net Transmission Plant - Total | Attach. H-28A, p. 2, line 14, col. 5 (Note B) | \$ 866,044,581 | |
| OBM EXPENSE | | | | |
| 3 | Total OBM Allocated to Transmission | Attach. H-28A, p. 3, line 15, col. 5 | \$ 55,977,941 | |
| 4 | Annual Allocation Factor for OBM | (line 3 divided by line 1, col. 3) | 4.589405% | 4.589405% |
| GENERAL INTANGIBLE AND COMMON (G, I, & C) DEPRECIATION EXPENSE | | | | |
| 5 | Total G, I, & C depreciation expense | Attach. H-28A, p. 3, lines 17 & 18, col. 5 | \$ 845,385 | |
| 6 | Annual allocation factor for G, I, & C depreciation expense | (line 5 divided by line 1, col. 3) | 0.069310% | 0.069310% |
| TAXES OTHER THAN INCOME TAXES | | | | |
| 7 | Total Other Taxes | Attach. H-28A, p. 3, line 26, col. 5 | \$ 60,727 | |
| 8 | Annual Allocation Factor for Other Taxes | (line 7 divided by line 1, col. 3) | 0.004979% | 0.004979% |
| 9 | Annual Allocation Factor for Expense | Sum of line 4, 6, & 8 | | 4.663694% |
| INCOME TAXES | | | | |
| 10 | Total Income Taxes | Attach. H-28A, p. 3, line 39, col. 5 | \$ 24,088,293 | |
| 11 | Annual Allocation Factor for Income Taxes | (line 10 divided by line 2, col. 3) | 2.781415% | 2.781415% |
| RETURN | | | | |
| 12 | Return on Rate Base | Attach. H-28A, p. 3, line 40, col. 5 | \$ 48,941,721 | |
| 13 | Annual Allocation Factor for Return on Rate Base | (line 12 divided by line 2, col. 3) | 5.651178% | 5.651178% |
| 14 | Annual Allocation Factor for Return | Sum of line 11 and 13 | | 8.432593% |

| Columns 5-9 (page 1) only applies with incentive RDE project(s) (Note F) | | | | |
|--|---|---|------------------|------------------|
| Line No. | (5) | (6) Reference | (7) Transmission | (8) Allocator |
| INCOME TAXES | | | | |
| 10b | Total Income Taxes | Attachment 2, line 33 | \$ 24,088,293 | |
| 11b | Annual Allocation Factor for Income Taxes | (line 10b divided by line 2, col. 3) | 2.781415% | 2.781415% |
| RETURN | | | | |
| 12b | Return on Rate Base | Attachment 2, line 22 | \$ 48,941,721 | |
| 13b | Annual Allocation Factor for Return on Rate Base | (line 12b divided by line 2, col. 3) | 5.651178% | 5.651178% |
| 14b | Annual Allocation Factor for Return | Sum of line 11b and 13b | | 8.432593% |
| 15 | Additional Annual Allocation Factor for Return | Line 14 b, col. 9 less line 14, col. 4 | | 0.00000% |

Transmission Enhancement Charge (TEC) Worksheet
 To be completed in conjunction with Attachment H-28A

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | |
|----------|---|---------------------------------------|---------------------|-------------------------------------|-----------------------|-------------------|-------------------------------------|----------------------|------------------------------|------------------------------------|--|----------------------------------|--------------------|--------------------------------------|
| Line No. | Project Name | RTEP Project Number | Project Gross Plant | Annual Allocation Factor for Return | Annual Expense Charge | Project Net Plant | Annual Allocation Factor for Return | Annual Return Charge | Project Depreciation Expense | Annual Revenue Requirement | Additional Incentive Allocation Factor for Return (Note F) | Total Annual Revenue Requirement | True-up Adjustment | Net Revenue Requirement with True-up |
| | | (Note C & H) | (Page 1, line 9) | (Col. 3 * Col. 4) | (Note D & H) | Page 1, line 14 | (Col. 6 * Col. 7) | (Note E) | (Sum Col. 5, 8, & 9) | (Col. 6 * Page 1, line 15, Col. 8) | (Sum Col. 10 & 11) | (Note G) | (Sum Col. 12 & 13) | |
| 2a | Install 230kV series reactor and 2- 100MVAR PLC switched capacitors at Huntersdown | b0215 | \$ 12,837,431 | 4.663694% | \$388,379 | \$ 10,364,858 | 8.432593% | \$674,035 | \$ 259,067 | \$1,722,473 | 0 | \$1,722,473 | \$1,722,473 | |
| 2b | Install 20 MVAR capacitor at Keystone 500 kV | b0549 | \$ 3,207,134 | 4.663694% | \$149,571 | \$ 2,859,667 | 8.432593% | \$241,144 | \$ 65,746 | \$456,461 | 0 | \$456,461 | \$456,461 | |
| 2c | Install 25 MVAR capacitor at Lewis Run 115 kV substation | b0550 | \$ - | 4.663694% | \$0 | \$ - | 8.432593% | \$0 | \$0 | \$0 | 0 | \$0 | \$0 | |
| 2d | Install 25 MVAR capacitor at States 115 kV substation | b0551 | \$ 1,380,393 | 4.663694% | \$64,377 | \$ 1,125,106 | 8.432593% | \$94,676 | \$ 28,022 | \$187,275 | 0 | \$187,275 | \$187,275 | |
| 2e | Install 50 MVAR capacitor at Albions 230 kV substation | b0552 | \$ 1,038,335 | 4.663694% | \$48,425 | \$ 952,250 | 8.432593% | \$80,299 | \$ 21,286 | \$150,010 | 0 | \$150,010 | \$150,010 | |
| 2f | Install 50 MVAR capacitor at Rawtown 230 kV substation | b0553 | \$ 927,947 | 4.663694% | \$43,277 | \$ 827,069 | 8.432593% | \$69,743 | \$ 19,023 | \$132,043 | 0 | \$132,043 | \$132,043 | |
| 2g | Install 75 MVAR capacitor at East Towanda 230 kV substation | b0557 | \$ 2,177,814 | 4.663694% | \$101,565 | \$ 1,941,433 | 8.432593% | \$163,713 | \$4,210 | \$309,489 | 0 | \$309,489 | \$309,489 | |
| 2h | Relocate the Erie South 345 kV line terminal | b1993 | \$ 10,675,225 | 4.663694% | \$497,860 | \$ 10,110,506 | 8.432593% | \$852,578 | \$ 219,910 | \$1,570,347 | 0 | \$1,570,347 | \$1,570,347 | |
| 2i | Convert Lewis RunFarmers Valley to 230 kV using 1033.5 ACBR conductor. Project to be completed in conjunction with new Farmers Valley 345/230 kV transformation | b1994 | \$ 102,703 | 4.663694% | \$4,790 | \$ 100,207 | 8.432593% | \$8,450 | \$ 2,167 | \$15,407 | 0 | \$15,407 | \$15,407 | |
| 2j | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1_1_DFAX_Allocation | \$ 1,975,998 | 4.663694% | \$92,154 | \$ 1,923,717 | 8.432593% | \$162,219 | \$ 48,610 | \$302,983 | 0 | \$302,983 | \$302,983 | |
| 2k | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1_1_Load_Ratio_Share_Allocation | \$ 1,698,653 | 4.663694% | \$79,220 | \$ 1,651,774 | 8.432593% | \$139,287 | \$ 41,787 | \$260,294 | 0 | \$260,294 | \$260,294 | |
| 2l | Install 2nd Huntersdown 230/115 kV transformer | b2452 | \$ 4,063,115 | 4.663694% | \$202,765 | \$ 5,924,423 | 8.432593% | \$499,583 | \$33,389 | \$915,736 | 0 | \$915,736 | \$915,736 | |
| 2m | Reconductor Huntersdown - Oford 115 kV line | b2452.1 | \$ 2,884,049 | 4.663694% | \$134,503 | \$ 2,817,160 | 8.432593% | \$237,560 | \$ 63,449 | \$435,512 | 0 | \$435,512 | \$435,512 | |

3 Transmission Enhancement Credit taken to Attachment H-28A Page 1, Line 7
 4 Additional Incentive Revenue taken to Attachment H-28A Page 3, Line 42

\$0.00 6,458,031.09

Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-28A.
- B Net Transmission Plant is that identified on page 2 line 14 of Attachment H-28A.
- C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 above. This value includes subsequent capital investments required to maintain the project in-service.
- D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
- E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment H-28A, page 3, line 16.
- F Any actual ROE incentive must be approved by the Commission
- G True-up adjustment is calculated on the project true-up schedule, attachment 12, column 1
- H Based on a 13-month average

TEC Worksheet Support
Net Plant Detail

| Line No. | Project Name | RTEP Project Number | Project Gross Plant (Note A) | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|----------|--|-------------------------|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2a | Install 230kV series reactor and 2- 100MVAR PLC switched capacitors at Hunterstown | b0215 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 | \$ 12,637,431 |
| 2b | Install 250 MVAR capacitor at Keystone 500 kV | b0549 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 | \$ 3,207,134 |
| 2c | Install 25 MVAR capacitor at Lewis Run 115 kV substation | b0550 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2d | Install 25 MVAR capacitor at Saxton 115 kV substation | b0551 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 | \$ 1,380,393 |
| 2e | Install 50 MVAR capacitor at Altoona 230 kV substation | b0552 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 | \$ 1,038,335 |
| 2f | Install 50 MVAR capacitor at Raystown 230 kV substation | b0553 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 | \$ 927,947 |
| 2g | Install 75 MVAR capacitor at East Towanda 230 kV substation | b0557 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 | \$ 2,177,814 |
| 2h | Relocate the Erie South 345 kV line terminal | b1993 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 | \$ 10,675,225 |
| 2i | Convert Lewis Run-Farmers Valley to 230 kV using 1033.5 ACSR conductor. Project to be completed in conjunction with new Farmers Valley 345/230 kV transformation | b1994 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 | \$ 102,703 |
| 2j | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1.1_DFAX_Allocati | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 | \$ 1,975,998 |
| 2k | Loop the 2026 (TMI - Hosensack 500 kV) line in to the Lauschtown substation and upgrade relay at TMI 500 kV | b2006.1.1_Load_Ratio_Sh | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 | \$ 1,698,653 |
| 2l | Install 2nd Hunterstown 230/115 kV transformer | b2452 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 | \$ 6,063,115 |
| 2m | Reconductor Hunterstown - Oxford 115 kV line | b2452.1 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 | \$ 2,884,049 |

NOTE
[A Project Gross Plant is the total capital investment for the project, including subsequent capital investments required to maintain the project in-service. Utilizing a 13-month average.

TEC Worksheet Support
Net Plant Detail

Attachment H-28A, Attachment 11a
page 2 of 2
For the 12 months ended 12/31/2018

| Accumulated Depreciation (Note B) | Dec-17 (Note D) | Jan-18 (Note D) | Feb-18 (Note D) | Mar-18 (Note D) | Apr-18 (Note D) | May-18 (Note D) | Jun-18 (Note D) | Jul-18 (Note D) | Aug-18 (Note D) | Sep-18 (Note D) | Oct-18 (Note D) | Nov-18 (Note D) | Dec-18 (Note D) | Project Net Plant (Note B & C) |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------------|
| \$2,272,473.08 | \$ 2,142,939 | \$ 2,164,528 | \$ 2,186,117 | \$ 2,207,706 | \$ 2,229,295 | \$ 2,250,884 | \$ 2,272,473 | \$ 2,294,062 | \$ 2,315,651 | \$ 2,337,240 | \$ 2,358,829 | \$ 2,380,418 | \$ 2,402,007 | \$10,364,958.39 |
| \$347,467.15 | \$ 314,594 | \$ 320,073 | \$ 325,552 | \$ 331,031 | \$ 336,509 | \$ 341,988 | \$ 347,467 | \$ 352,946 | \$ 358,425 | \$ 363,904 | \$ 369,383 | \$ 374,861 | \$ 380,340 | \$2,859,667.10 |
| \$0.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$0.00 |
| \$255,286.61 | \$ 241,276 | \$ 243,611 | \$ 245,946 | \$ 248,281 | \$ 250,616 | \$ 252,951 | \$ 255,287 | \$ 257,622 | \$ 259,957 | \$ 262,292 | \$ 264,627 | \$ 266,962 | \$ 269,298 | \$1,125,106.49 |
| \$86,084.96 | \$ 75,442 | \$ 77,216 | \$ 78,990 | \$ 80,763 | \$ 82,537 | \$ 84,311 | \$ 86,085 | \$ 87,859 | \$ 89,633 | \$ 91,406 | \$ 93,180 | \$ 94,954 | \$ 96,728 | \$952,249.70 |
| \$100,878.00 | \$ 91,367 | \$ 92,952 | \$ 94,537 | \$ 96,122 | \$ 97,708 | \$ 99,293 | \$ 100,878 | \$ 102,463 | \$ 104,048 | \$ 105,634 | \$ 107,219 | \$ 108,804 | \$ 110,389 | \$827,068.84 |
| \$236,381.87 | \$ 214,277 | \$ 217,961 | \$ 221,645 | \$ 225,329 | \$ 229,014 | \$ 232,698 | \$ 236,382 | \$ 240,066 | \$ 243,750 | \$ 247,434 | \$ 251,118 | \$ 254,803 | \$ 258,487 | \$1,941,432.50 |
| \$564,719.49 | \$ 454,765 | \$ 473,090 | \$ 491,416 | \$ 509,742 | \$ 528,068 | \$ 546,394 | \$ 564,719 | \$ 583,045 | \$ 601,371 | \$ 619,697 | \$ 638,023 | \$ 656,349 | \$ 674,674 | \$10,110,505.51 |
| \$2,495.80 | \$ 1,412 | \$ 1,593 | \$ 1,773 | \$ 1,954 | \$ 2,135 | \$ 2,315 | \$ 2,496 | \$ 2,676 | \$ 2,857 | \$ 3,038 | \$ 3,218 | \$ 3,399 | \$ 3,579 | \$100,207.39 |
| \$52,280.69 | \$ 27,976 | \$ 32,027 | \$ 36,078 | \$ 40,128 | \$ 44,179 | \$ 48,230 | \$ 52,281 | \$ 56,331 | \$ 60,382 | \$ 64,433 | \$ 68,484 | \$ 72,535 | \$ 76,585 | \$1,923,717.13 |
| \$46,879.40 | \$ 25,986 | \$ 29,468 | \$ 32,950 | \$ 36,433 | \$ 39,915 | \$ 43,397 | \$ 46,879 | \$ 50,362 | \$ 53,844 | \$ 57,326 | \$ 60,808 | \$ 64,291 | \$ 67,773 | \$1,651,773.60 |
| \$138,691.98 | \$ 71,998 | \$ 83,113 | \$ 94,229 | \$ 105,345 | \$ 116,461 | \$ 127,576 | \$ 138,692 | \$ 149,808 | \$ 160,923 | \$ 172,039 | \$ 183,155 | \$ 194,271 | \$ 205,386 | \$5,924,423.26 |
| \$66,888.76 | \$35,164 | \$40,452 | \$45,739 | \$51,026 | \$56,314 | \$61,601 | \$66,889 | \$72,176 | \$77,464 | \$82,751 | \$88,038 | \$93,326 | \$98,613 | \$2,817,160.00 |

NOTE

[B] Utilizing a 13-month average. [C] Taken to Attachment 11, Page 2, Col. 6 [D] Company records

TEC - True-up

To be completed after Attachment 11 for the True-up Year is updated using actual data

| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | |
|----------|---|---------------------|--------------------------------|---|--------------------------------|-----------------------|--|---|--|---|
| Line No. | Project Name | RTEP Project Number | Actual Revenues for Appendix D | Projected Annual Revenue Requirement | % of Total Revenue Requirement | Revenue Received | Actual Annual Revenue Requirement | True-up Adjustment Principal Over/(Under) | Applicable Interest Rate on Over/(Under) | Total True-up Adjustment with Interest Over/(Under) |
| | | | | Projected Attachment 11 p 2 of 2, col. 14 | Col d, line 2 / Col. d, line 3 | Col c, line 1 * Col e | Actual Attachment 11 p 2 of 2, col. 14 | Col. f - Col. G | Col. H line 2x / Col. H line 3 * Col. J line 4 | Col. h + Col. i |
| 1 | [A] Actual RTEP Credit Revenues for true-up year | | 0 | | | | | | | |
| 2a | Project 1 | | | - | - | - | - | - | #DIV/0! | #DIV/0! |
| 2b | Project 2 | | | | - | - | | - | #DIV/0! | #DIV/0! |
| 2c | Project 3 | | | | - | - | | - | #DIV/0! | #DIV/0! |
| 3 | Subtotal | | | - | | | - | - | | #DIV/0! |
| 4 | Total Interest (Sourced from Attachment 13a, line 30) | | | | | | | | | - |

NOTE
[A] Amount included in revenues reported on pages 328-330 of FERC Form 1.

TEC Revenue Requirement True-up with Interest

| | | |
|--|---|--|
| TEC Reconciliation Revenue Requirement For Year 2015 Available May 1, 2016 | TEC 2015 Revenue Requirement Collected by PJM Based on Forecast filed on Oct 31, 2014 | True-up Adjustment - Over (Under) Recovery |
| \$0 | \$0 | \$0 |

| | Over (Under) Recovery Plus Interest | Average Monthly Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund) Owed |
|---|-------------------------------------|-------------------------------|--------|---------------------|--------------|-------------------------|
| 2 Interest Rate on Amount of Refunds or Surcharges ^[A] | | 0.0000% | | | | |

An over or under collection will be recovered prorata over 2015, held for 2016 and returned prorata over 2017

| <u>Calculation of Interest</u> | | <u>Monthly</u> | | | | |
|--------------------------------|---------------------|----------------|---------|----|---|---|
| 3 | January Year 2015 | - | 0.0000% | 12 | - | - |
| 4 | February Year 2015 | - | 0.0000% | 11 | - | - |
| 5 | March Year 2015 | - | 0.0000% | 10 | - | - |
| 6 | April Year 2015 | - | 0.0000% | 9 | - | - |
| 7 | May Year 2015 | - | 0.0000% | 8 | - | - |
| 8 | June Year 2015 | - | 0.0000% | 7 | - | - |
| 9 | July Year 2015 | - | 0.0000% | 6 | - | - |
| 10 | August Year 2015 | - | 0.0000% | 5 | - | - |
| 11 | September Year 2015 | - | 0.0000% | 4 | - | - |
| 12 | October Year 2015 | - | 0.0000% | 3 | - | - |
| 13 | November Year 2015 | - | 0.0000% | 2 | - | - |
| 14 | December Year 2015 | - | 0.0000% | 1 | - | - |
| | | | | - | - | - |

| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> | | <u>Monthly</u> | | | | |
|---|------------------------------------|----------------|---------|----|---|---|
| 15 | January through December Year 2016 | - | 0.0000% | 12 | - | - |

| <u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u> | | <u>Monthly</u> | | | | |
|---|---------------------|----------------|---------|---|---|---|
| 16 | January Year 2017 | - | 0.0000% | - | - | - |
| 17 | February Year 2017 | - | 0.0000% | - | - | - |
| 18 | March Year 2017 | - | 0.0000% | - | - | - |
| 19 | April Year 2017 | - | 0.0000% | - | - | - |
| 20 | May Year 2017 | - | 0.0000% | - | - | - |
| 21 | June Year 2017 | - | 0.0000% | - | - | - |
| 22 | July Year 2017 | - | 0.0000% | - | - | - |
| 23 | August Year 2017 | - | 0.0000% | - | - | - |
| 24 | September Year 2017 | - | 0.0000% | - | - | - |
| 25 | October Year 2017 | - | 0.0000% | - | - | - |
| 26 | November Year 2017 | - | 0.0000% | - | - | - |
| 27 | December Year 2017 | - | 0.0000% | - | - | - |
| | | | | - | - | - |

| | | | | | | |
|----|----------------------------|--|--|--|----|---|
| 28 | True-Up with Interest | | | | \$ | - |
| 29 | Less Over (Under) Recovery | | | | \$ | - |
| 30 | Total Interest | | | | \$ | - |

[A] Interest rate equal to: (i) MAIT's actual short-term debt costs capped at the interest rate determined by 18 C.F.R. 35.19a; or (ii) the interest rate determined by 18 C.F.R. 35.19, if MAIT does not have short term debt

Other Rate Base Items

| Line No. | Description | COLUMN B | COLUMN C | COLUMN D | COLUMN E | COLUMN F | COLUMN G |
|----------|--|------------------------|------------------------|-----------------|----------|----------|----------|
| | | BALANCE AS OF 12-31-17 | BALANCE AS OF 12-31-18 | AVERAGE BALANCE | | | |
| 1 | Land Held for Future Use (214.x.d) | 0 | 0 | - | | | |
| 2 | Materials & Supplies (227.8.c & .16.c) | 0 | 0 | - | | | |
| 3 | Prepayments: Account 165 (111.57.c) - Note [A] | 545,482 | 545,482 | 545,482 | | | |

Unfunded Reserves

| Line No. | Description | BALANCE AS OF 12-31-17 | BALANCE AS OF 12-31-18 | AVERAGE BALANCE | ALLOCATION FACTOR | TRANSMISSION TOTAL (Col D times Col F) |
|----------------------|---|------------------------|------------------------|-----------------|-------------------|--|
| Account 228.1 | | | | | | |
| 4a | Property Insurance (Self insurance not covered by property insurance) | 0 | 0 | 0 | GP | 1.00 |
| 4b | [Insert Item Included in Account 228.1 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 4c | [Insert Item Included in Account 228.1 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 4z | Total Account 228.1 (112.27.c) | 0 | 0 | | | 0 |
| Account 228.2 | | | | | | |
| 5a | Workman's Compensation | 0 | 0 | 0 | W/S | 1.00 |
| 5b | Probable liabilities not covered by insurance for death or injuries to employees and others | 0 | 0 | 0 | W/S | 1.00 |
| 5c | Probable liabilities not covered by insurance for damages to property neither owned nor held under lease by the utility | 0 | 0 | 0 | GP | 1.00 |
| 5d | [Insert Item Included in Account 228.2 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 5e | [Insert Item Included in Account 228.2 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 5z | Total Account 228.2 (112.28.c) | 0 | 0 | | | 0 |
| Account 228.3 | | | | | | |
| 6a | Year-End Vacation Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 6b | Year-End Deferred Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 6c | Year-End Sick Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 6d | Year-End Incentive Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 6e | Year-End Severance Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 6f | Year-End PBOP/OPEB Accrual not included in established trusts | 0 | 0 | 0 | W/S | 1.00 |
| 6g | [Insert Item Included in Account 228.3 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 6h | [Insert Item Included in Account 228.3 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 6z | Total Account 228.3 (112.29.c) | 0 | 0 | | | 0 |
| Account 228.4 | | | | | | |
| 7a | Year-End Vacation Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 7b | Year-End Deferred Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 7c | Year-End Sick Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 7d | Year-End Incentive Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 7e | Year-End Severance Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 7f | Year-End PBOP/OPEB Accrual not included in established trusts | 0 | 0 | 0 | W/S | 1.00 |
| 7g | [Insert Item Included in Account 228.4 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 7h | [Insert Item Included in Account 228.4 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 7z | Total Account 228.4 (112.30.c) | 0 | 0 | | | 0 |
| Account 242 | | | | | | |
| 8a | Year-End Vacation Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 8b | Year-End Deferred Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 8c | Year-End Sick Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 8d | Year-End Incentive Compensation Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 8e | Year-End Severance Pay Accrual | 0 | 0 | 0 | W/S | 1.00 |
| 8f | Year-End PBOP/OPEB Accrual not included in established trusts | 0 | 0 | 0 | W/S | 1.00 |
| 8g | [Insert Item Included in Account 242 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 8h | [Insert Item Included in Account 242 that are not allocated to transmission] | 0 | 0 | 0 | Other | 0 |
| 8z | Total Account 242 (113.48.c) | 0 | 0 | | | 0 |
| 9 | Total Unfunded Reserves Plant-related (items with GP allocator) - Note [B] | 0 | 0 | 0 | GP | 1.00 |
| 10 | Total Unfunded Reserves Labor-related (items with W/S allocator) - Note [C] | 0 | 0 | 0 | W/S | 1.00 |

Notes:

- [A] Prepayments shall exclude prepayments of income taxes.
- [B] Column G balance taken to Attachment H-28A, page 2, line 24, col. 3
- [C] Column G balance taken to Attachment H-28A, page 2, line 25, col. 3

| [1] | Income Tax Adjustments | | [4] | [5] | [6] |
|---|------------------------|----------------------------|-------------|-------------|--------------------------|
| | [2] | [3] | Dec 31, | Dec 31, | |
| | | <u>Beg/End Average [C]</u> | <u>2017</u> | <u>2018</u> | <u>Reference</u> |
| 1 Tax adjustment for Permanent Differences & AFUDC Equity | [A] | 130,585.00 | 111,170 | \$150,000 | MAIT Company Records |
| 2 Amortized Excess Deferred Taxes (enter negative) | [B] | - | - | | \$0 MAIT Company Records |
| 3 Amortized Deficient Deferred Taxes | [B] | - | - | | \$0 MAIT Company Records |

Notes:

[A] AFUDC equity component is the gross cumulative annual amount based upon tax records of capitalized AFUDC equity embedded in the gross plant attributable to the transmission function.

[B] Upon enactment of changes in tax law, income tax rates (including changes in apportionment) and other actions taken by a taxing authority, deferred taxes are re-measured and adjusted in the Company's books of account, resulting in excess or deficient accumulated deferred taxes. Such excess or deficient deferred taxes attributed to the transmission function will be based upon tax records and calculated in the calendar year in which the excess or deficient amount was measured and recorded for financial reporting purposes. Amounts to be included will be January 1, 2017 and thereafter.

[C] (Column 4 + Column 5)/2; Beg/End Average for line 1 included on Attachment H-28A, page 3, line 33; Beg/End Average for lines 2-3 taken to Attachment H-28A, page 3, line 34

| | | Regulatory Asset - Deferred Storms | | | | | |
|-----|--|--|-------------------|---|---------------------------|----------------|---------------------|
| [1] | [2] | [3] | [4] | [5] | [6] | [7] | |
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance | |
| 1 | Monthly Balance | Source | | | | | |
| 2 | December 2017 | p232 (and Notes) | 37 | | | 789,475.70 | |
| 3 | January | FERC Account 182.3 | 36 | 789,476 | 21,929.88 | - | 767,545.82 |
| 4 | February | FERC Account 182.3 | 35 | 767,546 | 21,929.88 | - | 745,615.94 |
| 5 | March | FERC Account 182.3 | 34 | 745,616 | 21,929.88 | - | 723,686.06 |
| 6 | April | FERC Account 182.3 | 33 | 723,686 | 21,929.88 | - | 701,756.18 |
| 7 | May | FERC Account 182.3 | 32 | 701,756 | 21,929.88 | - | 679,826.30 |
| 8 | June | FERC Account 182.3 | 31 | 679,826 | 21,929.88 | - | 657,896.42 |
| 9 | July | FERC Account 182.3 | 30 | 657,896 | 21,929.88 | - | 635,966.54 |
| 10 | August | FERC Account 182.3 | 29 | 635,967 | 21,929.88 | - | 614,036.66 |
| 11 | September | FERC Account 182.3 | 28 | 614,037 | 21,929.88 | - | 592,106.78 |
| 12 | October | FERC Account 182.3 | 27 | 592,107 | 21,929.88 | - | 570,176.89 |
| 13 | November | FERC Account 182.3 | 26 | 570,177 | 21,929.88 | - | 548,247.01 |
| 14 | December 2018 | p232 (and Notes) | 25 | 548,247 | 21,929.88 | - | 526,317.13 |
| 15 | Ending Balance 13-Month Average | (sum lines 2-14) /13 | | | <u>\$263,158.57</u> | | <u>\$657,896.42</u> |

Attachment H-28A, page 3, line 11

Attachment H-28A, page 2, Line 27

Regulatory Asset - Vegetation Management

| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|-----|--|--|-------------------|---|---------------------------|-----------------------|
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p232 (and Notes) | 85 | | | 4,180,729.25 |
| 3 | January | FERC Account 182.3 | 84 | 4,180,729 | 49,770.59 | 4,130,958.66 |
| 4 | February | FERC Account 182.3 | 83 | 4,130,959 | 49,770.59 | 4,081,188.08 |
| 5 | March | FERC Account 182.3 | 82 | 4,081,188 | 49,770.59 | 4,031,417.49 |
| 6 | April | FERC Account 182.3 | 81 | 4,031,417 | 49,770.59 | 3,981,646.90 |
| 7 | May | FERC Account 182.3 | 80 | 3,981,647 | 49,770.59 | 3,931,876.32 |
| 8 | June | FERC Account 182.3 | 79 | 3,931,876 | 49,770.59 | 3,882,105.73 |
| 9 | July | FERC Account 182.3 | 78 | 3,882,106 | 49,770.59 | 3,832,335.15 |
| 10 | August | FERC Account 182.3 | 77 | 3,832,335 | 49,770.59 | 3,782,564.56 |
| 11 | September | FERC Account 182.3 | 76 | 3,782,565 | 49,770.59 | 3,732,793.97 |
| 12 | October | FERC Account 182.3 | 75 | 3,732,794 | 49,770.59 | 3,683,023.39 |
| 13 | November | FERC Account 182.3 | 74 | 3,683,023 | 49,770.59 | 3,633,252.80 |
| 14 | December 2018 | p232 (and Notes) | 73 | 3,633,253 | 49,770.59 | 3,583,482.21 |
| 15 | Ending Balance 13-Month Average | (sum lines 2-14) /13 | | <u>\$597,247.04</u> | | <u>\$3,882,105.73</u> |

Attachment H-28A, page 3, line 11

Attachment H-28A, page 2, Line 27

Regulatory Asset - Start-up Costs

| [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|-----|---|--|-------------------|---|---------------------------|---------------------|
| | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (Company Records) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | |
| 2 | December 2017 | p232 (and Notes) | 13 | | | 1,714,108.00 |
| 3 | January | FERC Account 182.3 | 12 | 1,714,108 | 142,842.33 | 1,571,265.67 |
| 4 | February | FERC Account 182.3 | 11 | 1,571,266 | 142,842.33 | 1,428,423.33 |
| 5 | March | FERC Account 182.3 | 10 | 1,428,423 | 142,842.33 | 1,285,581.00 |
| 6 | April | FERC Account 182.3 | 9 | 1,285,581 | 142,842.33 | 1,142,738.67 |
| 7 | May | FERC Account 182.3 | 8 | 1,142,739 | 142,842.33 | 999,896.33 |
| 8 | June | FERC Account 182.3 | 7 | 999,896 | 142,842.33 | 857,054.00 |
| 9 | July | FERC Account 182.3 | 6 | 857,054 | 142,842.33 | 714,211.67 |
| 10 | August | FERC Account 182.3 | 5 | 714,212 | 142,842.33 | 571,369.33 |
| 11 | September | FERC Account 182.3 | 4 | 571,369 | 142,842.33 | 428,527.00 |
| 12 | October | FERC Account 182.3 | 3 | 428,527 | 142,842.33 | 285,684.67 |
| 13 | November | FERC Account 182.3 | 2 | 285,685 | 142,842.33 | 142,842.33 |
| 14 | December 2018 | p232 (and Notes) | 1 | 142,842 | 142,842.33 | - |
| 15 | Ending Balance 13-Month Average (sum lines 2-14) /13 | | | <u>\$1,714,108.00</u> | | <u>\$857,054.00</u> |

Attachment H-28A, page 3, line 11

Attachment H-28A, page 2, Line 27

| | [1] | [2] | Abandoned Plant | | | | [7] |
|----|--|---------------------------------------|---|-------------------|--------------------------------------|-------------------------------|----------------|
| | | | [3] | [4] | [5] | [6] | |
| | | | Months Remaining In Amortization Period | Beginning Balance | Amortization Expense (p114.10.c) | Additions (Deductions) | Ending Balance |
| 1 | Monthly Balance | Source | | | | | |
| 2 | December 2017 | p111.71.d (and Notes) | 13 | | | | - |
| 3 | January | FERC Account 182.2 | 12 | - | - | - | - |
| 4 | February | FERC Account 182.2 | 11 | - | - | - | - |
| 5 | March | FERC Account 182.2 | 10 | - | - | - | - |
| 6 | April | FERC Account 182.2 | 9 | - | - | - | - |
| 7 | May | FERC Account 182.2 | 8 | - | - | - | - |
| 8 | June | FERC Account 182.2 | 7 | - | - | - | - |
| 9 | July | FERC Account 182.2 | 6 | - | - | - | - |
| 10 | August | FERC Account 182.2 | 5 | - | - | - | - |
| 11 | September | FERC Account 182.2 | 4 | - | - | - | - |
| 12 | October | FERC Account 182.2 | 3 | - | - | - | - |
| 13 | November | FERC Account 182.2 | 2 | - | - | - | - |
| 14 | December 2018 | p111.71.c (and Notes) Detail on p230b | 1 | - | - | - | - |
| 15 | Ending Balance 13-Month Average | (sum lines 2-14) /13 | | | <u>\$0.00</u> | | <u>\$0.00</u> |

Attachment H-28A, page 3, Line 19

Attachment H-28A, page 2, Line 28

Note:

Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC and will be zero until the Commission accepts or approves recovery of the cost of abandoned plant

| | | | CWIP |
|----|------------------|------|-------------|
| | | | [A] |
| | | | 216.b |
| 1 | December | 2017 | |
| 2 | January | 2018 | |
| 3 | February | 2018 | |
| 4 | March | 2018 | |
| 5 | April | 2018 | |
| 6 | May | 2018 | |
| 7 | June | 2018 | |
| 8 | July | 2018 | |
| 9 | August | 2018 | |
| 10 | September | 2018 | |
| 11 | October | 2018 | |
| 12 | November | 2018 | |
| 13 | December | 2018 | |
| 14 | 13-month Average | | - |

Notes:

[A] Includes only CWIP authorized by the Commission for inclusion in rate base.

