

AEPTCo subsidiaries in PJM  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

For Twelve Months Ended 2017

AEP APPALACHIAN TRANSMISSION COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 141)				\$98,423
			Total		Allocator	
2	REVENUE CREDITS	(Worksheet E, ln 8) (Note A)	-	DA	1.00000	\$ -
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E, ln 9) (Note X)				0
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 98,423

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)	-	DA	1.00000	\$ -
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
7	Annual Rate	( (ln 1 - ln 104)/((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100) )				426.10%
8	Monthly Rate	(ln 7 / 12)				35.51%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)					
10	Annual Rate	( (ln 1 - ln 104 - ln 109)/((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100) )				424.22%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)					
12	Annual Rate	( (ln 1 - ln 104 - ln 109 - ln 110 - ln 136 - ln 137) /((ln 49 + ln 50 + ln 51 + ln 52 + ln 54) x 100) )				393.48%
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 86 Below				86
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					-
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					-
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)				86

AEPTCo subsidiaries in PJM  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

AEP APPALACHIAN TRANSMISSION COMPANY

(1)		(2)	(3)	(4)		(5)
<u>RATE BASE CALCULATION</u>		<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>		<u>Total</u> <u>Transmission</u>
Line No.						
	GROSS PLANT IN SERVICE					
19	Line Deliberately Left Blank					
20	Line Deliberately Left Blank					
21	Transmission	(Worksheet A In 3.E & Ln 145)	23,314	DA	1.00000	23,314
22	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 146)	-	TP	1.00000	-
23	Line Deliberately Left Blank		N/A	NA	0.00000	N/A
24	Line Deliberately Left Blank		N/A	NA	0.00000	N/A
25	Line Deliberately Left Blank		N/A			N/A
26	Line Deliberately Left Blank		N/A			N/A
27	General Plant	(Worksheet A In 7.E)	-	W/S	0.97233	-
28	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	0.97233	-
29	Intangible Plant	(Worksheet A In 9.E)	38,023	W/S	0.97233	36,971
30	TOTAL GROSS PLANT	(Sum of Lines: 21, 22 & 27 to 29)	61,337	GP(h)=	0.982849	60,285
				GTD=	1.00000	
	ACCUMULATED DEPRECIATION AND AMORTIZATION					
32	Line Deliberately Left Blank					
33	Line Deliberately Left Blank					
34	Transmission	(Worksheet A In 14.E & 28.E)	215	TP1=	1.00000	215
35	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	1.00000	-
36	Line Deliberately Left Blank		N/A			N/A
37	Line Deliberately Left Blank		N/A			N/A
38	Line Deliberately Left Blank		N/A			N/A
39	Line Deliberately Left Blank		N/A			N/A
40	Line Deliberately Left Blank		N/A			N/A
41	Line Deliberately Left Blank		N/A			N/A
42	Line Deliberately Left Blank		N/A			N/A
43	General Plant	(Worksheet A In 18.E)	-	W/S	0.97233	-
44	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	0.97233	-
45	Intangible Plant	(Worksheet A In 20.E)	5,174	W/S	0.97233	5,031
46	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 34, 35 & 43 to 45)	5,389			5,246
	NET PLANT IN SERVICE					
48	Line Deliberately Left Blank					
49	Transmission	(In 21 + In 22 - In 34 - In 35)	23,099			23,099
50	Line Deliberately Left Blank		N/A			N/A
51	Line Deliberately Left Blank		N/A			N/A
52	Line Deliberately Left Blank		N/A			N/A
53	Line Deliberately Left Blank		N/A			N/A
54	Line Deliberately Left Blank		N/A			N/A
55	Line Deliberately Left Blank					
56	General Plant	(In 27 + In 28 - In 43 - In 44)	-			-
57	Intangible Plant	(In 29 - In 45)	32,849			31,940
58	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 49 to 54 & 56, 57)	55,948	NP(h)=	0.983756	55,039
	DEFERRED TAX ADJUSTMENTS TO RATE BASE					
59	(Note D)					
60	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
61	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	30,743	DA		14,240
62	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	898	DA		898
63	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	2,957	DA		2,922
64	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
65	TOTAL ADJUSTMENTS	(sum Ins 60 to 64)	34,598			18,060
66	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
67	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
	WORKING CAPITAL					
68	(Note E)					
69	Cash Working Capital	(1/8 * In 89)	125			125
70	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	-	TP	1.00000	-
71	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S	0.97233	-
72	Stores Expense	(Worksheet C, In 4.(F))	-	GP(h)	0.98285	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.(G))	-	W/S	0.97233	-
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.(F))	-	GP(h)	0.98285	-
75	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.(E))	-	DA	1.00000	-
76	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.(D))	-	NA	0.00000	-
77	TOTAL WORKING CAPITAL	(sum Ins 69 to 76)	125			125
78	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	-	DA	1.00000	-
79	RATE BASE (sum Ins 58, 65, 66, 67, 77, 78)		90,671			73,224

AEPTCo subsidiaries in PJM  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

AEP APPALACHIAN TRANSMISSION COMPANY

	(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				
80	Line Deliberately Left Blank				
81	Line Deliberately Left Blank				
82	Customer Related Expense	322 & 323.164,171,178.b	-		
83	Regional Marketing Expenses	322.131.b	-		
84	Transmission	321.112.b	1,084		
85	TOTAL O&M EXPENSES	(sum Ins 82 to 84)	1,084		
86	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	86		
87	Less: Account 565	(Note H) 321.96.b	-		
88	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
89	Total O&M Allocable to Transmission	(Ins 84 - 86 - 87 - 88)	998	TP 1.00000	998
90	Administrative and General	323.197.b (Note J)	77,928		
91	Less: Acct. 924, Property Insurance	323.185.b	-		
92	Acct. 928, Reg. Com. Exp.	323.189.b	-		
93	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
94	Acct. 930.2, Misc. Gen. Exp.	323.192.b	5		
95	Balance of A & G	(In 90 - sum In 91 to In 94)	77,923	W/S 0.97233	75,767
96	Plus: Acct. 924, Property Insurance	(In 91)	-	GP(h) 0.98285	-
97	Acct. 928 - Transmission Specific	Worksheet F In 21.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 38.(E) (Note L)	-	TP 1.00000	-
99	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	-	DA 1.00000	-
100	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(289)	W/S 0.97233	(281)
101	A & G Subtotal	(sum Ins 95 to 100)	77,634		75,486
102	O & M EXPENSE SUBTOTAL	(In 89 + In 101)	78,632		76,484
103	Line Deliberately Left Blank			DA 1.00000	-
104	Plus: Transmission Lease Payments To Affiliates in	Acct 565 (Company Records) (Note H)	-	DA 1.00000	-
105	TOTAL O & M EXPENSE	(In 102 + In 104)	78,632		76,484
106	DEPRECIATION AND AMORTIZATION EXPENSE				
107	Line Deliberately Left Blank				
108	Line Deliberately Left Blank				
109	Transmission	336.7.f	434	TP1 1.00000	434
110	Line Deliberately Left Blank		-		-
111	Line Deliberately Left Blank		-		-
112	General	336.10.f	-	W/S 0.97233	-
113	Intangible	336.1.f	8,508	W/S 0.97233	8,273
114	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 109+112+113)	8,942		8,707
115	TAXES OTHER THAN INCOME	(Note N)			
116	Labor Related				
117	Payroll	Worksheet H In 23.(D)	-	W/S 0.97233	-
118	Plant Related				
119	Property	Worksheet H In 23.(C) & In 58.(C)	6,130	DA 1.00000	6,130
120	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
121	Other	Worksheet H In 23.(E)	-	GP(h) 0.98285	-
122	TOTAL OTHER TAXES	(sum Ins 117 to 121)	6,130		6,130
123	INCOME TAXES	(Note O)			
124	T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =		38.90%		
125	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		56.98%		
126	where WCLTD=(In 178) and WACC = (In 181)				
127	and FIT, SIT & p are as given in Note O.				
128	GRCF=1 / (1 - T) = (from In 124)		1.6367		
129	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
130	Excess Deferred Income Tax	(Note U)	-	NP(h) 0.98376	-
131	Tax Effect of Permanent Differences	(Note U)	-	NP(h) 0.98376	-
132	Income Tax Calculation	(In 125 * In 137)	3,192		2,578
133	ITC adjustment	(In 128 * In 129)	-	NP(h) 0.98376	-
134	Excess Deferred Income Tax	(In 128 * In 130)	-		-
135	Tax Affect of Permanent Differences	(In 128 * In 131)	-		-
136	TOTAL INCOME TAXES	(sum Ins 132 to 135)	3,192		2,578
137	RETURN ON RATE BASE (Rate Base*WACC)	(In 79 * In 181)	5,602		4,524
138	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
139	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
140	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 139 * In125)		-		-
141	TOTAL REVENUE REQUIREMENT		102,498		98,423
	(sum Ins 105, 114, 122, 136, 137, 138, 139, 140)				

