

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

For Twelve Months Ended

2017

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 141)				\$150,171,841
			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)				\$ 150,171,841

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)	46,887,455	DA	1.00000	\$ 46,887,455
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))				13.40%
8	Monthly Rate	(ln 7 / 12)				1.12%
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))				11.75%
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))				2.35%
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				583,227
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)				583,227

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

AEP INDIANA MICHIGAN 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.					
19	GROSS PLANT IN SERVICE				
20	Line Deliberately Left Blank				
21	Line Deliberately Left Blank				
22	Transmission	(Worksheet A In 3.E & Ln 145)	1,143,348,422	DA 1.00000	1,143,348,422
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)	6,140,717	W/S 0.99605	6,116,491
28	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S 0.99605	-
29	Intangible Plant	(Worksheet A In 9.E)	6,137,003	W/S 0.99605	6,112,791
30	TOTAL GROSS PLANT	(Sum of Lines: 21, 22 & 27 to 29)	1,155,626,142	GP(h)= 0.999958 GTD= 1.00000	1,155,577,704
31	ACCUMULATED DEPRECIATION AND AMORTIZATION				
32	Line Deliberately Left Blank				
33	Line Deliberately Left Blank				
34	Transmission	(Worksheet A In 14.E & 28.E)	22,456,549	TP1= 1.00000	22,456,549
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)	315,400	W/S 0.99605	314,156
44	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S 0.99605	-
45	Intangible Plant	(Worksheet A In 20.E)	1,914,249	W/S 0.99605	1,906,697
46	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 34, 35 & 43 to 45)	24,686,198		24,677,401
47	NET PLANT IN SERVICE				
48	Line Deliberately Left Blank				
49	Transmission	(In 21 + In 22 - In 34 - In 35)	1,120,891,874		1,120,891,874
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)	5,825,317		5,802,335
57	Intangible Plant	(In 29 - In 45)	4,222,754		4,206,094
58	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 49 to 54 & 56, 57)	1,130,939,945	NP(h)= 0.999965	1,130,900,303
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)	(226,259,542)	DA	(181,526,729)
62	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(21,055,257)	DA	(10,379,889)
63	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	12,834,296	DA	12,483,676
64	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
65	TOTAL ADJUSTMENTS	(sum Ins 60 to 64)	(234,480,503)		(179,422,942)
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)	1,485,317		1,485,317
70	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	-	TP 1.00000	-
71	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S 0.99605	-
72	Stores Expense	(Worksheet C, In 4.(F))	-	GP(h) 0.99996	-
73	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.(G))	91,243	W/S 0.99605	90,883
74	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.(F))	81,991	GP(h) 0.99996	81,988
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)	1,658,551		1,658,187
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)		898,117,992		953,135,548

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

AEP INDIANA MICHIGAN 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	12,465,762		
85	TOTAL O&M EXPENSES	(sum Ins 82 to 84)	12,465,762		
86	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	583,227		
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)	11,882,535	TP 1.00000	11,882,535
90	Administrative and General	323.197.b (Note J)	5,278,466		
91	Less: Acct. 924, Property Insurance	323.185.b	344,320		
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	32,288		
95	Balance of A & G	(In 90 - sum In 91 to In 94)	4,901,858	W/S 0.99605	4,882,519
96	Plus: Acct. 924, Property Insurance	(In 91)	344,320	GP(h) 0.99996	344,306
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)	6,633	DA 1.00000	6,633
100	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	(51,064)	W/S 0.99605	(50,863)
101	A & G Subtotal	(sum Ins 95 to 100)	5,201,747		5,182,595
102	O & M EXPENSE SUBTOTAL	(In 89 + In 101)	17,084,282		17,065,130
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)	17,084,282		17,065,130
106	DEPRECIATION AND AMORTIZATION EXPENSE				
107	Line Deliberately Left Blank				
108	Line Deliberately Left Blank				
109	Transmission	336.7.f	18,460,966	TP1 1.00000	18,460,966
110	Line Deliberately Left Blank		-		-
111	Line Deliberately Left Blank		-		-
112	General	336.10.f	363,864	W/S 0.99605	362,428
113	Intangible	336.1.f	1,179,367	W/S 0.99605	1,174,714
114	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 109+112+113)	20,004,197		19,998,109
115	TAXES OTHER THAN INCOME	(Note N)			
116	Labor Related				
117	Payroll	Worksheet H In 23.(D)	-	W/S 0.99605	-
118	Plant Related				
119	Property	Worksheet H In 23.(C) & In 47.(C)	7,763,000	DA 1.00000	7,763,000
120	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
121	Other	Worksheet H In 23.(E)	-	GP(h) 0.99996	-
122	TOTAL OTHER TAXES	(sum Ins 117 to 121)	7,763,000		7,763,000
123	INCOME TAXES	(Note O)			
124	T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =		38.89%		
125	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		49.03%		
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)		1.6365		
129	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
130	Excess Deferred Income Tax	(Note U)	-	NP(h) 0.99996	-
131	Tax Effect of Permanent Differences	(Note U)	147,000	NP(h) 0.99996	146,995
132	Income Tax Calculation	(In 125 * In 137)	32,583,436		34,579,456
133	ITC adjustment	(In 128 * In 129)	-	NP(h) 0.99996	-
134	Excess Deferred Income Tax	(In 128 * In 130)	-		-
135	Tax Affect of Permanent Differences	(In 128 * In 131)	240,564		240,555
136	TOTAL INCOME TAXES	(sum Ins 132 to 135)	32,824,000		34,820,011
137	RETURN ON RATE BASE (Rate Base*WACC)	(In 79 * In 167)	66,454,664		70,525,592
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		144,130,143		150,171,841
	(sum Ins 105, 114, 122, 136, 137, 138, 139, 140)				

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

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
142	Total transmission plant	(In 21)							1,143,348,422	
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)							1,143,348,422	
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		-	784,431	784,431	TP	1.00000	784,431	
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		-	3,107	3,107	NA	0.00000	-	
153	Total	(sum Ins 149, 150, & 152)		-	787,538	787,538			784,431	
154	Transmission related amount							W/S=	0.99605	
155	Actual (Uncapped) Capital Structure									
156	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$	
157	Long Term Interest	(Worksheet M, In.20, col.(E))							19,602,905	
158	Preferred Dividends	(Worksheet M, In. 49, col.(E))							-	
159	Development of Common Stock:									
160	Proprietary Capital	(Worksheet M, In. 1, col.(E))							572,261,663	
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)							572,261,663	
165					Capital Structure Percentages		Cost (Note S)		Weighted	
166					\$	%				
167	Long Term Debt			581,300,000	50.39%		3.37%		0.0170	
168	Preferred Stock (In 160)			-	0.00%		0.00%		0.0000	
169	Common Stock (In 163)			572,261,663	49.61%		11.49%		0.0570	
170	Total (Sum Ins 164 to 166)			1,153,561,663	100.00%			WACC=	0.0740	
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	Long Term Debt (Worksheet Q, In 140)			50.83%	8,827,450,044		5.10%		0.0259	
183	Preferred Stock (Worksheet Q, In 141)			0.00%	-		0.00%		0.0000	
184	Common Stock (Worksheet Q, In 142)			49.17%	8,538,631,697		11.49%		0.0565	
185	Total (Worksheet Q, In 143)				17,366,081,741			WACC=	0.0824	

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

AEP INDIANA MICHIGAN 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 line 104 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 line104 is the AEP INDIANA MICHIGAN 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)
(ln 129) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 5.99% (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-ochange 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 (ln 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
- 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 INDIANA MICHIGAN 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
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.					
Plant Investment Balances					
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	1,376,835,961	909,860,883	1,143,348,422
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	6,140,717	4,530,098	5,335,408
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	8,112,941	4,161,065	6,137,003
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	1,391,089,619	918,552,046	1,154,820,833
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	31,101,312	13,811,785	22,456,549
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)	497,332	133,468	315,400
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	2,503,932	1,324,566	1,914,249
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	34,102,576	15,269,819	24,686,198
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
Generation Step-Up Units					
23	GSU Investment Amount	Company Records - Note 1	-	-	-
24	GSU Accumulated Depreciation	Company Records - Note 1	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	31,101,312	13,811,785	22,456,549
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	31,101,312	13,811,785	22,456,549
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records - Note 1	-	-	-
Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
31	Beginning Balance of Regulatory Asset (Note 1)		-	13,489	6,745
32	Amortization in Months		-	6	3
33	Monthly Amortization	(line 32 / line 33)	-	2,248	1,124
34	Months in to be amortized		-	6	3
35	Amortization Expense in 2017	(line 34 X line 35)	-	13,489	6,745
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		-	6,745	3,372
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 INDIANA MICHIGAN TRANSMISSION COMPANY

Line Number	(A) Description	(B) Source	(C) Balance @ December 31, 2017	(D) Balance @ December 31, 2016	(E) Average Balance for 2017
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 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 - In 3 - In 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	272,662,446	179,856,638	226,259,542
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	69,639,942	19,825,683	44,732,813
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	203,022,504	160,030,955	181,526,729
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	21,055,257	21,055,257	21,055,257
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	10,675,368	10,675,368	10,675,368
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	10,379,889	10,379,889	10,379,889
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	4,479,296	21,189,296	12,834,296
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	350,620	350,620	350,620
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	4,128,676	20,838,676	12,483,676
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - In 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 INDIANA MICHIGAN TRANSMISSION COMPANY

Formula Rate
WS C - Working Capital
Page 8 of 44

(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

		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5							
6	Totals as of December 31, 2017	173,234	0	0	81,991	91,243	173,234
7	Totals as of December 31, 2016	<u>173,234</u>	<u>0</u>	<u>0</u>	<u>81,991</u>	<u>91,243</u>	<u>173,234</u>
8	Average Balance	<u>173,234</u>	-	-	<u>81,991</u>	<u>91,243</u>	<u>173,234</u>

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	62,586	-		62,586		62,586	Plant Related Insurance Policies
11	1650021	Prepaid Insurance - EIS	19,405	-		19,405		19,405	Plant Related Insurance Policies
12	1650023	Prepaid Lease	0	-		-		-	Prepaid Lease
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	42,934	-			42,934	42,934	Prepaid OCIP Workers Comp
22	1650032	Prepaid OCIP Work Comp LT	0	-			-	-	Prepaid OCIP Workers Comp - LT
23	1650033	Prepaid OCIP Work Comp - Aff	48,309	-			48,309	48,309	Prepaid OCIP Workers Comp - Aff
24	1650034	Prepaid OCIP Work Comp LT - Aff	0	-			-	-	Prepaid OCIP Workers Comp-LT-Aff
Subtotal - Form 1, p 111.57.c			173,234	0	0	81,991	91,243	173,234	