Federal Income Tax Rate

Nominal Federal Income Tax Rate 35.00%
(entered on Attachment H-28A,
page 5 of 5, Note K)

State Income Tax Rate

| | Pennsylvania | Combined Rate (entered on Attachment H-28A, page 5 of 5, Note K) |
|--------------------------------|--------------|--|
| Nominal State Income Tax Rate | 9.99% | |
| Times Apportionment Percentage | 100.00% | |
| Combined State Income Tax Rate | 9.990% | 9.990% |

Operation and Maintenance Expenses

| Line No. [a] | Account Reference | Description | Account Balance [b] |
|--------------|-------------------|--|---------------------|
| 82 | | <i>Operation</i> | |
| 83 | 560 | Operation Supervision and Engineering | \$126,104 |
| 84 | | | |
| 85 | 561.1 | Load Dispatch-Reliability | \$933,350 |
| 86 | 561.2 | Load Dispatch-Monitor and Operate Transmission System | \$684,667 |
| 87 | 561.3 | Load-Dispatch-Transmission Service and Scheduling | |
| 88 | 561.4 | Scheduling, System Control and Dispatch Services | |
| 89 | 561.5 | Reliability, Planning and Standards Development | \$177,787 |
| 90 | 561.6 | Transmission Service Studies | |
| 91 | 561.7 | Generation Interconnection Studies | |
| 92 | 561.8 | Reliability, Planning and Standards Development Services | |
| 93 | 562 | Station Expenses | \$10,144 |
| 94 | 563 | Overhead Lines Expense | \$40,144 |
| 95 | 564 | Underground Lines Expense | |
| 96 | 565 | Transmission of Electricity by Others | |
| 97 | 566 | Miscellaneous Transmission Expense | \$5,466,499 |
| 98 | 567 | Rents | \$6,813,603 |
| 99 | | TOTAL Operation (Enter Total of Lines 83 thru 98) | \$14,252,299 |
| 100 | | <i>Maintenance</i> | |
| 101 | 568 | Maintenance Supervision and Engineering | \$920,386 |
| 102 | 569 | Maintenance of Structures | |
| 103 | 569.1 | Maintenance of Computer Hardware | \$7,428 |
| 104 | 569.2 | Maintenance of Computer Software | \$42,391 |
| 105 | 569.3 | Maintenance of Communication Equipment | |
| 106 | 569.4 | Maintenance of Miscellaneous Regional Transmission Plant | |
| 107 | 570 | Maintenance of Station Equipment | \$4,343,924 |
| 108 | 571 | Maintenance of Overhead Lines | \$34,849,899 |
| 109 | 572 | Maintenance of Underground Lines | |
| 110 | 573 | Maintenance of Miscellaneous Transmission Plant | \$289,973 |
| 111 | | TOTAL Maintenance (Total of lines 101 thru 110) | \$40,454,001 |
| 112 | | TOTAL Transmission Expenses (Total of lines 99 and 111) [c] | \$54,706,299 |

Notes:

- [a] Line No. as would be reported in FERC Form 1, page 321
 - [b] December balances as would be reported in FERC Form 1
 - [c] Ties to Attachment H-28A, page 3, line 1, column 3
- Above expenses do not include amounts for Met-Ed's 34.5 kV transmission lines

Administrative and General (A&G) Expenses

| Line No. [d] | Account Reference | Description | Account Balance [e] |
|-----------------|----------------------|--|---------------------|
| 180 | | <i>Operation</i> | |
| 181 | 920 | Administrative and General Salaries | |
| 182 | 921 | Office Supplies and Expenses | |
| 183 | Less 922 | Administrative Expenses Transferred - Credit | |
| 184 | 923 | Outside Services Employed | \$2,140,681 |
| 185 | 924 | Property Insurance | \$156,334 |
| 186 | 925 | Injuries and Damages | \$603,043 |
| 187 | 926 | Employee Pensions and Benefits | -\$2,646,881 |
| 188 | 927 | Franchise Requirements | |
| 189 | 928 | Regulatory Commission Expense | |
| 190 | Less 929 | (Less) Duplicate Charges-Cr. | |
| 191 | 930.1 | General Advertising Expenses | |
| 192 | 930.2 | Miscellaneous General Expenses | \$27,000 |
| 193 | 931 | Rents | |
| 194 | | Total Operation (Enter Total of lines 181 thru 193) | \$280,177 |
| 195 | | <i>Maintenance</i> | |
| 196 | 935 | Maintenance of General Plant | \$861,107 |
| 197 | | TOTAL A&G Expenses (Total of lines 194 and 196) [f] | \$1,141,284 |

Notes:

- [d] Line No. as would be reported in FERC Form 1, page 323
 - [e] December balances as would be reported in FERC Form 1
 - [f] Ties to Attachment H-28A, page 3, line 5, column 3
- Above expenses do not include amounts for Met-Ed's 34.5 kV transmission lines

Revenue Credit Worksheet

(See Footnote T on Attachment H-28A, page 5)

| | | | December 31, 2018 | |
|----|--|--|--------------------|----------------|
| 1 | Account 451 -- Miscellaneous Service Revenues | FERC Form 1 , page 300 and footnote data | <u>Amount</u> | Note S, page 5 |
| 1a | | | | |
| 1b | | | | |
| 1z | Account 451 Total | | \$0 | |
| 2 | Account 454 -- Rent from Electric Property | FERC Form 1, pages 300 and 429 | | Note R, page 5 |
| 2a | Transmission Charge - TMI Unit 1 | | \$1,998,563 | |
| 2b | Transmission Investment - Power Pool Agreement | | <u>\$1,762,525</u> | |
| 2c | | | | |
| 2z | Account 454 Total | | \$3,761,088 | |
| 3 | Account 456 -- Other Electric Revenues | FERC Form 1, page 330 and footnote data | | Note V, page 5 |
| 3a | Point-to-point Revenues | | \$1,131,260 | |
| 3b | Seneca Transmission Facilities Charges | | \$266,004 | |
| 3c | | | | \$0 |
| 3d | | | | |
| 3e | | | | |
| 3z | Account 456 Total | | \$1,397,264 | |

Attachment B
Service Agreement

Service Company Agreement-Utility Execution Copy

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the 31st day of January, 2017, by and between each of the associate companies listed on the signature page hereto (each a "Client Company"), and FirstEnergy Service Company, an Ohio corporation ("Service Company").

WHEREAS, Service Company is a direct wholly-owned subsidiary of FirstEnergy Corp., a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act");

WHEREAS, Service Company has been formed for the purpose of providing administrative, management and other services to FirstEnergy Corp. and its associate companies, including Client Company (together, the "Client Companies"); and

WHEREAS, Client Company believes that it is in its interest to enter into an arrangement whereby Client Company may agree to purchase such administrative, management and other services from Service Company as Client Company may choose at cost as determined in accordance with this Agreement and the Act;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DESCRIPTION OF SERVICES.

Service Company agrees to provide certain administrative, management or other services (the "Services") to Client Company similar to those supplied to other Client Companies of Service Company. Such services are and will be provided to Client Company only at the request of Client Company. Exhibit A hereto lists and describes all of the Services that are available from Service Company.

2. PERSONNEL.

In order to provide the Services, Service Company will employ executive officers, accountants, financial advisers, technical advisers, attorneys and other persons with the necessary qualifications. If necessary, Service Company may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

As and to the extent required by law, Service Company provides and will provide such services at fully allocated cost, determined in accordance with the Act. Exhibit A hereof contains rules for determining and allocating such costs.

4. TERMINATION AND MODIFICATION.

Either party to this Agreement may terminate this Agreement by providing 60 days written notice of such termination to the other party. This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Act or with any rule, regulation or order of the Federal Regulatory Energy Commission (the "Commission") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

5. SERVICE REQUESTS.

Client Company and Service Company will prepare a Service Request on or before September 30th of each year listing Services to be provided to Client Company by Service Company and any special arrangements related to the provision of such Services for the coming year, based on Services provided during the preceding year. Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from Service Company, and the arrangements relating thereto.

6. BILLING AND PAYMENT.

Unless otherwise set forth in a Service Request, payment for Services provided by Service Company shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Billing will be made on a monthly basis, with the bill to be rendered as soon as practicable after the close of the month, and remittance or accounting entries completed within 30 days of billing. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date.

7. NOTICE.

Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

To Client Company: c/o President
76 South Main St.
Akron, Ohio 44308

To Service Company: c/o Vice President and Controller
76 South Main Street
Akron, Ohio 44308

8. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to its conflict of law's provisions.

9. MODIFICATION.

No amendment, change or modification to this Agreement shall be valid, unless made in writing and signed by both parties hereto.

10. ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

11. WAIVER.

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. ASSIGNMENT.

This Agreement shall inure to the benefit and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or either party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.

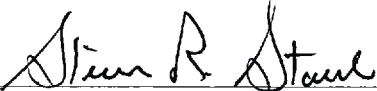
13. SEVERABILITY.

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed effective as of the 31st day of January, 2017. This Agreement supersedes any previous agreement between the Service Company and the Client Companies.

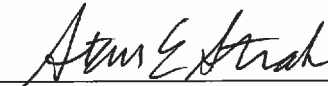
FirstEnergy Service Company

By: 
Steven R. Staub
Vice President and Treasurer

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Client Companies:

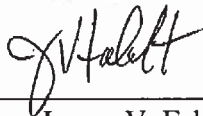
**Ohio Edison Company
The Cleveland Electric Illuminating
Company
The Toledo Edison Company
Pennsylvania Power Company
American Transmission Systems,
Incorporated
Pennsylvania Electric Company
Waverly Electric Power & Light
Company
Metropolitan Edison Company
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company
PATH-Allegheny Land Acquisition
Company
PATH-Allegheny Maryland
Transmission Company, LLC
PATH Allegheny Transmission
Company, LLC
PATH Allegheny Virginia
Transmission Corporation
AYE Series, Potomac-Appalachian
Transmission Highline, LLC
Trans-Allegheny Interstate Line
Company
Mid-Atlantic Interstate Transmission,
LLC**

By: 

Steven E. Strah
President

[Remainder of this page intentionally left blank.]

**Jersey Central Power & Light
Company**

By: 

James V. Fakult
President

EXHIBIT A
DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGY

1. Description Of Services

Overview

This Exhibit provides a description of all services provided by Service Company departments and the cost allocation methodologies to be used in connection therewith. All products and services are subject to Service Level Standards as negotiated between the Service Company department and Client Company. Each Client Company is classified as either a "Utility Subsidiary" or a "Non-Utility Subsidiary".

2. Cost Allocation Methodology

Overview

The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method. The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully allocated cost of providing the product or service. The costs of product and services provided by the ServeCo that cannot be charged directly to the Subsidiary receiving the product or service will be allocated among the associate companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. The allocation methods used by Service Company are as follows:

a. **"Multiple Factor – All"** - For the Indirect Costs for products or services benefiting the entire FirstEnergy system, FirstEnergy and all Subsidiaries will bear a fair and equitable portion of such costs. FirstEnergy will bear 5% of these Indirect Costs. The remaining Indirect Costs will be allocated among the Utility Subsidiaries and the Non-Utility Subsidiaries benefiting from the services provided based on FirstEnergy's equity investment in the respective groups. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Utility"** method. Among the Non-Utility Subsidiaries, allocations will be based upon the **"Multiple Factor - Non-Utility"** method.

b. **"Multiple Factor – Utility"** - For the Indirect Costs for a product or service solely benefiting one or more of the Utility Subsidiaries, each such Utility Subsidiary so benefiting will be charged a portion of the Indirect Costs based on the sum of the weighted averages of the following factors:

1. Gross transmission and/or distribution plant
2. Operating and maintenance expense excluding purchase power and fuel costs

3. Transmission and/or distribution revenues, excluding transactions with affiliates

These three (3) factors have been determined to be the most appropriate for the Utility Subsidiaries in the FirstEnergy system. Each factor will be weighted equally so that no one facet of the electric utility operations inordinately influences the distribution of Indirect Costs.

c. “Multiple Factor - Non-Utility” - For the Indirect Costs for products or services solely benefiting the Non-Utility Subsidiaries, each Non-Utility Subsidiary so benefiting receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases from the Utility Subsidiaries.

d. “Multiple Factor - Utility and Non-Utility” - For the Indirect Costs for a product or service benefiting one or more of the Utility and Non-Utility Subsidiaries, each such Subsidiary so benefiting is first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy’s equity investment in such Subsidiaries. Following this distribution, a subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the **“Multiple Factor-Utility.”** Among the Non-Utility Subsidiaries, allocations will be based upon **“Multiple Factor - Non-Utility”**

e. “Direct Charge Ratio” - The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

f. “Number of Customers Ratio” - For costs of products and services driven by the number of Utility customers, the allocation method that will be used will be the number of Utility customers for the respective Utility Subsidiary receiving the product or service divided by the total number of utility customers.

g. “Number of Shopping Customers Ratio” - A “shopping customer” is defined as a Utility customer who has selected a competitive electric generation supplier. For costs of products and services driven by the number of shopping customers, the allocation method that will be used will be the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

h. “Number of Participating Employees – General” - For costs of products and services driven by all participating employees within the FirstEnergy system, the allocation method that will be used will be the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

i. “Number of Participating Employees - Utility and Non-Utility” - For costs of products and services driven by participating employees who work for the Utility and Non-Utility Subsidiaries, the Subsidiaries receiving the product or service are first assigned a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy’s equity investment in the respective groups. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

j. “Gigabytes Used Ratio” - Number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

k. “Number of Computer Workstations Ratio” - Number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

l. “Number of Billing Inserts Ratio” - Number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

m. “Number of Invoices Ratio” - Number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

n. “Number of Payments Ratio” - Number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service. This will not be utilized until some historical information is available out of our new automated system.

o. “Daily Print Volume” - Average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

p. **“Number of Intel Servers”** - Number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

q. **“Application Development Ratio”** - Number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

r. **“Server Support Composite”** - The average ratio of unix gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

3. Descriptions of Products and Services

CALL CENTER

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------------|---|---|
| Field All Inbound Regulated Calls | Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities. | Multiple Factor – Utility and Non-Utility |
| Field All Inbound Unregulated Calls | Field calls related to billing, credit, new service, service order completion, outages, and other miscellaneous activities. | Multiple Factor – Utility and Non-Utility |

CUSTOMER SERVICE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|------------------------------------|
| Supplier Services | Provide customer services support to electric generation suppliers, administer and maintain Electronic Data Interface (EDI) functions and invoice suppliers. | Number of Shopping Customers Ratio |
| Regulatory Interface and Process Improvement: Supplier | Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes. | Number of Shopping Customers Ratio |
| Market Support Generation (MSG) Administration | Administer and support MSG supplier functions. | Number of Shopping Customers Ratio |
| Regulatory Interface and Process Improvement: Regulatory | Respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes. | Number of Customers Ratio |
| Compliance | Work with regions to communicate and ensure regulatory requirements. | Multiple Factor – Utility |
| Power Billing | Provide billing functions for large commercial/industrial contract customers. | Number of Customers Ratio |
| Revenue Reporting | Perform and manage revenue reporting functions. | Number of Customers Ratio |
| Billing Exception Processing | Process billing exceptions. | Number of Customers Ratio |
| Remittance Processing | Process customer payments and deposit funds. | Number of Payments Ratio |
| Human Services | Coordinate and administer the various social services programs. | Number of Customers Ratio |

| | | |
|--|--|---------------------------|
| Arrears Management/ Outsourcing Services Incorporated (OSI) Administration | Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collections agencies' performance and OSI credit activities. | Number of Customers Ratio |
| Revenue Protection Administration | Perform revenue reporting and compliance functions. | Number of Customers Ratio |
| Metrics and Budget/ Customer Satisfaction Measurement | Manage Customer Services and Call Center Departments' budgets and measure performance and customer satisfaction results. | Number of Customers Ratio |
| Policy/Procedures Development and Documentation | Develop, document and communicate Customer Services policies and procedures. | Number of Customers Ratio |
| Bill Administration/ Forms Administration | Design standardized customer bills, envelopes, and forms. | Number of Customers Ratio |
| Meter Reading Support | Coordinate Meter Reading schedules and routing activities. | Number of Customers Ratio |
| Customer Information System (CIS) Control | Operate and maintain CIS. | Number of Customers Ratio |

ECONOMIC DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------|---|------------------------------------|
| Economic Development Services | Foster economic development to encourage capital investment in FirstEnergy's service areas. | Multiple Factor – Utility |

TRANSMISSION & DISTRIBUTION TECHNICAL SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|------------------------------------|
| Forestry | Provide forestry services. | Multiple Factor – Utility |
| Distribution Reliability and Asset Records | Services include Joint User contracts, public works coordination, reliability reporting to regions and Public Utility Commissions, mutual assistance coordination, PowerOn support, cable locate ticket screening and tariff support. | Multiple Factor – Utility |

| | | |
|---|---|---------------------------|
| Design Standards | Services include line material and construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices. | Multiple Factor – Utility |
| Substation Services Support | Services include Substation maintenance plan coordination, practices and support, mobile substation administration and planning, and environmental compliance support. | Multiple Factor – Utility |
| Equipment Repair/Testing Services | Services include the maintenance, installation, maintenance, testing and repair of utility equipment. | Multiple Factor – Utility |
| Fleet Services | Develop fleet strategy, and perform fleet maintenance practices and support. | Multiple Factor – Utility |
| Financial Services | Identify revenue enhancements and cost reductions. | Multiple Factor – Utility |
| Substation Design and Transmission-Line Maintenance Support | Perform substation and transmission line design and project management and transmission line and substation design and material standards, right-of-way and survey services, transmission line maintenance plan coordination, practices and support, FAA activity coordination. | Multiple Factor – Utility |
| Planning and Protection | Perform planning and protection support for subtransmission system and overall radial system capacity planning overview, and interconnection coordination for distributed technology applications on distribution system. | Multiple Factor – Utility |
| Capital Budget and Equipment Support | Capital budget development and support, and major equipment specifications and procurement/repair activities for major equipment. | Multiple Factor – Utility |

WORKFORCE DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Transmission and Distribution Skills Training | Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination. | Number of Participating Employees – General |
| Customer Service Skills Training | Develop and facilitate skills training for customer service groups. | Multiple Factor – Utility |
| External Learning Opportunities Through the Power Systems Institute | Develop educational partnerships with colleges to offer two-year degrees in electric utility technology. | Multiple Factor – Utility |

ADMINISTRATIVE SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|--|---|
| Provide Administrative Support Services | Provides services in production printing, document imaging, graphic services, food services, corporate mailroom and corporate courier. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Provide Records Management Services | Provides services in records storage, records retrieval, records retention, records planning and engineering records. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Provide Business Services | Provides services in convenience copiers, fax machines, pagers, printers, and business information center. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |

* For services rendered only to the utilities.

EXECUTIVE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---------------------------|--|------------------------------------|
| Executive Management | Consultation and services in management and administration of all aspects of the business. | Multiple Factor – All |

COMMUNICATIONS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------|---|---|
| Public Relations | Provides services in media relations, financial communications, annual reports, executive presentation, public relations counsel, corporate writing, internet support and special projects. | Multiple Factor – All |
| Employee Communications | Provides services with update, retirees, satellite broadcast, human resource-related communications and special projects. | Number of Participating Employees – Utility and Non-Utility |
| Production | Provides services related to display, photography, Corporate ID, video and employee merchandise. | Multiple Factor – All |
| Sponsorship | Provides services related to sports marketing, university support and special projects. | Multiple Factor – All |
| Non-Utility Advertising | Provides services related to broadcast/print, collateral, direct mail, internet/intranet, display/merchandise, yellow/white pages, production/agency support and special projects. | Multiple Factor – Non-Utility |
| Utility Advertising | Provides services related to TV, radio, print, outdoors, Internet/Intranet, special projects, production, agency support and creative media placement. | Multiple Factor – Utility |
| Utility Bill Inserts | Provides services developing regulated bill service to Ohio, Pennsylvania and New Jersey. | Multiple Factor – Utility |
| Utility : Yellow / White Pages | Provides services with regulated yellow/white pages. | Multiple Factor – Utility |
| Utility: Research | Provides research services. | Multiple Factor – Utility |
| Ohio Consumer Education | Provides services related to Ohio Consumer Education statewide and locally. | Multiple Factor – Utility |
| Ohio Deregulation Education | Provides service related to Deregulation Education. | Multiple Factor – Utility |

CORPORATE AFFAIRS AND COMMUNITY INVOLVEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|------------------------------------|
| Corporate Affairs Activities | Provide administrative support through oversight of the business practices and planning and implementation of staff, senior management and related meetings. Serves as community liaison. | Multiple Factor – Utility |
| Direct Community Involvement Initiatives | Provides direction in employee volunteerism, supports viable community partnerships and educational initiatives. | Multiple Factor – Utility |
| Energy Efficiency Programs | Directing and coordinating Ohio Weatherization and Energy Efficiency Programs for Low Income Customers. | Multiple Factor – Utility |
| Community Initiatives Consulting Services | Consults to regional operations and other business units and client managers for the various community programs. | Multiple Factor – Utility |
| Contributions Management | Directs, coordinates, monitors, and manages contributions. | Multiple Factor – Utility |

CORPORATE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-----------------------------|---|---|
| Investor Services | Stock administration, perform recordkeeping, transfer agent, registrar, paying agent, reinvestment plan administration and other services for shareholders. | None (All Direct Charge to Holding Co.) |
| Board of Directors Support | Support and administration of Board of Directors meetings and director compensation. | None (All Direct Charge to Holding Co.) |
| Annual Meeting Coordination | Coordinate the Annual Meeting of Shareholders, including the preparation and mailing of proxy materials and annual reports and the tabulation of proxies. | None (All Direct Charge to Holding Co.). |
| Indenture Compliance | Administer the company's indentures | Multiple Factor – Utility |

HUMAN RESOURCES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Manage Employee Executive Compensation and Benefits | Provide management and supervision for employee and executive compensation and benefits. | Number of Participating Employees – General |
| Manage Workers Compensation and Disability Management | Provide management and supervision for workers compensation and disability programs. | Number of Participating Employees – General |
| Provide and Coordinate Human Resources Training | Design, prepare and conduct training. | Number of Participating Employees – General |
| Provide Employment Services | Provide staffing, relocation and employment expertise. | Number of Participating Employees – General |
| Provide HRIS Services | Provide and maintain Human Resources information. | Number of Participating Employees – General |
| Provide Diversity Management Services | Manage Affirmative Action programs, provide EEO/AA consulting services, and respond to charges. | Number of Participating Employees – General |
| Manage/ Administer Medical Services and Wellness Programs | Establish compliance, develop, implement, and administer medical and wellness programs. | Number of Participating Employees – General |

INDUSTRIAL RELATIONS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------------|---|---|
| Provide Labor Contract Negotiations | Provide contract negotiation services for all labor agreements. | Number of Participating Employees – General |
| Provide Labor Consulting Services | Provide labor consulting services. | Number of Participating Employees – General |
| Manage/Administer Safety Programs | Develop, implement and administer occupational safety programs. | Number of Participating Employees – General |

REAL ESTATE

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Facilities Management | Management and maintenance of office facilities. | Multiple Factor – All or Multiple Factor Utility* |
| Facilities Planning and Project Management | Manage office design services, furniture, project management and other capital improvements. | Multiple Factor – All or Multiple Factor Utility* |
| Management of Real Estate Assets | Support internal and external inquiries regarding the acquisition, divestiture and management of real estate assets | Multiple Factor – All or Multiple Factor Utility* |
| Manage/Administer Security Programs | Administer physical security, special investigations, security audits, security consultation and contract guard services. | Multiple Factor – All or Multiple Factor Utility* |

* For services rendered only to the utilities.