## SUPPORTING CALCULATIONS

AEP OPERATING COMPANIES' COMPOSITE (Note S)									
168	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
169	Long Term Interest	(Worksheet Q, In. 132)						450,534,104	
170	Preferred Dividends	(Worksheet Q, In. 134)						-	
171	<u>Development of Common Stock:</u>								
172	Proprietary Capital	(Worksheet Q, In. 135)						8,345,838,049	
173	Less: Preferred Stock	(Worksheet Q, In. 136)						-	
174	Less: Account 216.1	(Worksheet Q, In. 137)						6,619,045	
175	Less: Account 219	(Worksheet Q, In. 138)						(13,587,599)	
176	Common Stock	(In 172 - In 173 - In 174 - In 175)						8,352,806,603	
177				%	\$		Cost	Weighted	
178	Long Term Debt (Worksheet Q, In 140)			50.83%	8,635,339,436		5.22%	0.0285	
179	Preferred Stock (Worksheet Q, In 141)			0.00%	-		0.00%	0.0000	
180	Common Stock (Worksheet Q, In 142)			49.17%	8,352,806,603		11.49%	0.0565	
181	Total (Worksheet Q, In 143)				16,988,146,038		WACC=	0.0830	



AEPTCo subsidiaries in PJM  
Transmission Cost of Service Formula Rate  
Utilizing Actual/Projected FERC Form 1 Data

AEP APPALACHIAN TRANSMISSION COMPANY

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 Transmission Companies have any directly assigned transmission facilities, the revenue credits in the 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 R 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 flow throughs 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 RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.  
In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(l)-(h)(6)(ii). Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the informational filing.  
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 89. It excludes:  
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 86.  
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 88  
4) All A&G Expenses, as shown on line 101.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 78 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 138.
- 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 89. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such costs are added back on line104 to determine the total O&M collected in the formula. The amounts on line104 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.  
The addbacks on line104 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 104 is the AEP APPALACHIAN TRANSMISSION 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- L Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. 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. Recoverable PBOP expense is based on a rate of \$(0.058) cents per dollar of direct labor. This rate may be adjusted up or down every four years based on a comparison of the Allowable TransCo PBOP Expense and the Actual PBOP Expense for a four year Historic and four year Projected period. If the over or under collection is greater than plus or minus 20% of the recoverable amount, an adjustment will be proposed in a Section 205 rate filing.
- N Includes only FICA, unemployment, highway, property and other assessments. 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 129) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.  
Inputs Required: FIT = 35.00%  
SIT= 6.00% (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 (Ln 156)/average long term debt (Ln 164). Preferred Stock cost rate = preferred dividends (Ln 160) /preferred outstanding (In 165). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER10-355. It includes an additional 50 basis points for PJM RTO membership. All Transmission Companies other than AEP Appalachian Transmission Company utilize their own capital structure and costs as shown on Worksheet M. The calculations on Worksheet M will use the projected or actual arithmetic average of the beginning of year and end of year balances of long-term debt, common and preferred equity and calendar year long term debt interest expenses, preferred dividends and approved ROE. The long term debt balances and long term debt cost rate shall not include any amounts related to hedging activity. As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on the weighted composite of the AEP East Operating Companies beginning and ending average capital structure including the beginning and ending average outstanding LTD and PS issuances with the common equity portion in Docket No. ER08-1329, and (2) the weighted composite LTD and PS cost using projected or actual calendar year LTD expense and PS dividends of the AEP East Operating Companies excluding all interest rate hedging costs and/or gains, until the Company establishes its own actual capital structure.
- T Tax effect of permanent differences captures the differences in the income taxes due under the Federal and State calculations that are not the result of timing differences. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- U 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.
- V The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- W AEP Transmission Companies will record depreciation expense using composites of the depreciation rates shown on Worksheet P which rates will not be changed absent a Section 205 or 206 filing at FERC to seek a change in depreciation rates. No other changes to the formula rate may be included in that filing.
- 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.

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Supporting Plant Balances  
AEP APPALACHIAN TRANSMISSION COMPANY

Line	(A)	(B)	(C)	(D)	(E)
Number	Rate Base Item & Supporting Balance	Source of Data	Balance @ December 31, 2017	Balance @ December 31, 2016	Average Balance for 2017
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
NOTE: The ratebase should not include the unamortized balance of hedging gains or losses.					
<u>Plant Investment Balances</u>					
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	46,595	32	23,314
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	43,939	32,107	38,023
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	90,534	32,139	61,337
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
<u>Accumulated Depreciation &amp; Amortization Balances</u>					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	430	-	215
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	9,428	920	5,174
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	9,858	920	5,389
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records - Note 1	-	-	-
24	GSU Accumulated Depreciation	Company Records - Note 1	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	430	-	215
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	430	-	215
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1	-	-	-
<u>Regulatory Assets and Liabilities Approved for Recovery In Ratebase</u>					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
31	Beginning Balance of Regulatory Asset		-	13,404	6,702
32	Amortization in Months		-	6	3
33	Monthly Amortization	(line 32 / line 33)	-	2,234	1,117
34	Months in to be amortized		-	6	3
35	Amortization Expense in 2017	(line 34 X line 35)	-	13,404	6,702
36	Months in 2017 to be amortized	(line 32 - line 36)	-	-	-
37	Amortization Expense in 2017	(line 32 + line 36)/2	-	-	-
38	Ending Balance of Regulatory Asset		-	-	-
39	Average Balance of Regulatory Asset		-	6,702	3,351
40	Unamortized Balance of Regulatory Asset at YE		-	-	-
41	Total Regulatory Deferrals Included in Ratebase		-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's property accounting ledger.

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet B Supporting ADIT and ITC Balances  
AEP APPALACHIAN TRANSMISSION COMPANY

Line Number	(A) Description	(B) Source	(C) Balance @ December 31, 2017	(D) Balance @ December 31, 2016	(E) Average Balance for 2017
1	<b><u>Account 281</u></b>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
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)	(61,489)	2	(30,743)
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	(33,006)	-	(16,503)
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	(28,483)	2	(14,240)
11	<b><u>Account 283</u></b>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	(898)	(898)	(898)
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	(898)	(898)	(898)
16	<b><u>Account 190</u></b>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	2,957	2,957	2,957
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	35	35	35
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	2,922	2,922	2,922
21	<b><u>Account 255</u></b>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax accounting ledger.  
Projected ending balances reflect proration required by IRS Letter Rule Section I.167(l)-l(h)(6)(ii).

