

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

For Twelve Months Ended 2017

AEP KENTUCKY TRANSMISSION COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 141)				\$9,939,217
			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)				\$ 9,939,217

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)	5,097,838	DA	1.00000	\$ 5,097,838
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) )				13.65%
8	Monthly Rate	(ln 7 / 12)				1.14%
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) )				11.50%
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) )				2.09%
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				41,566
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)				41,566

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	(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.					
19	GROSS PLANT IN SERVICE				
20	Line Deliberately Left Blank				
21	Line Deliberately Left Blank				
22	Transmission	(Worksheet A In 3.E & Ln 145)	74,370,212	DA 1.00000	74,370,212
23	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 146)	-	TP 1.00000	-
24	Line Deliberately Left Blank		N/A	NA 0.00000	N/A
25	Line Deliberately Left Blank		N/A	NA 0.00000	N/A
26	Line Deliberately Left Blank		N/A		N/A
27	General Plant	(Worksheet A In 7.E)	-	W/S 0.99847	-
28	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S 0.99847	-
29	Intangible Plant	(Worksheet A In 9.E)	173,707	W/S 0.99847	173,442
30	TOTAL GROSS PLANT	(Sum of Lines: 21, 22 & 27 to 29)	74,543,919	GP(h)= 0.999996 GTD= 1.00000	74,543,653
31	ACCUMULATED DEPRECIATION AND AMORTIZATION				
32	Line Deliberately Left Blank				
33	Line Deliberately Left Blank				
34	Transmission	(Worksheet A In 14.E & 28.E)	1,569,793	TP1= 1.00000	1,569,793
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 0.99847	-
44	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S 0.99847	-
45	Intangible Plant	(Worksheet A In 20.E)	56,966	W/S 0.99847	56,879
46	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 34, 35 & 43 to 45)	1,626,758		1,626,671
47	NET PLANT IN SERVICE				
48	Line Deliberately Left Blank				
49	Transmission	(In 21 + In 22 - In 34 - In 35)	72,800,419		72,800,419
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		N/A		N/A
56	General Plant	(In 27 + In 28 - In 43 - In 44)	-		-
57	Intangible Plant	(In 29 - In 45)	116,742		116,563
58	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 49 to 54 & 56, 57)	72,917,161	NP(h)= 0.999998	72,916,982
59	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(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)	(14,731,350)	DA	(12,963,334)
62	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(1,156,609)	DA	(568,555)
63	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	684,800	DA	661,660
64	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
65	TOTAL ADJUSTMENTS	(sum Ins 60 to 64)	(15,203,159)		(12,870,228)
66	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
67	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
68	WORKING CAPITAL	(Note E)			
69	Cash Working Capital	(1/8 * In 89)	122,199		122,199
70	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	-	TP 1.00000	-
71	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S 0.99847	-
72	Stores Expense	(Worksheet C, In 4.(F))	-	GP(h) 1.00000	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.(G))	-	W/S 0.99847	-
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.(F))	-	GP(h) 1.00000	-
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)	122,199		122,199
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)		57,836,201		60,168,953