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
25									
26	1650001	Prepaid Insurance	62,586	-		62,586		62,586	Plant Related Insurance Policies
27	1,650,021	Prepaid Insurance - EIS	19,405	-		19,405		19,405	Plant Related Insurance Policies
28	1,650,023	Prepaid Lease	0	-		-		-	Prepaid Lease
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	42,934	-			42,934	42,934	Prepaid OCIP Workers Comp
36	1650032	Prepaid OCIP Work Comp LT	0	-			-	-	Prepaid OCIP Workers Comp - LT
37	1650033	Prepaid OCIP Work Comp - Aff	48,309	-			48,309	48,309	Prepaid OCIP Workers Comp - Aff
38	1650034	Prepaid OCIP Work Comp LT - Aff	0	-			-	-	Prepaid OCIP Workers Comp-LT-Aff
Subtotal - Form 1, p 111.57.c			173,234	0	0	81,991	91,243	173,234	

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
AEP INDIANA MICHIGAN 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 $((\ln 1 + \ln 7)/2)$	-

Note 1 On this worksheet Company Records refers to AEP INDIANA MICHIGAN 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 INDIANA MICHIGAN 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)	127,210,229	127,210,229	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	127,210,229	127,210,229	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	127,210,229	127,210,229	-
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 INDIANA MICHIGAN 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 INDIANA MICHIGAN TRANSMISSION COMPANY

Formula Rate
WS F Misc Exp
Page 11 of 44

<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>
<u>Regulatory O&M Deferrals & Amortizations</u>						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	-			
<u>Detail of Account 561 Per FERC Form 1</u>						
5	FF1 p 321.84.b	561 - Load Dispatching	583,227			
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	583,227			
<u>Account 928</u>						
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	-	-	-	
<u>Account 930.1</u>						
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	-	-	-	
<u>Account 930.2</u>						
39	9302000	Misc General Expenses	25,655	25,655	-	
40	9302003	Corporate & Fiscal Expenses	-	-	-	
41	9302004	Research, Develop&Demonstr Exp	-	-	-	
42	9302007	Assoc Business Development Exp	6,633	-	6,633	
43		Total	32,288	25,655	6,633	

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 INDIANA MICHIGAN TRANSMISSION COMPANY

1	Indiana State Tax Rate	6.13%	
	Apportionment Factor - Note 1	0.05%	
	Effective State Tax Rate		0.00%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 1	99.79%	
	Effective State Tax Rate		5.99%
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		5.99%

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	Revenue Taxes					
2	Gross Receipts Tax	-				-
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Michigan	-	-			
5	Real and Personal Property - Indiana	7,763,000	7,763,000			
6	Real and Personal Property	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
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	Miscellaneous Taxes					
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.	<u>7,763,000</u>	<u>7,763,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Functional Property Tax Allocation

	Column (B) Deliberately Left Blank		Column (D) Deliberately Left Blank		Total
		Transmission		General	
24	Functionalized Net Plant (Hist. TCOS, Lns 48 thru 58)	-	1,120,891,874	-	1,126,717,191
	MICHIGAN JURISDICTION				
25	Percentage of Plant in MICHIGAN JURISDICTION				
26	Net Plant in MICHIGAN 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 MICHIGAN JURISDICTION Plant (Ln 30 + 32)	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%	
35	Functionalized Expense in MICHIGAN JURISDICTION	-	-	-	-
	INDIANA JURISDICTION				
36	Net Plant in INDIANA JURISDICTION (Ln 24 - Ln 26)	-	1,120,891,874	-	1,126,717,191
37	Less: Net Value Exempted Generation Plant				
38	Taxable Property Basis	-	1,120,891,874	-	1,126,717,191
39	Relative Valuation Factor				
40	Weighted Net Plant (Ln 38 * Ln 39)	-	-	-	-
41	General Plant Allocator (Ln 40 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
42	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-
43	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	-	-	-	-
44	Functional Percentage (Ln 43/Total Ln 43)	0.00%	100.00%	0.00%	
45	Functionalized Expense in INDIANA JURISDICTION	-	7,763,000	-	7,763,000
46	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-		-
47	Total Func. Property Taxes (Sum Lns 35, 45, 46)	-	7,763,000	-	7,763,000

(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.263.1 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	7,763,000	7,763,000	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	-		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))	7,763,000	7,763,000	

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 INDIANA MICHIGAN 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 INDIANA MICHIGAN 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 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	50.39%	3.37%	1.699%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.61%	11.49%	5.700%
		R =	7.399%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2017	46,887,455	46,887,455	\$ -

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

Rate Base (TCOS, ln 79)	953,135,548
R (from A. above)	7.399%
Return (Rate Base x R)	70,525,592

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

Return (from B. above)	70,525,592
Effective Tax Rate (TCOS, ln 125)	49.03%
Income Tax Calculation (Return x CIT)	34,579,456
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	240,555
Income Taxes	34,820,011

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)	150,171,841
Lease Payments (TCOS, Ln 104)	-
Return (TCOS, ln 137)	70,525,592
Income Taxes (TCOS, ln 136)	34,820,011
Annual Revenue Requirement, Less Return and Taxes	44,826,239

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

Annual Revenue Requirement, Less Return and Taxes	44,826,239
Return (from I.B. above)	70,525,592
Income Taxes (from I.C. above)	34,820,011
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,171,841
Depreciation & Amortization (TCOS, ln 109)	18,460,966
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	131,710,875

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

Net Transmission Plant (Projected TCOS, ln 49)	1,120,891,874
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,171,841
FCR with 0 Basis Point increase in ROE	13.40%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	131,710,875
FCR with 0 Basis Point ROE increase, less Depreciation	11.75%
FCR less Depreciation (TCOS, ln 10)	11.75%
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)):	909,860,883
Transmission Plant @ End of Rate Year (2017) (P.207, ln 58,(g)):	1,376,835,961
Subtotal	2,286,696,844
Average Transmission Plant Balance for 2017	1,143,348,422
Annual Depreciation and Amortization Expense (TCOS, ln 109)	18,460,966
Composite Depreciation Rate	1.61%
Depreciable Life for Composite Depreciation Rate	61.93
Average Life in Whole Years	62

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

AEP INDIANA MICHIGAN TRANSMISSION COMPANY Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	1,860,187
Current Projected Year ARR w/ Incentive	1,860,187
Current Projected Year Incentive ARR	-

Details						
Investment	14,868,909	Current Year				2017
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)				-
Service Month (1-12)	12	FCR w/o incentives, less depreciation				11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense				239,821
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2012	14,868,909	-	14,868,909	1,747,177	1,747,177	\$ -
2013	14,868,909	239,821	14,629,088	1,972,908	1,972,908	\$ -
2014	14,629,088	239,821	14,389,267	1,944,728	1,944,728	\$ -
2015	14,389,267	239,821	14,149,446	1,916,548	1,916,548	\$ -
2016	14,149,446	239,821	13,909,625	1,888,368	1,888,368	\$ -
2017	13,909,625	239,821	13,669,803	1,860,187	1,860,187	\$ -
2018	13,669,803	239,821	13,429,982	1,832,007	1,832,007	\$ -
2019	13,429,982	239,821	13,190,161	1,803,827	1,803,827	\$ -
2020	13,190,161	239,821	12,950,340	1,775,646	1,775,646	\$ -
2021	12,950,340	239,821	12,710,519	1,747,466	1,747,466	\$ -
2022	12,710,519	239,821	12,470,698	1,719,286	1,719,286	\$ -
2023	12,470,698	239,821	12,230,877	1,691,106	1,691,106	\$ -
2024	12,230,877	239,821	11,991,056	1,662,925	1,662,925	\$ -
2025	11,991,056	239,821	11,751,235	1,634,745	1,634,745	\$ -
2026	11,751,235	239,821	11,511,413	1,606,565	1,606,565	\$ -
2027	11,511,413	239,821	11,271,592	1,578,384	1,578,384	\$ -
2028	11,271,592	239,821	11,031,771	1,550,204	1,550,204	\$ -
2029	11,031,771	239,821	10,791,950	1,522,024	1,522,024	\$ -
2030	10,791,950	239,821	10,552,129	1,493,844	1,493,844	\$ -
2031	10,552,129	239,821	10,312,308	1,465,663	1,465,663	\$ -
2032	10,312,308	239,821	10,072,487	1,437,483	1,437,483	\$ -
2033	10,072,487	239,821	9,832,666	1,409,303	1,409,303	\$ -
2034	9,832,666	239,821	9,592,845	1,381,123	1,381,123	\$ -
2035	9,592,845	239,821	9,353,023	1,352,942	1,352,942	\$ -
2036	9,353,023	239,821	9,113,202	1,324,762	1,324,762	\$ -
2037	9,113,202	239,821	8,873,381	1,296,582	1,296,582	\$ -
2038	8,873,381	239,821	8,633,560	1,268,401	1,268,401	\$ -
2039	8,633,560	239,821	8,393,739	1,240,221	1,240,221	\$ -
2040	8,393,739	239,821	8,153,918	1,212,041	1,212,041	\$ -
2041	8,153,918	239,821	7,914,097	1,183,861	1,183,861	\$ -
2042	7,914,097	239,821	7,674,276	1,155,680	1,155,680	\$ -
2043	7,674,276	239,821	7,434,454	1,127,500	1,127,500	\$ -
2044	7,434,454	239,821	7,194,633	1,099,320	1,099,320	\$ -
2045	7,194,633	239,821	6,954,812	1,071,139	1,071,139	\$ -
2046	6,954,812	239,821	6,714,991	1,042,959	1,042,959	\$ -
2047	6,714,991	239,821	6,475,170	1,014,779	1,014,779	\$ -
2048	6,475,170	239,821	6,235,349	986,599	986,599	\$ -
2049	6,235,349	239,821	5,995,528	958,418	958,418	\$ -
2050	5,995,528	239,821	5,755,707	930,238	930,238	\$ -
2051	5,755,707	239,821	5,515,886	902,058	902,058	\$ -
2052	5,515,886	239,821	5,276,064	873,877	873,877	\$ -
2053	5,276,064	239,821	5,036,243	845,697	845,697	\$ -
2054	5,036,243	239,821	4,796,422	817,517	817,517	\$ -
2055	4,796,422	239,821	4,556,601	789,337	789,337	\$ -
2056	4,556,601	239,821	4,316,780	761,156	761,156	\$ -
2057	4,316,780	239,821	4,076,959	732,976	732,976	\$ -
2058	4,076,959	239,821	3,837,138	704,796	704,796	\$ -
2059	3,837,138	239,821	3,597,317	676,615	676,615	\$ -
2060	3,597,317	239,821	3,357,496	648,435	648,435	\$ -
2061	3,357,496	239,821	3,117,674	620,255	620,255	\$ -
2062	3,117,674	239,821	2,877,853	592,075	592,075	\$ -
2063	2,877,853	239,821	2,638,032	563,894	563,894	\$ -
2064	2,638,032	239,821	2,398,211	535,714	535,714	\$ -
2065	2,398,211	239,821	2,158,390	507,534	507,534	\$ -
2066	2,158,390	239,821	1,918,569	479,354	479,354	\$ -
2067	1,918,569	239,821	1,678,748	451,173	451,173	\$ -
2068	1,678,748	239,821	1,438,927	422,993	422,993	\$ -
2069	1,438,927	239,821	1,199,106	394,813	394,813	\$ -
2070	1,199,106	239,821	959,284	366,632	366,632	\$ -
2071	959,284	239,821	719,463	338,452	338,452	\$ -
Project Totals		14,149,446		69,932,313	69,932,313	

