

Twelve Months Ended 2017

AEP East Companies  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

INDIANA MICHIGAN POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 130)				\$140,896,973
			Total	Allocator		
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	2,238,958	DA 1.00000	\$	2,238,958
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)			\$	-
4	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2 plus In 3)			\$	138,658,015

MEMO: The Carrying Charge Calculations on lines 7 to 12 below are used in calculating project revenue requirements billed through PJM Schedule 12, Transmission Enhancement Charges. The total non-incentive revenue requirements for these projects shown on line 5 is included in the total on line 4.

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives)	(Worksheet J/K)	6,345,501	DA 1.00000	\$	6,345,501
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
7	Annual Rate	( (In 1 - In 95)/((In 42) x 100) )				15.59%
8	Monthly Rate	(In 7 / 12)				1.30%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)					
10	Annual Rate	( (In 1 - In 95 - In 100 ) /((In 42) x 100) )				12.86%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)					
12	Annual Rate	( (In 1 - In 95 - In 100 - In 125 - In 126) /((In 42) x 100) )				3.39%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)					
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
15	Total Load Dispatch & Scheduling (Account 561)	Line 75 Below				6,506,185
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					4,522,359
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					1,414,671
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)				569,155

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(1)		(2)	(3)	(4)		(5)
RATE BASE CALCULATION		Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission	
Line No.						
19	GROSS PLANT IN SERVICE					
20	Production	(Worksheet A In 14.(b))	4,221,064,519	NA	0.00000	-
21	Less: Production ARO (Enter Negative)	(Worksheet A In 14.(c))	(145,612,315)	NA	0.00000	-
22	Transmission	(Worksheet A In 14.(d) & TCOS Ln 134)	1,488,121,310	DA		1,429,476,850
23	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	0.96059	-
24	Distribution	(Worksheet A In 14.(f))	1,984,096,954	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A In 14.(g))	-	NA	0.00000	-
26	General Plant	(Worksheet A In 14.(h))	131,538,993	W/S	0.03875	5,097,530
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	(172,921)	W/S	0.03875	(6,701)
28	Intangible Plant	(Worksheet A In 14.(j))	136,589,165	W/S	0.03875	5,293,239
29	TOTAL GROSS PLANT	(sum Ins 19 to 27)	7,815,625,704	GP	0.184228	1,439,860,918
30				GTD=	0.41169	
31	ACCUMULATED DEPRECIATION AND AMORTIZATION					
32	Production	(Worksheet A In 28.(b))	1,679,113,955	NA	0.00000	-
33	Less: Production ARO (Enter Negative)	(Worksheet A In 28.(c))	(108,834,987)	NA	0.00000	-
34	Transmission	(Worksheet A In 28.(d) & In 43.(c))	533,088,412	TP1=	0.98655	525,919,244
35	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	0.98655	-
36	Distribution	(Worksheet A In 28.(f))	596,718,461	NA	0.00000	-
37	Less: Distribution ARO (Enter Negative)	(Worksheet A In 28.(g))	-	NA	0.00000	-
38	General Plant	(Worksheet A In 28.(h))	30,152,235	W/S	0.03875	1,168,489
39	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	(157,942)	W/S	0.03875	(6,121)
40	Intangible Plant	(Worksheet A In 28.(j))	111,899,440	W/S	0.03875	4,336,439
41	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 30 to 38)	2,841,979,573			531,418,051
42						
43	NET PLANT IN SERVICE					
44	Production	(In 19 + In 20 - In 30 - In 31)	2,505,173,236			-
45	Transmission	(In 21 + In 22 - In 32 - In 33)	955,032,898			903,557,606
46	Distribution	(In 23 + In 24 - In 34 - In 35)	1,387,378,493			-
47	General Plant	(In 25 + In 26 - In 36 - In 37)	101,371,779			3,928,460
48	Intangible Plant	(In 27 - In 38)	24,689,725			956,801
49	TOTAL NET PLANT IN SERVICE	(sum Ins 41 to 45)	4,973,646,131	NP	0.182651	908,442,867
50						
51	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
52	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	(21,219,989)	NA		-
53	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(1,289,722,859)	DA		(218,180,325)
54	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(881,364,581)	DA		(7,203,118)
55	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	858,722,736	DA		13,571,291
56	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
57	TOTAL ADJUSTMENTS	(sum Ins 48 to 52)	(1,333,584,693)			(211,812,152)
58						
59	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e) & In 45.(e))	3,543,249	DA		208,360
60						
61	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA		-
62						
63	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))	(91,512)	W/S	0.03875	(3,546)
64						
65	WORKING CAPITAL	(Note E)				
66	Cash Working Capital	(1/8 * In 78)	2,116,056			2,032,666
67	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	726,821	TP	0.96059	698,178
68	A&G Materials & Supplies	(Worksheet C, In 3.(F))	266,635	W/S	0.03875	10,333
69	Stores Expense	(Worksheet C, In 4.(F))	-	GP	0.18423	-
70	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	146,094,077	W/S	0.03875	5,661,583
71	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	5,040,897	GP	0.18423	928,677
72	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
73	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(142,944,176)	NA	0.00000	-
74	TOTAL WORKING CAPITAL	(sum Ins 58 to 65)	11,300,309			9,331,436
75						
76	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	(3,267,007)	DA	1.00000	(3,267,007)
77						
78	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)		3,651,546,477			702,899,958

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	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
69	Production	321.80.b	1,031,198,723		
70	Distribution	322.156.b	67,239,411		
71	Customer Related Expense	322 & 323.164,171,178.b	40,619,416		
72	Regional Marketing Expenses	322.131.b	4,948,588		
73	Transmission	321.112.b	140,880,414		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	1,284,886,552		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	6,506,185		
76	Less: Account 565	(Note H) 321.96.b	117,445,782		
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	16,928,447	TP	0.9605916,261,324
79	Administrative and General	323.197.b (Notes J and M)	107,630,994		
80	Less: Acct. 924, Property Insurance	323.185.b	4,235,382		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(7,779,030)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(562,339)		
84	Acct. 928, Reg. Com. Exp.	323.189.b	13,763,059		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	480,267		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	4,505,198		
87	Balance of A & G	(In 79 - sum In 80 to In 86)	92,988,457	W/S	0.038753,603,581
88	Plus: Acct. 924, Property Insurance	(In 80)	4,235,382	GP	0.18423780,278
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	53,289	TP	0.9605951,189
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	0.96059-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	127,856	DA	1.00000127,856
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(35,318,595)	W/S	0.03875(1,368,701)
93	A & G Subtotal	(sum Ins 87 to 92)	62,086,389		3,194,203
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	79,014,836		19,455,527
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000-
96	TOTAL O & M EXPENSE	(In 94 + In 95)	79,014,836		19,455,527
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	104,894,233	NA	0.00000-
99	Distribution	336.8.f	55,630,522	NA	0.00000-
100	Transmission	336.7.f	25,028,104	TP1	0.9865524,691,517
101	General	336.10.f	4,588,472	W/S	0.03875177,817
102	Intangible	336.1.f	20,506,926	W/S	0.03875794,705
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+100+101+102) (Note N)	210,648,257		25,664,039
104	TAXES OTHER THAN INCOME				
105	Labor Related				
106	Payroll	Worksheet H In 24.(D)	11,867,632	W/S	0.03875459,906
107	Plant Related				
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	57,060,090	DA	
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	17,414,764	NA	0.00000-
110	Other	Worksheet H In 24.(E)	2,334,293	GP	0.18423430,043
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	88,676,779		10,088,836
112	INCOME TAXES	(Note O)			
113	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.77%		
114	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		44.95%		
115	where WCLTD=(In 154) and WACC = (In 157)				
116	and FIT, SIT & p are as given in Note O.				
117	GRCF=1 / (1 - T) = (from In 113)		1.6332		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(4,705,788)		
119	Excess Deferred Income Tax	(Note U)	(316,228)	DA	(49,936)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	10,086,051	DA	2,025,043
121	Income Tax Calculation	(In 114 * In 126)	134,916,875		25,970,658
122	ITC adjustment	(In 117 * In 118)	(7,685,429)	GP	0.18423(1,415,875)
123	Excess Deferred Income Tax	(In 117 * In 119)	(516,459)		(81,555)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	16,472,401		3,307,273
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	143,187,388		27,780,501
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	300,181,137		57,783,000
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		125,071	DA	1.00000125,071
128	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
129	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 128 * In114)		-		-
130	TOTAL REVENUE REQUIREMENT		821,833,468		140,896,973
	(sum Ins 96, 103, 111, 125, 126, 127, 128, 129)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)							1,488,121,310	
132	Less transmission plant excluded from PJM Tariff (Worksheet A, In 42, Col. (d)) (Note P)								-	
133	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q)								58,644,460	
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)							1,429,476,850	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=	0.96059	
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)								
137	Production	354.20.b	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
138	Transmission	354.21.b	135,925,266	11,816,049	147,741,315	NA	0.00000		-	
139	Regional Market Expenses	354.22.b	3,965,072	3,526,361	7,491,433	TP	0.96059	7,196,208		
140	Distribution	354.23.b	-	-	-	NA	0.00000		-	
141	Other (Excludes A&G)	354.24,25,26.b	16,761,327	1,744,633	18,505,960	NA	0.00000		-	
142	Total	(sum Ins 137 to 141)	6,708,433	5,247,084	11,955,517	NA	0.00000		-	
			163,360,098	22,334,127	185,694,225				7,196,208	
143	Transmission related amount							W/S=	0.03875	
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))							103,587,524	
146	Preferred Dividends	(Worksheet M, In. 71)							-	
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))							2,184,685,014	
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))							-	
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))							(6,481,865)	
151	Less: Account 219	(Worksheet M, In. 14, col. (e))							(14,189,939)	
152	Common Stock	(In 148 - In 149 - In 150 - In 151)							2,205,356,818	
153								Cost (Note S)	Weighted	
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		\$	%			4.85%	0.0239		
155	Preferred Stock (In 149)		2,137,154,871	49.21%			-	0.0000		
156	Common Stock (In 152)		-	0.00%			11.49%	0.0584		
157	Total (Sum Ins 154 to 156)		2,205,356,818	50.79%				WACC=	0.0822	
			4,342,511,689							



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Letter

Notes

General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X

- A Revenue credits include:  
1) Forfeited Discounts.  
2) Miscellaneous Service Revenues.  
3) Rental revenues earned on assets included in the rate base.  
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.  
5) Other electric revenues.  
6) Revenues for grandfathered PTP contracts included in the load divisor.  
7) If AEP East companies have any directly assigned transmission facilities, the revenue credits in the AEP East formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.  
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet Q and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average beginning of year end of year balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flowthrough and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section1.167(l)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes:  
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75.  
2) Costs of Transmission of Electricity by Others, as described in Note H.  
3) The impact of state regulatory deferrals and amortizations, as shown on line 77  
4) All A&G Expenses, as shown on line 93.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 127.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.  
The addbacks on line 95 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.  
The company records referenced on line 95 is the INDIANA MICHIGAN POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 81 through 83 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses recorded in FERC Accounts 928 (Regulatory Commission Expense), 930.1 (Safety Related Advertising) and 930.2 (Miscellaneous General Expenses) that are not directly related to or properly allocable to transmission service will be removed from the TCOS. If AEP includes any expenses booked to these accounts in future ATRR updates, AEP must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O 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. See Worksheet G for the development of the Company's composite SIT.  
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) (In 118) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.  
Inputs Required:  
FIT = 35.00%  
SIT= 5.80% (State Income Tax Rate or Composite SIT. Worksheet G))  
p = 0.00% (percent of federal income tax deductible for state purposes)  
The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable.  
If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = Long-Term Interest (In 145) / Long-Term Debt (In 154). Preferred Stock cost rate = preferred dividends (In 146) / preferred outstanding (In 155). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are computed on Worksheet M.The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
- T The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above.
- The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
- U Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- V Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
- W The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- X Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.

Y      The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Rate Base  
INDIANA MICHIGAN POWER COMPANY

		Gross Plant In Service								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	FF1, page 205&204, Col.(g)&(b), Ins 15,24,34.44	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	Acct. 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
1	December Prior to Rate Year	4,024,399,549	141,653,692	1,472,572,880	-	1,899,130,051	-	128,607,375	172,921	106,383,720
2	January									
3	February									
4	March									
5	April									
6	May									
7	June									
8	July									
9	August									
10	September									
11	October									
12	November									
13	December of Rate Year	4,417,729,489	149,570,937	1,503,669,739	-	2,069,063,856	-	134,470,611	172,921	166,794,609
14	Average of the Beginning and End Year Balances	4,221,064,519	145,612,315	1,488,121,310	-	1,984,096,954	-	131,538,993	172,921	136,589,165

		Accumulated Depreciation								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 219, Ins 20-24, Col. (b)	Company Records (Included in total in Column (b))	FF1, page 219, In 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, In 26, Col. (b)	Company Records (Included in total in Column (f))	FF1, page 219, In 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, In 21, Col. (b)
15	December Prior to Rate Year	1,688,144,867	107,802,088	550,438,566	-	585,424,046	-	29,524,325	157,037	99,693,424
16	January									
17	February									
18	March									
19	April									
20	May									
21	June									
22	July									
23	August									
24	September									
25	October									
26	November									
27	December of Rate Year	1,670,083,043	109,867,885	515,738,257	-	608,012,876	-	30,780,145	158,848	124,105,455
28	Average of the Beginning and End Year Balances	1,679,113,955	108,834,987	533,088,412	-	596,718,461	-	30,152,235	157,942	111,899,440

Line No		Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c)	Excluded Plant - Plant In Service (d)	Excluded Plant - Accumulated Depreciation (e)
			Company Records (included in total in column (d) of gross plant above)	Company Records (included in total in column (b) of accumulated depreciation above)	Company Records	Company Records
29	December Prior to Rate Year	(Note A)	58,644,708	6,610,982	-	-
30	January					
31	February					
32	March					
33	April					
34	May					
35	June					
36	July					
37	August					
38	September					
39	October					
40	November					
41	December of Rate Year		58,644,212	7,727,354	-	-
42	Average of the Beginning and End Year Balances		58,644,460	7,169,168	-	-

43 Transmission Accum Depreciation net of GSU 525,919,244

Plant Held For Future Use		Source of Data	Balance @ December 31, 2017 (c)	Balance @ December 31, 2016 (d)	Average Balance for 2017 (e)
44	Plant Held For Future Use (a)	FF1, page 214, In 47, Col. (d) (b)	1,444,928	5,641,570	3,543,249
45	Transmission Plant Held For Future Use (Included in total on line 44)	Company Records - Note 1	208,360	208,360	208,360

Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
46					-
47					-
48					-
49					-
50					-
51	Total Regulatory Deferrals Included in Ratebase		-	-	-

Unfunded Reserves Summary (Company Records)					
52	Description	Account			
53a	Accm Prv I/D Workers Comp	2282003	47,071	135,954	91,512
53b					-
54	Total		47,071	135,954	91,512

NOTE 1: On this worksheet, "Company Records" refers to AEP's property accounting ledger.  
NOTE 2: The ratebase should not include the unamortized balance of hedging gains or losses.



AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet B Supporting ADIT and ITC Balances  
INDIANA MICHIGAN POWER COMPANY

<u>Line Number</u>	<u>(A)</u> <u>Description</u>	<u>(B)</u> <u>Source</u>	<u>(C)</u> <u>Balance @ December 31,</u> <u>2017</u>	<u>(D)</u> <u>Balance @ December 31,</u> <u>2016</u>	<u>(E)</u> <u>Average Balance for</u> <u>2017</u>
1	<b><u>Account 281</u></b>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	29,431,106	13,008,872	21,219,989
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)	-	-	-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (Note 1)	29,431,106	13,008,872	21,219,989
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<b><u>Account 282</u></b>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	1,379,310,545	1,200,135,174	1,289,722,859
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	26,804,214	24,483,096	25,643,655
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	1,115,983,947	975,813,811	1,045,898,879
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	236,522,384	199,838,266	218,180,325
11	<b><u>Account 283</u></b>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	916,243,903	846,485,259	881,364,581
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	766,470,707	671,966,147	719,218,427
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	142,966,992	166,919,080	154,943,036
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	6,806,204	7,600,032	7,203,118
16	<b><u>Account 190</u></b>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	891,603,052	825,842,420	858,722,736
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	793,380,250	696,241,690	744,810,970
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	84,259,912	116,421,037	100,340,475
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	13,962,890	13,179,693	13,571,291
21	<b><u>Account 255</u></b>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	34,075,627	38,781,415	36,428,521
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	34,075,627	38,781,415	36,428,521
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section I.167(l)-(h)(6)(ii). Line item detail of actual deferred tax items will be included on Worksheets B-1 and B-2.

NOTE 2 ADIT balances should exclude balances related to hedging activity.

INDIANA MICHIGAN POWER COMPANY  
SPECIFIED DEFERRED CREDITS - Actual Cycle Only  
PERIOD ENDED DECEMBER 31, 2017

(DEBIT) CREDIT

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O						
	PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE					FUNCTIONALIZATION 12/31/2016					FUNCTIONALIZATION 12/31/2017				
ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017		GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD	GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD	GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD
1.00 ACCOUNT 281:																				
2.01 TX AMORT POLLUTION CONT EQPT	13,008,872	29,431,106			21,219,989	21,219,989	0	0	0	0	13,008,872	0	0	0	0	29,431,106	0	0	0	0
2.02																				
2.03 NON-UTILITY DEFERRED FIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.04 SFAS 109 FLOW-THRU 281.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.05 SFAS 109 EXCESS DFIT 281.4	0	(11,772,442)	0	11,772,442	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2.06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 TOTAL ACCOUNT 281	13,008,872	17,658,664	0	11,772,442	21,219,989	21,219,989	0	0	0	0	13,008,872	0	0	0	0	29,431,106	0	0	0	0
4 ACCOUNT 281 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 ACCOUNT 282:																				
5.01 EX L/T DFIT TX RESRV-SNF	741,407	741,407			741,407	0	741,407	0	0	0	-	741,407	-	-	-	-	741,407	-	-	-
5.02 FERC - MPOC DEFD FIT @ MERGER	0	0			0	0	0	0	0	0	-	0	-	-	-	-	0	-	-	0
5.03 FIT % RATE CHANGE-LD	(1,371,542)	(1,371,542)			(1,371,542)	(23,541)	(248)	(716,765)	(630,988)	0	(23,541)	(248)	(716,765)	(630,988)	-	(23,541)	(248)	(716,765)	(630,988)	0
5.04 BOOK VS. TAX DEPRECIATION	827,478,248	904,287,316			865,882,782	73,679,747	345,846,650	195,861,824	250,494,561	0	84,062,545	318,770,364	188,691,560	235,953,779	-	63,296,949	372,922,937	203,032,087	265,035,344	0
5.05 R & D DEDUCTION - SECTION 174	41,500,350	43,393,157			42,446,753	3,340,980	38,686,879	25,036	393,860	0	3,340,980	37,749,762	25,036	384,573	-	3,340,980	39,623,996	25,036	403,146	0
5.06 CAPD INTEREST - SECTION 481(a) - CHANGE IN METHD	59,584	36,437			48,011	2,990	37,503	2,312	5,205	0	3,710	46,544	2,870	6,460	-	2,269	28,463	1,755	3,951	0
5.07 RELOCATION COST - SECTION 481(a) - CHANGE IN METH	266,271	192,236			229,254	0	0	0	229,254	0	-	-	-	266,271	-	-	-	-	192,236	0
5.08 PJM INTEGRATION - SEC 481(a) - INTANG - DFD LABOR	167,826	220,949			194,387	0	134,271	60,116	0	0	-	142,169	25,656	-	-	-	126,373	94,576	-	0
5.09 BK PLANT IN SERVICE-SFAS 143-ARO	24,483,096	26,804,214			25,643,655	15,646,278	9,880,820	(2,823)	119,380	0	14,266,287	10,101,625	(2,823)	118,007	-	17,026,268	9,660,016	(2,823)	120,753	0
5.10 GAIN/LOSS ON ACRSMACRS PROPERTY	81,324,391	62,863,763			72,094,077	17,071,953	23,972,724	6,568,581	24,480,819	0	27,867,827	22,951,470	6,125,715	24,379,378	-	6,276,079	24,993,977	7,011,447	24,582,260	0
5.11 GAIN/LOSS ON ACRSMACRS-BK/TX UNIT PROP	(2,404,047)	(2,135,411)			(2,269,729)	(1,958,207)	(311,522)	0	0	0	(2,074,089)	(329,958)	-	-	-	(1,842,324)	(293,087)	-	-	0
5.12 TAX LOSS ON PLANT RETIREMENTS	23,058,621	74,253,026			48,655,823	48,655,823	0	0	0	0	23,058,621	-	-	-	-	74,253,026	-	-	-	0
5.13 ABFUDC	20,393,055	21,277,462			20,835,259	4,272,483	9,138,003	3,690,298	3,734,474	0	4,246,146	8,982,559	3,584,668	3,579,682	-	4,298,819	9,293,448	3,795,928	3,889,267	0
5.14 ABFUDC-NUCLEAR FUEL	746,390	582,647			664,519	0	664,519	0	0	0	-	746,390	-	-	-	-	582,647	-	-	0
5.15 ABFUDC - ROCKPORT SPARE PARTS	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.16 ABFUDC-RKPRT-SULL EHV	0	0			0	0	0	0	0	0	-	-	0	-	-	-	-	0	-	0
5.17 ABFUDC - ROCKPORT UNIT 1	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.18 ABFUDC - ROCKPORT UNIT 2	158,585	75,934			117,260	117,260	0	0	0	0	158,585	-	-	-	-	75,934	-	-	-	0
5.19 ABFUDC- RKPRT-JEFF EHV	0	0			0	0	0	0	0	0	-	-	0	-	-	-	-	0	-	0
5.20 ABFUDC-RKPRT PC U1	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.21 ABFUDC - COOK PLANT/U2 STEAM GNR	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.22 INVOL CONV RKPT U1-TURBINE	3,739	0			1,870	1,870	0	0	0	0	3,739	-	-	-	-	-	-	-	-	0
5.23 INVOL CONV RKPT U1-ASH HOPPER	11,965	0			5,983	5,983	0	0	0	0	11,965	-	-	-	-	-	-	-	-	0
5.24 TAXES CAPITALIZED	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.25 TAXES CAPITALIZED-ROCKPORT SPARE PARTS	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.26 TAXES CAPITALIZED-RKPRT-SULL EHV	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.27 TAXES CAPITALIZED - ROCKPORT UNIT 1	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.28 TAXES CAPITALIZED - ROCKPORT UNIT 2	447	214			331	331	214	0	0	0	447	-	-	-	-	214	-	-	-	0
5.29 TAXES CAPITALIZED-RKPRT-JEFF EHV	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.30 PENSIONS CAPITALIZED	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.31 PENSIONS CAPITALIZED-RKPRT-SULL EHV	(0)	(0)			0	0	0	(0)	0	0	-	-	(0)	-	-	-	-	(0)	-	0
5.32 PENSIONS CAPITALIZED-ROCKPORT SPARE PARTS	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.33 PENSIONS CAPITALIZED - ROCKPORT UNIT 1	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.34 PENSIONS CAPITALIZED - RKPRT-JEFF EHV	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.35 SEC 481 PENS/OPEB ADJUSTMENT	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.36 SAVINGS PLAN CAPITALIZED	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.37 SAVINGS PLAN CAPITALIZED-RKPRT-SULL EHV	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.38 SAVINGS PLAN CAPITALIZED-RKPT SPARE PARTS	0	0			0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	0
5.39 SAVINGS PLAN CAPITALIZED - ROCKPORT UNIT1	-	-			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5.40 SAVINGS PLAN CAPITALIZED - RKPRT-JEFF EHV	-	-			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5.41 CIAC - BK RECEIPTS - STEEL DYNAMICS	2,032	-			1,016	0	0	1,016	0	0	0	0	2,032	0	0	0	0	0	0	0
5.42 INT EXP CAPD BK - THI SETTLE	33,578	20,147			26,863	26,863	0	0	0	0	33,578	0	0	0	0	20,147	0	0	0	0
5.43 PERCENT REPAIR ALLOWANCE	1																			