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AEP KENTUCKY 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	1,019,156		
85	TOTAL O&M EXPENSES	(sum Ins 82 to 84)	1,019,156		
86	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	41,566		
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)	977,590	TP 1.00000	977,590
90	Administrative and General	323.197.b (Note J)	396,197		
91	Less: Acct. 924, Property Insurance	323.185.b	12,937		
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	2,243		
95	Balance of A & G	(In 90 - sum In 91 to In 94)	381,017	W/S 0.99847	380,435
96	Plus: Acct. 924, Property Insurance	(In 91)	12,937	GP(h) 1.00000	12,937
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)	461	DA 1.00000	461
100	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(1,269)	W/S 0.99847	(1,268)
101	A & G Subtotal	(sum Ins 95 to 100)	393,146		392,566
102	O & M EXPENSE SUBTOTAL	(In 89 + In 101)	1,370,736		1,370,156
103	Line Deliberately Left Blank	Company Records (Note H)		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)	1,370,736		1,370,156
106	DEPRECIATION AND AMORTIZATION EXPENSE				
107	Line Deliberately Left Blank				
108	Line Deliberately Left Blank				
109	Transmission	336.7.f	1,569,873	TP1 1.00000	1,569,873
110	Line Deliberately Left Blank		-		-
111	Line Deliberately Left Blank		-		-
112	General	336.10.f	-	W/S 0.99847	-
113	Intangible	336.1.f	34,741	W/S 0.99847	34,688
114	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 109+112+113)	1,604,614		1,604,561
115	TAXES OTHER THAN INCOME	(Note N)			
116	Labor Related				
117	Payroll	Worksheet H In 23.(D)	-	W/S 0.99847	-
118	Plant Related				
119	Property	Worksheet H In 23.(C) & In 47.(C)	116,000	DA 1.00000	116,000
120	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
121	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
122	TOTAL OTHER TAXES	(sum Ins 117 to 121)	116,000		116,000
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)) =		48.53%		
126	where WCLTD=(In 164) and WACC = (In 167)				
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) 1.00000	-
131	Tax Effect of Permanent Differences	(Note U)	9,800	NP(h) 1.00000	9,800
132	Income Tax Calculation	(In 125 * In 137)	2,145,743		2,232,289
133	ITC adjustment	(In 128 * In 129)	-	NP(h) 1.00000	-
134	Excess Deferred Income Tax	(In 128 * In 130)	-		-
135	Tax Affect of Permanent Differences	(In 128 * In 131)	16,039		16,039
136	TOTAL INCOME TAXES	(sum Ins 132 to 135)	2,161,782		2,248,328
137	RETURN ON RATE BASE (Rate Base*WACC)	(In 79 * In 167)	4,421,823		4,600,172
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		9,674,955		9,939,217
	(sum Ins 105, 114, 122, 136, 137, 138, 139, 140)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
142	Total transmission plant	(In 21)								74,370,212
143	Less transmission plant excluded from PJM Tariff	(Note P)								-
144	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C))	(Note Q)								-
145	Transmission plant included in PJM Tariff	(In 142 - In 143 - In 144)								74,370,212
146	Percent of transmission plant in PJM Tariff	(In 145 / In 142)							TP=	1.00000
147	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
148	Line Deliberately Left Blank									
149	Transmission	354.21.b	-	74,549	74,549	TP	1.00000			74,549
150	Regional Market Expenses	354.22.b	-	-	-	NA	0.00000			-
151	Line Deliberately Left Blank									
152	Other (Excludes A&G)	354.24,25,26.b	-	114	114	NA	0.00000			-
153	Total	(sum Ins 149, 150, & 152)	-	74,663	74,663					74,549
154	Transmission related amount								W/S=	0.99847
155	Actual (Uncapped) Capital Structure									
156	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
157	Long Term Interest	(Worksheet M, In.20, col.(E))								1,331,750
158	Preferred Dividends	(Worksheet M, In. 49, col.(E))								-
159	Development of Common Stock:									
160	Proprietary Capital	(Worksheet M, In. 1, col.(E))								37,149,710
161	Less: Preferred Stock	(Worksheet M, In. 2, col.(E))								-
162	Less: Account 216.1	(Worksheet M, In. 3, col.(E))								-
163	Less: Account 219	(Worksheet M, In. 4, col. (E))								-
164	Common Stock	(In 159 - In 160 - In 161 - In 162)								37,149,710
165			Capital Structure Percentages			Cost				
166			\$	%		(Note S)				Weighted
167			36,100,000	49.28%		3.69%				0.0182
168			-	0.00%		0.00%				0.0000
169			37,149,710	50.72%		11.49%				0.0583
170			73,249,710	100.00%					WACC=	0.07645
171	AEP OPERATING COMPANIES' COMPOSITE (Note S)									
172	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
173	Long Term Interest	(Worksheet Q, In. 132)								450,534,104
174	Preferred Dividends	(Worksheet Q, In. 134)								-
175	Development of Common Stock:									
176	Proprietary Capital	(Worksheet Q, In. 135)								8,345,838,049
177	Less: Preferred Stock	(Worksheet Q, In. 136)								-
178	Less: Account 216.1	(Worksheet Q, In. 137)								6,619,045
179	Less: Account 219	(Worksheet Q, In. 138)								(13,587,599)
180	Common Stock	(In 172 - In 173 - In 174 - In 175)								8,352,806,603
181			%	\$		Cost				Weighted
182			50.83%	8,635,339,436		5.22%				0.0265
183			0.00%	-		0.00%				0.0000
184			49.17%	8,352,806,603		11.49%				0.0565
185			16,988,146,038						WACC=	0.0830



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AEP KENTUCKY 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. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. The calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(l)-(h)(6)(ii).
- 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 86. 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 line to determine the total O&M collected in the formula. The amounts on line are also excluded in the calculation of the FCR percentage calculated on lines through 10.  
  