** 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 **		
\$ 655,786		\$ 655,786		
\$ 758,010		\$ 758,010		
\$ 735,370		\$ 735,370		
\$ 1,351,122		\$ 1,351,122		

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	1,924,179
Current Projected Year ARR w/ Incentive	1,924,179
Current Projected Year Incentive ARR	-

Details	
Investment	15,264,784
Service Year (yyyy)	2013
Service Month (1-12)	6
Useful life	62
CIAC (Yes or No)	No

Current Year	
ROE increase accepted by FERC (Basis Points)	-
FCR w/o incentives, less depreciation	11.75%
FCR w/incentives approved for these facilities, less dep.	11.75%
Annual Depreciation Expense	246,206

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2013	15,264,784	123,103	15,141,681	1,909,565	1,909,565	\$ -
2014	15,141,681	246,206	14,895,475	2,010,971	2,010,971	\$ -
2015	14,895,475	246,206	14,649,269	1,982,040	1,982,040	\$ -
2016	14,649,269	246,206	14,403,062	1,953,109	1,953,109	\$ -
2017	14,403,062	246,206	14,156,856	1,924,179	1,924,179	\$ -
2018	14,156,856	246,206	13,910,650	1,895,248	1,895,248	\$ -
2019	13,910,650	246,206	13,664,444	1,866,318	1,866,318	\$ -
2020	13,664,444	246,206	13,418,238	1,837,387	1,837,387	\$ -
2021	13,418,238	246,206	13,172,031	1,808,457	1,808,457	\$ -
2022	13,172,031	246,206	12,925,825	1,779,526	1,779,526	\$ -
2023	12,925,825	246,206	12,679,619	1,750,595	1,750,595	\$ -
2024	12,679,619	246,206	12,433,413	1,721,665	1,721,665	\$ -
2025	12,433,413	246,206	12,187,207	1,692,734	1,692,734	\$ -
2026	12,187,207	246,206	11,941,000	1,663,804	1,663,804	\$ -
2027	11,941,000	246,206	11,694,794	1,634,873	1,634,873	\$ -
2028	11,694,794	246,206	11,448,588	1,605,943	1,605,943	\$ -
2029	11,448,588	246,206	11,202,382	1,577,012	1,577,012	\$ -
2030	11,202,382	246,206	10,956,176	1,548,082	1,548,082	\$ -
2031	10,956,176	246,206	10,709,969	1,519,151	1,519,151	\$ -
2032	10,709,969	246,206	10,463,763	1,490,220	1,490,220	\$ -
2033	10,463,763	246,206	10,217,557	1,461,290	1,461,290	\$ -
2034	10,217,557	246,206	9,971,351	1,432,359	1,432,359	\$ -
2035	9,971,351	246,206	9,725,145	1,403,429	1,403,429	\$ -
2036	9,725,145	246,206	9,478,938	1,374,498	1,374,498	\$ -
2037	9,478,938	246,206	9,232,732	1,345,568	1,345,568	\$ -
2038	9,232,732	246,206	8,986,526	1,316,637	1,316,637	\$ -
2039	8,986,526	246,206	8,740,320	1,287,706	1,287,706	\$ -
2040	8,740,320	246,206	8,494,114	1,258,776	1,258,776	\$ -
2041	8,494,114	246,206	8,247,907	1,229,845	1,229,845	\$ -
2042	8,247,907	246,206	8,001,701	1,200,915	1,200,915	\$ -
2043	8,001,701	246,206	7,755,495	1,171,984	1,171,984	\$ -
2044	7,755,495	246,206	7,509,289	1,143,054	1,143,054	\$ -
2045	7,509,289	246,206	7,263,083	1,114,123	1,114,123	\$ -
2046	7,263,083	246,206	7,016,877	1,085,193	1,085,193	\$ -
2047	7,016,877	246,206	6,770,670	1,056,262	1,056,262	\$ -
2048	6,770,670	246,206	6,524,464	1,027,331	1,027,331	\$ -
2049	6,524,464	246,206	6,278,258	998,401	998,401	\$ -
2050	6,278,258	246,206	6,032,052	969,470	969,470	\$ -
2051	6,032,052	246,206	5,785,846	940,540	940,540	\$ -
2052	5,785,846	246,206	5,539,639	911,609	911,609	\$ -
2053	5,539,639	246,206	5,293,433	882,679	882,679	\$ -
2054	5,293,433	246,206	5,047,227	853,748	853,748	\$ -
2055	5,047,227	246,206	4,801,021	824,817	824,817	\$ -
2056	4,801,021	246,206	4,554,815	795,887	795,887	\$ -
2057	4,554,815	246,206	4,308,608	766,956	766,956	\$ -
2058	4,308,608	246,206	4,062,402	738,026	738,026	\$ -
2059	4,062,402	246,206	3,816,196	709,095	709,095	\$ -
2060	3,816,196	246,206	3,569,990	680,165	680,165	\$ -
2061	3,569,990	246,206	3,323,784	651,234	651,234	\$ -
2062	3,323,784	246,206	3,077,577	622,304	622,304	\$ -
2063	3,077,577	246,206	2,831,371	593,373	593,373	\$ -
2064	2,831,371	246,206	2,585,165	564,442	564,442	\$ -
2065	2,585,165	246,206	2,338,959	535,512	535,512	\$ -
2066	2,338,959	246,206	2,092,753	506,581	506,581	\$ -
2067	2,092,753	246,206	1,846,546	477,651	477,651	\$ -
2068	1,846,546	246,206	1,600,340	448,720	448,720	\$ -
2069	1,600,340	246,206	1,354,134	419,790	419,790	\$ -
2070	1,354,134	246,206	1,107,928	390,859	390,859	\$ -
2071	1,107,928	246,206	861,722	361,928	361,928	\$ -
2072	861,722	246,206	615,515	332,998	332,998	\$ -
Project Totals		14,649,269		71,056,634	71,056,634	-

** 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 **		
\$ 1,578,782		\$ 1,578,782		
\$ 1,735,811		\$ 1,735,811		
\$ 1,857,418		\$ 1,857,418		

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

Current Projected Year ARR	737,310
Current Projected Year ARR w/ Incentive	737,310
Current Projected Year Incentive ARR	-

Details						
Investment	5,805,543	Current Year		2017		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)		-		
Service Month (1-12)	12	FCR w/o incentives, less depreciation		11.75%		
Useful life	62	FCR w/incentives approved for these facilities, less dep.		11.75%		
CIAC (Yes or No)	No	Annual Depreciation Expense		93,638		
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2013	5,805,543	-	5,805,543	682,183	682,183	\$ -
2014	5,805,543	93,638	5,711,905	770,319	770,319	\$ -
2015	5,711,905	93,638	5,618,267	759,316	759,316	\$ -
2016	5,618,267	93,638	5,524,630	748,313	748,313	\$ -
2017	5,524,630	93,638	5,430,992	737,310	737,310	\$ -
2018	5,430,992	93,638	5,337,354	726,307	726,307	\$ -
2019	5,337,354	93,638	5,243,716	715,304	715,304	\$ -
2020	5,243,716	93,638	5,150,078	704,301	704,301	\$ -
2021	5,150,078	93,638	5,056,441	693,298	693,298	\$ -
2022	5,056,441	93,638	4,962,803	682,296	682,296	\$ -
2023	4,962,803	93,638	4,869,165	671,293	671,293	\$ -
2024	4,869,165	93,638	4,775,527	660,290	660,290	\$ -
2025	4,775,527	93,638	4,681,890	649,287	649,287	\$ -
2026	4,681,890	93,638	4,588,252	638,284	638,284	\$ -
2027	4,588,252	93,638	4,494,614	627,281	627,281	\$ -
2028	4,494,614	93,638	4,400,976	616,278	616,278	\$ -
2029	4,400,976	93,638	4,307,338	605,275	605,275	\$ -
2030	4,307,338	93,638	4,213,701	594,272	594,272	\$ -
2031	4,213,701	93,638	4,120,063	583,269	583,269	\$ -
2032	4,120,063	93,638	4,026,425	572,266	572,266	\$ -
2033	4,026,425	93,638	3,932,787	561,263	561,263	\$ -
2034	3,932,787	93,638	3,839,149	550,260	550,260	\$ -
2035	3,839,149	93,638	3,745,512	539,257	539,257	\$ -
2036	3,745,512	93,638	3,651,874	528,254	528,254	\$ -
2037	3,651,874	93,638	3,558,236	517,251	517,251	\$ -
2038	3,558,236	93,638	3,464,598	506,248	506,248	\$ -
2039	3,464,598	93,638	3,370,960	495,245	495,245	\$ -
2040	3,370,960	93,638	3,277,323	484,242	484,242	\$ -
2041	3,277,323	93,638	3,183,685	473,240	473,240	\$ -
2042	3,183,685	93,638	3,090,047	462,237	462,237	\$ -
2043	3,090,047	93,638	2,996,409	451,234	451,234	\$ -
2044	2,996,409	93,638	2,902,772	440,231	440,231	\$ -
2045	2,902,772	93,638	2,809,134	429,228	429,228	\$ -
2046	2,809,134	93,638	2,715,496	418,225	418,225	\$ -
2047	2,715,496	93,638	2,621,858	407,222	407,222	\$ -
2048	2,621,858	93,638	2,528,220	396,219	396,219	\$ -
2049	2,528,220	93,638	2,434,583	385,216	385,216	\$ -
2050	2,434,583	93,638	2,340,945	374,213	374,213	\$ -
2051	2,340,945	93,638	2,247,307	363,210	363,210	\$ -
2052	2,247,307	93,638	2,153,669	352,207	352,207	\$ -
2053	2,153,669	93,638	2,060,031	341,204	341,204	\$ -
2054	2,060,031	93,638	1,966,394	330,201	330,201	\$ -
2055	1,966,394	93,638	1,872,756	319,198	319,198	\$ -
2056	1,872,756	93,638	1,779,118	308,195	308,195	\$ -
2057	1,779,118	93,638	1,685,480	297,192	297,192	\$ -
2058	1,685,480	93,638	1,591,842	286,189	286,189	\$ -
2059	1,591,842	93,638	1,498,205	275,186	275,186	\$ -
2060	1,498,205	93,638	1,404,567	264,183	264,183	\$ -
2061	1,404,567	93,638	1,310,929	253,181	253,181	\$ -
2062	1,310,929	93,638	1,217,291	242,178	242,178	\$ -
2063	1,217,291	93,638	1,123,653	231,175	231,175	\$ -
2064	1,123,653	93,638	1,030,016	220,172	220,172	\$ -
2065	1,030,016	93,638	936,378	209,169	209,169	\$ -
2066	936,378	93,638	842,740	198,166	198,166	\$ -
2067	842,740	93,638	749,102	187,163	187,163	\$ -
2068	749,102	93,638	655,465	176,160	176,160	\$ -
2069	655,465	93,638	561,827	165,157	165,157	\$ -
2070	561,827	93,638	468,189	154,154	154,154	\$ -
2071	468,189	93,638	374,551	143,151	143,151	\$ -
2072	374,551	93,638	280,913	132,148	132,148	\$ -
Project Totals		5,524,630		27,304,966	27,304,966	-