9.28	REG ASSET-DEFD EVSE PROGRAM COSTS	18,320	22,491		20,405	0	0	0	20,405	0	-	-	-	18,320	-	-	-	-	22,491	0
9.29	REG ASSET-ENVIRON COMPLIANCE CARRY COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.30	REG ASSET-OSS MARGIN SHARING	8,510,849	3,134,659		5,822,754	5,822,754	0	0	0	0	8,510,849	-	-	-	-	-	-	-	3,134,659	0
9.31	REG ASSET-UNDERRECOVERY PJM EXPENSES	0	16,803,600		8,401,800	8,401,800	0	0	0	0	-	-	-	-	-	-	-	-	16,803,600	0
9.32	REG ASSET-NSR CONSENT DEGREE	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.33	REG ASSET-UND/REC-CCT RIDER CAR CHGS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.34	REG ASSET-UNDERRECOVERY-DSM ENERGY OPT	0	401,478		200,739	200,739	0	0	200,739	0	-	-	-	-	-	-	-	-	401,478	0
9.35	REG ASSET-UND/REC-CCTR PST APP ADD CAR CHGS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.36	REG ASSET-UND/REC-DEFD NUC DECOM STUDY CSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.37	REG ASSET-ENHNCD COOK PLT SECURITY COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.38	REG ASSET-DEFD SEVERANCE COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.39	REG ASSET-EO FINANCIAL INCENTIVES-MI	308,462	0		154,231	154,231	0	0	154,231	0	-	-	-	308,462	-	-	-	-	0	0
9.40	REG ASSET-MI CARRYING CHARGE-EECO	63,042	103,360		83,201	83,201	0	0	83,201	0	-	-	-	63,042	-	-	-	-	103,360	0
9.41	REG ASSET-MI CC-EECO UNREC EQUITY	(23,951)	(39,268)		(31,609)	(31,609)	0	0	(31,609)	0	-	-	-	(23,951)	-	-	-	-	(39,268)	0
9.42	REG ASSET-MI DSM-EECO	16,908	39,574		28,241	28,241	0	0	28,241	0	-	-	-	16,908	-	-	-	-	39,574	0
9.43	REG ASSET-IN-EECO EQUITY CC-RES	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.44	REG ASSET-IN-EECO EQUITY CC-C&I	(3,134)	(0)		(1,567)	(1,567)	0	0	(1,567)	0	-	-	-	(3,134)	-	-	-	-	(0)	0
9.45	REG ASSET-IN-EECO TOTAL CC-RES	(88,742)	0		(44,371)	(44,371)	0	0	(44,371)	0	-	-	-	(88,742)	-	-	-	-	0	0
9.46	REG ASSET-IN-EECO TOTAL CC-C&I	8,675	0		4,337	4,337	0	0	4,337	0	-	-	-	8,675	-	-	-	-	0	0
9.47	REG ASSET-IN DSM UNDER RECOV C&I	3,854,839	4,864,475		4,359,657	4,359,657	0	0	4,359,657	0	-	-	-	3,854,839	-	-	-	-	4,864,475	0
9.48	REG ASSET-IN DSM UNDER RECOV NON C&I	(2,809,862)	(4,436,445)		(3,623,154)	(3,623,154)	0	0	(3,623,154)	0	-	-	-	(2,809,862)	-	-	-	-	(4,436,445)	0
9.49	REG ASSET-CARRY CHARGES-MI LOST REVENUES	7,028	7,028		4,583	4,583	871	871	1,574	0	4,583	-	-	871	-	-	-	871	1,574	0
9.50	REG ASSET-MI NET LOST REVENUES-CONTRA	(1,358,948)	(1,358,948)		(1,358,948)	(874,166)	(145,791)	(145,791)	(338,991)	0	(874,166)	-	-	(145,791)	-	-	-	(145,791)	(338,991)	0
9.51	REG ASSET-DEFD COOK TURBINE REPLCOSTS-MI	744,051	900,710		822,380	822,380	0	0	0	0	-	-	-	744,051	-	-	-	-	900,710	0
9.52	REG ASSET-TURBINE REPL UNRECOG EQ CC	(468,971)	(567,727)		(518,349)	(518,349)	0	0	0	0	-	-	-	(468,971)	-	-	-	-	(567,727)	0
9.53	REG ASSET-DEFD TURBINE REPLACE EXP CC	1,234,404	1,494,345		1,364,374	1,364,374	0	0	0	0	-	-	-	1,234,404	-	-	-	-	1,494,345	0
9.54	TAX DEFL - DEBT ISSUE COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.55	REG ASSET-NET CCS FEED STUDY COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.56	REG ASSET-UNRECOVERED RES-MI	511,297	(0)		255,649	255,649	0	0	0	0	511,297	-	-	-	-	-	-	-	(0)	0
9.57	REG ASSET-RES CARRYING COSTS-MI	62,038	3,130		32,584	32,584	0	0	0	0	62,038	-	-	-	-	-	-	-	3,130	0
9.58	REG ASSET-RES UNRECOGNIZED EQUITY CC-MI	(23,651)	0		(11,825)	(11,825)	0	0	0	0	(23,651)	-	-	-	-	-	-	-	0	0
9.59	REG ASSET-BAFFLE BOLTS	2,222,027	2,117,050		2,169,539	2,169,539	0	0	0	0	-	-	-	2,222,027	-	-	-	-	2,117,050	0
9.60	REG ASSET-MI DEFERRED DEPR-COOK LCM	437,549	807,565		622,557	622,557	0	0	0	0	-	-	-	437,549	-	-	-	-	807,565	0
9.61	REG ASSET-MI CARRYING CHARGE-COOK LCM	3,383,968	6,174,538		4,779,253	4,779,253	0	0	0	0	-	-	-	3,383,968	-	-	-	-	6,174,538	0
9.62	REG ASSET-MI CC COOK LCM UNREC EQUITY	(1,285,627)	(2,345,813)		(1,815,720)	(1,815,720)	0	0	0	0	-	-	-	(1,285,627)	-	-	-	-	(2,345,813)	0
9.63	REG ASSET-IN COOK TURBINE CC EQUITY	(1,601,472)	(2,019,247)		(1,810,359)	(1,810,359)	0	0	0	0	-	-	-	(1,601,472)	-	-	-	-	(2,019,247)	0
9.64	REG ASSET-IN COOK TURBINE CC	4,556,096	5,744,643		5,150,369	5,150,369	0	0	0	0	-	-	-	4,556,096	-	-	-	-	5,744,643	0
9.65	REG ASSET-IN DEF O&M-DSI-20%-NON-FMR	82,511	109,404		95,968	95,968	0	0	0	0	82,511	-	-	-	-	-	-	-	109,404	0
9.66	REG ASSET-IN DEF CONSUM DSI-20%-NON-FMR	942,630	1,486,064		1,214,347	1,214,347	0	0	0	0	942,630	-	-	-	-	-	-	-	1,486,064	0
9.67	REG ASSET-IN DEF PROP TX-DSI-20%	0	1,883		942	942	0	0	0	0	-	-	-	-	-	-	-	-	1,883	0
9.68	REG ASSET-IN CARRY CHGS-CESPP	32,387	0		16,194	16,194	0	0	0	0	32,387	-	-	-	-	-	-	-	0	0
9.69	REG ASSET-IN CAR CHGS-UNREC EQTY-CESPP	(12,786)	0		(6,393)	(6,393)	0	0	0	0	-	-	-	(12,786)	-	-	-	-	0	0
9.70	REG ASSET-IN DEFERRED CESPP-O&M EXP	16,310	0		8,155	8,155	0	0	0	0	16,310	-	-	-	-	-	-	-	0	0
9.71	REG ASSET-IN DEFD DEPR-CESPP	11,552	231,199		121,375	121,375	0	0	0	0	11,552	-	-	-	-	-	-	-	231,199	0
9.72	REG ASSET-IN GPR MKTG EXP-CESPP-SPR	19,202	0		9,601	9,601	0	0	0	0	19,202	-	-	-	-	-	-	-	0	0
9.73	REG ASSET-RES SOLAR CARRYING COSTS-MI	(83,085)	0		(41,543)	(41,543)	0	0	0	0	(83,085)	-	-	-	-	-	-	-	0	0
9.74	REG ASSET-IN DEFD PROP TX-CESPP-SPR	(14,184)	0		(7,092)	(7,092)	0	0	0	0	(14,184)	-	-	-	-	-	-	-	0	0
9.75	REG ASSET-IN DEFD GPR MKTG EXP-CESPP-GPR	(1,120)	10,206		4,543	4,543	0	0	0	0	(1,120)	-	-	-	-	-	-	-	10,206	0
9.76	REG ASSET-NBV-ARO-RETIRED PLANTS	(9,477,696)	(9,477,696)		(9,477,696)	(9,477,696)	0	0	0	0	(9,477,696)	-	-	-	-	-	-	-	0	0
9.77	REG ASSET-IN CARRYING CHARGES COOK PLANT LCM UNREC	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.78	REG ASSET-IN CARRYING CHARGES COOK PLANT LCM	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.79	REG ASSET-MI DEFERRED PROP TAX-COOK LCM	312,967	502,249		407,608	407,608	0	0	0	0	-	-	-	312,967	-	-	-	-	502,249	0
9.80	REG ASSET-IN DEFERRED PROP TAX-COOK LCM	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.81	REG ASSET-IN DEFERRED DEPRECIATION-COOK LCM	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.82	REG ASSET-IN UNDER RECOVERY CAPACITY	145,472	(0)		72,736	72,736	0	0	0	0	145,472	-	-	-	-	-	-	-	(0)	0
9.83	REG ASSET-ABANDONED PLANT STRANDED COSTS	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.84	REG ASSET-ROCKPORT DSI DEPR-80PCT FMR	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.85	REG ASSET-ROCKPORT DSI DEPR-20PCT NON-FMR	807,094	1,315,002		1,061,048	1,061,048	0	0	0	0	807,094	-	-	-	-	-	-	-	1,315,002	0
9.86	REG ASSET-ROCKPORT DSI CC-80PCT FMR	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.87	REG ASSET-ROCKPORT DSI EQUITY CC 80PCT FMR	0	0		0	0	0	0	0	0	-	-	-	-	-	-	-	-	0	0
9.88	REG ASSET-ROCKPORT DSI CC-20PCT NON-FMR	764,083	1,170,233		967,158	967,158	0	0	0	0	764,083	-	-	-	-	-	-	-	1,170,233	0
9.89	REG ASSET-ROCKPORT DSI EQ CC-20PCT NON-FMR	(297,673)	(457,024)		(377,349)	(377,349)	0	0	0	0	(297,673)	-	-	-	-	-	-	-	(457,024)	0
9.90	REG ASSET-IN DEFERRED LCM - E3 COSTS	0	75,542		37,771	37,771	0	0	0	0	-	-	-	-	-	-	-	-	75,542	0
9.91	REG ASSET-IN TOTAL E3 CARRYING COSTS	0	9,775		4,888	4,888	0	0	0	0	-	-	-	-	-	-	-	-	9,775	0
9.92	REG ASSET-IN E3 EQUITY CARRYING COSTS	0	(3,777)		(1,888)	(1,888)	0	0	0	0	-	-	-	-	-	-	-	-	(3,777)	0
9.93	REG ASSET-COOK UPRATE PROJECT	12,692,064	12,692,064		12,692,064	12,692,064	0	0	0	0	-	-	-	12,692,064	-	-	-	-	12,692,064	0
9.94	REG ASSET-MI DEFD DEPR-EECO	15,574	26,979		21,277	21,277	0	0	21,277	0	0	0	0	15,574	0	0	0	0	26,979	0
9.95	BOOK LEASES CAPITALIZED FOR TAX	8,294,272	8,415,787		8,355,029	8,355,029	0	0	0	0	6,338,705	539,401	171,115	1,245,051	0	5,692,114	796,405	616,726	1,310,542	0
9.96	CAPITALIZED SOFTWARE COST - BOOK	17,483,657	21,645,736		19,564,697	19,564,697	2,950,055	7,823,803	2,380,622	6,410,217	2,707,034	6,774,916	2,154,704	5,847,004	0	3,193,077	8,872,690	2,606,540	6,973,429	0
9.97	U1 TX DEPR NUC FUEL	192,037,653	224,521,430		208,279,542	208,279,542	0	0	0	0	0	192,037,653	0	0	0	224,521,430	0	0	0	0
9.98	AMORT OF NUCLEAR FUEL - UNIT 1	(197,963,699)	(217,609,312)		(207,786,505)	(207,786,505)	0	0	0	0	0	(197,963,699)	0	0	0	(217,609,312)	0	0	0	0
9.99	U2 TX DEPR NUC FUEL	233,715,317	233,923,216		233,819,266	233,819,266	0	0	0	0	0	233,715,317	0	0	0	233,923,216	0	0	0	0
10.00	AMORT OF NUCLEAR FUEL - UNIT 2	(210,118,552)	(235,633,978)		(222,876,265)	(222,876,265)	0	0	0	0	0	(210,118,552)	0	0	0	(235,633,978)	0	0	0	0
10.01	NUC DECOM TRUST-SFAS 143-ARO-BK	681,317,603	775,861,297		728,589,450	728,589,450	0	0	0	0	0	681,317,603	0	0	0	775,861,297	0	0	0	0
10.02	U1-BK DEFD NUC REFUEL COSTS	7,725,639	18,676,329		13,200,9															



INDIANA MICHIGAN POWER COMPANY  
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only  
PERIOD ENDED DECEMBER 31, 2017