The addbacks on line 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 lines 104 is the AEP KENTUCKY 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
- 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
- X Under Section 30.9 of the FERC Order, 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

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet A Supporting Plant Balances  
AEP KENTUCKY 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	80,741,838	67,998,585	74,370,212
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	173,707	173,707	173,707
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	80,915,545	68,172,292	74,543,919
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)	2,197,339	942,246	1,569,793
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)	74,336	39,595	56,966
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	2,271,675	981,841	1,626,758
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)	2,197,339	942,246	1,569,793
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	2,197,339	942,246	1,569,793
<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 (Note 1)		-	13,401	6,701
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)	-	13,401	6,701
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		-	6,701	3,350
40	Unamortized Balance of Regulatory Asset at YE		-	-	-
41	Total Regulatory Deferrals Included in Ratebase (Note 1)		-	-	-

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 KENTUCKY 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)	15,990,607	13,472,093	14,731,350
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	2,443,932	1,092,100	1,768,016
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	13,546,674	12,379,993	12,963,334
11	<b><u>Account 283</u></b>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	1,159,177	1,154,040	1,156,609
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	588,054	588,054	588,054
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	571,123	565,986	568,555
16	<b><u>Account 190</u></b>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	326,800	1,042,800	684,800
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	23,140	23,140	23,140
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	303,660	1,019,660	661,660
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 KENTUCKY TRANSMISSION COMPANY

Formula Rate  
WS C - Working Capital  
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(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			
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
7	Totals as of December 31, 2016	0	0	0	0	0
8	Average Balance	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2017

	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
9									
10	1650001	Prepaid Insurance	0	-		-		-	Plant Related Insurance Policies
11	165000214	Prepaid Taxes	0	-		-		-	
12	1650006	Other Prepayments	0	-		-		-	
13	165001215	Prepaid Use Taxes	0	-		-		-	
14	1650021	Prepaid Insurance EIS	0	-		-		-	
15	1650023	Prepaid Lease	0	-		-		-	
16	1650003	Prepaid Rents	0	-		-		-	
17	1650004	Prepaid Interest	0	-		-		-	
18	1650010	Prepaid Pension Benefits	0	-		-		-	
19	1650014	FAS 158 Qual Contra Asset	0	-		-		-	
20	1650016	FAS 112 ASSETS	0	-		-		-	
Subtotal - Form 1, p 111.57.c			0	0	0	0	0	0	

Prepayments Account 165 - Balance @ 12/31/ 2016

	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
21									
22	1650001	Prepaid Insurance	0			0		-	Plant Related Insurance Policies
23	165000214	Prepaid Taxes	0	-		-		-	
24	1650006	Other Prepayments	0	-		-		-	
25	165001213	Prepaid Use Taxes	0	-		-		-	
26	1650021	Prepaid Insurance EIS	0	-		-		-	
27	1650023	Prepaid Lease	0	-		-		-	
28	1650003	Prepaid Rents	0	-				-	
29	1650004	Prepaid Interest	0	-				-	
30	1650010	Prepaid Pension Benefits	0					-	
29	1650014	FAS 158 Qual Contra Asset	0	-				-	
30	1650016	FAS 112 ASSETS	0	-				-	
Subtotal - Form 1, p 111.57.c			0	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 KENTUCKY 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 KENTUCKY 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 KENTUCKY 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)	9,490,653	9,490,653	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	9,490,653	9,490,653	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	9,490,653	9,490,653	-
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 KENTUCKY 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 KENTUCKY TRANSMISSION COMPANY