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



AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet C Supporting Working Capital Rate Base Adjustments  
AEP APPALACHIAN TRANSMISSION COMPANY

Formula Rate  
WS C - Working Capital  
Page 8 of 28

(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, ln 8, Col. (c) & (b)	0	0	-			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary							
	Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	
5							
6	Totals as of December 31, 2017	0	0	0	0	0	0
7	Totals as of December 31, 2016	0	0	0	0	0	0
8	Average Balance	-	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2017							
	2017 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
9	Acc. No.	Description					
10	1650001	Prepaid Insurance	0	-	-	-	
11	1650021	Prepaid Insurance - EIS	0	-	-	-	
12	1650023	Prepaid Lease	0	-	-	-	
13	1650003	Prepaid Rents	0	-	-	-	
14	1650004	Prepaid Interest	0	-	-	-	
15	1650005	Prepaid Employee Benefits	0	-	-	-	
16	1650006	Other Prepayments	0	-	-	-	
17	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	
18	1650010	Prepaid Pension Benefits	0	-	-	-	
19	1650014	FAS 158 Qual Contra Asset	0	-	-	-	
20	1650016	FAS 112 ASSETS	0	-	-	-	
21	1650031	Prepaid OCIP Work Comp	0	-	-	-	
22	1650032	Prepaid OCIP Work Comp LT	0	-	-	-	
23	1650033	Prepaid OCIP Work Comp - Aff	0	-	-	-	
24	1650034	Prepaid OCIP Work Comp LT - Aff	0	-	-	-	
Subtotal - Form 1, p 111.57.c			0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/ 2016							
	2016 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
25	Acc. No.	Description					
26	1650001	Prepaid Insurance	0	-	-	-	
27	1650021	Prepaid Insurance - EIS	0	-	-	-	
28	1650023	Prepaid Lease	0	-	-	-	
29	1650003	Prepaid Rents	0	-	-	-	
30	1650004	Prepaid Interest	0	-	-	-	
31	1650005	Prepaid Employee Benefits	0	-	-	-	
32	1650006	Other Prepayments	0	-	-	-	
33	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	
34	1650010	Prepaid Pension Benefits	0	-	-	-	
33	1650014	FAS 158 Qual Contra Asset	0	-	-	-	
34	1650016	FAS 112 ASSETS	0	-	-	-	
35	1650031	Prepaid OCIP Work Comp	0	-	-	-	
36	1650032	Prepaid OCIP Work Comp LT	0	-	-	-	
37	1650033	Prepaid OCIP Work Comp - Aff	0	-	-	-	
38	1650034	Prepaid OCIP Work Comp LT - Aff	0	-	-	-	
Subtotal - Form 1, p 111.57.c			0	0	0	0	0



AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet D Supporting IPP Credits  
AEP APPALACHIAN TRANSMISSION 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, line 24.b)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2017 (2017 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column $((\text{Ln } 1 + \text{Ln } 7)/2)$	-

Note 1 On this worksheet Company Records refers to AEP  
APPALACHIAN TRANSMISSION COMPANY's general ledger.

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet E Supporting Revenue Credits  
AEP APPALACHIAN TRANSMISSION 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)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	-
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	93,164	93,164	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	93,164	93,164	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	93,164	93,164	-
9	Facility Credits under PJM OATT Section 30.9			-

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

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
AEP APPALACHIAN TRANSMISSION COMPANY

Formula Rate  
WS F Misc Exp  
Page 11 of 28

	(A)	(B)	(C)	(D)	(E)	(F)
Line			2017	100%	100%	
Number	Item No.	Description	Expense	Non-Transmission	Transmission Specific	Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	-			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	86			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	-			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	-			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	-			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	-			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	-			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	-			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	-			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	-			
14		Total of Account 561	86			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280003	Regulatory Commission Exp-Case	-	-	-	
19	9280004	Regulatory Commission Exp-Case	-	-	-	
20	9280005	Regulatory Commission Exp-Case	-	-	-	
21		Total	-	-	-	
Account 930.1						
22	9301000	General Advertising Expenses	-	-	-	
23	9301001	Newspaper Advertising Space	-	-	-	
24	9301002	Radio Station Advertising Time	-	-	-	
25	9301003	TV Station Advertising Time	-	-	-	
26	9301004	Newspaper Advertising Prod Exp	-	-	-	
27	9301005	Radio &TV Advertising Prod Exp	-	-	-	
28	9301006	Spec Corporate Comm Info Proj	-	-	-	
29	9301007	Special Adv Space & Prod Exp	-	-	-	
30	9301008	Direct Mail and Handouts	-	-	-	
31	9301009	Fairs, Shows, and Exhibits	-	-	-	
32	9301010	Publicity	-	-	-	
33	9301011	Dedications, Tours, & Openings	-	-	-	
34	9301012	Public Opinion Surveys	-	-	-	
35	9301013	Movies Slide Films & Speeches	-	-	-	
36	9301014	Video Communications	-	-	-	
37	9301015	Other Corporate Comm Exp	-	-	-	
38		Total	-	-	-	
Account 930.2						
39	9302000	Misc General Expenses	5	5	-	
40	9302003	Corporate & Fiscal Expenses	-	-	-	
41	9302004	Research, Develop&Demonstr Exp	-	-	-	
42	9302007	Assoc Business Development Exp	-	-	-	
43		Total	5	5	-	

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet G Supporting - Development of Composite State Income Tax Rate  
AEP APPALACHIAN TRANSMISSION COMPANY

1	Tennessee Excise Tax Rate	6.50%	
	Apportionment Factor - Note 1	0.00%	
	Effective State Tax Rate		0.00%
2	Virginia State Tax Rate	6.00%	
	Apportionment Factor - Note 1	100.00%	
	Effective State Tax Rate		6.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 1	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 1	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 1	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		6.00%

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



Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b>Revenue Taxes</b>					
2	Gross Receipts Tax	-				-
3	<b>Real Estate and Personal Property Taxes</b>					
4	Real and Personal Property - West Virginia	-	-			
5	Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	6,130	6,130			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	<i>Line Deliberately Left Blank</i>					
13	State Severance Taxes	-				-
14	<b>Miscellaneous Taxes</b>					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-				-
21	Federal Excise Tax	-				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis (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.	6,130	6,130	-	-	-

Functional Property Tax Allocation

	Column (B) Deliberately Left Blank	Transmission	Column (D) Deliberately Left Blank	General	Total
24	Functionalized Net Plant (TCOS, Lns 49 thru 58)	-	23,099	-	23,099
	<b>VIRGINIA JURISDICTION</b>				
25	Percentage of Plant in VIRGINIA JURISDICTION				
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	-	-	-
27	Less: Net Value of Exempted Generation Plant				
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-
29	Relative Valuation Factor				0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%	
35	Functionalized Expense in VIRGINIA JURISDICTION	-	-		-
	<b>WEST VA JURISDICTION</b>				
36	Percentage of Plant in WEST VA JURISDICTION				
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-	-	-	-
38	Less: Net Value of Exempted Generation Plant				
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-
40	Relative Valuation Factor				0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	100.00%	0.00%	
46	Functionalized Expense in WEST VA JURISDICTION	-	-		-
	<b>TENNESSEE JURISDICTION</b>				
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	23,099	-	23,099
48	Less: Net Value Exempted Generation Plant				
49	Taxable Property Basis	-	23,099	-	23,099
50	Relative Valuation Factor				
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-
52	General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-
54	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	-	-	-	-
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	100.00%	0.00%	
56	Functionalized Expense in TENNESSEE JURISDICTION	-	6,130	-	6,130
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-		-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	6,130	-	6,130

