

AEPTCo subsidiaries in PJM - Transmission Formula Rate Revenue Requirement
Including Costs through December 31, 2012
For charges effective July 1, 2013

Revenue Requirements for Network and Point-to-Point Transmission Service

Line No.			AEPTCo subsidiaries in PJM Annual Revenue Requirement	APPALACHIAN TRANSMISSION COMPANY Annual Revenue Requirement	INDIANA MICHIGAN TRANSMISSION COMPANY Annual Revenue Requirement	KENTUCKY TRANSMISSION COMPANY Annual Revenue Requirement	OHIO TRANSMISSION COMPANY Annual Revenue Requirement	WEST VIRGINIA TRANSMISSION COMPANY Annual Revenue Requirement
A. Network Service								
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Ln 1)	\$70,247,125	\$150,295	\$15,980,533	\$124,493	\$53,831,857	\$159,948
2	LESS: REVENUE CREDITS	(TCOS Ln 2)	\$0	\$0	\$0	\$0	\$0	\$0
3	CURRENT YEAR AEPTCo ANNUAL TRANSMISSION REVENUE REQUIREMENT (ATRR)	(TCOS Ln 3)	\$70,247,125	\$150,295	\$15,980,533	\$124,493	\$53,831,857	\$159,948
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:							
5	RTEP UPGRADES ATRR (W/O INCENTIVES)	(TCOS Ln 4)	\$5,691,747	\$0	\$2,798,231	\$0	\$2,893,516	\$0
6	OTHER UPGRADES ATRR (W/O INCENTIVES)	(Worksheet J)	\$0	\$0	\$0	\$0	\$0	\$0
7	SUBTOTAL		\$5,691,747	\$0	\$2,798,231	\$0	\$2,893,516	\$0
8	EXISTING AEPTCo ZONAL ATRR (W/O INCENTIVES)	(Ln 3- Ln 7)	\$64,555,378	\$150,295	\$13,182,302	\$124,493	\$50,938,341	\$159,948
9	INCREMENTAL APPROVED INCENTIVE ATRR	(Worksheet J)	\$0	\$0	\$0	\$0	\$0	\$0
10	EXISTING AEPTCo ZONAL ATRR (W/ INCENTIVES)	(Ln 8 + Ln 9)	\$64,555,378	\$150,295	\$13,182,302	\$124,493	\$50,938,341	\$159,948
11	BILLED HISTORICAL YEAR (2012) ACTUAL ATRR	Input from 2012 True-up	\$25,393,746	\$142,493	\$1,539,479	\$122,043	\$23,437,036	\$152,695
12	BILLED PROJECTED (2012) ATRR FROM PRIOR YEAR	Input from Prior Year	\$20,514,946	\$136,144	\$1,711,359	\$134,625	\$18,375,171	\$157,646
13	PRIOR YEAR TRUE-UP	(Ln 11 - Ln 12)	\$4,878,800	\$6,349	-\$171,880	-\$12,582	\$5,061,865	-\$4,951
14	INTEREST ON PRIOR YEAR TRUE UP		\$312,616	\$407	-\$11,013	-\$806	\$324,346	-\$317
15	EXISTING AEPTCo ATRR FOR AEP ZONE OF PJM OATT	(Ln 10 + Ln 13 + Ln 14)	\$69,746,794	\$157,050	\$12,999,408	\$111,104	\$56,324,552	\$154,680
B. Point-to-Point Service								
16	2012 AEP East Zone Network Service Peak Load (1 CP)			23,308.6	MW			
<i>Line 16 is provided from PJM records</i>								
17	Annual Point-to-Point Rate in \$/MW - Year	(Ln 15 / Ln 16)	\$2,992.32					
18	Monthly Point-to-Point Rate in \$/MW - Month	(Ln 17 / 12)	\$249.36					
19	Weekly Point-to-Point Rate in \$/MW - Weekly	(Ln 17 / 52)	\$57.54					
20	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Ln 17 / 260)	\$11.51					
21	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Ln 17 / 365)	\$8.20					
22	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Ln 17 / 4160)	\$0.72					
23	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Ln 17 / 8760)	\$0.34					
C. PJM Regional Service								
24	RTEP UPGRADE ATRR W/O INCENTIVES	(Ln 7)	5,691,747	-	2,798,231	-	2,893,516	-
25	ADDITIONAL ATRR FOR FERC-APPROVED INCENTIVES ON RTEP	(Worksheet J)	-	-	-	-	-	-
26	TRUE-UP ADJUSTMENT INCLUDING INTEREST		1,747,616	-	680,650	-	1,066,966	-
27	RTEP ATRR FOR PJM COLLECTION UNDER SCHEDULE 12		\$ 7,439,363	-	3,478,881	-	3,960,482	-

AEPTCo subsidiaries in PJM - Transmission Formula Rate Revenue Requirement
Including Costs through December 31, 2012
For charges effective July 1, 2013

Annual Revenue Requirement for Scheduling, System Control and Dispatch Services - Schedule 1A

Line No.		AEPTCo subsidiaries in PJM	APPALACHIAN TRANSMISSION COMPANY	INDIANA MICHIGAN TRANSMISSION COMPANY	KENTUCKY TRANSMISSION COMPANY	OHIO TRANSMISSION COMPANY	WEST VIRGINIA TRANSMISSION COMPANY
		Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement	Annual Revenue Requirement
A. Schedule 1A ARR							
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 14)	\$23,775	\$3,800	\$4,280	\$3,881	\$7,997	\$3,817
2	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)	\$23,775	\$3,800	\$4,280	\$3,881	\$7,997	\$3,817
3	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.6)	\$0	\$0	\$0	\$0	\$0	\$0
4	Total 561 Internally Developed Costs (Ln 1 - Ln 2 - Ln 3)	\$0	\$0	\$0	\$0	\$0	\$0
5	Less: PTP Service Credit	\$0	\$0	\$0	\$0	\$0	\$0
6	EXISTING ZONAL ARR (Ln 4 - Ln 5)	\$0	\$0	\$0	\$0	\$0	\$0
7	BILLED HISTORICAL YEAR (2012) ACTUAL ARR	\$0					
8	BILLED PROJECTED (2012) ARR FROM PRIOR YEAR	\$0					
9	PRIOR YEAR TRUE-UP (Ln 7 - Ln 8)	\$0	\$0	\$0	\$0	\$0	\$0
10	INTEREST ON PRIOR YEAR TRUE UP	\$0	\$0	\$0	\$0	\$0	\$0
11	Net Schedule 1A Revenue Requirement for Zone	\$0	\$0	\$0	\$0	\$0	\$0
B. Schedule 1A Rate Calculations							
12	Prior Calendar Year (2012 Est.) AEP East Zone Annual MWh <i>Line 12 is provided from PJM records</i>		\$134,854,616 MWh				
13	AEP Zone Rate for Schedule 1A Service. (Line 11 / Line 12)		\$0.0000				

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP APPALACHIAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$150,295
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 150,295
MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.					
4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,800
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,800
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP APPALACHIAN TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA	-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 141)	-	TP	1.00000
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		-	DA	1.00000
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA	1.00000
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S	1.00000
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-		-
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		-	DA	1.00000
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA	1.00000
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		-	TP1	1.00000
38	Plus: Additional General & Intangible Depreciation for 2013 (In 111 + In 112)		-	W/S	1.00000
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA	1.00000
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
44	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-		-
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-		-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		-		-
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		-		-
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		-		-
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-		-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(19,072)	DA	(19,072)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	164,385	DA	164,385
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	145,313		145,313
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	1,925		1,925
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	1,925		1,925
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		147,238		147,238

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

Formula Rate
Projected TCOS
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Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	<u>19,198</u>		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	19,198		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,800		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	<u>15,398</u>	TP 1.00000	15,398
89	Administrative and General	323.197.b (Note J)	88,862		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	88,862	W/S 1.00000	88,862
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h) 1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA 1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,464	W/S 1.00000	1,464
100	A & G Subtotal	(sum Ins 94 to 99)	<u>90,326</u>		<u>90,326</u>
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	105,724		105,724
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	<u>105,724</u>		<u>105,724</u>
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1 1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)		-	DA 1.00000	-
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,809	TP1 1.00000	26,809
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	-	W/S 1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	<u>26,809</u>		<u>26,809</u>
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related		-		-
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	-		-
122	INCOME TAXES				
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.91%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	5,333		5,333
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	<u>5,333</u>		<u>5,333</u>
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	12,429		12,429
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		<u>150,295</u>		<u>150,295</u>
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

AEP APPALACHIAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF						
137	Total transmission plant (In 20)					-	
138	Less transmission plant excluded from PJM Tariff (Note P)					-	
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)					-	
140	Transmission plant included in PJM Tariff (In 137 - In 138 - In 139)					-	
141	Percent of transmission plant in PJM Tariff (In 140 / In 137)				TP=	1.00000	
142	WAGES & SALARY ALLOCATOR (W/S) (Note R)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total		
143	<i>Line Deliberately Left Blank</i>						
144	Transmission	354.21.b	0	7,318	7,318	TP	1.00000
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000
146	<i>Line Deliberately Left Blank</i>						
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000
148	Total (sum Ins 144, 145, & 147)		0	7,318	7,318		-
149	Transmission related amount					W/S=	1.00000
150	Actual Capped Capital Cost Structure (Note S)						\$
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)					See W/S L	-
151	Long Term Interest (Worksheet L, In. 34, col. (D))						-
152	Preferred Dividends (Worksheet L, In. 44, col. (D))						-
153	<u>Development of Common Stock:</u>						
154	Proprietary Capital (FF1 p 112, Ln 16.c)						(421,043)
155	Less: Preferred Stock (FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1 (FF1 p 112, Ln 12.c)						-
157	Less: Account 219 (FF1 p 112, Ln 15.c)						-
158	Common Stock (In 154 - In 155 - In 156 - In 157)						(421,043)
159	Long Term Debt Worksheet L, In 34, col. (B))	\$					
160	Preferred Stock (In 155)	-					
161	Common Stock (In 158)	(421,043)					
162	Total (Sum Ins 159 to 161)	(421,043)					
163	Capital Structure Equity Limit (Note T)	50.0%					
164	AEP OPERATING COMPANIES' COMPOSITE (Note S)						\$
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						547,956,963
165	Long Term Interest (Worksheet Q, In. 14)						-
166	Preferred Dividends (Worksheet Q, In. 36)						-
167	<u>Development of Common Stock:</u>						
168	Proprietary Capital (Worksheet Q, In. 37)						9,945,214,408
169	Less: Preferred Stock (Worksheet Q, In. 38)						-
170	Less: Account 216.1 (Worksheet Q, In. 39)						3,754,265
171	Less: Account 219 (Worksheet Q, In. 40)						(225,388,128)
172	Common Stock (In 168 - In 169 - In 170 - In 171)						10,166,848,271
173							
174	Long Term Debt (Worksheet Q, In 50)		50.48%	10,052,380,272		5.5%	0.0275
175	Preferred Stock (Worksheet Q, In 51)		0.00%	-		-	0.0000
176	Common Stock (Worksheet Q, In 52)		49.52%	9,859,606,022		11.49%	0.0569
177	Total (Worksheet Q, In 45)			19,911,986,294		WACC=	0.0844

AEP APPALACHIAN TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP APPALACHIAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

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Line No.			Total	DA	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)				\$150,295
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	1.00000		\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)				\$ 150,295

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template					
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
183	Annual Rate	((ln 178 - ln 279 - ln 280) / ln 225 x 100)				0.00%
184	Monthly Rate	(ln 183 / 12)				0.00%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)					
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)				0.00%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)					
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)				0.00%
189	Not applicable on this template					

REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES						
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below				3,800
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)					3,800
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)					-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)				-

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Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE C</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
195	GROSS PLANT IN SERVICE				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA	-
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	-	W/S	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	-	W/S	-
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	-	GP(h)= GTD=	0.000000 -
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2013 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2013 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
221	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	-		-
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	-		-
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2013 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2013 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	-		-
233	Intangible Plant	(In 205 - In 221)	-		-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	-	NP(h)=	0.000000
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(19,072)	DA	(19,072)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	164,385	DA	164,385
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	145,313		145,313
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	1,925		1,925
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	1,925		1,925
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		147,238		147,238

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	(1)	(2)	(3)		(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total		Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE					
256	<i>Line Deliberately Left Blank</i>					
257	<i>Line Deliberately Left Blank</i>					
258	Customer Related Expense	322 & 323.164,171,178.b	-			
259	Regional Marketing Expenses	322.131.b	-			
						<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	19,198			
261	TOTAL O&M EXPENSES	(sum lns 258 to 260)	19,198			
262	Less: Total Account 561	(Note G) (Worksheet F, ln 14.C)	3,800			
263	Less: Account 565	(Note H) 321.96.b	-			
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
265	Total O&M Allocable to Transmission	(lns 260 - 262 - 263 - 264)	15,398		TP 1.00000	15,398
						<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	88,862			
267	Less: Acct. 924, Property Insurance	323.185.b	-			
268	Acct. 928, Reg. Com. Exp.	323.189.b	-			
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
271	Balance of A & G	(ln 266 - sum ln 267 to ln 270)	88,862		W/S 1.00000	88,862
272	Plus: Acct. 924, Property Insurance	(ln 267)	-		GP(h) 1.00000	-
273	Acct. 928 - Transmission Specific	Worksheet F ln 20.(E) (Note L)	-		TP 1.00000	-
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 37.(E) (Note L)	-		TP 1.00000	-
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 42.(E) (Note L)	-		DA 1.00000	-
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,464		W/S 1.00000	1,464
277	A & G Subtotal	(sum lns 271 to 276)	90,326			90,326
278	O & M EXPENSE SUBTOTAL	(ln 265 + ln 277)	105,724			105,724
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-		DA 1.00000	-
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-		DA 1.00000	-
281	TOTAL O & M EXPENSE	(ln 278 + ln 279 + ln 280)	105,724			105,724
282	DEPRECIATION AND AMORTIZATION EXPENSE					
283	<i>Line Deliberately Left Blank</i>					
284	<i>Line Deliberately Left Blank</i>					
285	Transmission	336.7.f	-		TP1 1.00000	-
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A			N/A
287	Plus: Formation Costs Amortization	(Worksheet A ln 35.C)	26,809		TP1 1.00000	26,809
288	General	336.10.f	-		W/S 1.00000	-
289	Intangible	336.1.f	-		W/S 1.00000	-
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	26,809			26,809
291	TAXES OTHER THAN INCOME	(Note N)				
292	Labor Related					
293	Payroll	Worksheet H ln 23.(D)	-		W/S 1.00000	-
294	Plant Related					
295	Property	Worksheet H ln 23.(C) & ln 58.(C)	-		DA	0
296	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	-		NA 0.00000	-
297	Other	Worksheet H ln 23.(E)	-		GP(h) 1.00000	-
298	TOTAL OTHER TAXES	(sum lns 293 to 297)	-			-
299	INCOME TAXES	(Note O)				
300	$T=1 - \{(1 - \text{SIT}) * (1 - \text{FIT}) / (1 - \text{SIT} * \text{FIT} * p)\}$		38.90%			
301	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		42.91%			
302	where WCLTD=(ln 350) and WACC = (ln 353)					
303	and FIT, SIT & p are as given in Note O.					
304	$\text{GRCF}=1 / (1 - T) =$ (from ln 300)		1.6367			
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
306	Income Tax Calculation	(ln 301 * ln 309)	5,333			5,333
307	ITC adjustment	(ln 304 * ln 305)	-		NP(h) 1.00000	-
308	TOTAL INCOME TAXES	(sum lns 306 to 307)	5,333			5,333
309	RETURN ON RATE BASE (Rate Base*WACC)	(ln 255 * ln 353)	12,429			12,429
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-		DA 1.00000	-
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. (F) & (H))		-			-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 311 * ln 301)		-			-
313	TOTAL REVENUE REQUIREMENT	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)	150,295			150,295

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF	(In 197)					
314	Total transmission plant					-	
315	Less transmission plant excluded from PJM Tariff (Note P)					-	
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)					-	
317	Transmission plant included in PJM Tariff		(In 314 - In 315 - In 316)			-	
318	Percent of transmission plant in PJM Tariff		(In 317 / In 314)				TP= #DIV/0!
WAGES & SALARY ALLOCATOR (W/S) (Note R)							
319				Direct Payroll	Payroll Billed from AEP Service Corp.	Total	
320	<i>Line Deliberately Left Blank</i>						
321	Transmission	354.21.b		0	7,318	7,318	TP 1.00000 7,318
322	Regional Market Expenses	354.22.b		0	-	-	NA 0.00000 -
323	<i>Line Deliberately Left Blank</i>						
324	Other (Excludes A&G)	354.24,25,26.b		0	-	-	NA 0.00000 -
325	Total	(sum lns 321, 322, & 324)		0	7,318	7,318	
326	Transmission related amount						W/S= 1.00000
Actual (Uncapped) Capital Structure							
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
328	Long Term Interest		(Worksheet L, In. 34, col. (D))				See W/S L -
329	Preferred Dividends		(Worksheet L, In. 44, col. (D))				-
330	<u>Development of Common Stock:</u>						
331	Proprietary Capital		(FF1 p 112, Ln 16.c)				(421,043)
332	Less: Preferred Stock		(FF1 p 112, Ln 3.c)				-
333	Less: Account 216.1		(FF1 p 112, Ln 12.c)				-
334	Less: Account 219		(FF1 p 112, Ln 15.c)				-
335	Common Stock		(In 331 - In 332 - In 333 - In 334)				(421,043)
Capital Structure Percentages							
				\$	%	Cost	Weighted
336	Long Term Debt		Worksheet L, In 34, col. (B))			-	0.0000
337	Preferred Stock (In 332)					-	0.0000
338	Common Stock (In 335)			(421,043)	100.00%	11.49%	0.1149
339	Total (Sum lns 336 to 338)			(421,043)	1		WACC= 0.1149
AEP OPERATING COMPANIES' COMPOSITE (Note S)							
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
341	Long Term Interest		(Worksheet Q, In. 14)				547,956,963
342	Preferred Dividends		(Worksheet Q, In. 36)				-
343	<u>Development of Common Stock:</u>						
344	Proprietary Capital		(Worksheet Q, In. 37)				9,945,214,408
345	Less: Preferred Stock		(Worksheet Q, In. 38)				-
346	Less: Account 216.1		(Worksheet Q, In. 39)				3,754,265
347	Less: Account 219		(Worksheet Q, In. 40)				(225,388,128)
348	Common Stock		(In 344 - In 345 - In 346 - In 347)				10,166,848,271
Capital Structure Percentages							
				%	\$	Cost	Weighted
349	Long Term Debt		(Worksheet Q, In 50)	50.48%	10,052,380,272	5.45%	0.0275
350	Preferred Stock		(Worksheet Q, In 51)	0.00%	-	0.00%	0.0000
351	Common Stock		(Worksheet Q, In 52)	49.52%	9,859,606,022	11.49%	0.0569
352	Total		(Worksheet Q, In 45)		19,911,986,294		WACC= 0.0844

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AEP APPALACHIAN TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study are historic as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.
- 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 192 & 193 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 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188.
The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 279 and 280 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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.
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- 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP APPALACHIAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP APPALACHIAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$142,493
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 142,493