Formula Rate  
WS F Misc Exp  
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<u>Line</u> <u>Number</u>	<u>(A)</u> <u>Item No.</u>	<u>(B)</u> <u>Description</u>	<u>(C)</u> <u>2017</u> <u>Expense</u>	<u>(D)</u> <u>100%</u> <u>Non-Transmission</u>	<u>(E)</u> <u>100%</u> <u>Transmission</u> <u>Specific</u>	<u>(F)</u> <u>Explanation</u>
<b><u>Regulatory O&amp;M Deferrals &amp; Amortizations</u></b>						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		<b>Total</b>	-			
<b><u>Detail of Account 561 Per FERC Form 1</u></b>						
5	FF1 p 321.84.b	561 - Load Dispatching	41,566			
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		<b>Total of Account 561</b>	41,566			
<b><u>Account 928</u></b>						
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		<b>Total</b>	-	-	-	
<b><u>Account 930.1</u></b>						
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		<b>Total</b>	-	-	-	
<b><u>Account 930.2</u></b>						
39	9302000	Misc General Expenses	1,782	1,782	-	
40	9302003	Corporate & Fiscal Expenses	-	-	-	
41	9302004	Research, Develop&Demonstr Exp	-	-	-	
42	9302007	Assoc Business Development Exp	461	-	461	
43		<b>Total</b>	2,243	1,782	461	

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 KENTUCKY TRANSMISSION COMPANY

1	Kentucky State Tax Rate	6.00%	
	Apportionment Factor - Note 1	100.00%	
	Effective State Tax Rate		6.00%
2	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 1	0.00%	
	Effective State Tax Rate		0.00%
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 - Kentucky	116,000	116,000			
5	Real and Personal Property	-	-			
6	Real and Personal Property	-	-			
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.	116,000	116,000	-	-	-

Functional Property Tax Allocation

	Column (B)		Column (D)		Total
	Deliberately Left Blank	Transmission	Deliberately Left Blank	General	
24	Functionalized Net Plant (TCOS, Lns 48 thru 58)	-	72,800,419	-	72,800,419
25	<b>KENTUCKY JURISDICTION</b>				
26	Percentage of Plant in KENTUCKY JURISDICTION				
27	Net Plant in KENTUCKY JURISDICTION (Ln 24 * Ln 25)	-	-	-	-
28	Less: Net Value of Exempted Generation Plant				
29	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-
30	Relative Valuation Factor				0
31	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-
32	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
33	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-
34	Weighted KENTUCKY JURISDICTION Plant (Ln 30 + 32)	-	-	-	-
35	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%	
36	Functionalized Expense in KENTUCKY JURISDICTION	-	116,000	-	116,000
37	<b>Net Plant in JURISDICTION (Ln 24 - Ln 26)</b>	-	72,800,419	-	72,800,419
38	Less: Net Value Exempted Generation Plant				
39	Taxable Property Basis	-	72,800,419	-	72,800,419
40	Relative Valuation Factor				
41	Weighted Net Plant (Ln 38 * Ln 39)	-	-	-	-
42	General Plant Allocator (Ln 40 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-
44	Weighted JURISDICTION Plant (Ln 40 + 42)	-	-	-	-
45	Functional Percentage (Ln 43/Total Ln 43)	0.00%	100.00%	0.00%	
46	Functionalized Expense in JURISDICTION	-	-	-	-
47	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-		-
48	Total Func. Property Taxes (Sum Lns 35, 45, 46)	-	116,000	-	116,000

(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 ln 6 (i)
			-	P.263 ln 7 (i)
				P.263.2 ln 4 (i)
3	<u>Real Estate and Personal Property Taxes</u>			
4	Real and Personal Property - Kentucky	116,000	116,000	P.263 ln 34 (i)
			-	P.263 ln 35 (i)
			-	P.263 ln 38 (i)
				P.263 ln 39 (i)
				P.263.1 ln 2 (i)
				P.263.1 ln 3 (i)
5	Real and Personal Property	-	-	P.263.2 ln 21 (i)
			-	P.263.2 ln 22 (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	-		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 5 (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 ln 8 (i)
				P.263 ln 7 (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 5 (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))	116,000	116,000	

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 KENTUCKY TRANSMISSION COMPANY**

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using 2017 FF1 Balances  
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
AEP KENTUCKY TRANSMISSION 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 166)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
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	49.28%	3.55%	1.749%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.72%	11.49%	5.827%
		R =	7.576%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2017	5,097,838	5,097,838	\$ -