DEBIT (CREDIT)																					
COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O	COLUMN P	COLUMN Q	COLUMN R	COLUMN S	COLUMN T	COLUMN U	
	PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE					FUNCTIONALIZATION 12/31/2016					FUNCTIONALIZATION 12/31/2017					
ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2016	BALANCE AS OF 12-31-2017		GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD	GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD	GENERATION	NUCLEAR	TRANSMISSION	DISTRIBUTION	RTD	
1 ACCOUNT 190:																					
2.01 NOL & TAX CREDIT C/F - DEF TAX ASSET	8,480,000	10,068,982			9,274,491	8,508,648	689,060	14,045	62,739	-	8,480,000	-	-	0	0	8,537,296	1,378,119	28,089	125,478	0	
2.02 INT EXP CAPITALIZED FOR TAX	46,423,462	50,819,811			48,621,636	9,981,935	25,375,623	6,759,218	6,504,861	-	9,509,488	24,397,836	6,430,574	6,085,564	0	10,454,382	26,353,409	7,087,862	6,924,158	0	
2.03 INT EXP CAPD - COOK U2 STEAM	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.04 TXBL INT INC CAP FOR BK-BFSAW	1,959	653			1,306	1,306	0	0	0	-	1,959	-	-	0	0	653	-	-	-	0	
2.05 INT EXP CAPD TAX - RKPT SPARES	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.06 CIAC - BOOK RECEIPTS	4,854,134	4,998,166			4,926,150	0	0	1,082,957	3,843,193	-	-	-	1,029,409	3,824,725	0	-	-	1,136,506	3,861,660	0	
2.07 CUST ADV INC FOR TAX	(1)	(1)			(1)	0	0	0	(1)	-	-	-	-	(1)	0	-	-	-	(1)	0	
2.08 PROPERTY TAX - NEW METHOD - BOOK	2,883,613	2,004,173			2,443,893	(77,658)	0	862,336	1,659,215	-	275,766	-	910,902	1,696,944	0	(431,082)	-	813,770	1,621,485	0	
2.09 PROVS POSS REV REFD	1,919,771	6,661,839			4,290,805	1,913,618	3,291	2,169,530	204,366	-	340,790	6,583	1,368,033	204,366	0	3,486,447	-	2,971,027	204,366	0	
2.10 PROV FOR REFUND - FERC TRANS	(650,000)	(650,000)			(650,000)	0	0	(650,000)	0	-	-	-	(650,000)	0	0	-	-	(650,000)	-	0	
2.11 PROVS POSS REV REFD-FR	650,001	650,001			650,001	0	0	650,001	0	-	-	-	650,001	0	0	-	-	650,001	-	0	
2.12 DEFD BK GAIN-RKPT 2 SALE/LEASE	7,477,020	6,216,738			6,846,879	6,846,879	0	0	0	-	7,477,020	-	-	0	0	6,216,738	-	-	-	0	
2.13 MARK & SPREAD-DEFL-190-A/L	(502,319)	282,385			(109,967)	(109,967)	0	0	0	-	(502,319)	-	-	0	0	282,385	-	-	-	0	
2.14 PROV WORKER'S COMP	139,581	67,519			103,550	26,184	7,673	6,461	63,232	-	16,337	15,346	6,268	101,631	0	36,032	(0)	6,654	24,833	0	
2.15 PROV POSS PEN PYMTS	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.16 ACCRUED BK PENSION EXPENSE	(31,918,340)	(31,392,672)			(31,655,506)	(6,788,434)	(9,147,341)	(1,712,354)	(14,007,378)	-	(6,943,443)	(9,161,862)	(1,773,822)	(14,039,213)	0	(6,633,425)	(9,132,820)	(1,650,885)	(13,975,542)	0	
2.17 ACCRUED BK PENSION COSTS - SFAS 158	44,464,575	31,767,014			38,115,795	5,452,450	11,631,094	3,717,815	17,314,436	-	7,669,231	13,526,077	4,137,242	19,132,027	0	3,235,669	9,736,111	3,298,388	15,496,846	0	
2.18 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	(66,193)	(14,363)			(40,278)	7,257	21,944	21,224	(90,702)	-	6,621	817	22,011	(95,642)	0	7,893	43,071	20,437	(85,763)	0	
2.19 ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	403,094	361,365			382,229	(6,135)	178,066	28,706	181,593	-	(6,677)	174,862	28,249	206,660	0	(5,593)	181,269	29,162	156,526	0	
2.20 ACCRD BK SUP. SAVINGS PLAN EXP	460,764	480,337			470,551	2	349,687	0	120,862	-	2	285,024	-	175,738	0	2	414,349	-	65,986	0	
2.21 EMPLOYERS SAVINGS PLAN MATCH	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.22 ACCRUED BK BENEFIT COSTS	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.23 ACCRUED PSI PLAN EXP	2,922,200	2,458,056			2,690,128	73,419	1,954,695	4,081	657,933	-	64,465	2,060,217	2,464	795,054	0	82,374	1,849,172	5,698	520,812	0	
2.24 STOCK BASED COMP-CAREER SHARES	0	433,677			216,839	0	155,539	0	61,299	-	-	-	-	0	0	-	311,079	-	122,598	0	
2.25 PROVISION FOR R & D WASTE ACCRUAL LT	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.26 PROV RAD WASTE ACCRUAL-LT	70,000	0			35,000	0	35,000	0	0	-	-	70,000	0	0	0	-	-	-	-	0	
2.27 PROV RAD WASTE ACCRUAL-ST	146,499	333,327			239,913	0	239,913	0	0	-	-	146,499	-	0	0	-	333,327	-	-	0	
2.28 BK PROV UNCOLL ACCTS	2,918	72,168			37,543	24,074	0	0	13,469	-	1	-	-	2,917	0	48,147	-	-	24,021	0	
2.29 BK PROV UNCOLL ACCTS-LT	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.30 PROV-TRADING CREDIT RISK - A/L	1,449	1,066			1,258	1,258	0	0	0	-	1,449	-	-	0	0	1,066	-	-	-	0	
2.31 PROV-FAS 157 - A/L	(4)	(1)			(2)	(2)	0	0	0	-	(4)	-	-	0	0	(1)	-	-	-	0	
2.32 PROVISION FOR LITIGATION	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.33 ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.34 ACCRD COMPANYWIDE INCENTV PLAN	13,349,276	8,874,857			11,112,066	1,029,817	7,343,652	516,821	2,221,776	-	1,348,779	8,392,796	675,943	2,931,756	0	710,855	6,294,508	357,698	1,511,796	0	
2.35 ACCRD ENVIRONMENTAL LIAB-CURRENT	73,938	0			36,969	36,969	0	0	0	-	73,938	-	-	0	0	0	-	-	-	0	
2.36 ACCRUED BOOK VACATION PAY	5,766,293	5,378,718			5,572,505	624,574	3,278,533	366,062	1,303,336	-	685,820	3,484,715	298,337	1,297,421	0	563,327	3,072,351	433,788	1,309,252	0	
2.37 ACCRD ENVIRONMENTAL LIAB-LONG TERM	817,675	0			408,838	408,838	0	0	0	-	817,675	-	-	0	0	0	-	-	-	0	
2.38 ACCRUED LEASE LIABILITY - FORT WAYNE	0	0			0	0	0	0	0	-	-	-	-	0	0	-	-	-	-	0	
2.39 (ICDP) INCENTIVE COMP DEFERRAL PLAN	298,253	311,140			304,697	0	276,120	0	28,577	-	-	275,088	-	23,165	0	-	277,152	-	33,989	0	
2.40 ACCRD SEMCO ENVIRON REMEDIATION CSTS-S/T	1,477,733	35,000			756,367	756,367	0	0	0	-	1,477,733	-	-	0	0	35,000	-	-	-	0	
2.41 ACCRD BK SEI EMP BENEFIT COSTS	(1)	(1)			(1)	0	(1)	0	0	-	-	(1)	-	0	0	-	(1)	-	-	0	
2.42 ACCRUED BK SEVERANCE BENEFITS	187,014	1			93,507	74,957	0	0	18,550	-	149,914	-	-	37,100	0	1	-	-	-	0	
2.43 FRT WAYNE CITY LGTS SETTLEMENT	1,051,689	938,000			994,844	0	0	0	994,844	-	-	-	-	1,051,689	0	-	-	-	938,000	0	
2.44 ACCRUED INTEREST EXP-STATE	2	1			1	1	1	0	(1)	-	1	1	1	(1)	0	1	1	-	(1)	0	
2.45 ACCRUED INTEREST-LONG-TERM - FIN 48	290,161	365,306			327,733	10,842	106,891	4,795	205,205	-	(16,990)	105,207	2,844	199,10							



3.04	DEFD STATE INCOME TAXES	0	0			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3.05	FIN 48 - DEFD STATE INCOME TAXES	(39,517)	(30,530)			29,272	(28,637)	(5,979)	(29,680)	0	31,721	(35,938)	(5,915)	(29,385)	0	26,824	(21,336)	(6,042)	(29,975)	0	
3.06	RESTRICTED STOCK PLAN	0	235,110			3,597	80,606	396	32,955	0	0	0	0	0	0	7,195	161,213	792	65,910	0	
3.07	PSI - STOCK BASED COMP	0	254,190			6,007	90,866	752	29,470	0	0	0	0	0	0	12,014	181,732	1,505	58,939	0	
3.08	DEFERRED SIT 1901002	0	1,334,608			206,434	458,027	(160)	3,004	0	0	0	0	0	0	412,868	916,053	(320)	6,007	0	
3.09	NON-UTILITY DEFERRED FIT	5,664,034	2,392,732	(5,664,034)	(2,392,732)																
3.10	SFAS 109 FLOW-THRU 190.3	73,958,981	45,729,265	(73,958,981)	(45,729,265)																
3.11	SFAS 109 EXCESS DFIT 190.4	1,091,443	153,456,213	(1,091,443)	(153,456,213)																
3.12	SFAS 133 ADIT FED - SFAS NONAFFIL 1900006	0	0	0	0																
3.13	ADIT FED - PENSION OCI NAF 1900009	(320)	17,023	320	(17,023)																
3.14	ADIT FED - PENSION OCI 1900010	1,824,202	638,877	(1,824,202)	(638,877)																
3.15	ADIT FED - PENSION NON-UMWA PRW OCI 1900011	468,208	(190,044)	(468,208)	190,044																
3.16	ADIT FED HDG CF INT RATE 1900015	6,461,419	3,450,930	(6,461,419)	(3,450,930)																
3.17	NON-UTILITY DEFERRED SIT 1902002	(332,553)	(313,446)	332,553	313,446																
3	TOTAL ACCOUNT 190	914,977,834	1,096,784,602	(89,135,414)	(205,181,550)	859,671,652	34,649,689	789,517,011	13,571,291	20,984,745	0	38,696,369	748,559,713	13,179,693	25,406,645	0	30,603,009	830,474,308	13,962,890	16,562,845	0
4	ACCOUNT 190 - ARO-Related Deferrals	696,241,690	793,380,250	0	0	744,810,970	4,615,162	740,052,460	0	143,348	0	3,120,523	692,959,552	0	161,615	0	6,109,801	787,145,367	0	125,081	0

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet C Supporting Working Capital Rate Base Adjustments  
INDIANA MICHIGAN POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2017	Balance @ December 31, 2016	Average Balance for 2017				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	540,017	913,624	726,821			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	285,085	248,184	266,635			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5							
6	Totals as of December 31, 2017	8,241,342	(146,764,529)	0	5,043,475	149,962,396	155,005,871
7	Totals as of December 31, 2016	<u>8,140,253</u>	<u>(139,123,822)</u>		<u>5,038,318</u>	<u>142,225,758</u>	<u>147,264,076</u>
8	<b>Average Balance</b>	<u>8,190,798</u>	<u>(142,944,176)</u>	-	<u>5,040,897</u>	<u>146,094,077</u>	<u>151,134,974</u>

Prepayments Account 165 - Balance @ 12/31/2017

9	Acc. No.	Description	2017 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
10	1650001	Prepaid Insurance	3,484,795	-		3,484,795		3,484,795	Plant Related Insurance Policies
11	165000217	Prepaid Taxes	599,413	599,413				-	Prepaid Taxes-Distribution
12	1650003	Prepaid Rents	5,655	5,655				-	River Transport
13	1650005	Prepaid Employee Benefits	0	-			-	-	
14	1650006	Other Prepayments	1,608,304	1,608,304				-	Relates to EPRI dues
15	1650009	Prepaid Carry Cost-Factored AR	101,434	101,434				-	AR Factoring
16	1650010	Prepaid Pension Benefits	107,227,540				107,227,540	107,227,540	Prefunded Pension Expense
17	1650014	FAS 158 Qual Contra Asset	(107,227,540)	(107,227,540)				-	SFAS 158 Offset
18	165001117	Prepaid Sales Taxes	502,812	502,812				-	Prepaid Sales Tax - Distribution
19	165001217	Prepaid Use Taxes	90,374	90,374				-	Prepaid Use Tax - Distribution
20	1650021	Prepaid Insurance - EIS	1,270,125	-		1,270,125		1,270,125	Energy INS Services
21	1650022	Prepaid SNF Container Costs	0	-				-	
22	1650023	Prepaid Lease	288,555			288,555		288,555	Prepaid Leases - Trans. Laydown Yard
23	1650026	Prepaid SNF Costs	0	-				-	
24	1650030	Other Prepayments	289,875	289,875				-	Other Prepaid-Distribution
25	1650031	Prepaid OCIP Work Comp	0	-				-	
26	1650033	Prepaid OCIP Work Comp-Aff	0					-	
27	1650035	PRW without MED-D Benefits	42,734,856				42,734,856	42,734,856	Med-D Benefits
28	1650036	PRW for Med-D Benefits	0	-				-	
29	1650037	FAS 158 Contra-PRW Exc Med-D	(42,734,856)	(42,734,856)	-			-	SFAS 158 Offset
30	1650032	Prepaid OCIP WC LT	0					-	
31	1650034	Prepaid OCIP WC LT-Aff	0	-	-			-	
	Subtotal - Form 1, p 111.57.c		8,241,342	(146,764,529)	0	5,043,475	149,962,396	155,005,871	

Prepayments Account 165 - Balance @ 12/31/ 2016

32	Acc. No.	Description	2016 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
33	1650001	Prepaid Insurance	3,520,482	-		3,520,482		3,520,482	Plant Related Insurance Policies
34	165000215	Prepaid Taxes	0	-				-	
35	1650003	Prepaid Rents	5,655	5,655				-	River Transport
36	1650005	Prepaid Employee Benefits	474,000	-			474,000	474,000	Health Savings Program
37	1650006	Other Prepayments	1,022,171	1,022,171				-	Relates to EPRI dues
38	1650009	Prepaid Carry Cost-Factored AR	107,325	107,325				-	AR Factoring
39	1650010	Prepaid Pension Benefits	107,658,719				107,658,719	107,658,719	Prefunded Pension Expense
40	1650014	FAS 158 Qual Contra Asset	(107,658,719)	(107,658,719)			-	-	SFAS 158 Offset
41	16500021	Prepaid Taxes	464,897	464,897				-	Prepaid - Distribution
42	16500111	Prepaid Sales Taxes	462,101	462,101				-	Prepaid Sales Tax - Distribution
43	16500121	Prepaid Use Taxes	127,891	127,891				-	Prepaid Use Tax - Distribution
44	1650021	Prepaid Insurance - EIS	974,979	-		974,979		974,979	Energy INS Services
45	1650022	Prepaid SNF Container Costs	0	-				-	
46	1650023	Prepaid Lease	542,857	-		542,857		542,857	Prepaid Leases - Trans. Laydown Yard
47	1650026	Prepaid SNF Costs	0	-				-	
48	1650030	Other Prepayments	437,896	437,896				-	Distribution
49	1650033	Prepaid OCIP Work Comp-Aff	0					-	
50	1650035	PRW without MED-D Benefits	34,093,039				34,093,039	34,093,039	Med-D Benefits
51	1650036	PRW for Med-D Benefits	0	-				-	
52	1650037	FAS 158 Contra-PRW Exc Med-D	(34,093,039)	(34,093,039)				-	SFAS 158 Offset
53	1650032	Prepaid OCIP WC LT	0	-				-	
54	1650034	Prepaid OCIP WC LT-Aff	0	-				-	
	Subtotal - Form 1, p 111.57.d		8,140,253	(139,123,822)		5,038,318	142,225,758	147,264,076	

Note 1: Prepayment Balance will not include: (i) federal and state income tax payments made to offset additional tax liabilities resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; (ii) outstanding income tax refunds due to the company resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; or (iii) prepayments of federal or state income taxes which are attributable to income earned during periods prior to January 1 of the year depicted in the Balance Sheet (as described in USofA Account 236).