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,800
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,800
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP APPALACHIAN TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.E & Ln 140)	-	DA	-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.E)	-	W/S	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.E)	-	W/S	-
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-	GP(h)=	0.00000
				GTD=	0.00000
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	0.00000
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.00000
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		N/A	TP1	N/A
38	Plus: Additional General & Intangible Depreciation for 2013 (In 107 + In 108)		N/A	W/S	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.E)	-	W/S	1.00000
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000
44	Intangible Plant	(Worksheet A In 20.E)	-	W/S	1.00000
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-		-
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-		-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A		N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A		N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-	NP(h)=	0.00000
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	-	DA	-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(21,265)	DA	(21,265)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	102,217	DA	102,217
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	80,952		80,952
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
67	WORKING CAPITAL				
68	Cash Working Capital	(Note E) (1/8 * In 88)	1,925		1,925
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	1.00000
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	1.00000
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	-	GP(h)	1.00000
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	0.00000
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	1,925		1,925
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		82,877		82,877

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP APPALACHIAN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
79	OPERATION & MAINTENANCE EXPENSE				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	19,198		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	19,198		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,800		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	15,398	TP	1.00000
89	Administrative and General	323.197.b (Note J)	88,862		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	88,862	W/S	1.00000
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h)	1.00000
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,464	W/S	1.00000
100	A & G Subtotal	(sum Ins 94 to 99)	90,326		
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	105,724		
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
103	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	-	DA	1.00000
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	105,724		
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1	1.00000
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,809	TP1	1.00000
111	General	336.10.f	-	W/S	1.00000
112	Intangible	336.1.f	-	W/S	1.00000
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,809		
114	TAXES OTHER THAN INCOME	(Note N)			
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
120	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	-		
122	INCOME TAXES	(Note O)			
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.83%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	2,987		
130	ITC adjustment	(In 127 * In 128)	-	NP(h)	1.00000
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	2,987		
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	6,973		
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		
136	TOTAL REVENUE REQUIREMENT		142,493		
	(sum Ins 104, 113, 121, 131, 132, 133)				

AEP APPALACHIAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In	TRANSMISSION PLANT INCLUDED IN PJM TARIFF						
No.							
137	Total transmission plant	(In 20)					-
138	Less transmission plant excluded from PJM Tariff (Note P)						-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)					-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TF	1.00000

142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	7,318	7,318	TP	1.00000	7,318
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0	7,318	7,318			7,318
149	Transmission related amount						W/S=	1.00000

ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)

150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))						-
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))						-
153	<u>Development of Average Common Stock Balance:</u>							
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						(337,179)
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))						-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)						(337,179)

Capped Actual Average Capital Structure

		<u>Average \$</u>	<u>Capital Structure Percentages</u>					
			<u>Actual</u>	<u>Cap Limit</u>		<u>Cost</u>	<u>Weighted</u>	
159	Long Term Debt W/S M, In 11, In 21, col. (E))	-	-	0.00%		-	0.0000	
160	Preferred Stock (In 155)	-	-	0.00%		-	0.0000	
161	Common Stock (In 158)	(337,179)	-	0.00%		11.49%	0.0000	
162	Total (Sum Ins 159 to 161)	(337,179)	0%	0%		WACC=	0.0000	

163 Capital Structure Equity Limit (Note T) 50.0%

AEP OPERATING COMPANIES' COMPOSITE (Note S)

164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 132)						547,956,963
166	Preferred Dividends	(Worksheet Q, In. 134)						-
167	<u>Development of Actual Average Common Stock:</u>							<u>Average</u>
168	Proprietary Capital	(Worksheet Q, In. 135)						9,799,477,986
169	Less: Preferred Stock	(Worksheet Q, In. 136)						-
170	Less: Account 216.1	(Worksheet Q, In. 137)						3,669,555
171	Less: Account 219	(Worksheet Q, In. 138)						(256,286,593)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						10,052,095,023

True Up Capitalization with Equity Caps

		<u>%</u>	<u>\$</u>		<u>Cost</u>	<u>Weighted</u>	
174	Long Term Debt (Worksheet Q, In 148)	50.73%	10,096,878,353		0.0543	0.0275	
175	Preferred Stock (Worksheet Q, In 149)	0.00%	-		-	0.0000	
176	Common Stock (Worksheet Q, In 150)	49.27%	9,805,116,130		11.49%	0.0566	
177	Total (Worksheet Q, In 143)	100%	19,901,994,483		WACC=	0.0841	

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP APPALACHIAN TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP APPALACHIAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP APPALACHIAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet A Supporting Plant Balances
AEP APPALACHIAN TRANSMISSION COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2012	(D) Balance @ December 31, 2011	(E) Average Balance for 2012
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	-	-	-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	-	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	-	-	-
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)	-	-	-
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	-	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	-	-	-
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)	-	-	-
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	-	-	-
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 2)		67,022	93,830	80,426
32	Amortization in Months		30	42	36
33	Monthly Amortization		2,234	2,234	2,234
34	Months in 2012 to be amortized		12	12	12
35	Amortization Expense in 2012		26,809	26,809	26,809
36	Months in 2013 to be amortized		12	12	12
37	Amortization Expense in 2013		26,809	26,809	26,809
38	Ending Balance of Regulatory Asset		40,213	67,021	53,617
39	Average Balance of Regulatory Asset		53,618	80,426	67,022
40	Unamortized Balance of Regulatory Asset at YE 2012		40,213	67,021	53,617
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		0	0	-

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP APPALACHIAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2012</u>	<u>(D) Balance @ December 31, 2011</u>	<u>(E) Average Balance for 2012</u>
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)	-	-	-
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	-	-	-
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	19,072	23,458	21,265
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	19,072	23,458	21,265
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	164,385	40,049	102,217
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	164,385	40,049	102,217
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.

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP APPALACHIAN TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2012</u>	<u>Balance @ December 31, 2011</u>					
1								
2	Transmission Materials & Supplies	0	0					
3	General Materials & Supplies	0	0					
4	Stores Expense (Undistributed)	0	0					

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
Totals as of December 31, 2012	0	0	0	0	0
Totals as of December 31, 2011					
Average Balance	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2012

2012 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0					
165000207 Prepaid Taxes	0					
1650003 Prepaid Rents	0					
1650004 Prepaid Interest	0					
1650005 Prepaid Employee Benefits	0					
1650006 Other Prepayments	0					
1650009 Prepaid Carry Cost-Factored AR	0					
1650010 Prepaid Pension Benefits	0					
1650014 FAS 158 Qual Contra Asset	0					
1650016 FAS 112 ASSETS	0					
Subtotal - Form 1, p 111.57.c	0	0	0	0	0	

Prepayments Account 165 - Balance @ 12/31/ 2011

2011 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0					
165000206 Prepaid Taxes	0					
165000207 Prepaid Taxes	0					
165000208 Prepaid Taxes	0					
1650003 Prepaid Rents	0	0				
1650004 Prepaid Interest	0	0				
1650006 Other Prepayments	0	0				
1650009 Prepaid Carry Cost-Factored AR	0	0				
1650010 Prepaid Pension Benefits	0			0		
1650014 FAS 158 Qual Contra Asset	0	0				
1650016 FAS 112 ASSETS	0	0				
Subtotal - Form 1, p 111.57.c	0	0	0	0	0	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP APPALACHIAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 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 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP APPALACHIAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	-
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	26,809	26,809	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	26,809	26,809	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	26,809	26,809	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP APPALACHIAN TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2012 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	-			
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	3,800			
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	3,800			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio & TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	0			
39	9302003	Corporate & Fiscal Expenses	0			
40	9302004	Research, Develop&Demonstr Exp	0			
41	9302007	Assoc Business Development Exp	0			
42		Total	-	-	-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP APPALACHIAN TRANSMISSION COMPANY

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

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

Note 2 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 - West Virginia	-	-			
5	Real and Personal Property - Virginia	-				
6	Real and Personal Property - Tennessee	-				
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.

Functional Property Tax Allocation

	Lines 24-58 Column (B) Deliberately Left Blank		Lines 24-58 Column (D) Deliberately Left Blank		Total
	Transmission	General	Transmission	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	-	-	-
	VIRGINIA JURISDICTION				
25	Percentage of Plant in VIRGINIA JURISDICTION	-	-	-	-
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	-	-	-
27	Less: Net Value of Exempted Generation Plant	-	-	-	-
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-
29	Relative Valuation Factor	-	-	-	0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%	-
35	Functionalized Expense in VIRGINIA JURISDICTION	-	-	-	-
	WEST VA JURISDICTION				
36	Percentage of Plant in WEST VA JURISDICTION	-	-	-	-
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-	-	-	-
38	Less: Net Value of Exempted Generation Plant	-	-	-	-
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-
40	Relative Valuation Factor	-	-	-	0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%	-
46	Functionalized Expense in WEST VA JURISDICTION	-	-	-	-
	TENNESSEE JURISDICTION				
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	-	-	-
48	Less: Net Value Exempted Generation Plant	-	-	-	-
49	Taxable Property Basis	-	-	-	-
50	Relative Valuation Factor	-	-	-	-
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-
52	General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-
54	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	-	-	-	-
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%	-
56	Functionalized Expense in TENNESSEE JURISDICTION	-	-	-	-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)	-	-	-	-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	-	-	-

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - West Virginia	-		P.263 ln 34 (i) P.263 ln 35 (i) P.263 ln 38 (i) P.263 ln 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property - Virginia	-		P.263.2 ln 21 (i) P.263.2 ln 22 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property - Tennessee	-		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	Payroll Taxes			
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	Miscellaneous Taxes			
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.263.1 ln 12 (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))	-	-	

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 2012 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP APPALACHIAN TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.67%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ -	1.67%	\$ -	\$ -	11	\$ -
10	February	\$ -	1.67%	\$ -	\$ -	10	\$ -
11	March	\$ -	1.67%	\$ -	\$ -	9	\$ -
12	April	\$ -	1.67%	\$ -	\$ -	8	\$ -
13	May	\$ -	1.67%	\$ -	\$ -	7	\$ -
14	June	\$ -	1.67%	\$ -	\$ -	6	\$ -
15	July	\$ -	1.67%	\$ -	\$ -	5	\$ -
16	August	\$ -	1.67%	\$ -	\$ -	4	\$ -
17	September	\$ -	1.67%	\$ -	\$ -	3	\$ -
18	October	\$ -	1.67%	\$ -	\$ -	2	\$ -
19	November	\$ -	1.67%	\$ -	\$ -	1	\$ -
20	December	\$ -	1.67%	\$ -	\$ -	0	\$ -
21	Investment	\$ -				Depreciation Expense	\$ -

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 <u>Major Zonal Projects</u>		
26		
27		
28		
29		
30		
31	Subtotal	-
32 <u>PJM Socialized/Beneficiary Allocated Regional Projects</u>		
33		\$0
34	Subtotal	\$0

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP APPALACHIAN 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 (Projected TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through 176)			
	%	Cost	Weighted cost
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	5.689%
		R =	8.441%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2013	-	- \$ -

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

Rate Base (Projected TCOS, In 78)	147,238
R (from A. above)	8.441%
Return (Rate Base x R)	12,429

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

Return (from B. above)	12,429
Effective Tax Rate (Projected TCOS, In 124)	42.91%
Income Tax Calculation (Return x CIT)	5,333
ITC Adjustment	-
Income Taxes	5,333

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 (Projected TCOS, In 1)	150,295
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	12,429
Income Taxes (Projected TCOS, In 131)	5,333
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533
Return (from I.B. above)	12,429
Income Taxes (from I.C. above)	5,333
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,295
Depreciation (Projected TCOS, In 108)	-
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	150,295

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

Net Transmission Plant (Projected TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	150,295
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	150,295
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.67%
Depreciable Life for Composite Depreciation Rate	59.88
Round to nearest whole year	60

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

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 (True-Up TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 174 through176)			
	%	Cost	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	5.661%
		R =	8.414%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2012	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J				\$ -
Actual after True-up	\$ -	\$ -	\$ -	\$ -
True-up of ARR For 2012		-	-	-

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

Rate Base (True-Up TCOS, In 78)	82,877
R (from A. above)	8.414%
Return (Rate Base x R)	6,973

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

Return (from B. above)	6,973
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	2,987
ITC Adjustment	-
Income Taxes	2,987

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 (True-Up TCOS, In 1)	142,493
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	-
Return (True-Up TCOS, In 132)	6,973
Income Taxes (True-Up TCOS, In 131)	2,987
Annual Revenue Requirement, Less TEA	132,533
Charges, Return and Taxes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	132,533
Return (from I.B. above)	6,973
Income Taxes (from I.C. above)	2,987
Annual Revenue Requirement, with 0 Basis Point ROE increase	142,493
Depreciation (True-Up TCOS, In 108)	-
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	142,493

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

Net Transmission Plant (True-Up TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	142,493
FCR with 0 Basis Point increase in ROE	0.00%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	142,493
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for	-
Annual Depreciation Rate (True-Up TCOS, In 108)	-
Composite Depreciation Rate	1.67%
Depreciable Life for Composite Depreciation Rate	59.88
Round to nearest whole year	60

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

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

A. Base Plan Facilities

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

Project Description:

2012	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2012
Investment	Current Year	-
Service Year (yyyy)	2012 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	FCR w/o incentives, less depreciation	0.00%
Useful life	60 FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2012	-	-	-	-	-	-	\$ -					
2013	-	-	-	-	-	-	\$ -					
2014	-	-	-	-	-	-	\$ -					
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	-	-	-	-	-	-	\$ -					
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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP APPALACHIAN TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

<u>Line Number</u>	<u>(A) Issuance</u>	<u>(B) Principle Outstanding</u>	<u>(C) Interest Rate</u>	<u>(D) Annual Expense (See Note S on Projected Template)</u>
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			
3				-
4				-
5				-
6	Reacquired Bonds - Total Account 222			
7				-
8				-
9				-
10	Advances from Assoc Companies			
11				-
12				-
13				-
14	Other Long Term Debt - Acc 224			
15				-
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24				-
25				-
26	Sale/Leaseback (If Applicable)		0	-
27	<u>Issuance Discount, Premium, & Expenses:</u>			
28	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
29	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
30	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
31	<u>Reacquired Debt:</u>			
32	Amortization of Loss	FF1.p. 117.64.c		-
33	Less: Amortization of Gain	FF1.p. 117.66.c		-
34	Total Interest on Long Term Debt	-	0	-
35	Preferred Stock (FF1.p. 250-251)			
36		Preferred Shares Outstanding		-
37				-
38				-
39				-
40				-
41				-
42				-
43				-
44	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 AEP APPALACHIAN TRANSMISSION COMPANY

**Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
 Based on Average of Balances At 12/31/2011 & 12/31/2012**

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	(421,043)	(253,315)	(337,179)
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	(421,043)	(253,315)	(337,179)

Development of Cost of Long Term Debt Based on Average Outstanding Balance				
6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)	-	-	-
9	Senior Unsecured Notes (112.21.c&d)	-	-	-
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	-	-	-

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 2012			
14	Interest on Long Term Debt (256-257.33.i)			-
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 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)			-
21	Average Cost of Debt for 2012 (Ln 20/Ln 11)			0.00%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Amortization Period	
				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 - 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 2012 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP APPALACHIAN TRANSMISSION COMPANY**

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectively. Sales will be functionalized 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						<u>-</u>		<u>-</u>	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP APPALACHIAN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	31,882
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$2,997
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$1,533
15	Actual PBOP Expense (Sum Lines 11-14)	\$1,533
16	PBOP Adjustment Line 10 less Line 15	\$1,464

AEPTCo subsidiaries in PJM
 Worksheet - P
 DEPRECIATION RATES
 FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
 EFFECTIVE AS OF 7/1/2010

AEP APPALACHIAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	
Structures & Improvements	352.0	1.55%
Station Equipment	353.0	1.95%
Towers & Fixtures	354.0	1.14%
Poles & Fixtures	355.0	2.77%
Overhead Conductor	356.0	1.01%
Underground Conduit	357.0	1.23%
Underground Conductors	358.0	3.18%

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

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

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

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2012
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)	-	-	-	-	-	-	-
2 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
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)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
<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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	(225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
<u>Calculation of Capital Shares</u>							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
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)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
<u>Calculation of Capital Cost Rate</u>							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
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 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2011
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)	-	-	-	-	-	-	-
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,408,392	1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
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)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)	3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
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)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
<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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
<u>Calculation of Capital Shares</u>							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
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)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
<u>Calculation of Capital Cost Rate</u>							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
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 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.11%	5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

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
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
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)							
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
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)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
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%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$15,980,533
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 15,980,533

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		2,798,231	DA 1.00000	\$ 2,798,231
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			11.39%
7	Monthly Rate	(In 6 / 12)			0.95%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			11.23%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.56%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			4,280
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				4,280
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

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.	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	28,276,934	DA	28,276,934
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 141)	-	TP 1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		112,143,612	DA 1.00000	112,143,612
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA 1.00000	-
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	209,505	W/S 1.00000	209,505
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 1.00000	-
28	Intangible Plant	(Worksheet A In 9.C)	307,551	W/S 1.00000	307,551
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	<u>140,937,602</u>		<u>140,937,602</u>
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA 0.00000	-
33	Transmission	(Worksheet A In 14.C & 28.C)	158,762	TP1= 1.00000	158,762
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		125,214	DA 1.00000	125,214
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA 1.00000	-
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		92,468	TP1 1.00000	92,468
38	Plus: Additional General & Intangible Depreciation for 2013 (In 111 + In 112)		40,063	W/S 1.00000	40,063
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA 1.00000	-
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	8,218	W/S 1.00000	8,218
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 1.00000	-
44	Intangible Plant	(Worksheet A In 20.C)	34,173	W/S 1.00000	34,173
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	<u>458,898</u>		<u>458,898</u>
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	28,118,172		28,118,172
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		112,018,398		112,018,398
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		(92,468)		(92,468)
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		(40,063)		(40,063)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	201,287		201,287
56	Intangible Plant	(In 28 - In 44)	273,378		273,378
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	<u>140,478,704</u>		<u>140,478,704</u>
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
59	Account No. 281.1 (enter negative)	(Note D) (Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(4,914,672)	DA	(4,914,672)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(313,520)	DA	(313,520)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,129,820	DA	1,129,820
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	<u>(4,098,372)</u>		<u>(4,098,372)</u>
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL				
68	Cash Working Capital	(Note E) (1/8 * In 88)	11,102		11,102
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP 1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S 1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h) 1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S 1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	1,891	GP(h) 1.00000	1,891
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA 1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA 0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	<u>12,993</u>		<u>12,993</u>
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA 1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		<u>136,393,325</u>		<u>136,393,325</u>