** 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 **		
\$ 461,439		\$ 461,439		
\$ 626,067		\$ 626,067		
\$ 697,699		\$ 697,699		

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	8,620,533
Current Projected Year ARR w/ Incentive	8,620,533
Current Projected Year Incentive ARR	-

Details			
Investment	67,043,877	Current Year	2017
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.	11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense	1,081,353

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2014	67,043,877	180,225	66,863,652	8,047,656	8,047,656	\$ -
2015	66,863,652	1,081,353	65,782,299	8,874,662	8,874,662	\$ -
2016	65,782,299	1,081,353	64,700,946	8,747,597	8,747,597	\$ -
2017	64,700,946	1,081,353	63,619,593	8,620,533	8,620,533	\$ -
2018	63,619,593	1,081,353	62,538,240	8,493,468	8,493,468	\$ -
2019	62,538,240	1,081,353	61,456,887	8,366,403	8,366,403	\$ -
2020	61,456,887	1,081,353	60,375,534	8,239,338	8,239,338	\$ -
2021	60,375,534	1,081,353	59,294,182	8,112,273	8,112,273	\$ -
2022	59,294,182	1,081,353	58,212,829	7,985,208	7,985,208	\$ -
2023	58,212,829	1,081,353	57,131,476	7,858,144	7,858,144	\$ -
2024	57,131,476	1,081,353	56,050,123	7,731,079	7,731,079	\$ -
2025	56,050,123	1,081,353	54,968,770	7,604,014	7,604,014	\$ -
2026	54,968,770	1,081,353	53,887,417	7,476,949	7,476,949	\$ -
2027	53,887,417	1,081,353	52,806,064	7,349,884	7,349,884	\$ -
2028	52,806,064	1,081,353	51,724,712	7,222,819	7,222,819	\$ -
2029	51,724,712	1,081,353	50,643,359	7,095,755	7,095,755	\$ -
2030	50,643,359	1,081,353	49,562,006	6,968,690	6,968,690	\$ -
2031	49,562,006	1,081,353	48,480,653	6,841,625	6,841,625	\$ -
2032	48,480,653	1,081,353	47,399,300	6,714,560	6,714,560	\$ -
2033	47,399,300	1,081,353	46,317,947	6,587,495	6,587,495	\$ -
2034	46,317,947	1,081,353	45,236,594	6,460,430	6,460,430	\$ -
2035	45,236,594	1,081,353	44,155,242	6,333,366	6,333,366	\$ -
2036	44,155,242	1,081,353	43,073,889	6,206,301	6,206,301	\$ -
2037	43,073,889	1,081,353	41,992,536	6,079,236	6,079,236	\$ -
2038	41,992,536	1,081,353	40,911,183	5,952,171	5,952,171	\$ -
2039	40,911,183	1,081,353	39,829,830	5,825,106	5,825,106	\$ -
2040	39,829,830	1,081,353	38,748,477	5,698,042	5,698,042	\$ -
2041	38,748,477	1,081,353	37,667,124	5,570,977	5,570,977	\$ -
2042	37,667,124	1,081,353	36,585,772	5,443,912	5,443,912	\$ -
2043	36,585,772	1,081,353	35,504,419	5,316,847	5,316,847	\$ -
2044	35,504,419	1,081,353	34,423,066	5,189,782	5,189,782	\$ -
2045	34,423,066	1,081,353	33,341,713	5,062,717	5,062,717	\$ -
2046	33,341,713	1,081,353	32,260,360	4,935,653	4,935,653	\$ -
2047	32,260,360	1,081,353	31,179,007	4,808,588	4,808,588	\$ -
2048	31,179,007	1,081,353	30,097,654	4,681,523	4,681,523	\$ -
2049	30,097,654	1,081,353	29,016,302	4,554,458	4,554,458	\$ -
2050	29,016,302	1,081,353	27,934,949	4,427,393	4,427,393	\$ -
2051	27,934,949	1,081,353	26,853,596	4,300,328	4,300,328	\$ -
2052	26,853,596	1,081,353	25,772,243	4,173,264	4,173,264	\$ -
2053	25,772,243	1,081,353	24,690,890	4,046,199	4,046,199	\$ -
2054	24,690,890	1,081,353	23,609,537	3,919,134	3,919,134	\$ -
2055	23,609,537	1,081,353	22,528,184	3,792,069	3,792,069	\$ -
2056	22,528,184	1,081,353	21,446,832	3,665,004	3,665,004	\$ -
2057	21,446,832	1,081,353	20,365,479	3,537,939	3,537,939	\$ -
2058	20,365,479	1,081,353	19,284,126	3,410,875	3,410,875	\$ -
2059	19,284,126	1,081,353	18,202,773	3,283,810	3,283,810	\$ -
2060	18,202,773	1,081,353	17,121,420	3,156,745	3,156,745	\$ -
2061	17,121,420	1,081,353	16,040,067	3,029,680	3,029,680	\$ -
2062	16,040,067	1,081,353	14,958,714	2,902,615	2,902,615	\$ -
2063	14,958,714	1,081,353	13,877,362	2,775,551	2,775,551	\$ -
2064	13,877,362	1,081,353	12,796,009	2,648,486	2,648,486	\$ -
2065	12,796,009	1,081,353	11,714,656	2,521,421	2,521,421	\$ -
2066	11,714,656	1,081,353	10,633,303	2,394,356	2,394,356	\$ -
2067	10,633,303	1,081,353	9,551,950	2,267,291	2,267,291	\$ -
2068	9,551,950	1,081,353	8,470,597	2,140,226	2,140,226	\$ -
2069	8,470,597	1,081,353	7,389,245	2,013,162	2,013,162	\$ -
2070	7,389,245	1,081,353	6,307,892	1,886,097	1,886,097	\$ -
2071	6,307,892	1,081,353	5,226,539	1,759,032	1,759,032	\$ -
2072	5,226,539	1,081,353	4,145,186	1,631,967	1,631,967	\$ -
2073	4,145,186	1,081,353	3,063,833	1,504,902	1,504,902	\$ -
Project Totals		63,980,044		314,244,807	314,244,807	

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 **		
\$ -		\$ -		
\$ 1,745,562		\$ 1,745,562		

** 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.

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

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

Current Projected Year ARR	9,400,319
Current Projected Year ARR w/ Incentive	9,400,319
Current Projected Year Incentive ARR	-

Details						
Investment	71,355,517	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				11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense				1,150,895
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	71,355,517	575,448	70,780,069	8,926,299	8,926,299	\$ -
2017	70,780,069	1,150,895	69,629,174	9,400,319	9,400,319	\$ -
2018	69,629,174	1,150,895	68,478,278	9,265,083	9,265,083	\$ -
2019	68,478,278	1,150,895	67,327,383	9,129,846	9,129,846	\$ -
2020	67,327,383	1,150,895	66,176,488	8,994,610	8,994,610	\$ -
2021	66,176,488	1,150,895	65,025,592	8,859,373	8,859,373	\$ -
2022	65,025,592	1,150,895	63,874,697	8,724,137	8,724,137	\$ -
2023	63,874,697	1,150,895	62,723,801	8,588,901	8,588,901	\$ -
2024	62,723,801	1,150,895	61,572,906	8,453,664	8,453,664	\$ -
2025	61,572,906	1,150,895	60,422,010	8,318,428	8,318,428	\$ -
2026	60,422,010	1,150,895	59,271,115	8,183,191	8,183,191	\$ -
2027	59,271,115	1,150,895	58,120,219	8,047,955	8,047,955	\$ -
2028	58,120,219	1,150,895	56,969,324	7,912,718	7,912,718	\$ -
2029	56,969,324	1,150,895	55,818,429	7,777,482	7,777,482	\$ -
2030	55,818,429	1,150,895	54,667,533	7,642,245	7,642,245	\$ -
2031	54,667,533	1,150,895	53,516,638	7,507,009	7,507,009	\$ -
2032	53,516,638	1,150,895	52,365,742	7,371,772	7,371,772	\$ -
2033	52,365,742	1,150,895	51,214,847	7,236,536	7,236,536	\$ -
2034	51,214,847	1,150,895	50,063,951	7,101,300	7,101,300	\$ -
2035	50,063,951	1,150,895	48,913,056	6,966,063	6,966,063	\$ -
2036	48,913,056	1,150,895	47,762,161	6,830,827	6,830,827	\$ -
2037	47,762,161	1,150,895	46,611,265	6,695,590	6,695,590	\$ -
2038	46,611,265	1,150,895	45,460,370	6,560,354	6,560,354	\$ -
2039	45,460,370	1,150,895	44,309,474	6,425,117	6,425,117	\$ -
2040	44,309,474	1,150,895	43,158,579	6,289,881	6,289,881	\$ -
2041	43,158,579	1,150,895	42,007,683	6,154,644	6,154,644	\$ -
2042	42,007,683	1,150,895	40,856,788	6,019,408	6,019,408	\$ -
2043	40,856,788	1,150,895	39,705,893	5,884,171	5,884,171	\$ -
2044	39,705,893	1,150,895	38,554,997	5,748,935	5,748,935	\$ -
2045	38,554,997	1,150,895	37,404,102	5,613,698	5,613,698	\$ -
2046	37,404,102	1,150,895	36,253,206	5,478,462	5,478,462	\$ -
2047	36,253,206	1,150,895	35,102,311	5,343,226	5,343,226	\$ -
2048	35,102,311	1,150,895	33,951,415	5,207,989	5,207,989	\$ -
2049	33,951,415	1,150,895	32,800,520	5,072,753	5,072,753	\$ -
2050	32,800,520	1,150,895	31,649,624	4,937,516	4,937,516	\$ -
2051	31,649,624	1,150,895	30,498,729	4,802,280	4,802,280	\$ -
2052	30,498,729	1,150,895	29,347,834	4,667,043	4,667,043	\$ -
2053	29,347,834	1,150,895	28,196,938	4,531,807	4,531,807	\$ -
2054	28,196,938	1,150,895	27,046,043	4,396,570	4,396,570	\$ -
2055	27,046,043	1,150,895	25,895,147	4,261,334	4,261,334	\$ -
2056	25,895,147	1,150,895	24,744,252	4,126,097	4,126,097	\$ -
2057	24,744,252	1,150,895	23,593,356	3,990,861	3,990,861	\$ -
2058	23,593,356	1,150,895	22,442,461	3,855,625	3,855,625	\$ -
2059	22,442,461	1,150,895	21,291,566	3,720,388	3,720,388	\$ -
2060	21,291,566	1,150,895	20,140,670	3,585,152	3,585,152	\$ -
2061	20,140,670	1,150,895	18,989,775	3,449,915	3,449,915	\$ -
2062	18,989,775	1,150,895	17,838,879	3,314,679	3,314,679	\$ -
2063	17,838,879	1,150,895	16,687,984	3,179,442	3,179,442	\$ -
2064	16,687,984	1,150,895	15,537,088	3,044,206	3,044,206	\$ -
2065	15,537,088	1,150,895	14,386,193	2,908,969	2,908,969	\$ -
2066	14,386,193	1,150,895	13,235,298	2,773,733	2,773,733	\$ -
2067	13,235,298	1,150,895	12,084,402	2,638,496	2,638,496	\$ -
2068	12,084,402	1,150,895	10,933,507	2,503,260	2,503,260	\$ -
2069	10,933,507	1,150,895	9,782,611	2,368,024	2,368,024	\$ -
2070	9,782,611	1,150,895	8,631,716	2,232,787	2,232,787	\$ -
2071	8,631,716	1,150,895	7,480,820	2,097,551	2,097,551	\$ -
2072	7,480,820	1,150,895	6,329,925	1,962,314	1,962,314	\$ -
2073	6,329,925	1,150,895	5,179,029	1,827,078	1,827,078	\$ -
2074	5,179,029	1,150,895	4,028,134	1,691,841	1,691,841	\$ -
2075	4,028,134	1,150,895	2,877,239	1,556,605	1,556,605	\$ -
Project Totals		68,478,278		332,155,559	332,155,559	