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

Rate Base (TCOS, ln 79)	60,168,953
R (from A. above)	7.576%
Return (Rate Base x R)	4,558,409

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

Return (from B. above)	4,558,409
Effective Tax Rate (TCOS, ln 125)	48.53%
Income Tax Calculation (Return x CIT)	2,212,023
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	16,039
Income Taxes	2,228,062

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)	9,939,217
Lease Payments (TCOS, Lns 104)	-
Return (TCOS, ln 137)	4,600,172
Income Taxes (TCOS, ln 136)	2,248,328
Annual Revenue Requirement, Less Return and Taxes	3,090,717

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

Annual Revenue Requirement, Less Return and Taxes	3,090,717
Return (from I.B. above)	4,558,409
Income Taxes (from I.C. above)	2,228,062
Annual Revenue Requirement, with 0 Basis Point ROE increase	9,877,188
Depreciation (TCOS, ln 109)	1,569,873
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	8,307,315

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

Net Transmission Plant (TCOS, ln 49)	72,800,419
Annual Revenue Requirement, with 0 Basis Point ROE increase	9,877,188
FCR with 0 Basis Point increase in ROE	13.57%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	8,307,315
FCR with 0 Basis Point ROE increase, less Depreciation	11.41%
FCR less Depreciation (TCOS, ln 10)	11.50%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	-0.09%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Rate Year (2017) (P.206, ln 58,(b)):	67,998,585
Transmission Plant @ End of Rate Year (2017) (P.207, ln 58,(g)):	80,741,838
Subtotal	148,740,423
Average Transmission Plant Balance for 2017	74,370,212
Annual Depreciation Rate (TCOS, ln 109)	1,569,873
Composite Depreciation Rate	2.11%
Depreciable Life for Composite Depreciation Rate	47.37
Average Life in Whole Years	47

Note 1: Until AEP KENTUCKY 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 KENTUCKY 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:** RTEP ID: b1495 (Add an additional 765/345 kV transformer at Baker Station)

Current Projected Year ARR	5,097,838
Current Projected Year ARR w/ Incentive	5,097,838
Current Projected Year Incentive ARR	-