(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	<u>Revenue Taxes</u>			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	<u>Real Estate and Personal Property Taxes</u>			
4	Real and Personal Property - Michigan	-		P.263 ln 17 (i) P.263 ln 18 (i) P.263 ln 19 (i) P.263 ln 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property - Indiana	-		P.263 ln 20 (i) P.263 ln 21 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property	6,130	6,130	P.263.3 ln 3 (i) P.263.3 ln 4 (i)
7	Real and Personal Property - Other Jurisdictions	-		P.263.4 ln 12 (i)
8	<u>Payroll Taxes</u>			
9	Federal Insurance Contribution (FICA )	-		P.263 ln 6 (i)
10	Federal Unemployment Tax	-		P.263 ln 9 (i)
11	State Unemployment Insurance	-		P.263.1 ln 23 (i) P.263.2 ln 33 (i) P.263.3 ln 16 (i)
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes	-		
14	<u>Miscellaneous Taxes</u>			
15	State Business & Occupation Tax	-		P.263 ln 21 (i) P.263 ln 22 (i)
16	State Public Service Commission Fees	-		P.263 ln 26 (i) P.263 ln 27 (i) P.263.3 ln 20 (i)
17	State Franchise Taxes	-		P.263.1 ln 18 (i) P.263.1 ln 19 (i) P.263.1 ln 34 (i) P.263.2 ln 10 (i) P.263.2 ln 11 (i) P.263.2 ln 38 (i) P.263.2 ln 39 (i) P.263.3 ln 27 (i) P.263.3 ln 28 (i) P.263.4 ln 20 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee	-		P.263.1 ln 15 (i) P.263.2 ln 13 (i) P.263.3 ln 8 (i) P.263.4 ln 21 (i)
19	Misc. State and Local Tax	-		P.263 ln 6 (i) P.263 ln 7 (i)
20	Sales & Use	-		P.263 ln 30 (i) P.263 ln 31(i) P.263.2 ln 16 (i) P.263.2 ln 17 (i) P.263.3 ln 21 (i)
21	Federal Excise Tax	-		P.263 ln 13 (i) P.263 ln 14 (i)
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	6,130	6,130	

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission 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 transmission 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 of the Ferc Form 1.

**AEPTCo subsidiaries in PJM**  
**Cost of Service Formula Rate Using Actual/Projected FF1 Balances**  
**Worksheet I RESERVED**  
**AEP APPALACHIAN TRANSMISSION COMPANY**

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
**Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones**  
AEP APPALACHIAN TRANSMISSION COMPANY

Page 1 of 2

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 166)			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 164 through 166)			
	%	Cost	Weighted cost
Long Term Debt	51.88%	1.25%	0.648%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	48.12%	11.49%	5.529%
		R =	6.178%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2017	-	\$ -

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

Rate Base (TCOS, ln 79)	73,224
R (from A. above)	6.178%
Return (Rate Base x R)	4,524

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

Return (from B. above)	4,524
Effective Tax Rate (TCOS, ln 125)	56.98%
Income Tax Calculation (Return x CIT)	2,578
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	-
Income Taxes	2,578

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)	98,423
Lease Payments (TCOS, Ln 104)	-
Return (TCOS, ln 137)	4,524
Income Taxes (TCOS, ln 136)	2,578
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	91,321

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	91,321
Return (from I.B. above)	4,524
Income Taxes (from I.C. above)	2,578
Annual Revenue Requirement, with 0 Basis Point ROE increase	98,423
Depreciation & Amortization (TCOS, ln 109)	434
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	97,989

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

Net Transmission Plant (Projected TCOS, ln 49)	23,099
Annual Revenue Requirement, with 0 Basis Point ROE increase	98,423
FCR with 0 Basis Point increase in ROE	426.10%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	97,989
FCR with 0 Basis Point ROE increase, less Depreciation	424.22%
FCR less Depreciation (TCOS, ln 10)	424.22%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. **Calculation of Composite Depreciation Rate**

Transmission Plant @ Beginning of Rate Year (2017) (P.206, ln 58,(b)):	32
Transmission Plant @ End of Rate Year (2017) (P.207, ln 58,(g)):	46,595
Subtotal	46,627
Average Transmission Plant Balance for 2017	23,314
Annual Depreciation and Amortization Expense (TCOS, ln 109)	434
Composite Depreciation Rate	1.86%
Depreciable Life for Composite Depreciation Rate	53.72
Average Life in Whole Years	54

Note 1: Until AEP APPALACHIAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP APPALACHIAN TRANSMISSION COMPANY is shown on Worksheet P.



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:

Current Projected Year ARR

-

Current Projected Year ARR w/ Incentive

-

Current Projected Year Incentive ARR

-

Details							CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:				
Investment	-	Current Year					CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:				
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)					INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR				
Service Month (1-12)	-	FCR w/o incentives, less depreciation					TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE				
Useful life	54	FCR w/incentives approved for these facilities, less dep.					LIFE OF THE PROJECT.				
CIAC (Yes or No)	No	Annual Depreciation Expense					RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##					
0	-	-	-	-	-	\$ -	\$ -		\$ -		
1	-	-	-	-	-	\$ -	\$ -		\$ -		
2	-	-	-	-	-	\$ -	\$ -		\$ -		
3	-	-	-	-	-	\$ -	\$ -		\$ -		
4	-	-	-	-	-	\$ -	\$ -		\$ -		
5	-	-	-	-	-	\$ -	\$ -		\$ -		
6	-	-	-	-	-	\$ -	\$ -		\$ -		
7	-	-	-	-	-	\$ -	\$ -		\$ -		
8	-	-	-	-	-	\$ -	\$ -		\$ -		
9	-	-	-	-	-	\$ -	\$ -		\$ -		
10	-	-	-	-	-	\$ -	\$ -		\$ -		
11	-	-	-	-	-	\$ -	\$ -		\$ -		
12	-	-	-	-	-	\$ -	\$ -		\$ -		
13	-	-	-	-	-	\$ -	\$ -		\$ -		
14	-	-	-	-	-	\$ -	\$ -		\$ -		
15	-	-	-	-	-	\$ -	\$ -		\$ -		
16	-	-	-	-	-	\$ -	\$ -		\$ -		
17	-	-	-	-	-	\$ -	\$ -		\$ -		
18	-	-	-	-	-	\$ -	\$ -		\$ -		
19	-	-	-	-	-	\$ -	\$ -		\$ -		
20	-	-	-	-	-	\$ -	\$ -		\$ -		
21	-	-	-	-	-	\$ -	\$ -		\$ -		
22	-	-	-	-	-	\$ -	\$ -		\$ -		
23	-	-	-	-	-	\$ -	\$ -		\$ -		
24	-	-	-	-	-	\$ -	\$ -		\$ -		
25	-	-	-	-	-	\$ -	\$ -		\$ -		
26	-	-	-	-	-	\$ -	\$ -		\$ -		
27	-	-	-	-	-	\$ -	\$ -		\$ -		
28	-	-	-	-	-	\$ -	\$ -		\$ -		
29	-	-	-	-	-	\$ -	\$ -		\$ -		
30	-	-	-	-	-	\$ -	\$ -		\$ -		
31	-	-	-	-	-	\$ -	\$ -		\$ -		
32	-	-	-	-	-	\$ -	\$ -		\$ -		
33	-	-	-	-	-	\$ -	\$ -		\$ -		
34	-	-	-	-	-	\$ -	\$ -		\$ -		
35	-	-	-	-	-	\$ -	\$ -		\$ -		
36	-	-	-	-	-	\$ -	\$ -		\$ -		
37	-	-	-	-	-	\$ -	\$ -		\$ -		
38	-	-	-	-	-	\$ -	\$ -		\$ -		
39	-	-	-	-	-	\$ -	\$ -		\$ -		
40	-	-	-	-	-	\$ -	\$ -		\$ -		
41	-	-	-	-	-	\$ -	\$ -		\$ -		
42	-	-	-	-	-	\$ -	\$ -		\$ -		
43	-	-	-	-	-	\$ -	\$ -		\$ -		
44	-	-	-	-	-	\$ -	\$ -		\$ -		
45	-	-	-	-	-	\$ -	\$ -		\$ -		
46	-	-	-	-	-	\$ -	\$ -		\$ -		
47	-	-	-	-	-	\$ -	\$ -		\$ -		
48	-	-	-	-	-	\$ -	\$ -		\$ -		
49	-	-	-	-	-	\$ -	\$ -		\$ -		
50	-	-	-	-	-	\$ -	\$ -		\$ -		
51	-	-	-	-	-	\$ -	\$ -		\$ -		
52	-	-	-	-	-	\$ -	\$ -		\$ -		
53	-	-	-	-	-	\$ -	\$ -		\$ -		
54	-	-	-	-	-	\$ -	\$ -		\$ -		
55	-	-	-	-	-	\$ -	\$ -		\$ -		
56	-	-	-	-	-	\$ -	\$ -		\$ -		
57	-	-	-	-	-	\$ -	\$ -		\$ -		
58	-	-	-	-	-	\$ -	\$ -		\$ -		
59	-	-	-	-	-	\$ -	\$ -		\$ -		
Project Totals											

\*\* 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.