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 **		

** 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.

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1659 (Sorenson: Add 765/345 kV transformer and all connection work)

Current Projected Year ARR	5,667,478
Current Projected Year ARR w/ Incentive	5,667,478
Current Projected Year Incentive ARR	-

Details						
Investment	42,713,194	Current Year			2017	
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)			-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation			11.75%	
Useful life	62	FCR w/incentives approved for these facilities, less dep.			11.75%	
CIAC (Yes or No)	No	Annual Depreciation Expense			688,922	
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	42,713,194	-	42,713,194	5,019,032	5,019,032	\$ -
2017	42,713,194	688,922	42,024,272	5,667,478	5,667,478	\$ -
2018	42,024,272	688,922	41,335,349	5,586,526	5,586,526	\$ -
2019	41,335,349	688,922	40,646,427	5,505,574	5,505,574	\$ -
2020	40,646,427	688,922	39,957,504	5,424,622	5,424,622	\$ -
2021	39,957,504	688,922	39,268,582	5,343,670	5,343,670	\$ -
2022	39,268,582	688,922	38,579,659	5,262,718	5,262,718	\$ -
2023	38,579,659	688,922	37,890,737	5,181,766	5,181,766	\$ -
2024	37,890,737	688,922	37,201,814	5,100,813	5,100,813	\$ -
2025	37,201,814	688,922	36,512,892	5,019,861	5,019,861	\$ -
2026	36,512,892	688,922	35,823,969	4,938,909	4,938,909	\$ -
2027	35,823,969	688,922	35,135,047	4,857,957	4,857,957	\$ -
2028	35,135,047	688,922	34,446,124	4,777,005	4,777,005	\$ -
2029	34,446,124	688,922	33,757,202	4,696,053	4,696,053	\$ -
2030	33,757,202	688,922	33,068,279	4,615,101	4,615,101	\$ -
2031	33,068,279	688,922	32,379,357	4,534,149	4,534,149	\$ -
2032	32,379,357	688,922	31,690,434	4,453,196	4,453,196	\$ -
2033	31,690,434	688,922	31,001,512	4,372,244	4,372,244	\$ -
2034	31,001,512	688,922	30,312,589	4,291,292	4,291,292	\$ -
2035	30,312,589	688,922	29,623,667	4,210,340	4,210,340	\$ -
2036	29,623,667	688,922	28,934,744	4,129,388	4,129,388	\$ -
2037	28,934,744	688,922	28,245,822	4,048,436	4,048,436	\$ -
2038	28,245,822	688,922	27,556,899	3,967,484	3,967,484	\$ -
2039	27,556,899	688,922	26,867,977	3,886,532	3,886,532	\$ -
2040	26,867,977	688,922	26,179,054	3,805,579	3,805,579	\$ -
2041	26,179,054	688,922	25,490,132	3,724,627	3,724,627	\$ -
2042	25,490,132	688,922	24,801,209	3,643,675	3,643,675	\$ -
2043	24,801,209	688,922	24,112,287	3,562,723	3,562,723	\$ -
2044	24,112,287	688,922	23,423,364	3,481,771	3,481,771	\$ -
2045	23,423,364	688,922	22,734,442	3,400,819	3,400,819	\$ -
2046	22,734,442	688,922	22,045,519	3,319,867	3,319,867	\$ -
2047	22,045,519	688,922	21,356,597	3,238,915	3,238,915	\$ -
2048	21,356,597	688,922	20,667,675	3,157,962	3,157,962	\$ -
2049	20,667,675	688,922	19,978,752	3,077,010	3,077,010	\$ -
2050	19,978,752	688,922	19,289,830	2,996,058	2,996,058	\$ -
2051	19,289,830	688,922	18,600,907	2,915,106	2,915,106	\$ -
2052	18,600,907	688,922	17,911,985	2,834,154	2,834,154	\$ -
2053	17,911,985	688,922	17,223,062	2,753,202	2,753,202	\$ -
2054	17,223,062	688,922	16,534,140	2,672,250	2,672,250	\$ -
2055	16,534,140	688,922	15,845,217	2,591,298	2,591,298	\$ -
2056	15,845,217	688,922	15,156,295	2,510,345	2,510,345	\$ -
2057	15,156,295	688,922	14,467,372	2,429,393	2,429,393	\$ -
2058	14,467,372	688,922	13,778,450	2,348,441	2,348,441	\$ -
2059	13,778,450	688,922	13,089,527	2,267,489	2,267,489	\$ -
2060	13,089,527	688,922	12,400,605	2,186,537	2,186,537	\$ -
2061	12,400,605	688,922	11,711,682	2,105,585	2,105,585	\$ -
2062	11,711,682	688,922	11,022,760	2,024,633	2,024,633	\$ -
2063	11,022,760	688,922	10,333,837	1,943,680	1,943,680	\$ -
2064	10,333,837	688,922	9,644,915	1,862,728	1,862,728	\$ -
2065	9,644,915	688,922	8,955,992	1,781,776	1,781,776	\$ -
2066	8,955,992	688,922	8,267,070	1,700,824	1,700,824	\$ -
2067	8,267,070	688,922	7,578,147	1,619,872	1,619,872	\$ -
2068	7,578,147	688,922	6,889,225	1,538,920	1,538,920	\$ -
2069	6,889,225	688,922	6,200,302	1,457,968	1,457,968	\$ -
2070	6,200,302	688,922	5,511,380	1,377,016	1,377,016	\$ -
2071	5,511,380	688,922	4,822,457	1,296,063	1,296,063	\$ -
2072	4,822,457	688,922	4,133,535	1,215,111	1,215,111	\$ -
2073	4,133,535	688,922	3,444,612	1,134,159	1,134,159	\$ -
2074	3,444,612	688,922	2,755,690	1,053,207	1,053,207	\$ -
2075	2,755,690	688,922	2,066,767	972,255	972,255	\$ -
Project Totals		40,646,427		200,891,165	200,891,165	

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 **		

** 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.

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1659.13 (Sorenson: Expansion work to establish 765 kV site)

Current Projected Year ARR	7,261,914
Current Projected Year ARR w/ Incentive	7,261,914
Current Projected Year Incentive ARR	-

Details						
Investment	54,729,723	Current Year				2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)				-
Service Month (1-12)	12	FCR w/o incentives, less depreciation				11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense				882,737
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	54,729,723	-	54,729,723	6,431,039	6,431,039	\$ -
2017	54,729,723	882,737	53,846,986	7,261,914	7,261,914	\$ -
2018	53,846,986	882,737	52,964,248	7,158,187	7,158,187	\$ -
2019	52,964,248	882,737	52,081,511	7,054,461	7,054,461	\$ -
2020	52,081,511	882,737	51,198,773	6,950,734	6,950,734	\$ -
2021	51,198,773	882,737	50,316,036	6,847,008	6,847,008	\$ -
2022	50,316,036	882,737	49,433,298	6,743,281	6,743,281	\$ -
2023	49,433,298	882,737	48,550,561	6,639,555	6,639,555	\$ -
2024	48,550,561	882,737	47,667,823	6,535,828	6,535,828	\$ -
2025	47,667,823	882,737	46,785,086	6,432,102	6,432,102	\$ -
2026	46,785,086	882,737	45,902,348	6,328,376	6,328,376	\$ -
2027	45,902,348	882,737	45,019,611	6,224,649	6,224,649	\$ -
2028	45,019,611	882,737	44,136,873	6,120,923	6,120,923	\$ -
2029	44,136,873	882,737	43,254,136	6,017,196	6,017,196	\$ -
2030	43,254,136	882,737	42,371,398	5,913,470	5,913,470	\$ -
2031	42,371,398	882,737	41,488,661	5,809,743	5,809,743	\$ -
2032	41,488,661	882,737	40,605,924	5,706,017	5,706,017	\$ -
2033	40,605,924	882,737	39,723,186	5,602,291	5,602,291	\$ -
2034	39,723,186	882,737	38,840,449	5,498,564	5,498,564	\$ -
2035	38,840,449	882,737	37,957,711	5,394,838	5,394,838	\$ -
2036	37,957,711	882,737	37,074,974	5,291,111	5,291,111	\$ -
2037	37,074,974	882,737	36,192,236	5,187,385	5,187,385	\$ -
2038	36,192,236	882,737	35,309,499	5,083,658	5,083,658	\$ -
2039	35,309,499	882,737	34,426,761	4,979,932	4,979,932	\$ -
2040	34,426,761	882,737	33,544,024	4,876,205	4,876,205	\$ -
2041	33,544,024	882,737	32,661,286	4,772,479	4,772,479	\$ -
2042	32,661,286	882,737	31,778,549	4,668,753	4,668,753	\$ -
2043	31,778,549	882,737	30,895,811	4,565,026	4,565,026	\$ -
2044	30,895,811	882,737	30,013,074	4,461,300	4,461,300	\$ -
2045	30,013,074	882,737	29,130,336	4,357,573	4,357,573	\$ -
2046	29,130,336	882,737	28,247,599	4,253,847	4,253,847	\$ -
2047	28,247,599	882,737	27,364,862	4,150,120	4,150,120	\$ -
2048	27,364,862	882,737	26,482,124	4,046,394	4,046,394	\$ -
2049	26,482,124	882,737	25,599,387	3,942,667	3,942,667	\$ -
2050	25,599,387	882,737	24,716,649	3,838,941	3,838,941	\$ -
2051	24,716,649	882,737	23,833,912	3,735,215	3,735,215	\$ -
2052	23,833,912	882,737	22,951,174	3,631,488	3,631,488	\$ -
2053	22,951,174	882,737	22,068,437	3,527,762	3,527,762	\$ -
2054	22,068,437	882,737	21,185,699	3,424,035	3,424,035	\$ -
2055	21,185,699	882,737	20,302,962	3,320,309	3,320,309	\$ -
2056	20,302,962	882,737	19,420,224	3,216,582	3,216,582	\$ -
2057	19,420,224	882,737	18,537,487	3,112,856	3,112,856	\$ -
2058	18,537,487	882,737	17,654,749	3,009,129	3,009,129	\$ -
2059	17,654,749	882,737	16,772,012	2,905,403	2,905,403	\$ -
2060	16,772,012	882,737	15,889,274	2,801,677	2,801,677	\$ -
2061	15,889,274	882,737	15,006,537	2,697,950	2,697,950	\$ -
2062	15,006,537	882,737	14,123,799	2,594,224	2,594,224	\$ -
2063	14,123,799	882,737	13,241,062	2,490,497	2,490,497	\$ -
2064	13,241,062	882,737	12,358,325	2,386,771	2,386,771	\$ -
2065	12,358,325	882,737	11,475,587	2,283,044	2,283,044	\$ -
2066	11,475,587	882,737	10,592,850	2,179,318	2,179,318	\$ -
2067	10,592,850	882,737	9,710,112	2,075,592	2,075,592	\$ -
2068	9,710,112	882,737	8,827,375	1,971,865	1,971,865	\$ -
2069	8,827,375	882,737	7,944,637	1,868,139	1,868,139	\$ -
2070	7,944,637	882,737	7,061,900	1,764,412	1,764,412	\$ -
2071	7,061,900	882,737	6,179,162	1,660,686	1,660,686	\$ -
2072	6,179,162	882,737	5,296,425	1,556,959	1,556,959	\$ -
2073	5,296,425	882,737	4,413,687	1,453,233	1,453,233	\$ -
2074	4,413,687	882,737	3,530,950	1,349,506	1,349,506	\$ -
2075	3,530,950	882,737	2,648,212	1,245,780	1,245,780	\$ -
Project Totals		52,081,511		257,407,999	257,407,999	