FIRSTENERGY TECHNOLOGIES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Strategic Technologies | Develop, support and implement EPRI programs, industry initiatives, research and development programs collaboratives and activities with universities, labs and the Department of Energy. | Multiple Factor – Utility |
| New Technology Assessment | Perform assessment activities for strategic technology pilots, technology assessments, marketing tests, customer pilots and due diligence reviews. | Multiple Factor – Utility and Non-Utility |
| Technical Application and Product Innovation | Develop, analyze and support strategic alliances, joint ventures, strategic startups, direct investments and Portfolio initiatives. | Multiple Factor – Utility and Non-Utility |
| New Technology and Product Market Deployment | Develop, support and implement the following initiatives: tailored solutions with existing products, commercial packages, operational efficiencies and business area solutions. | Multiple Factor – Utility and Non-Utility |
| Demand Response Initiatives | Provide support for corporate demand response initiatives. | Multiple Factor – Utility and Non-Utility |
| Renewable Energy Program and Strategy | Provide support for various corporate and regulatory initiatives to develop and implement renewable energy programs and products. | Multiple Factor – Utility |

| | | |
|--|--|---|
| Regulated Programs and Services | Develop, support and implement programs and strategies to meet corporate initiatives and regulatory mandates and commitments related to Comprehensive Resource Assessment(CRA), customer end-use technology, distributed generation and load management. | Multiple Factor – Utility |
| Project Implementation Management Services | Develop and implement end-use and distributed generation technology-based products and services. | Multiple Factor – Utility and Non-Utility |

TECHNOLOGY & SUPPORT SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Provide Network Services | Provide Internal Network Services. | Multiple Factor – Utility and Non-Utility |
| Maintain wireless cell sites and fiber optics network | Maintain internal wireless cell sites and fiber optic network; provide engineering, procurement, and installation services. | Multiple Factor – Utility and Non-Utility |

INFORMATION TECHNOLOGY

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|--------------------------------|
| Application Development | Create new or enhance existing applications; including analysis design coding, testing, system integration, and implementation, as well as any required technical writing or project manual development. | Directly Billed |
| Development Supervision and Tool Support | Supervision of application development employees and the support of development software tools. | Application Development Ratio |
| Server Support (Unix, SAP) | Create and support the network and server infrastructure to accommodate unix and SAP client server applications. | Gigabytes Used Ratio |
| Client Server Storage Support | Support of storage requirements for all server applications. | Server Support Composite Ratio |
| Server Support (Intel) | Create and support the network and server infrastructure to accommodate windows and NT client server applications. | Number of Intel Servers Ratio |
| Mainframe Processing and Storage Support | Execute mainframe applications, including an appropriate portion of support, started tasks, mainframe backups and microfiche services. | Gigabytes Used Ratio |

| | | |
|------------------------------------|--|---|
| Desktop Support | Help desk email and end-user tools, remote access, repair services, and general workstation support. | Number of Computer Workstations Ratio |
| Network Services | Includes voice, data, EMS and radio access. | Direct Charge Ratio |
| Inserting Services | Provide document bursting, inserting and mailing. | Number of Billing Inserts Ratio |
| Printing Services | Provide mainframe and client server printing services at the data center. | Daily Print Volume Ratio |
| Technical Consulting | Provide consulting support to departments and end-users to enable them to leverage their IT capabilities. Provide advice and consultation regarding desktop setups and configurations. | Directly Billed |
| Training | Provide IT training. | Multiple Factor – Utility and Non-Utility |
| Business Application Support | Support business application related software licenses and / or hardware maintenance provided by an outside vendor. | Directly Billed |
| Data Security | Disaster recovery and data security services. | Multiple Factor – Utility and Non-Utility |
| Project Management Office | Oversee technology projects through benefit. | Multiple Factor – Utility and Non-Utility |
| Provide Telecommunication Services | Provide telecommunication services and equipment. | Direct Charge Ratio |
| Portal Support | Support the infrastructure to accommodate internet and intranet application access. | Multiple Factor – Utility and Non-Utility |

PERFORMANCE PLANNING

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------------|---|-----------------------------|
| Performance Planning Services | Develop, support and execute performance planning services. | Multiple Factor – All |

SUPPLY CHAIN

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Strategic Planning, Demand management and Procurement Projects | Provide assistance in materials and services planning (demand management) and performs special procurement projects. | Multiple Factor – Utility and Non-Utility |
| Goods and services procurement | Procure material, equipment and contractor services. Establish, manage and administer programs, which allow internal customers to obtain goods without having to process the need through Procurement. Develop specifications, construction standards, schedules, and bills of materials. | Multiple Factor – Utility and Non-Utility |
| Materials Management Support | Maintain the computerized purchasing and materials management systems, and material related modules; maintain and/or modify select management reports. Analyze Supply Chain processes and measure performance. Monitor and forecast demand to ensure a continuous supply of materials. | Multiple Factor – Utility and Non-Utility |
| Investment Recovery Projects | Develop and implement plans for disposition of surplus assets. | Multiple Factor – Utility and Non-Utility |
| Process, Refurbish and Sell Materials | Perform recovery processing, investment recovery processing, refurbishing and selling materials. | Multiple Factor – Utility and Non-Utility |
| Provide Warehousing Services - Non-nuclear | Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock. | Multiple Factor – Utility and Non-Utility |
| Provide Warehousing Services - Nuclear | Receive and place material into stock, insure quality requirements are met at receipt, maintain inventory counts, and update information systems. Fill customer requests for material from stock. | None (All direct charged) |
| Warehousing Space Charge | Provide warehousing space to internal customers. | Multiple Factor – Utility and Non-Utility |

CONTROLLERS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Accounting Research | Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements. | Multiple Factor - All |
| Accounts Payable | Nonpayroll corporate disbursement services including account distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system. | Multiple Factor - All |
| Billing Services | Prepare non-retail electric billings. | Multiple Factor Utility |
| Infrastructure and Corporate Reporting, Accounting and Budgeting | Prepare Corporate Sustaining reports, subsidiary accounting and corporate budgeting, which includes reporting and support of the ledger, property records and SAP system. | Multiple Factor - All |
| Due Diligence | Assist value centers to determine whether proposed business acquisitions/combinations and similar transactions are desirable from a financial perspective; extensive review/analysis following preliminary review and firm intent to proceed with transaction through commitment and closing phases. | None (All direct charged) |
| Value Center Accounting and Budgeting | Maintain the property accounting system and provide value center accounting such as management reporting. | Multiple Factor – Utility and Non-Utility |
| Property Record Maintenance | Maintain corporate continuing property records. | Multiple Factor – Utility and Non-Utility or Multiple Factor Utility* |
| Tax Consulting and Research | Conduct tax research and tax consulting to assure compliance with statutes, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company. In addition, provide tax-consulting advice to the value centers on tax compliance and reporting issues, which includes business “start-up” support to organizations requiring assistance. | Multiple Factor – All |

* For services rendered only to the utilities.

| | | |
|----------------|--|---|
| Tax Compliance | Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statutes. | Multiple Factor – All or Multiple Factor Utility* |
|----------------|--|---|

* For services rendered only to the utilities.

CREDIT MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Credit Analysis and Supporting Functions | Provide detailed written credit analysis issuing recommendations on counterparty creditworthiness and assigning credit limits. | Multiple Factor – Utility and Non-Utility |
| Credit Policies and Procedures | Develop and support credit policies and procedures for managing credit risk. Implement and support standardized credit approval processes. | Multiple Factor – Utility and Non-Utility |
| Credit Management Information System | Develop and support credit management reports and calculate credit exposure on a corporate wide basis. | Multiple Factor - All |

ENTERPRISE RISK MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|-------------------------|--|-----------------------------|
| General Risk Management | Develop and maintain an enterprise risk management system. | Multiple Factor - All |

INSURANCE SERVICES

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Insurance Policies | Manage and support insurance policies for all the business units . | Multiple Factor – Utility and Non-Utility |
| Loss Control Services | Manage and support property inspections to prevent losses. | Multiple Factor – Utility and Non-Utility |
| Surety Bonds | Manage and support Surety Bonds. | Multiple Factor– Utility and Non-Utility |
| Risk Transfer and Risk Mitigation Services | Manage and support risk transfer and risk mitigation services. | Multiple Factor – Utility and Non-Utility |
| Ancillary Coverages | Manage and support ancillary coverages. | None (All direct charged) |

INTERNAL AUDIT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------|--|---|
| Audit Services | Perform the following internal audit services based on risk levels and / or requests: financial, performance analysis, safeguarding of assets, computer- related and fraud investigations. | Multiple Factor – All or Multiple Factor – Utility* |

INVESTMENT MANAGEMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|---|---|
| Qualified and Non-qualified Pension and Savings Plan | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Number of Participating Employees – Utility and Non-Utility |
| FirstEnergy Foundation | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor - All |
| Voluntary Employee Benefit Association (VEBA) Trust | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Number of Participating Employees – Utility and Non-Utility |
| Nuclear Decommissioning | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | None (All direct charged) |
| Non-Utility Generator Trust | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor – Non-Utility |
| Spent Nuclear Fuel | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | None (All direct charged) |
| Low-Income Housing Tax Credit Partnership | Establish and implement investment policy and asset allocation strategy and monitor investment performance. | Multiple Factor - All |

INVESTOR RELATIONS

| Product or Service | Product / Service Description | Indiregct Allocation Methods |
|----------------------|--|--|
| Investor Information | Compile and communicate information to investors. | Multiple Factor – Utility* or Direct Charge to Holding Co. |
| Investor Education | Target and educate potential investors to promote FirstEnergy's valuation characteristics and business strategy. | None (All Direct Charge to Holding Co.) |

* For services rendered only to the utilities.

| | | |
|------------------------|---|-----------------------|
| Regulations Compliance | Ensure compliance with SEC Fair Disclosure regulations. | Multiple Factor - All |
|------------------------|---|-----------------------|

| | | |
|----------------------------------|--|-----------------------|
| FirstEnergy Management Education | Provide education to management of business concerns and valuation issues of analyst/investors | Multiple Factor – All |
| FirstEnergy Employee Education | Actively promote understanding of financial and investor relations' issues. | Multiple Factor – All |

RATES AND REGULATORY AFFAIRS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------------|---|---|
| Regulatory Activities and Consulting | Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels. | Multiple Factor – Utility |
| Customer Pricing and Contracting | Develop pricing programs for regulated electric service for retail and wholesale customers, including “unbundled” costs and prices for generation, transmission and distribution service and support justification to regulators. Provide support in developing pricing for special-purpose customer programs and non-regulated energy services (e.g. prepayment, economic development, interruptible load, conjunctive-billing electric service programs). | Multiple Factor – Utility |
| Billing Support | Provide assistance calculating customer (external and internal) invoices and operate and maintain systems to render, collect and account for these invoices. | Multiple Factor – Utility |
| Sales and Load Forecasting | Develop short-term and long-term sales forecast, peak load projections and customer counts | Multiple Factor – Utility and Non-Utility |

TREASURY

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|------------------------------------|
| Capital Structure Management and Administration | Perform all activities related to acquiring capital and establish and administer funding, legal documentation, and record-keeping activities associated with finance programs | Multiple Factor – All |
| Corporate Funds Management | Plan, manage, and operate the corporate “cash-flow-cycle.” | Multiple Factor – All |
| Corporate Forecasting | Provide regulatory support, strategy support, financial modeling and forecasting, financial and economic analysis and development of annual corporate KPI target. | Multiple Factor – All |

| | | |
|--|--|---|
| Capital Project Evaluation and Support | Provide analytical support in the areas of financing, profitability, capital structure and cash flow. | Multiple Factor – Utility and Non-Utility |
| Investor Relations Activities | Provide institutional and retail security holder, buy and sell-side analysts, rating agencies, and other key members of the financial community with qualitative and quantitative information. | Multiple Factor – All |

BUSINESS DEVELOPMENT

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|----------------------------------|---|------------------------------|
| Mergers and Acquisitions Support | Support, evaluate and assist in the management of merger, asset acquisition and asset disposition activities. | None (All direct charged) |
| Internal Consulting | Perform strategic analysis/business fit, and economic analysis. Provide integration and transitional management services as needed. | None (All direct charged) |

GOVERNMENTAL AFFAIRS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--------------------------------------|--|------------------------------|
| Federal Governmental Affairs Support | Activities associated with developing and maintaining relationships with federal government institutions; includes lobbying, and other support activities. | None (All direct charged) |
| State Governmental Affairs Support | Activities associated with developing and maintaining relationships with state government institutions; includes lobbying, and other support activities. | None (All direct charged) |

LEGAL

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Provide Governmental Affairs Support | Activities associated with developing and maintaining relationships with government institutions; includes lobbying, litigation, and other support activities. | None (All direct charged) |
| Nuclear Legal Consultation and Case Management | Provide legal advice for federal and state nuclear matters. | None (All direct charged) |
| Human Resources Legal Consultation & Case Management | Provide legal advice for human resource matters (including workers compensation, union negotiations, arbitrations, class action lawsuits, etc.). | Multiple Factor – Utility and Non-Utility |

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|--|--|---|
| Employee Benefits Legal Consultation & Case Management | Provide legal advice for employee benefits matters (including health and welfare benefits, tax-qualified and non-tax qualified benefit plans and programs, pension administration, etc.). | Number of Participating Employees – Utility and Non-Utility |
| Tax Legal Consultation & Case Management | Provide legal advice for tax matters including federal, state & local tax matters (land tax, sales & use tax, IRS, etc.). | Multiple Factor – All |
| Bankruptcy Legal Consultation & Case Management | Provide legal advice for bankruptcy matters. | Multiple Factor – Utility and Non-Utility |
| International Legal Consultation & Case Management | Provide legal advice for international matters– contract negotiations, sale/lease agreements. | None (All direct charged) |
| Non-Utility Legal Consultation & Case Management | Provide legal advice on federal and state matters to Non-Utility Subsidiaries. | Multiple Factor – Non-Utilities |
| Regulatory Legal Consultation & Case Management | Provide legal advice for federal and state regulatory matters. | Multiple Factor – Utility |
| Environmental Legal Consultation & Case Management | Provide legal advice for environmental matters (other than PCB – related matters) - federal (EPA) and state (EPA), regulatory/legislative compliance issues. | None (All direct charged) |
| PCB Environmental Legal Consultation & Case Management | Provide legal advice for PCB-related matters - federal (EPA) and state (EPA), regulatory/legislative compliance issues. | Multiple Factor – Utility |
| Real Estate Legal Consultation & Case Management | Provide legal advice for real estate matters. | Multiple Factor – Utility and Non-Utility |
| Corporate Legal Consultation & Case Management | Provide legal advice for general corporate and transactional matters (including SEC filings, Board of Directors matters, PUHCA, Financings, Securities Matters, Intellectual Property, Technology, General Counsel matters, etc.). | Multiple Factor – All |
| Claims Legal Consultation & Case Management | Provide legal advice for Claims matters. | Multiple Factor - All |

CLAIMS

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---------------------------|--------------------------------------|------------------------------------|
|---------------------------|--------------------------------------|------------------------------------|

| | | |
|---------------------------|---|-----------------------|
| Process Receivable Claims | Provide management, supervision, and performance of tasks associated with the resolution and chargeback of receivable claims. | Multiple Factor - All |
| Provide Corporate Support | Claims support in evaluating claims, and procuring appropriate external/internal legal resources. | Multiple Factor - All |

Attachment C
Pages from MAIT's FERC Form 1

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|-----------|---|--|------------------------------------|-----------------------------------|
| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Provide Chairman of the Board Support | FirstEnergy Service Company | Various | 48 |
| 3 | Provide Chief Executive Officer Support | FirstEnergy Service Company | Various | 46,427 |
| 4 | Provide President of FirstEnergy Utilities Support | FirstEnergy Service Company | Various | 79,369 |
| 5 | Provide Transmission & Distribution Support | FirstEnergy Service Company | Various | 26,496,284 |
| 6 | Provide Utility Operations Support | FirstEnergy Service Company | Various | 27,319 |
| 7 | Provide Compliance & Regulated Services Support | FirstEnergy Service Company | Various | 762,613 |
| 8 | Provide Customer Service Support | FirstEnergy Service Company | Various | 262 |
| 9 | Provide Energy Efficiency Support | FirstEnergy Service Company | Various | 56 |
| 10 | Provide Environmental Support | FirstEnergy Service Company | Various | 272,488 |
| 11 | | | | |
| 12 | Provide Chief Financial Officer Support | FirstEnergy Service Company | Various | 19,322 |
| 13 | Provide Corporate Services & | | | |
| 14 | Chief Information Officer Support | FirstEnergy Service Company | Various | 3,265,855 |
| 15 | Provide Supply Chain Support | FirstEnergy Service Company | Various | 385,789 |
| 16 | Provide Accounting Support | FirstEnergy Service Company | Various | 1,109,092 |
| 17 | Provide Treasury Support | FirstEnergy Service Company | Various | 54,109 |
| 18 | Provide Business Development Support | FirstEnergy Service Company | Various | 42,270 |
| 19 | Provide Integrated System Planning Support | FirstEnergy Service Company | Various | 28,975 |
| 20 | Non-power Goods or Services Provided for Affiliate | | | |
| 21 | Transmission Charge - TMI Unit 1 | Jersey Central Power & Light Company | 454 | -1,832,016 |
| 22 | Transmission Investment Power Pool Agreement | Jersey Central Power & Light Company | 454 | -1,615,647 |
| 23 | | | | |
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| 42 | | | | |
| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Provide Corporate Risk Support | FirstEnergy Service Company | Various | 117,953 |

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|----------|---|--|------------------------------------|-----------------------------------|
| 3 | Provide Internal Audit Support | FirstEnergy Service Company | Various | 83,724 |
| 4 | Provide Legal Department Support | FirstEnergy Service Company | Various | 143,285 |
| 5 | Provide Rates & Regulatory Affairs Support | FirstEnergy Service Company | Various | 56,159 |
| 6 | Provide Corp/Real Estate Record Management Support | FirstEnergy Service Company | Various | 1,279,822 |
| 7 | Provide Corporate Affairs Support | FirstEnergy Service Company | Various | 190,548 |
| 8 | Provide External Affairs & Communication Support | FirstEnergy Service Company | Various | 418,604 |
| 9 | Provide Federal Affairs & Energy Policy Support | FirstEnergy Service Company | Various | 42,057 |
| 10 | Provide Local Affairs & | | | |
| 11 | Economic Development Support | FirstEnergy Service Company | Various | 5,289 |
| 12 | Provide Human Resources Support | FirstEnergy Service Company | Various | 18,656 |
| 13 | Provide Marketing & Branding Support | FirstEnergy Service Company | Various | 18,638 |
| 14 | Provide FE Generation Support | FirstEnergy Service Company | Various | 3,628 |
| 15 | Interest Expense - Carrying Charges on | | | |
| 16 | Service Company Assets | FirstEnergy Service Company | 430 | 129,962 |
| 17 | Interest Expense - Regulated Money Pool | FirstEnergy Corp | 430 | 620,179 |
| 18 | Rent - Wadsworth Facility | American Transmission Systems, Inc. | 567 | 523,966 |
| 19 | Rent - Akron Control Facility | American Transmission Systems, Inc. | 567 | 1,478,284 |
| 20 | Non-power Goods or Services Provided for Affiliate | | | |
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| 1 | Non-power Goods or Services Provided by Affiliated | | | |
| 2 | Rent - MetEd Facilities Use | Metropolitan Edison Company | 566 | 2,044,322 |
| 3 | Rent - Penelec Facilities Use | Pennsylvania Electric Company | 566 | 1,828,721 |
| 4 | Ground Lease | Metropolitan Edison Company | 567 | 2,754,829 |

TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

| Line No. | Description of the Non-Power Good or Service (a) | Name of Associated/Affiliated Company (b) | Account Charged or Credited (c) | Amount Charged or Credited (d) |
|----------|---|--|------------------------------------|-----------------------------------|
| 5 | Ground Lease | Pennsylvania Electric Company | 567 | 1,522,862 |
| 6 | | | | |
| 7 | Allocation Factors | | | |
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| 20 | Non-power Goods or Services Provided for Affiliate | | | |
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|---|---|---------------------------------------|----------------------------------|
| Name of Respondent Mid-Atlantic Interstate Transmission, LLC | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2017/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 2 Column: c

| | Account | | Amount |
|--|---------|----|--------|
| Provide Chairman of the Board Support Cost Allocation Factors Used - MA | 923 | \$ | 48 |

Schedule Page: 429 Line No.: 3 Column: c

| | Account | | Amount |
|--|---------|----|--------|
| Provide Chief Executive Officer Support Cost Allocation Factors Used - MA | 923 | \$ | 46,427 |

Schedule Page: 429 Line No.: 4 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide President of FirstEnergy Utilities Support Cost Allocation Factors Used - MU | 923 | \$ | 79,369 |

Schedule Page: 429 Line No.: 5 Column: c

| | Account | | Amount |
|--|---------|----|------------|
| Provide Transmission & Distribution Support Cost Allocation Factors Used - Direct, MU, ST, TX | 560 | \$ | 117,139 |
| | 561 | | 16,965 |
| | 561.1 | | 665,298 |
| | 561.2 | | 3,462,393 |
| | 561.5 | | 238,636 |
| | 566 | | 278,860 |
| | 568 | | 3,373,953 |
| | 905 | | 7,533 |
| | 923 | | 146,831 |
| | 107 | | 17,481,692 |
| | 108 | | 706,906 |
| | 183 | | 78 |
| | | \$ | 26,496,284 |

Schedule Page: 429 Line No.: 6 Column: c

| | Account | | Amount |
|------------------------------------|---------|----|--------|
| Provide Utility Operations Support | 566 | \$ | 27,319 |

Schedule Page: 429 Line No.: 7 Column: c

| | Account | | Amount |
|--|---------|----|---------|
| Provide Compliance & Regulated Services Support Cost Allocation Factors Used - Direct, MT, MU, TX | 566 | \$ | 507,688 |
| | 568 | | 173,507 |
| | 923 | | 16,582 |
| | 107 | | 64,400 |
| | 108 | | 436 |
| | | \$ | 762,613 |

Schedule Page: 429 Line No.: 8 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide Customer Service Support Cost Allocation Factors Used - Direct, CR, MU | 107 | \$ | 262 |

Schedule Page: 429 Line No.: 9 Column: c

| | Account | | Amount |
|--|---------|----|--------|
| Provide Energy Efficiency Support Cost Allocation Factors Used - CR, MU | 923 | \$ | 56 |

| | | | |
|---|---|---------------------------------------|----------------------------------|
| Name of Respondent Mid-Atlantic Interstate Transmission, LLC | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2017/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 10 Column: c

| | Account | Amount |
|--|---------|---------------|
| Provide Environmental Support | 923 | \$ 25,682 |
| Cost Allocation Factors Used - Direct, ENV, MT, MU | 107 | 217,592 |
| | 108 | <u>29,214</u> |
| | | \$ 272,488 |

Schedule Page: 429 Line No.: 12 Column: c

| | Account | Amount |
|---|---------|-----------|
| Provide Chief Financial Officer Support | 923 | \$ 19,322 |
| Cost Allocation Factors Used - MA | | |

Schedule Page: 429 Line No.: 14 Column: c

| | Account | Amount |
|--|---------|--------------|
| Provide Corporate Services & Chief Information Officer Support | 566 | \$ 50,001 |
| Cost Allocation Factors Used - Direct, CR, DW, GUS, | 569.10 | 7,644 |
| MA, MT, MU, NIS, NS | 569.20 | 43,624 |
| PV, SSC, TX, WS | 569.30 | 59,836 |
| | 923 | 1,541,532 |
| | 107 | 1,525,143 |
| | 108 | 37,705 |
| | 188 | <u>370</u> |
| | | \$ 3,265,855 |

Schedule Page: 429 Line No.: 15 Column: c

| | Account | Amount |
|---|---------|--------------|
| Provide Supply Chain Support | 923 | \$ 86,884 |
| Cost Allocation Factors Used - Direct, MT, MU | 107 | 293,189 |
| | 108 | <u>5,716</u> |
| | | \$ 385,789 |

Schedule Page: 429 Line No.: 16 Column: c

| | Account | Amount |
|---|---------|--------------|
| Provide Accounting Support | 560 | \$ 4,433 |
| Cost Allocation Factors Used - Direct, HC, MA, MT, MU, PE | 561 | 541 |
| | 561.1 | 22,636 |
| | 561.2 | 117,470 |
| | 561.5 | 5,577 |
| | 566 | 34,723 |
| | 568 | 109,764 |
| | 905 | 223 |
| | 923 | 809,766 |
| | 107 | 3,914 |
| | 108 | <u>44</u> |
| | | \$ 1,109,092 |

Schedule Page: 429 Line No.: 17 Column: c

| | Account | Amount |
|---|---------|-----------|
| Provide Treasury Support | 923 | \$ 54,092 |
| Cost Allocation Factors Used - MA, MU, PE | 107 | <u>17</u> |
| | | \$ 54,109 |

Schedule Page: 429 Line No.: 18 Column: c

| | Account | Amount |
|--------------------------------------|---------|-----------|
| Provide Business Development Support | 923 | \$ 42,270 |
| Cost Allocation Factors Used -MA, MU | | |

| | | | |
|---|---|---------------------------------------|----------------------------------|
| Name of Respondent | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2017/Q4 |
| Mid-Atlantic Interstate Transmission, LLC | | | |
| FOOTNOTE DATA | | | |

Schedule Page: 429 Line No.: 19 Column: c

| | Account | Amount |
|--|---------|------------------|
| Provide Integrated System Planning Support | 923 | \$ 26,454 |
| Cost Allocation Factors Used -MA | 107 | 2,480 |
| | 108 | 41 |
| | | <u>\$ 28,975</u> |

Schedule Page: 429.1 Line No.: 2 Column: c

| | Account | Amount |
|---|---------|------------|
| Provide Corporate Risk Support | 923 | \$ 117,953 |
| Cost Allocation Factors Used - MA, MT, MU | | |

Schedule Page: 429.1 Line No.: 3 Column: c

| | Account | Amount |
|---|---------|------------------|
| Provide Internal Audit Support | 923 | \$ 83,298 |
| Cost Allocation Factors Used - Direct, MA, MU, TX | 107 | 426 |
| | | <u>\$ 83,724</u> |

Schedule Page: 429.1 Line No.: 4 Column: c

| | Account | Amount |
|---|---------|-------------------|
| Provide Legal Department Support | 923 | \$ 142,784 |
| Cost Allocation Factors Used - Direct, MA, MT, MU | 107 | 501 |
| | | <u>\$ 143,285</u> |

Schedule Page: 429.1 Line No.: 5 Column: c

| | Account | Amount |
|---|---------|------------------|
| Provide Rates & Regulatory Affairs Support | 923 | \$ 56,044 |
| Cost Allocation Factors Used - Direct, CR, MU | 107 | 115 |
| | | <u>\$ 56,159</u> |

Schedule Page: 429.1 Line No.: 6 Column: c

| | Account | Amount |
|---|---------|---------------------|
| Provide Corp/Real Estate Record Management Support | 566 | \$ 12,854 |
| Cost Allocation Factors Used - Direct, MA, MT, MU, SF | 923 | 648,679 |
| | 107 | 603,614 |
| | 108 | 14,675 |
| | | <u>\$ 1,279,822</u> |

Schedule Page: 429.1 Line No.: 7 Column: c

| | Account | Amount |
|---|---------|------------|
| Provide Corporate Affairs Support | 923 | \$ 190,548 |
| Cost Allocation Factors Used - MA, MT, MU | | |

Schedule Page: 429.1 Line No.: 8 Column: c

| | Account | Amount |
|---|---------|-------------------|
| Provide External Affairs & Communication Support | 923 | \$ 414,946 |
| Cost Allocation Factors Used - Direct, MA, MT, MU | 107 | 3,587 |
| | 108 | 71 |
| | | <u>\$ 418,604</u> |

Schedule Page: 429.1 Line No.: 9 Column: c

| | Account | Amount |
|---|---------|-----------|
| Provide Federal Affairs & Energy Policy Support | 923 | \$ 42,057 |
| Cost Allocation Factors Used - MA, MU | | |

Schedule Page: 429.1 Line No.: 11 Column: c

| | Account | Amount |
|--|---------|----------|
| Provide Local Affairs & Economic Development Support | 923 | \$ 5,289 |
| Cost Allocation Factors Used - Direct, MT, MU, SH | | |

| | | | |
|---|---|---------------------------------------|----------------------------------|
| Name of Respondent Mid-Atlantic Interstate Transmission, LLC | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2017/Q4 |
| FOOTNOTE DATA | | | |

Schedule Page: 429.1 Line No.: 12 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide Human Resources Support | 426.2 | \$ | (256) |
| Cost Allocation Factors Used - Direct, HC, MA, MU | 431 | | 295 |
| | 560 | | 194 |
| | 561 | | 24 |
| | 561.1 | | 975 |
| | 561.2 | | 5,065 |
| | 561.5 | | 244 |
| | 566 | | 1,486 |
| | 568 | | 4,729 |
| | 905 | | 10 |
| | 923 | | 3,964 |
| | 926 | | 1,926 |
| | | \$ | 18,656 |

Schedule Page: 429.1 Line No.: 13 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide Marketing & Branding Support | 923 | \$ | 18,638 |
| Cost Allocation Factors Used - CR, MA, MT, MU | | | |

Schedule Page: 429.1 Line No.: 14 Column: c

| | Account | | Amount |
|---|---------|----|--------|
| Provide FE Generation Support | 107 | \$ | 3,314 |
| Cost Allocation Factors Used - Direct, MN, MT, MU | 108 | | 314 |
| | | \$ | 3,628 |

Schedule Page: 429.1 Line No.: 16 Column: c

| | Account | | Amount |
|---------------------------------------|---------|----|---------|
| Inventory Carrying Charges | 430 | \$ | 129,962 |
| Cost Allocation Factors Used - Direct | | | |

| | | | |
|---|---|---------------------------------------|----------------------------------|
| Name of Respondent | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year/Period of Report 2017/Q4 |
| Mid-Atlantic Interstate Transmission, LLC | | | |
| FOOTNOTE DATA | | | |

Schedule Page: 429.2 Line No.: 7 Column: a

Factor Abbreviations

| | |
|-----|--|
| MA | Multiple Factor – All |
| MN | Multiple Factor Non-Utility |
| MT | Multiple Factor Utility & Non-Utility |
| MU | Multiple Factor Utility |
| TX | Multiple Factor Utility - Transmission |
| CR | Customer Ratio |
| DW | Development Work |
| ENV | Environmental Factor |
| GS | Gigabytes SAP |
| GUS | Gigabytes Unix |
| HC | Head Count |
| IS | Inserting Service |
| NIS | Number of Intel Services |
| NS | Network Services |
| PE | Participating Employees |
| PV | Print Volume |
| SF | Square Footage |
| SH | Shopping Customers |
| SSC | Server Support Composite |
| ST | Stores Factor |
| WS | Workstation Support |

'Direct' indicates that 100% of the costs assess to one legal entity

MA – Each Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs. The FirstEnergy Holding Co bears 5% of the product or service costs being allocated. The remaining 95% of the costs will be allocated between the Utility and Non-Utility Subsidiaries based on FirstEnergy's equity investment in the respective groups. A subsequent step then allocates among the Utility Subsidiaries based upon the "Multiple Factor - Utility" (MU) method and among the Non-Utility Subsidiaries based upon the "Multiple Factor - Non-Utility" (MN) method, both explained below.

MN – Each Non-Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases to the Utility Subsidiaries.

MT – The product or service costs being charged are allocated 100% between Utility and Non-Utility Subsidiaries in the same manner as MA above. Unlike MA, FirstEnergy Holding Co does not bear any of the allocation.

MU – Each Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the sum of the weighted averages of (1) Gross transmission and/or distribution plant; (2) Operating and maintenance expense excluding purchase power and fuel costs; and (3) Transmission and/or distribution revenues, excluding transactions with affiliates. Each of the 3 components is weighted equally.

TX – Each Utility Subsidiary benefiting from receiving the product or service will be charged a proportion of the Indirect Costs based upon the sum of the weighted averages of (1) Gross transmission plant; (2) Operating and maintenance expense excluding purchase power and fuel costs; and (3) Transmission revenues, excluding transactions with affiliates. Each of the 3 components is weighted equally.

Attachment D
Remaining Service Agreements

REVISED AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT

THIS REVISED AMENDED AND RESTATED MUTUAL ASSISTANCE AGREEMENT, dated as of January 31, 2017, between and among JERSEY CENTRAL POWER & LIGHT COMPANY (“JCP&L”), METROPOLITAN EDISON COMPANY (“Met-Ed”), PENNSYLVANIA ELECTRIC COMPANY (“Penelec”), PENNSYLVANIA POWER COMPANY (“Penn Power”), OHIO EDISON COMPANY (“Ohio Ed”), THE CLEVELAND ELECTRIC ILLUMINATING COMPANY (“CEI”), THE TOLEDO EDISON COMPANY (“Toledo Ed”), FIRSTENERGY SERVICE COMPANY (“FESC”), GPU NUCLEAR, INC.¹ (“GPUN”), FIRSTENERGY NUCLEAR OPERATING COMPANY (“FENOC”), AMERICAN TRANSMISSION SYSTEMS, INCORPORATED (“ATSI”), FIRSTENERGY PROPERTIES, INC. (“FE Properties”), BAY SHORE POWER COMPANY (“Bay Shore”), FIRSTENERGY GENERATION, LLC (“GenCo”), WEST PENN POWER COMPANY (“West Penn”), MONONGAHELA POWER COMPANY (“Mon Power”), THE POTOMAC EDISON COMPANY (“Potomac Ed”), TRANS-ALLEGHENY INTERSTATE LINE COMPANY (“TrAILCo”), MID-ATLANTIC INTERSTATE TRANSMISSION, LLC (“MAIT”) AND FIRSTENERGY TRANSMISSION, LLC, and its subsidiaries (“FirstEnergy Transmission”) (each individually a “Company” or a “Party” and collectively the “Companies” or “Parties”), each a subsidiary of FirstEnergy Corp. (“FirstEnergy”), a public utility holding company under the Public Utility Holding Company Act of 2005 (the “PUHCA 2005”), and their subsidiaries.