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

Formula Rate
Projected TCOS
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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322,164,171,178.b	-		
82	Regional Marketing Expenses	322,131.b	-		
83	Transmission	321,112.b	122,417		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	122,417		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,280		
86	Less: Account 565	(Note H) 321.96.b	29,318		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	88,819	TP 1.00000	88,819
89	Administrative and General	323,197.b (Note J)	511,320		
90	Less: Acct. 924, Property Insurance	323,185.b	32,103		
91	Acct. 928, Reg. Com. Exp.	323,189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323,191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323,192.b	3,342		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	475,875	W/S 1.00000	475,875
95	Plus: Acct. 924, Property Insurance	(In 90)	32,103	GP(h) 1.00000	32,103
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	3,342	DA 1.00000	3,342
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	11,608	W/S 1.00000	11,608
100	A & G Subtotal	(sum Ins 94 to 99)	522,928		522,928
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	611,747		611,747
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)	Acct 565 (Company Records) (Note H)	29,318	DA 1.00000	29,318
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	641,065		641,065
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	92,468	TP1 1.00000	92,468
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)	(Worksheet I In 21.I)	125,214	DA 1.00000	125,214
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,978	TP1 1.00000	26,978
111	General	336.10.f	8,218	W/S 1.00000	8,218
112	Intangible	336.1.f	31,845	W/S 1.00000	31,845
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	284,723		284,723
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 47.(C)	110,662	DA 1.00000	110,662
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	110,662		110,662
122	INCOME TAXES				
123	T=1 - [(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p) =	(Note O)	38.90%		
124	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		42.91%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	GRCF=1 / (1 - T) = (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	4,487,143		4,487,143
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	4,487,143		4,487,143
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 162)	10,456,939		10,456,939
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		15,980,533		15,980,533
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant (In 20)							28,276,934
138	Less transmission plant excluded from PJM Tariff (Note P)							-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
140	Transmission plant included in PJM Tariff (In 137 - In 138 - In 139)							28,276,934
141	Percent of transmission plant in PJM Tariff (In 140 / In 137)					TP		1.00000
142	WAGES & SALARY ALLOCATOR (W/S) (Note R)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	32,805	32,805	TP	1.00000	32,805
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total (sum Ins 144, 145, & 147)		0	32,805	32,805			32,805
149	Transmission related amount						W/S=	1.00000
Actual Capped Capital Cost Structure (Note S)								
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest (Worksheet L, In. 36, col. (D))					See W/S L		1,947,025
152	Preferred Dividends (Worksheet L, In. 46, col. (D))							-
153	<u>Development of Common Stock:</u>							
154	Proprietary Capital (FF1 p 112, Ln 16.c)							49,338,987
155	Less: Preferred Stock (FF1 p 112, Ln 3.c)							-
156	Less: Account 216.1 (FF1 p 112, Ln 12.c)							-
157	Less: Account 219 (FF1 p 112, Ln 15.c)							-
158	Common Stock (In 154 - In 155 - In 156 - In 157)							49,338,987
Capital Structure Percentages								
		\$		Actual	Cap Limit		Cost	Weighted
159	Long Term Debt Worksheet L, In 36, col. (B))	50,000,000		0.503	-		0.0389	0.0196
160	Preferred Stock (In 155)	-		-	-		-	0.0000
161	Common Stock (In 158)	49,338,987		0.497	-		11.49%	0.0571
162	Total (Sum Ins 159 to 161)	99,338,987		1.000	-		WACC=	0.0767
163	Capital Structure Equity Limit (Note T)	50.0%						
AEP OPERATING COMPANIES' COMPOSITE (Note S)								
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest (Worksheet Q, In. 14)							547,956,963
166	Preferred Dividends (Worksheet Q, In. 36)							-
167	<u>Development of Common Stock:</u>							
168	Proprietary Capital (Worksheet Q, In. 37)							9,945,214,408
169	Less: Preferred Stock (Worksheet Q, In. 38)							-
170	Less: Account 216.1 (Worksheet Q, In. 39)							3,754,265
171	Less: Account 219 (Worksheet Q, In. 40)							(225,388,128)
172	Common Stock (In 168 - In 169 - In 170 - In 171)							10,166,848,271
173				%	\$		Cost	Weighted
174	Long Term Debt (Worksheet Q, In 50)			50.48%	10,052,380,272		0.0545	0.0275
175	Preferred Stock (Worksheet Q, In 51)			0.00%	-		-	0.0000
176	Common Stock (Worksheet Q, In 52)			49.52%	9,859,606,022		11.49%	0.0569
177	Total (Worksheet Q, In 45)				19,911,986,294		WACC=	0.0844

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.
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.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 6.00% (State Income Tax Rate or Composite SIT. Worksheet G) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(In 313)			\$3,867,690
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(In 178 less In 179)			\$ 3,867,690

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template				
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
183	Annual Rate	((In 178 - In 279 - In 280) / In 225 x 100)			13.65%
184	Monthly Rate	(In 183 / 12)			1.14%
185	NET PLANT CARRYING CHARGE ON LINE 183, w/o depreciation or ROE incentives (Note B)				
186	Annual Rate	((In 178 - In 279 - In 280 - In 285) / In 225 x 100)			13.32%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)				
188	Annual Rate	((In 178 - In 279 - In 280 - In 285 - In 308 - In 309) / In 225 x 100)			2.81%
189	Not applicable on this template				

REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES					
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below			4,280
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				4,280
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

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.	GROSS PLANT IN SERVICE				
195	<i>Line Deliberately Left Blank</i>				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	28,276,934	DA	28,276,934
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	209,505	W/S	209,505
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	307,551	W/S	307,551
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	28,793,990	GP(h)=	28,793,990
				GTD=	1.00000
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	158,762	TP1=	158,762
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2013 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2013 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	8,218	W/S	8,218
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
221	Intangible Plant	(Worksheet A In 20.C)	34,173	W/S	34,173
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	201,153		201,153
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	28,118,172		28,118,172
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2013 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2013 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	201,287		201,287
233	Intangible Plant	(In 205 - In 221)	273,378		273,378
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	28,592,837	NP(h)=	28,592,837
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(4,914,672)	DA	(4,914,672)
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(313,520)	DA	(313,520)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	1,129,820	DA	1,129,820
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	(4,098,372)		(4,098,372)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	11,102		11,102
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	-
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	1,891	GP(h)	1,891
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	12,993		12,993
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		24,507,458		24,507,458

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

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				
256	<i>Line Deliberately Left Blank</i>				
257	<i>Line Deliberately Left Blank</i>				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	122,417		
261	TOTAL O&M EXPENSES	(sum Ins 258 to 260)	122,417		
262	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,280		
263	Less: Account 565	(Note H) 321.96.b	29,318		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
265	Total O&M Allocable to Transmission	(Ins 260 - 262 - 263 - 264)	88,819	TP	1.00000
					88,819
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	511,320		
267	Less: Acct. 924, Property Insurance	323.185.b	32,103		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,342		
271	Balance of A & G	(In 266 - sum In 267 to In 270)	475,875	W/S	1.00000
272	Plus: Acct. 924, Property Insurance	(In 267)	32,103	GP(h)	1.00000
273	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	3,342	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	11,608	W/S	1.00000
277	A & G Subtotal	(sum Ins 271 to 276)	522,928		
					522,928
278	O & M EXPENSE SUBTOTAL	(In 265 + In 277)	611,747		
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		29,318	DA	1.00000
281	TOTAL O & M EXPENSE	(In 278 + In 279 + In 280)	641,065		
					641,065
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	<i>Line Deliberately Left Blank</i>				
284	<i>Line Deliberately Left Blank</i>				
285	Transmission	336.7.f	92,468	TP1	1.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		
287	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	26,978	TP1	1.00000
288	General	336.10.f	8,218	W/S	1.00000
289	Intangible	336.1.f	31,845	W/S	1.00000
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	159,509		
					159,509
291	TAXES OTHER THAN INCOME	(Note N)			
292	Labor Related				
293	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000
294	Plant Related				
295	Property	Worksheet H In 23.(C) & In 47.(C)	110,662	DA	1.00000
296	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
297	Other	Worksheet H In 23.(E)	-	GP(h)	1.00000
298	TOTAL OTHER TAXES	(sum Ins 293 to 297)	110,662		
					110,662
299	INCOME TAXES	(Note O)			
300	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
301	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.91%		
302	where WCLTD=(In 350) and WACC = (In 353)				
303	and FIT, SIT & p are as given in Note O.				
304	$GRCF=1 / (1 - T) =$ (from In 300)		1.6367		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
306	Income Tax Calculation	(In 301 * In 309)	887,711		
307	ITC adjustment	(In 304 * In 305)	-	NP(h)	1.00000
308	TOTAL INCOME TAXES	(sum Ins 306 to 307)	887,711		
					887,711
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 353)	2,068,742		
					2,068,742
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
					-
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		
					-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 311 * In 301)		-		
					-
313	TOTAL REVENUE REQUIREMENT		3,867,690		
	(sum Ins 281, 290, 298, 308, 309, 310, 311, 312)				3,867,690

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
314	Total transmission plant	(In 197)						28,276,934
315	Less transmission plant excluded from PJM Tariff (Note P)							-
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						28,276,934
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)					TP=	1.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
320	Line Deliberately Left Blank		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
321	Transmission	354.21.b	0	32,805	32,805	TP	1.00000	32,805
322	Regional Market Expenses	354.22.b	0		-	NA	0.00000	-
323	Line Deliberately Left Blank							
324	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	0	32,805	32,805			32,805
326	Transmission related amount						W/S=	1.00000
327	Actual (Uncapped) Capital Structure							\$
328	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							1,947,025
329	Long Term Interest	(Worksheet L, In. 36, col. (D))				See W/S L		-
330	Preferred Dividends	(Worksheet L, In. 46, col. (D))						-
331	Development of Common Stock:							49,338,987
332	Proprietary Capital	(FF1 p 112, Ln 16.c)						-
333	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
334	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
335	Less: Account 219	(FF1 p 112, Ln 15.c)						-
336	Common Stock	(In 331 - In 332 - In 333 - In 334)						49,338,987
336	Long Term Debt	Worksheet L, In 36, col. (B))	See W/S L				Cost	Weighted
337	Preferred Stock (In 332)						0.0389	0.0196
338	Common Stock (In 335)						-	0.0000
339	Total (Sum Ins 336 to 338)						11.49%	0.0571
							WACC=	0.0767
340	AEP OPERATING COMPANIES' COMPOSITE (Note S)							\$
341	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							547,956,963
342	Long Term Interest	(Worksheet Q, In. 14)						-
343	Preferred Dividends	(Worksheet Q, In. 36)						-
344	Development of Common Stock:							9,945,214,408
345	Proprietary Capital	(Worksheet Q, In. 37)						-
346	Less: Preferred Stock	(Worksheet Q, In. 38)						3,754,265
347	Less: Account 216.1	(Worksheet Q, In. 39)						(225,388,128)
348	Less: Account 219	(Worksheet Q, In. 40)						-
349	Common Stock	(In 344 - In 345 - In 346 - In 347)						10,166,848,271
350	Long Term Debt	(Worksheet Q, In 50)					Cost	Weighted
351	Preferred Stock (Worksheet Q, In 51)						5.45%	0.0275
352	Common Stock (Worksheet Q, In 52)						0.00%	0.0000
353	Total (Worksheet Q, In 45)						11.49%	0.0569
							WACC=	0.0844

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
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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.
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.
- C Transmission Plant balances in this study are historic as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.
- 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 192 & 193 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 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 279 and 280 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$2,512,577
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			<u>\$ 2,512,577</u>

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		973,098	DA 1.00000	\$ 973,098
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			15.75%
7	Monthly Rate	(In 6 / 12)			1.31%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			15.16%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			5.01%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			4,280
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				4,280
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			<u>-</u>

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Transmission Cost of Service Formula Rate
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AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
Line No.	<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>
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.E & Ln 140)	15,864,195	DA	15,864,195
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.E)	104,753	W/S	104,753
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.E)	205,754	W/S	205,754
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	16,174,701	GP(h)=	16,174,701
				GTD=	0.00000
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.E & 28.E)	93,266	TP1=	93,266
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		N/A	TP1	N/A
38	Plus: Additional General & Intangible Depreciation for 2013 (In 107 + In 108)		N/A	W/S	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.E)	4,109	W/S	4,109
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
44	Intangible Plant	(Worksheet A In 20.E)	18,251	W/S	18,251
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	115,626		115,626
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	15,770,929		15,770,929
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A		N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A		N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	100,644		100,644
56	Intangible Plant	(In 28 - In 44)	187,504		187,504
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	16,059,076	NP(h)=	16,059,076
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(3,165,281)	DA	(3,165,281)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(168,563)	DA	(168,563)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	572,294	DA	572,294
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(2,761,551)		(2,761,551)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	11,102		11,102
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	15,827	GP(h)	15,827
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	26,929		26,929
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		13,324,454		13,324,454

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
79	OPERATION & MAINTENANCE EXPENSE				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	122,417		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	122,417		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	4,280		
86	Less: Account 565	(Note H) 321.96.b	29,318		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	88,819	TP 1.00000	88,819
89	Administrative and General	323.197.b (Note J)	511,320		
90	Less: Acct. 924, Property Insurance	323.185.b	32,103		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,342		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	475,875	W/S 1.00000	475,875
95	Plus: Acct. 924, Property Insurance	(In 90)	32,103	GP(h) 1.00000	32,103
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	3,342	DA 1.00000	3,342
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	11,608	W/S 1.00000	11,608
100	A & G Subtotal	(sum Ins 94 to 99)	522,928		522,928
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	611,747		611,747
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	29,318	DA 1.00000	29,318
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	641,065		641,065
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	92,468	TP1 1.00000	92,468
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,978	TP1 1.00000	26,978
111	General	336.10.f	8,218	W/S 1.00000	8,218
112	Intangible	336.1.f	31,845	W/S 1.00000	31,845
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	159,509		159,509
114	TAXES OTHER THAN INCOME	(Note N)			
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 47.(C)	110,662	DA 1.00000	110,662
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	110,662		110,662
122	INCOME TAXES	(Note O)			
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.83%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	480,213		480,213
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	480,213		480,213
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	1,121,127		1,121,127
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		2,512,577		2,512,577
	(sum Ins 104, 113, 121, 131, 132, 133)				

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In							
<u>No.</u>	<u>TRANSMISSION PLANT INCLUDED IN PJM TARIFF</u>						
137	Total transmission plant	(In 20)				15,864,195	
138	Less transmission plant excluded from PJM Tariff (Note P)					-	
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)					-	
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)				15,864,195	
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)					TF 1.00000

142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	32,805	32,805	TP	1.00000	32,805
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0	32,805	32,805			32,805

149 Transmission related amount **W/S= 1.00000**

ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)

150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))						397,656
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))						-
153	<u>Development of Average Common Stock Balance:</u>							
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						30,946,029
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))						-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)						30,946,029

Capped Actual Average Capital Structure

	Average \$	Capital Structure Percentages		Cost	Weighted	
		Actual	Cap Limit			
159	Long Term Debt W/S M, In 11, In 21, col. (E))	25,000,000	0	50.00%	0.0159	0.0080
160	Preferred Stock (In 155)	-	-	0.00%	-	0.0000
161	Common Stock (In 158)	30,946,029	1	50.00%	11.49%	0.0575
162	Total (Sum Ins 159 to 161)	55,946,029	100%	100%	WACC=	0.0654

163 Capital Structure Equity Limit (Note T) 50.0%

AEP OPERATING COMPANIES' COMPOSITE (Note S)

164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 132)						547,956,963
166	Preferred Dividends	(Worksheet Q, In. 134)						-
167	<u>Development of Actual Average Common Stock:</u>							Average
168	Proprietary Capital	(Worksheet Q, In. 135)						9,799,477,986
169	Less: Preferred Stock	(Worksheet Q, In. 136)						-
170	Less: Account 216.1	(Worksheet Q, In. 137)						3,669,555
171	Less: Account 219	(Worksheet Q, In. 138)						(256,286,593)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						10,052,095,023

True Up Capitalization with Equity Caps

	%	\$	Cost	Weighted
174	Long Term Debt (Worksheet Q, In 148)	10,096,878,353	0.0543	0.0275
175	Preferred Stock (Worksheet Q, In 149)	-	-	0.0000
176	Common Stock (Worksheet Q, In 150)	9,805,116,130	11.49%	0.0566
177	Total (Worksheet Q, In 143)	19,901,994,483	WACC=	0.0841

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

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.
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.
- C Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP INDIANA MICHIGAN TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP INDIANA MICHIGAN TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet A Supporting Plant Balances
AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2012	(D) Balance @ December 31, 2011	(E) Average Balance for 2012
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	28,276,934	3,451,455	15,864,195
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	209,505	-	104,753
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	307,551	103,957	205,754
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	28,793,990	3,555,412	16,174,701
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)	158,762	27,770	93,266
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)	8,218	-	4,109
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	34,173	2,328	18,251
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	201,153	30,098	115,626
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)	158,762	27,770	93,266
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	158,762	27,770	93,266
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 2)		67,446	94,425	80,936
32	Amortization in Months		30	42	36
33	Monthly Amortization		2,248	2,248	2,248
34	Months in 2012 to be amortized		12	12	12
35	Amortization Expense in 2012		26,978	26,979	26,978
36	Months in 2013 to be amortized		12	12	12
37	Amortization Expense in 2013		26,978	26,979	26,978
38	Ending Balance of Regulatory Asset		40,468	67,446	53,957
39	Average Balance of Regulatory Asset		53,957	80,936	67,446
40	Unamortized Balance of Regulatory Asset at YE 2012		40,468	67,446	53,957
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		0	0	-

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2012</u>	<u>(D) Balance @ December 31, 2011</u>	<u>(E) Average Balance for 2012</u>
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)	4,914,672	1,415,890	3,165,281
8	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	4,914,672	1,415,890	3,165,281
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	313,520	23,606	168,563
13	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	313,520	23,606	168,563
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	1,129,820	14,767	572,294
18	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	1,129,820	14,767	572,294
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	0	0	-
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.

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012				
1								
2	Transmission Materials & Supplies	0	0	-				
3	General Materials & Supplies	0	0	-				
4	Stores Expense (Undistributed)	0	0	-				

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)		
6	Totals as of December 31, 2012	1,891	0	0	1,891	0	1,891
7	Totals as of December 31, 2011	29,762	0	0	29,762	0	29,762
8	Average Balance	<u>15,827</u>	-	-	<u>15,827</u>	-	<u>15,827</u>

Prepayments Account 165 - Balance @ 12/31/2012

2012 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
9	Acc. No.	Description					
10	1650021	Prepaid Insurance - EIS	1,058	-	1,058	1,058	Plant Related Insurance Policies
11	1650023	Prepaid Lease	833	-	833	833	Prepaid Lease
12	1650003	Prepaid Rents	0	-	-	-	
13	1650004	Prepaid Interest	0	-	-	-	
14	1650005	Prepaid Employee Benefits	0	-	-	-	
15	1650006	Other Prepayments	0	-	-	-	
16	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	
17	1650010	Prepaid Pension Benefits	0	-	-	-	
18	1650014	FAS 158 Qual Contra Asset	0	-	-	-	
19	1650016	FAS 112 ASSETS	0	-	-	-	
Subtotal - Form 1, p 111.57.c			<u>1,891</u>	<u>0</u>	<u>1,891</u>	<u>0</u>	<u>1,891</u>

Prepayments Account 165 - Balance @ 12/31/ 2011

2011 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation	
20	Acc. No.	Description					
21	1650001	Prepaid Insurance	28,929	-	28,929	28,929	Plant Related Insurance Policies
22	1650023	Prepaid Lease	833	-	833	833	Prepaid Lease
23	165000207	Prepaid Taxes	0	-	0	-	
24	165000208	Prepaid Taxes	0	-	0	-	
25	1650003	Prepaid Rents	0	0	-	-	
26	1650004	Prepaid Interest	0	0	-	-	
27	1650006	Other Prepayments	0	0	-	-	
28	1650009	Prepaid Carry Cost-Factored AR	0	0	-	-	
29	1650010	Prepaid Pension Benefits	0	-	-	0	
30	1650014	FAS 158 Qual Contra Asset	0	0	-	-	
31	1650016	FAS 112 ASSETS	0	0	-	-	
Subtotal - Form 1, p 111.57.c			<u>29,762</u>	<u>0</u>	<u>29,762</u>	<u>0</u>	<u>29,762</u>

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 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 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 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 2012 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)	2,007,894	2,007,894	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	2,007,894	2,007,894	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	2,007,894	2,007,894	-

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 2012 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2012 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	4,280			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	4,280			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio & TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	3,342	0	3,342	
39	9302003	Corporate & Fiscal Expenses	0			
40	9302004	Research, Develop&Demonstr Exp	0			
41	9302007	Assoc Business Development Exp	0			
42		Total	3,342	-	3,342	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

1	Indiana State Tax Rate	8.50%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 2	100.00%	
	Effective State Tax Rate		6.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>6.00%</u>

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H.