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet D Supporting IPP Credits  
INDIANA MICHIGAN POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2017</u>
1	Net Funds from IPP Customers 12/31/2016 (2017 FORM 1, P269)	(3,204,471)
2	Interest Accrual (Company Records - Note 1)	(125,071)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2017 (2017 FORM 1, P269)	(3,329,542)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(3,267,007)

Note 1 On this worksheet Company Records refers to INDIANA MICHIGAN POWER COMPANY's general ledger.

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet E Supporting Revenue Credits  
INDIANA MICHIGAN POWER COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non- Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	5,031,510	5,031,510	
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	4,136,785	4,079,998	56,787
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	7,085,791	5,286,479	1,799,312
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	2,533,734	2,150,874	382,860
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	26,966,149	26,966,149	-
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)	-	-	-
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)	-	-	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	45,753,968	43,515,009	2,238,958
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	45,753,968	43,515,009	2,238,958

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or INDIANA MICHIGAN POWER COMPANY's general ledger. The functional amounts identified as transmission revenue also come from the general ledger.

Note 2 The total of line 4 and line 5 will equal total Account 456 as listed on FF1 p.300.21-22.(b)

9 Facility Credits under PJM OATT Section 30.9

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AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Line</u> <u>Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2017</u> <u>Expense</u>	<u>100%</u> <u>Non-Transmission</u>	<u>100%</u> <u>Transmission</u> <u>Specific</u>	<u>Explanation</u>
<b><u>Regulatory O&amp;M Deferrals &amp; Amortizations</u></b>						
1	5660000	Misc Transmission Expense	-			
2						
3						
4		<b>Total</b>	<b>0</b>			
<b><u>Detail of Account 561 Per FERC Form 1</u></b>						
5						
6	FF1 p 321.85.b 561.1 -	Load Dispatch - Reliability	5,055			
7	FF1 p 321.86.b 561.2 -	Load Dispatch - Monitor & Operate Trans System	444,496			
8	FF1 p 321.87.b 561.3 -	Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b 561.4 -	Scheduling, System Control & Dispatch	4,522,359			
10	FF1 p 321.89.b 561.5 -	Reliability, Planning and Standards Development	119,595			
11	FF1 p 321.90.b 561.6 -	Transmission Service Studies	9			
12	FF1 p 321.91.b 561.7 -	Generation Interconnection Studies	0			
13	FF1 p 321.92.b 561.8 -	Reliability, Planning and Standards Development Ser	1,414,671			
14		<b>Total of Account 561</b>	<b>6,506,185</b>			
<b><u>Account 928</u></b>						
15	9280000	Regulatory Commission Exp	2,894	2,894	-	
16	9280001	Regulatory Commission Exp-Adm	10,872,498	10,872,498	-	
17	9280002	Regulatory Commission Exp-Case	2,834,378	2,834,378	-	
18	9280005	Reg Com Exp-FERC	53,289	-	53,289	
19						
20		<b>Total (FERC Form 1 p.323.189.b)</b>	<b>13,763,059</b>	<b>13,709,770</b>	<b>53,289</b>	
<b><u>Account 930.1</u></b>						
21	9301000	General Advertising Expenses	306,926	306,926	-	
22	9301001	Newspaper Advertising Space	10,934	10,934	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	5,344	5,344	-	
25	9301006	Spec Corporate Comm Info Proj	353	353	-	
26	9301007	Special Adv Space & Prod Exp	-	-	-	
27	9301008	Direct Mail and Handouts	-	-	-	
28	9301009	Fairs, Shows, and Exhibits	-	-	-	
29	9301010	Publicity	2,988	2,988	-	
30	9301011	Dedications, Tours, & Openings	2	2	-	
31	9301012	Public Opinion Surveys	112,123	112,123	-	
32	9301013	Movies Slide Films & Speeches	-	-	-	
33	9301014	Video Communications	-	-	-	
34	9301015	Other Corporate Comm Exp	41,597	41,597	-	
35						
36						
37		<b>Total (FERC Form 1 p.323.191.b)</b>	<b>480,267</b>	<b>480,267</b>	<b>-</b>	
<b><u>Account 930.2</u></b>						
38	9302000	Misc General Expenses	3,566,402	3,566,402	-	
39	9302003	Corporate & Fiscal Expenses	43,175	43,175	-	
1	9302004	Research, Develop&Demonstr Exp	401	401	-	
2	9302005	Nucl Fac Ins - Replce Engy Cst	-	-	-	
40	9302006	Assoc Business Development Materials Sold	158,859	158,859	-	
41	9302007	Assoc Business Development Exp	736,361	608,505	127,856	
42	9302458	AEPSC nonaffiliated expense	-	-	-	
43		<b>Total (FERC Form 1 p.323.192.b)</b>	<b>4,505,198</b>	<b>4,377,342</b>	<b>127,856</b>	

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet G Supporting - Development of Composite State Income Tax Rate  
INDIANA MICHIGAN POWER COMPANY

Indian Corporate Income Tax Rate	6.13%	
Apportionment Factor - Note 1	74.47%	
Effective State Tax Rate		4.56%
Michigan Single Business Tax Rate	6.00%	
Apportionment Factor - Note 1	15.46%	
Effective State Tax Rate		0.93%
West Virginia Corporation Income Tax Rate	6.50%	
Apportionment Factor - Note 1	2.21%	
Effective State Tax Rate		0.14%
Kentucky Corporation Income Tax Rate	6.00%	
Apportionment Factor - Note 1	0.96%	
Effective State Tax Rate		0.06%
Missouri Corporation Income Tax Rate	6.25%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	9.50%	
Apportionment Factor - Note 1	1.18%	
Effective State Tax Rate		0.11%
Total Effective State Income Tax Rate		5.80%

Note 1 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H Supporting Taxes Other than Income  
INDIANA MICHIGAN POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b><u>Revenue Taxes</u></b>					
2	Gross Receipts Tax	17,353,149				17,353,149
3	<b><u>Real Estate and Personal Property Taxes</u></b>					
4	Real and Personal Property - West Virginia	38,901,226	38,901,226			
5	Real and Personal Property - Virginia	18,152,310	18,152,310			
6	Real and Personal Property - Other	6,554	6,554			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	<b><u>Payroll Taxes</u></b>					
9	Federal Insurance Contribution (FICA )	11,468,629		11,468,629		
10	Federal Unemployment Tax	66,563		66,563		
11	State Unemployment Insurance	332,440		332,440		
12	<b><u>Production Taxes</u></b>					
13	State Severance Taxes	-				-
14	<b><u>Miscellaneous Taxes</u></b>					
15	List Individual Taxes Here	-				-
16		2,318,492			2,318,492	
17		15,338			15,338	
18		463			463	
19		-			-	
20		49,228				49,228
21		12,387				12,387
22		-				-
23						
24	Total Taxes by Allocable Basis	88,676,779	57,060,090	11,867,632	2,334,293	17,414,764

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1.

Functional Property Tax Allocation

	Production	Transmsission	Distribution	General	Total
25 Functionalized Net Plant (TCOS, Lns 41 thru 46)	2,505,173,236	955,032,898	1,387,378,493	101,371,779	4,948,956,406
<b>MICHIGAN JURISDICTION</b>					
26 Percentage of Plant in MICHIGAN JURISDICTION	78.97%	15.94%	19.17%	17.99%	
27 Net Plant in MICHIGAN JURISDICTION (Ln 25 * Ln 26)	1,978,335,305	152,232,244	265,960,457	18,236,783	2,414,764,789
28 Less: Net Value of Exempted Generation Plant	179,150,025				
29 Taxable Property Basis (Ln 27 - Ln 28)	1,799,185,280	152,232,244	265,960,457	18,236,783	2,235,614,764
30 Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
31 Weighted Net Plant (Ln 29 * Ln 30)	1,799,185,280	152,232,244	265,960,457	18,236,783	
32 General Plant Allocator (Ln 31 / (Total - General Plant))	81.14%	6.87%	11.99%	-100.00%	
33 Functionalized General Plant (Ln 32 * General Plant)	14,797,365	1,252,031	2,187,387	(18,236,783)	-
34 Weighted MICHIGAN JURISDICTION Plant (Ln 31 + 33)	1,813,982,645	153,484,275	268,147,844	0	2,235,614,764
35 Functional Percentage (Ln 34/Total Ln 34)	81.14%	6.87%	11.99%		
<b>INDIANA JURISDICTION</b>					
36 Percentage of Plant in INDIANA JURISDICTION	21.03%	84.06%	80.83%	81.96%	
37 Net Plant in INDIANA JURISDICTION (Ln 25 * Ln 36)	526,837,932	802,800,654	1,121,418,035	83,084,310	2,534,140,932
38 Less: Net Value of Exempted Generation Plant	135,326,880				
39 Taxable Property Basis (Ln 37 - Ln 38)	391,511,052	802,800,654	1,121,418,035	83,084,310	2,398,814,052
40 Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
41 Weighted Net Plant (Ln 39 * Ln 40)	391,511,052	802,800,654	1,121,418,035	83,084,310	
42 General Plant Allocator (Ln 41 / (Total - General Plant))	16.91%	34.67%	48.43%	-100.00%	
43 Functionalized General Plant (Ln 42 * General Plant)	14,046,728	28,803,076	40,234,507	(83,084,310)	-
44 Weighted INDIANA JURISDICTION Plant (Ln 41 + 43)	405,557,780	831,603,730	1,161,652,542	0	2,398,814,052
45 Functional Percentage (Ln 44/Total Ln 44)	16.91%	34.67%	48.43%		
<b>OTHER JURISDICTION</b>					
46 Net Plant in OTHER JURISDICTION (Ln 25 - Ln 27 - Ln 37)	-	-	-	50,686	50,686
47 Less: Net Value Exempted Generation Plant					
48 Taxable Property Basis	-	-	-	50,686	50,686
49 Relative Valuation Factor					
50 Weighted Net Plant (Ln 48 * Ln 49)	-	-	-	-	
51 General Plant Allocator (Ln 50 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
52 Functionalized General Plant (Ln 52 * General Plant)	-	-	-	-	
53 Weighted OTHER JURISDICTION Plant (Ln 50 + 52)	-	-	-	-	-
54 Functional Percentage (Ln 53/Total Ln 53)	#DIV/0!	#DIV/0!	#DIV/0!		

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H  
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference

1	Revenue Taxes			
2	Gross Receipts Tax	17,353,149		
			(49,083)	P.263 ln 16 (i)
			18,501,000	P.263 ln 17 (i)
			(44,875)	P.263.2 ln 31 (i)
			50,591	P.263.2 ln 32 (i)
			(1,104,484)	P.263.2 ln 33 (i)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Real Estate and Personal Propety Tax Detail Annual Tax Expenses by Type (Note 1)	Tax Year	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference	Tax Year Factor (Note 2)	Transmission Function (Note 2)

3	Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)		57,060,090				9,198,886
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4	Real and Personal Property - Michigan		38,901,226				2,900,131
		2012		142,470	P.263.1 ln 19 (i)	11.52%	16,417
		2013		145,874	P.263.1 ln 20 (i)	10.78%	15,725
		2014		(276,251)	P.263.1 ln 21 (i)	10.27%	(28,360)
		2015		(52,424)	P.263.1 ln 22 (i)	8.24%	(4,318)
		2016		38,711,743	P.263.1 ln 23 (i)	7.45%	2,883,753
		2015		(15,637)	P.263.1 ln 26 (i)	8.24%	(1,288)
		2016		54,922	P.263.1 ln 27 (i)	7.45%	4,091
		2015		(10,471)	P.263.1 ln 30 (i)	8.24%	(862)
		2016		201,000	P.263.1 ln 31 (i)	7.45%	14,973

5	Real and Personal Property - Indiana		18,152,310				6,297,526
		2015		(60,504)	P.263 ln 26 (i)	35.42%	(21,428)
		2016		238,133	P.263 ln 27 (i)	36.38%	86,637
		2017		17,333,699	P.263 ln 28 (i)	34.67%	6,009,123
		2016		57,332	P.263 ln 30 (i)	36.38%	20,858
		2017		583,650	P.263 ln 31 (i)	34.67%	202,336

							-
							-
							-
							-

6	Real and Personal Property - Other Jurisdictions		6,554				1,228
		2015		3,308	P.263.2 ln 16 (i)	18.40%	609
		2016		3,246	P.263.2 ln 17 (i)	19.09%	620
				-			-
				-			-

			-				-
7	Real and Personal Property - Other Jurisdictions						-
							-
							-

	(A)	(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference

8	Payroll Taxes			
9	Federal Insurance Contribution (FICA )	11,468,629		
			11,468,629	P.263 ln 5 (i)
10	Federal Unemployment Tax	66,563		
			66,563	P.263 ln 6 (i)
11	State Unemployment Insurance	332,440		
			53,901	P.263 ln 15 (i)
			286,577	P.263.1 ln 10 (i)
			(8,108)	P.263.2 ln 25 (i)
			70	P.263.2 ln 34 (i)
			-	

12	Production Taxes	-		
13	State Severance Taxes			

14	Miscellaneous Taxes			
15	State Business & Occupation Tax	-		


16	State Public Service Commission Fees	2,318,492		
			727,418	P.263 ln 23 (i)
			871,649	P.263 ln 24 (i)
			466,732	P.263.1 ln 11 (i)
			252,693	P.263.1 ln 12 (i)

17	State Franchise Taxes	15,338		
			2,584	P.263.2 ln 7(i)
			12,654	P.263.2 ln 8(i)
			100	P.263.3 ln 34(i)


18	State Lic/Registration Fee	463		
			300	P.263.1 ln 35 (i)
			50	P.263.3 ln 31 (i)
			113	P.263.3 ln 32(i)


19	Misc. State and Local Tax	-		

20	Sales & Use	49,228		
			9,899	P.263.1 ln 13 (i)
			95,407	P.263.1 ln 14 (i)
			(56,078)	P.263.1 ln 15 (i)

21	Federal Excise Tax	12,387		
			11,961	P.263 ln 8 (i)
			426	P.263.3 ln 16 (i)

22	Michigan Single Business Tax	-		

23	Total Taxes by Allocable Basis	88,676,779	88,676,779	
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(Total Company Amount Ties to FFI p.114, Ln 14,(c))

Note 1: The taxes assessed on each operating company can differ from year to year and between operating companies by both the type of taxes and the states in which they were assessed. Therefore, for each company, the types and jurisdictions of tax expense recorded on this page could differ from the same page in the same company's prior year template or from this page in other operating companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14.(c) of the Ferc Form 1.