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 **		

** 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.

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Current Projected Year ARR	8,131,617
Current Projected Year ARR w/ Incentive	8,131,617
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b1659.14 (Sorenson: Approx. 14 miles of 765 kV line from existing Dumont-Marysville line)

Details						
Investment	61,284,282	Current Year				2017
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)				-
Service Month (1-12)	12	FCR w/o incentives, less depreciation				11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense				988,456
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	61,284,282	-	61,284,282	7,201,236	7,201,236	\$ -
2017	61,284,282	988,456	60,295,826	8,131,617	8,131,617	\$ -
2018	60,295,826	988,456	59,307,370	8,015,468	8,015,468	\$ -
2019	59,307,370	988,456	58,318,914	7,899,319	7,899,319	\$ -
2020	58,318,914	988,456	57,330,457	7,783,170	7,783,170	\$ -
2021	57,330,457	988,456	56,342,001	7,667,021	7,667,021	\$ -
2022	56,342,001	988,456	55,353,545	7,550,872	7,550,872	\$ -
2023	55,353,545	988,456	54,365,089	7,434,723	7,434,723	\$ -
2024	54,365,089	988,456	53,376,633	7,318,574	7,318,574	\$ -
2025	53,376,633	988,456	52,388,177	7,202,426	7,202,426	\$ -
2026	52,388,177	988,456	51,399,720	7,086,277	7,086,277	\$ -
2027	51,399,720	988,456	50,411,264	6,970,128	6,970,128	\$ -
2028	50,411,264	988,456	49,422,808	6,853,979	6,853,979	\$ -
2029	49,422,808	988,456	48,434,352	6,737,830	6,737,830	\$ -
2030	48,434,352	988,456	47,445,896	6,621,681	6,621,681	\$ -
2031	47,445,896	988,456	46,457,440	6,505,532	6,505,532	\$ -
2032	46,457,440	988,456	45,468,983	6,389,383	6,389,383	\$ -
2033	45,468,983	988,456	44,480,527	6,273,234	6,273,234	\$ -
2034	44,480,527	988,456	43,492,071	6,157,085	6,157,085	\$ -
2035	43,492,071	988,456	42,503,615	6,040,936	6,040,936	\$ -
2036	42,503,615	988,456	41,515,159	5,924,787	5,924,787	\$ -
2037	41,515,159	988,456	40,526,703	5,808,638	5,808,638	\$ -
2038	40,526,703	988,456	39,538,246	5,692,489	5,692,489	\$ -
2039	39,538,246	988,456	38,549,790	5,576,340	5,576,340	\$ -
2040	38,549,790	988,456	37,561,334	5,460,191	5,460,191	\$ -
2041	37,561,334	988,456	36,572,878	5,344,042	5,344,042	\$ -
2042	36,572,878	988,456	35,584,422	5,227,893	5,227,893	\$ -
2043	35,584,422	988,456	34,595,966	5,111,744	5,111,744	\$ -
2044	34,595,966	988,456	33,607,509	4,995,595	4,995,595	\$ -
2045	33,607,509	988,456	32,619,053	4,879,446	4,879,446	\$ -
2046	32,619,053	988,456	31,630,597	4,763,297	4,763,297	\$ -
2047	31,630,597	988,456	30,642,141	4,647,148	4,647,148	\$ -
2048	30,642,141	988,456	29,653,685	4,530,999	4,530,999	\$ -
2049	29,653,685	988,456	28,665,229	4,414,850	4,414,850	\$ -
2050	28,665,229	988,456	27,676,773	4,298,702	4,298,702	\$ -
2051	27,676,773	988,456	26,688,316	4,182,553	4,182,553	\$ -
2052	26,688,316	988,456	25,699,860	4,066,404	4,066,404	\$ -
2053	25,699,860	988,456	24,711,404	3,950,255	3,950,255	\$ -
2054	24,711,404	988,456	23,722,948	3,834,106	3,834,106	\$ -
2055	23,722,948	988,456	22,734,492	3,717,957	3,717,957	\$ -
2056	22,734,492	988,456	21,746,036	3,601,808	3,601,808	\$ -
2057	21,746,036	988,456	20,757,579	3,485,659	3,485,659	\$ -
2058	20,757,579	988,456	19,769,123	3,369,510	3,369,510	\$ -
2059	19,769,123	988,456	18,780,667	3,253,361	3,253,361	\$ -
2060	18,780,667	988,456	17,792,211	3,137,212	3,137,212	\$ -
2061	17,792,211	988,456	16,803,755	3,021,063	3,021,063	\$ -
2062	16,803,755	988,456	15,815,299	2,904,914	2,904,914	\$ -
2063	15,815,299	988,456	14,826,842	2,788,765	2,788,765	\$ -
2064	14,826,842	988,456	13,838,386	2,672,616	2,672,616	\$ -
2065	13,838,386	988,456	12,849,930	2,556,467	2,556,467	\$ -
2066	12,849,930	988,456	11,861,474	2,440,318	2,440,318	\$ -
2067	11,861,474	988,456	10,873,018	2,324,169	2,324,169	\$ -
2068	10,873,018	988,456	9,884,562	2,208,020	2,208,020	\$ -
2069	9,884,562	988,456	8,896,105	2,091,871	2,091,871	\$ -
2070	8,896,105	988,456	7,907,649	1,975,722	1,975,722	\$ -
2071	7,907,649	988,456	6,919,193	1,859,573	1,859,573	\$ -
2072	6,919,193	988,456	5,930,737	1,743,424	1,743,424	\$ -
2073	5,930,737	988,456	4,942,281	1,627,275	1,627,275	\$ -
2074	4,942,281	988,456	3,953,825	1,511,126	1,511,126	\$ -
2075	3,953,825	988,456	2,965,368	1,394,978	1,394,978	\$ -
Project Totals		58,318,914		288,235,780	288,235,780	

** 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 **		

Worksheet J - ATRR PROJECTED Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1465.1 (Add a 3rd 2250 MVA 765/345 kV transformer at Sullivan station)

Current Projected Year ARR	3,283,917
Current Projected Year ARR w/ Incentive	3,283,917
Current Projected Year Incentive ARR	-

Details						
Investment	26,793,077	Current Year				2017
Service Year (yyyy)	2017	ROE increase accepted by FERC (Basis Points)				-
Service Month (1-12)	8	FCR w/o incentives, less depreciation				11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense				432,146
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2017	26,793,077	144,049	26,649,028	3,283,917	3,283,917	\$ -
2018	26,649,028	432,146	26,216,882	3,538,162	3,538,162	\$ -
2019	26,216,882	432,146	25,784,735	3,487,382	3,487,382	\$ -
2020	25,784,735	432,146	25,352,589	3,436,603	3,436,603	\$ -
2021	25,352,589	432,146	24,920,443	3,385,823	3,385,823	\$ -
2022	24,920,443	432,146	24,488,296	3,335,044	3,335,044	\$ -
2023	24,488,296	432,146	24,056,150	3,284,264	3,284,264	\$ -
2024	24,056,150	432,146	23,624,003	3,233,485	3,233,485	\$ -
2025	23,624,003	432,146	23,191,857	3,182,705	3,182,705	\$ -
2026	23,191,857	432,146	22,759,711	3,131,926	3,131,926	\$ -
2027	22,759,711	432,146	22,327,564	3,081,146	3,081,146	\$ -
2028	22,327,564	432,146	21,895,418	3,030,367	3,030,367	\$ -
2029	21,895,418	432,146	21,463,271	2,979,587	2,979,587	\$ -
2030	21,463,271	432,146	21,031,125	2,928,807	2,928,807	\$ -
2031	21,031,125	432,146	20,598,979	2,878,028	2,878,028	\$ -
2032	20,598,979	432,146	20,166,832	2,827,248	2,827,248	\$ -
2033	20,166,832	432,146	19,734,686	2,776,469	2,776,469	\$ -
2034	19,734,686	432,146	19,302,539	2,725,689	2,725,689	\$ -
2035	19,302,539	432,146	18,870,393	2,674,910	2,674,910	\$ -
2036	18,870,393	432,146	18,438,247	2,624,130	2,624,130	\$ -
2037	18,438,247	432,146	18,006,100	2,573,351	2,573,351	\$ -
2038	18,006,100	432,146	17,573,954	2,522,571	2,522,571	\$ -
2039	17,573,954	432,146	17,141,807	2,471,792	2,471,792	\$ -
2040	17,141,807	432,146	16,709,661	2,421,012	2,421,012	\$ -
2041	16,709,661	432,146	16,277,515	2,370,232	2,370,232	\$ -
2042	16,277,515	432,146	15,845,368	2,319,453	2,319,453	\$ -
2043	15,845,368	432,146	15,413,222	2,268,673	2,268,673	\$ -
2044	15,413,222	432,146	14,981,075	2,217,894	2,217,894	\$ -
2045	14,981,075	432,146	14,548,929	2,167,114	2,167,114	\$ -
2046	14,548,929	432,146	14,116,783	2,116,335	2,116,335	\$ -
2047	14,116,783	432,146	13,684,636	2,065,555	2,065,555	\$ -
2048	13,684,636	432,146	13,252,490	2,014,776	2,014,776	\$ -
2049	13,252,490	432,146	12,820,343	1,963,996	1,963,996	\$ -
2050	12,820,343	432,146	12,388,197	1,913,217	1,913,217	\$ -
2051	12,388,197	432,146	11,956,050	1,862,437	1,862,437	\$ -
2052	11,956,050	432,146	11,523,904	1,811,657	1,811,657	\$ -
2053	11,523,904	432,146	11,091,758	1,760,878	1,760,878	\$ -
2054	11,091,758	432,146	10,659,611	1,710,098	1,710,098	\$ -
2055	10,659,611	432,146	10,227,465	1,659,319	1,659,319	\$ -
2056	10,227,465	432,146	9,795,318	1,608,539	1,608,539	\$ -
2057	9,795,318	432,146	9,363,172	1,557,760	1,557,760	\$ -
2058	9,363,172	432,146	8,931,026	1,506,980	1,506,980	\$ -