Note 2 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	107,162	107,162			
5	Real and Personal Property - Indiana	3,500	3,500			
6	Real and Personal Property - Tennessee	-	-			
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	110,662	110,662	-	-	-

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

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

Functional Property Tax Allocation

Line No.	Account	Lines 24-58 Column (B) Deliberately Left Blank		Lines 24-58 Column (D) Deliberately Left Blank		Total
		Transmission	General	Transmission	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	28,118,172	-	201,287	28,319,459
INDIANA JURISDICTION						
25	Percentage of Plant in INDIANA JURISDICTION					
26	Net Plant in INDIANA 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%	0.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted INDIANA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%		
35	Functionalized Expense in INDIANA JURISDICTION	-	-	-		-
MICHIGAN JURISDICTION						
36	Net Plant in MICHIGAN JURISDICTION (Ln 24 - Ln 26)	-	28,118,172	-	201,287	28,319,459
37	Less: Net Value Exempted Generation Plant					
38	Taxable Property Basis	-	28,118,172	-	201,287	28,319,459
39	Relative Valuation Factor					
40	Weighted Net Plant (Ln 38 * Ln 39)	-	-	-	-	-
41	General Plant Allocator (Ln 40 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
42	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
43	Weighted MICHIGAN JURISDICTION Plant (Ln 40 + 42)	-	-	-	-	-
44	Functional Percentage (Ln 43/Total Ln 43)	0.00%	0.00%	0.00%		
45	Functionalized Expense in MICHIGAN JURISDICTION	-	-	-		110,662
46	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
47	Total Func. Property Taxes (Sum Lns 35, 45, 46)	-	-	-		110,662

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Michigan	107,162	199 107,600 (637)	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	3,500	3,500	P.263 ln 21 (i) P.263.2 ln 22 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property - Tennessee	-		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	Payroll Taxes			
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	Miscellaneous Taxes			
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.263.1 ln 12 (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))	110,662	110,662	

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 2012 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP INDIANA MICHIGAN TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, ln 58,(b)):	3,451,455
2	Transmission Plant @ End of Historic Period (2012) (P.207, ln 58,(g)):	28,276,934
3		<hr/> 31,728,389
4	Average Balance of Transmission Investment	15,864,195
5	Annual Depreciation Expense, Historic TCOS, ln 285	92,468
6	Composite Depreciation Rate	0.58%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	0.58%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 308,608	0.58%	\$ 1,799	\$ 150	11 \$	1,650
10	February	\$ -	0.58%	\$ -	\$ -	10 \$	-
11	March	\$ 2,735,042	0.58%	\$ 15,942	\$ 1,328	9 \$	11,952
12	April	\$ 1,491,457	0.58%	\$ 8,693	\$ 724	8 \$	5,792
13	May	\$ 23,669,091	0.58%	\$ 137,961	\$ 11,497	7 \$	80,479
14	June	\$ 1,333,968	0.58%	\$ 7,775	\$ 648	6 \$	3,888
15	July	\$ 556,270	0.58%	\$ 3,242	\$ 270	5 \$	1,350
16	August	\$ -	0.58%	\$ -	\$ -	4 \$	-
17	September	\$ 2,784,430	0.58%	\$ 16,230	\$ 1,352	3 \$	4,056
18	October	\$ 8,156,482	0.58%	\$ 47,542	\$ 3,962	2 \$	7,924
19	November	\$ 16,722,651	0.58%	\$ 97,472	\$ 8,123	1 \$	8,123
20	December	\$ 54,385,613	0.58%	\$ 316,999	\$ 26,417	0 \$	-
21	Investment	<hr/> <hr/> \$ 112,143,612				Depreciation Expense	<hr/> <hr/> \$ 125,214

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2012 FF1 Balances

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 Major Zonal Projects		
26 Ellison Road: Constr new 138 kV station (Transco)	\$5,681	May-13
27 DUMONT: Replace 800 kV CBs A & A1	\$7,011	Nov-13
28 Moore Park - Schoolcraft 138 kV Line: Rebuild 7.97 Miles of Pokagon -Schoolcraft	\$6,121	Nov-13
29 Corey - Stubey Road 138 kV Line: Rebuild 14.7 Miles	\$10,162	Dec-13
30 JEFFERSON (IM): Replace 765kV Transformers 1P1, 1P2, 1P3, & Purch/Install Sp	\$25,169	Dec-13
31 Fall Creek: Repl 345/138 kV Trf #1 w/ 675 MVA	\$6,935	Dec-13
32 Capital Avenue 138kV: Construct 138/69-34.5kV Sta to Rep Currant Rd	\$7,904	Dec-13
33		
34	Subtotal	<hr/> 68,983
35 PJM Socialized/Beneficiary Allocated Regional Projects		
36		\$0
37	Subtotal	\$0

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.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 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 (Projected TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through 176)			
	%	Cost	Weighted cost
Long Term Debt	50.33%	3.89%	1.960%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.67%	11.49%	5.707%
		R =	7.667%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2013	2,798,231	2,798,231 \$ -

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

Rate Base (Projected TCOS, In 78)	136,393,325
R (from A. above)	7.667%
Return (Rate Base x R)	10,456,939

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

Return (from B. above)	10,456,939
Effective Tax Rate (Projected TCOS, In 124)	42.91%
Income Tax Calculation (Return x CIT)	4,487,143
ITC Adjustment	-
Income Taxes	4,487,143

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 (Projected TCOS, In 1)	15,980,533
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	29,318
Return (Projected TCOS, In 132)	10,456,939
Income Taxes (Projected TCOS, In 131)	4,487,143
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	1,007,133

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	1,007,133
Return (from I.B. above)	10,456,939
Income Taxes (from I.C. above)	4,487,143
Annual Revenue Requirement, with 0 Basis Point ROE increase	15,951,215
Depreciation (Projected TCOS, In 108)	92,468
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	15,858,747

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

Net Transmission Plant (Projected TCOS, In 48)	28,118,172
Annual Revenue Requirement, with 0 Basis Point ROE increase	15,951,215
FCR with 0 Basis Point increase in ROE	56.73%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	15,858,747
FCR with 0 Basis Point ROE increase, less Depreciation	56.40%
FCR less Depreciation (Projected TCOS, In 9)	11.23%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	45.17%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	3,451,455
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	28,276,934
Subtotal	31,728,389
Average Transmission Plant Balance for 2012	15,864,195
Annual Depreciation Rate (Projected TCOS, In 108)	92,468
Composite Depreciation Rate	0.58%
Depreciable Life for Composite Depreciation Rate	171.56
Round to nearest whole year	172

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 Zone Page 2 of 2

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	758,010
Current Projected Year ARR w/ Incentive	758,010
Current Projected Year Incentive ARR	-

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

Details		Current Year	2013
Investment	6,450,000		
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	11.23%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	11.23%
CIAC (Yes or No)	No	Annual Depreciation Expense	37,595

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2012	6,450,000	-	6,450,000	724,638	724,638	\$ -	\$ 655,786	\$ 655,786
2013	6,450,000	37,595	6,412,405	758,010	758,010	\$ -		
2014	6,412,405	37,595	6,374,809	753,786	753,786	\$ -		
2015	6,374,809	37,595	6,337,214	749,562	749,562	\$ -		
2016	6,337,214	37,595	6,299,619	745,338	745,338	\$ -		
2017	6,299,619	37,595	6,262,024	741,115	741,115	\$ -		
2018	6,262,024	37,595	6,224,428	736,891	736,891	\$ -		
2019	6,224,428	37,595	6,186,833	732,667	732,667	\$ -		
2020	6,186,833	37,595	6,149,238	728,444	728,444	\$ -		
2021	6,149,238	37,595	6,111,643	724,220	724,220	\$ -		
2022	6,111,643	37,595	6,074,047	719,996	719,996	\$ -		
2023	6,074,047	37,595	6,036,452	715,772	715,772	\$ -		
2024	6,036,452	37,595	5,998,857	711,549	711,549	\$ -		
2025	5,998,857	37,595	5,961,262	707,325	707,325	\$ -		
2026	5,961,262	37,595	5,923,666	703,101	703,101	\$ -		
2027	5,923,666	37,595	5,886,071	698,878	698,878	\$ -		
2028	5,886,071	37,595	5,848,476	694,654	694,654	\$ -		
2029	5,848,476	37,595	5,810,880	690,430	690,430	\$ -		
2030	5,810,880	37,595	5,773,285	686,206	686,206	\$ -		
2031	5,773,285	37,595	5,735,690	681,983	681,983	\$ -		
2032	5,735,690	37,595	5,698,095	677,759	677,759	\$ -		
2033	5,698,095	37,595	5,660,499	673,535	673,535	\$ -		
2034	5,660,499	37,595	5,622,904	669,312	669,312	\$ -		
2035	5,622,904	37,595	5,585,309	665,088	665,088	\$ -		
2036	5,585,309	37,595	5,547,714	660,864	660,864	\$ -		
2037	5,547,714	37,595	5,510,118	656,640	656,640	\$ -		
2038	5,510,118	37,595	5,472,523	652,417	652,417	\$ -		
2039	5,472,523	37,595	5,434,928	648,193	648,193	\$ -		
2040	5,434,928	37,595	5,397,333	643,969	643,969	\$ -		
2041	5,397,333	37,595	5,359,737	639,746	639,746	\$ -		
2042	5,359,737	37,595	5,322,142	635,522	635,522	\$ -		
2043	5,322,142	37,595	5,284,547	631,298	631,298	\$ -		
2044	5,284,547	37,595	5,246,952	627,074	627,074	\$ -		
2045	5,246,952	37,595	5,209,356	622,851	622,851	\$ -		
2046	5,209,356	37,595	5,171,761	618,627	618,627	\$ -		
2047	5,171,761	37,595	5,134,166	614,403	614,403	\$ -		
2048	5,134,166	37,595	5,096,570	610,180	610,180	\$ -		
2049	5,096,570	37,595	5,058,975	605,956	605,956	\$ -		
2050	5,058,975	37,595	5,021,380	601,732	601,732	\$ -		
2051	5,021,380	37,595	4,983,785	597,508	597,508	\$ -		
2052	4,983,785	37,595	4,946,189	593,285	593,285	\$ -		
2053	4,946,189	37,595	4,908,594	589,061	589,061	\$ -		
2054	4,908,594	37,595	4,870,999	584,837	584,837	\$ -		
2055	4,870,999	37,595	4,833,404	580,614	580,614	\$ -		
2056	4,833,404	37,595	4,795,808	576,390	576,390	\$ -		
2057	4,795,808	37,595	4,758,213	572,166	572,166	\$ -		
2058	4,758,213	37,595	4,720,618	567,942	567,942	\$ -		
2059	4,720,618	37,595	4,683,023	563,719	563,719	\$ -		
2060	4,683,023	37,595	4,645,427	559,495	559,495	\$ -		
2061	4,645,427	37,595	4,607,832	555,271	555,271	\$ -		
2062	4,607,832	37,595	4,570,237	551,048	551,048	\$ -		
2063	4,570,237	37,595	4,532,641	546,824	546,824	\$ -		
2064	4,532,641	37,595	4,495,046	542,600	542,600	\$ -		
2065	4,495,046	37,595	4,457,451	538,376	538,376	\$ -		
2066	4,457,451	37,595	4,419,856	534,153	534,153	\$ -		
2067	4,419,856	37,595	4,382,260	529,929	529,929	\$ -		
2068	4,382,260	37,595	4,344,665	525,705	525,705	\$ -		
2069	4,344,665	37,595	4,307,070	521,482	521,482	\$ -		
2070	4,307,070	37,595	4,269,475	517,258	517,258	\$ -		
2071	4,269,475	37,595	4,231,879	513,034	513,034	\$ -		
Project Totals		2,218,121		38,220,429	38,220,429	-		

** 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: 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	1,578,782
Current Projected Year ARR w/ Incentive	1,578,782
Current Projected Year Incentive ARR	-

Details		Current Year	2013
Investment	13,685,093		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	5	FCR w/o incentives, less depreciation	11.23%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	11.23%
CIAC (Yes or No)	No	Annual Depreciation Expense	79,767

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	13,685,093	46,531	13,638,562	1,578,782	1,578,782	\$ -		
2014	13,638,562	37,595	13,600,967	1,565,623	1,565,623	\$ -		
2015	13,600,967	37,595	13,563,372	1,561,399	1,561,399	\$ -		
2016	13,563,372	37,595	13,525,777	1,557,176	1,557,176	\$ -		
2017	13,525,777	37,595	13,488,181	1,552,952	1,552,952	\$ -		
2018	13,488,181	37,595	13,450,586	1,548,728	1,548,728	\$ -		
2019	13,450,586	37,595	13,412,991	1,544,504	1,544,504	\$ -		
2020	13,412,991	37,595	13,375,396	1,540,281	1,540,281	\$ -		
2021	13,375,396	37,595	13,337,800	1,536,057	1,536,057	\$ -		
2022	13,337,800	37,595	13,300,205	1,531,833	1,531,833	\$ -		
2023	13,300,205	37,595	13,262,610	1,527,609	1,527,609	\$ -		
2024	13,262,610	37,595	13,225,015	1,523,386	1,523,386	\$ -		
2025	13,225,015	37,595	13,187,419	1,519,162	1,519,162	\$ -		
2026	13,187,419	37,595	13,149,824	1,514,938	1,514,938	\$ -		
2027	13,149,824	37,595	13,112,229	1,510,715	1,510,715	\$ -		
2028	13,112,229	37,595	13,074,633	1,506,491	1,506,491	\$ -		
2029	13,074,633	37,595	13,037,038	1,502,267	1,502,267	\$ -		
2030	13,037,038	37,595	12,999,443	1,498,043	1,498,043	\$ -		
2031	12,999,443	37,595	12,961,848	1,493,820	1,493,820	\$ -		
2032	12,961,848	37,595	12,924,252	1,489,596	1,489,596	\$ -		
2033	12,924,252	37,595	12,886,657	1,485,372	1,485,372	\$ -		
2034	12,886,657	37,595	12,849,062	1,481,149	1,481,149	\$ -		
2035	12,849,062	37,595	12,811,467	1,476,925	1,476,925	\$ -		
2036	12,811,467	37,595	12,773,871	1,472,701	1,472,701	\$ -		
2037	12,773,871	37,595	12,736,276	1,468,477	1,468,477	\$ -		
2038	12,736,276	37,595	12,698,681	1,464,254	1,464,254	\$ -		
2039	12,698,681	37,595	12,661,086	1,460,030	1,460,030	\$ -		
2040	12,661,086	37,595	12,623,490	1,455,806	1,455,806	\$ -		
2041	12,623,490	37,595	12,585,895	1,451,583	1,451,583	\$ -		
2042	12,585,895	37,595	12,548,300	1,447,359	1,447,359	\$ -		
2043	12,548,300	37,595	12,510,705	1,443,135	1,443,135	\$ -		
2044	12,510,705	37,595	12,473,109	1,438,911	1,438,911	\$ -		
2045	12,473,109	37,595	12,435,514	1,434,688	1,434,688	\$ -		
2046	12,435,514	37,595	12,397,919	1,430,464	1,430,464	\$ -		
2047	12,397,919	37,595	12,360,323	1,426,240	1,426,240	\$ -		
2048	12,360,323	37,595	12,322,728	1,422,017	1,422,017	\$ -		
2049	12,322,728	37,595	12,285,133	1,417,793	1,417,793	\$ -		
2050	12,285,133	37,595	12,247,538	1,413,569	1,413,569	\$ -		
2051	12,247,538	37,595	12,209,942	1,409,345	1,409,345	\$ -		
2052	12,209,942	37,595	12,172,347	1,405,122	1,405,122	\$ -		
2053	12,172,347	37,595	12,134,752	1,400,898	1,400,898	\$ -		
2054	12,134,752	37,595	12,097,157	1,396,674	1,396,674	\$ -		
2055	12,097,157	37,595	12,059,561	1,392,451	1,392,451	\$ -		
2056	12,059,561	37,595	12,021,966	1,388,227	1,388,227	\$ -		
2057	12,021,966	37,595	11,984,371	1,384,003	1,384,003	\$ -		
2058	11,984,371	37,595	11,946,776	1,379,779	1,379,779	\$ -		
2059	11,946,776	37,595	11,909,180	1,375,556	1,375,556	\$ -		
2060	11,909,180	37,595	11,871,585	1,371,332	1,371,332	\$ -		
2061	11,871,585	37,595	11,833,990	1,367,108	1,367,108	\$ -		
2062	11,833,990	37,595	11,796,394	1,362,885	1,362,885	\$ -		
2063	11,796,394	37,595	11,758,799	1,358,661	1,358,661	\$ -		
2064	11,758,799	37,595	11,721,204	1,354,437	1,354,437	\$ -		
2065	11,721,204	37,595	11,683,609	1,350,213	1,350,213	\$ -		
2066	11,683,609	37,595	11,646,013	1,345,990	1,345,990	\$ -		
2067	11,646,013	37,595	11,608,418	1,341,766	1,341,766	\$ -		
2068	11,608,418	37,595	11,570,823	1,337,542	1,337,542	\$ -		
2069	11,570,823	37,595	11,533,228	1,333,319	1,333,319	\$ -		
2070	11,533,228	37,595	11,495,632	1,329,095	1,329,095	\$ -		
2071	11,495,632	37,595	11,458,037	1,324,871	1,324,871	\$ -		
2072	11,458,037	37,595	11,420,442	1,320,647	1,320,647	\$ -		
Project Totals		2,264,651		86,723,759	86,723,759	-		

** 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. [REDACTED] (e.g. ER05-925-000)

Current Projected Year ARR	461,439
Current Projected Year ARR w/ Incentive	461,439
Current Projected Year Incentive ARR	-

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

Details		2013
Investment	4,075,982	2013
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	10	FCR w/o incentives, less depreciation
Useful life	172	FCR w/incentives approved for these facilities, less dep.
CIAC (Yes or No)	No	Annual Depreciation Expense