Note 2: The transmission functional amounts for any Real Estate and Property taxes listed on pages 263 of the FERC Form 1 will be allocated using the transmission functional allocator calculated for each state in Worksheet H of the applicable year that the taxes were assessed. Real and Personal Property - Other Jurisdictions will be allocated using the Gross Plant Allocator from the applicable year.

**AEP East Companies**  
**Cost of Service Formula Rate Using 2017 FF1 Balances**  
**Worksheet I RESERVED FOR FUTURE USE**  
**INDIANA MICHIGAN POWER COMPANY**

AEP East Companies  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
INDIANA MICHIGAN POWER COMPANY

I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified for Regional Billing.

A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects

ROE w/o incentives (TCOS, ln 156)			11.49%
Project ROE Incentive Adder			0
ROE with additional 0 basis point incentive			11.49%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 154 through156)			
	%	Cost	Weighted cost
Long Term Debt	49.21%	4.85%	2.385%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.79%	11.49%	5.835%
		R =	8.221%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2017	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J	\$ 6,594,270	\$ 6,594,270	\$ -	-
Actual after True-up	\$ 6,345,501	\$ 6,345,501	\$ -	-
True-up of ARR For 2017	(248,769)	(248,769)		-

B. Determine Return using 'R' with hypothetical 0 basis point ROE increase for Identified Projects.

Rate Base (TCOS, ln 68)	702,899,958
R (from A. above)	8.221%
Return (Rate Base x R)	57,783,000

C. Determine Income Taxes using Return with hypothetical 0 basis point ROE increase for Identified Projects.

Return (from B. above)	57,783,000
Effective Tax Rate (TCOS, ln 114)	44.95%
Income Tax Calculation (Return x CIT)	25,970,658
ITC Adjustment	(1,415,875)
Excess Deferred Income Tax	(81,555)
Tax Affect of Permanent Differences	3,307,273
Income Taxes	27,780,501

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

A. Determine Annual Revenue Requirement less return and Income Taxes.

Annual Revenue Requirement (TCOS, ln 1)	140,896,973
Lease Payments (TCOS, ln 95)	-
Return (TCOS, ln 126)	57,783,000
Income Taxes (TCOS, ln 125)	27,780,501
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	55,333,472

B. Determine Annual Revenue Requirement with hypothetical 0 basis point increase in ROE.

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	55,333,472
Return (from I.B. above)	57,783,000
Income Taxes (from I.C. above)	27,780,501
Annual Revenue Requirement, with 0 Basis Point ROE increase	140,896,973
Depreciation (TCOS, ln 100)	24,691,517
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	116,205,456

C. Determine FCR with hypothetical 0 basis point ROE increase.

Net Transmission Plant (TCOS, ln 42)	903,557,606
Annual Revenue Requirement, with 0 Basis Point ROE increase	140,896,973
FCR with 0 Basis Point increase in ROE	15.59%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	116,205,456
FCR with 0 Basis Point ROE increase, less Depreciation	12.86%
FCR less Depreciation (TCOS, ln 10)	12.86%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2017 (TCOS, ln 21)	1,429,476,850
Annual Depreciation and Amortization Expense (TCOS, ln 100)	24,691,517
Composite Depreciation Rate	1.73%
Depreciable Life for Composite Depreciation Rate	57.89
Round to nearest whole year	58

**IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.**

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

**RTEP ID: b0839 (Replace existing 450 MVA transformer at Twin Branch 345 / 138 kV with a 675 MVA transformer)**

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:  
INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR  
TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE  
LIFE OF THE PROJECT.

[illegible]

Project Totals

8,327,151

39,920,025

39,920,025

10

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.



**IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.**

### A. Base Plan Facilities

**Facilities receiving incentives accepted by FERC in Docket No.**   (e.g. ER05-925-000)

**Project Description:** RTEP ID: b1465.2 (Replace the 100 MVAR 765 kV shunt reactor bank on Rockport - Jefferson 765 kV line with a 300 MVAR bank at Rockport Station)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	77,494	77,494	-
Prior Yr True-Up	80,268	80,268	-
True-Up Adjustment	2,774	2,774	-

Details							
Investment	585,981	Current Year				2017	
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	6	FCR w/o incentives, less depreciation				12.86%	
Useful life	58	FCR w/incentives approved for these facilities, less dep.				12.86%	
CIAC (Yes or No)	No	Annual Depreciation Expense				10,103	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2013	585,981	5051.560345	580,929	583,455	80,089	80,089	\$ -
2014	580,929	10,103	570,826	575,878	84,166	84,166	\$ -
2015	570,826	10,103	560,723	565,775	82,867	82,867	\$ -
2016	560,723	10,103	550,620	555,672	81,567	81,567	\$ -
2017	550,620	10,103	540,517	545,569	80,268	80,268	\$ -
2018	540,517	10,103	530,414	535,465	78,969	78,969	\$ -
2019	530,414	10,103	520,311	525,362	77,669	77,669	\$ -
2020	520,311	10,103	510,208	515,259	76,370	76,370	\$ -
2021	510,208	10,103	500,104	505,156	75,071	75,071	\$ -
2022	500,104	10,103	490,001	495,053	73,771	73,771	\$ -
2023	490,001	10,103	479,898	484,950	72,472	72,472	\$ -
2024	479,898	10,103	469,795	474,847	71,173	71,173	\$ -
2025	469,795	10,103	459,692	464,744	69,873	69,873	\$ -
2026	459,692	10,103	449,589	454,640	68,574	68,574	\$ -
2027	449,589	10,103	439,486	444,537	67,275	67,275	\$ -
2028	439,486	10,103	429,383	434,434	65,975	65,975	\$ -
2029	429,383	10,103	419,280	424,331	64,676	64,676	\$ -
2030	419,280	10,103	409,176	414,228	63,376	63,376	\$ -
2031	409,176	10,103	399,073	404,125	62,077	62,077	\$ -
2032	399,073	10,103	388,970	394,022	60,778	60,778	\$ -
2033	388,970	10,103	378,867	383,919	59,478	59,478	\$ -
2034	378,867	10,103	368,764	373,815	58,179	58,179	\$ -
2035	368,764	10,103	358,661	363,712	56,880	56,880	\$ -
2036	358,661	10,103	348,558	353,609	55,580	55,580	\$ -
2037	348,558	10,103	338,455	343,506	54,281	54,281	\$ -
2038	338,455	10,103	328,351	333,403	52,982	52,982	\$ -
2039	328,351	10,103	318,248	323,300	51,682	51,682	\$ -
2040	318,248	10,103	308,145	313,197	50,383	50,383	\$ -
2041	308,145	10,103	298,042	303,094	49,084	49,084	\$ -
2042	298,042	10,103	287,939	292,991	47,784	47,784	\$ -
2043	287,939	10,103	277,836	282,887	46,485	46,485	\$ -
2044	277,836	10,103	267,733	272,784	45,186	45,186	\$ -
2045	267,733	10,103	257,630	262,681	43,886	43,886	\$ -
2046	257,630	10,103	247,526	252,578	42,587	42,587	\$ -
2047	247,526	10,103	237,423	242,475	41,288	41,288	\$ -
2048	237,423	10,103	227,320	232,372	39,988	39,988	\$ -
2049	227,320	10,103	217,217	222,269	38,689	38,689	\$ -
2050	217,217	10,103	207,114	212,166	37,389	37,389	\$ -
2051	207,114	10,103	197,011	202,062	36,090	36,090	\$ -
2052	197,011	10,103	186,908	191,959	34,791	34,791	\$ -
2053	186,908	10,103	176,805	181,856	33,491	33,491	\$ -
2054	176,805	10,103	166,701	171,753	32,192	32,192	\$ -
2055	166,701	10,103	156,598	161,650	30,893	30,893	\$ -
2056	156,598	10,103	146,495	151,547	29,593	29,593	\$ -
2057	146,495	10,103	136,392	141,444	28,294	28,294	\$ -
2058	136,392	10,103	126,289	131,341	26,995	26,995	\$ -
2059	126,289	10,103	116,186	121,237	25,695	25,695	\$ -
2060	116,186	10,103	106,083	111,134	24,396	24,396	\$ -
2061	106,083	10,103	95,980	101,031	23,097	23,097	\$ -
2062	95,980	10,103	85,877	90,928	21,797	21,797	\$ -
2063	85,877	10,103	75,773	80,825	20,498	20,498	\$ -
2064	75,773	10,103	65,670	70,722	19,199	19,199	\$ -
2065	65,670	10,103	55,567	60,619	17,899	17,899	\$ -
2066	55,567	10,103	45,464	50,516	16,600	16,600	\$ -
2067	45,464	10,103	35,361	40,412	15,301	15,301	\$ -
2068	35,361	10,103	25,258	30,309	14,001	14,001	\$ -
2069	25,258	10,103	15,155	20,206	12,702	12,702	\$ -
2070	15,155	10,103	5,052	10,103	11,402	11,402	\$ -
2071	5,052	5,052	-	2,526	5,376	5,376	\$ -
2072	-	-	-	-	-	-	\$ -
Project Totals	585,981	585,981	2,809,169	2,809,169	2,809,169	2,809,169	

[illegible]

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

### This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000)

Project Description: RTEP ID: b1465.3 (Transpose the Rockport - Sullivan 765 kV line and the Rockport - Jefferson 765 kV line)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	3,162,406	3,162,406	-
Prior Yr True-Up	2,999,583	2,999,583	-
True-Up Adjustment	(162,823)	(162,823)	-

Details			
Investment	21,957,102	Current Year	2017
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	4	FCR w/o incentives, less depreciation	12.86%
Useful life	58	FCR w/incentives approved for these facilities, less dep.	12.86%
CIAAC (Yes or No)	No	Annual Depreciation Expense	378,571

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:  
CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:  
INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR  
TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE  
LIFE OF THE PROJECT.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	21,957,102	252,380	21,704,722	21,830,912	3,060,028	3,060,028	\$ -	\$ 1,301,059	\$ 1,758,969	\$ 1,301,059	\$ 1,758,969	\$ -
2014	21,704,722	378,571	21,326,151	21,515,436	3,145,645	3,145,645	\$ -	\$ 3,243,481	\$ (97,836)	\$ 3,243,481	\$ (97,836)	\$ -
2015	21,326,151	378,571	20,947,580	21,136,865	3,096,958	3,096,958	\$ -	\$ 3,604,460	\$ (507,502)	\$ 3,604,460	\$ (507,502)	\$ -
2016	20,947,580	378,571	20,569,009	20,758,295	3,048,270	3,048,270	\$ -	\$ 3,506,792	\$ (458,522)	\$ 3,506,792	\$ (458,522)	\$ -
2017	20,569,009	378,571	20,190,439	20,379,724	2,999,583	2,999,583	\$ -	\$ 3,162,406	\$ (162,823)	\$ 3,162,406	\$ (162,823)	\$ -
2018	20,190,439	378,571	19,811,868	20,001,153	2,950,895	2,950,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	19,811,868	378,571	19,433,297	19,622,583	2,902,207	2,902,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	19,433,297	378,571	19,054,726	19,244,012	2,853,520	2,853,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	19,054,726	378,571	18,676,156	18,865,441	2,804,832	2,804,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	18,676,156	378,571	18,297,585	18,486,870	2,756,145	2,756,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	18,297,585	378,571	17,919,014	18,108,300	2,707,457	2,707,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	17,919,014	378,571	17,540,444	17,729,729	2,658,770	2,658,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	17,540,444	378,571	17,161,873	17,351,158	2,610,082	2,610,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	17,161,873	378,571	16,783,302	16,972,587	2,561,395	2,561,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	16,783,302	378,571	16,404,731	16,594,017	2,512,707	2,512,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	16,404,731	378,571	16,026,161	16,215,446	2,464,020	2,464,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	16,026,161	378,571	15,647,590	15,836,875	2,415,332	2,415,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	15,647,590	378,571	15,269,019	15,458,305	2,366,645	2,366,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	15,269,019	378,571	14,890,448	15,079,734	2,317,957	2,317,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	14,890,448	378,571	14,511,878	14,701,163	2,269,270	2,269,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	14,511,878	378,571	14,133,307	14,322,592	2,220,582	2,220,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	14,133,307	378,571	13,754,736	13,944,022	2,171,895	2,171,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	13,754,736	378,571	13,376,166	13,565,451	2,123,207	2,123,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	13,376,166	378,571	12,997,595	13,186,880	2,074,520	2,074,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	12,997,595	378,571	12,619,024	12,808,310	2,025,832	2,025,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	12,619,024	378,571	12,240,453	12,429,739	1,977,144	1,977,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	12,240,453	378,571	11,861,883	12,051,168	1,928,457	1,928,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	11,861,883	378,571	11,483,312	11,672,597	1,879,769	1,879,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	11,483,312	378,571	11,104,741	11,294,027	1,831,082	1,831,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	11,104,741	378,571	10,726,171	10,915,456	1,782,394	1,782,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	10,726,171	378,571	10,347,600	10,536,885	1,733,707	1,733,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	10,347,600	378,571	9,969,029	10,158,314	1,685,019	1,685,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	9,969,029	378,571	9,590,458	9,779,744	1,636,332	1,636,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	9,590,458	378,571	9,211,888	9,401,173	1,587,644	1,587,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	9,211,888	378,571	8,833,317	9,022,602	1,538,957	1,538,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	8,833,317	378,571	8,454,746	8,644,032	1,490,269	1,490,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	8,454,746	378,571	8,076,175	8,265,461	1,441,582	1,441,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	8,076,175	378,571	7,697,605	7,886,890	1,392,894	1,392,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	7,697,605	378,571	7,319,034	7,508,319	1,344,207	1,344,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	7,319,034	378,571	6,940,463	7,129,749	1,295,519	1,295,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	6,940,463	378,571	6,561,893	6,751,178	1,246,832	1,246,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	6,561,893	378,571	6,183,322	6,372,607	1,198,144	1,198,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	6,183,322	378,571	5,804,751	5,994,036	1,149,457	1,149,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	5,804,751	378,571	5,426,180	5,615,466	1,100,769	1,100,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	5,426,180	378,571	5,047,610	5,236,895	1,052,081	1,052,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	5,047,610	378,571	4,669,039	4,858,324	1,003,394	1,003,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	4,669,039	378,571	4,290,468	4,479,754	954,706	954,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	4,290,468	378,571	3,911,897	4,101,183	906,019	906,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	3,911,897	378,571	3,533,327	3,722,612	857,331	857,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	3,533,327	378,571	3,154,756	3,344,041	808,644	808,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	3,154,756	378,571	2,776,185	2,965,471	759,956	759,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	2,776,185	378,571	2,397,615	2,586,900	711,269	711,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	2,397,615	378,571	2,019,044	2,208,329	662,581	662,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	2,019,044	378,571	1,640,473	1,829,759	613,894	613,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	1,640,473	378,571	1,261,902	1,451,188	565,206	565,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	1,261,902	378,571	883,332	1,072,617	516,519	516,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	883,332	378,571	504,761	694,046	467,831	467,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	504,761	378,571	126,190	315,476	419,144	419,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	126,190	126,190	-	63,095	134,305	134,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2072	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		21,957,102			104,790,812	104,790,812	-					