RECITALS

WHEREAS, on October 1, 1982, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) at Docket No. G-820167 approved pursuant to the then Section 701.1 of the Pennsylvania Public Utility Law – now Section 2102 of the Pennsylvania Public Utility Code an agreement between Met-Ed and Penelec with respect to the exchange of services and goods by and between them and their affiliated companies such as, by way of example: (a) design, engineering, construction, operation, maintenance and fuel procurement for coal-fired generating stations; (b) other fossil fuel generation services; (c) lab testing, research and development, engineering and support services for generation, transmission and distribution, construction and maintenance; (d) microfilming; (e) records retention and storage; and (f) goods incidental to such services (the “1982 Agreement”); and

WHEREAS, on December 17, 1993, the PaPUC at Docket No. G-00930355 approved, as a supplement to the 1982 Agreement, an agreement between Met-Ed, Penelec, JCP&L, GPU Service Corporation (“GPUS”) and GPU Nuclear Corporation (collectively Met-Ed, Penelec, JCP&L, GPUS and GPU Nuclear Corporation are referred to as the “GPU Companies”) pursuant to Section 2102 of

¹ GPU Nuclear Corporation was renamed GPU Nuclear, Inc. in 1996.

the Pennsylvania Public Utility Code, 66 Pa.C.S. § 2102, with respect to the exchange of services and goods by and between them such as: (a) reprographics services; (b) restoration, maintenance and repair services for generation, transmission and distribution facilities; (c) remittance processing services; (d) treasury services; (e) accounts payable services; (f) use of office, warehouse, storage and other space or facilities; (g) data processing and other computer services; (h) legal services; and (i) goods, including, electric generation, other production, transmission, distribution, office, administrative and general plant materials, supplies and equipment not “in place” or “installed” (the “1993 MAA”); and **WHEREAS**, as a result of the FirstEnergy/GPU merger in November 2001 (the “FirstEnergy/GPU Merger”), FirstEnergy became a registered holding company under the Public Utility Holding Company Act of 1935 and FESC was formed to replace GPUS as the primary provider of various corporate, managerial and administrative support services within the FirstEnergy holding company system, and the PaPUC on February 4, 2003, in Docket No. G-00020987 approved Met-Ed, Penelec and Penn Power entering into a new service agreement with FESC (the “Existing FESC Service Agreement”), which is not altered, modified or changed by this Amended and Restated Mutual Assistance Agreement; and

WHEREAS, as a result of the FirstEnergy/GPU Merger, FESC provides services within the FirstEnergy holding company system under the Existing FESC Service Agreement that include the following services (or the management of such services): executive services, accounting and finance, internal auditing, various treasury functions, risk management, human resources, corporate affairs, government affairs, environmental, corporate communications, operations management, supply chain, information technology, construction, maintenance, customer service, regulated commodity sourcing, FERC policy and compliance, energy efficiency, corporate real estate, records management, asset oversight, strategic planning and operations, rates and regulatory affairs, flight operations, performance management, business development, investment management and legal services; and

WHEREAS, as a result of the FirstEnergy/GPU Merger, Ohio Ed, CEI, Toledo Ed and Penn Power became affiliates of Met-Ed and Penelec in the same relationship, as affiliated operating companies within the FirstEnergy holding company system, that Met-Ed, Penelec and JCP&L theretofore had with each other within the GPU holding company system as public utility companies engaged in the transmission, distribution and sale of electricity to and for the public in their respective service territories; and

WHEREAS, as a result of the merger of Allegheny Energy, Inc. (“Allegheny”) and a subsidiary of FirstEnergy on February 25, 2011 (the “FirstEnergy/Allegheny Merger”), West Penn, Mon Power, Potomac Ed, and the Trans Allegheny Interstate Line Company also became affiliated operating companies in the same relationship as other affiliated operating companies within the FirstEnergy holding system; and

WHEREAS, FirstEnergy Transmission and Penelec, Met-Ed, and JCP&L have entered into operating and capital contribution agreements regarding the formation, operation and their respective membership interests in, MAIT and, as a result of which MAIT has also become an affiliated operating company in the same relationship as other affiliated operating companies within the FirstEnergy holding system (collectively, Ohio Ed, CEI, Toledo Ed, Penn Power, JCP&L, Met-Ed, Penelec, West

Penn, Mon Power, Potomac Ed, ATSI, TrAILCo, and MAIT are referred to herein as the “Operating Companies”);

WHEREAS, from time to time, the Operating Companies may request and/or may require non-power goods and services from one or more of the other Operating Companies ; and

WHEREAS, from time to time, GPUN, FESC, and FirstEnergy Transmission may request and/or may require goods and services from the Operating Companies and, to the degree not addressed in another agreement, GPUN, and FirstEnergy Transmission may provide non-power goods and services to the Operating Companies; and

WHEREAS, in light of changes outlined above and because from time to time various opportunities arise for the Companies to effect economies and better utilization of available resources through transfers of a broader range of goods and services by, between and among the Companies, the Companies desire to enter into this Amended and Restated Mutual Assistance Agreement, which supersedes any other agreements that may have existed between the parties hereto related to the matters covered by this Amended and Restated Mutual Assistance Agreement, as applicable, for providing mutual services by and between them.

NOW, THEREFORE, the Companies, intending to be legally bound, agree as follows:

1. **SERVICES**. As used herein “Services” refers to the list of services set forth in Attachment I hereto. Additional services sought to be included within this Amended and Restated Mutual Assistance Agreement will first be filed with the PaPUC for Commission review.

2. **GOODS**. As used herein “Goods” refers to goods incidental to the Services, electric transmission, distribution, office, administrative and general plant materials, supplies and equipment not “in place” or “installed.” As contemplated hereunder, transactions in Goods may, but need not be, incidental to the provision of Services.

3. **REQUESTS FOR GOODS AND SERVICES**. From time to time, each Company, in its sole discretion may determine, may request, or, upon the request of another Company, may furnish to such other Company, upon the terms and conditions set forth herein, one or more of the Goods or Services (including, in the case of Goods, those which at the time are inadequate, obsolete, unfit, or unnecessary or unadapted for use in the operations of the Company to which such request is made).

4. **PRICING**.

(a) All transactions carried out pursuant hereto shall be effected as follows:

(i) if an Operating Company furnishes Goods or Services to an Operating Company, then such furnishing Company shall be paid for such Goods or Services at cost in the case of the performance of Services (including all applicable direct and

indirect costs of the furnishing Company), or cost less accumulated depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company);

(ii) if an Operating Company furnishes Goods or Services to FESC, the Operating Company shall be paid for such Goods or Services at the higher of (A) cost in the case of the performance of Services (including all applicable direct and indirect costs of the furnishing Company), or cost less depreciation in the case of the sale of Goods (including all applicable direct and indirect costs of the furnishing Company) or (B) market price; and

(iii) (A) if an Operating Company furnishes Goods or Services to GPUN, FENOC, FE Properties, Bay Shore or GenCo, then the furnishing Company shall be paid for such Goods or Services at a price that is the higher of cost or market price; or (B) if GPUN, FENOC, FE Properties, Bay Shore or GenCo furnishes Goods or Services to an Operating Company, then the furnishing Company shall be paid for such Goods or Services at a price that is no higher than market price. (b) Costs include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital, and taxes.

5. **BILLING, PAYMENT AND ACCOUNTING.**

(a) Costs are accumulated within the Companies' integrated accounting system related to the Services and Goods provided hereunder in order to support the inter-company billing, which shall be performed monthly. Details supporting each transaction are contained within the integrated accounting system, in accordance with applicable FirstEnergy procedures and processes, as amended from time to time.

(b) Direct charges to a Company shall be made so far as charges can be identified and related to the particular transactions involved without excessive effort or expense. Whenever possible, charges for Services rendered hereunder between the Companies, including personnel and non-personnel costs and expenses and related costs and expenses that relate to a particular requesting Company, shall be billed by the providing Company directly to such requesting Company. For those charges that cannot be direct billed either because the Services giving rise to those charges are provided to, or on behalf of, more than one recipient Company or the charges themselves are not easily susceptible to precise identification with a particular or specific transaction, the providing Company shall allocate such costs in accordance with an allocation method recommended and provided by FESC from among its approved allocation methods (which is attached hereto as Attachment II) as such methods may be amended, modified or changed from time to time.

(c) To the extent a Company is required to pay cost for Goods or Services, as provided in Section 4 of this Agreement, such costs:

(i) shall not exceed a fair and equitable allocation of expenses (including the price paid for goods) plus reasonable compensation for necessary capital procured through the issuance of capital stock (or similar securities);

(ii) for Services rendered by a providing Company shall be determined and calculated based upon the time records of employees, and records of related expenses, including out-of-pocket expenses that are billed at cost;

(iii) may include taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock (or similar securities), which shall be fairly and equitably allocated. Interest on borrowed capital and compensation for the use of capital shall represent a reasonable return on only the amount of capital reasonably necessary for the performance of services or construction for, or the selling of goods to, customers for whom transactions are performed at cost. Such amount shall not include the cost of assignment of, or any capitalization of, any service, sales, or construction contract; and

(iv) shall not include any expense (including the price paid for goods) incurred in a transaction with an affiliated Company of the providing Company, to the extent that it exceeds the cost of such transaction to such affiliated Company.

(d) Inter-Company billing is performed with the close of each month and will be payable within thirty days following such monthly closing. For the sale of Goods, asset transfer documentation is completed and the transaction is included in the monthly intercompany billing. The detailed records, related to the rendering of, and payment for, the Goods or Services, supporting the inter-company bills are available within the integrated system, so that the receiving Company can reasonably determine the nature and extent of the Services or Goods provided by the providing Company, including the rates, hours and related cost elements applicable to such Service or Good.

(e) Payments shall be made by cash remittance from the receiving Company to the providing Company or by appropriate accounting transfer entries on the books of both Companies, which are reconciled daily, in accordance with applicable FirstEnergy policies and procedures.

(f) Any amount remaining unpaid after thirty (30) days following receipt of the bill shall bear interest thereon from the date of the bill until payment at such rate as would apply in accordance with applicable FirstEnergy policies and procedures.

(g) Inter-Company billings hereunder shall be reconciled each month to assure that all expenses have been billed, and also in order to detect and correct over- or under-billings.

(h) The Internal Auditing Department shall periodically audit inter-Company transactions and billings hereunder. The audits shall also include an evaluation of the work order process in order to assure that transactions and charges have been properly authorized, calculated, allocated, if applicable, invoiced, recorded, paid and tracked.

(i) The supporting records and details related to all inter-company billings, including direct charges and allocated charges, and applicable allocation methods (in order to enable testing with respect to cost allocations to and from affiliates), will be retained for auditing purposes in accordance with applicable law and regulation.

6. **WAIVER.** To the extent that the Goods and Services are furnished at cost, or cost less depreciation, if any pursuant to Section 4, and to facilitate the undertaking of this Agreement, each Company expressly waives any right it may have to recover from the other Companies for any losses, damages, penalties, liabilities, claims or expenses (including damage to its own property or liabilities to third parties) for any cause whatsoever including without limitation the negligence of the other Companies, its employees and agents in connection with the provision of Goods and Services that are furnished at cost.

7. **TERMINATION.** This Amended and Restated Mutual Assistance Agreement shall be effective on the date of execution, or such later date as approved by the applicable regulatory authority, and will remain in effect until December 31, 2016. This initial term will be automatically extended for successive periods of one year unless any Party gives sixty days' notice of termination to the other Parties prior to the end of the calendar year then in effect. Unless otherwise agreed by the Parties, such termination shall not affect or excuse the performance of transactions entered into on behalf of either Party prior to notice of termination. This Agreement shall remain in effect until all Parties have fully performed their obligations under said transactions.

8. **MODIFICATION OR AMENDMENT.** No amendment, change or modification to this Amended and Restated Mutual Assistance Agreement shall be valid, unless made in writing and signed by the Parties hereto, and upon the receipt of any required regulatory approvals as described in Paragraph 9 below.

9. **REGULATORY APPROVALS; STATE LAW.** The provision of Goods or Services hereunder by, and for, any Operating Company hereto shall be subject to the receipt of any other regulatory approvals which may pertain to, or be necessary for, a particular Operating Company or transaction involving a particular Operating Company.. This Amended and Restated Mutual Assistance Agreement, and any amendments thereto, shall be subject to the approval of any state commission or other regulatory body whose approval is, by the laws of said jurisdiction, a legal prerequisite to an Operating Company's execution, delivery and/or performance of this Amended and Restated Mutual Assistance Agreement for any particular Operating Company hereunder, and any transactions hereunder shall be in compliance with applicable state laws and regulations.

10. **GOVERNING LAW.** For purposes of providing Goods or Services hereunder, in the case of each transaction hereunder, this Amended and Restated Mutual Assistance Agreement shall be governed by, and construed under, the laws of the state in which are located the principal offices of the Company providing the Goods or Services hereunder, without regard to its conflict of laws provisions.

11. **ASSIGNMENT.** This Amended and Restated Mutual Assistance Agreement shall inure to the benefit and shall be binding upon the undersigned parties and their respective successors and assigns. No assignment of this Amended and Restated Mutual Assistance Agreement or of any Party's rights, interests or obligations hereunder, may be made without the other Parties' consent, which shall not be unreasonably withheld, delayed or conditioned.

12. **ENTIRE AGREEMENT.** This Amended and Restated Mutual Assistance Agreement together with its attachments, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Amended and Restated Mutual Assistance Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent (a) the transactions thereunder have taken place prior to the effective date in which case such agreements will govern the terms of such transactions, and (b) the Existing FESC Service Agreement is considered an agreement with respect to this subject matter, it shall not be terminated. In the event of any conflict between the provisions of this Agreement and the Existing FESC Agreement, the provisions of the Existing FESC Agreement will control.

13. **SEVERABILITY.** If any provision of this Amended and Restated Mutual Assistance Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the Parties have executed this Amended and Restated Mutual Assistance Agreement on of the date first above written:

JERSEY CENTRAL POWER & LIGHT COMPANY

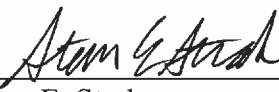
By: _____



James V. Fakult
President

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**METROPOLITAN EDISON COMPANY
PENNSYLVANIA ELECTRIC COMPANY
PENNSYLVANIA POWER COMPANY
OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING
COMPANY
THE TOLEDO EDISON COMPANY
WEST PENN POWER COMPANY
MONONGAHELA POWER COMPANY
THE POTOMAC EDISON COMPANY
MID-ATLANTIC INTERSTATE TRANSMISSION,
LLC
TRANS-ALLEGHENY INTERSTATE LINE
COMPANY
FIRSTENERGY TRANSMISSION, LLC
AMERICAN TRANSMISSION SYSTEMS,
INCORPORATED**

By: 
Steven E. Strah
President

[Remainder of this page intentionally left blank.]

GPU NUCLEAR, INC.

By: Steven R. Staub

Steven R. Staub

Vice President and Treasurer

[Remainder of this page intentionally left blank.]

FIRSTENERGY SERVICE COMPANY


By: James F. Pearson

James F. Pearson

Executive Vice President and Chief Financial Officer

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FIRSTENERGY NUCLEAR OPERATING COMPANY

By: 
Jason L. Lisowski
Controller and Treasurer

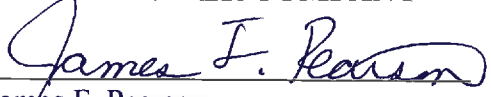
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FIRSTENERGY PROPERTIES, INC.

By: James F. Pearson
James F. Pearson
President and Chief Financial Officer

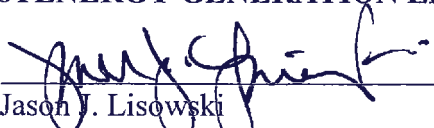
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BAY SHORE POWER COMPANY

By: 
James F. Pearson
Executive Vice President and Chief Financial Officer

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FIRSTENERGY GENERATION LLC

By: 

Jason J. Lisowski
Controller and Treasurer

ATTACHMENT I

SERVICES

As used herein “**Services**” refers to the following list of services, which a Company may request, or, upon the request of another Company, may furnish to such other Company:

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Engineering, Operating, Maintenance and Management Services | Design, engineering, commission, construction, operation, restoration, corrective and preventative maintenance, repair, testing and nonpower services incidental to transmission and distribution facilities (including substation and line maintenance), generation facilities operations and maintenance (including personnel to perform such services), and asset management services. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility and Non-Utility Direct Charge Ratio |
| Engineering Support Services | Lab testing, research and development, engineering and support services for transmission and distribution, construction and maintenance facilities, functions and activities. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility and Non-Utility Direct Charge Ratio |
| Use of Space | Use or lease of office, warehouse, storage and other space or facilities, and associated warehousing and storage services. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |
| Regional Support Services | Utilize utility operations level experience to provide regional support related to utility operations functions including in connection with providing Engineering Services, Human Resource Services, Facilities Services, Regional Claim Services, Labor Contract Negotiation Services, Area Managers, and related utility operations’ functions. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|--|--|
| Storm Support Services | Utilize utility operations level experience to provide storm support services including storm-related construction and reconstruction, operations and line restoration services to address storm-related conditions | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |
| Environmental Services | Provide services and assistance related to identifying, managing and remediating environmental threats or risks. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |
| Communications/Software Services | Services include pagers, cell phones, computers, radios, I-Pads, laptops, software and hardware. | Multiple Factor – Utility Direct Charge Ratio |
| Meter Services | Provide services related to maintenance, operation, engineering, testing and repair of meters and related equipment. | Multiple Factor – Utility Direct Charge Ratio |
| Transportation and Garage Services | Provide services related to transportation maintenance practices and support. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |
| Forestry and Vegetation Management Services | Provide services related to forestry and vegetation management such as routine pruning, controlling or removing of vegetation as required to maintain line reliability, maintain access, make repairs, or restore service. | Multiple Factor - Utility Multiple Factor – Non-Utility Multiple Factor – Utility Direct Charge Ratio |
| Microfilming Services | Provide services related to microfilm storage and retrieval. | Multiple Factor – Utility Direct Charge Ratio |
| Records Retention and Storage | Provide services related to records storage, records retrieval, records retention and records planning. | Multiple Factor – Utility Direct Charge Ratio |
| Reprographics Services | Provide services related to production printing, document imaging and graphic services. | Multiple Factor – Utility Direct Charge Ratio |

| Product or Service | Product / Service Description | Indirect Allocation Methods |
|---|---|---|
| Remittance Processing | Provide services related to processing customer payments and depositing funds. | Number of Payments Ratio |
| Transmission and Distribution Skills Training | Develop and facilitate technical and safety training for workers associated with distribution activities, including line, substation, meter, fleet, warehouse, field engineering, and dispatch. Provide support through equipment evaluation, training analyses, job assessments, and project coordination. | Number of Participating Employees – General |

ATTACHMENT II

List of FirstEnergy Service Company Allocation Methods as approved by the Securities and Exchange Commission as of as of June 1, 2003.

METHODS OF ALLOCATION

1. Multiple Factor – All

- A. FirstEnergy will bear 5% of these Indirect Allocations. The remaining Indirect Allocations will be allocated among the Utility and the Non-Utility Subsidiaries based on FirstEnergy's equity investment in the respective groups.
- B. A subsequent allocation step will then occur. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - NonUtility" method.

2. Multiple Factor – Utility

Based on the sum of the weighted averages of the following factors:

- A. Gross transmission and/or distribution plant
- B. Operating and maintenance expense excluding purchased power and fuel costs
- C. Transmission and/or distribution revenues, excluding transactions with affiliates

Each of the above factors will be weighted equally so that no one facet of the utility operations inordinately influences the distribution of costs

3. Multiple Factor - Non-Utility

Based upon the total assets of each Non-Utility Subsidiary, including the generating assets under operating leases to the Utility Subsidiaries.

4. Multiple Factor - Utility and Non-Utility

- A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.
- B. Among the Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Utility" method. Among the Non-Utility Subsidiaries, allocations will be based upon the "Multiple Factor - Non-Utility" method.

5. Direct Charge Ratio

The ratio of direct charges for a particular product or service to an individual Subsidiary as a percentage of the total direct charges for a particular product or service to all Subsidiaries benefiting from such services. Indirect Costs are then allocated to each Subsidiary based on the calculated ratios.

6. Number of Customers Ratio

Based on the number of Utility distribution customers for the respective Utility Subsidiary receiving the product or service divided by the total number of Utility distribution customers.

7. Number of Shopping Customers Ratio

Based on the number of shopping customers for the respective Utility Subsidiary receiving the product or service divided by the total number of shopping customers.

8. Number of Participating Employees – General

Based on the number of participating employees for the respective Subsidiary receiving the product or service divided by the total number of participating employees.

9. Number of Participating Employees - Utility and Non-Utility

A. First assign a distribution ratio that is in proportion to the Indirect Costs based on FirstEnergy's equity investment in the respective groups.

B. Costs are further allocated by using the number of participating employees for the respective Subsidiary divided by the total number of participating FirstEnergy employees.

10. Gigabytes Used Ratio

Based on the number of gigabytes utilized by a Subsidiary receiving the product or service divided by the total number of gigabytes used by the FirstEnergy system companies applicable to that respective product or service.

11. Number of Computer Workstations Ratio

Based on the number of computer workstations utilized by a Subsidiary receiving the product or service divided by the total number of computer workstations in use by the FirstEnergy system companies applicable to that respective product or service.

12. Number of Billing Inserts Ratio

Based on the number of billing inserts performed for a Subsidiary receiving the product or service divided by the total number of billing inserts performed for the FirstEnergy system companies applicable to that respective product or service.

13. Number of Invoices Ratio

Based on the number of invoices processed for a Subsidiary receiving the product or service divided by the total number of invoices processed for the FirstEnergy system companies applicable to that respective product or service.

14. Number of Payments Ratio

Based on the number of monthly payments processed for a Subsidiary divided by the total monthly number of payments processed for the FirstEnergy system companies applicable to that respective product or service.

15. Daily Print Volume

Based on the average daily print volume performed for a Subsidiary receiving the service divided by the total average daily print volume performed for the entire FirstEnergy system.

16. Number of Intel Servers

Based on the number of Intel servers utilized by a Subsidiary receiving the product or service divided by the total number of Intel servers utilized by the FirstEnergy system.

17. Application Development Ratio

Based on the number of application development hours budgeted for a Subsidiary receiving the service divided by the total number of budgeted application development hours for the year.

18. Server Support Composite

Based on the average ratio of UNIX gigabytes, SAP gigabytes and Intel number of servers for a Subsidiary receiving the service.

GROUND LEASE

**BETWEEN METROPOLITAN EDISON COMPANY,
LESSOR**

AND

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC,
LESSEE**

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GROUND LEASE

This Lease made as of the 31st day of January, 2017, by and between METROPOLITAN EDISON COMPANY, a Pennsylvania corporation (“Lessor”), and MID-ATLANTIC INTERSTATE TRANSMISSION, LLC, a Delaware limited liability company (hereinafter referred to as “MAIT”).

RECITALS

On the date of this Lease, Lessor has transferred to MAIT all of the electric energy transmission system of Lessor including, without limitation, all high tension electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other fixtures and equipment, together with various substations and switching stations, all as more particularly described in the Capital Contribution Agreement executed and delivered by Lessor to MAIT on the date hereof (collectively the “Transmission Facilities”).

Pursuant to this Ground Lease, Lessor leases to MAIT all such lands, easements, franchises and other rights as Lessor has or may have upon, under or over which Transmission Facilities are located on the date hereof, for the purposes and on the terms set forth below.

The Premises are leased to MAIT so as to permit continued use of Transmission Facilities on the portion of the Premises on which the same exist on the date of this Lease for an annual rental representing a reasonable return on Lessor’s net book value thereof. Such terms recognize that Lessor has reserved the right to use, and to permit Authorized Users to use, portions of the Premises for all purposes that do not cause Transmission Facilities to violate the National Electric Safety Code (“NESC”) or Applicable Laws or that do not materially impair MAIT’s ability to satisfy its service obligations under applicable tariffs. Additional, or extensions of, uses of the Premises for MAIT facilities relating to transmission of electricity that additionally burden the Premises are subject to Lessor’s prior written approval, which shall not be withheld except as necessary to preserve Lessor’s Compatible Uses (as hereinafter defined), but will require payment to Lessor of the fair market value for the additional burden or limitation upon other uses resulting therefrom as set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties hereto, Lessor and MAIT have agreed and do hereby agree as follows:

ARTICLE 1.

Demise of Leased Property

Section 1.1. Premises: Leased Property. Lessor hereby leases to MAIT, and MAIT hereby leases from Lessor, the following described property and rights to the extent of Lessor’s rights and interests therein, for the purposes set forth in Article 1 hereof and none other (collectively, the “Premises”):

(a) The tracts or parcels of land described on Exhibit A hereto as fee lands, together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.

(b) The easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease, as described on Exhibit A hereto.

(c) The leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease as described on Exhibit A hereto and not identified as being either fee land or an easement.

The portions of the Premises that are required for Transmission Facilities as the same exist and are used for transmission of electricity on the Commencement Date are referred to herein as "Leased Property" and constitute a burden upon the Premises only to the extent necessary for operation of Transmission Facilities thereon in compliance with the NESC and Applicable Laws and MAIT's service obligations under applicable tariffs. MAIT is to have the priority right to use Leased Property for electric transmission and the right to replace and modify Transmission Facilities on Leased Property so long as the same do not increase MAIT's uses of, or the burden upon, the portions of the Premises that are not within Leased Property. Because the Premises are primarily used for Transmission Facilities and the Leased Property is not capable of being separately described, MAIT leases the entire Premises and is to be responsible for the control and maintenance thereof and for payment of the Impositions thereon except to the extent specifically provided otherwise in this Lease.

Section 1.2 No Warranty. MAIT accepts the Premises "AS IS" in the condition existing on the date of this Lease and acknowledges that Lessor has made no representations or warranties with respect thereto including, without limitation, the extent of Lessor's title thereto or rights in the Premises, the location of Transmission Facilities on, under or over the Premises, encroachments of Transmission Facilities on the property of others or encroachments of facilities of third parties on, under or over the Premises,

ARTICLE 2.

Term

Section 2.1 Commencement Date: Initial Term. The Initial Term of this Lease shall commence on the date of this Lease (the "Commencement Date") and expire at midnight on the twenty-fifth (25th) anniversary of the Lease (hereinafter referred to as the "Initial Term") unless this Lease shall sooner terminate as provided in this Lease. The Initial Term and any period for which the same may be extended by MAIT pursuant to Section 2.2 hereof is hereinafter referred to as the "Term."

Section 2.2 Extension Periods. MAIT shall have three separate options – consecutive terms of twenty-five (25) years and one term of twenty-four (24) years – to extend the Term of this Lease for additional periods such that the total term of the Lease shall not exceed ninety-nine (99) years from the Commencement Date, upon terms and conditions set forth herein, provided MAIT

is not in material default in performing or observing any of its obligations under this Lease at the time of exercise of such option. MAIT shall be deemed to have exercised its option to extend the Term for the Extension Period and the Term shall automatically be so extended unless MAIT shall have given Lessor written notice of MAIT's decision not to extend the Term at least one (1) year prior to the expiration of the then current Term. If MAIT exercises its options for the three renewal periods, the Parties agree to begin negotiations in the 98th year of the Lease to extend the Lease for additional periods beyond ninety-nine (99) years.

ARTICLE 3.

Rent

Section 3.1 Base Rent during the Term. As provided at Schedule A herein, Lessor shall calculate an annual Base Rent using the following inputs: (i) net book value of the Premises; (ii) MAIT's weighted average cost of capital as reviewed and approved by the Federal Energy Regulatory Commission; (iii) MAIT's statutory tax rate; (iv) property taxes; and (v) all other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises. Base rent shall be payable in equal quarterly installments on the first day of each calendar quarter during the Term; except that MAIT shall pay to Lessor within five (5) business days after the Commencement Date prorated rent for the period from the Commencement Date to the end of the calendar quarter in which the Commencement occurs. A projected base rent will be estimated for quarterly installments until actual information becomes available. At that time, a reconciliation adjustment to reflect actual end of year values will be included in the subsequent quarterly installment.

Section 3.2 Payment. MAIT covenants and agrees to pay Base Rent to Lessor as required by this Lease as and when due and payable. All Base Rent payable, as well as all other amounts payable by MAIT to Lessor pursuant to this Lease, shall be payable to Lessor via the FirstEnergy Utility Money Pool, pursuant to the Revised and Restated FirstEnergy Utility Money Pool Agreement as such agreement may be amended from time to time, or in such other manner or at such place as Lessor shall, from time to time, designate by notice to MAIT.

Section 3.3 Net Operating Lease. It is intended that the Base Rent provided for in this Lease shall be absolutely net to Lessor throughout the Term, net of any taxes, costs, expenses, liabilities, charges or other deductions whatsoever, with respect to the Premises or with respect to any interest of Lessor therein, except as specifically provided otherwise herein.

ARTICLE 4.

Permitted Uses of Leased Property and Transmission Facilities

MAIT shall have use of Leased Property for operation of Transmission Facilities solely for transmission, but not distribution, of electricity, and purposes incidental thereto including, without limitation, operating, inspecting, maintaining, repairing, replacing and removing Transmission Facilities (the "Permitted Uses"). Subject to Article 5 hereof, MAIT shall also have the right to construct, improve, alter and/or relocate Transmission Facilities on Leased Property. MAIT shall

not have the right to use the Premises and MAIT may not permit others to use any Leased Property or Transmission Facilities for any purpose other than Permitted Uses, all such rights being reserved to Lessor as provided in Article 5.

ARTICLE 5.

Additions/Alterations

Section 5.1 Additions/Alterations. MAIT may construct, erect, alter, add to or relocate Transmission Facilities (an "Addition/Alteration") on Leased Property only after prior written notice thereof to Lessor. Prior to undertaking any Addition/Alteration, MAIT shall submit plans, specifications, surveys and/or other information pertaining to the proposed Addition/Alteration so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after such notice to Lessor, Lessor shall notify MAIT whether such proposed Addition/Alteration will result in an additional burden on the Premises and Lessor's estimate of the amount of the fair market value of the property rights required therefor.