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	4,075,982	3,960	4,072,022	461,439	461,439	\$ -		
2014	4,072,022	37,595	4,034,427	490,851	490,851	\$ -		
2015	4,034,427	37,595	3,996,832	486,627	486,627	\$ -		
2016	3,996,832	37,595	3,959,237	482,404	482,404	\$ -		
2017	3,959,237	37,595	3,921,641	478,180	478,180	\$ -		
2018	3,921,641	37,595	3,884,046	473,956	473,956	\$ -		
2019	3,884,046	37,595	3,846,451	469,732	469,732	\$ -		
2020	3,846,451	37,595	3,808,856	465,509	465,509	\$ -		
2021	3,808,856	37,595	3,771,260	461,285	461,285	\$ -		
2022	3,771,260	37,595	3,733,665	457,061	457,061	\$ -		
2023	3,733,665	37,595	3,696,070	452,838	452,838	\$ -		
2024	3,696,070	37,595	3,658,474	448,614	448,614	\$ -		
2025	3,658,474	37,595	3,620,879	444,390	444,390	\$ -		
2026	3,620,879	37,595	3,583,284	440,166	440,166	\$ -		
2027	3,583,284	37,595	3,545,689	435,943	435,943	\$ -		
2028	3,545,689	37,595	3,508,093	431,719	431,719	\$ -		
2029	3,508,093	37,595	3,470,498	427,495	427,495	\$ -		
2030	3,470,498	37,595	3,432,903	423,272	423,272	\$ -		
2031	3,432,903	37,595	3,395,308	419,048	419,048	\$ -		
2032	3,395,308	37,595	3,357,712	414,824	414,824	\$ -		
2033	3,357,712	37,595	3,320,117	410,600	410,600	\$ -		
2034	3,320,117	37,595	3,282,522	406,377	406,377	\$ -		
2035	3,282,522	37,595	3,244,927	402,153	402,153	\$ -		
2036	3,244,927	37,595	3,207,331	397,929	397,929	\$ -		
2037	3,207,331	37,595	3,169,736	393,706	393,706	\$ -		
2038	3,169,736	37,595	3,132,141	389,482	389,482	\$ -		
2039	3,132,141	37,595	3,094,545	385,258	385,258	\$ -		
2040	3,094,545	37,595	3,056,950	381,034	381,034	\$ -		
2041	3,056,950	37,595	3,019,355	376,811	376,811	\$ -		
2042	3,019,355	37,595	2,981,760	372,587	372,587	\$ -		
2043	2,981,760	37,595	2,944,164	368,363	368,363	\$ -		
2044	2,944,164	37,595	2,906,569	364,140	364,140	\$ -		
2045	2,906,569	37,595	2,868,974	359,916	359,916	\$ -		
2046	2,868,974	37,595	2,831,379	355,692	355,692	\$ -		
2047	2,831,379	37,595	2,793,783	351,468	351,468	\$ -		
2048	2,793,783	37,595	2,756,188	347,245	347,245	\$ -		
2049	2,756,188	37,595	2,718,593	343,021	343,021	\$ -		
2050	2,718,593	37,595	2,680,998	338,797	338,797	\$ -		
2051	2,680,998	37,595	2,643,402	334,574	334,574	\$ -		
2052	2,643,402	37,595	2,605,807	330,350	330,350	\$ -		
2053	2,605,807	37,595	2,568,212	326,126	326,126	\$ -		
2054	2,568,212	37,595	2,530,616	321,902	321,902	\$ -		
2055	2,530,616	37,595	2,493,021	317,679	317,679	\$ -		
2056	2,493,021	37,595	2,455,426	313,455	313,455	\$ -		
2057	2,455,426	37,595	2,417,831	309,231	309,231	\$ -		
2058	2,417,831	37,595	2,380,235	305,008	305,008	\$ -		
2059	2,380,235	37,595	2,342,640	300,784	300,784	\$ -		
2060	2,342,640	37,595	2,305,045	296,560	296,560	\$ -		
2061	2,305,045	37,595	2,267,450	292,336	292,336	\$ -		
2062	2,267,450	37,595	2,229,854	288,113	288,113	\$ -		
2063	2,229,854	37,595	2,192,259	283,889	283,889	\$ -		
2064	2,192,259	37,595	2,154,664	279,665	279,665	\$ -		
2065	2,154,664	37,595	2,117,069	275,442	275,442	\$ -		
2066	2,117,069	37,595	2,079,473	271,218	271,218	\$ -		
2067	2,079,473	37,595	2,041,878	266,994	266,994	\$ -		
2068	2,041,878	37,595	2,004,283	262,770	262,770	\$ -		
2069	2,004,283	37,595	1,966,688	258,547	258,547	\$ -		
2070	1,966,688	37,595	1,929,092	254,323	254,323	\$ -		
2071	1,929,092	37,595	1,891,497	250,099	250,099	\$ -		
2072	1,891,497	37,595	1,853,902	245,876	245,876	\$ -		
Project Totals		2,222,080		22,194,872	22,194,872	-		

** 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 (True-Up TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 174 through176)			
	%	Cost	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	5.661%
		R =	8.414%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2012	Rev Require		Incentive Amounts
		W Incentives		
	As Projected in Prior Year WS J	\$ 655,786	\$ 655,786	\$ -
	Actual after True-up	\$ 973,098	\$ 973,098	\$ -
	True-up of ARR For 2012	317,312	317,312	-

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

Rate Base (True-Up TCOS, In 78)	13,324,454
R (from A. above)	8.414%
Return (Rate Base x R)	1,121,127

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

Return (from B. above)	1,121,127
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	480,213
ITC Adjustment	-
Income Taxes	480,213

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 (True-Up TCOS, In 1)	2,512,577
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	29,318
Return (True-Up TCOS, In 132)	1,121,127
Income Taxes (True-Up TCOS, In 131)	480,213
Annual Revenue Requirement, Less TEA	881,919
Charges, Return and Taxes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	881,919
Return (from I.B. above)	1,121,127
Income Taxes (from I.C. above)	480,213
Annual Revenue Requirement, with 0 Basis Point ROE increase	2,483,259
Depreciation (True-Up TCOS, In 108)	92,468
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	2,390,791

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

Net Transmission Plant (True-Up TCOS, In 48)	15,770,929
Annual Revenue Requirement, with 0 Basis Point ROE increase	2,483,259
FCR with 0 Basis Point increase in ROE	15.75%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	2,390,791
FCR with 0 Basis Point ROE increase, less Depreciation	15.16%
FCR less Depreciation (True-Up TCOS, In 9)	15.16%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	3,451,455
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	28,276,934
Subtotal	31,728,389
Average Transmission Plant Balance for	15,864,195
Annual Depreciation Rate (True-Up TCOS, In 108)	92,468
Composite Depreciation Rate	0.58%
Depreciable Life for Composite Depreciation Rate	171.56
Round to nearest whole year	172

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.

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)

2012	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	655,786	655,786	-
Prior Yr True-Up	973,098	973,098	-
True-Up Adjustment	317,312	317,312	-

Details		2012
Investment	6,419,070	2012
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	12	FCR w/o incentives, less depreciation
Useful life	172	FCR w/incentives approved for these facilities, less dep.
CIAC (Yes or No)	No	Annual Depreciation Expense

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2012	6,419,070	-	6,419,070	6,419,070	973,098	973,098	\$ -	\$ 655,786	317,312	\$ 655,786	\$ 317,312	\$ -
2013	6,419,070	37,415	6,381,655	6,400,362	1,007,677	1,007,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	6,381,655	37,415	6,344,240	6,362,947	1,002,005	1,002,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	6,344,240	37,415	6,306,825	6,325,532	996,333	996,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	6,306,825	37,415	6,269,410	6,288,117	990,661	990,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	6,269,410	37,415	6,231,995	6,250,702	984,989	984,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	6,231,995	37,415	6,194,580	6,213,287	979,317	979,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	6,194,580	37,415	6,157,165	6,175,872	973,645	973,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	6,157,165	37,415	6,119,750	6,138,457	967,973	967,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	6,119,750	37,415	6,082,335	6,101,042	962,301	962,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	6,082,335	37,415	6,044,920	6,063,627	956,629	956,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	6,044,920	37,415	6,007,505	6,026,213	950,958	950,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	6,007,505	37,415	5,970,090	5,988,798	945,286	945,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	5,970,090	37,415	5,932,675	5,951,383	939,614	939,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	5,932,675	37,415	5,895,260	5,913,968	933,942	933,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	5,895,260	37,415	5,857,845	5,876,553	928,270	928,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	5,857,845	37,415	5,820,430	5,839,138	922,598	922,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	5,820,430	37,415	5,783,015	5,801,723	916,926	916,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	5,783,015	37,415	5,745,600	5,764,308	911,254	911,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	5,745,600	37,415	5,708,185	5,726,893	905,582	905,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	5,708,185	37,415	5,670,770	5,689,478	899,910	899,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	5,670,770	37,415	5,633,355	5,652,063	894,238	894,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	5,633,355	37,415	5,595,940	5,614,648	888,566	888,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	5,595,940	37,415	5,558,525	5,577,233	882,895	882,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	5,558,525	37,415	5,521,110	5,539,818	877,223	877,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	5,521,110	37,415	5,483,695	5,502,403	871,551	871,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	5,483,695	37,415	5,446,280	5,464,988	865,879	865,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	5,446,280	37,415	5,408,865	5,427,573	860,207	860,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	5,408,865	37,415	5,371,450	5,390,158	854,535	854,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	5,371,450	37,415	5,334,035	5,352,743	848,863	848,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	5,334,035	37,415	5,296,620	5,315,328	843,191	843,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	5,296,620	37,415	5,259,205	5,277,913	837,519	837,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	5,259,205	37,415	5,221,790	5,240,498	831,847	831,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	5,221,790	37,415	5,184,375	5,203,083	826,175	826,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2046	5,184,375	37,415	5,146,960	5,165,668	820,503	820,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2047	5,146,960	37,415	5,109,545	5,128,253	814,832	814,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2048	5,109,545	37,415	5,072,130	5,090,838	809,160	809,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2049	5,072,130	37,415	5,034,715	5,053,423	803,488	803,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2050	5,034,715	37,415	4,997,300	5,016,008	797,816	797,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2051	4,997,300	37,415	4,959,886	4,978,593	792,144	792,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2052	4,959,886	37,415	4,922,471	4,941,178	786,472	786,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2053	4,922,471	37,415	4,885,056	4,903,763	780,800	780,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2054	4,885,056	37,415	4,847,641	4,866,348	775,128	775,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2055	4,847,641	37,415	4,810,226	4,828,933	769,456	769,456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2056	4,810,226	37,415	4,772,811	4,791,518	763,784	763,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2057	4,772,811	37,415	4,735,396	4,754,103	758,112	758,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2058	4,735,396	37,415	4,697,981	4,716,688	752,440	752,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2059	4,697,981	37,415	4,660,566	4,679,273	746,768	746,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2060	4,660,566	37,415	4,623,151	4,641,858	741,097	741,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2061	4,623,151	37,415	4,585,736	4,604,443	735,425	735,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2062	4,585,736	37,415	4,548,321	4,567,028	729,753	729,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2063	4,548,321	37,415	4,510,906	4,529,613	724,081	724,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2064	4,510,906	37,415	4,473,491	4,492,198	718,409	718,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2065	4,473,491	37,415	4,436,076	4,454,783	712,737	712,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2066	4,436,076	37,415	4,398,661	4,417,368	707,065	707,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2067	4,398,661	37,415	4,361,246	4,379,953	701,393	701,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2068	4,361,246	37,415	4,323,831	4,342,538	695,721	695,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2069	4,323,831	37,415	4,286,416	4,305,123	690,049	690,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2070	4,286,416	37,415	4,249,001	4,267,708	684,377	684,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2071	4,249,001	37,415	4,211,586	4,230,293	678,705	678,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project Totals		2,207,484			50,721,372	50,721,372	-					

** 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. [REDACTED] (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)

2012	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2012	
Investment	-	Current Year	-
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	-	FCR w/o incentives, less depreciation	15.16%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	15.16%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **
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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.

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

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

A. Base Plan Facilities

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

2012	Rev Require	W Incentives	Incentive Amounts

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

Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details			
Investment	-	Current Year	2012
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	-	FCR w/o incentives, less depreciation	15.16%
Useful life	172	FCR w/incentives approved for these facilities, less dep.	15.16%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't. From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **
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56	-	-	-	-	-	-	\$ -				
57	-	-	-	-	-	-	\$ -				
58	-	-	-	-	-	-	\$ -				
59	-	-	-	-	-	-	\$ -				
Project Totals	-	-	-	-	-	-	\$ -				

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP INDIANA MICHIGAN TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

<u>Line Number</u>	<u>(A) Issuance</u>	<u>(B) Principle Outstanding</u>	<u>(C) Interest Rate</u>	<u>(D) Annual Expense (See Note S on Projected Template)</u>
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			-
3				
4				
5				-
6	Reacquired Bonds - Total Account 222			-
7				-
8				-
9				-
10	Advances from Assoc Companies			-
11	Senior Notes, Series A, Tranche A, 3.3%	20,800,000	3.300%	686,400
12	Senior Notes, Series A, Tranche B, 4%	17,000,000	4.000%	680,000
13	Senior Notes, Series A, Tranche C, 4.73%	12,200,000	4.730%	577,060
14				-
15				-
16	Other Long Term Debt - Acc 224			-
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24				-
25				-
26				-
27				-
28	Sale/Leaseback (If Applicable)		0	
29	<u>Issuance Discount, Premium, & Expenses:</u>			
30	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
31	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		3,565
32	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
33	<u>Reacquired Debt:</u>			
34	Amortization of Loss	FF1.p. 117.64.c		-
35	Less: Amortization of Gain	FF1.p. 117.66.c		-
36	Total Interest on Long Term Debt	50,000,000	0.0389405	1,947,025
37	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
38				-
39				-
40				-
41				-
42				-
43				-
44				-
45				-
46	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

**Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
Based on Average of Balances At 12/31/2011 & 12/31/2012**

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	49,338,987	12,553,071	30,946,029
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	0	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	49,338,987	12,553,071	30,946,029

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)	50,000,000	-	25,000,000
9	Senior Unsecured Notes (112.21.c&d)	-	-	-
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	Total Average Debt	50,000,000	-	25,000,000

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 2012

14	Interest on Long Term Debt (256-257.33.i)			394,091
	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)			3,565
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)			397,656

21 **Average Cost of Debt for 2012 (Ln 20/Ln 11)**

1.59%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Amortization Period	
			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 2012 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 respectively. Sales will be functionalized 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						<u>-</u>		<u>-</u>	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 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	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	173,004
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$16,262
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)	\$4,654
15	Actual PBOP Expense (Sum Lines 11-14)	\$4,654
16	PBOP Adjustment Line 10 less Line 15	\$11,608

AEPTCo subsidiaries in PJM
 Worksheet - P
 DEPRECIATION RATES
 FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
 EFFECTIVE AS OF 7/1/2010

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.16%
Structures & Improvements	352.0	1.15%
Station Equipment	353.0	1.46%
Towers & Fixtures	354.0	1.46%
Poles & Fixtures	355.0	2.19%
Overhead Conductor	356.0	1.23%
Underground Conduit	357.0	1.45%
Underground Conductors	358.0	1.35%
Trails & Roads	359.0	1.50%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, 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 I, 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, 2012
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
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)	-	-	-	-	-	-	-
2 Less: Recquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
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)							
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Recquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
11 Less: Amort of Premium on Debt (117.65.c)	-	-	-	-	-	-	-
12 Less: Amort of Gain on Recquired Debt (117.66.c)	-	1,712	-	-	-	-	1,712
13 Less: Hedge Interest on pp 256-257(i)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	(225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
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)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
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%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2011
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
Development of Long Term Debt Balances at Year End							
60 Bonds (112.18.c&d)	-	-	-	-	-	-	-
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,408,392	1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
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)							
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)	3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
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)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
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)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
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%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.11%	5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

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
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
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)							
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
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)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
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%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP KENTUCKY TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$124,493
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 124,493

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,881
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,881
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP KENTUCKY TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA	-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 141)	-	TP	1.00000
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		-	DA	1.00000
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA	1.00000
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S	1.00000
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-		-
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		-	DA	1.00000
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA	1.00000
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		-	TP1	1.00000
38	Plus: Additional General & Intangible Depreciation for 2013 (In 111 + In 112)		-	W/S	1.00000
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA	1.00000
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
44	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-		-
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-		-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		-		-
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		-		-
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		-		-
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-		-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(16,408)	DA	(16,408)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	34,115	DA	34,115
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	17,707		17,707
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	1,749		1,749
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	1,749		1,749
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		19,456		19,456

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

Formula Rate
Projected TCOS
Page 3 of 37

AEP KENTUCKY TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	17,869		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	17,869		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,881		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	13,988	TP 1.00000	13,988
89	Administrative and General	323.197.b (Note J)	76,277		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	76,277	W/S 1.00000	76,277
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h) 1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA 1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	4,729	W/S 1.00000	4,729
100	A & G Subtotal	(sum Ins 94 to 99)	81,006		81,006
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	94,994		94,994
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)	Acct 565 (Company Records) (Note H)	-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	94,994		94,994
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1 1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)	(Worksheet A In 37.C)	-	DA 1.00000	-
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,802	TP1 1.00000	26,802
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	-	W/S 1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	26,802		26,802
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	350	GP(h) 1.00000	350
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	350		350
122	INCOME TAXES				
123	$T=1 - \{[(1 - \text{FIT}) * (1 - \text{FIT})] / (1 - \text{SIT} * \text{FIT} * p)\} =$		38.90%		
124	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		42.91%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$\text{GRCF}=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	705		705
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	705		705
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	1,642		1,642
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		124,493		124,493
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF				
137	Total transmission plant (In 20)				-
138	Less transmission plant excluded from PJM Tariff (Note P)				-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)				-
140	Transmission plant included in PJM Tariff (In 137 - In 138 - In 139)				-
141	Percent of transmission plant in PJM Tariff (In 140 / In 137)			TP	0.00000
142	WAGES & SALARY ALLOCATOR (W/S) (Note R)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total
143	<i>Line Deliberately Left Blank</i>				
144	Transmission	354.21.b	0	5,614	5,614 TP
145	Regional Market Expenses	354.22.b	0	0	- NA
146	<i>Line Deliberately Left Blank</i>				
147	Other (Excludes A&G)	354.24,25,26.b	0	0	- NA
148	Total (sum Ins 144, 145, & 147)		0	5,614	5,614
149	Transmission related amount				W/S= 1.00000
150	Actual Capped Capital Cost Structure (Note S)				\$
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)				-
152	Long Term Interest (Worksheet L, In. 34, col. (D))				-
153	Preferred Dividends (Worksheet L, In. 44, col. (D))				-
154	<u>Development of Common Stock:</u>				
155	Proprietary Capital (FF1 p 112, Ln 16.c)				(195,034)
156	Less: Preferred Stock (FF1 p 112, Ln 3.c)				-
157	Less: Account 216.1 (FF1 p 112, Ln 12.c)				-
158	Less: Account 219 (FF1 p 112, Ln 15.c)				-
	Common Stock (In 154 - In 155 - In 156 - In 157)				(195,034)
		\$	Capital Structure Percentages		
159	Long Term Debt Worksheet L, In 34, col. (B))	-	Actual	Cap Limit	Cost Weighted
160	Preferred Stock (In 155)	-	-	0.00%	-
161	Common Stock (In 158)	(195,034)	-	0.00%	-
162	Total (Sum Ins 159 to 161)	(195,034)	-	-	WACC= 0.0000
163	Capital Structure Equity Limit (Note T)	50.0%			
164	AEP OPERATING COMPANIES' COMPOSITE (Note S)				\$
165	WEIGHTED AVERAGE COST OF CAPITAL (WACC)				547,956,963
166	Long Term Interest (Worksheet Q, In. 14)				-
167	Preferred Dividends (Worksheet Q, In. 36)				-
168	<u>Development of Common Stock:</u>				
169	Proprietary Capital (Worksheet Q, In. 37)				9,945,214,408
170	Less: Preferred Stock (Worksheet Q, In. 38)				-
171	Less: Account 216.1 (Worksheet Q, In. 39)				3,754,265
172	Less: Account 219 (Worksheet Q, In. 40)				(225,388,128)
	Common Stock (In 168 - In 169 - In 170 - In 171)				10,166,848,271
173			%	\$	Cost Weighted
174	Long Term Debt (Worksheet Q, In 50)		50.48%	10,052,380,272	0.0545 0.0275
175	Preferred Stock (Worksheet Q, In 51)		0.00%	-	- 0.0000
176	Common Stock (Worksheet Q, In 52)		49.52%	9,859,606,022	11.49% 0.0569
177	Total (Worksheet Q, In 45)			19,911,986,294	WACC= 0.0844

AEP KENTUCKY TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
(ln 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 6.00% (State Income Tax Rate or Composite SIT. Worksheet G) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP KENTUCKY TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)			\$124,493
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)			<u>\$ 124,493</u>