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.



**IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.**

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

**RTEP ID: b1659.14 (Fort Wayne - Marion: Relocate 138 kV line due to new 765 kV build into Sorenson)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	7,946	7,946	-
Prior Yr True-Up	152,746	152,746	-
True-Up Adjustment	144,800	144,800	-

Details			
Investment	1,063,448	Current Year	2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	12.86%
Useful life	58	FCR w/incentives approved for these facilities, less dep.	12.86%
CIAC (Yes or No)	No	Annual Depreciation Expense	18,333

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEARS:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:  
 INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR  
 TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE  
 LIFE OF THE PROJECT.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2016	9,163,448	9,168	1,054,280	1,058,864	145,347	145,347	\$ -	\$ 226,163	\$ (80,816)	\$ 226,163	\$ (80,816)	\$ -
2017	1,054,280	18,335	1,035,945	1,045,113	152,746	152,746	\$ -	\$ 7,946	\$ 144,800	\$ 7,946	\$ 144,800	\$ -
2018	1,035,945	18,335	1,017,610	1,026,777	150,388	150,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	1,017,610	18,335	999,274	1,008,442	148,030	148,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	999,274	18,335	980,939	990,107	145,672	145,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	980,939	18,335	962,604	971,771	143,314	143,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	962,604	18,335	944,268	953,436	140,956	140,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	944,268	18,335	925,933	935,101	138,598	138,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	925,933	18,335	907,598	916,766	136,239	136,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	907,598	18,335	889,263	898,430	133,881	133,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	889,263	18,335	870,927	880,095	131,523	131,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	870,927	18,335	852,592	861,760	129,165	129,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	852,592	18,335	834,257	843,424	126,807	126,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	834,257	18,335	815,921	825,089	124,449	124,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	815,921	18,335	797,586	806,754	122,091	122,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	797,586	18,335	779,251	788,418	119,733	119,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	779,251	18,335	760,915	770,083	117,375	117,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	760,915	18,335	742,580	751,748	115,017	115,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	742,580	18,335	724,245	733,412	112,659	112,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	724,245	18,335	705,909	715,077	110,301	110,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	705,909	18,335	687,574	696,742	107,942	107,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	687,574	18,335	669,239	678,406	105,584	105,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	669,239	18,335	650,904	660,071	103,226	103,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	650,904	18,335	632,568	641,736	100,868	100,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	632,568	18,335	614,233	623,401	98,510	98,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	614,233	18,335	595,898	605,065	96,152	96,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	595,898	18,335	577,562	586,730	93,794	93,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	577,562	18,335	559,227	568,395	91,436	91,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	559,227	18,335	540,892	550,059	89,078	89,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	540,892	18,335	522,556	531,724	86,720	86,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	522,556	18,335	504,221	513,389	84,362	84,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	504,221	18,335	485,886	495,053	82,004	82,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	485,886	18,335	467,550	476,718	79,645	79,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	467,550	18,335	449,215	458,383	77,287	77,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	449,215	18,335	430,880	440,047	74,929	74,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	430,880	18,335	412,544	421,712	72,571	72,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	412,544	18,335	394,209	403,377	70,213	70,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	394,209	18,335	375,874	385,042	67,855	67,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	375,874	18,335	357,539	366,706	65,497	65,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	357,539	18,335	339,203	348,371	63,139	63,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	339,203	18,335	320,868	330,036	60,781	60,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	320,868	18,335	302,533	311,700	58,423	58,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	302,533	18,335	284,197	293,365	56,065	56,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	284,197	18,335	265,862	275,030	53,707	53,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	265,862	18,335	247,527	256,694	51,348	51,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	247,527	18,335	229,191	238,359	48,990	48,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	229,191	18,335	210,856	220,024	46,632	46,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	210,856	18,335	192,521	201,688	44,274	44,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	192,521	18,335	174,185	183,353	41,916	41,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	174,185	18,335	155,850	165,018	39,558	39,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	155,850	18,335	137,515	146,682	37,200	37,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	137,515	18,335	119,180	128,347	34,842	34,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	119,180	18,335	100,844	110,012	32,484	32,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	100,844	18,335	82,509	91,677	30,126	30,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	82,509	18,335	64,174	73,341	27,768	27,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	64,174	18,335	45,838	55,006	25,410	25,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2072	45,838	18,335	27,503	36,671	23,051	23,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2073	27,503	18,335	9,168	18,335	20,693	20,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2074	9,168	9,168	-	4,584	9,757	9,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2075	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals	1,063,448	1,063,448	5,098,127	5,098,127	-	-	-	-	-	-	-	-

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

### A. Base Plan Facilities

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	119,121	119,121	-
Prior Yr True-Up	112,962	112,962	-
True-Up Adjustment	(6,159)	(6,159)	-

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:  
INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR  
TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE  
LIFE OF THE PROJECT.

[illegible]

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.



### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:  
INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR  
TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE  
LIFE OF THE PROJECT.

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

RTE ID: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

[illegible]

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.

**IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.**

### A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.	(e.g. ER05-925-000)

**Project Description:** RTEP ID: b1465.4 (Make switching improvements at Sullivan and Jefferson 765 kV stations)

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	92,121	92,121	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	(92,121)	(92,121)	-

Details							
Investment	-	Current Year					2017
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	12	FCR w/o incentives, less depreciation					12.86%
Useful life	58	FCR w/incentives approved for these facilities, less dep.					12.86%
CIAC (Yes or No)	No	Annual Depreciation Expense					-
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2015	-	-	-	-	-	-	\$ -
2016	-	-	-	-	-	-	\$ -
2017	-	-	-	-	-	-	\$ -
2018	-	-	-	-	-	-	\$ -
2019	-	-	-	-	-	-	\$ -
2020	-	-	-	-	-	-	\$ -
2021	-	-	-	-	-	-	\$ -
2022	-	-	-	-	-	-	\$ -
2023	-	-	-	-	-	-	\$ -
2024	-	-	-	-	-	-	\$ -
2025	-	-	-	-	-	-	\$ -
2026	-	-	-	-	-	-	\$ -
2027	-	-	-	-	-	-	\$ -
2028	-	-	-	-	-	-	\$ -
2029	-	-	-	-	-	-	\$ -
2030	-	-	-	-	-	-	\$ -
2031	-	-	-	-	-	-	\$ -
2032	-	-	-	-	-	-	\$ -
2033	-	-	-	-	-	-	\$ -
2034	-	-	-	-	-	-	\$ -
2035	-	-	-	-	-	-	\$ -
2036	-	-	-	-	-	-	\$ -
2037	-	-	-	-	-	-	\$ -
2038	-	-	-	-	-	-	\$ -
2039	-	-	-	-	-	-	\$ -
2040	-	-	-	-	-	-	\$ -
2041	-	-	-	-	-	-	\$ -
2042	-	-	-	-	-	-	\$ -
2043	-	-	-	-	-	-	\$ -
2044	-	-	-	-	-	-	\$ -
2045	-	-	-	-	-	-	\$ -
2046	-	-	-	-	-	-	\$ -
2047	-	-	-	-	-	-	\$ -
2048	-	-	-	-	-	-	\$ -
2049	-	-	-	-	-	-	\$ -
2050	-	-	-	-	-	-	\$ -
2051	-	-	-	-	-	-	\$ -
2052	-	-	-	-	-	-	\$ -
2053	-	-	-	-	-	-	\$ -
2054	-	-	-	-	-	-	\$ -
2055	-	-	-	-	-	-	\$ -
2056	-	-	-	-	-	-	\$ -
2057	-	-	-	-	-	-	\$ -
2058	-	-	-	-	-	-	\$ -
2059	-	-	-	-	-	-	\$ -
2060	-	-	-	-	-	-	\$ -
2061	-	-	-	-	-	-	\$ -
2062	-	-	-	-	-	-	\$ -
2063	-	-	-	-	-	-	\$ -
2064	-	-	-	-	-	-	\$ -
2065	-	-	-	-	-	-	\$ -
2066	-	-	-	-	-	-	\$ -
2067	-	-	-	-	-	-	\$ -
2068	-	-	-	-	-	-	\$ -
2069	-	-	-	-	-	-	\$ -
2070	-	-	-	-	-	-	\$ -
2071	-	-	-	-	-	-	\$ -
2072	-	-	-	-	-	-	\$ -
2073	-	-	-	-	-	-	\$ -
2074	-	-	-	-	-	-	\$ -

[illegible]

\*\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

### This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.



**IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.**

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

### Project Description:

**RTEP ID: b1465.5 (Make switching improvements at Sullivan and Jefferson 765 kV stations)**

2017	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	90,997	90,997	-
True-Up Adjustment	90,997	90,997	-

Details							
Investment	633,540	Current Year				2017	
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	6	FCR w/o incentives, less depreciation				12.86%	
Useful life	58	FCR w/incentives approved for these facilities, less dep.				12.86%	
CIAC (Yes or No)	No	Annual Depreciation Expense				10,923	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2016	633,540	5,462	628,078	630,809	86,589	86,589	\$ -
2017	628,078	10,923	617,155	622,617	90,997	90,997	\$ -
2018	617,155	10,923	606,232	611,694	89,592	89,592	\$ -
2019	606,232	10,923	595,309	600,771	88,187	88,187	\$ -
2020	595,309	10,923	584,386	589,848	86,783	86,783	\$ -
2021	584,386	10,923	573,463	578,924	85,378	85,378	\$ -
2022	573,463	10,923	562,540	568,001	83,973	83,973	\$ -
2023	562,540	10,923	551,617	557,078	82,568	82,568	\$ -
2024	551,617	10,923	540,694	546,155	81,163	81,163	\$ -
2025	540,694	10,923	529,771	535,232	79,759	79,759	\$ -
2026	529,771	10,923	518,847	524,309	78,354	78,354	\$ -
2027	518,847	10,923	507,924	513,386	76,949	76,949	\$ -
2028	507,924	10,923	497,001	502,463	75,544	75,544	\$ -
2029	497,001	10,923	486,078	491,540	74,139	74,139	\$ -
2030	486,078	10,923	475,155	480,617	72,735	72,735	\$ -
2031	475,155	10,923	464,232	469,693	71,330	71,330	\$ -
2032	464,232	10,923	453,309	458,770	69,925	69,925	\$ -
2033	453,309	10,923	442,386	447,847	68,520	68,520	\$ -
2034	442,386	10,923	431,463	436,924	67,115	67,115	\$ -
2035	431,463	10,923	420,539	426,001	65,711	65,711	\$ -
2036	420,539	10,923	409,616	415,078	64,306	64,306	\$ -
2037	409,616	10,923	398,693	404,155	62,901	62,901	\$ -
2038	398,693	10,923	387,770	393,232	61,496	61,496	\$ -
2039	387,770	10,923	376,847	382,309	60,091	60,091	\$ -
2040	376,847	10,923	365,924	371,386	58,687	58,687	\$ -
2041	365,924	10,923	355,001	360,462	57,282	57,282	\$ -
2042	355,001	10,923	344,078	349,539	55,877	55,877	\$ -
2043	344,078	10,923	333,155	338,616	54,472	54,472	\$ -
2044	333,155	10,923	322,232	327,693	53,067	53,067	\$ -
2045	322,232	10,923	311,308	316,770	51,663	51,663	\$ -
2046	311,308	10,923	300,385	305,847	50,258	50,258	\$ -
2047	300,385	10,923	289,462	294,924	48,853	48,853	\$ -
2048	289,462	10,923	278,539	284,001	47,448	47,448	\$ -
2049	278,539	10,923	267,616	273,078	46,043	46,043	\$ -
2050	267,616	10,923	256,693	262,154	44,638	44,638	\$ -
2051	256,693	10,923	245,770	251,231	43,234	43,234	\$ -
2052	245,770	10,923	234,847	240,308	41,829	41,829	\$ -
2053	234,847	10,923	223,924	229,385	40,424	40,424	\$ -
2054	223,924	10,923	213,001	218,462	39,019	39,019	\$ -
2055	213,001	10,923	202,077	207,539	37,614	37,614	\$ -
2056	202,077	10,923	191,154	196,616	36,210	36,210	\$ -
2057	191,154	10,923	180,231	185,693	34,805	34,805	\$ -
2058	180,231	10,923	169,308	174,770	33,400	33,400	\$ -
2059	169,308	10,923	158,385	163,847	31,995	31,995	\$ -
2060	158,385	10,923	147,462	152,923	30,590	30,590	\$ -
2061	147,462	10,923	136,539	142,000	29,186	29,186	\$ -
2062	136,539	10,923	125,616	131,077	27,781	27,781	\$ -
2063	125,616	10,923	114,693	120,154	26,376	26,376	\$ -
2064	114,693	10,923	103,769	109,231	24,971	24,971	\$ -
2065	103,769	10,923	92,846	98,308	23,566	23,566	\$ -
2066	92,846	10,923	81,923	87,385	22,162	22,162	\$ -
2067	81,923	10,923	71,000	76,462	20,757	20,757	\$ -
2068	71,000	10,923	60,077	65,539	19,352	19,352	\$ -
2069	60,077	10,923	49,154	54,616	17,947	17,947	\$ -
2070	49,154	10,923	38,231	43,692	16,542	16,542	\$ -
2071	38,231	10,923	27,308	32,769	15,138	15,138	\$ -
2072	27,308	10,923	16,385	21,846	13,733	13,733	\$ -
2073	16,385	10,923	5,462	10,923	12,328	12,328	\$ -
2074	5,462	5,462	-	2,731	5,813	5,813	\$ -
2075	-	-	-	-	-	-	\$ -
Project Totals	633,540	633,540		3,037,165	3,037,165	3,037,165	