Details						
Investment	38,102,302	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				11.50%
Useful life	47	FCR w/incentives approved for these facilities, less dep.				11.50%
CIAC (Yes or No)	No	Annual Depreciation Expense				810,687
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2016	38,102,302	405,344	37,696,958	4,762,393	4,762,393	\$ -
2017	37,696,958	810,687	36,886,271	5,097,838	5,097,838	\$ -
2018	36,886,271	810,687	36,075,584	5,004,639	5,004,639	\$ -
2019	36,075,584	810,687	35,264,897	4,911,440	4,911,440	\$ -
2020	35,264,897	810,687	34,454,209	4,818,241	4,818,241	\$ -
2021	34,454,209	810,687	33,643,522	4,725,042	4,725,042	\$ -
2022	33,643,522	810,687	32,832,835	4,631,843	4,631,843	\$ -
2023	32,832,835	810,687	32,022,147	4,538,644	4,538,644	\$ -
2024	32,022,147	810,687	31,211,460	4,445,445	4,445,445	\$ -
2025	31,211,460	810,687	30,400,773	4,352,246	4,352,246	\$ -
2026	30,400,773	810,687	29,590,086	4,259,047	4,259,047	\$ -
2027	29,590,086	810,687	28,779,398	4,165,848	4,165,848	\$ -
2028	28,779,398	810,687	27,968,711	4,072,650	4,072,650	\$ -
2029	27,968,711	810,687	27,158,024	3,979,451	3,979,451	\$ -
2030	27,158,024	810,687	26,347,336	3,886,252	3,886,252	\$ -
2031	26,347,336	810,687	25,536,649	3,793,053	3,793,053	\$ -
2032	25,536,649	810,687	24,725,962	3,699,854	3,699,854	\$ -
2033	24,725,962	810,687	23,915,275	3,606,655	3,606,655	\$ -
2034	23,915,275	810,687	23,104,587	3,513,456	3,513,456	\$ -
2035	23,104,587	810,687	22,293,900	3,420,257	3,420,257	\$ -
2036	22,293,900	810,687	21,483,213	3,327,058	3,327,058	\$ -
2037	21,483,213	810,687	20,672,526	3,233,859	3,233,859	\$ -
2038	20,672,526	810,687	19,861,838	3,140,660	3,140,660	\$ -
2039	19,861,838	810,687	19,051,151	3,047,461	3,047,461	\$ -
2040	19,051,151	810,687	18,240,464	2,954,263	2,954,263	\$ -
2041	18,240,464	810,687	17,429,776	2,861,064	2,861,064	\$ -
2042	17,429,776	810,687	16,619,089	2,767,865	2,767,865	\$ -
2043	16,619,089	810,687	15,808,402	2,674,666	2,674,666	\$ -
2044	15,808,402	810,687	14,997,715	2,581,467	2,581,467	\$ -
2045	14,997,715	810,687	14,187,027	2,488,268	2,488,268	\$ -
2046	14,187,027	810,687	13,376,340	2,395,069	2,395,069	\$ -
2047	13,376,340	810,687	12,565,653	2,301,870	2,301,870	\$ -
2048	12,565,653	810,687	11,754,966	2,208,671	2,208,671	\$ -
2049	11,754,966	810,687	10,944,278	2,115,472	2,115,472	\$ -
2050	10,944,278	810,687	10,133,591	2,022,273	2,022,273	\$ -
2051	10,133,591	810,687	9,322,904	1,929,074	1,929,074	\$ -
2052	9,322,904	810,687	8,512,216	1,835,875	1,835,875	\$ -
2053	8,512,216	810,687	7,701,529	1,742,677	1,742,677	\$ -
2054	7,701,529	810,687	6,890,842	1,649,478	1,649,478	\$ -
2055	6,890,842	810,687	6,080,155	1,556,279	1,556,279	\$ -
2056	6,080,155	810,687	5,269,467	1,463,080	1,463,080	\$ -
2057	5,269,467	810,687	4,458,780	1,369,881	1,369,881	\$ -
2058	4,458,780	810,687	3,648,093	1,276,682	1,276,682	\$ -
2059	3,648,093	810,687	2,837,405	1,183,483	1,183,483	\$ -
2060	2,837,405	810,687	2,026,718	1,090,284	1,090,284	\$ -
2061	2,026,718	810,687	1,216,031	997,085	997,085	\$ -
2062	1,216,031	810,687	405,344	903,886	903,886	\$ -
2063	405,344	405,344	-	428,643	428,643	\$ -
2064	-	-	-	-	-	\$ -
2065	-	-	-	-	-	\$ -
2066	-	-	-	-	-	\$ -
2067	-	-	-	-	-	\$ -
2068	-	-	-	-	-	\$ -
2069	-	-	-	-	-	\$ -
2070	-	-	-	-	-	\$ -
2071	-	-	-	-	-	\$ -
2072	-	-	-	-	-	\$ -
2073	-	-	-	-	-	\$ -
2074	-	-	-	-	-	\$ -
2075	-	-	-	-	-	\$ -
Project Totals		38,102,302		143,230,687	143,230,687	

★★ 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.

**CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:**

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

RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		

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 Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
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	49.28%	3.69%	1.818%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.72%	11.49%	5.827%
		R =	7.645%

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

Rate Base (TCOS, ln 79)	60,168,953
R (from A. above)	7.645%
Return (Rate Base x R)	4,600,172

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

Return (from B. above)	4,600,172
Effective Tax Rate (TCOS, ln 125)	48.53%
Income Tax Calculation (Return x CIT)	2,232,289
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	16,039
Income Taxes	2,248,328

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			\$ -
	Actual After True-up			\$ -
	True-up of ARR For 2017	-	-	-

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)	9,939,217
Lease Payments (TCOS, ln 104)	-
Return (TCOS, ln 137)	4,600,172
Income Taxes (TCOS, ln 136)	2,248,328
	3,090,717

Annual Revenue Requirement, Less Lease Payments, Return and Taxes

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	3,090,717
Return (from I.B. above)	4,600,172
Income Taxes (from I.C. above)	2,248,328
Annual Revenue Requirement, with 0 Basis Point ROE increase	9,939,217
Depreciation (TCOS, ln 109)	1,569,873
	8,369,344