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template				
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
183	Annual Rate	((ln 178 - ln 279 - ln 280) / ln 225 x 100)			0.00%
184	Monthly Rate	(ln 183 / 12)			0.00%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)				
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)			0.00%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)				
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)			0.00%
189	Not applicable on this template				
190	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below			3,881
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,881
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)			<u>-</u>

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP KENTUCKY TRANSMISSION COMPANY

Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE C</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
195	GROSS PLANT IN SERVICE				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA	-
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	-	W/S	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	-	W/S	-
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	-	GP(h)=	0.00000
				GTD=	-
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	-
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2013 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2013 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	-	W/S	-
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
221	Intangible Plant	(Worksheet A In 20.C)	-	W/S	-
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	-		-
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	-		-
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2013 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2013 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	-		-
233	Intangible Plant	(In 205 - In 221)	-		-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	-	NP(h)=	0.00000
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(16,408)	DA	(16,408)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	34,115	DA	34,115
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	17,707		17,707
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	1,749		1,749
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	-
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	-
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	1,749		1,749
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		19,456		19,456

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP KENTUCKY TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
256	<i>Line Deliberately Left Blank</i>				
257	<i>Line Deliberately Left Blank</i>				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	17,869		
261	TOTAL O&M EXPENSES	(sum Ins 258 to 260)	17,869		
262	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,881		
263	Less: Account 565	(Note H) 321.96.b	-		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
265	Total O&M Allocable to Transmission	(Ins 260 - 262 - 263 - 264)	13,988	TP	1.00000
					13,988
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	76,277		
267	Less: Acct. 924, Property Insurance	323.185.b	-		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
271	Balance of A & G	(In 266 - sum In 267 to In 270)	76,277	W/S	1.00000
272	Plus: Acct. 924, Property Insurance	(In 267)	-	GP(h)	1.00000
273	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	4,729	W/S	1.00000
277	A & G Subtotal	(sum Ins 271 to 276)	81,006		
					76,277
					-
					-
					-
					-
					-
					-
					-
					4,729
					81,006
278	O & M EXPENSE SUBTOTAL	(In 265 + In 277)	94,994		
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000
281	TOTAL O & M EXPENSE	(In 278 + In 279 + In 280)	94,994		
					94,994
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	<i>Line Deliberately Left Blank</i>				
284	<i>Line Deliberately Left Blank</i>				
285	Transmission	336.7.f	-	TP1	1.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
287	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	26,802	TP1	1.00000
288	General	336.10.f	-	W/S	1.00000
289	Intangible	336.1.f	-	W/S	1.00000
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	26,802		
					26,802
291	TAXES OTHER THAN INCOME	(Note N)			
292	Labor Related				
293	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000
294	Plant Related				
295	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	
296	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
297	Other	Worksheet H In 23.(E)	350	GP(h)	1.00000
298	TOTAL OTHER TAXES	(sum Ins 293 to 297)	350		
					350
299	INCOME TAXES	(Note O)			
300	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
301	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.91%		
302	where WCLTD=(In 350) and WACC = (In 353)				
303	and FIT, SIT & p are as given in Note O.				
304	$GRCF=1 / (1 - T) =$ (from In 300)		1.6367		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
306	Income Tax Calculation	(In 301 * In 309)	705		
307	ITC adjustment	(In 304 * In 305)	-	NP(h)	1.00000
308	TOTAL INCOME TAXES	(sum Ins 306 to 307)	705		
					705
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 353)	1,642		
					1,642
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
					-
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		
					-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 311 * In301)		-		
					-
313	TOTAL REVENUE REQUIREMENT	(sum Ins 281, 290, 298, 308, 309, 310, 311, 312)	124,493		
					124,493

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
314	Total transmission plant	(In 197)						-
315	Less transmission plant excluded from PJM Tariff (Note P)							-
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						-
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)				TP=		0.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
320	<i>Line Deliberately Left Blank</i>							
321	Transmission	354.21.b	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
322	Regional Market Expenses	354.22.b	0	5,614	5,614	TP	1.00000	5,614
323	<i>Line Deliberately Left Blank</i>		0		-	NA	0.00000	-
324	Other (Excludes A&G)	354.24,25,26.b	0		-	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	0	5,614	5,614			5,614
326	Transmission related amount					W/S=		1.00000
327	Actual (Uncapped) Capital Structure							
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
328	Long Term Interest	(Worksheet L, In. 34, col. (D))				See W/S L		-
329	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
330	<u>Development of Common Stock:</u>							
331	Proprietary Capital	(FF1 p 112, Ln 16.c)						(195,034)
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
334	Less: Account 219	(FF1 p 112, Ln 15.c)						-
335	Common Stock	(In 331 - In 332 - In 333 - In 334)						(195,034)
			Capital Structure Percentages					
			\$	%		Cost	Weighted	
336	Long Term Debt (Worksheet L, In 34, col. (B))		-	0.00%		-	0.0000	
337	Preferred Stock (In 332)		-	0.00%		-	0.0000	
338	Common Stock (In 335)		(195,034)	100.00%		11.49%	0.1149	
339	Total (Sum Ins 336 to 338)		(195,034)	1		WACC=	0.1149	
340	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
341	Long Term Interest	(Worksheet Q, In. 14)						547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)						-
343	<u>Development of Common Stock:</u>							
344	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)						-
346	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)						(225,388,128)
348	Common Stock	(In 344 - In 345 - In 346 - In 347)						10,166,848,271
349								
			%	\$		Cost	Weighted	
350	Long Term Debt (Worksheet Q, In 50)		50.48%	10,052,380,272		5.45%	0.0275	
351	Preferred Stock (Worksheet Q, In 51)		0.00%	-		0.00%	0.0000	
352	Common Stock (Worksheet Q, In 52)		49.52%	9,859,606,022		11.49%	0.0569	
353	Total (Worksheet Q, In 45)			19,911,986,294		WACC=	0.0844	

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP KENTUCKY TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study are historic as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.
- 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 192 & 193 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 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188.
The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 279 and 280 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 6.00% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
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AEP KENTUCKY TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$122,043
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 122,043

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,881
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,881
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
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AEP KENTUCKY TRANSMISSION COMPANY

	(1)	(2)	(3)		(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE C		Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE					
18	<i>Line Deliberately Left Blank</i>					
19	<i>Line Deliberately Left Blank</i>					
20	Transmission	(Worksheet A In 3.E & Ln 140)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000	N/A
24	<i>Line Deliberately Left Blank</i>					
25	<i>Line Deliberately Left Blank</i>					
26	General Plant	(Worksheet A In 7.E)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	1.00000	-
28	Intangible Plant	(Worksheet A In 9.E)	-	W/S	1.00000	-
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-	GP(h)=	0.00000	-
				GTD=	0.00000	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	<i>Line Deliberately Left Blank</i>					
32	<i>Line Deliberately Left Blank</i>					
33	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	0.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2013 (In 107 + In 108)		N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
40	<i>Line Deliberately Left Blank</i>					
41	<i>Line Deliberately Left Blank</i>					
42	General Plant	(Worksheet A In 18.E)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.E)	-	W/S	1.00000	-
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-			-
46	NET PLANT IN SERVICE					
47	<i>Line Deliberately Left Blank</i>					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-			-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A			N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A			N/A
54	<i>Line Deliberately Left Blank</i>					
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-			-
56	Intangible Plant	(In 28 - In 44)	-			-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-	NP(h)=	0.00000	-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(19,930)	DA		(19,930)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	17,326	DA		17,326
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(2,604)			(2,604)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	1,749			1,749
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	-	GP(h)	1.00000	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	1,749			1,749
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		(856)			(856)

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP KENTUCKY TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
79	OPERATION & MAINTENANCE EXPENSE				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	17,869		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	17,869		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,881		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	13,988	TP 1.00000	13,988
89	Administrative and General	323.197.b (Note J)	76,277		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	76,277	W/S 1.00000	76,277
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h) 1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA 1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	4,729	W/S 1.00000	4,729
100	A & G Subtotal	(sum Ins 94 to 99)	81,006		81,006
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	94,994		94,994
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	94,994		94,994
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1 1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,802	TP1 1.00000	26,802
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	-	W/S 1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,802		26,802
114	TAXES OTHER THAN INCOME	(Note N)			
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	350	GP(h) 1.00000	350
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	350		350
122	INCOME TAXES	(Note O)			
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.90%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.83%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6367		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	(31)		(31)
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	(31)		(31)
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	(72)		(72)
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		122,043		122,043
	(sum Ins 104, 113, 121, 131, 132, 133)				

AEP KENTUCKY TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In								
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)					-	
138	Less transmission plant excluded from PJM Tariff (Note P)						-	
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-	
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)					-	
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TF	0.00000	

142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
143	<i>Line Deliberately Left Blank</i>								
144	Transmission	354.21.b	0	5,614	5,614	TP	1.00000	5,614	
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-	
146	<i>Line Deliberately Left Blank</i>								
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-	
148	Total	(sum Ins 144, 145, & 147)	0	5,614	5,614			5,614	
149	Transmission related amount						W/S=	1.00000	

ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)									
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$	
151	Long Term Interest	(Worksheet M, In. 20, col. (E))						-	
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))						-	
153	<u>Development of Average Common Stock Balance:</u>								
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						(205,455)	
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))						-	
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))						-	
157	Less: Account 219	(Worksheet M, In. 4, col. (E))						-	
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)						(205,455)	

Capital Structure Percentages									
		Average \$		Actual	Cap Limit		Cost	Weighted	
159	Long Term Debt W/S M, In 11, In 21, col. (E))	-		-	0.00%		-	0.0000	
160	Preferred Stock (In 155)	-		-	0.00%		-	0.0000	
161	Common Stock (In 158)	(205,455)		-	0.00%		11.49%	0.0000	
162	Total (Sum Ins 159 to 161)	(205,455)		0%	0%		WACC=	0.0000	

163 Capital Structure Equity Limit (Note T) 50.0%

AEP OPERATING COMPANIES' COMPOSITE (Note S)									
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$	
165	Long Term Interest	(Worksheet Q, In. 132)						547,956,963	
166	Preferred Dividends	(Worksheet Q, In. 134)						-	
167	<u>Development of Actual Average Common Stock:</u>							Average	
168	Proprietary Capital	(Worksheet Q, In. 135)						9,799,477,986	
169	Less: Preferred Stock	(Worksheet Q, In. 136)						-	
170	Less: Account 216.1	(Worksheet Q, In. 137)						3,669,555	
171	Less: Account 219	(Worksheet Q, In. 138)						(256,286,593)	
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						10,052,095,023	

True Up Capitalization with Equity Caps									
		%	\$		Cost	Weighted			
174	Long Term Debt (Worksheet Q, In 148)	50.73%	10,096,878,353		0.0543	0.0275			
175	Preferred Stock (Worksheet Q, In 149)	0.00%	-		-	0.0000			
176	Common Stock (Worksheet Q, In 150)	49.27%	9,805,116,130		11.49%	0.0566			
177	Total (Worksheet Q, In 143)	100%	19,901,994,483		WACC=	0.0841			

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP KENTUCKY TRANSMISSION COMPANY

Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
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.
- C Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP KENTUCKY TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 6.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP KENTUCKY TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet A Supporting Plant Balances
AEP KENTUCKY TRANSMISSION COMPANY

Line	(A)	(B)	(C)	(D)	(E)
Number	Rate Base Item & Supporting Balance	Source of Data	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
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	-	-	-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	-	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	-	-	-
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)	-	-	-
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	-	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	-	-	-
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)	-	-	-
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	-	-	-
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 2)		67,004	93,805	80,405
32	Amortization in Months		30	42	36
33	Monthly Amortization		2,233	2,233	2,233
34	Months in 2012 to be amortized		12	12	12
35	Amortization Expense in 2012		26,802	26,801	26,802
36	Months in 2013 to be amortized		12	12	12
37	Amortization Expense in 2013		26,802	26,801	26,802
38	Ending Balance of Regulatory Asset		40,202	67,004	53,603
39	Average Balance of Regulatory Asset		53,603	80,404	67,004
40	Unamortized Balance of Regulatory Asset at YE 2012		40,202	67,004	53,603
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		0	0	-

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP KENTUCKY TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2012</u>	<u>(D) Balance @ December 31, 2011</u>	<u>(E) Average Balance for 2012</u>
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)	-	-	-
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	-	-	-
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	16,408	23,451	19,930
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	16,408	23,451	19,930
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	34,115	536	17,326
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	34,115	536	17,326
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.

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP KENTUCKY TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2012</u>	<u>Balance @ December 31, 2011</u>	<u>Average Balance for 2012</u>				
1								
2	Transmission Materials & Supplies	0	0		-			
3	General Materials & Supplies	0	0		-			
4	Stores Expense (Undistributed)	0	0		-			

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
Totals as of December 31, 2012	0	0	0	0	0
Totals as of December 31, 2011					
Average Balance	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2012

2012 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0	-	-		-	
165000207 Prepaid Taxes	0	-	-		-	
1650003 Prepaid Rents	0	-		-	-	
1650004 Prepaid Interest	0	-			-	
1650005 Prepaid Employee Benefits	0	-		-	-	
1650006 Other Prepayments	0	-			-	
1650009 Prepaid Carry Cost-Factored AR	0	-			-	
1650010 Prepaid Pension Benefits	0	-		-	-	
1650014 FAS 158 Qual Contra Asset	0	-			-	
1650016 FAS 112 ASSETS	0	-		-	-	
Subtotal - Form 1, p 111.57.c	0	0	0	0	0	

Prepayments Account 165 - Balance @ 12/31/ 2011

2011 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0		0		-	
165000206 Prepaid Taxes	0		0		-	
165000207 Prepaid Taxes	0		0		-	
165000208 Prepaid Taxes	0		0		-	
1650003 Prepaid Rents	0	0			-	
1650004 Prepaid Interest	0	0			-	
1650006 Other Prepayments	0	0			-	
1650009 Prepaid Carry Cost-Factored AR	0	0			-	
1650010 Prepaid Pension Benefits	0			0	-	
1650014 FAS 158 Qual Contra Asset	0	0			-	
1650016 FAS 112 ASSETS	0	0			-	
Subtotal - Form 1, p 111.57.c						

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP KENTUCKY TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 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 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP KENTUCKY TRANSMISSION COMPANY

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non-Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	-	-	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	-	-	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	-	-	-
4	Account 4560015, Associated Business Development - (Company Records - Note 1)	-	-	-
5	Account 456 - Other Electric Revenues - (Company Records - Note 1)	213,454	213,454	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	213,454	213,454	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	213,454	213,454	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP KENTUCKY TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	
Line Number	Item No.	Description	2012 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	3,881			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	3,881			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio & TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	0			
39	9302003	Corporate & Fiscal Expenses	0			
40	9302004	Research, Develop&Demonstr Exp	0			
41	9302007	Assoc Business Development Exp	0			
42		Total	-	-	-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP KENTUCKY TRANSMISSION COMPANY

1	Kentucky State Tax Rate	6.00%	
	Apportionment Factor - Note 2	100.00%	
	Effective State Tax Rate		6.00%
2	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>6.00%</u>

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

Note 2 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 - West Virginia	-	-			
5	Real and Personal Property - Virginia	-				
6	Real and Personal Property - Tennessee	-				
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	350			350	
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	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>-</u>

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

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

Functional Property Tax Allocation

	Lines 24-58 Column (B) Deliberately Left Blank		Lines 24-58 Column (D) Deliberately Left Blank		Total
	Transmission	General	Transmission	General	
24 Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	-	-	-	-
VIRGINIA JURISDICTION					
25 Percentage of Plant in VIRGINIA JURISDICTION	-	-	-	-	-
26 Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	-	-	-	-
27 Less: Net Value of Exempted Generation Plant	-	-	-	-	-
28 Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29 Relative Valuation Factor	-	-	-	-	0
30 Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	-
31 General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	-
32 Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33 Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34 Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%	-	-
35 Functionalized Expense in VIRGINIA JURISDICTION	-	-	-	-	-
WEST VA JURISDICTION					
36 Percentage of Plant in WEST VA JURISDICTION	-	-	-	-	-
37 Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-	-	-	-	-
38 Less: Net Value of Exempted Generation Plant	-	-	-	-	-
39 Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40 Relative Valuation Factor	-	-	-	-	0
41 Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	-
42 General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	-
43 Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44 Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45 Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%	-	-
46 Functionalized Expense in WEST VA JURISDICTION	-	-	-	-	-
TENNESSEE JURISDICTION					
47 Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	-	-	-	-
48 Less: Net Value Exempted Generation Plant	-	-	-	-	-
49 Taxable Property Basis	-	-	-	-	-
50 Relative Valuation Factor	-	-	-	-	-
51 Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	-
52 General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	-
53 Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	-
54 Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	-	-	-	-	-
55 Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%	-	-
56 Functionalized Expense in TENNESSEE JURISDICTION	-	-	-	-	-
57 Total Other Jurisdictions: (Line 7 * Net Plant Allocator)	-	-	-	-	-
58 Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	-	-	-	-

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Kentucky	-		P.263 ln 34 (i) P.263 ln 35 (i) P.263 ln 38 (i) P.263 ln 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property - West Virginia	-		P.263.2 ln 21 (i) P.263.2 ln 22 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property - Tennessee	-		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	Payroll Taxes			
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	Miscellaneous Taxes			
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	350	350	P.263 ln 8 (i) P.263 ln 7 (i) P.263.1 ln 34 (i) P.263.2 ln 10 (i) P.263.2 ln 11 (i) P.263.2 ln 38 (i) P.263.2 ln 39 (i) P.263.3 ln 27 (i) P.263.3 ln 28 (i) P.263.4 ln 20 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee	-		P.263.1 ln 15 (i) P.263.2 ln 13 (i) P.263.3 ln 8 (i) P.263.4 ln 21 (i)
19	Misc. State and Local Tax	-		P.263.1 ln 12 (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))	350	350	

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 2012 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP KENTUCKY TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, ln 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, ln 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.70%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ -	1.70%	\$ -	\$ -	11	\$ -
10	February	\$ -	1.70%	\$ -	\$ -	10	\$ -
11	March	\$ -	1.70%	\$ -	\$ -	9	\$ -
12	April	\$ -	1.70%	\$ -	\$ -	8	\$ -
13	May	\$ -	1.70%	\$ -	\$ -	7	\$ -
14	June	\$ -	1.70%	\$ -	\$ -	6	\$ -
15	July	\$ -	1.70%	\$ -	\$ -	5	\$ -
16	August	\$ -	1.70%	\$ -	\$ -	4	\$ -
17	September	\$ -	1.70%	\$ -	\$ -	3	\$ -
18	October	\$ -	1.70%	\$ -	\$ -	2	\$ -
19	November	\$ -	1.70%	\$ -	\$ -	1	\$ -
20	December	\$ -	1.70%	\$ -	\$ -	0	\$ -
21	Investment	\$ -				Depreciation Expense	\$ -

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 <u>Major Zonal Projects</u>		
26		
27		
28		
29		
30		
31	Subtotal	-
32 <u>PJM Socialized/Beneficiary Allocated Regional Projects</u>		
33		\$0
34	Subtotal	\$0

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
 AEP KENTUCKY TRANSMISSION COMPANY

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

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

ROE w/o incentives (Projected TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through 176)			
	%	Cost	Weighted cost
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	5.689%
		R =	8.441%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2013	-	- \$ -

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

Rate Base (Projected TCOS, In 78)	19,456
R (from A. above)	8.441%
Return (Rate Base x R)	1,642

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

Return (from B. above)	1,642
Effective Tax Rate (Projected TCOS, In 124)	42.91%
Income Tax Calculation (Return x CIT)	705
ITC Adjustment	-
Income Taxes	705