Section 5.2 New Facilities. With the prior written approval of Lessor, which approval shall not be withheld except as necessary to preserve Lessor's Compatible Uses (as hereinafter defined), MAIT may construct, erect, or install and operate electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electric connections, fuses, junction boxes and other fixtures and any equipment ("New Facilities") on the Premises provided that MAIT pays to Lessor the fair market value of the property rights required therefor. MAIT may submit to Lessor from time to time written requests to use portions of the Premises for New Facilities and shall accompany such request with plans, specifications, surveys and/or other information pertaining thereto so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after submission of such request to Lessor, Lessor shall notify MAIT whether or not Lessor approves use of the Premises for the New Facilities and of Lessor's estimate of the fair market value of the property rights required therefor. Lessor shall accommodate, if practically feasible, MAIT's requests for New Facilities to the extent that the same are related to the Transmission Facilities or to the provision of adequate and reliable transmission service by MAIT, including the interconnection of generation sources or load.

Section 5.3 Payment of Fair Market Value. Prior to making any Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities, MAIT shall pay to Lessor a lump sum equal to the fair market value of the property rights required therefor. If MAIT wishes to proceed with making the Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities prior to final determination of the fair market value of the property rights required therefor, MAIT shall deposit with Lessor a sum equal to the amount of Lessor's estimate without prejudice to its right to a refund of a portion thereof with interest if the fair market value is subsequently determined to be less than the amount so deposited.

Section 5.4 Compliance with Laws. All Additions/Alterations and New Facilities shall be undertaken in a good and workmanlike manner and in compliance with the laws, regulations and requirements of all governmental authorities having jurisdiction.

Section 5.5 Additions to Leased Property. Unless Lessor and MAIT agree otherwise in writing, all Additions/Alterations and New Facilities shall become Transmission Facilities as if originally subject to this Lease and the same shall remain the property of MAIT. Further, any additional property rights in the Premises for which MAIT has made payment to Lessor pursuant to Section 5.2, Section 5.3, Section 7.2 or Section 7.3 hereof shall become Leased Property as if originally subject to this Lease.

ARTICLE 6.

Maintenance of the Premises and Transmission Facilities

Section 6.1 MAIT Maintenance Obligations. Except as provided in Section 9.4, MAIT shall be solely responsible for maintaining, at its expense, all Transmission Facilities and the Premises. MAIT shall maintain the portions of the Premises for which MAIT is responsible for maintenance in a clean and orderly condition, free from all litter and debris without regard to how the same became placed thereon or therein. MAIT shall be responsible for maintaining and repairing buildings, structures and fixtures on Leased Property (but not Distribution Facilities therein or thereon) so as to keep the same in good condition and repair. MAIT shall keep and maintain the Transmission Facilities located on Leased Property in a structurally and operationally safe condition and keep the same in a state of repair complying with all requirements of NESC and Applicable Law. MAIT shall be solely responsible for repairing, maintaining and replacing, as necessary, all parking areas, driveways, passageways, walkways and other areas on the Premises (except such as may be or have been installed by Lessor or an Authorized User in connection with a Compatible Use of the Premises that is related to any exclusive use by Lessor and/or an Authorized User and not MAIT) and the sidewalks and tree lawns adjoining the Premises. MAIT also shall be responsible for mowing portions of the Premises for which MAIT is responsible for maintenance, for removal of noxious weeds and brush therefrom and for removal of snow and ice from driveways and parking areas other than those exclusively related to a Compatible Use of Leased Property by Lessor and/or an Authorized User and not MAIT.

Section 6.2 Patrol: Encroachments. MAIT shall patrol by air the Premises at least annually and MAIT shall notify Lessor of any unauthorized uses of the Premises or encroachments thereon that may be identified as a result of such patrol or otherwise. If there are unauthorized uses of, or encroachments upon, the Premises, Lessor shall determine in the first instance whether or not action should be undertaken to terminate or otherwise address the same. If Lessor undertakes to terminate the unauthorized use or encroachment, Lessor shall do so at its sole cost and expense. If Lessor notifies MAIT that Lessor has determined that no action will be required by Lessor to terminate such unauthorized use or encroachment, then MAIT may take action, at MAIT's sole cost and expense, as it may deem appropriate to terminate such unauthorized use or encroachment.

Section 6.3 Lessor Not Responsible for Maintenance. Except as otherwise provided herein, Lessor shall not be responsible or liable to MAIT for, or by reason of, the condition of Premises, or arising from any failure to keep the same in good and lawful order and condition. Lessor shall not be required to make any expenditure whatsoever for the maintenance of Premises except as necessary to permit its Compatible Uses thereof or related to Lessor's facilities and equipment on, under or over Premises.

ARTICLE 7.

Electric Distribution Facilities on Transmission Facilities and Leased Property

Section 7.1 Priority Rights for Transmission Facilities. Lessor acknowledges that MAIT is to have the priority right to use Transmission Facilities and the Leased Property for its electric transmission lines and that Lessor's proposed installation of Distribution Facilities (defined in Section 8.1 hereof) on or in Transmission Facilities and/or Leased Property or Lessor's existing Distribution Facilities on or in Transmission Facilities and/or Leased Property may conflict with MAIT's planned installation of additional transmission lines thereon or therein.

Section 7.2 Proposed Installation of Distribution Facilities. To the extent that Lessor proposes to install Distribution Facilities on or in Transmission Facilities or Premises that MAIT regards as conflicting with MAIT's planned installation of additional transmission lines thereon or therein, MAIT may preclude Lessor's use for such installation. In such event, MAIT shall reimburse Lessor for the additional incremental cost of the alternative required in order to facilitate the Distribution Facilities proposed by Lessor (it being recognized that alternative rights-of-way for electric distribution lines are less difficult to obtain and less costly than MAIT alternative rights-of-way for transmission lines) over the cost Lessor would have incurred if Distribution Facilities were installed on Transmission Facilities or Premises.

Section 7.3 Relocation of Distribution Facilities. Lessor and MAIT also recognize that Distribution Facilities may presently be installed on or in Transmission Facilities or Leased Property or hereafter installed thereon or therein that MAIT subsequently determines preclude installation of additional transmission lines unless such Distribution Facilities are removed and relocated. In such event, MAIT shall have the right to require Lessor to remove such Distribution Facilities provided MAIT has reimbursed Lessor for alternative rights-of-way such that Lessor may install Distribution Facilities that are a suitable alternative to the existing Distribution Facilities that are to be removed and relocated. MAIT shall also reimburse Lessor for the cost of removing its Distribution Facilities from Transmission Facilities or Leased Property and for the cost of installing the alternative Distribution Facilities and shall pay to Lessor a lump sum equal to the fair market value of the property rights reserved or used for MAIT's additional transmission lines if the same result in an additional burden on the Premises.

ARTICLE 8.

Lessor's Reserved Rights to Use the Premises and Transmission Facilities

Section 8.1 Compatible Uses. Subject to Article 9 hereof, Lessor reserves and retains the right to use, and to permit other users authorized in writing by Lessor to use (each an "Authorized User"), the Premises and Transmission Facilities for any and all purposes not inconsistent with MAIT's Permitted Uses including, without limitation, all such uses as are being made of the Premises and Transmission Facilities on the date of this Lease and any future uses that do not cause Transmission Facilities to be in violation of the National Electric Safety Code ("NESC") or any other law, ordinance, rule or regulation applicable to Transmission Facilities or Leased Property, including the Reliability Standards adopted by the Federal Energy Regulatory Commission and enforced by the North American Electric Reliability Corporation and

ReliabilityFirst Corporation (“Applicable Laws”) or that do not materially impair MAIT’s ability to satisfy its service obligations under applicable tariffs. Such uses of Premises and Transmission Facilities by Lessor or an Authorized User are herein referred to as “Compatible Uses.” Compatible Uses of Leased Property include, for example and not limitation, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other equipment relating to distribution, but not transmission, of electricity (“Distribution Facilities”) of Lessor or Authorized Users; any and all underground lines, conduits, pipes, equipment and facilities including, without limitation, sewer, water and gas lines and mains; farming, gardening, and other agricultural uses, roadways, parking lots and buildings; microwave and cellular telephone and other telecommunication towers, poles, antennae and equipment, fiberoptic cables and all other structures and facilities of every type and nature. Compatible Uses of Transmission Facilities includes, for example and not limitation, installation and operation thereon of Distribution Facilities, telephone, fiber optic and other communication lines and equipment, installation of communication poles, antennae or structures within or on Transmission Facilities and use of Transmission Facilities for support thereof.

Section 8.2 Conflicting Uses. Any use of Leased Property that is not a Compatible Use, i.e., that causes Transmission Facilities to be in violation of the NESC or Applicable Law or that materially impairs MAIT’s ability to satisfy its service obligations under applicable tariffs, is referred to herein as a “Conflicting Use.”

ARTICLE 9.

Compatible Uses by Lessor or Authorized Users

Section 9.1 Notice of Compatible Use. Lessor shall give MAIT written notice of an intention to initiate any use that Lessor or an Authorized User, as the case may be, (an “Initiating User”) deems to be a Compatible Use at least thirty (30) days prior to undertaking activities in furtherance of such proposed use provided, however, that no such notice shall be required unless the Compatible Use involves an attachment to Transmission Facilities (such as Distribution Facilities, electric distribution lines, equipment, supports, antenna and other equipment or facilities attached in any way thereto or suspended therefrom) or an installation requiring excavation within the surface area underlying or within thirty (30) feet adjacent to, Transmission Facilities at ground level. Within thirty (30) days after notice to MAIT of such proposed use, MAIT shall notify Lessor whether MAIT believes the proposed use to be a Conflicting Use. If MAIT notifies Lessor that it regards the proposed use to be a Conflicting Use, then activities in furtherance thereof shall not be undertaken until and unless MAIT notifies Lessor in writing that MAIT withdraws its claim that such proposed use is a Conflicting Use or MAIT and Lessor otherwise agree in writing to modification of the proposed use of the Transmission Facilities affected thereby so as to accommodate the objections) by MAIT. Lessor shall furnish to MAIT such plans and specifications, surveys or other information regarding the proposed use as MAIT may reasonably request in order to evaluate the nature and extent of the proposed use.

MAIT and Lessor shall cooperate in good faith to accommodate Permitted Uses and Compatible Uses of Leased Property and Transmission Facilities to the extent reasonably feasible. If and to the extent that Transmission Facilities may be relocated or modified to accommodate Compatible Uses and thereby avoid Conflicting Uses without materially adversely affecting the

operation thereof, MAIT shall undertake, or authorize Lessor or an Authorized User to undertake, such relocation or modification provided Lessor or the Authorized User, as the case may be, pays all costs reasonably incurred in making such relocations or modifications (including, without limitation, land or right of way acquisition costs, engineering and legal fees and expenses and construction costs) and observes such requirements as MAIT may reasonably specify in connection therewith.

Section 9.2 Informational Notices. Lessor may give MAIT written notice of an intention to initiate any proposed use of Leased Property by Lessor or an Authorized User in proximity to Transmission Facilities that might adversely affect the structure of, or subjacent or lateral support for, Transmission Facilities and furnish such plans and specifications, surveys and other information regarding such proposed use so that MAIT may specify appropriate protective requirements with respect to the work so as to avoid possible damage to Transmission Facilities. Lessor also may give MAIT informational notice of other Compatible Uses of the Premises that do not require notice to MAIT prior to initiating same. Such informational notices may result in relieving MAIT of some maintenance responsibility for the Premises or for payment of a share of Impositions that are attributable to the facilities or equipment related to Compatible Use or may be merely for the purpose of informing MAIT of the existence of such Compatible Use.

Section 9.3 Repair Obligations of Lessor Authorized User. Lessor shall promptly cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses undertaken by Lessor to be repaired to a condition at least substantially equivalent to that existing prior thereto including, as appropriate in the case of the Premises, leveling of the surface thereof and seeding with grasses or other ground cover as appropriate following excavation of the surface and such other restorative requirements, as the case may be, set forth in the plans and specifications therefor submitted to MAIT. Lessor shall also require each Authorized User to cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses by such Authorized User to be so repaired.

Section 9.4 Maintenance Obligation of Lessor or Authorized User. Lessor or an Authorized User, as the case may be, shall be solely responsible for maintenance and repair of all facilities and equipment relating to its Compatible Uses of the Premises or Transmission Facilities and shall keep and maintain the same in a structurally and operationally safe condition. Lessor or an Authorized User, as the case may be, shall also be responsible for maintaining any portion of the Premises that is exclusively used by Lessor or the Authorized User.

ARTICLE 10.

Right of First Offering

Section 10.1 Sale Offer of Leased Property. In the event Lessor determines to sell any Leased Property, Lessor shall notify in writing MAIT thereof and the sales price and terms upon which Lessor wishes to sell the same (the "Sale Offer"). MAIT shall have the right to purchase the Leased Property that Lessor proposes to sell at the price and upon the terms of the Sale Offer for a period of thirty (30) days after such notice to MAIT. MAIT shall exercise such right by written notice of acceptance of such Sale Offer within such 30-day period. In the event MAIT does not accept such Sale Offer, Lessor may sell the Leased Property subject to the Sale Offer at any time

within one (1) year after notice of the Sale Offer to MAIT upon substantially the same terms and for a sale price that is not less than 90% of the sale price set forth in the Sale Offer.

Section 10.2 MAIT's Lease Rights Preserved. Any sale of Leased Property to a third party pursuant to a Sale Offer shall not affect the rights of MAIT under this Lease and, unless Lessor and MAIT shall agree otherwise in writing, such sale shall not result in adjustment of the Base Rent otherwise payable by MAIT to Lessor with respect to such Leased Property.

Section 10.3 Sale of Premises other than Leased Property. Lessor shall have the right to sell any portion of the Premises that does not include Leased Property without offering to sell the same to MAIT.

ARTICLE 11.

Taxes and Other Impositions

Section 11.1 MAIT's Responsibility for Impositions. Except as hereinafter provided in Section 11.2 and Section 11.4, MAIT shall reimburse Lessor within ten (10) business days after receipt of an invoice from Lessor therefor, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all real estate taxes, assessments, water and sewer rents and charges, any occupancy tax or similar tax, whether or not imposed on or measured by the rents payable by MAIT, and other governmental levies and charges, of any kind and nature whatsoever, which are assessed, levied, confirmed, imposed or become a lien upon the Premises and/or any part thereof, during the Term and any tax measured by the rent payable by MAIT under this Lease or any tax solely on the rent payable by MAIT under this Lease, whether or not such tax is imposed on Lessor or MAIT (all of which are hereinafter referred to as "Impositions"). Upon request, Lessor shall furnish to MAIT all bills relating to Impositions received by Lessor so that MAIT may determine whether or not to contest same as permitted by Section 11.3 hereof. If, by law, any Imposition is payable or may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessor shall pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest. Any Imposition, the lien of which relates to a period in which the Term of this Lease as to any of the Premises begins or ends, shall be apportioned so that MAIT shall pay only that proportion of such Imposition which corresponds with the portion of said period as is within the Term. Upon request by MAIT, Lessor will cooperate with MAIT in applying for any exemption from real estate taxes to which the Premises may be entitled under applicable law provided MAIT reimburses Lessor for any out-of-pocket costs reasonably incurred by Lessor in connection therewith.

Section 11.2 Apportionment. Notwithstanding Section 11.1, MAIT shall not be responsible for reimbursing Lessor for the portions of Impositions attributable to buildings, improvements or Distribution Facilities of Lessor or an Authorized User, it being contemplated that MAIT will be responsible for Impositions attributable to the Premises and to buildings and improvements that relate to Transmission Facilities (i.e., to the extent attributable to use for transmission of electricity). Distribution Facilities and the Transmission Facilities are generally treated under applicable state tax law as personal property and taxed as such to Lessor or MAIT, as

the case may be. Real estate taxes on rights-of-way are generally payable by the fee owner and not Lessor. Accordingly, it is anticipated that real estate taxes and assessments with respect to fee land that is a part of the Premises will have to be apportioned so that the taxes attributable to the land and buildings and improvements (or portions thereof) relating to transmission of electricity are allocated to MAIT and Lessor shall cooperate in order to effect an appropriate allocation of real estate taxes, assessments and any other Impositions such that MAIT, Lessor or Authorized Users are charged with payment of the proper portion thereof.

Section 11.3 Contested Impositions. Notwithstanding anything to the contrary herein contained, if MAIT deems any Imposition for which it is responsible to be excessive or illegal, MAIT may request that Lessor defer payment thereof in order to permit the validity or the amount thereof to be contested in good faith by MAIT (or by Lessor on MAIT's behalf) provided MAIT shall have furnished to Lessor such security as Lessor may reasonably require in order to assure the discharge of the amounts so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises in said proceedings. If, at any time during the continuance of such proceedings, Lessor shall deem the security provided to it insufficient, MAIT shall, upon demand, furnish to Lessor such additional security as Lessor may reasonably require, and upon failure of MAIT so to do, the security theretofore provided may be applied to the payment, removal and discharge of such Imposition and interest and penalties in connection therewith and any costs, fees or other liabilities accruing in such proceedings, and the balance, if any, shall be returned to MAIT, provided MAIT is not in default hereunder. If the amount so deposited or the amount paid by MAIT or its surety shall be insufficient for this purpose, MAIT shall forthwith pay to Lessor such additional sum as may be necessary to pay the same. Any contest as to the validity or amount of any Imposition, whether before or after payment, may be made by MAIT, in the name of Lessor or of MAIT, or both, as MAIT shall determine, and Lessor will, at MAIT's expense, cooperate with MAIT in any such contest to such extent as MAIT may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by MAIT and MAIT covenants to pay, and to indemnify and save Lessor harmless from, any such costs or expenses. MAIT shall be entitled to any refund of any such Imposition and penalties or interest thereon which have been paid by MAIT or which have been paid by Lessor and reimbursed to Lessor by MAIT.

Section 11.4 Lessor's Taxes. It is expressly understood and agreed that MAIT shall not be required to pay, or reimburse Lessor for any federal, capital levy, franchise tax, gross receipts tax, revenue tax, premium tax, personal property tax, income tax or profits tax of Lessor or any such tax imposed after the date hereof, by any state or local governmental authority or jurisdiction if such tax is determined on the basis of the general assets, or the general net income or net revenue of Lessor.

ARTICLE 12.

Compliance with Applicable Laws

Section 12.1 Compliance with Applicable Law. MAIT shall, throughout the Term, and at no expense whatsoever to Lessor, promptly comply, or cause compliance, with all Applicable Laws and all orders, rules, regulations and requirements of duly constituted public authorities

relating to the Transmission Facilities and all of the Premises except as the same relate to Compatible Uses by Lessor and/or Authorized Users.

Section 12.2 MAIT's Contest of Applicable Law. MAIT shall have the right to contest by appropriate legal proceedings, without cost or expense to Lessor, the validity of any Applicable Law relating to its use of Leased Property or Transmission Facilities and to postpone compliance with the same if, by the terms of any such Applicable Law, compliance therewith may legally be held in abeyance without incurring any lien, charge or liability of any kind against the Premises or any interest of Lessor therein and without subjecting Lessor to any liability, civil or criminal, whatsoever nature for failure to comply therewith. MAIT may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch. If MAIT shall initiate or carry on any such legal proceedings in the name of Lessor, or of Lessor and MAIT, and, except in the case of an emergency, MAIT shall so advise Lessor in writing not less than fifteen (15) days before initiating such proceedings and give full details as to the tribunal in which said proceedings are to be filed, the law, ordinance, order, ruling, regulation or requirement contested, and such additional data as Lessor may require to enable it to understand the facts and evaluate them. If any lien, charge or civil liability, but not criminal liability, is incurred by reason of non-compliance, MAIT may nevertheless make the contest and delay compliance as aforesaid, provided that MAIT furnishes to Lessor such security as Lessor may reasonably require against any loss or injury by reason of such non-compliance or delay therein and MAIT prosecutes the contest with due diligence and dispatch.

Section 12.3 Contest of Applicable Law by Lessor or Authorized User. Nothing in this Article 12 shall preclude Lessor or an Authorized User from contesting the validity of any law, ordinance, rule or regulation applicable to the Premises or any use thereof by Lessor or an Authorized User as the case may be.

ARTICLE 13.

Damage or Destruction of Transmission Facilities and Condemnation

Section 13.1 Damage; Destruction and Condemnation. This Lease shall not terminate, nor, except to the extent otherwise specifically provided herein, shall MAIT be entitled to any abatement or return of Base Rent or reduction thereof, nor shall the respective obligations of Lessor and MAIT be otherwise affected, by reason of damage to or destruction of all or any of the Transmission Facilities from whatever cause, the taking of the Premises or Transmission Facilities by condemnation or exercise of the power of eminent domain or otherwise, the lawful prohibition of MAIT's use of any Leased Property or Transmission Facilities, or any other cause similar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Base Rent and charges paid or payable by MAIT shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

Section 13.2 Condemnation Award. Lessor shall be entitled to the entire award resulting from any taking of the Premises pursuant to exercise of the power of eminent domain and MAIT shall have no claim with respect thereto. Notwithstanding the foregoing, in the event of a taking of Leased Property by exercise of the power of eminent domain such that MAIT cannot continue use

of the portion affected thereby for its Transmission Facilities, then MAIT shall have the right to terminate this Lease as to such portion, however, Base Rent payable by MAIT shall not be reduced as a result thereof.

ARTICLE 14.

Environmental Matters

Section 14.1 Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any governmental authority, including without limitation, any material or substance which is (a) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any applicable federal, state or local law or administrative code promulgated thereunder; (b) petroleum or any derivative thereof; (c) asbestos; (d) PCB's; or (e) lead. MAIT shall not cause or permit any Hazardous Material to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises by MAIT, its agents, employees, contractors or invitees, except in compliance with applicable laws and regulations. Moreover, MAIT shall be responsible for removal of any and all Hazardous Material on or under the Premises excepting only such Hazardous Material as was present prior to the Commencement Date or hereafter is placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities and equipment of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor adjacent to or in the vicinity of the Premises.

Section 14.2 MAIT's Environmental Indemnity. MAIT shall indemnify, defend and hold Lessor and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from any breach of MAIT's obligations set forth in this Article 14.

Section 14.3 Lessor's Environmental Indemnity. Lessor shall indemnify, defend and hold MAIT and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from the presence of Hazardous Material on or under the Premises prior to the Commencement Date or that is hereafter placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor and adjacent to or in the vicinity of the Premises.

Section 14.4 Survival of Environmental Indemnity Covenants. Each of the covenants and agreements of MAIT and Lessor set forth in this Article 14 shall survive termination of this Lease.

ARTICLE 15.

Indemnification

Section 15.1 MAIT's Indemnification Obligation. Except as herein expressly provided otherwise, MAIT covenants and agrees, at its sole cost and expense, to indemnify, defend and save harmless Lessor against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority, arising from the construction, occupancy, use, possession, conduct or maintenance of or from any work or thing whatsoever done in or about Premises during the Term and further to indemnify, defend and hold Lessor harmless against and from any and all claims arising with respect to Transmission Facilities, or arising from any breach or default on the part of MAIT in the performance or observance of any covenant or agreement on the part of MAIT to be performed or observed pursuant to the terms of this Lease, or arising from any negligent act or omission or willful misconduct of MAIT, or any of its agents, employees, contractors or invitees, or arising from any accident, injury or damage whatsoever, however caused, occurring during the Term, in or about the Premises, and from and against all costs, counsel and consultants' fees, expenses and liabilities incurred by Lessor in connection with any such claim, action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to Lessor unless such action or proceeding is resisted or defended by counsel for any carrier of commercial general liability insurance referred to in Section 17.1 hereof, as authorized by the provisions of any policy of commercial general liability insurance maintained pursuant to said Section. The foregoing indemnification, defense and hold harmless provision for the benefit of Lessor (a) shall apply only to the extent that the proceeds of insurance required hereunder or otherwise obtained by MAIT for the benefit of Lessor are insufficient fully to protect Lessor and (b) shall not apply or extend to any negligent act or omission or willful misconduct of Lessor or an Authorized User, or any agents, employees or contractors of Lessor or an Authorized User nor to any condition, or circumstance resulting from operation, maintenance, repair, replacement or removal, of the Distribution Facilities of Lessor on the Premises or improvements, equipment or facilities of an Authorized User on the Premises.

Section 15.2 MAIT's Indemnification for Lessor's Costs of Enforcing Lease. MAIT shall indemnify, defend and hold Lessor harmless against and from, all costs and charges, including counsel and consultants' fees, reasonably incurred in obtaining possession of the Premises after default by MAIT or upon expiration or earlier termination of the Term hereof, or in enforcing any covenant or agreement of MAIT herein contained.

Section 15.3 Workers' Compensation Indemnity Waivers. For the purpose of indemnification of Lessor from judgments, claims, suits or actions brought against it by MAIT employees, MAIT expressly and specifically waives any and all immunity to which it may be entitled under the workers' compensation laws of the jurisdiction in which the Premises are located.

ARTICLE 16.

Liens

Section 16.1 No Liens. Except as provided in Article 11 and Article 24 hereof, MAIT shall not allow the interest of Lessor or MAIT in the Premises or Transmission Facilities to become subject to any lien, charge or encumbrance whatsoever and shall indemnify, defend and hold Lessor harmless from and against all such liens, charges and encumbrances.

Section 16.2 Discharge of Certain Liens. MAIT shall not suffer or permit any mechanic's, laborer's or materialman's liens to stand against the Premises, or any part thereof by reason of any work, labor, services or materials done for, or supplied to, or claim to have been done for, or supplied to, MAIT. If any such lien shall at any time be filed against the Premises, or any part thereof, or against the interest of MAIT in the Premises, MAIT shall cause the same to be discharged of record within thirty (30) days after the date of filing the same, by either payment, deposit or bond. If MAIT shall fail to discharge any such lien within such period, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, procure the discharge of the same either by paying the amount claimed to be due by deposit in court or bonding, and/or Lessor shall be entitled, if Lessor so elects, to compel the prosecution of any action for the foreclosure of such lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances. Any amount paid or deposited by Lessor for any of the aforesaid purposes, and all reasonable costs and other expenses of Lessor, including reasonable counsel and consultants' fees, in defending any such action or procuring the discharge of such lien, with all necessary disbursements in connection therewith, shall be payable by MAIT to Lessor as additional rent within thirty (30) days after invoice by Lessor to MAIT therefor.

Section 16.3 No Lessor Consent to Liens. Nothing in this Lease shall be deemed to be, or construed in any way as constituting, the consent of Lessor to the filing of any lien against Lessor's interest in the Premises by any person, firm or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of Transmission Facilities, or any part thereof

ARTICLE 17.

Insurance and Waiver of Subrogation

Section 17.1 Insurance. During the Term, MAIT shall maintain in effect commercial general liability insurance protecting MAIT and Lessor (as evidenced by policies in which Lessor is named as an additional insured) against claims of any and all persons, firms and corporations for personal injury, death or property damage occurring upon, in or about the Premises, with such limits of liability as are customarily carried by prudent electric transmission companies or such amount as Lessor shall approve in writing from time to time. All insurance policies provided pursuant to this Section 17.1 shall be obtained by MAIT from an insurance carrier or carriers of good reputation and sound financial responsibility selected by MAIT and shall be subject to self-retention deductibles in such amounts as Lessor may approve in writing from time to time, which approval Lessor agrees not to unreasonably withhold, delay or condition. Policies or certificates evidencing such insurance have been delivered by MAIT to Lessor prior to execution

of this Lease and certificates evidencing renewal of such insurance shall be delivered to Lessor at least ten (10) days' prior to the expiration of any such policy of insurance. Each such policy shall contain an agreement by the insurers not to cancel such policy or materially alter its coverages except upon at least thirty (30) days' prior written notice to Lessor.

Section 17.2 Waivers of Subrogation. Lessor and MAIT each hereby mutually waive its respective rights of subrogation and recovery against the other for any loss insured by property insurance maintained by such party. The Transmission Facilities and all other property on the Premises belonging to MAIT, its agents, employees or invitees shall be at the risk of MAIT or such other person only, and Lessor shall not be liable for damage thereto or for the theft, misappropriation or loss thereof.

ARTICLE 18.

Lessor's Rights To Perform MAIT's Covenants

Except to the extent otherwise provided in Section 11.3, MAIT covenants and agrees that if it shall at any time fail to pay, or cause to be paid, any Imposition required to be paid by MAIT pursuant to the provisions of Article 11 hereof, or to take out, pay for, maintain or deliver or cause to be taken out, paid for, maintained or delivered any of the insurance policies provided for in Article 17 hereof, or shall fail to make any other payment or perform any other act which MAIT is obligated to make or perform under this Lease, or cause such to be done, then Lessor may, but shall not be obligated so to do, after thirty (30) days' written notice to MAIT (but without notice in the event of an emergency) and without waiving, or releasing MAIT from, any obligation of MAIT in this Lease contained, pay any such Imposition or effect such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act which MAIT is obligated to perform under this Lease, in such manner and to such extent as shall be necessary, reasonable and, in exercising any such rights, pay necessary, reasonable and incidental costs and expenses, employ counsel and incur and pay attorneys' and consultants' fees. All sums so paid by Lessor and all necessary, reasonable and incidental costs and expenses in connection with the performance of any such act by Lessor, shall be deemed additional Base Rent hereunder and, except as otherwise expressly provided in this Lease, shall be payable to Lessor as additional Base Rent within thirty (30) days after the date of Lessor's invoice to MAIT therefor, and MAIT covenants to pay any such sum or sums and Lessor shall have the same rights and remedies in the event of the nonpayment thereof by MAIT as in the case of default by MAIT in the payment of Base Rent.

ARTICLE 19.

Default Provisions

Section 19.1 Events of Default. This Lease and the Term hereof are subject to the limitation that if, at any time during the Term, any one or more of the following events (herein called an "Event of Default") shall occur:

- (a) if MAIT shall fail to pay any installment of the Base Rent provided for herein, or any part thereof, when the same shall become due and payable, and such failure

shall continue for ten (10) days after receipt of written notice thereof from Lessor to MAIT;
or

(b) if MAIT shall fail to pay any other charge or sum required to be paid by MAIT hereunder and any such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(c) if MAIT shall fail to perform or observe any other requirement of this Lease (not already specified in this Section 19.1) on the part of the MAIT to be performed or observed, and such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(d) if substantially all Transmission Facilities in or on Leased Property or MAIT's interest in this Lease are attached or levied upon under execution and the same is not discharged within sixty (60) days thereafter,

Lessor shall have the right, then or at any time thereafter, and while such default or defaults shall continue, to give MAIT written notice of Lessor's intention to terminate this Lease on a date specified in such notice, which date shall not be less than thirty (30) days after the date of giving of such notice, and, on the date specified in such notice, MAIT's right to possession of Leased Property shall cease and MAIT shall peaceably and quietly yield to and surrender to Lessor the Premises and this Lease shall thereupon be terminated and all of the right, title and interest of MAIT hereunder shall wholly cease and expire in the same manner and with the same force and effect as if the date of expiration of such thirty (30) day period were the date originally specified herein for the expiration of this Lease and the Term hereof, and MAIT shall then quit and surrender the Premises and the Transmission Facilities on Leased Property to Lessor, but MAIT shall remain liable to Lessor as provided below. In the event of termination of this Lease, MAIT shall be deemed to have abandoned all Transmission Facilities on, under or over Leased Property to the extent the same have not been removed thereon prior to the date of such termination.