In order to calculate the proper monthly RTEP billing amount, PJM requires a 12 month revenue requirement for each RTEP project. As a result, notwithstanding the fact that the project was in service for a partial year, the project revenue requirement in the year that the project goes into service has been annualized (shown at the full-year level) so that PJM will collect the correct monthly billings.

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 166)			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 True-Up TCOS, lns 164 through 166)			
	%	Cost	Weighted cost
Long Term Debt	51.88%	1.25%	0.648%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	48.12%	11.49%	5.529%
		R =	6.178%

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

Rate Base (True-Up TCOS, ln 79)	73,224
R (fom A. above)	6.178%
Return (Rate Base x R)	4,524

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

Return (from B. above)	4,524
Effective Tax Rate (TCOS, ln 125)	56.98%
Income Tax Calculation (Return x CIT)	2,578
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	-
Income Taxes	2,578

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)	98,423
Lease Payments (TCOS, lns 104)	-
Return (TCOS, ln 137)	4,524
Income Taxes (TCOS, ln 136)	2,578
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	91,321

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

Annual Revenue Requirement, Less Lease Payments, Return and Tax	91,321
Return (from I.B. above)	4,524
Income Taxes (from I.C. above)	2,578
Annual Revenue Requirement, with 0 Basis Point ROE increase	98,423
Depreciation (TCOS, ln 109)	434
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	97,989

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

Net Transmission Plant (Projected TCOS, ln 49)	23,099
Annual Revenue Requirement, with 0 Basis Point ROE increase	98,423
FCR with 0 Basis Point increase in ROE	426.10%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	97,989
FCR with 0 Basis Point ROE increase, less Depreciation	424.22%
FCR less Depreciation (TCOS, ln 10)	424.22%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Rate Year (2016) (P.206, ln 58,(b)):	32
Transmission Plant @ End of Rate Year (2016) (P.207, ln 58,(g)):	46,595
Subtotal	46,627
Average Transmission Plant Balance for 2016	23,314
Annual Depreciation and Amortization Expense (TCOS, ln 109)	434
Composite Depreciation Rate	1.86%
Depreciable Life for Composite Depreciation Rate	53.72
Average Life in Whole Years	54

Note 1: Until AEP APPALACHIAN TRANSMISSION COMPANY establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER08-1329. The calculation for AEP APPALACHIAN TRANSMISSION COMPANY is shown on Worksheet P.

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEP PROJECTS				
		Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR	As Projected in Prior Year WS J	\$ -	\$ -	\$ -
	Actual after True-up	\$ -	\$ -	\$ -
	True-up of ARR For 2017	-	-	-

**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:**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details							
Investment	-	Current Year					2016
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	12	FCR w/o incentives, less depreciation					424.22%
Useful life	54	FCR w/incentives approved for these facilities, less dep.					424.22%
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 #
0	-	-	-	-	-	-	\$ -
1	-	-	-	-	-	-	\$ -
2	-	-	-	-	-	-	\$ -
3	-	-	-	-	-	-	\$ -
4	-	-	-	-	-	-	\$ -
5	-	-	-	-	-	-	\$ -
6	-	-	-	-	-	-	\$ -
7	-	-	-	-	-	-	\$ -
8	-	-	-	-	-	-	\$ -
9	-	-	-	-	-	-	\$ -
10	-	-	-	-	-	-	\$ -
11	-	-	-	-	-	-	\$ -
12	-	-	-	-	-	-	\$ -
13	-	-	-	-	-	-	\$ -
14	-	-	-	-	-	-	\$ -
15	-	-	-	-	-	-	\$ -
16	-	-	-	-	-	-	\$ -
17	-	-	-	-	-	-	\$ -
18	-	-	-	-	-	-	\$ -
19	-	-	-	-	-	-	\$ -
20	-	-	-	-	-	-	\$ -
21	-	-	-	-	-	-	\$ -
22	-	-	-	-	-	-	\$ -
23	-	-	-	-	-	-	\$ -
24	-	-	-	-	-	-	\$ -
25	-	-	-	-	-	-	\$ -
26	-	-	-	-	-	-	\$ -
27	-	-	-	-	-	-	\$ -
28	-	-	-	-	-	-	\$ -
29	-	-	-	-	-	-	\$ -
30	-	-	-	-	-	-	\$ -
31	-	-	-	-	-	-	\$ -
32	-	-	-	-	-	-	\$ -
33	-	-	-	-	-	-	\$ -
34	-	-	-	-	-	-	\$ -
35	-	-	-	-	-	-	\$ -
36	-	-	-	-	-	-	\$ -
37	-	-	-	-	-	-	\$ -
38	-	-	-	-	-	-	\$ -
39	-	-	-	-	-	-	\$ -
40	-	-	-	-	-	-	\$ -
41	-	-	-	-	-	-	\$ -
42	-	-	-	-	-	-	\$ -
43	-	-	-	-	-	-	\$ -
44	-	-	-	-	-	-	\$ -
45	-	-	-	-	-	-	\$ -
46	-	-	-	-	-	-	\$ -
47	-	-	-	-	-	-	\$ -
48	-	-	-	-	-	-	\$ -
49	-	-	-	-	-	-	\$ -
50	-	-	-	-	-	-	\$ -
51	-	-	-	-	-	-	\$ -
52	-	-	-	-	-	-	\$ -
53	-	-	-	-	-	-	\$ -
54	-	-	-	-	-	-	\$ -
55	-	-	-	-	-	-	\$ -
56	-	-	-	-	-	-	\$ -
57	-	-	-	-	-	-	\$ -
58	-	-	-	-	-	-	\$ -
59	-	-	-	-	-	-	\$ -

[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.

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet L RESERVED  
AEP APPALACHIAN TRANSMISSION COMPANY



AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
AEP APPALACHIAN TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital  
Based on Average of Balances At 12/31/2016 & 12/31/2017

(A)	(B)	(C )	(D)	(E)
Line		Balance @ December 12/31/2017	Balance @ December 12/31/2016	Average
<b><u>Development of Average Balance of Common Equity</u></b>				
1	Proprietary Capital (112.16.c&d)	6,480,682	(358,100)	3,061,291
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	-	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	<b>Average Balance of Common Equity</b>	6,480,682	(358,100)	<b>3,061,291</b>

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

6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)	-	-	-
9	Senior Unsecured Notes (112.21.c&d)	6,600,000	-	3,300,000
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	<b>Total Average Debt</b>	6,600,000	-	<b>3,300,000</b>

12 **NOTE: 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)**

**13 Annual Interest Expense for 2017**

14	Interest on Long Term Debt (256-257.33.i)		41,250	
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1			
15	included in Ln 14 and shown in Ln 32 below.		-	
16	Amort of Debt Discount & Expense (117.63.c)		-	
17	Amort of Loss on Reacquired Debt (117.64.c)		-	
18	Less: Amort of Premium on Debt (117.65.c)		-	
19	Less: Amort of Gain on Reacquired Debt (117.66.c)		-	
20	<b>Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)</b>		<b>41,250</b>	

21	<b>Average Cost of Debt for (Ln 20/Ln 11)</b>	<b>1.25%</b>
----	-----------------------------------------------	--------------