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 (Projected TCOS, In 1)	124,493
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	1,642
Income Taxes (Projected TCOS, In 131)	705
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122,146

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122,146
Return (from I.B. above)	1,642
Income Taxes (from I.C. above)	705
Annual Revenue Requirement, with 0 Basis Point ROE increase	124,493
Depreciation (Projected TCOS, In 108)	-
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	124,493

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

Net Transmission Plant (Projected TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	124,493
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	124,493
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.70%
Depreciable Life for Composite Depreciation Rate	58.82
Round to nearest whole year	59

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

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 (True-Up TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 174 through176)			
	%	Cost	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	5.661%
		R =	8.414%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS			
TRUE-UP YEAR	2012	Rev Require	Incentive Amounts
As Projected in Prior Year WS J			\$ -
Actual after True-up	\$ -	\$ -	\$ -
True-up of ARR For 2012			\$ -

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

Rate Base (True-Up TCOS, In 78)	(856)
R (from A. above)	8.414%
Return (Rate Base x R)	(72)

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

Return (from B. above)	(72)
Effective Tax Rate (True-Up TCOS, In 124)	42.83%
Income Tax Calculation (Return x CIT)	(31)
ITC Adjustment	-
Income Taxes	(31)

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 (True-Up TCOS, In 1)	122,043
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	-
Return (True-Up TCOS, In 132)	(72)
Income Taxes (True-Up TCOS, In 131)	(31)
Annual Revenue Requirement, Less TEA	122,146

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	122,146
Return (from I.B. above)	(72)
Income Taxes (from I.C. above)	(31)
Annual Revenue Requirement, with 0 Basis Point ROE increase	122,043
Depreciation (True-Up TCOS, In 108)	-
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	122,043

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

Net Transmission Plant (True-Up TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	122,043
FCR with 0 Basis Point increase in ROE	0.00%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	122,043
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for	-
Annual Depreciation Rate (True-Up TCOS, In 108)	-
Composite Depreciation Rate	1.70%
Depreciable Life for Composite Depreciation Rate	58.82
Round to nearest whole year	59

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

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

A. Base Plan Facilities

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

Project Description:

2012	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2012
Investment	Current Year	-
Service Year (yyyy)	2008 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	FCR w/o incentives, less depreciation	0.00%
Useful life	59 FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2008	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2009	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2010	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2011	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2012	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2013	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
2014	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
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	-	-	-	-	-	-	\$ -	-	-	-	-	\$ -
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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP KENTUCKY TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

<u>Line Number</u>	<u>(A) Issuance</u>	<u>(B) Principle Outstanding</u>	<u>(C) Interest Rate</u>	<u>(D) Annual Expense (See Note S on Projected Template)</u>
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			
3				-
4				-
5				-
6	Reacquired Bonds - Total Account 222			
7				-
8				-
9				-
10	Advances from Assoc Companies			
11				-
12				-
13				-
14	Other Long Term Debt - Acc 224			
15				-
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24				-
25				-
26	Sale/Leaseback (If Applicable)		0	-
27	<u>Issuance Discount, Premium, & Expenses:</u>			
28	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
29	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
30	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
31	<u>Reacquired Debt:</u>			
32	Amortization of Loss	FF1.p. 117.64.c		-
33	Less: Amortization of Gain	FF1.p. 117.66.c		-
34	Total Interest on Long Term Debt	-	0	-
35	Preferred Stock (FF1.p. 250-251)			
36		Preferred Shares Outstanding		-
37				-
38				-
39				-
40				-
41				-
42				-
43				-
44	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 AEP KENTUCKY TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	(195,034)	(215,875)	(205,455)
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	0	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	(195,034)	(215,875)	(205,455)

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

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

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 2012			
14	Interest on Long Term Debt (256-257.33.i)			-
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form			-
15	1 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)			-
21	Average Cost of Debt for 2012 (Ln 20/Ln 11)			0.00%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	*(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Amortization Period	
				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 - 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 2012 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP KENTUCKY TRANSMISSION COMPANY**

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectively. Sales will be functionalized 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						<u>-</u>		<u>-</u>	

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP KENTUCKY TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	57,565
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$5,411
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)	\$682
15	Actual PBOP Expense (Sum Lines 11-14)	\$682
16	PBOP Adjustment Line 10 less Line 15	\$4,729

AEPTCo subsidiaries in PJM
 Worksheet - P
 DEPRECIATION RATES
 FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
 EFFECTIVE AS OF 7/1/2010

AEP KENTUCKY TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	
Structures & Improvements	352.0	1.71%
Station Equipment	353.0	1.71%
Towers & Fixtures	354.0	1.71%
Poles & Fixtures	355.0	1.71%
Overhead Conductor	356.0	1.71%
Underground Conduit	357.0	1.71%
Underground Conductors	358.0	1.71%
Trails & Roads	359.0	1.71%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP KENTUCKY 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>KPCo</u>	<u>TOTAL</u>
1 T-Plant (FF1 206.58.g)	438,744,866	438,744,866
2 T-Plant (FF1 206.58.b)	431,804,417	431,804,417
3 Average (Ln 1+ Ln 2)/2	435,274,642	435,274,642
4 Depreciation (FF1 336.7.f)	7,420,678	7,420,678
5 Composite Depreciation (Ln 3 / Ln 4)		1.70%

Note: AEP KENTUCKY TRANSMISSION COMPANY shall initially use the composite depreciation rate for KPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP KENTUCKY TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP KENTUCKY 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, 2012
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
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)	-	-	-	-	-	-	-
2 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
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)							
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	(225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
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)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
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%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2011
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
Development of Long Term Debt Balances at Year End							
60 Bonds (112.18.c&d)	-	-	-	-	-	-	-
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,408,392	1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
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)							
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)	3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
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)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
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)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
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%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.11%	5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

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
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
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)							
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
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)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
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%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP OHIO TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$53,831,857
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 53,831,857

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		2,893,516	DA 1.00000	\$ 2,893,516
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			11.48%
7	Monthly Rate	(In 6 / 12)			0.96%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			10.89%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			1.56%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			7,997
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				7,997
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP OHIO TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	269,870,524	DA	269,870,524
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		201,643,590	DA	201,643,590
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA	-
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	-	W/S	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.C)	1,512,802	W/S	1,512,802
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	473,026,916		473,026,916
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	2,247,930	TP1=	2,247,930
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		702,313	DA	702,313
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA	-
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		2,041,119	TP1	2,041,119
38	Plus: Additional General & Intangible Depreciation for 2013 (In 111 + In 112)		179,083	W/S	179,083
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA	-
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	-	W/S	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
44	Intangible Plant	(Worksheet A In 20.C)	198,922	W/S	198,922
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	5,369,367		5,369,367
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	267,622,594		267,622,594
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		200,941,277		200,941,277
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		(2,041,119)		(2,041,119)
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		(179,083)		(179,083)
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	1,313,880		1,313,880
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	467,657,549		467,657,549
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(59,620,358)	DA	(59,620,358)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(845,948)	DA	(845,948)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	8,539,997	DA	8,539,997
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(51,926,309)		(51,926,309)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	39,177		39,177
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	49,590	GP(h)	49,590
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	88,767		88,767
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		415,820,007		415,820,007

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

Formula Rate
Projected TCOS
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AEP OHIO TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	<u>588,537</u>		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	588,537		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	7,997		
86	Less: Account 565	(Note H) 321.96.b	267,126		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	<u>313,414</u>	TP 1.00000	313,414
89	Administrative and General	323.197.b (Note J)	1,670,466		
90	Less: Acct. 924, Property Insurance	323.185.b	79,591		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	<u>17,003</u>		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	1,573,872	W/S 1.00000	1,573,872
95	Plus: Acct. 924, Property Insurance	(In 90)	79,591	GP(h) 1.00000	79,591
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	17,003	DA 1.00000	17,003
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	<u>38,757</u>	W/S 1.00000	<u>38,757</u>
100	A & G Subtotal	(sum Ins 94 to 99)	<u>1,709,223</u>		<u>1,709,223</u>
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	2,022,637		2,022,637
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		<u>267,126</u>	DA 1.00000	<u>267,126</u>
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	<u>2,289,763</u>		<u>2,289,763</u>
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	2,041,119	TP1 1.00000	2,041,119
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)		702,313	DA 1.00000	702,313
110	Plus: Formation Costs Amortization (Worksheet A In 37.C)		26,784	TP1 1.00000	26,784
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	<u>179,083</u>	W/S 1.00000	<u>179,083</u>
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	<u>2,949,299</u>		<u>2,949,299</u>
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	5,041,011	DA	5,041,011
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	<u>5,041,011</u>		<u>5,041,011</u>
122	INCOME TAXES				
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.00%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		36.29%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.5385		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	11,597,036		11,597,036
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	<u>11,597,036</u>		<u>11,597,036</u>
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 162)	31,954,748.36		31,954,748.36
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		<u>53,831,857</u>		<u>53,831,857</u>
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)					269,870,524	
138	Less transmission plant excluded from PJM Tariff	(Note P)					-	
139	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)					-	
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)					<u>269,870,524</u>	
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TP	1.00000	
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	143,137	143,137	TP	1.00000	143,137
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	<u>0</u>	<u>143,137</u>	<u>143,137</u>			<u>143,137</u>
149	Transmission related amount						W/S=	1.00000
	Actual Capped Capital Cost Structure (Note S)							
150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet L, In. 35, col. (D))				See W/S L		<u>7,788,099</u>
152	Preferred Dividends	(Worksheet L, In. 45, col. (D))						-
153	<u>Development of Common Stock:</u>							
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						199,235,808
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)						-
158	Common Stock	(In 154 - In 155 - In 156 - In 157)						<u>199,235,808</u>
			Capital Structure Percentages					
		\$	Actual	Cap Limit		Cost		Weighted
159	Long Term Debt	Worksheet L, In 35, col. (B))	<u>200,000,000</u>	<u>50.10%</u>	<u>0.00%</u>	<u>0.0389</u>		<u>0.0195</u>
160	Preferred Stock (In 155)		-	0.00%	0.00%	-		0.0000
161	Common Stock (In 158)		<u>199,235,808</u>	<u>49.90%</u>	<u>0.00%</u>	<u>11.49%</u>		<u>0.0573</u>
162	Total (Sum Ins 159 to 161)		<u>399,235,808</u>	<u>100.00%</u>	<u>0.00%</u>	WACC=		0.0768
163	Capital Structure Equity Limit (Note T)		<u>50.0%</u>					
	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 14)						<u>547,956,963</u>
166	Preferred Dividends	(Worksheet Q, In. 36)						-
167	<u>Development of Common Stock:</u>							
168	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
169	Less: Preferred Stock	(Worksheet Q, In. 38)						-
170	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
171	Less: Account 219	(Worksheet Q, In. 40)						<u>(225,388,128)</u>
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						<u>10,166,848,271</u>
173				%	\$	Cost		Weighted
174	Long Term Debt	(Worksheet Q, In 50)		<u>50.48%</u>	<u>10,052,380,272</u>	<u>0.0545</u>		<u>0.0275</u>
175	Preferred Stock (Worksheet Q, In 51)			0.00%	-	-		0.0000
176	Common Stock (Worksheet Q, In 52)			<u>49.52%</u>	<u>9,859,606,022</u>	<u>11.49%</u>		<u>0.0569</u>
177	Total (Worksheet Q, In 45)				<u>19,911,986,294</u>	WACC=		0.0844

AEP OHIO 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.
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.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP OHIO TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
(In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 0.00% (State Income Tax Rate or Composite SIT. Worksheet G) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP OHIO TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP OHIO TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)			\$34,554,533
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)			\$ 34,554,533

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template				
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
183	Annual Rate	((ln 178 - ln 279 - ln 280) / ln 225 x 100)			12.81%
184	Monthly Rate	(ln 183 / 12)			1.07%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)				
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)			12.05%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)				
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)			2.72%
189	Not applicable on this template				
190	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below			7,997
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				7,997
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP OHIO TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
195	GROSS PLANT IN SERVICE				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	269,870,524	DA	269,870,524
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	-	W/S	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	1,512,802	W/S	1,512,802
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	271,383,326	GP(h)=	271,383,326
				GTD=	1.00000
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	2,247,930	TP1=	2,247,930
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2013 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2013 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	-	W/S	-
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
221	Intangible Plant	(Worksheet A In 20.C)	198,922	W/S	198,922
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	2,446,852		2,446,852
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	267,622,594		267,622,594
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2013 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2013 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	-		-
233	Intangible Plant	(In 205 - In 221)	1,313,880		1,313,880
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	268,936,474	NP(h)=	268,936,474
				1.00000	
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	(59,620,358)	DA	(59,620,358)
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(845,948)	DA	(845,948)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	8,539,997	DA	8,539,997
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum lns 236 to 240)	(51,926,309)		(51,926,309)
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	39,177		39,177
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	-
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	-
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	-
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	49,590	GP(h)	49,590
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	-
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	-
253	TOTAL WORKING CAPITAL	(sum lns 245 to 252)	88,767		88,767
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	-
255	RATE BASE (sum lns 234, 241, 242, 243, 253, 254)		217,098,932		217,098,932

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP OHIO TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
256	OPERATION & MAINTENANCE EXPENSE				
257	Line Deliberately Left Blank				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	588,537		
261	TOTAL O&M EXPENSES	(sum lns 258 to 260)	588,537		
262	Less: Total Account 561	(Note G) (Worksheet F, ln 14.C)	7,997		
263	Less: Account 565	(Note H) 321.96.b	267,126		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-		
265	Total O&M Allocable to Transmission	(lns 260 - 262 - 263 - 264)	313,414	TP	1.00000
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	1,670,466		
267	Less: Acct. 924, Property Insurance	323.185.b	79,591		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	17,003		
271	Balance of A & G	(ln 266 - sum ln 267 to ln 270)	1,573,872	W/S	1.00000
272	Plus: Acct. 924, Property Insurance	(ln 267)	79,591	GP(h)	1.00000
273	Acct. 928 - Transmission Specific	Worksheet F ln 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 42.(E) (Note L)	17,003	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	38,757	W/S	1.00000
277	A & G Subtotal	(sum lns 271 to 276)	1,709,223		
278	O & M EXPENSE SUBTOTAL	(ln 265 + ln 277)	2,022,637		
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		267,126	DA	1.00000
281	TOTAL O & M EXPENSE	(ln 278 + ln 279 + ln 280)	2,289,763		
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	Line Deliberately Left Blank				
284	Line Deliberately Left Blank				
285	Transmission	336.7.f	2,041,119	TP1	1.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
287	Plus: Formation Costs Amortization	(Worksheet A ln 35.C)	26,784	TP1	1.00000
288	General	336.10.f	-	W/S	1.00000
289	Intangible	336.1.f	179,083	W/S	1.00000
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	2,246,986		
291	TAXES OTHER THAN INCOME	(Note N)			
292	Labor Related				
293	Payroll	Worksheet H ln 23.(D)	-	W/S	1.00000
294	Plant Related				
295	Property	Worksheet H ln 23.(C) & ln 58.(C)	5,041,011	DA	
296	Gross Receipts/Sales & Use	Worksheet H ln 23.(F)	-	NA	0.00000
297	Other	Worksheet H ln 23.(E)	-	GP(h)	1.00000
298	TOTAL OTHER TAXES	(sum lns 293 to 297)	5,041,011		
299	INCOME TAXES	(Note O)			
300	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		35.00%		
301	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		36.29%		
302	where WCLTD=(ln 350) and WACC = (ln 353)				
303	and FIT, SIT & p are as given in Note O.				
304	$GRCF=1 / (1 - T) =$ (from ln 300)		1.5385		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
306	Income Tax Calculation	(ln 301 * ln 309)	6,650,853		
307	ITC adjustment	(ln 304 * ln 305)	-	NP(h)	1.00000
308	TOTAL INCOME TAXES	(sum lns 306 to 307)	6,650,853		
309	RETURN ON RATE BASE (Rate Base*WACC)	(ln 255 * ln 353)	18,325,920		
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA	1.00000
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. (F) & (H))		-		
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 311 * ln301)		-		
313	TOTAL REVENUE REQUIREMENT	(sum lns 281, 290, 298, 308, 309, 310, 311, 312)	34,554,533		

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
No.								
314	Total transmission plant	(In 197)					269,870,524	
315	Less transmission plant excluded from PJM Tariff (Note P)						-	
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-	
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)					269,870,524	
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)					TP=	1.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
320	<i>Line Deliberately Left Blank</i>							
321	Transmission	354.21.b	0	143,137	143,137	TP	1.00000	143,137
322	Regional Market Expenses	354.22.b	0	-	-	NA	0.00000	-
323	<i>Line Deliberately Left Blank</i>							
324	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	0	143,137	143,137			143,137
326	Transmission related amount						W/S=	1.00000
	Actual (Uncapped) Capital Structure							
327	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
328	Long Term Interest	(Worksheet L, In. 35, col. (D))				See W/S L		7,788,099
329	Preferred Dividends	(Worksheet L, In. 45, col. (D))						-
330	<u>Development of Common Stock:</u>							
331	Proprietary Capital	(FF1 p 112, Ln 16.c)						199,235,808
332	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
333	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
334	Less: Account 219	(FF1 p 112, Ln 15.c)						-
335	Common Stock	(In 331 - In 332 - In 333 - In 334)						199,235,808
			Capital Structure Percentages					
			\$	%		Cost		Weighted
336	Long Term Debt (Worksheet L, In 35, col. (B))		200,000,000	50.10%		0.0389		0.0195
337	Preferred Stock (In 332)		-	0.00%		-		0.0000
338	Common Stock (In 335)		199,235,808	49.90%		11.49%		0.0573
339	Total (Sum Ins 336 to 338)		399,235,808	1			WACC=	0.0768
	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
340	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
341	Long Term Interest	(Worksheet Q, In. 14)						547,956,963
342	Preferred Dividends	(Worksheet Q, In. 36)						-
343	<u>Development of Common Stock:</u>							
344	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
345	Less: Preferred Stock	(Worksheet Q, In. 38)						-
346	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
347	Less: Account 219	(Worksheet Q, In. 40)						(225,388,128)
348	Common Stock	(In 344 - In 345 - In 346 - In 347)						10,166,848,271
349			Capital Structure Percentages					
			%	\$		Cost		Weighted
350	Long Term Debt (Worksheet Q, In 50)		50.48%	10,052,380,272		5.45%		0.0275
351	Preferred Stock (Worksheet Q, In 51)		0.00%	-		0.00%		0.0000
352	Common Stock (Worksheet Q, In 52)		49.52%	9,859,606,022		11.49%		0.0569
353	Total (Worksheet Q, In 45)			19,911,986,294			WACC=	0.0844

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP OHIO 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.
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.
- C Transmission Plant balances in this study are historic as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.
- 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 192 & 193 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 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188.
The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 279 and 280 is the AEP OHIO TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 0.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP OHIO TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP OHIO TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$25,015,031
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 25,015,031