Section 19.2 Possession Following Event of Default. In the event of any termination of this Lease pursuant to Section 19.1 or if an Event of Default shall continue beyond the expiration of any grace or cure period provided for above, Lessor may enter upon the Premises and have, repossess and enjoy the same by summary proceedings, ejectment or otherwise, and in any such event neither MAIT nor any person claiming through or under MAIT shall be entitled to possession or to remain in possession of the Premises but shall forthwith quit and surrender the Premises. Lessor shall be under no liability for or by reason of any such entry, repossession or removal of MAIT or any person claiming through or under MAIT.

Section 19.3 MAIT's Responsibility for Costs. In case of any such termination, re-entry or dispossession by summary proceedings, ejectment or otherwise, the rent and other charges required to be paid by MAIT hereunder shall thereupon become due and payable up to the time of such termination, re-entry or dispossession, and MAIT shall also pay to Lessor all reasonable expenses which Lessor may then or thereafter incur for legal expenses, attorney's and consultants' fees, brokerage commissions, and all other reasonable costs paid or incurred by Lessor for keeping or restoring the Premises and the Transmission Facilities to good order and condition or, if Lessor elects to do so, for removing Transmission Facilities from Leased Property. Lessor shall be under

no obligation to lease or relet Leased Property or Transmission Facilities or any part of either in order to mitigate damages.

Section 19.4 Survival of MAIT's Payment Obligation. The right of Lessor to recover from MAIT the amounts provided for above shall survive the issuance of any order for possession or other cancellation or termination hereof.

Section 19.5 Extension of Cure Period for Certain Events of Default. Anything in this Article 19 to the contrary notwithstanding, it is expressly understood that, with respect to any Event of Default within the purview of clause (c) of Section 19.1 hereof, if such Event of Default is of such a nature that it cannot, with due diligence, be cured within a period of thirty (30) days, Lessor shall not be entitled to re-enter the Premises, serve a notice of termination upon MAIT as provided in said Section 19.1, or exercise any right, power or remedy with respect to such Event of Default nor shall the same be regarded as an Event of Default for any of the purposes of this Lease, if MAIT shall have notified Lessor in writing that MAIT will undertake curing such default and commenced the curing of such default within the period of thirty (30) days referred to in said clause 19.1(c), and so long as MAIT shall thereafter proceed in good faith with reasonable diligence to complete the curing of such default, and the time within which MAIT must cure the same shall be extended for such period as may be necessary to complete the same with due diligence.

ARTICLE 20.

Cumulative Remedies, Waiver

Section 20.1 Cumulative Remedies. The specified remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by MAIT of any provision of this Lease. In addition to the other remedies in this Lease provided, Lessor shall be entitled to the restraint by injunction of any violation or attempted or threatened violation of any of the terms, covenants, condition, provisions or agreements of this Lease.

Section 20.2 No Waiver. The failure of Lessor to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of any such term, covenant, condition, provision, agreement or option. A receipt and acceptance by Lessor of Base Rent or any other payment, or the acceptance of any performance of anything required by this Lease to be performed, with knowledge of the breach of any term, covenant, condition, provision or agreement of this Lease, shall not be deemed a waiver of such breach, nor shall any acceptance of any payment in a lesser amount than is herein provided for (regardless of any endorsement on any check, or any statement in any letter accompanying any payment) operate or be construed either as an accord and satisfaction or in any manner other than as payment on account of the amounts then unpaid by MAIT, and no waiver by Lessor of any term, covenant, condition, provision or agreement of this Lease shall be deemed to have been made unless specifically acknowledged as such in a writing signed by Lessor.

ARTICLE 21.

Quiet Enjoyment and Surrender of Leased Property

Section 21.1 Quiet Enjoyment. So long as MAIT shall make the Base Rent and other payments provided for herein and shall keep, observe and perform all of the other covenants of this Lease, MAIT shall and may peaceably and quietly have, hold and enjoy the Premises for Permitted Uses during the Term hereof free of interference from Lessor or those claiming by, through or under Lessor except that nothing herein shall preclude use of the Premises or Transmission Facilities by Lessor or Authorized Users to the extent provided elsewhere in this Lease. This covenant shall be construed as running with the land to and against subsequent owners and successors in interest, and is not, nor shall it operate or be construed as, a personal covenant of Lessor, except to the extent of Lessor's interest in the Premises and only so long as such interest shall continue, and thereafter this covenant shall be binding only upon such subsequent owners and successors in interest, to the extent of their respective interests, as and when they shall acquire the same, and only so long as they shall retain such interest.

Section 21.2 Surrender of Premises. Except as otherwise provided in this Lease, MAIT shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Premises to Lessor in good order, condition and repair, except for reasonable wear and tear. MAIT shall surrender to Lessor all the Premises to Lessor upon expiration of the Term without notice of any kind, and MAIT hereby waives all right to any such notice as may be provided under any present or future law.

Section 21.3 Holdover. If MAIT continues to occupy the Premises with the written consent of Lessor after the last day of the Term, MAIT shall be a tenant from month to month, at Base Rent twice the rate in effect prior to the end of the Term and such tenancy shall otherwise be subject to all of the covenants and agreements of this Lease. In the event that Lessor does not so consent to MAIT's continued possession after the expiration of the Term of this Lease, or if no new agreement shall have been entered into by the parties hereto, MAIT shall pay Lessor all damages sustained by reason of MAIT's retention of possession after such expiration.

Section 21.4 MAIT's Right to Terminate Lease as to All or Part of Premises. From time to time during the Term, MAIT shall have the right to terminate this Lease as to, and surrender possession of, all or a portion of Leased Property and portions of the Premises adjoining such Leased Property as of the end of a calendar quarter. MAIT shall give Lessor written notice of its intention to terminate this Lease as to, and surrender possession of, Leased Property not less than one hundred eighty (180) days prior to the date for termination specified therein and, if appropriate, its wish to remove some or all of the Transmission Facilities located thereon as specified in such notice. If a Leasehold Mortgagee shall exist as of the time of any notice of termination to Lessor pursuant to this Section, such notice of termination shall be accompanied by a written consent thereto signed by the Leasehold Mortgagee and no such notice of termination shall be effective unless accompanied by such written consent. In the event of termination of this Lease as to some, but not all, of the Premises, Base Rent shall not be reduced by the portion thereof that is attributable to the Leased Property as to which such termination relates.

Section 21.5 Surrender or Removal of Transmission Facilities. Upon expiration of the Term or termination of this Lease, in its entirety or with respect to but not all Leased Property, or termination of this Lease pursuant to Article 21 hereof, MAIT shall surrender to Lessor all Transmission Facilities then on, under or over Leased Property and title thereto shall vest in Lessor unless Lessor shall have notified MAIT in writing prior to the expiration of the Term or the effective date of such termination that some or all of the Transmission Facilities are to be removed therefrom. If Lessor notifies MAIT that some or all of the Transmission Facilities are to be removed from Leased Property, MAIT shall undertake removal thereof with reasonable diligence thereafter and shall cause the surface of Leased Property affected thereby to be restored. MAIT shall coordinate removal activities with Lessor and Authorized Users as and to the extent necessary to protect or relocate Distribution Facilities or other uses of Transmission Facilities then being made of Transmission Facilities by Lessor and/or Authorized Users. MAIT shall continue to have access to Leased Property after such expiration or termination for such purpose and shall not be deemed to be continuing to occupy Leased Property pursuant to Section 21.3. Until completion of such removal, Section 6.1, Section 12.2, Article 14, and Article 15 shall continue in effect notwithstanding expiration or termination of this Lease. In the event title to some or all of the Transmission Facilities vests in Lessor pursuant to this Section 21.5, MAIT shall execute and deliver to Lessor from time to time such bills of sale or other conveyance as Lessor may reasonably request for the purpose of confirming Lessor's ownership thereof

ARTICLE 22.

Assignment Subletting

Section 22.1 Prohibition Against Assignment of Lease Without Lessor's Approval. Except as specifically provided otherwise in this Lease, neither this Lease nor the leasehold estate created hereby shall be sold or assigned without the prior written approval of Lessor which Lessor may withhold for any reason or no reason. No sale or assignment of this Lease shall be effective until there has been delivered to Lessor an undertaking, signed by such proposed purchaser or assignee, in which such purchaser or assignee assumes the due performance of all obligations on MAIT's part to be performed under this Lease. Upon such assumption, MAIT shall have no further liability under this Lease except as to liabilities, which arose prior to the sale or assignment. In the event MAIT has been notified by Lessor of an Event of Default which has not been cured as of the time of a proposed sale or assignment the undertaking to be signed by the proposed purchaser or assignee shall include a specific commitment to cure any such Event of Default in timely fashion

Section 22.2 Prohibition Against Subleasing. MAIT shall not sublet all or any part of the Premises to any third party without the prior written approval of Lessor, which Lessor may withhold, for any reason or no reason.

Section 22.3 Permitted Assignments by MAIT. Notwithstanding Section 22.1, this Lease may be assigned without Lessor's prior written approval to any electric transmission company with which MAIT is merged or consolidated or which is a purchaser of substantially all of the Transmission Facilities or to any Leasehold Mortgagee or the nominee of a Leasehold Mortgagee or purchaser or assignee of the leasehold estate pursuant to Article 24 hereof.

Section 22.4 Assumption by Assignee. Each assignee of this Lease shall promptly execute and deliver to Lessor a written assumption of MAIT's obligations under this Lease in such form as Lessor may require.

ARTICLE 23.

Fee Mortgage Indenture

[Reserved].

ARTICLE 24.

Mortgaging of Leasehold Interest

Section 24.1 Leasehold Mortgages. MAIT, without Lessor's consent, shall have the unrestricted right to mortgage the leasehold estate created by this Lease pursuant to a leasehold mortgage or mortgages, at any time and from time to time, on any terms MAIT may deem desirable. If more than one such mortgage shall at the time be in effect, each such mortgage, at the time in effect, is herein called a "Leasehold Mortgage." No holder of a Leasehold Mortgage shall have the rights or benefits set forth in this Article 24, nor shall the provisions of this Article be binding upon Lessor unless and until holder of a Leasehold Mortgage shall have notified Lessor in writing that it is a holder of such Leasehold Mortgage and of the name and address to which all notices and other communications hereunder to it may be addressed; and such a holder of a Leasehold Mortgage, having given such notice, is herein called "Leasehold Mortgagee."

Section 24.2 Notices to Leasehold Mortgagees. Any notice which the holder of a Leasehold Mortgage shall desire or be required to give to Lessor shall be in writing and shall be deemed to have been given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, at the address set forth in Section 26.1 hereof or at such other addresses as shall be designated by Lessor in a written notice thereof to the Leasehold Mortgagee. Any notice which Lessor shall desire or be required to give to a Leasehold Mortgagee shall be in writing and shall be deemed to have been given (i) upon receipt when the same is delivered in person or by courier or (ii) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed to such Leasehold Mortgagee at the address set forth in the Leasehold Mortgage or in such last recorded assignment thereof or at such other address as shall have been designated by such Leasehold Mortgagee in a written notice thereof to Lessor.

Section 24.3 No Lease Cancellation, Surrender or Material Modification without Leasehold Mortgagee Consent. Lessor and MAIT shall not agree between themselves to any cancellation, surrender or material modification of this Lease without the prior written consent of each Leasehold Mortgagee.

Section 24.4 Notices of Default to Leasehold Mortgagee. Lessor shall give to each Leasehold Mortgagee a copy of any Notice of Default or notice of Lessor's intention to terminate this Lease given by Lessor to MAIT hereunder not later than ten (10) days after giving any such notice to MAIT.

Section 24.5 Payment or Performance by Leasehold Mortgagee. At any time when any Leasehold Mortgagee shall remain unsatisfied of record, any Leasehold Mortgagee may make any payment or perform any act required hereunder to be made or performed by MAIT and Lessor shall accept such payment and performance. No entry by a Leasehold Mortgagee upon the Premises for such purpose shall constitute or be deemed to be an eviction of MAIT or release MAIT from any obligation or default hereunder (except in the case of any obligation or default which shall have been fully performed or corrected by such payment or performance by a Leasehold Mortgagee).

Section 24.6 Leasehold Mortgagee Notices to Lessor of Intention to Cure Event of Default. For purposes of this Article, no Event of Default shall be deemed to exist under Article 19 in respect of performance or observance of any requirement of this Lease on the part of MAIT to be performed or observed if a Leasehold Mortgagee shall have notified Lessor in writing of its intention to cure such default and commenced the curing of such default within the time permitted therefor and shall thereafter have proceeded in good faith with reasonable diligence to complete the curing of such default and the time within which such default must be cured shall be extended for such period as may be necessary to complete the same with due diligence.

Section 24.7 Leasehold Mortgagee Opportunities to Cure Events of Default. Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default (inclusive of the occurrence of any of the events specified in paragraph (c) or (d) of Section 19.1 hereof), other than an event of default due to a default in the payment of money, Lessor shall take no action to effect a termination of this Lease without first giving to each Leasehold Mortgagee written notice thereof and a reasonable time thereafter within which notify Lessor in writing of its intention, and thereafter diligently proceeding, either (i) to obtain possession of the Premises (including possession by a receiver) or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire MAIT's interest under this Lease. Upon obtaining possession or acquiring MAIT's interest under this Lease, a Leasehold Mortgagee shall be required promptly to cure all defaults then reasonably susceptible of being cured by such Leasehold Mortgagee. Notwithstanding the foregoing, (i) such Leasehold Mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after the Events of Default shall have been cured; (ii) nothing herein contained shall preclude Lessor, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to any other default by MAIT during the pendency of such foreclosure proceedings; (iii) if such Leasehold Mortgagee shall be a party other than a bank, insurance company or other entity having a net worth exceeding \$30,000,000 at the time the Leasehold Mortgage is granted or a group of such banks, insurance companies or other entities (a "Lending Institution"), such Leasehold Mortgagee shall deposit with

Lessor during the period of forbearance by Lessor from taking action to effect a termination of this Lease such security as shall be reasonably satisfactory to Lessor to assure Lessor of compliance by such Leasehold Mortgagee during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied by such Leasehold Mortgagee and (iv) such Leasehold Mortgagee, if a Lending Institution, shall agree with Lessor in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Leasehold Mortgagee. Any Event of Default by MAIT not reasonably susceptible of being cured by such Leasehold Mortgagee shall be deemed to have been waived by Lessor upon completion of such foreclosure proceedings or upon such acquisition of MAIT's interest in this Lease, except that any of such Events of Default which are reasonably susceptible of being cured after such completion and acquisition shall then be cured with reasonable diligence by such Leasehold Mortgagee or its designee or other purchaser, as the case may be. Such Leasehold Mortgagee or its designee, or other purchaser in foreclosure proceedings, may become the legal owner and holder of this Lease through such foreclosure proceedings or by assignment of this Lease in lieu of foreclosure.

Section 24.8 Leasehold Mortgagee Right to New Lease. In the event of the termination of this Lease prior to the expiration of the Term, Lessor shall serve upon each Leasehold Mortgagee written notice that the Lease has been terminated together with a statement of any and all such sums which would at the time be due under this Lease but for such termination, and all other Events of Default, if any, under this Lease then known to Lessor. Any Leasehold Mortgagee shall thereupon have the option to obtain a new lease in accordance and upon the following terms and conditions:

Upon the written request of the Leasehold Mortgagee, within sixty (60) days after service of such notice that the Lease has been terminated, Lessor shall enter into a new lease with respect to the Premises with such Leasehold Mortgagee as follows:

Such new lease shall be entered into at the reasonable cost of the lessee thereunder, shall be effective as of the date of termination of this Lease and shall be for the remainder of the Term of this Lease and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon the execution of such new lease, the lessee named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Lessor in connection with such Events of Default and termination, the recovery of possession of the Leased Property and the preparation, execution and delivery of such new lease.

Section 24.9 Extension of Term Pursuant to New Lease. If the Term is not extended pursuant to Section 2.2 hereof, or for any other reason whatsoever, MAIT shall not become entitled

to extend the Term of this Lease, Lessor shall serve upon each Leasehold Mortgagee written notice thereof and any such Leasehold Mortgagee shall have the option upon written request served upon Lessor to obtain from Lessor a new lease of the Premises for such renewal term in accordance with and upon the following terms and conditions:

Such written request shall be served upon Lessor not later than sixty (60) days after the service of the aforementioned notice by Lessor on such Leasehold Mortgagee, and within thirty (30) days after the service of such written request, lessor and the Leasehold Mortgagee, or its designee, shall enter into a new lease with respect to the Premises as follows:

Such new lease shall be entered into at the reasonable cost and expense of the lessee thereunder, shall be effective as of the date of termination of the then current Term of this Lease, and shall be for the Extended Term next succeeding the then current term of this Lease, and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any further options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon execution of such new lease, the lessee therein named shall pay any and all sums remaining unpaid under the Lease then expiring, then unpaid, plus the reasonable expenses incurred by Lessor in connection with the preparation, execution and delivery of such new lease.

Section 24.10 Benefited Leasehold Mortgagees. Anything herein contained to the contrary notwithstanding, the provisions of this Article shall inure only to the benefit of Leasehold Mortgagees under Leasehold Mortgages which shall be, respectively, a first, second and third lien against the leasehold estate hereunder. If Leasehold Mortgagees of more than one such Leasehold Mortgage shall make written requests upon Lessor for a new lease in accordance with this Section, the new lease shall be entered into pursuant to the request of the holder whose Leasehold Mortgage shall be of the highest priority and thereupon the written requests for a new lease of each holder of a Leasehold Mortgage junior in lien shall be and be deemed to be void and of no force or effect.

Section 24.11 Possession Pursuant to New Lease. Nothing herein contained shall be deemed to obligate Lessor to deliver possession of the Premises to the lessee under any new lease entered into pursuant to this Article.

Section 24.12 Assignment by Leasehold Mortgagee. If any Leasehold Mortgagee shall acquire title to MAIT's interest in this Lease, by foreclosure of a Leasehold Mortgage thereon or by assignment in lieu of foreclosure or by assignment from a designee or subsidiary of such Leasehold Mortgagee, or under a new lease pursuant to this Article, such Leasehold Mortgagee may assign such lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in such lease contained on the part of MAIT or such lessee, as the case may be, to be performed and observed from and after the date of such assignment, provided that the assignee from such Leasehold Mortgagee shall have assumed such lease in accordance with Section 22.4 hereof and shall have complied otherwise with said Section.

ARTICLE 25.

Estoppel Certificates

Lessor and MAIT agree at any time and from time to time, upon not less than ten (10) days' prior written request by MAIT, Lessor, the Trustee or a Leasehold Mortgagee, to execute, acknowledge and deliver to the party requesting the same a statement in writing certifying that this Lease is unmodified and is in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the Base Rent currently payable, and the dates to which the Base Rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of the Premises of MAIT's interest in this Lease. Such certificate by MAIT shall contain a statement that there are no Defaults by Lessor under this Lease, or, if there be any, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested. Such certificate by Lessor shall contain a statement that it has knowledge of no Defaults by MAIT under this Lease, or, if there be any of which it has knowledge, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested.

ARTICLE 26.

Miscellaneous

Section 26.1 Notices. Any and all notices upon receipt when required or permitted under this Lease shall be in writing and shall be deemed sufficiently given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed as follows:

To Lessor:

Metropolitan Edison Company
76 South Main Street
Akron, Ohio 44308
Attention: President and General Counsel

To MAIT:

Mid-Atlantic Interstate Transmission, LLC
76 South Main Street
Akron, Ohio 44308
Attention: President and General Counsel

or to such other address or addresses as either Lessor or MAIT by notice to the other may designate from time to time in the manner herein provided.

Section 26.2 Dispute Resolution. In the event of any dispute, controversy, or claim arising out of, under, or relating to this Ground Lease, Lessor and MAIT shall first attempt to resolve such dispute through good faith negotiations between representatives who will have the

authority to settle the dispute. Lessor and/or MAIT shall give the other party written notice of any dispute not resolved in the ordinary course of business. Within ten (10) calendar days after delivery of any such notice, the aforementioned representatives will meet at a mutually acceptable time and place to attempt to resolve the dispute. If such designated representatives are unable to resolve a dispute within thirty (30) calendar days after receipt of notice of the dispute, then upon request of either Lessor or MAIT such dispute will be referred to a senior officer designated by each party for resolution. Each such senior officer shall be an individual who has authority to resolve the dispute on behalf of Lessor or MAIT. Any dispute not resolved within sixty (60) calendar days following receipt of the request for submission to senior officers may, by mutual determination of Lessor and MAIT, be addressed and resolved through an alternative dispute resolution method to be agreed upon by Lessor and MAIT in good faith at such time, such as, but not limited to, binding arbitration or mediation; provided, however, neither Lessor nor MAIT shall be obligated to agree to any alternative resolution method to address the unresolved dispute. Nothing in this section shall in any way limit or preclude Lessor or MAIT from pursuing any rights or remedies or obtaining any relief to which it may be entitled at law or equity.

Section 26.3 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and may be enforced to the fullest extent permitted by law.

Section 26.4 Successors and Assigns. The terms, conditions, covenants, provisions and agreements herein contained shall be binding upon and inure to the benefit of Lessor, its successors and assigns, and MAIT, its successors and assigns.

Section 26.5 Amendments: Modifications. This Lease may be modified only by written agreement signed by Lessor and MAIT with the same formalities attendant as upon the execution of this Lease, it being the express intention of the parties hereto that no provision, term or condition of this Lease may be amended or varied in any way by an oral understanding or by any document not executed in accordance with this Section 26.5.

Section 26.6 Memoranda of Lease. Upon request by either Lessor or MAIT, the parties hereto shall execute, for recording purposes, memoranda of this Lease in conformity with the law and practice of the state in which the Premises are located, and the same shall be placed of record at MAIT's expense. If requested by Lessor, MAIT shall, upon termination of this Lease as to some or all Leased Property as provided herein, execute and deliver to Lessor an appropriate release, in form proper for recording, of MAIT's interest therein.

Section 26.7 Governing Law. This Lease shall be governed by and interpreted in accordance with the laws of the state in which the Premises are located.


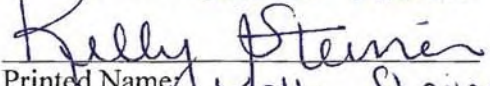
Section 26.8 Entire Agreement. Except as set forth in an Operating Agreement of even date herewith that Lessor and MAIT expect will terminate before expiration of the Initial Term and except as provided in any amendment of this Lease hereafter entered into by Lessor and MAIT,

this Lease sets forth the entire agreement and understanding between Lessor and MAIT to the subject matter hereof.

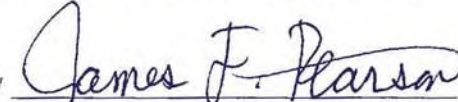
Section 26.9 Further Assurances. Subject to the terms and conditions of this Lease, each of the parties hereto, including without limitation subsidiaries and affiliates of the parties, will use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by this Lease and to fully effect the intent of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be duly executed as of the day and year first above written,

(Witnesses as to Lessor)


Printed Name: James Arcuri

Printed Name: Kelly Steiner

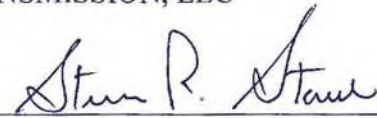
METROPOLITAN EDISON COMPANY

By 
James F. Pearson
Executive Vice President and Chief Financial Officer

(Witnesses as to MAIT)


Printed Name: James Arcuri

MID-ATLANTIC INTERSTATE
TRANSMISSION, LLC

By 
Steven R. Staub
Vice President and Treasurer


Printed Name: Stephanie Bencin

EXHIBIT A

Leased Property

General Description: This exhibit identifies the property that Lessor has agreed to lease to MAIT as of January 31, 2017, in return for quarterly installments of Base Rent and subject to the rights, terms and conditions of this Ground Lease:

- (1) Tracts or parcels owned by the Lessor (fee lands), together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.
- (2) Easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease.
- (3) Leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease and not identified as being either fee land or an easement.

SCHEDULE A

“Base Rent” = (Net Book Value of Premises - ADITs) * Pre-Tax WACC + Book Depreciation Expense + Property Taxes + All other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises

For purposes of this definition:

“ADIT” means Accumulated Deferred Income Taxes associated with the Premises.

$$\text{“Pre-Tax WACC”} = \frac{\text{WACC}}{(1 - \text{Statutory Tax Rate})}$$

“Weighted Average Cost of Capital (“WACC”) =

((Debt Ratio * MAIT’s Effective Cost of Outstanding Long-Term Debt) * (1 - Statutory Tax Rate))

+

(Equity Ratio * MAIT’s Authorized Rate of Return on Equity)

GROUND LEASE

**BETWEEN PENNSYLVANIA ELECTRIC COMPANY,
LESSOR**

AND

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC,
LESSEE**

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Exhibit A Leased Property

Schedule A Base Rent Formula

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GROUND LEASE

This Lease made as of the 31st day of January, 2017 by and between PENNSYLVANIA ELECTRIC COMPANY, a Pennsylvania corporation (“Lessor”), and MID-ATLANTIC INTERSTATE TRANSMISSION, LLC, a Delaware limited liability company (hereinafter referred to as “MAIT”).

RECITALS

On the date of this Lease, Lessor has transferred to MAIT all of the electric energy transmission system of Lessor including, without limitation, all high tension electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other fixtures and equipment, together with various substations and switching stations, all as more particularly described in the Capital Contribution Agreement executed and delivered by Lessor to MAIT on the date hereof (collectively the “Transmission Facilities”).

Pursuant to this Ground Lease, Lessor leases to MAIT all such lands, easements, franchises and other rights as Lessor has or may have upon, under or over which Transmission Facilities are located on the date hereof, for the purposes and on the terms set forth below.

The Premises are leased to MAIT so as to permit continued use of Transmission Facilities on the portion of the Premises on which the same exist on the date of this Lease for an annual rental representing a reasonable return on Lessor’s net book value thereof. Such terms recognize that Lessor has reserved the right to use, and to permit Authorized Users to use, portions of the Premises for all purposes that do not cause Transmission Facilities to violate the National Electric Safety Code (“NESC”) or Applicable Laws or that do not materially impair MAIT’s ability to satisfy its service obligations under applicable tariffs. Additional, or extensions of, uses of the Premises for MAIT facilities relating to transmission of electricity that additionally burden the Premises are subject to Lessor’s prior written approval, which shall not be withheld except as necessary to preserve Lessor’s Compatible Uses (as hereinafter defined), but will require payment to Lessor of the fair market value for the additional burden or limitation upon other uses resulting therefrom as set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties hereto, Lessor and MAIT have agreed and do hereby agree as follows:

ARTICLE 1.

Demise of Leased Property

Section 1.1. Premises: Leased Property. Lessor hereby leases to MAIT, and MAIT hereby leases from Lessor, the following described property and rights to the extent of Lessor’s rights and interests therein, for the purposes set forth in Article 1 hereof and none other (collectively, the “Premises”):

(a) The tracts or parcels of land described on Exhibit A hereto as fee lands, together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.

(b) The easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease, as described on Exhibit A hereto.

(c) The leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease as described on Exhibit A hereto and not identified as being either fee land or an easement.

The portions of the Premises that are required for Transmission Facilities as the same exist and are used for transmission of electricity on the Commencement Date are referred to herein as "Leased Property" and constitute a burden upon the Premises only to the extent necessary for operation of Transmission Facilities thereon in compliance with the NESC and Applicable Laws and MAIT's service obligations under applicable tariffs. MAIT is to have the priority right to use Leased Property for electric transmission and the right to replace and modify Transmission Facilities on Leased Property so long as the same do not increase MAIT's uses of, or the burden upon, the portions of the Premises that are not within Leased Property. Because the Premises are primarily used for Transmission Facilities and the Leased Property is not capable of being separately described, MAIT leases the entire Premises and is to be responsible for the control and maintenance thereof and for payment of the Impositions thereon except to the extent specifically provided otherwise in this Lease.

Section 1.2 No Warranty. MAIT accepts the Premises "AS IS" in the condition existing on the date of this Lease and acknowledges that Lessor has made no representations or warranties with respect thereto including, without limitation, the extent of Lessor's title thereto or rights in the Premises, the location of Transmission Facilities on, under or over the Premises, encroachments of Transmission Facilities on the property of others or encroachments of facilities of third parties on, under or over the Premises,

ARTICLE 2.

Term

Section 2.1 Commencement Date: Initial Term. The Initial Term of this Lease shall commence on the date of this Lease (the "Commencement Date") and expire at midnight on the twenty-fifth (25th) anniversary of the Lease (hereinafter referred to as the "Initial Term") unless this Lease shall sooner terminate as provided in this Lease. The Initial Term and any period for which the same may be extended by MAIT pursuant to Section 2.2 hereof is hereinafter referred to as the "Term."

Section 2.2 Extension Periods. MAIT shall have three separate options – consecutive terms of twenty-five (25) years and one term of twenty-four (24) years – to extend the Term of this Lease for additional periods such that the total term of the Lease shall not exceed ninety-nine (99) years from the Commencement Date, upon terms and conditions set forth herein, provided MAIT

is not in material default in performing or observing any of its obligations under this Lease at the time of exercise of such option. MAIT shall be deemed to have exercised its option to extend the Term for the Extension Period and the Term shall automatically be so extended unless MAIT shall have given Lessor written notice of MAIT's decision not to extend the Term at least one (1) year prior to the expiration of the then current Term. If MAIT exercises its options for the three renewal periods, the Parties agree to begin negotiations in the 98th year of the Lease to extend the Lease for additional periods beyond ninety-nine (99) years.

ARTICLE 3.