**CALCULATION OF HEDGE GAINS/LOSSES TO BE EXLCUED FROM TCOS**

22 AEP APPALACHIAN TRANSMISSION COMPANY may not include costs (or gains) related to interest hedging activities

		Amortization Period		
HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)		Amortization of (Gain)/Loss for	Remaining Unamortized Balance	
			Beginning	Ending
23				
24				
25				
26				
27				
28				
29				
30				
31				

32	<b>Net (Gain)/Loss Hedge Amortization To Be Removed</b>	-
----	---------------------------------------------------------	---

**Development of Cost of Preferred Stock**

Preferred Stock		Average
33 0% Series - Dividend Rate (p. 250-251. 7 & 10.a)		
34 0% Series - Par Value (p. 250-251. 8.c)		
35 0% Series - Shares O/S (p.250-251. 8 & 11.e)		
36 0% Series - Monetary Value (Ln 34 * Ln 35)	-	-
37 0% Series - Dividend Amount (Ln 33 * Ln 36)	-	-
38 0% Series - Dividend Rate (p. 250-251.a)		
39 0% Series - Par Value (p. 250-251.c)		
40 0% Series - Shares O/S (p.250-251. e)		
41 0% Series - Monetary Value (Ln 39 * Ln 40)	-	-
42 0% Series - 0 - Dividend Amount (Ln 38 * Ln 41)	-	-
43 0% Series - Dividend Rate (p. 250-251.a)		
44 0% Series - Par Value (p. 250-251.c)		
45 0% Series - Shares O/S (p.250-251.e)		
46 0% Series - Monetary Value (Ln 44 * Ln 45)	-	-
47 0% Series - Dividend Amount (Ln 43 * Ln 46)	-	-
48 <b>Balance of Preferred Stock (Lns 36, 41, 46)</b>	-	-
49 <b>Dividends on Preferred Stock (Lns 37, 42, 47)</b>	-	-
50 <b>Average Cost of Preferred Stock (Ln 49/48)</b>	0.00%	0.00%

- Year End Total Agrees to FF1 p.112, Ln 3, col (c ) & (d)

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use  
AEP APPALACHIAN TRANSMISSION COMPANY

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectiviely. 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		-		-	

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service  
**Worksheet O - PBOP Support**  
AEP APPALACHIAN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<b><u>Calculation of PBOP Expenses</u></b>	
2	<b><u>AEP System PBOP Rate</u></b>	
3	Total AEP System PBOP expenses	-\$92,333,868
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$92,333,868
6	Total AEP System Direct Labor Expense	\$1,314,167,144
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.070
8	Currently Approved PBOP Rate	-\$0.058
9	Base PBOP TransCo labor expensed in current year	27,598
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$1,601
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$1,312
15	Actual PBOP Expense (Sum Lines 11-14)	-\$1,312
16	PBOP Adjustment Line 10 less Line 15	-\$289

Note: PBOP Expense will be calculated in accordance with the settlement in Docket ER10-355.

As part of the annual update process, AEP will provide to transmission customers and include in its informational filing an independently prepared actuarial report that includes a ten (10) year forecast of PBOP expenses. During the annual update process conducted for rate year 2018 and every four years thereafter, Worksheet O will be used to determine whether the PBOP allowance rate (\$PBOP per \$Direct O&M Labor) should be adjusted going forward for the next four years. If the annual actuarial report issued during the year of any PBOP rate review projects PBOP costs during the next four years that, when allocated to the AEP Transmission Companies based on their projected direct labor expenses over that same projected four-year period, absent a change in the PBOP Rate, will likely cause the AEP East Transmission Companies to over or under collect their cumulative PBOP expenses by more than 20% of the projected next four year's total PBOP expense, taking into account the net over or under collection of such expenses during the previous four years, the PBOP rate shall be adjusted. In order to determine whether continued use of the then approved PBOP rate is likely to result in the AEP Companies' incurrence of a cumulative allowance of PBOP costs under the formula rate will result in a cumulative over or under-recovery of actual PBOP expenses exceeding 20% over the subsequent four year period, Worksheet O will be used to determine (a) the level of cumulative over or under collections of PBOP expense during the time since the PBOP allowance rate was last set, including carrying costs based on the weighted average cost of capital each year from the formula rate actual transmission cost-of-service (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 transmission cost of service average cost of capital for the immediately prior calendar year and (c) the cumulative net present value of continued collections over the next four years based on the projected AEP Transmission Companies direct labor expenses and the then effective PBOP allowance rate assuming a discount rate equal to the prior year weighted average cost of capital. If the absolute value of (a)+(b)-(c) exceeds 20% of (b), then the PBOP allowance rate used in the formula rate calculation shall be changed to the value that will cause the projected result of (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years, (a)+(b)-(c), is less than 20% of (b), then the PBOP Rate 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 Rate stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.

AEPTCo subsidiaries in PJM  
Worksheet - P  
**DEPRECIATION RATES**  
FOR TRANSMISSION PLANT PROPERTY ACCOUNTS  
EFFECTIVE AS OF 07/1/2015

AEP APPALACHIAN TRANSMISSION COMPANY

	<b>PLANT ACCT.</b>	<b>RATES Note 1</b>
<b><i>TRANSMISSION PLANT</i></b>		
Land Rights	350.1	
Structures & Improvements	352.0	1.52%
Station Equipment	353.0	1.68%
Towers & Fixtures	354.0	1.54%
Poles & Fixtures	355.0	2.64%
Overhead Conductor	356.0	1.19%
Underground Conduit	357.0	1.45%
Underground Conductors	358.0	7.23%

**Note:** Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP APPALACHIAN TRANSMISSION COMPANY shall use the depreciation rates shown above by FERC Account until such time as the FERC approves new depreciation rates pursuant to a Section 205 or 206 filing to change rates.

<b><u>Composite Depreciation Rate</u></b>	<b><u>APCo</u></b>	<b><u>KgPCo</u></b>	<b><u>TOTAL</u></b>
T-Plant (FF1 206.58.g)	1,811,822,367	17,532,350	1,829,354,717
T-Plant (FF1 206.58.b)	1,752,450,105	17,421,868	1,769,871,973
Average (Ln 1+ Ln 2)/2	1,782,136,236	17,477,109	1,799,613,345
Depreciation (FF1 336.7.f)	29,597,240	438,315	30,035,555
Composite Depreciation (Ln 3 / Ln 4)			<b>1.67%</b>