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 **		

** 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
Long Term Debt	50.39%	3.37%
Preferred Stock	0.00%	0.00%
Common Stock	49.61%	11.49%
		Weighted cost
		1.699%
		0.000%
		5.700%
		R = 7.399%

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

Rate Base (True-Up TCOS, ln 79)	953,135,548
R (from A. above)	7.399%
Return (Rate Base x R)	70,525,592

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

Return (from B. above)	70,525,592
Effective Tax Rate (TCOS, ln 125)	49.03%
Income Tax Calculation (Return x CIT)	34,579,456
ITC Adjustment	-
Excess Deferred Income Tax	-
Tax Affect of Permanent Differences	240,555
Income Taxes	34,820,011

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)	150,171,841
Lease Payments (TCOS, lns 104)	-
Return (TCOS, ln 137)	70,525,592
Income Taxes (TCOS, ln 136)	34,820,011
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	44,826,239

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	44,826,239
Return (from I.B. above)	70,525,592
Income Taxes (from I.C. above)	34,820,011
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,171,841
Depreciation (TCOS, ln 109)	18,460,966
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	131,710,875

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

Net Transmission Plant (Projected TCOS, ln 49)	1,120,891,874
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,171,841
FCR with 0 Basis Point increase in ROE	13.40%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	131,710,875
FCR with 0 Basis Point ROE increase, less Depreciation	11.75%
FCR less Depreciation (TCOS, ln 10)	11.75%
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)):	909,860,883
Transmission Plant @ End of Rate Year (2016) (P.207, ln 58,(g)):	1,376,835,961
Subtotal	2,286,696,844
Average Transmission Plant Balance for 2016	1,143,348,422
Annual Depreciation and Amortization Expense (TCOS, ln 109)	18,460,966
Composite Depreciation Rate	1.61%
Depreciable Life for Composite Depreciation Rate	61.93
Average Life in Whole Years	62

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

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

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

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

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

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

Page 3 of 10

(e.g. ER05-925-000)

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	1,953,109	1,953,109	-
True-Up Adjustment	1,953,109	1,953,109	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

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

Page 4 of 10

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

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2048 (Replace both Tanners Creek 345/138 kV transformers with one bigger transformer)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

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

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

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Details			
Investment	13,240,839	Current Year	2016
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.	11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense	213,562

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

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

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

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)	2015	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	12	FCR w/o incentives, less depreciation					11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.					11.75%
CIAC (Yes or No)	No	Annual Depreciation Expense					-
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2015	-	-	-	-	-	-	\$ -
2016	-	-	-	-	-	-	\$ -
2017	-	-	-	-	-	-	\$ -
2018	-	-	-	-	-	-	\$ -
2019	-	-	-	-	-	-	\$ -
2020	-	-	-	-	-	-	\$ -
2021	-	-	-	-	-	-	\$ -
2022	-	-	-	-	-	-	\$ -
2023	-	-	-	-	-	-	\$ -
2024	-	-	-	-	-	-	\$ -
2025	-	-	-	-	-	-	\$ -
2026	-	-	-	-	-	-	\$ -
2027	-	-	-	-	-	-	\$ -
2028	-	-	-	-	-	-	\$ -
2029	-	-	-	-	-	-	\$ -
2030	-	-	-	-	-	-	\$ -
2031	-	-	-	-	-	-	\$ -
2032	-	-	-	-	-	-	\$ -
2033	-	-	-	-	-	-	\$ -
2034	-	-	-	-	-	-	\$ -
2035	-	-	-	-	-	-	\$ -
2036	-	-	-	-	-	-	\$ -
2037	-	-	-	-	-	-	\$ -
2038	-	-	-	-	-	-	\$ -
2039	-	-	-	-	-	-	\$ -
2040	-	-	-	-	-	-	\$ -
2041	-	-	-	-	-	-	\$ -
2042	-	-	-	-	-	-	\$ -
2043	-	-	-	-	-	-	\$ -
2044	-	-	-	-	-	-	\$ -
2045	-	-	-	-	-	-	\$ -
2046	-	-	-	-	-	-	\$ -
2047	-	-	-	-	-	-	\$ -
2048	-	-	-	-	-	-	\$ -
2049	-	-	-	-	-	-	\$ -
2050	-	-	-	-	-	-	\$ -
2051	-	-	-	-	-	-	\$ -
2052	-	-	-	-	-	-	\$ -
2053	-	-	-	-	-	-	\$ -
2054	-	-	-	-	-	-	\$ -
2055	-	-	-	-	-	-	\$ -
2056	-	-	-	-	-	-	\$ -
2057	-	-	-	-	-	-	\$ -
2058	-	-	-	-	-	-	\$ -
2059	-	-	-	-	-	-	\$ -
2060	-	-	-	-	-	-	\$ -
2061	-	-	-	-	-	-	\$ -
2062	-	-	-	-	-	-	\$ -
2063	-	-	-	-	-	-	\$ -
2064	-	-	-	-	-	-	\$ -
2065	-	-	-	-	-	-	\$ -
2066	-	-	-	-	-	-	\$ -
2067	-	-	-	-	-	-	\$ -
2068	-	-	-	-	-	-	\$ -
2069	-	-	-	-	-	-	\$ -
2070	-	-	-	-	-	-	\$ -
2071	-	-	-	-	-	-	\$ -
2072	-	-	-	-	-	-	\$ -
2073	-	-	-	-	-	-	\$ -
2074	-	-	-	-	-	-	\$ -

[illegible]

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1659 (Sorenson: Add 765/345 kV transformer and all connection work)

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)	2016	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation				11.75%	
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%	
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 ##
2016	-	-	-	-	-	-	\$ -
2017	-	-	-	-	-	-	\$ -
2018	-	-	-	-	-	-	\$ -
2019	-	-	-	-	-	-	\$ -
2020	-	-	-	-	-	-	\$ -
2021	-	-	-	-	-	-	\$ -
2022	-	-	-	-	-	-	\$ -
2023	-	-	-	-	-	-	\$ -
2024	-	-	-	-	-	-	\$ -
2025	-	-	-	-	-	-	\$ -
2026	-	-	-	-	-	-	\$ -
2027	-	-	-	-	-	-	\$ -
2028	-	-	-	-	-	-	\$ -
2029	-	-	-	-	-	-	\$ -
2030	-	-	-	-	-	-	\$ -
2031	-	-	-	-	-	-	\$ -
2032	-	-	-	-	-	-	\$ -
2033	-	-	-	-	-	-	\$ -
2034	-	-	-	-	-	-	\$ -
2035	-	-	-	-	-	-	\$ -
2036	-	-	-	-	-	-	\$ -
2037	-	-	-	-	-	-	\$ -
2038	-	-	-	-	-	-	\$ -
2039	-	-	-	-	-	-	\$ -
2040	-	-	-	-	-	-	\$ -
2041	-	-	-	-	-	-	\$ -
2042	-	-	-	-	-	-	\$ -
2043	-	-	-	-	-	-	\$ -
2044	-	-	-	-	-	-	\$ -
2045	-	-	-	-	-	-	\$ -
2046	-	-	-	-	-	-	\$ -
2047	-	-	-	-	-	-	\$ -
2048	-	-	-	-	-	-	\$ -
2049	-	-	-	-	-	-	\$ -
2050	-	-	-	-	-	-	\$ -
2051	-	-	-	-	-	-	\$ -
2052	-	-	-	-	-	-	\$ -
2053	-	-	-	-	-	-	\$ -
2054	-	-	-	-	-	-	\$ -
2055	-	-	-	-	-	-	\$ -
2056	-	-	-	-	-	-	\$ -
2057	-	-	-	-	-	-	\$ -
2058	-	-	-	-	-	-	\$ -
2059	-	-	-	-	-	-	\$ -
2060	-	-	-	-	-	-	\$ -
2061	-	-	-	-	-	-	\$ -
2062	-	-	-	-	-	-	\$ -
2063	-	-	-	-	-	-	\$ -
2064	-	-	-	-	-	-	\$ -
2065	-	-	-	-	-	-	\$ -
2066	-	-	-	-	-	-	\$ -
2067	-	-	-	-	-	-	\$ -
2068	-	-	-	-	-	-	\$ -
2069	-	-	-	-	-	-	\$ -
2070	-	-	-	-	-	-	\$ -
2071	-	-	-	-	-	-	\$ -
2072	-	-	-	-	-	-	\$ -
2073	-	-	-	-	-	-	\$ -
2074	-	-	-	-	-	-	\$ -
2075	-	-	-	-	-	-	\$ -
Project Totals		-	-	-	-	-	-

[illegible]

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1659.13 (Sorenson: Expansion work to establish 765 kV site)

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)	2016	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation				11.75%	
Useful life	62	FCR w/incentives approved for these facilities, less dep.				11.75%	
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 ##
2016	-	-	-	-	-	-	\$ -
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-
2053	-	-	-	-	-	-	-
2054	-	-	-	-	-	-	-
2055	-	-	-	-	-	-	-
2056	-	-	-	-	-	-	-
2057	-	-	-	-	-	-	-
2058	-	-	-	-	-	-	-
2059	-	-	-	-	-	-	-
2060	-	-	-	-	-	-	-
2061	-	-	-	-	-	-	-
2062	-	-	-	-	-	-	-
2063	-	-	-	-	-	-	-
2064	-	-	-	-	-	-	-
2065	-	-	-	-	-	-	-
2066	-	-	-	-	-	-	-
2067	-	-	-	-	-	-	-
2068	-	-	-	-	-	-	-
2069	-	-	-	-	-	-	-
2070	-	-	-	-	-	-	-
2071	-	-	-	-	-	-	-
2072	-	-	-	-	-	-	-
2073	-	-	-	-	-	-	-
2074	-	-	-	-	-	-	-
2075	-	-	-	-	-	-	-
Project Totals		-	-	-	-	-	-

[illegible]

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

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

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1465.1 (Add a 3rd 2250 MVA 765/345 kV transformer at Sullivan station)

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	#N/A	#N/A	#N/A
Prior Yr True-Up	#N/A	#N/A	#N/A
True-Up Adjustment	#N/A	#N/A	#N/A