Rent

Section 3.1 Base Rent during the Term. As provided at Schedule A herein, Lessor shall calculate an annual Base Rent using the following inputs: (i) net book value of the Premises; (ii) MAIT's weighted average cost of capital as reviewed and approved by the Federal Energy Regulatory Commission; (iii) MAIT's statutory tax rate; (iv) property taxes; and (v) all other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises. Base rent shall be payable in equal quarterly installments on the first day of each calendar quarter during the Term; except that MAIT shall pay to Lessor within five (5) business days after the Commencement Date prorated rent for the period from the Commencement Date to the end of the calendar quarter in which the Commencement occurs. A projected base rent will be estimated for quarterly installments until actual information becomes available. At that time, a reconciliation adjustment to reflect actual end of year values will be included in the subsequent quarterly installment.

Section 3.2 Payment. MAIT covenants and agrees to pay Base Rent to Lessor as required by this Lease as and when due and payable. All Base Rent payable, as well as all other amounts payable by MAIT to Lessor pursuant to this Lease, shall be payable to Lessor via the FirstEnergy Utility Money Pool, pursuant to the Revised and Restated FirstEnergy Utility Money Pool Agreement as such agreement may be amended from time to time, or in such other manner or at such place as Lessor shall, from time to time, designate by notice to MAIT.

Section 3.3 Net Operating Lease. It is intended that the Base Rent provided for in this Lease shall be absolutely net to Lessor throughout the Term, net of any taxes, costs, expenses, liabilities, charges or other deductions whatsoever, with respect to the Premises or with respect to any interest of Lessor therein, except as specifically provided otherwise herein.

ARTICLE 4.

Permitted Uses of Leased Property and Transmission Facilities

MAIT shall have use of Leased Property for operation of Transmission Facilities solely for transmission, but not distribution, of electricity, and purposes incidental thereto including, without limitation, operating, inspecting, maintaining, repairing, replacing and removing Transmission Facilities (the "Permitted Uses"). Subject to Article 5 hereof, MAIT shall also have the right to construct, improve, alter and/or relocate Transmission Facilities on Leased Property. MAIT shall

not have the right to use the Premises and MAIT may not permit others to use any Leased Property or Transmission Facilities for any purpose other than Permitted Uses, all such rights being reserved to Lessor as provided in Article 5.

ARTICLE 5.

Additions/Alterations

Section 5.1 Additions/Alterations. MAIT may construct, erect, alter, add to or relocate Transmission Facilities (an "Addition/Alteration") on Leased Property only after prior written notice thereof to Lessor. Prior to undertaking any Addition/Alteration, MAIT shall submit plans, specifications, surveys and/or other information pertaining to the proposed Addition/Alteration so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after such notice to Lessor, Lessor shall notify MAIT whether such proposed Addition/Alteration will result in an additional burden on the Premises and Lessor's estimate of the amount of the fair market value of the property rights required therefor.

Section 5.2 New Facilities. With the prior written approval of Lessor, which approval shall not be withheld except as necessary to preserve Lessor's Compatible Uses (as hereinafter defined), MAIT may construct, erect, or install and operate electric transmission lines, towers, poles, posts, cables, conduits, transformers, insulators, meters, electric connections, fuses, junction boxes and other fixtures and any equipment ("New Facilities") on the Premises provided that MAIT pays to Lessor the fair market value of the property rights required therefor. MAIT may submit to Lessor from time to time written requests to use portions of the Premises for New Facilities and shall accompany such request with plans, specifications, surveys and/or other information pertaining thereto so as to fully inform Lessor as to the nature and extent thereof. Within sixty (60) days after submission of such request to Lessor, Lessor shall notify MAIT whether or not Lessor approves use of the Premises for the New Facilities and of Lessor's estimate of the fair market value of the property rights required therefor. Lessor shall accommodate, if practically feasible, MAIT's requests for New Facilities to the extent that the same are related to the Transmission Facilities or to the provision of adequate and reliable transmission service by MAIT, including the interconnection of generation sources or load.

Section 5.3 Payment of Fair Market Value. Prior to making any Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities, MAIT shall pay to Lessor a lump sum equal to the fair market value of the property rights required therefor. If MAIT wishes to proceed with making the Addition/Alteration on Leased Property or undertaking work on the Premises with respect to New Facilities prior to final determination of the fair market value of the property rights required therefor, MAIT shall deposit with Lessor a sum equal to the amount of Lessor's estimate without prejudice to its right to a refund of a portion thereof with interest if the fair market value is subsequently determined to be less than the amount so deposited.

Section 5.4 Compliance with Laws. All Additions/Alterations and New Facilities shall be undertaken in a good and workmanlike manner and in compliance with the laws, regulations and requirements of all governmental authorities having jurisdiction.

Section 5.5 Additions to Leased Property. Unless Lessor and MAIT agree otherwise in writing, all Additions/Alterations and New Facilities shall become Transmission Facilities as if originally subject to this Lease and the same shall remain the property of MAIT. Further, any additional property rights in the Premises for which MAIT has made payment to Lessor pursuant to Section 5.2, Section 5.3, Section 7.2 or Section 7.3 hereof shall become Leased Property as if originally subject to this Lease.

ARTICLE 6.

Maintenance of the Premises and Transmission Facilities

Section 6.1 MAIT Maintenance Obligations. Except as provided in Section 9.4, MAIT shall be solely responsible for maintaining, at its expense, all Transmission Facilities and the Premises. MAIT shall maintain the portions of the Premises for which MAIT is responsible for maintenance in a clean and orderly condition, free from all litter and debris without regard to how the same became placed thereon or therein. MAIT shall be responsible for maintaining and repairing buildings, structures and fixtures on Leased Property (but not Distribution Facilities therein or thereon) so as to keep the same in good condition and repair. MAIT shall keep and maintain the Transmission Facilities located on Leased Property in a structurally and operationally safe condition and keep the same in a state of repair complying with all requirements of NESC and Applicable Law. MAIT shall be solely responsible for repairing, maintaining and replacing, as necessary, all parking areas, driveways, passageways, walkways and other areas on the Premises (except such as may be or have been installed by Lessor or an Authorized User in connection with a Compatible Use of the Premises that is related to any exclusive use by Lessor and/or an Authorized User and not MAIT) and the sidewalks and tree lawns adjoining the Premises. MAIT also shall be responsible for mowing portions of the Premises for which MAIT is responsible for maintenance, for removal of noxious weeds and brush therefrom and for removal of snow and ice from driveways and parking areas other than those exclusively related to a Compatible Use of Leased Property by Lessor and/or an Authorized User and not MAIT.

Section 6.2 Patrol: Encroachments. MAIT shall patrol by air the Premises at least annually and MAIT shall notify Lessor of any unauthorized uses of the Premises or encroachments thereon that may be identified as a result of such patrol or otherwise. If there are unauthorized uses of, or encroachments upon, the Premises, Lessor shall determine in the first instance whether or not action should be undertaken to terminate or otherwise address the same. If Lessor undertakes to terminate the unauthorized use or encroachment, Lessor shall do so at its sole cost and expense. If Lessor notifies MAIT that Lessor has determined that no action will be required by Lessor to terminate such unauthorized use or encroachment, then MAIT may take action, at MAIT's sole cost and expense, as it may deem appropriate to terminate such unauthorized use or encroachment.

Section 6.3 Lessor Not Responsible for Maintenance. Except as otherwise provided herein, Lessor shall not be responsible or liable to MAIT for, or by reason of, the condition of Premises, or arising from any failure to keep the same in good and lawful order and condition. Lessor shall not be required to make any expenditure whatsoever for the maintenance of Premises except as necessary to permit its Compatible Uses thereof or related to Lessor's facilities and equipment on, under or over Premises.

ARTICLE 7.

Electric Distribution Facilities on Transmission Facilities and Leased Property

Section 7.1 Priority Rights for Transmission Facilities. Lessor acknowledges that MAIT is to have the priority right to use Transmission Facilities and the Leased Property for its electric transmission lines and that Lessor's proposed installation of Distribution Facilities (defined in Section 8.1 hereof) on or in Transmission Facilities and/or Leased Property or Lessor's existing Distribution Facilities on or in Transmission Facilities and/or Leased Property may conflict with MAIT's planned installation of additional transmission lines thereon or therein.

Section 7.2 Proposed Installation of Distribution Facilities. To the extent that Lessor proposes to install Distribution Facilities on or in Transmission Facilities or Premises that MAIT regards as conflicting with MAIT's planned installation of additional transmission lines thereon or therein, MAIT may preclude Lessor's use for such installation. In such event, MAIT shall reimburse Lessor for the additional incremental cost of the alternative required in order to facilitate the Distribution Facilities proposed by Lessor (it being recognized that alternative rights-of-way for electric distribution lines are less difficult to obtain and less costly than MAIT alternative rights-of-way for transmission lines) over the cost Lessor would have incurred if Distribution Facilities were installed on Transmission Facilities or Premises.

Section 7.3 Relocation of Distribution Facilities. Lessor and MAIT also recognize that Distribution Facilities may presently be installed on or in Transmission Facilities or Leased Property or hereafter installed thereon or therein that MAIT subsequently determines preclude installation of additional transmission lines unless such Distribution Facilities are removed and relocated. In such event, MAIT shall have the right to require Lessor to remove such Distribution Facilities provided MAIT has reimbursed Lessor for alternative rights-of-way such that Lessor may install Distribution Facilities that are a suitable alternative to the existing Distribution Facilities that are to be removed and relocated. MAIT shall also reimburse Lessor for the cost of removing its Distribution Facilities from Transmission Facilities or Leased Property and for the cost of installing the alternative Distribution Facilities and shall pay to Lessor a lump sum equal to the fair market value of the property rights reserved or used for MAIT's additional transmission lines if the same result in an additional burden on the Premises.

ARTICLE 8.

Lessor's Reserved Rights to Use the Premises and Transmission Facilities

Section 8.1 Compatible Uses. Subject to Article 9 hereof, Lessor reserves and retains the right to use, and to permit other users authorized in writing by Lessor to use (each an "Authorized User"), the Premises and Transmission Facilities for any and all purposes not inconsistent with MAIT's Permitted Uses including, without limitation, all such uses as are being made of the Premises and Transmission Facilities on the date of this Lease and any future uses that do not cause Transmission Facilities to be in violation of the National Electric Safety Code ("NESC") or any other law, ordinance, rule or regulation applicable to Transmission Facilities or Leased Property, including the Reliability Standards adopted by the Federal Energy Regulatory Commission and enforced by the North American Electric Reliability Corporation and

ReliabilityFirst Corporation ("Applicable Laws") or that do not materially impair MAIT's ability to satisfy its service obligations under applicable tariffs. Such uses of Premises and Transmission Facilities by Lessor or an Authorized User are herein referred to as "Compatible Uses." Compatible Uses of Leased Property include, for example and not limitation, towers, poles, posts, cables, conduits, transformers, insulators, meters, electrical connections, fuses, junction boxes and other equipment relating to distribution, but not transmission, of electricity ("Distribution Facilities") of Lessor or Authorized Users; any and all underground lines, conduits, pipes, equipment and facilities including, without limitation, sewer, water and gas lines and mains; farming, gardening, and other agricultural uses, roadways, parking lots and buildings; microwave and cellular telephone and other telecommunication towers, poles, antennae and equipment, fiberoptic cables and all other structures and facilities of every type and nature. Compatible Uses of Transmission Facilities includes, for example and not limitation, installation and operation thereon of Distribution Facilities, telephone, fiber optic and other communication lines and equipment, installation of communication poles, antennae or structures within or on Transmission Facilities and use of Transmission Facilities for support thereof.

Section 8.2 Conflicting Uses. Any use of Leased Property that is not a Compatible Use, i.e., that causes Transmission Facilities to be in violation of the NESC or Applicable Law or that materially impairs MAIT's ability to satisfy its service obligations under applicable tariffs, is referred to herein as a "Conflicting Use."

ARTICLE 9.

Compatible Uses by Lessor or Authorized Users

Section 9.1 Notice of Compatible Use. Lessor shall give MAIT written notice of an intention to initiate any use that Lessor or an Authorized User, as the case may be, (an "Initiating User") deems to be a Compatible Use at least thirty (30) days prior to undertaking activities in furtherance of such proposed use provided, however, that no such notice shall be required unless the Compatible Use involves an attachment to Transmission Facilities (such as Distribution Facilities, electric distribution lines, equipment, supports, antenna and other equipment or facilities attached in any way thereto or suspended therefrom) or an installation requiring excavation within the surface area underlying or within thirty (30) feet adjacent to, Transmission Facilities at ground level. Within thirty (30) days after notice to MAIT of such proposed use, MAIT shall notify Lessor whether MAIT believes the proposed use to be a Conflicting Use. If MAIT notifies Lessor that it regards the proposed use to be a Conflicting Use, then activities in furtherance thereof shall not be undertaken until and unless MAIT notifies Lessor in writing that MAIT withdraws its claim that such proposed use is a Conflicting Use or MAIT and Lessor otherwise agree in writing to modification of the proposed use of the Transmission Facilities affected thereby so as to accommodate the objections) by MAIT. Lessor shall furnish to MAIT such plans and specifications, surveys or other information regarding the proposed use as MAIT may reasonably request in order to evaluate the nature and extent of the proposed use.

MAIT and Lessor shall cooperate in good faith to accommodate Permitted Uses and Compatible Uses of Leased Property and Transmission Facilities to the extent reasonably feasible. If and to the extent that Transmission Facilities may be relocated or modified to accommodate Compatible Uses and thereby avoid Conflicting Uses without materially adversely affecting the

operation thereof, MAIT shall undertake, or authorize Lessor or an Authorized User to undertake, such relocation or modification provided Lessor or the Authorized User, as the case may be, pays all costs reasonably incurred in making such relocations or modifications (including, without limitation, land or right of way acquisition costs, engineering and legal fees and expenses and construction costs) and observes such requirements as MAIT may reasonably specify in connection therewith.

Section 9.2 Informational Notices. Lessor may give MAIT written notice of an intention to initiate any proposed use of Leased Property by Lessor or an Authorized User in proximity to Transmission Facilities that might adversely affect the structure of, or subjacent or lateral support for, Transmission Facilities and furnish such plans and specifications, surveys and other information regarding such proposed use so that MAIT may specify appropriate protective requirements with respect to the work so as to avoid possible damage to Transmission Facilities. Lessor also may give MAIT informational notice of other Compatible Uses of the Premises that do not require notice to MAIT prior to initiating same. Such informational notices may result in relieving MAIT of some maintenance responsibility for the Premises or for payment of a share of Impositions that are attributable to the facilities or equipment related to Compatible Use or may be merely for the purpose of informing MAIT of the existence of such Compatible Use.

Section 9.3 Repair Obligations of Lessor Authorized User. Lessor shall promptly cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses undertaken by Lessor to be repaired to a condition at least substantially equivalent to that existing prior thereto including, as appropriate in the case of the Premises, leveling of the surface thereof and seeding with grasses or other ground cover as appropriate following excavation of the surface and such other restorative requirements, as the case may be, set forth in the plans and specifications therefor submitted to MAIT. Lessor shall also require each Authorized User to cause all damage to the Premises or Transmission Facilities resulting from activities associated with Compatible Uses by such Authorized User to be so repaired.

Section 9.4 Maintenance Obligation of Lessor or Authorized User. Lessor or an Authorized User, as the case may be, shall be solely responsible for maintenance and repair of all facilities and equipment relating to its Compatible Uses of the Premises or Transmission Facilities and shall keep and maintain the same in a structurally and operationally safe condition. Lessor or an Authorized User, as the case may be, shall also be responsible for maintaining any portion of the Premises that is exclusively used by Lessor or the Authorized User.

ARTICLE 10.

Right of First Offering

Section 10.1 Sale Offer of Leased Property. In the event Lessor determines to sell any Leased Property, Lessor shall notify in writing MAIT thereof and the sales price and terms upon which Lessor wishes to sell the same (the "Sale Offer"). MAIT shall have the right to purchase the Leased Property that Lessor proposes to sell at the price and upon the terms of the Sale Offer for a period of thirty (30) days after such notice to MAIT. MAIT shall exercise such right by written notice of acceptance of such Sale Offer within such 30-day period. In the event MAIT does not accept such Sale Offer, Lessor may sell the Leased Property subject to the Sale Offer at any time

within one (1) year after notice of the Sale Offer to MAIT upon substantially the same terms and for a sale price that is not less than 90% of the sale price set forth in the Sale Offer.

Section 10.2 MAIT's Lease Rights Preserved. Any sale of Leased Property to a third party pursuant to a Sale Offer shall not affect the rights of MAIT under this Lease and, unless Lessor and MAIT shall agree otherwise in writing, such sale shall not result in adjustment of the Base Rent otherwise payable by MAIT to Lessor with respect to such Leased Property.

Section 10.3 Sale of Premises other than Leased Property. Lessor shall have the right to sell any portion of the Premises that does not include Leased Property without offering to sell the same to MAIT.

ARTICLE 11.

Taxes and Other Impositions

Section 11.1 MAIT's Responsibility for Impositions. Except as hereinafter provided in Section 11.2 and Section 11.4, MAIT shall reimburse Lessor within ten (10) business days after receipt of an invoice from Lessor therefor, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all real estate taxes, assessments, water and sewer rents and charges, any occupancy tax or similar tax, whether or not imposed on or measured by the rents payable by MAIT, and other governmental levies and charges, of any kind and nature whatsoever, which are assessed, levied, confirmed, imposed or become a lien upon the Premises and/or any part thereof, during the Term and any tax measured by the rent payable by MAIT under this Lease or any tax solely on the rent payable by MAIT under this Lease, whether or not such tax is imposed on Lessor or MAIT (all of which are hereinafter referred to as "Impositions"). Upon request, Lessor shall furnish to MAIT all bills relating to Impositions received by Lessor so that MAIT may determine whether or not to contest same as permitted by Section 11.3 hereof. If, by law, any Imposition is payable or may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessor shall pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the non-payment of any such installment and interest. Any Imposition, the lien of which relates to a period in which the Term of this Lease as to any of the Premises begins or ends, shall be apportioned so that MAIT shall pay only that proportion of such Imposition which corresponds with the portion of said period as is within the Term. Upon request by MAIT, Lessor will cooperate with MAIT in applying for any exemption from real estate taxes to which the Premises may be entitled under applicable law provided MAIT reimburses Lessor for any out-of-pocket costs reasonably incurred by Lessor in connection therewith.

Section 11.2 Apportionment. Notwithstanding Section 11.1, MAIT shall not be responsible for reimbursing Lessor for the portions of Impositions attributable to buildings, improvements or Distribution Facilities of Lessor or an Authorized User, it being contemplated that MAIT will be responsible for Impositions attributable to the Premises and to buildings and improvements that relate to Transmission Facilities (i.e., to the extent attributable to use for transmission of electricity). Distribution Facilities and the Transmission Facilities are generally treated under applicable state tax law as personal property and taxed as such to Lessor or MAIT, as

the case may be. Real estate taxes on rights-of-way are generally payable by the fee owner and not Lessor. Accordingly, it is anticipated that real estate taxes and assessments with respect to fee land that is a part of the Premises will have to be apportioned so that the taxes attributable to the land and buildings and improvements (or portions thereof) relating to transmission of electricity are allocated to MAIT and Lessor shall cooperate in order to effect an appropriate allocation of real estate taxes, assessments and any other Impositions such that MAIT, Lessor or Authorized Users are charged with payment of the proper portion thereof.

Section 11.3 Contested Impositions. Notwithstanding anything to the contrary herein contained, if MAIT deems any Imposition for which it is responsible to be excessive or illegal, MAIT may request that Lessor defer payment thereof in order to permit the validity or the amount thereof to be contested in good faith by MAIT (or by Lessor on MAIT's behalf) provided MAIT shall have furnished to Lessor such security as Lessor may reasonably require in order to assure the discharge of the amounts so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Premises in said proceedings. If, at any time during the continuance of such proceedings, Lessor shall deem the security provided to it insufficient, MAIT shall, upon demand, furnish to Lessor such additional security as Lessor may reasonably require, and upon failure of MAIT so to do, the security theretofore provided may be applied to the payment, removal and discharge of such Imposition and interest and penalties in connection therewith and any costs, fees or other liabilities accruing in such proceedings, and the balance, if any, shall be returned to MAIT, provided MAIT is not in default hereunder. If the amount so deposited or the amount paid by MAIT or its surety shall be insufficient for this purpose, MAIT shall forthwith pay to Lessor such additional sum as may be necessary to pay the same. Any contest as to the validity or amount of any Imposition, whether before or after payment, may be made by MAIT, in the name of Lessor or of MAIT, or both, as MAIT shall determine, and Lessor will, at MAIT's expense, cooperate with MAIT in any such contest to such extent as MAIT may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceeding brought by MAIT and MAIT covenants to pay, and to indemnify and save Lessor harmless from, any such costs or expenses. MAIT shall be entitled to any refund of any such Imposition and penalties or interest thereon which have been paid by MAIT or which have been paid by Lessor and reimbursed to Lessor by MAIT.

Section 11.4 Lessor's Taxes. It is expressly understood and agreed that MAIT shall not be required to pay, or reimburse Lessor for any federal, capital levy, franchise tax, gross receipts tax, revenue tax, premium tax, personal property tax, income tax or profits tax of Lessor or any such tax imposed after the date hereof, by any state or local governmental authority or jurisdiction if such tax is determined on the basis of the general assets, or the general net income or net revenue of Lessor.

ARTICLE 12.

Compliance with Applicable Laws

Section 12.1 Compliance with Applicable Law. MAIT shall, throughout the Term, and at no expense whatsoever to Lessor, promptly comply, or cause compliance, with all Applicable Laws and all orders, rules, regulations and requirements of duly constituted public authorities

relating to the Transmission Facilities and all of the Premises except as the same relate to Compatible Uses by Lessor and/or Authorized Users.

Section 12.2 MAIT's Contest of Applicable Law. MAIT shall have the right to contest by appropriate legal proceedings, without cost or expense to Lessor, the validity of any Applicable Law relating to its use of Leased Property or Transmission Facilities and to postpone compliance with the same if, by the terms of any such Applicable Law, compliance therewith may legally be held in abeyance without incurring any lien, charge or liability of any kind against the Premises or any interest of Lessor therein and without subjecting Lessor to any liability, civil or criminal, whatsoever nature for failure to comply therewith. MAIT may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch. If MAIT shall initiate or carry on any such legal proceedings in the name of Lessor, or of Lessor and MAIT, and, except in the case of an emergency, MAIT shall so advise Lessor in writing not less than fifteen (15) days before initiating such proceedings and give full details as to the tribunal in which said proceedings are to be filed, the law, ordinance, order, ruling, regulation or requirement contested, and such additional data as Lessor may require to enable it to understand the facts and evaluate them. If any lien, charge or civil liability, but not criminal liability, is incurred by reason of non-compliance, MAIT may nevertheless make the contest and delay compliance as aforesaid, provided that MAIT furnishes to Lessor such security as Lessor may reasonably require against any loss or injury by reason of such non-compliance or delay therein and MAIT prosecutes the contest with due diligence and dispatch.

Section 12.3 Contest of Applicable Law by Lessor or Authorized User. Nothing in this Article 12 shall preclude Lessor or an Authorized User from contesting the validity of any law, ordinance, rule or regulation applicable to the Premises or any use thereof by Lessor or an Authorized User as the case may be.

ARTICLE 13.

Damage or Destruction of Transmission Facilities and Condemnation

Section 13.1 Damage; Destruction and Condemnation. This Lease shall not terminate, nor, except to the extent otherwise specifically provided herein, shall MAIT be entitled to any abatement or return of Base Rent or reduction thereof, nor shall the respective obligations of Lessor and MAIT be otherwise affected, by reason of damage to or destruction of all or any of the Transmission Facilities from whatever cause, the taking of the Premises or Transmission Facilities by condemnation or exercise of the power of eminent domain or otherwise, the lawful prohibition of MAIT's use of any Leased Property or Transmission Facilities, or any other cause similar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Base Rent and charges paid or payable by MAIT shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

Section 13.2 Condemnation Award. Lessor shall be entitled to the entire award resulting from any taking of the Premises pursuant to exercise of the power of eminent domain and MAIT shall have no claim with respect thereto. Notwithstanding the foregoing, in the event of a taking of Leased Property by exercise of the power of eminent domain such that MAIT cannot continue use

of the portion affected thereby for its Transmission Facilities, then MAIT shall have the right to terminate this Lease as to such portion, however, Base Rent payable by MAIT shall not be reduced as a result thereof.

ARTICLE 14.

Environmental Matters

Section 14.1 Hazardous Material. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any governmental authority, including without limitation, any material or substance which is (a) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any applicable federal, state or local law or administrative code promulgated thereunder; (b) petroleum or any derivative thereof; (c) asbestos; (d) PCB's; or (e) lead. MAIT shall not cause or permit any Hazardous Material to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises by MAIT, its agents, employees, contractors or invitees, except in compliance with applicable laws and regulations. Moreover, MAIT shall be responsible for removal of any and all Hazardous Material on or under the Premises excepting only such Hazardous Material as was present prior to the Commencement Date or hereafter is placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities and equipment of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor adjacent to or in the vicinity of the Premises.

Section 14.2 MAIT's Environmental Indemnity. MAIT shall indemnify, defend and hold Lessor and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from any breach of MAIT's obligations set forth in this Article 14.

Section 14.3 Lessor's Environmental Indemnity. Lessor shall indemnify, defend and hold MAIT and its officers, directors and employees harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, attorney's fees and expenses, consultant and expert fees, costs of investigation, monitoring, cleanup, containment, restoration, removal or other remedial work, together with all other costs and expenses of any kind or nature that arise during or after the Term from the presence of Hazardous Material on or under the Premises prior to the Commencement Date or that is hereafter placed on or under the Premises as a result of acts of Lessor or Authorized Users or the presence of facilities of Lessor or Authorized Users thereon or therein or on, under or over other properties of Lessor and adjacent to or in the vicinity of the Premises.

Section 14.4 Survival of Environmental Indemnity Covenants. Each of the covenants and agreements of MAIT and Lessor set forth in this Article 14 shall survive termination of this Lease.

ARTICLE 15.

Indemnification

Section 15.1 MAIT's Indemnification Obligation. Except as herein expressly provided otherwise, MAIT covenants and agrees, at its sole cost and expense, to indemnify, defend and save harmless Lessor against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority, arising from the construction, occupancy, use, possession, conduct or maintenance of or from any work or thing whatsoever done in or about Premises during the Term and further to indemnify, defend and hold Lessor harmless against and from any and all claims arising with respect to Transmission Facilities, or arising from any breach or default on the part of MAIT in the performance or observance of any covenant or agreement on the part of MAIT to be performed or observed pursuant to the terms of this Lease, or arising from any negligent act or omission or willful misconduct of MAIT, or any of its agents, employees, contractors or invitees, or arising from any accident, injury or damage whatsoever, however caused, occurring during the Term, in or about the Premises, and from and against all costs, counsel and consultants' fees, expenses and liabilities incurred by Lessor in connection with any such claim, action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to Lessor unless such action or proceeding is resisted or defended by counsel for any carrier of commercial general liability insurance referred to in Section 17.1 hereof, as authorized by the provisions of any policy of commercial general liability insurance maintained pursuant to said Section. The foregoing indemnification, defense and hold harmless provision for the benefit of Lessor (a) shall apply only to the extent that the proceeds of insurance required hereunder or otherwise obtained by MAIT for the benefit of Lessor are insufficient fully to protect Lessor and (b) shall not apply or extend to any negligent act or omission or willful misconduct of Lessor or an Authorized User, or any agents, employees or contractors of Lessor or an Authorized User nor to any condition, or circumstance resulting from operation, maintenance, repair, replacement or removal, of the Distribution Facilities of Lessor on the Premises or improvements, equipment or facilities of an Authorized User on the Premises.

Section 15.2 MAIT's Indemnification for Lessor's Costs of Enforcing Lease. MAIT shall indemnify, defend and hold Lessor harmless against and from, all costs and charges, including counsel and consultants' fees, reasonably incurred in obtaining possession of the Premises after default by MAIT or upon expiration or earlier termination of the Term hereof, or in enforcing any covenant or agreement of MAIT herein contained.

Section 15.3 Workers' Compensation Indemnity Waivers. For the purpose of indemnification of Lessor from judgments, claims, suits or actions brought against it by MAIT employees, MAIT expressly and specifically waives any and all immunity to which it may be entitled under the workers' compensation laws of the jurisdiction in which the Premises are located.

ARTICLE 16.

Liens

Section 16.1 No Liens. Except as provided in Article 11 and Article 24 hereof, MAIT shall not allow the interest of Lessor or MAIT in the Premises or Transmission Facilities to become subject to any lien, charge or encumbrance whatsoever and shall indemnify, defend and hold Lessor harmless from and against all such liens, charges and encumbrances.

Section 16.2 Discharge of Certain Liens. MAIT shall not suffer or permit any mechanic's, laborer's or materialman's liens to stand against the Premises, or any part thereof by reason of any work, labor, services or materials done for, or supplied to, or claim to have been done for, or supplied to, MAIT. If any such lien shall at any time be filed against the Premises, or any part thereof, or against the interest of MAIT in the Premises, MAIT shall cause the same to be discharged of record within thirty (30) days after the date of filing the same, by either payment, deposit or bond. If MAIT shall fail to discharge any such lien within such period, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, procure the discharge of the same either by paying the amount claimed to be due by deposit in court or bonding, and/or Lessor shall be entitled, if Lessor so elects, to compel the prosecution of any action for the foreclosure of such lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances. Any amount paid or deposited by Lessor for any of the aforesaid purposes, and all reasonable costs and other expenses of Lessor, including reasonable counsel and consultants' fees, in defending any such action or procuring the discharge of such lien, with all necessary disbursements in connection therewith, shall be payable by MAIT to Lessor as additional rent within thirty (30) days after invoice by Lessor to MAIT therefor.

Section 16.3 No Lessor Consent to Liens. Nothing in this Lease shall be deemed to be, or construed in any way as constituting, the consent of Lessor to the filing of any lien against Lessor's interest in the Premises by any person, firm or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of Transmission Facilities, or any part thereof

ARTICLE 17.