**Note:** AEP APPALACHIAN TRANSMISSION COMPANY shall initially use the composite depreciation rate for APCo and KgPCo shown above to estimate depreciation expense for transmission projects in Worksheets J and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP APPALACHIAN TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP APPALACHIAN TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies' Capital Structure @ December 31, 2017  
Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
1 Bonds (112.18.c&d)	345,097,743	-	-	-	-	-	345,097,743
2 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	345,400,000	-	385,400,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	-	20,000,000	-	-	20,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,620,784,367	1,609,281,752	870,000,000	-	2,328,942,762	350,000,000	8,779,008,881
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 <b>Total Long Term Debt Balance</b>	3,965,882,110	1,569,281,752	870,000,000	20,000,000	1,983,542,762	350,000,000	8,758,706,624
7 NOTE: 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)							
<b><u>Development of Long Term Debt Interest Expense</u></b>							
8 Interest on Long Term Debt (256-257.33.i)	188,068,200	79,376,715	43,405,169	904,000	117,119,422	7,144,374	436,017,880
9 Amort of Debt Discount & Expense (117.63.c)	2,916,356	1,779,096	716,313	-	1,595,208	171,512	7,178,485
10 Amort of Loss on Reacquired Debt (117.64.c)	3,960,759	1,283,093	33,624	-	1,311,350	-	6,588,826
11 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
12 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	(422,541)	1,676,623	92,956	-	(2,097,663)	-	(750,625)
14 <b>LTD Interest Expense</b>	195,367,856	80,760,569	44,062,150	904,000	122,123,643	7,315,886	450,534,104
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
15 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
16 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
17 Shares Outstanding (p.250-251. 8.e)	-	-			-		
18 Monetary Value (Ln 16 * Ln 17)	-	-	-	-	-	-	-
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)		4.120%			4.20%		
21 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
22 Shares Outstanding (p.250-251. 8.e)		-			-		
23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	-
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)		4.560%			4.40%		
26 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
27 Shares Outstanding (p.250-251. 8.e)		-			-		
28 Monetary Value (Ln 26 * Ln 27)	-	-	-	-	-	-	-
29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a)					4.50%		
31 Par Value (p. 250-251. 8.c)					\$ 100.00		
32 Shares Outstanding (p.250-251. 8.e)					-		
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-
35 <b>Preferred Stock (Lns 18, 23, 28,33)</b>	-	-	-	-	-	-	-
36 <b>Preferred Dividends (Lns 19, 24, 29,34)</b>	-	-	-	-	-	-	-
<b><u>Development of Common Equity</u></b>							
37 Proprietary Capital (112.16.c)	3,475,050,089	2,036,408,552	663,073,876	29,626,191	1,986,574,950	406,461,375	8,597,195,033
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,758,641	31,416	-	-	4,915,704	-	6,705,761
40 Less: Account 219.1 (112.15.c)	(2,792,656)	(16,739,231)	(1,645,475)	-	4,229,596	61,921	(16,885,845)
41 <b>Balance of Common Equity</b>	3,476,084,104	2,053,116,367	664,719,351	29,626,191	1,977,429,650	406,399,454	8,607,375,117
<b><u>Calculation of Capital Shares</u></b>							
42 Long Term Debt (Ln 6 Above)	3,965,882,110	1,569,281,752	870,000,000	20,000,000	1,983,542,762	350,000,000	8,758,706,624
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,476,084,104	2,053,116,367	664,719,351	29,626,191	1,977,429,650	406,399,454	8,607,375,117
45 <b>Total Company Structure</b>	7,441,966,214	3,622,398,119	1,534,719,351	49,626,191	3,960,972,412	756,399,454	17,366,081,741
46 LTD Capital Shares (Ln 42 / Ln 45)	53.29%	43.32%	56.69%	40.30%	50.08%	46.27%	50.44%
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
48 Common Equity Capital Shares (Ln 44 / Ln 45)	46.71%	56.68%	43.31%	59.70%	49.92%	53.73%	49.56%
49 <b>Reserved</b>							
50 <b>Reserved</b>							
51 <b>Reserved</b>							
52 <b>Reserved</b>							
<b><u>Calculation of Capital Cost Rate</u></b>							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	4.93%	5.15%	5.06%	4.52%	6.16%	2.09%	5.14%
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
56 LTD Weighted Capital Cost Rate (Ln 46 * Ln 53)	2.63%	2.23%	2.87%	1.82%	3.08%	0.97%	2.59%
57 Preferred Stock Capital Cost Rate (Ln 47 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 48 * Ln 55)	5.37%	6.51%	4.98%	6.86%	5.74%	6.17%	5.69%
59 <b>Total Company Structure</b>	7.99%	8.74%	7.85%	8.68%	8.82%	7.14%	8.29%



AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies Capital Structure @ December 31, 2016  
Worksheet Q Page 2

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
60 Bonds (112.18.c&d)	367,622,368	-	-	-	-	-	367,622,368
61 Less: Reacquired Bonds (112.19.c&d)	-	40,000,000	-	-	345,400,000	-	385,400,000
62 LT Advances from Assoc. Companies (112.20.c&d)	86,000,000	-	-	20,000,000	-	25,000,000	131,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,534,821,976	1,628,907,909	820,000,000	-	2,415,019,994	-	8,398,749,879
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 <b>Total Long Term Debt Balance</b>	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
66 NOTE: 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. (p. 257, Column H of the FF1)							
<b><u>Development of Long Term Debt Interest Expense</u></b>							
67 Interest on Long Term Debt (256-257.33.i)	198,433,109	82,484,400	38,642,264	904,000	121,704,036	1,312,500	443,480,309
68 Amort of Debt Discount & Expense (117.63.c)	3,105,002	2,188,650	517,866	-	1,580,870	-	7,392,388
69 Amort of Loss on Reacquired Debt (117.64.c)	7,213,006	8,235,783	33,635	-	1,338,683	-	16,821,107
70 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
71 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
72 Less: Hedge Interest on pp 256-257(i)	1,240,531	806,279	92,956	-	(2,097,663)	-	42,103
73 <b>LTD Interest Expense</b>	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
74 Dividend Rate (p. 250-251. 7.a)	4.50%	4.125%			4.08%		
75 Par Value (p. 250-251. 8.c)	\$ 100.00	\$ 100.00			\$ 100.00		
76 Shares Outstanding (p.250-251. 8.e)	-	-			-		
77 Monetary Value (Ln 75 * Ln 76)	-	-	-	-	-	-	-
78 Dividend Amount (Ln 74 * Ln 77)	-	-	-	-	-	-	-
79 Dividend Rate (p. 250-251. 7.a)		4.120%			4.20%		
80 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
81 Shares Outstanding (p.250-251. 8.e)		-			-		
82 Monetary Value (Ln 80 * Ln 81)	-	-	-	-	-	-	-
83 Dividend Amount (Ln 79 * Ln 82)	-	-	-	-	-	-	-
84 Dividend Rate (p. 250-251. 7.a)		4.560%			4.40%		
85 Par Value (p. 250-251. 8.c)		\$ 100.00			\$ 100.00		
86 Shares Outstanding (p.250-251. 8.e)		-			-		
87 Monetary Value (Ln 85 * Ln 86)	-	-	-	-	-	-	-
88 Dividend Amount (Ln 84 * Ln 87)	-	-	-	-	-	-	-
89 Dividend Rate (p. 250-251. 7.a)					4.50%		
90 Par Value (p. 250-251. 8.c)					\$ 100.00		
91 Shares Outstanding (p.250-251. 8.e)					-		
92 Monetary Value (Ln 90 * Ln 91)	-	-	-	-	-	-	-
93 Dividend Amount (Ln 89 * Ln 92)	-	-	-	-	-	-	-
94 <b>Preferred Stock (Lns 77, 82, 87,92)</b>	-	-	-	-	-	-	-
95 <b>Preferred Dividends (Lns 78, 83, 88,93)</b>	-	-	-	-	-	-	-
<b><u>Development of Common Equity</u></b>							
96 Proprietary Capital (112.16.c)	3,366,927,928	1,953,950,018	663,642,997	31,277,290	1,980,209,844	98,472,987	8,094,481,064
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,649,787	(33,162)	-	-	4,915,704	-	6,532,329
99 Less: Account 219.1 (112.15.c)	5,031,962	(14,359,735)	(7,335,603)	-	5,601,842	772,181	(10,289,353)
100 <b>Balance of Common Equity</b>	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088
<b><u>Calculation of Capital Shares</u></b>							
101 Long Term Debt (Ln 65 Above)	3,988,444,344	1,588,907,909	820,000,000	20,000,000	2,069,619,994	25,000,000	8,511,972,247
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	3,360,246,179	1,968,342,915	670,978,600	31,277,290	1,969,692,298	97,700,806	8,098,238,088
104 <b>Total Company Structure</b>	7,348,690,523	3,557,250,824	1,490,978,600	51,277,290	4,039,312,292	122,700,806	16,610,210,335
105 LTD Capital Shares (Ln 101 / Ln 104)	54.27%	44.67%	55.00%	39.00%	51.24%	20.37%	51.25%
106 Preferred Stock Capital Shares (Ln 102 / Ln 104)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107 Common Equity Capital Shares (Ln 103 / Ln 104)	45.73%	55.33%	45.00%	61.00%	48.76%	79.63%	48.75%
108 <b>Reserved</b>							
109 <b>Reserved</b>							
110 <b>Reserved</b>							
111 <b>Reserved</b>							
<b><u>Calculation of Capital Cost Rate</u></b>							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.20%	5.80%	4.77%	4.52%	6.12%	5.25%	5.49%
113 Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
114 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
115 LTD Weighted Capital Cost Rate (Ln 105 * Ln 112)	2.82%	2.59%	2.62%	1.76%	3.14%	1.07%	2.82%
116 Preferred Stock Capital Cost Rate (Ln 106 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 107 * Ln 114)	5.25%	6.36%	5.17%	7.01%	5.60%	9.15%	5.60%
118 <b>Total Company Structure</b>	8.08%	8.95%	7.79%	8.77%	8.74%	10.22%	8.42%

AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies' Average Capital Structure  
Worksheet Q Page 3

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Average Long Term Debt</u></b>							
119 Average Bonds (Ln 1 + Ln 60) / 2	356,360,056	-	-	-	-	-	356,360,056
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	40,000,000	-	-	345,400,000	-	385,400,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	43,000,000	-	-	20,000,000	-	12,500,000	75,500,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,577,803,172	1,619,094,831	845,000,000	-	2,371,981,378	175,000,000	8,588,879,380
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 <b>Average Balance of Long Term Debt</b>	<b>3,977,163,227</b>	<b>1,579,094,831</b>	<b>845,000,000</b>	<b>20,000,000</b>	<b>2,026,581,378</b>	<b>187,500,000</b>	<b>8,635,339,436</b>
125 NOTE: 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. (p. 257, Column H of the FF1)							
<b><u>Development of Long Term Debt Interest Expense</u></b>							
126 Interest on Long Term Debt (256-257.33.i)	188,068,200	79,376,715	43,405,169	904,000	117,119,422	7,144,374	436,017,880
127 Amort of Debt Discount & Expense (117.63.c)	2,916,356	1,779,096	716,313	-	1,595,208	171,512	7,178,485
128 Amort of Loss on Reacquired Debt (117.64.c)	3,960,759	1,283,093	33,624	-	1,311,350	-	6,588,826
129 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
130 Less: Amort of Gain on Reacquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
131 Less: Hedge Interest on pp 256-257(i)	(422,541)	1,676,623	92,956	-	(2,097,663)	-	(750,625)
132 <b>LTD Interest Expense</b>	<b>195,367,856</b>	<b>80,760,569</b>	<b>44,062,150</b>	<b>904,000</b>	<b>122,123,643</b>	<b>7,315,886</b>	<b>450,534,104</b>
<b><u>Cost of Preferred Stock and Preferred Dividends</u></b>							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
<b><u>Development of Average Common Equity</u></b>							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	3,420,989,009	1,995,179,285	663,358,437	30,451,741	1,983,392,397	252,467,181	8,345,838,049
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,704,214	(873)	-	-	4,915,704	-	6,619,045
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	1,119,653	(15,549,483)	(4,490,539)	-	4,915,719	417,051	(13,587,599)
139 <b>Average Balance of Common Equity</b>	<b>3,418,165,142</b>	<b>2,010,729,641</b>	<b>667,848,976</b>	<b>30,451,741</b>	<b>1,973,560,974</b>	<b>252,050,130</b>	<b>8,352,806,603</b>
<b><u>Calculation of Capital Shares</u></b>							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,977,163,227	1,579,094,831	845,000,000	20,000,000	2,026,581,378	187,500,000	8,635,339,436
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,418,165,142	2,010,729,641	667,848,976	30,451,741	1,973,560,974	252,050,130	8,352,806,603
143 Average of Total Company Structure	7,395,328,369	3,589,824,472	1,512,848,976	50,451,741	4,000,142,352	439,550,130	16,988,146,038
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	53.78%	43.99%	55.85%	39.64%	50.66%	42.66%	50.83%
145 Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146 Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)	46.22%	56.01%	44.15%	60.36%	49.34%	57.34%	49.17%
147 <b>Reserved</b>							
148 <b>Reserved</b>							
149 <b>Reserved</b>							
150 <b>Reserved</b>							
<b><u>Calculation of Capital Cost Rate</u></b>							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	4.91%	5.11%	5.21%	4.52%	6.03%	3.90%	5.22%
152 Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
153 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
154 LTD Weighted Capital Cost Rate (Ln 144 * Ln 151)	2.64%	2.25%	2.91%	1.79%	3.05%	1.66%	2.65%
155 Preferred Stock Capital Cost Rate (Ln 145 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 146 * Ln 153)	5.31%	6.44%	5.07%	6.94%	5.67%	6.59%	5.65%
157 <b>ACTUAL WEIGHTED AVG COST OF CAPITAL</b>	<b>7.95%</b>	<b>8.69%</b>	<b>7.98%</b>	<b>8.73%</b>	<b>8.72%</b>	<b>8.25%</b>	<b>8.30%</b>

AEPTCo Subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet R - True-up With Interest

Reconciliation Revenue Requirement For Year 2018 Available May 25, 2019	-	2018 Revenue Requirement Forecast by October 31, 2017	=	True-up Adjustment Over (Under) Recovery
\$16,000,000		\$15,000,000		(\$1,000,000)

Interest Rate on Amount of Refunds or Surcharges (Note 1)		Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
			0.5500%				
An over or under collection will be recovered prorata over 2018, held for 2019 and returned prorata over 2020							
<u>Calculation of Interest</u>					Monthly		
January	Year 2018	(83,333)	0.5500%	12	5,500		88,833
February	Year 2018	(83,333)	0.5500%	11	5,042		88,375
March	Year 2018	(83,333)	0.5500%	10	4,583		87,917
April	Year 2018	(83,333)	0.5500%	9	4,125		87,458
May	Year 2018	(83,333)	0.5500%	8	3,667		87,000
June	Year 2018	(83,333)	0.5500%	7	3,208		86,542
July	Year 2018	(83,333)	0.5500%	6	2,750		86,083
August	Year 2018	(83,333)	0.5500%	5	2,292		85,625
September	Year 2018	(83,333)	0.5500%	4	1,833		85,167
October	Year 2018	(83,333)	0.5500%	3	1,375		84,708
November	Year 2018	(83,333)	0.5500%	2	917		84,250
December	Year 2018	(83,333)	0.5500%	1	458		83,792
					35,750		1,035,750
January through December		Year 2019	1,035,750	0.5500%	12	Annual 68,360	1,104,110
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					Monthly		
January	Year 2020	(1,104,110)	0.5500%		6,073	(95,332)	1,014,851
February	Year 2020	(1,014,851)	0.5500%		5,582	(95,332)	925,101
March	Year 2020	(925,101)	0.5500%		5,088	(95,332)	834,857
April	Year 2020	(834,857)	0.5500%		4,592	(95,332)	744,117
May	Year 2020	(744,117)	0.5500%		4,093	(95,332)	652,879
June	Year 2020	(652,879)	0.5500%		3,591	(95,332)	561,138
July	Year 2020	(561,138)	0.5500%		3,086	(95,332)	468,893
August	Year 2020	(468,893)	0.5500%		2,579	(95,332)	376,140
September	Year 2020	(376,140)	0.5500%		2,069	(95,332)	282,877
October	Year 2020	(282,877)	0.5500%		1,556	(95,332)	189,102
November	Year 2020	(189,102)	0.5500%		1,040	(95,332)	94,810
December	Year 2020	(94,810)	0.5500%		521	(95,332)	0
					39,869		
True-Up Adjustment with Interest						1,143,978	
Less Over (Under) Recovery						(1,000,000)	
Total Interest						143,978	

Note 1: The interest rate to be applied to the over recovery or under recovery amounts will be determined using the average monthly FERC interest rate (as determined pursuant to 18 C.F.R. Section 35.19a) for the twenty (20) months from the beginning of the rate year being trued-up through August 31 of the following year.