Details			
Investment	-	Current Year	2016
Service Year (yyyy)	2017	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	8	FCR w/o incentives, less depreciation	11.75%
Useful life	62	FCR w/incentives approved for these facilities, less dep.	11.75%
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 ##
2017	-	-	-	-	-	-	\$ -
2018	-	-	-	-	-	-	\$ -
2019	-	-	-	-	-	-	\$ -
2020	-	-	-	-	-	-	\$ -
2021	-	-	-	-	-	-	\$ -
2022	-	-	-	-	-	-	\$ -
2023	-	-	-	-	-	-	\$ -
2024	-	-	-	-	-	-	\$ -
2025	-	-	-	-	-	-	\$ -
2026	-	-	-	-	-	-	\$ -
2027	-	-	-	-	-	-	\$ -
2028	-	-	-	-	-	-	\$ -
2029	-	-	-	-	-	-	\$ -
2030	-	-	-	-	-	-	\$ -
2031	-	-	-	-	-	-	\$ -
2032	-	-	-	-	-	-	\$ -
2033	-	-	-	-	-	-	\$ -
2034	-	-	-	-	-	-	\$ -
2035	-	-	-	-	-	-	\$ -
2036	-	-	-	-	-	-	\$ -
2037	-	-	-	-	-	-	\$ -
2038	-	-	-	-	-	-	\$ -
2039	-	-	-	-	-	-	\$ -
2040	-	-	-	-	-	-	\$ -
2041	-	-	-	-	-	-	\$ -
2042	-	-	-	-	-	-	\$ -
2043	-	-	-	-	-	-	\$ -
2044	-	-	-	-	-	-	\$ -
2045	-	-	-	-	-	-	\$ -
2046	-	-	-	-	-	-	\$ -
2047	-	-	-	-	-	-	\$ -
2048	-	-	-	-	-	-	\$ -
2049	-	-	-	-	-	-	\$ -
2050	-	-	-	-	-	-	\$ -
2051	-	-	-	-	-	-	\$ -
2052	-	-	-	-	-	-	\$ -
2053	-	-	-	-	-	-	\$ -
2054	-	-	-	-	-	-	\$ -
2055	-	-	-	-	-	-	\$ -
2056	-	-	-	-	-	-	\$ -
2057	-	-	-	-	-	-	\$ -
2058	-	-	-	-	-	-	\$ -
2059	-	-	-	-	-	-	\$ -
2060	-	-	-	-	-	-	\$ -
2061	-	-	-	-	-	-	\$ -
2062	-	-	-	-	-	-	\$ -
2063	-	-	-	-	-	-	\$ -
2064	-	-	-	-	-	-	\$ -
2065	-	-	-	-	-	-	\$ -
2066	-	-	-	-	-	-	\$ -
2067	-	-	-	-	-	-	\$ -
2068	-	-	-	-	-	-	\$ -
2069	-	-	-	-	-	-	\$ -
2070	-	-	-	-	-	-	\$ -
2071	-	-	-	-	-	-	\$ -
2072	-	-	-	-	-	-	\$ -
2073	-	-	-	-	-	-	\$ -
2074	-	-	-	-	-	-	\$ -
2075	-	-	-	-	-	-	\$ -
2076	-	-	-	-	-	-	\$ -
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.

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

A. Base Plan Facilities

(e.g. ER05-925-000)

Project Description: RTEP ID: b1659.14 (Sorenson: Approx. 14 miles of 765 kV line from existing Dumont-Marysville line)

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

Formula Rate
WS K TRUE-UP RTEP RR
Page 35 of 44

Details							
Investment	-	Current Year	2016				
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-				
Service Month (1-12)	12	FCR w/o incentives, less depreciation	11.75%				
Useful life	62	FCR w/incentives approved for these facilities, less dep.	11.75%				
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 ##
2016	-	-	-	-	-	-	\$ -
2017	-	-	-	-	-	-	\$ -
2018	-	-	-	-	-	-	\$ -
2019	-	-	-	-	-	-	\$ -
2020	-	-	-	-	-	-	\$ -
2021	-	-	-	-	-	-	\$ -
2022	-	-	-	-	-	-	\$ -
2023	-	-	-	-	-	-	\$ -
2024	-	-	-	-	-	-	\$ -
2025	-	-	-	-	-	-	\$ -
2026	-	-	-	-	-	-	\$ -
2027	-	-	-	-	-	-	\$ -
2028	-	-	-	-	-	-	\$ -
2029	-	-	-	-	-	-	\$ -
2030	-	-	-	-	-	-	\$ -
2031	-	-	-	-	-	-	\$ -
2032	-	-	-	-	-	-	\$ -
2033	-	-	-	-	-	-	\$ -
2034	-	-	-	-	-	-	\$ -
2035	-	-	-	-	-	-	\$ -
2036	-	-	-	-	-	-	\$ -
2037	-	-	-	-	-	-	\$ -
2038	-	-	-	-	-	-	\$ -
2039	-	-	-	-	-	-	\$ -
2040	-	-	-	-	-	-	\$ -
2041	-	-	-	-	-	-	\$ -
2042	-	-	-	-	-	-	\$ -
2043	-	-	-	-	-	-	\$ -
2044	-	-	-	-	-	-	\$ -
2045	-	-	-	-	-	-	\$ -
2046	-	-	-	-	-	-	\$ -
2047	-	-	-	-	-	-	\$ -
2048	-	-	-	-	-	-	\$ -
2049	-	-	-	-	-	-	\$ -
2050	-	-	-	-	-	-	\$ -
2051	-	-	-	-	-	-	\$ -
2052	-	-	-	-	-	-	\$ -
2053	-	-	-	-	-	-	\$ -
2054	-	-	-	-	-	-	\$ -
2055	-	-	-	-	-	-	\$ -
2056	-	-	-	-	-	-	\$ -
2057	-	-	-	-	-	-	\$ -
2058	-	-	-	-	-	-	\$ -
2059	-	-	-	-	-	-	\$ -
2060	-	-	-	-	-	-	\$ -
2061	-	-	-	-	-	-	\$ -
2062	-	-	-	-	-	-	\$ -
2063	-	-	-	-	-	-	\$ -
2064	-	-	-	-	-	-	\$ -
2065	-	-	-	-	-	-	\$ -
2066	-	-	-	-	-	-	\$ -
2067	-	-	-	-	-	-	\$ -
2068	-	-	-	-	-	-	\$ -
2069	-	-	-	-	-	-	\$ -
2070	-	-	-	-	-	-	\$ -
2071	-	-	-	-	-	-	\$ -
2072	-	-	-	-	-	-	\$ -
2073	-	-	-	-	-	-	\$ -
2074	-	-	-	-	-	-	\$ -
2075	-	-	-	-	-	-	\$ -

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.

[illegible]

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
AEP INDIANA MICHIGAN 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
<u>Development of Average Balance of Common Equity</u>				
1	Proprietary Capital (112.16.c&d)	653,824,368	490,698,958	572,261,663
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	653,824,368	490,698,958	572,261,663

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)	508,800,000	508,800,000	508,800,000
9	Senior Unsecured Notes (112.21.c&d)	145,000,000	-	72,500,000
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	653,800,000	508,800,000	581,300,000

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			
14	Interest on Long Term Debt (256-257.33.i)			19,602,905
	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)			19,602,905
21	Average Cost of Debt for (Ln 20/Ln 11)			3.37%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUCED FROM TCOS

22 AEP INDIANA MICHIGAN 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%	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 INDIANA MICHIGAN 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 INDIANA MICHIGAN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
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	1,580,970
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$91,696
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)	-\$40,632
15	Actual PBOP Expense (Sum Lines 11-14)	-\$40,632
16	PBOP Adjustment Line 10 less Line 15	-\$51,064

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 July 1, 2014

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.27%
Structures & Improvements	352.0	1.32%
Station Equipment	353.0	1.69%
Towers & Fixtures	354.0	1.60%
Poles & Fixtures	355.0	2.43%
Overhead Conductor	356.0	1.53%
Underground Conduit	357.0	1.56%
Underground Conductors	358.0	1.55%
Trails & Roads	359.0	1.49%

Note: Per the Settlement in Docket No. ER10-355, AEP INDIANA MICHIGAN 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.

	<u>I & M</u>	<u>TOTAL</u>
1 T-Plant (FF1 206.58.g)	1,153,823,876	1,153,823,876
2 T-Plant (FF1 206.58.b)	1,115,559,969	1,115,559,969
3 Average (Ln 1+ Ln 2)/2	1,134,691,923	1,134,691,923
4 Depreciation (FF1 336.7.f)	16,178,988	16,178,988
5 Composite Depreciation (Ln 3 / Ln 4)		1.43%

Note: AEP INDIANA MICHIGAN TRANSMISSION COMPANY shall initially use the composite depreciation rate for I & M 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 INDIANA MICHIGAN TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP INDIANA MICHIGAN 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
<u>Development of Long Term Debt Balances at Year End</u>							
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 Total Long Term Debt Balance	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)							
<u>Development of Long Term Debt Interest Expense</u>							
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 LTD Interest Expense	195,367,856	80,760,569	44,062,150	904,000	122,123,643	7,315,886	450,534,104
<u>Development of Cost of Preferred Stock and Preferred Dividends</u>							
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 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-
<u>Development of Common Equity</u>							
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 Balance of Common Equity	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
<u>Calculation of Capital Shares</u>							
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 Total Company Structure	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 Reserved							
50 Reserved							
51 Reserved							
52 Reserved							
<u>Calculation of Capital Cost Rate</u>							
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%
<u>Calculation of Weighted Capital Cost Rate</u>							
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 Total Company Structure	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
<u>Development of Long Term Debt Balances at Year End</u>							
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 Total Long Term Debt Balance	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)							
<u>Development of Long Term Debt Interest Expense</u>							
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 LTD Interest Expense	207,510,586	92,100,842	39,100,809	904,000	126,721,252	1,312,500	467,649,989
<u>Development of Cost of Preferred Stock and Preferred Dividends</u>							
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 Preferred Stock (Lns 77, 82, 87,92)	-	-	-	-	-	-	-
95 Preferred Dividends (Lns 78, 83, 88,93)	-	-	-	-	-	-	-
<u>Development of Common Equity</u>							
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 Balance of Common Equity	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
<u>Calculation of Capital Shares</u>							
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 Total Company Structure	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 Reserved							
109 Reserved							
110 Reserved							
111 Reserved							
<u>Calculation of Capital Cost Rate</u>							
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%
<u>Calculation of Weighted Capital Cost Rate</u>							
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 Total Company Structure	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
<u>Development of Average Long Term Debt</u>							
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 Average Balance of Long Term Debt	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
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)							
<u>Development of Long Term Debt Interest Expense</u>							
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 LTD Interest Expense	195,367,856	80,760,569	44,062,150	904,000	122,123,643	7,315,886	450,534,104
<u>Cost of Preferred Stock and Preferred Dividends</u>							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
<u>Development of Average Common Equity</u>							
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 Average Balance of Common Equity	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
<u>Calculation of Capital Shares</u>							
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 Reserved							
148 Reserved							
149 Reserved							
150 Reserved							
<u>Calculation of Capital Cost Rate</u>							
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%
<u>Calculation of Weighted Capital Cost Rate</u>							
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 ACTUAL WEIGHTED AVG COST OF CAPITAL	7.95%	8.69%	7.98%	8.73%	8.72%	8.25%	8.30%

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
\$16,000,000

-

2018 Revenue Requirement Forecast by October 31, 2017
\$15,000,000

=

True-up Adjustment - Over (Under) Recovery
(\$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	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.