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation

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

Net Transmission Plant (TCOS, ln 49)	72,800,419
Annual Revenue Requirement, with 0 Basis Point ROE increase	9,939,217
FCR with 0 Basis Point increase in ROE	13.65%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	8,369,344
FCR with 0 Basis Point ROE increase, less Depreciation	11.50%
FCR less Depreciation (TCOS, ln 10)	11.50%
	0.00%

Incremental FCR with 0 Basis Point ROE increase, less Depreciation

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Rate Year (2017) (P.206, ln 58,(b)):	67,998,585
Transmission Plant @ End of Rate Year (2017) (P.207, ln 58,(g)):	80,741,838
Subtotal	148,740,423
Average Transmission Plant Balance for	74,370,212
Annual Depreciation Rate (TCOS, ln 109)	1,569,873
Composite Depreciation Rate	2.11%
Depreciable Life for Composite Depreciation Rate	47.37
Average Life in Whole Years	47

Note 1: Until AEP KENTUCKY 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 KENTUCKY TRANSMISSION COMPANY is shown on Worksheet P.

### A. Base Plan Facilities

**Project Description:** RTEP ID: b1495 (Add an additional 765/345 kV transformer at Baker Station)

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

[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.

AEPTCo subsidiaries in PJM  
Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
Worksheet L RESERVED  
AEP KENTUCKY 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		Balances @ 12/31/2017	Balances @ 12/31/2016	Average
<b><u>Development of Average Balance of Common Equity</u></b>				
1	Proprietary Capital (112.16.c&d)	41,577,841	32,721,579	37,149,710
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	Average Balance of Common Equity	41,577,841	32,721,579	37,149,710

**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)	30,000,000	30,000,000	30,000,000
9	Senior Unsecured Notes (112.21.c&d)	12,200,000	-	6,100,000
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	42,200,000	30,000,000	36,100,000

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)		1,331,750	
	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	Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)		1,331,750	

21	Average Cost of Debt for (Ln 20/Ln 11)	3.69%
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**CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUCED FROM TCOS**

22 AEP KENTUCKY 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	Net (Gain)/Loss Hedge Amortization To Be Removed	-
----	--	---

**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 Balance of Preferred Stock (Lns 36, 41, 46)	-	-
49 Dividends on Preferred Stock (Lns 37, 42, 47)	-	-
50 Average Cost of Preferred Stock (Ln 49/48)	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 KENTUCKY 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 KENTUCKY 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	83,956
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$4,869
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)	-\$3,600
15	Actual PBOP Expense (Sum Lines 11-14)	-\$3,600
16	PBOP Adjustment Line 10 less Line 15	-\$1,269

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 07/01/2015

AEP KENTUCKY TRANSMISSION COMPANY



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>	<b>7.99%</b>	<b>8.74%</b>	<b>7.85%</b>	<b>8.68%</b>	<b>8.82%</b>	<b>7.14%</b>	<b>8.29%</b>

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>	<b>8.08%</b>	<b>8.95%</b>	<b>7.79%</b>	<b>8.77%</b>	<b>8.74%</b>	<b>10.22%</b>	<b>8.42%</b>

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 Subsidiaraies 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

Calculation of Interest				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
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Annual		
January through December	Year 2019	1,035,750	0.5500%	12	68,360	1,104,110
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2020	(1,104,110)	0.5500%		6,073	1,014,851
February	Year 2020	(1,014,851)	0.5500%		5,582	925,101
March	Year 2020	(925,101)	0.5500%		5,088	834,857
April	Year 2020	(834,857)	0.5500%		4,592	744,117
May	Year 2020	(744,117)	0.5500%		4,093	652,879
June	Year 2020	(652,879)	0.5500%		3,591	561,138
July	Year 2020	(561,138)	0.5500%		3,086	468,893
August	Year 2020	(468,893)	0.5500%		2,579	376,140
September	Year 2020	(376,140)	0.5500%		2,069	282,877
October	Year 2020	(282,877)	0.5500%		1,556	189,102
November	Year 2020	(189,102)	0.5500%		1,040	94,810
December	Year 2020	(94,810)	0.5500%		521	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.