Insurance and Waiver of Subrogation

Section 17.1 Insurance. During the Term, MAIT shall maintain in effect commercial general liability insurance protecting MAIT and Lessor (as evidenced by policies in which Lessor is named as an additional insured) against claims of any and all persons, firms and corporations for personal injury, death or property damage occurring upon, in or about the Premises, with such limits of liability as are customarily carried by prudent electric transmission companies or such amount as Lessor shall approve in writing from time to time. All insurance policies provided pursuant to this Section 17.1 shall be obtained by MAIT from an insurance carrier or carriers of good reputation and sound financial responsibility selected by MAIT and shall be subject to self-retention deductibles in such amounts as Lessor may approve in writing from time to time, which approval Lessor agrees not to unreasonably withhold, delay or condition. Policies or certificates evidencing such insurance have been delivered by MAIT to Lessor prior to execution

of this Lease and certificates evidencing renewal of such insurance shall be delivered to Lessor at least ten (10) days' prior to the expiration of any such policy of insurance. Each such policy shall contain an agreement by the insurers not to cancel such policy or materially alter its coverages except upon at least thirty (30) days' prior written notice to Lessor.

Section 17.2 Waivers of Subrogation. Lessor and MAIT each hereby mutually waive its respective rights of subrogation and recovery against the other for any loss insured by property insurance maintained by such party. The Transmission Facilities and all other property on the Premises belonging to MAIT, its agents, employees or invitees shall be at the risk of MAIT or such other person only, and Lessor shall not be liable for damage thereto or for the theft, misappropriation or loss thereof.

ARTICLE 18.

Lessor's Rights To Perform MAIT's Covenants

Except to the extent otherwise provided in Section 11.3, MAIT covenants and agrees that if it shall at any time fail to pay, or cause to be paid, any Imposition required to be paid by MAIT pursuant to the provisions of Article 11 hereof, or to take out, pay for, maintain or deliver or cause to be taken out, paid for, maintained or delivered any of the insurance policies provided for in Article 17 hereof, or shall fail to make any other payment or perform any other act which MAIT is obligated to make or perform under this Lease, or cause such to be done, then Lessor may, but shall not be obligated so to do, after thirty (30) days' written notice to MAIT (but without notice in the event of an emergency) and without waiving, or releasing MAIT from, any obligation of MAIT in this Lease contained, pay any such Imposition or effect such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act which MAIT is obligated to perform under this Lease, in such manner and to such extent as shall be necessary, reasonable and, in exercising any such rights, pay necessary, reasonable and incidental costs and expenses, employ counsel and incur and pay attorneys' and consultants' fees. All sums so paid by Lessor and all necessary, reasonable and incidental costs and expenses in connection with the performance of any such act by Lessor, shall be deemed additional Base Rent hereunder and, except as otherwise expressly provided in this Lease, shall be payable to Lessor as additional Base Rent within thirty (30) days after the date of Lessor's invoice to MAIT therefor, and MAIT covenants to pay any such sum or sums and Lessor shall have the same rights and remedies in the event of the nonpayment thereof by MAIT as in the case of default by MAIT in the payment of Base Rent.

ARTICLE 19.

Default Provisions

Section 19.1 Events of Default. This Lease and the Term hereof are subject to the limitation that if, at any time during the Term, any one or more of the following events (herein called an "Event of Default") shall occur:

- (a) if MAIT shall fail to pay any installment of the Base Rent provided for herein, or any part thereof, when the same shall become due and payable, and such failure

shall continue for ten (10) days after receipt of written notice thereof from Lessor to MAIT;
or

(b) if MAIT shall fail to pay any other charge or sum required to be paid by MAIT hereunder and any such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(c) if MAIT shall fail to perform or observe any other requirement of this Lease (not already specified in this Section 19.1) on the part of the MAIT to be performed or observed, and such failure shall continue for thirty (30) days after receipt of written notice thereof from Lessor to MAIT; or

(d) if substantially all Transmission Facilities in or on Leased Property or MAIT's interest in this Lease are attached or levied upon under execution and the same is not discharged within sixty (60) days thereafter,

Lessor shall have the right, then or at any time thereafter, and while such default or defaults shall continue, to give MAIT written notice of Lessor's intention to terminate this Lease on a date specified in such notice, which date shall not be less than thirty (30) days after the date of giving of such notice, and, on the date specified in such notice, MAIT's right to possession of Leased Property shall cease and MAIT shall peaceably and quietly yield to and surrender to Lessor the Premises and this Lease shall thereupon be terminated and all of the right, title and interest of MAIT hereunder shall wholly cease and expire in the same manner and with the same force and effect as if the date of expiration of such thirty (30) day period were the date originally specified herein for the expiration of this Lease and the Term hereof, and MAIT shall then quit and surrender the Premises and the Transmission Facilities on Leased Property to Lessor, but MAIT shall remain liable to Lessor as provided below. In the event of termination of this Lease, MAIT shall be deemed to have abandoned all Transmission Facilities on, under or over Leased Property to the extent the same have not been removed thereon prior to the date of such termination.

Section 19.2 Possession Following Event of Default. In the event of any termination of this Lease pursuant to Section 19.1 or if an Event of Default shall continue beyond the expiration of any grace or cure period provided for above, Lessor may enter upon the Premises and have, repossess and enjoy the same by summary proceedings, ejectment or otherwise, and in any such event neither MAIT nor any person claiming through or under MAIT shall be entitled to possession or to remain in possession of the Premises but shall forthwith quit and surrender the Premises. Lessor shall be under no liability for or by reason of any such entry, repossession or removal of MAIT or any person claiming through or under MAIT.

Section 19.3 MAIT's Responsibility for Costs. In case of any such termination, re-entry or dispossession by summary proceedings, ejectment or otherwise, the rent and other charges required to be paid by MAIT hereunder shall thereupon become due and payable up to the time of such termination, re-entry or dispossession, and MAIT shall also pay to Lessor all reasonable expenses which Lessor may then or thereafter incur for legal expenses, attorney's and consultants' fees, brokerage commissions, and all other reasonable costs paid or incurred by Lessor for keeping or restoring the Premises and the Transmission Facilities to good order and condition or, if Lessor elects to do so, for removing Transmission Facilities from Leased Property. Lessor shall be under

no obligation to lease or relet Leased Property or Transmission Facilities or any part of either in order to mitigate damages.

Section 19.4 Survival of MAIT's Payment Obligation. The right of Lessor to recover from MAIT the amounts provided for above shall survive the issuance of any order for possession or other cancellation or termination hereof.

Section 19.5 Extension of Cure Period for Certain Events of Default. Anything in this Article 19 to the contrary notwithstanding, it is expressly understood that, with respect to any Event of Default within the purview of clause (c) of Section 19.1 hereof, if such Event of Default is of such a nature that it cannot, with due diligence, be cured within a period of thirty (30) days, Lessor shall not be entitled to re-enter the Premises, serve a notice of termination upon MAIT as provided in said Section 19.1, or exercise any right, power or remedy with respect to such Event of Default nor shall the same be regarded as an Event of Default for any of the purposes of this Lease, if MAIT shall have notified Lessor in writing that MAIT will undertake curing such default and commenced the curing of such default within the period of thirty (30) days referred to in said clause 19.1(c), and so long as MAIT shall thereafter proceed in good faith with reasonable diligence to complete the curing of such default, and the time within which MAIT must cure the same shall be extended for such period as may be necessary to complete the same with due diligence.

ARTICLE 20.

Cumulative Remedies, Waiver

Section 20.1 Cumulative Remedies. The specified remedies to which Lessor may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by MAIT of any provision of this Lease. In addition to the other remedies in this Lease provided, Lessor shall be entitled to the restraint by injunction of any violation or attempted or threatened violation of any of the terms, covenants, condition, provisions or agreements of this Lease.

Section 20.2 No Waiver. The failure of Lessor to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements of this Lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of any such term, covenant, condition, provision, agreement or option. A receipt and acceptance by Lessor of Base Rent or any other payment, or the acceptance of any performance of anything required by this Lease to be performed, with knowledge of the breach of any term, covenant, condition, provision or agreement of this Lease, shall not be deemed a waiver of such breach, nor shall any acceptance of any payment in a lesser amount than is herein provided for (regardless of any endorsement on any check, or any statement in any letter accompanying any payment) operate or be construed either as an accord and satisfaction or in any manner other than as payment on account of the amounts then unpaid by MAIT, and no waiver by Lessor of any term, covenant, condition, provision or agreement of this Lease shall be deemed to have been made unless specifically acknowledged as such in a writing signed by Lessor.

ARTICLE 21.

Quiet Enjoyment and Surrender of Leased Property

Section 21.1 Quiet Enjoyment. So long as MAIT shall make the Base Rent and other payments provided for herein and shall keep, observe and perform all of the other covenants of this Lease, MAIT shall and may peaceably and quietly have, hold and enjoy the Premises for Permitted Uses during the Term hereof free of interference from Lessor or those claiming by, through or under Lessor except that nothing herein shall preclude use of the Premises or Transmission Facilities by Lessor or Authorized Users to the extent provided elsewhere in this Lease. This covenant shall be construed as running with the land to and against subsequent owners and successors in interest, and is not, nor shall it operate or be construed as, a personal covenant of Lessor, except to the extent of Lessor's interest in the Premises and only so long as such interest shall continue, and thereafter this covenant shall be binding only upon such subsequent owners and successors in interest, to the extent of their respective interests, as and when they shall acquire the same, and only so long as they shall retain such interest.

Section 21.2 Surrender of Premises. Except as otherwise provided in this Lease, MAIT shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Premises to Lessor in good order, condition and repair, except for reasonable wear and tear. MAIT shall surrender to Lessor all the Premises to Lessor upon expiration of the Term without notice of any kind, and MAIT hereby waives all right to any such notice as may be provided under any present or future law.

Section 21.3 Holdover. If MAIT continues to occupy the Premises with the written consent of Lessor after the last day of the Term, MAIT shall be a tenant from month to month, at Base Rent twice the rate in effect prior to the end of the Term and such tenancy shall otherwise be subject to all of the covenants and agreements of this Lease. In the event that Lessor does not so consent to MAIT's continued possession after the expiration of the Term of this Lease, or if no new agreement shall have been entered into by the parties hereto, MAIT shall pay Lessor all damages sustained by reason of MAIT's retention of possession after such expiration.

Section 21.4 MAIT's Right to Terminate Lease as to All or Part of Premises. From time to time during the Term, MAIT shall have the right to terminate this Lease as to, and surrender possession of, all or a portion of Leased Property and portions of the Premises adjoining such Leased Property as of the end of a calendar quarter. MAIT shall give Lessor written notice of its intention to terminate this Lease as to, and surrender possession of, Leased Property not less than one hundred eighty (180) days prior to the date for termination specified therein and, if appropriate, its wish to remove some or all of the Transmission Facilities located thereon as specified in such notice. If a Leasehold Mortgagee shall exist as of the time of any notice of termination to Lessor pursuant to this Section, such notice of termination shall be accompanied by a written consent thereto signed by the Leasehold Mortgagee and no such notice of termination shall be effective unless accompanied by such written consent. In the event of termination of this Lease as to some, but not all, of the Premises, Base Rent shall not be reduced by the portion thereof that is attributable to the Leased Property as to which such termination relates.

Section 21.5 Surrender or Removal of Transmission Facilities. Upon expiration of the Term or termination of this Lease, in its entirety or with respect to but not all Leased Property, or termination of this Lease pursuant to Article 21 hereof, MAIT shall surrender to Lessor all Transmission Facilities then on, under or over Leased Property and title thereto shall vest in Lessor unless Lessor shall have notified MAIT in writing prior to the expiration of the Term or the effective date of such termination that some or all of the Transmission Facilities are to be removed therefrom. If Lessor notifies MAIT that some or all of the Transmission Facilities are to be removed from Leased Property, MAIT shall undertake removal thereof with reasonable diligence thereafter and shall cause the surface of Leased Property affected thereby to be restored. MAIT shall coordinate removal activities with Lessor and Authorized Users as and to the extent necessary to protect or relocate Distribution Facilities or other uses of Transmission Facilities then being made of Transmission Facilities by Lessor and/or Authorized Users. MAIT shall continue to have access to Leased Property after such expiration or termination for such purpose and shall not be deemed to be continuing to occupy Leased Property pursuant to Section 21.3. Until completion of such removal, Section 6.1, Section 12.2, Article 14, and Article 15 shall continue in effect notwithstanding expiration or termination of this Lease. In the event title to some or all of the Transmission Facilities vests in Lessor pursuant to this Section 21.5, MAIT shall execute and deliver to Lessor from time to time such bills of sale or other conveyance as Lessor may reasonably request for the purpose of confirming Lessor's ownership thereof

ARTICLE 22.

Assignment Subletting

Section 22.1 Prohibition Against Assignment of Lease Without Lessor's Approval. Except as specifically provided otherwise in this Lease, neither this Lease nor the leasehold estate created hereby shall be sold or assigned without the prior written approval of Lessor which Lessor may withhold for any reason or no reason. No sale or assignment of this Lease shall be effective until there has been delivered to Lessor an undertaking, signed by such proposed purchaser or assignee, in which such purchaser or assignee assumes the due performance of all obligations on MAIT's part to be performed under this Lease. Upon such assumption, MAIT shall have no further liability under this Lease except as to liabilities, which arose prior to the sale or assignment. In the event MAIT has been notified by Lessor of an Event of Default which has not been cured as of the time of a proposed sale or assignment the undertaking to be signed by the proposed purchaser or assignee shall include a specific commitment to cure any such Event of Default in timely fashion

Section 22.2 Prohibition Against Subleasing. MAIT shall not sublet all or any part of the Premises to any third party without the prior written approval of Lessor, which Lessor may withhold, for any reason or no reason.

Section 22.3 Permitted Assignments by MAIT. Notwithstanding Section 22.1, this Lease may be assigned without Lessor's prior written approval to any electric transmission company with which MAIT is merged or consolidated or which is a purchaser of substantially all of the Transmission Facilities or to any Leasehold Mortgagee or the nominee of a Leasehold Mortgagee or purchaser or assignee of the leasehold estate pursuant to Article 24 hereof.

Section 22.4 Assumption by Assignee. Each assignee of this Lease shall promptly execute and deliver to Lessor a written assumption of MAIT's obligations under this Lease in such form as Lessor may require.

ARTICLE 23.

Fee Mortgage Indenture

[Reserved].

ARTICLE 24.

Mortgaging of Leasehold Interest

Section 24.1 Leasehold Mortgages. MAIT, without Lessor's consent, shall have the unrestricted right to mortgage the leasehold estate created by this Lease pursuant to a leasehold mortgage or mortgages, at any time and from time to time, on any terms MAIT may deem desirable. If more than one such mortgage shall at the time be in effect, each such mortgage, at the time in effect, is herein called a "Leasehold Mortgage." No holder of a Leasehold Mortgage shall have the rights or benefits set forth in this Article 24, nor shall the provisions of this Article be binding upon Lessor unless and until holder of a Leasehold Mortgage shall have notified Lessor in writing that it is a holder of such Leasehold Mortgage and of the name and address to which all notices and other communications hereunder to it may be addressed; and such a holder of a Leasehold Mortgage, having given such notice, is herein called "Leasehold Mortgagee."

Section 24.2 Notices to Leasehold Mortgagees. Any notice which the holder of a Leasehold Mortgage shall desire or be required to give to Lessor shall be in writing and shall be deemed to have been given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, at the address set forth in Section 26.1 hereof or at such other addresses as shall be designated by Lessor in a written notice thereof to the Leasehold Mortgagee. Any notice which Lessor shall desire or be required to give to a Leasehold Mortgagee shall be in writing and shall be deemed to have been given (i) upon receipt when the same is delivered in person or by courier or (ii) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed to such Leasehold Mortgagee at the address set forth in the Leasehold Mortgage or in such last recorded assignment thereof or at such other address as shall have been designated by such Leasehold Mortgagee in a written notice thereof to Lessor.

Section 24.3 No Lease Cancellation, Surrender or Material Modification without Leasehold Mortgagee Consent. Lessor and MAIT shall not agree between themselves to any cancellation, surrender or material modification of this Lease without the prior written consent of each Leasehold Mortgagee.

Section 24.4 Notices of Default to Leasehold Mortgagee. Lessor shall give to each Leasehold Mortgagee a copy of any Notice of Default or notice of Lessor's intention to terminate this Lease given by Lessor to MAIT hereunder not later than ten (10) days after giving any such notice to MAIT.

Section 24.5 Payment or Performance by Leasehold Mortgagee. At any time when any Leasehold Mortgage shall remain unsatisfied of record, any Leasehold Mortgagee may make any payment or perform any act required hereunder to be made or performed by MAIT and Lessor shall accept such payment and performance. No entry by a Leasehold Mortgagee upon the Premises for such purpose shall constitute or be deemed to be an eviction of MAIT or release MAIT from any obligation or default hereunder (except in the case of any obligation or default which shall have been fully performed or corrected by such payment or performance by a Leasehold Mortgagee).

Section 24.6 Leasehold Mortgagee Notices to Lessor of Intention to Cure Event of Default. For purposes of this Article, no Event of Default shall be deemed to exist under Article 19 in respect of performance or observance of any requirement of this Lease on the part of MAIT to be performed or observed if a Leasehold Mortgagee shall have notified Lessor in writing of its intention to cure such default and commenced the curing of such default within the time permitted therefor and shall thereafter have proceeded in good faith with reasonable diligence to complete the curing of such default and the time within which such default must be cured shall be extended for such period as may be necessary to complete the same with due diligence.

Section 24.7 Leasehold Mortgagee Opportunities to Cure Events of Default. Anything herein contained to the contrary notwithstanding, upon the occurrence of an Event of Default (inclusive of the occurrence of any of the events specified in paragraph (c) or (d) of Section 19.1 hereof), other than an event of default due to a default in the payment of money, Lessor shall take no action to effect a termination of this Lease without first giving to each Leasehold Mortgagee written notice thereof and a reasonable time thereafter within which notify Lessor in writing of its intention, and thereafter diligently proceeding, either (i) to obtain possession of the Premises (including possession by a receiver) or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire MAIT's interest under this Lease. Upon obtaining possession or acquiring MAIT's interest under this Lease, a Leasehold Mortgagee shall be required promptly to cure all defaults then reasonably susceptible of being cured by such Leasehold Mortgagee. Notwithstanding the foregoing, (i) such Leasehold Mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after the Events of Default shall have been cured; (ii) nothing herein contained shall preclude Lessor, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to any other default by MAIT during the pendency of such foreclosure proceedings; (iii) if such Leasehold Mortgagee shall be a party other than a bank, insurance company or other entity having a net worth exceeding \$30,000,000 at the time the Leasehold Mortgage is granted or a group of such banks, insurance companies or other entities (a "Lending Institution"), such Leasehold Mortgagee shall deposit with

Lessor during the period of forbearance by Lessor from taking action to effect a termination of this Lease such security as shall be reasonably satisfactory to Lessor to assure Lessor of compliance by such Leasehold Mortgagee during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied by such Leasehold Mortgagee and (iv) such Leasehold Mortgagee, if a Lending Institution, shall agree with Lessor in writing to comply during the period of such forbearance with such of the terms, conditions and covenants of this Lease as are reasonably susceptible of being complied with by such Leasehold Mortgagee. Any Event of Default by MAIT not reasonably susceptible of being cured by such Leasehold Mortgagee shall be deemed to have been waived by Lessor upon completion of such foreclosure proceedings or upon such acquisition of MAIT's interest in this Lease, except that any of such Events of Default which are reasonably susceptible of being cured after such completion and acquisition shall then be cured with reasonable diligence by such Leasehold Mortgagee or its designee or other purchaser, as the case may be. Such Leasehold Mortgagee or its designee, or other purchaser in foreclosure proceedings, may become the legal owner and holder of this Lease through such foreclosure proceedings or by assignment of this Lease in lieu of foreclosure.

Section 24.8 Leasehold Mortgagee Right to New Lease. In the event of the termination of this Lease prior to the expiration of the Term, Lessor shall serve upon each Leasehold Mortgagee written notice that the Lease has been terminated together with a statement of any and all such sums which would at the time be due under this Lease but for such termination, and all other Events of Default, if any, under this Lease then known to Lessor. Any Leasehold Mortgagee shall thereupon have the option to obtain a new lease in accordance and upon the following terms and conditions:

Upon the written request of the Leasehold Mortgagee, within sixty (60) days after service of such notice that the Lease has been terminated, Lessor shall enter into a new lease with respect to the Premises with such Leasehold Mortgagee as follows:

Such new lease shall be entered into at the reasonable cost of the lessee thereunder, shall be effective as of the date of termination of this Lease and shall be for the remainder of the Term of this Lease and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon the execution of such new lease, the lessee named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs and disbursements incurred by Lessor in connection with such Events of Default and termination, the recovery of possession of the Leased Property and the preparation, execution and delivery of such new lease.

Section 24.9 Extension of Term Pursuant to New Lease. If the Term is not extended pursuant to Section 2.2 hereof, or for any other reason whatsoever, MAIT shall not become entitled

to extend the Term of this Lease, Lessor shall serve upon each Leasehold Mortgagee written notice thereof and any such Leasehold Mortgagee shall have the option upon written request served upon Lessor to obtain from Lessor a new lease of the Premises for such renewal term in accordance with and upon the following terms and conditions:

Such written request shall be served upon Lessor not later than sixty (60) days after the service of the aforementioned notice by Lessor on such Leasehold Mortgagee, and within thirty (30) days after the service of such written request, lessor and the Leasehold Mortgagee, or its designee, shall enter into a new lease with respect to the Premises as follows:

Such new lease shall be entered into at the reasonable cost and expense of the lessee thereunder, shall be effective as of the date of termination of the then current Term of this Lease, and shall be for the Extended Term next succeeding the then current term of this Lease, and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, including any further options to extend the Term. Such new lease shall require the lessee to perform any unfulfilled obligation of MAIT under this Lease, which is reasonably susceptible of being performed, by such lessee. Upon execution of such new lease, the lessee therein named shall pay any and all sums remaining unpaid under the Lease then expiring, then unpaid, plus the reasonable expenses incurred by Lessor in connection with the preparation, execution and delivery of such new lease.

Section 24.10 Benefited Leasehold Mortgagees. Anything herein contained to the contrary notwithstanding, the provisions of this Article shall inure only to the benefit of Leasehold Mortgagees under Leasehold Mortgages which shall be, respectively, a first, second and third lien against the leasehold estate hereunder. If Leasehold Mortgagees of more than one such Leasehold Mortgage shall make written requests upon Lessor for a new lease in accordance with this Section, the new lease shall be entered into pursuant to the request of the holder whose Leasehold Mortgage shall be of the highest priority and thereupon the written requests for a new lease of each holder of a Leasehold Mortgage junior in lien shall be and be deemed to be void and of no force or effect.

Section 24.11 Possession Pursuant to New Lease. Nothing herein contained shall be deemed to obligate Lessor to deliver possession of the Premises to the lessee under any new lease entered into pursuant to this Article.

Section 24.12 Assignment by Leasehold Mortgagee. If any Leasehold Mortgagee shall acquire title to MAIT's interest in this Lease, by foreclosure of a Leasehold Mortgage thereon or by assignment in lieu of foreclosure or by assignment from a designee or subsidiary of such Leasehold Mortgagee, or under a new lease pursuant to this Article, such Leasehold Mortgagee may assign such lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in such lease contained on the part of MAIT or such lessee, as the case may be, to be performed and observed from and after the date of such assignment, provided that the assignee from such Leasehold Mortgagee shall have assumed such lease in accordance with Section 22.4 hereof and shall have complied otherwise with said Section.

ARTICLE 25.

Estoppel Certificates

Lessor and MAIT agree at any time and from time to time, upon not less than ten (10) days' prior written request by MAIT, Lessor, the Trustee or a Leasehold Mortgagee, to execute, acknowledge and deliver to the party requesting the same a statement in writing certifying that this Lease is unmodified and is in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the Base Rent currently payable, and the dates to which the Base Rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of the Premises of MAIT's interest in this Lease. Such certificate by MAIT shall contain a statement that there are no Defaults by Lessor under this Lease, or, if there be any, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested. Such certificate by Lessor shall contain a statement that it has knowledge of no Defaults by MAIT under this Lease, or, if there be any of which it has knowledge, a reasonably detailed specification of all such Defaults and such other matters as may be reasonably requested.

ARTICLE 26.

Miscellaneous

Section 26.1 Notices. Any and all notices upon receipt when required or permitted under this Lease shall be in writing and shall be deemed sufficiently given (a) upon receipt when the same is delivered in person or by courier or (b) as of the third business day after the same has been deposited with the United States Postal Service, postage prepaid for certified or registered mail, addressed as follows:

To Lessor:

Pennsylvania Electric Company
76 South Main Street
Akron, Ohio 44308
Attention: President and General Counsel

To MAIT:

Mid-Atlantic Interstate Transmission, LLC
76 South Main Street
Akron, Ohio 44308
Attention: President and General Counsel

or to such other address or addresses as either Lessor or MAIT by notice to the other may designate from time to time in the manner herein provided.

Section 26.2 Dispute Resolution. In the event of any dispute, controversy, or claim arising out of, under, or relating to this Ground Lease, Lessor and MAIT shall first attempt to resolve such dispute through good faith negotiations between representatives who will have the

authority to settle the dispute. Lessor and/or MAIT shall give the other party written notice of any dispute not resolved in the ordinary course of business. Within ten (10) calendar days after delivery of any such notice, the aforementioned representatives will meet at a mutually acceptable time and place to attempt to resolve the dispute. If such designated representatives are unable to resolve a dispute within thirty (30) calendar days after receipt of notice of the dispute, then upon request of either Lessor or MAIT such dispute will be referred to a senior officer designated by each party for resolution. Each such senior officer shall be an individual who has authority to resolve the dispute on behalf of Lessor or MAIT. Any dispute not resolved within sixty (60) calendar days following receipt of the request for submission to senior officers may, by mutual determination of Lessor and MAIT, be addressed and resolved through an alternative dispute resolution method to be agreed upon by Lessor and MAIT in good faith at such time, such as, but not limited to, binding arbitration or mediation; provided, however, neither Lessor nor MAIT shall be obligated to agree to any alternative resolution method to address the unresolved dispute. Nothing in this section shall in any way limit or preclude Lessor or MAIT from pursuing any rights or remedies or obtaining any relief to which it may be entitled at law or equity.

Section 26.3 Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and may be enforced to the fullest extent permitted by law.

Section 26.4 Successors and Assigns. The terms, conditions, covenants, provisions and agreements herein contained shall be binding upon and inure to the benefit of Lessor, its successors and assigns, and MAIT, its successors and assigns.

Section 26.5 Amendments: Modifications. This Lease may be modified only by written agreement signed by Lessor and MAIT with the same formalities attendant as upon the execution of this Lease, it being the express intention of the parties hereto that no provision, term or condition of this Lease may be amended or varied in any way by an oral understanding or by any document not executed in accordance with this Section 26.5.

Section 26.6 Memoranda of Lease. Upon request by either Lessor or MAIT, the parties hereto shall execute, for recording purposes, memoranda of this Lease in conformity with the law and practice of the state in which the Premises are located, and the same shall be placed of record at MAIT's expense. If requested by Lessor, MAIT shall, upon termination of this Lease as to some or all Leased Property as provided herein, execute and deliver to Lessor an appropriate release, in form proper for recording, of MAIT's interest therein.

Section 26.7 Governing Law. This Lease shall be governed by and interpreted in accordance with the laws of the state in which the Premises are located.


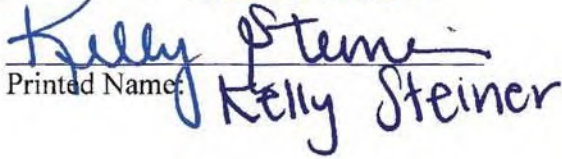
Section 26.8 Entire Agreement. Except as set forth in an Operating Agreement of even date herewith that Lessor and MAIT expect will terminate before expiration of the Initial Term and except as provided in any amendment of this Lease hereafter entered into by Lessor and MAIT,

this Lease sets forth the entire agreement and understanding between Lessor and MAIT to the subject matter hereof.

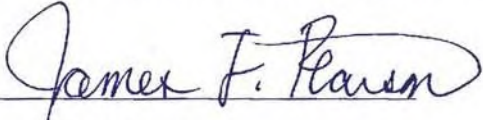
Section 26.9 Further Assurances. Subject to the terms and conditions of this Lease, each of the parties hereto, including without limitation subsidiaries and affiliates of the parties, will use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by this Lease and to fully effect the intent of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be duly executed as of the day and year first above written,



(Witnesses as to Lessor)


Printed Name: James Arcuri

Printed Name: Kelly Steiner

PENNSYLVANIA ELECTRIC COMPANY

By 
James F. Pearson
Executive Vice President and Chief Financial Officer

(Witnesses as to MAIT)


Printed Name: James Arcuri

Printed Name: Stephanie Bencin

MID-ATLANTIC INTERSTATE
TRANSMISSION, LLC

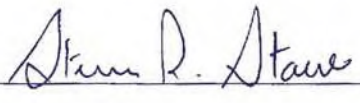
By 
Steven R. Staub
Vice President and Treasurer

EXHIBIT A

Leased Property

General Description: This exhibit identifies the property that Lessor has agreed to lease to MAIT as of January 31, 2017, in return for quarterly installments of Base Rent and subject to the rights, terms and conditions of this Ground Lease:

- (1) Tracts or parcels owned by the Lessor (fee lands), together with portions of the buildings, structures and fixtures thereon to the extent used for transmission, but not distribution, of electricity on the date of this Lease.
- (2) Easements granted to Lessor on, under or over which Transmission Facilities are situated on the date of this Lease.
- (3) Leased lands, servitudes, interests in land, permits, privileges, licenses, consents, franchises and authorizations granted to or held by Lessor on, under or over which Transmission Facilities are situated on the date of this Lease and not identified as being either fee land or an easement.

SCHEDULE A

“Base Rent” = (Net Book Value of Premises - ADITs) * Pre-Tax WACC + Book Depreciation Expense + Property Taxes + All other costs, expenses, liabilities or charges that may be incurred by Lessor pursuant to any lease agreement, license agreement, consent agreement or other similar agreement relating to the Premises

For purposes of this definition:

“ADIT” means Accumulated Deferred Income Taxes associated with the Premises.

$$\text{“Pre-Tax WACC”} = \frac{\text{WACC}}{(1 - \text{Statutory Tax Rate})}$$

$$\begin{aligned} \text{“Weighted Average Cost of Capital (“WACC”)} = \\ ((\text{Debt Ratio} * \text{MAIT's Effective Cost of Outstanding Long-Term Debt}) * (1 - \text{Statutory Tax Rate})) \\ + \\ (\text{Equity Ratio} * \text{MAIT's Authorized Rate of Return on Equity}) \end{aligned}$$