[illegible]

\*\* This is the total amount that needs to be reported to PJM for billing to all regions.

## This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for PJM should be incremented by the amount of the incentive revenue calculated for that year on this project.



AEP East Companies  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet L Reserved for Future Use  
INDIANA MICHIGAN POWER COMPANY

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital  
INDIANA MICHIGAN POWER COMPANY

		Average Balance of Common Equity				
Line No	Month (a)	Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1)	Less AOCI (Acct 219.1) (e)	Average Balance of Common Equity (f)=(b)-( c)-(d)-( e)
				(d)		
(Note A)		(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	2,151,747,058	-	(6,674,314)	(16,256,513)	2,174,677,885
2	January					
3	February					
4	March					
5	April					
6	May					
7	June					
8	July					
9	August					
10	September					
11	October					
12	November					
13	December of Rate Year	2,217,622,969	-	(6,289,416)	(12,123,365)	2,236,035,750
14	Average of the Beginning and End Year Balances	2,184,685,014	-	(6,481,865)	(14,189,939)	2,205,356,818

		Average Balance of Long Term Debt					
Line No	Month (a)	Acct 221 Bonds (b)	Less: Acct 222 Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	Gross Proceeds Outstanding Long-Term Debt (g)=(b)-( c)+(d)+( e)-(f)
(Note A)		(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year	-	40,000,000	-	2,007,898,146	-	1,967,898,146
16	January						
17	February						
18	March						
19	April						
20	May						
21	June						
22	July						
23	August						
24	September						
25	October						
26	November						
27	December of Rate Year	-	-	-	2,306,411,596	-	2,306,411,596
28	Average of the Beginning and End Year Balances	-	20,000,000	-	2,157,154,871	-	2,137,154,871

NOTE 1: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257 Column H of the FF1)

**Development of Cost of Long Term Debt Based on Average Outstanding Balance**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	<b>Annual Interest Expense for 2017</b>						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			100,206,743			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 50 below.			2,028,229			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			2,028,229			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			2,129,649			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			1,252,844			
35	Less: Amort of Premium on Debt - Acct 429 (117.65.c)			-			
36	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)			1,712			
37	<b>Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)</b>			103,587,524			
38	<b>Average Cost of Debt for 2017 (Ln 37/ Ln 28 (g))</b>			4.85%			

**CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES**

39 NOTE: The net amount of hedging gains or losses recorded in account 427 to be recovered in this formula rate should be limited to the effective portion of pre-issuance cash flow hedges that are amortized over the life of the underlying debt issuances. The recovery of a net loss or passback of a net gain will be limited to five basis points of the total Capital Structure. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this formula and are to be recorded in the "Excludable" column below.

**Amortization Period**

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)		Total Hedge (Gain)/Loss for 2017	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
40	Senior Unsecured Notes - Series G	-		-	-	December-05	November-15
41	Senior Unsecured Notes - Series H	421,740		421,740	8,065,784	November-16	February-37
42	Senior Unsecured Notes - Series J	1,606,489		1,606,489	8,367,132	March-13	March-23
43				-			
44				-			
45				-			
46				-			
47				-			
48				-			
49					16,432,916		
50	Total Hedge Amortization	2,028,229	-				
51	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			2,028,229			
52	Total Average Capital Structure Balance for 2017 (TCOS, Ln 157)			4,342,511,689			
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54	Limit of Recoverable Amount			2,171,256			
55	<b>Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)</b>			2,028,229			

**Development of Cost of Preferred Stock**

Preferred Stock	Average		
56 0% Series - - Dividend Rate (p. 250-251)			
57 0% Series - - Par Value (p. 250-251)			
58 0% Series - - Shares O/S (p.250-251)			
59 0% Series - - Monetary Value (Ln 57 * Ln 58)	-	-	-
60 0% Series - - Dividend Amount (Ln 56 * Ln 59)	-	-	-
61 0% Series - - Dividend Rate (p. 250-251)			

62 0% Series - - Par Value (p. 250-251)			
63 0% Series - - Shares O/S (p.250-251)			
64 0% Series - - Monetary Value (Ln 62 * Ln 63)	-	-	-
65 0% Series - - Dividend Amount (Ln 61 * Ln 64)	-	-	-
66 0% Series - - Dividend Rate (p. 250-251)			
67 0% Series - - Par Value (p. 250-251)			
68 0% Series - - Shares O/S (p.250-251)			
69 0% Series - - Monetary Value (Ln 67 * Ln 68)	-	-	-
70 0% Series - - Dividend Amount (Ln 66 * Ln 69)	-	-	-
71 Balance of Preferred Stock (Lns 59, 64, 69)	-	-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c ) & (d)
72 Dividends on Preferred Stock (Lns 60, 65, 70)	-	-	-
73 Average Cost of Preferred Stock (Ln 72/71)	0.00%	0.00%	0.00%

AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use  
INDIANA MICHIGAN POWER COMPANY

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectiely. Sales will be funtionalized based on the description of that asset. Sales of transmission assets will be direct assigned; sales of general assets will be functionalized on labor. Sales of plant held for future use related to generation or distribution will not be included in the formula.

Line	(A) Date	(B) Property Description	(C) Function (T) or (G) T = Transmission G = General	(D) Basis	(E) Proceeds	(F) (Gain) / Loss	(G) Functional Allocator	(H) Functionalized Proceeds (Gain) / Loss	(I) FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2017		-		-	



AEP East Companies  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service  
INDIANA MICHIGAN POWER COMPANY

1 Total AEP East Operating Company PBOP Settlement Amount (127,041,505)

Allocation of PBOP Settlement Amount for 2017

		Total Company Amount						
Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2017	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
2	APCo	(10,786,934)	35.95%	(45,673,479)	8.501%	(917,029)	(3,882,836)	2,965,807
3	I&M	(8,341,369)	27.80%	(35,318,595)	3.875%	(323,253)	(1,368,701)	1,045,448
4	KPCo	(2,497,070)	8.32%	(10,572,965)	7.390%	(184,544)	(781,386)	596,842
5	KNGP	(238,736)	0.80%	(1,010,844)	10.505%	(25,079)	(106,188)	81,109
6	OPCo	(7,704,846)	25.68%	(32,623,461)	11.590%	(892,964)	(3,780,944)	2,887,979
7	WPCo	(435,072)	1.45%	(1,842,161)	2.529%	(11,002)	(46,585)	35,583
8	Sum of Lines 2 to 7	(30,004,027)		(127,041,505)		(2,353,871)	(9,966,640)	7,612,769

Detail of Actual PBOP Expenses to be Removed in Cost of Service

	APCo	I&M	KPCo	KNGSPT	OPCo	WPCo	AEP East Total
9 Direct Charged PBOP Expense per Actuarial Report	(10,200,682)	(7,960,375)	(2,383,555)	(210,469)	(6,946,810)	(266,258)	(27,968,149)
10 Additional PBOP Ledger Entries (from Company Records)	222,743	181,345	119,014	(2,018)	(67,394)	(141,891)	
11 Medicare Subsidy	-	-	-	-	-	-	-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(9,977,939)	(7,779,030)	(2,264,541)	(212,487)	(7,014,204)	(408,149)	(27,656,349)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(808,995)	(562,339)	(232,529)	(26,249)	(690,642)	(26,923)	(2,347,678)
14 Company PBOP Expense (Ln 12 + Ln 13)	(10,786,934)	(8,341,369)	(2,497,070)	(238,736)	(7,704,846)	(435,072)	(30,004,027)

For the rate year 2017 and adjusted every four years thereafter, using the annual actuarial report produced for that year, filed as part of the informational filing, Worksheet O will be used to adjust PBOP costs for the next four years (i.e. 2017, 2018, 2019, 2020). If the annual actuarial report projects PBOP costs during the next four years, taken together with the then current cumulative PBOP cost/allowance position, will, absent a change in the PBOP allowance, cause the AEP Companies to over or under collect their cumulative PBOP costs by more than 20% of the projected next four year's total cost, the PBOP allowance shall be adjusted. Worksheet O will be used in the process of updating the PBOP allowance determining (a) the level of cumulative over or under collections during the period since the PBOP allowance was last set, including carrying costs based on the weighted average cost of capital ("WACC") each year from the actual formula rate; (b) the cumulative net present value of projected PBOP costs during the next four years, as estimated by the then current actuarial report, assuming a discount rate equal to the actual formula rate weighted average cost of capital for the prior calendar year; and (c) the cumulative net present value of continued collections over the next four years based on the then effective PBOP allowance, assuming a discount rate equal to the prior year WACC. If the absolute value of (a)+(b)-(c) exceeds 20% of (b), then the PBOP allowance used in the formula rate calculation shall be changed to the value that will cause the projected result (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years will be less than 20% of (b), then the PBOP allowacance will continue in effect for the next four years at the then effective rate. If it is determined through this procedure AEP Companies will over-recover or under-recover actual PBOP expenses by more than 20% over the subsequent four-year period, AEP shall make a filing under FPA Section 205 to change the PBOP expense stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.



AEP EAST COMPANIES  
Worksheet - P CALCULATION OF  
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES  
FOR TRANSMISSION PLANT PROPERTY ACCOUNT  
EFFECTIVE AS OF July 1, 2014  
FOR MULTIPLE JURISDICTION COMPANIES  
INDIANA MICHIGAN POWER COMPANY

	INDIANA				MICHIGAN			FERC WHOLESALE			COMPANY
	(1)				(2)				(3)		
	PLANT ACCT.	IURC RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	MPSC APPROVED RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
<b>TRANSMISSION PLANT</b>											
Land Improvements	350.1	1.2700%	0.646552	0.8211%	1.1700%	0.139381	0.1631%	1.1700%	0.214067	0.2505%	1.23%
Structures & Improvements	352.0	1.3200%	0.646552	0.8534%	1.2700%	0.139381	0.1770%	1.2700%	0.214067	0.2719%	1.30%
Station Equipment	353.0	1.6900%	0.646552	1.0927%	1.6500%	0.139381	0.2300%	1.6500%	0.214067	0.3532%	1.68%
Towers & Fixtures	354.0	1.6000%	0.646552	1.0345%	1.4400%	0.139381	0.2007%	1.4400%	0.214067	0.3083%	1.54%
Poles & Fixtures	355.0	2.4300%	0.646552	1.5711%	2.3900%	0.139381	0.3331%	2.3900%	0.214067	0.5116%	2.42%
Overhead Conductors	356.0	1.5300%	0.646552	0.9892%	1.4500%	0.139381	0.2021%	1.4500%	0.214067	0.3104%	1.50%
Underground Conduit	357.0	1.5600%	0.646552	1.0086%	1.3900%	0.139381	0.1937%	1.3900%	0.214067	0.2976%	1.50%
Underground Conductors	358.0	1.5500%	0.646552	1.0022%	1.4600%	0.139381	0.2035%	1.4600%	0.214067	0.3125%	1.52%
Trails & Roads	359.0	1.4900%	0.646552	0.9634%	1.4700%	0.139381	0.2049%	1.4700%	0.214067	0.3147%	1.48%

(1) As approved in Indiana Case No. 44075.  
(2) As approved in MICHIGAN Case No. U16801.  
(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.  
(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

**GENERAL NOTES:**  
The rates for each AEP company have been approved by their respective regulatory commissions.  
I&M falls under the authority of Indiana, Michigan and the FERC. Therefore, I&M's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.  
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.