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		1,577,995	DA 1.00000	\$ 1,577,995
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			14.53%
7	Monthly Rate	(In 6 / 12)			1.21%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			13.33%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			4.27%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			7,997
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				7,997
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP OHIO TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
Line No.	<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>
18	GROSS PLANT IN SERVICE				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.E & Ln 140)	171,543,328	DA	171,543,328
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.E)	-	W/S	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
28	Intangible Plant	(Worksheet A In 9.E)	1,085,341	W/S	1,085,341
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	172,628,669	GP(h)=	1.00000 172,628,669
				GTD=	0.00000
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.E & 28.E)	1,218,961	TP1=	1,218,961
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		N/A	TP1	N/A
38	Plus: Additional General & Intangible Depreciation for 2013 (In 107 + In 108)		N/A	W/S	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.E)	-	W/S	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
44	Intangible Plant	(Worksheet A In 20.E)	109,381	W/S	109,381
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	1,328,342		1,328,342
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	170,324,367		170,324,367
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A		N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A		N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		N/A		N/A
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		N/A		N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A		N/A
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	975,961		975,961
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	171,300,327	NP(h)=	1.00000 171,300,327
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(40,795,680)	DA	(40,795,680)
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(434,692)	DA	(434,692)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	4,530,144	DA	4,530,144
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	(36,700,229)		(36,700,229)
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA	-
67	WORKING CAPITAL	(Note E)			
68	Cash Working Capital	(1/8 * In 88)	39,177		39,177
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	40,944	GP(h)	40,944
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	80,120		80,120
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		134,680,219		134,680,219

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP OHIO TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
79	OPERATION & MAINTENANCE EXPENSE				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	588,537		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	588,537		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	7,997		
86	Less: Account 565	(Note H) 321.96.b	267,126		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	313,414	TP 1.00000	313,414
89	Administrative and General	323.197.b (Note J)	1,670,466		
90	Less: Acct. 924, Property Insurance	323.185.b	79,591		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	17,003		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	1,573,872	W/S 1.00000	1,573,872
95	Plus: Acct. 924, Property Insurance	(In 90)	79,591	GP(h) 1.00000	79,591
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	17,003	DA 1.00000	17,003
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	38,757	W/S 1.00000	38,757
100	A & G Subtotal	(sum Ins 94 to 99)	1,709,223		1,709,223
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	2,022,637		2,022,637
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	267,126	DA 1.00000	267,126
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	2,289,763		2,289,763
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	2,041,119	TP1 1.00000	2,041,119
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,784	TP1 1.00000	26,784
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	179,083	W/S 1.00000	179,083
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	2,246,986		2,246,986
114	TAXES OTHER THAN INCOME	(Note N)			
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	5,041,011	DA	5,041,011
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	-	GP(h) 1.00000	-
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	5,041,011		5,041,011
122	INCOME TAXES	(Note O)			
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.00%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		36.23%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.5385		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	4,105,203		4,105,203
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 1.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	4,105,203		4,105,203
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	11,332,068		11,332,068
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		25,015,031		25,015,031
	(sum Ins 104, 113, 121, 131, 132, 133)				

AEP OHIO TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In	TRANSMISSION PLANT INCLUDED IN PJM TARIFF			
<u>No.</u>				
137	Total transmission plant	(In 20)		171,543,328
138	Less transmission plant excluded from PJM Tariff (Note P)			-
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)			-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)		<u>171,543,328</u>
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)	TF	1.00000

142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	143,137	143,137	TP	1.00000	143,137
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	<u>0</u>	<u>143,137</u>	<u>143,137</u>			<u>143,137</u>

149 Transmission related amount **W/S= 1.00000**

ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)

150	WEIGHTED AVERAGE COST OF CAPITAL (WACC)			\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))		<u>1,590,621</u>
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))		-
153	<u>Development of Average Common Stock Balance:</u>			
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))		147,688,343
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))		-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))		-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))		-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)		<u>147,688,343</u>

Capital Structure Percentages

	Capped Actual Average Capital Structure	<u>Average \$</u>	<u>Actual</u>	<u>Cap Limit</u>	<u>Cost</u>	<u>Weighted</u>
159	Long Term Debt W/S M, In 11, In 21, col. (E))	100,000,000	40.37%	50.00%	0.0159	0.0080
160	Preferred Stock (In 155)	-	0.00%	0.00%	-	0.0000
161	Common Stock (In 158)	<u>147,688,343</u>	<u>59.63%</u>	<u>50.00%</u>	<u>11.49%</u>	<u>0.0575</u>
162	Total (Sum Ins 159 to 161)	<u>247,688,343</u>	<u>100.00%</u>	<u>100.00%</u>	WACC=	0.0654

163 Capital Structure Equity Limit (Note T) 50.0%

AEP OPERATING COMPANIES' COMPOSITE (Note S)

164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)			\$
165	Long Term Interest	(Worksheet Q, In. 132)		<u>547,956,963</u>
166	Preferred Dividends	(Worksheet Q, In. 134)		-
167	<u>Development of Actual Average Common Stock:</u>			<u>Average</u>
168	Proprietary Capital	(Worksheet Q, In. 135)		9,799,477,986
169	Less: Preferred Stock	(Worksheet Q, In. 136)		-
170	Less: Account 216.1	(Worksheet Q, In. 137)		3,669,555
171	Less: Account 219	(Worksheet Q, In. 138)		<u>(256,286,593)</u>
172	Common Stock	(In 168 - In 169 - In 170 - In 171)		10,052,095,023

True Up Capitalization with Equity Caps

173		<u>%</u>	<u>\$</u>	<u>Cost</u>	<u>Weighted</u>
174	Long Term Debt (Worksheet Q, In 148)	50.73%	10,096,878,353	0.0543	0.0275
175	Preferred Stock (Worksheet Q, In 149)	0.00%	-	-	0.0000
176	Common Stock (Worksheet Q, In 150)	<u>49.27%</u>	<u>9,805,116,130</u>	<u>11.49%</u>	<u>0.0566</u>
177	Total (Worksheet Q, In 143)	<u>100%</u>	<u>19,901,994,483</u>	WACC=	0.0841

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP OHIO 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.
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.
- C Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP OHIO TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 0.00% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP OHIO TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet A Supporting Plant Balances
AEP OHIO TRANSMISSION COMPANY

Line	(A)	(B)	(C)	(D)	(E)
Number	Rate Base Item & Supporting Balance	Source of Data	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
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	269,870,524	73,216,131	171,543,328
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	1,512,802	657,880	1,085,341
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	271,383,326	73,874,011	172,628,669
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)	2,247,930	189,992	1,218,961
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	198,922	19,839	109,381
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	2,446,852	209,831	1,328,342
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)	2,247,930	189,992	1,218,961
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	2,247,930	189,992	1,218,961
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 2)		66,959	93,742	80,351
32	Amortization in Months		30	42	36
33	Monthly Amortization		2,232	2,232	2,232
34	Months in 2012 to be amortized		12	12	12
35	Amortization Expense in 2012		26,784	26,783	26,784
36	Months in 2013 to be amortized		12	12	12
37	Amortization Expense in 2013		26,784	26,783	26,784
38	Ending Balance of Regulatory Asset		40,175	66,959	53,567
39	Average Balance of Regulatory Asset		53,567	80,350	66,959
40	Unamortized Balance of Regulatory Asset at YE 2012		40,175	66,959	53,567
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		0	0	-

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP OHIO TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2012</u>	<u>(D) Balance @ December 31, 2011</u>	<u>(E) Average Balance for 2012</u>
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)	59,620,358	21,971,002	40,795,680
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	59,620,358	21,971,002	40,795,680
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	845,948	23,436	434,692
13	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	845,948	23,436	434,692
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	8,539,997	520,290	4,530,144
18	Less: ARO Related Deferrals	Company Records - Note 1	0	0	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	8,539,997	520,290	4,530,144
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	0	0	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	0	0	-
24	ITC Balances Includeable in Ratebase	Ln 22 - In 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	0	0	-

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

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP OHIO TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012				
1								
2	Transmission Materials & Supplies	0	0	-				
3	General Materials & Supplies	0	0	-				
4	Stores Expense (Undistributed)	0	0	-				

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	
Totals as of December 31, 2012	49,590	0	0	49,590	0	49,590
Totals as of December 31, 2011	32,297	0	0	32,297	0	32,297
Average Balance	40,944	-	-	40,944	-	40,944

Prepayments Account 165 - Balance @ 12/31/2012

Acc. No.	Description	2012 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
10	1650021 Prepaid Insurance EIS	42,798	-	-	42,798	-	42,798	Plant Related Insurance Policies
11	1650001 Prepaid Insurance	6,792	-	-	6,792	-	6,792	Plant Related Insurance Policies
12	165000207 Prepaid Taxes	0	-	-	-	-	-	
13	1650003 Prepaid Rents	0	-	-	-	-	-	
14	1650004 Prepaid Interest	0	-	-	-	-	-	
15	1650005 Prepaid Employee Benefits	0	-	-	-	-	-	
16	1650006 Other Prepayments	0	-	-	-	-	-	
17	1650009 Prepaid Carry Cost-Factored AR	0	-	-	-	-	-	
18	1650010 Prepaid Pension Benefits	0	-	-	-	-	-	
19	1650014 FAS 158 Qual Contra Asset	0	-	-	-	-	-	
20	1650016 FAS 112 ASSETS	0	-	-	-	-	-	
Subtotal - Form 1, p 111.57.c		49,590	0	0	49,590	0	49,590	

Prepayments Account 165 - Balance @ 12/31/ 2011

Acc. No.	Description	2011 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
22	1650021 Prepaid Insurance EIS	32,297	-	-	32,297	-	32,297	Plant Related Insurance Policies
23	1650001 Prepaid Insurance	0	-	-	0	-	-	
24	165000206 Prepaid Taxes	0	-	-	0	-	-	
25	165000207 Prepaid Taxes	0	-	-	0	-	-	
26	165000208 Prepaid Taxes	0	-	-	0	-	-	
27	1650003 Prepaid Rents	0	-	-	-	-	-	
28	1650004 Prepaid Interest	0	-	-	-	-	-	
29	1650006 Other Prepayments	0	-	-	-	-	-	
30	1650009 Prepaid Carry Cost-Factored AR	0	-	-	-	-	-	
31	1650010 Prepaid Pension Benefits	0	-	-	-	0	-	
32	1650014 FAS 158 Qual Contra Asset	0	-	-	-	-	-	
33	1650016 FAS 112 ASSETS	0	-	-	-	-	-	
Subtotal - Form 1, p 111.57.c		32,297	0	0	32,297	0	32,297	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP OHIO TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 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 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP OHIO 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)	18,091,673	18,091,673	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	18,091,673	18,091,673	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	18,091,673	18,091,673	-

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP OHIO 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 2012 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP OHIO TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2012 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	7,997			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	7,997			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio & TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	17,003		17,003	
39	9302003	Corporate & Fiscal Expenses	0			
40	9302004	Research, Develop&Demonstr Exp	0			
41	9302007	Assoc Business Development Exp	0			
42		Total	17,003	-	17,003	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP OHIO TRANSMISSION COMPANY

1	Ohio State Tax Rate	1.36%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
2	Kentucky Tax Rate		
	Apportionment Factor - Note 2		
	Effective State Tax Rate		0.00%
3	Michigan Tax Rate		
	Apportionment Factor - Note 2		
	Effective State Tax Rate		0.00%
4	West Virginia Tax Rate		
	Apportionment Factor - Note 2		
	Effective State Tax Rate		0.00%
5	Illinois Corp Tax Rate		
	Apportionment Factor - Note 2		
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>0.00%</u>

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

Note 2 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 - Ohio	5,041,011	5,041,011			
5	Real and Personal Property	-	-			
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	5,041,011	5,041,011	-	-	-

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

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

Functional Property Tax Allocation

Line No.	Account	Lines 24-58 Column (B) Deliberately Left Blank		Lines 24-58 Column (D) Deliberately Left Blank		Total
		Transmission	General	Transmission	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	267,622,594	-	-	267,622,594
OHIO JURISDICTION						
25	Percentage of Plant in OHIO JURISDICTION		100.00%			
26	Net Plant in OHIO JURISDICTION (Ln 24 * Ln 25)	-	267,622,594	-	-	267,622,594
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)	-	267,622,594	-	-	267,622,594
29	Relative Valuation Factor		100%			1
30	Weighted Net Plant (Ln 28 * Ln 29)	-	267,622,594	-	-	
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 OHIO JURISDICTION Plant (Ln 30 + 32)	-	267,622,594	-	-	267,622,594
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%		
35	Functionalized Expense in OHIO JURISDICTION	-	5,041,011	-		5,041,011
JURISDICTION						
36	Percentage of Plant in JURISDICTION		0.00%			
37	Net Plant in JURISDICTION (Ln 24 * Ln 36)	-	-	-	-	-
38	Less: Net Value of Exempted Generation Plant					
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor		0%			0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	
44	Weighted JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%		
46	Functionalized Expense in JURISDICTION	-	-	-		-
JURISDICTION						
47	Net Plant in JURISDICTION (Ln 24 - Ln 26 - Ln 3)	-	-	-	-	-
48	Less: Net Value Exempted Generation Plant					
49	Taxable Property Basis	-	-	-	-	-
50	Relative Valuation Factor		0%			
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	
52	General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	
54	Weighted JURISDICTION Plant (Ln 51 + 53)	-	-	-	-	
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%		
56	Functionalized Expense in JURISDICTION	-	-	-		-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)		-			-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	5,041,011	-		5,041,011

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Ohio	5,041,011	1,641 39,370 5,000,000 -	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 - Virginia	-		P.263.2 ln 21 (i) P.263.2 ln 22 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property - Tennessee	-		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	Payroll Taxes			
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	Miscellaneous Taxes			
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.263.1 ln 12 (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))	5,041,011	5,041,011	

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 2012 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP OHIO TRANSMISSION COMPANY**

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	73,216,131
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	269,870,524
3		<u>343,086,655</u>
4	Average Balance of Transmission Investment	171,543,328
5	Annual Depreciation Expense, Historic TCOS, In 285	2,041,119
6	Composite Depreciation Rate	1.19%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.19%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 8,276,399	1.19%	\$ 98,477	\$ 8,206	11	\$ 90,266
10	February	\$ 6,998,472	1.19%	\$ 83,272	\$ 6,939	10	\$ 69,390
11	March	\$ 1,776,496	1.19%	\$ 21,138	\$ 1,761	9	\$ 15,849
12	April	\$ 3,314,241	1.19%	\$ 39,435	\$ 3,286	8	\$ 26,288
13	May	\$ 24,129,410	1.19%	\$ 287,105	\$ 23,925	7	\$ 167,475
14	June	\$ 37,683,327	1.19%	\$ 448,377	\$ 37,365	6	\$ 224,190
15	July	\$ 1,215,372	1.19%	\$ 14,461	\$ 1,205	5	\$ 6,025
16	August	\$ 9,629,257	1.19%	\$ 114,574	\$ 9,548	4	\$ 38,192
17	September	\$ 5,954,254	1.19%	\$ 70,847	\$ 5,904	3	\$ 17,712
18	October	\$ 11,568,888	1.19%	\$ 137,653	\$ 11,471	2	\$ 22,942
19	November	\$ 24,188,391	1.19%	\$ 287,807	\$ 23,984	1	\$ 23,984
20	December	\$ 66,909,085	1.19%	\$ 796,122	\$ 66,343	0	\$ -
21	Investment	<u>\$ 201,643,590</u>				Depreciation Expense	<u>\$ 702,313</u>

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2013

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 Major Zonal Projects		
26 GAVIN 765KV: REPLACE 765KV REACTORS PH1-PH3	\$10,334	May-13
27 S BLOOMINGVILLE SW-ROSS 138KV 20.9MI OHTRANSO	\$8,174	May-13
28 Blair - Cole 69KV Line Constr. 4.2 MILES 1033 ACSR	\$11,639	June-13
29 HANGING ROCK 765KV: REPLACE 3 765KV SHUNT REACTORS ON JEFFERSON	\$14,453	June-13
30 THORNVILLE - NEW LEXINGTON 69KV: REBUILD 5.9 MI. BALTIMORE - EAST LA	\$6,700	June-13
31 Desert Road-Jewett 69KV Line: Rebuild 69KV line asset	\$7,117	August-13
32 LIVINGSTON TERMINAL - LIVINGSTON 69 kV UNDERGROUND 1.33 MILES	\$6,318	October-13
33 Carrollton - Carroll Co-op 69KV Line, Petersburg: CONSTRUCT 69 KV LINE	\$7,623	December-13
34 CARROLLTON: Install new XF, breakers and other station upgrades at Carrollton.	\$5,351	December-13
35 CORRIDOR: T1 REPL W/ 675 MVA	\$6,888	December-13
36 GAVIN 765KV: Replace PK Type 765KV CB A, A1	\$6,174	December-13
37 MARYSVILLE: REPL 6-765KV SHUNT REACTORS ON FLATLICK & DUMONT LINI	\$13,576	December-13
38 Ohio Central: TransCo element (3) new 345 circuit breakers	\$6,962	December-13
39		
40		
41		
42	<u>Subtotal</u>	<u>\$111,309</u>
43 PJM Socialized/Beneficiary Allocated Regional Projects		
44	\$0	
45	<u>Subtotal</u>	<u>\$0</u>

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP OHIO 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 (Projected TCOS, In 176)		11.49%	
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through 176)			
	%	Cost	Weighted cost
Long Term Debt	50.10%	3.89%	1.951%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	0	11.49%	5.734%
		R =	7.685%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2013	2,893,516	2,893,516 \$ -

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

Rate Base (Projected TCOS, In 78)	415,820,007
R (from A. above)	7.685%
Return (Rate Base x R)	31,954,748

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

Return (from B. above)	31,954,748
Effective Tax Rate (Projected TCOS, In 124)	36.29%
Income Tax Calculation (Return x CIT)	11,597,036
ITC Adjustment	-
Income Taxes	11,597,036

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 (Projected TCOS, In 1)	53,831,857
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	267,126
Return (Projected TCOS, In 132)	31,954,748
Income Taxes (Projected TCOS, In 131)	11,597,036
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	10,012,947

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	10,012,947
Return (from I.B. above)	31,954,748
Income Taxes (from I.C. above)	11,597,036
Annual Revenue Requirement, with 0 Basis Point ROE increase	53,564,731
Depreciation (Projected TCOS, In 108)	2,041,119
Annual Rev. Req, w/0 Basis Point ROE increase, less Depreciation	51,523,612

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

Net Transmission Plant (Projected TCOS, In 48)	267,622,594
Annual Revenue Requirement, with 0 Basis Point ROE increase	53,564,731
FCR with 0 Basis Point increase in ROE	20.02%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	51,523,612
FCR with 0 Basis Point ROE increase, less Depreciation	19.25%
FCR less Depreciation (Projected TCOS, In 9)	10.89%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	8.36%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	73,216,131
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	269,870,524
Subtotal	343,086,655
Average Transmission Plant Balance for 2012	171,543,328
Annual Depreciation Rate (Projected TCOS, In 108)	2,041,119
Composite Depreciation Rate	1.19%
Depreciable Life for Composite Depreciation Rate	84.04
Round to nearest whole year	84

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

AEP OHIO 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)

Current Projected Year ARR	1,093,780
Current Projected Year ARR w/ Incentive	1,093,780
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b0570 (LIMA-STERLING 138 KV LINE: REB)

Details		Current Year	2013
Investment	9,150,000		
Service Year (yyyy)	2012	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	108,872

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2012	9,150,000	-	9,150,000	996,768	996,768	\$ -	\$ -	\$ -
2013	9,150,000	108,872	9,041,128	1,093,780	1,093,780	\$ -	\$ 747,660	\$ 747,660
2014	9,041,128	108,872	8,932,256	1,081,919	1,081,919	\$ -		
2015	8,932,256	108,872	8,823,384	1,070,059	1,070,059	\$ -		
2016	8,823,384	108,872	8,714,513	1,058,199	1,058,199	\$ -		
2017	8,714,513	108,872	8,605,641	1,046,339	1,046,339	\$ -		
2018	8,605,641	108,872	8,496,769	1,034,479	1,034,479	\$ -		
2019	8,496,769	108,872	8,387,897	1,022,619	1,022,619	\$ -		
2020	8,387,897	108,872	8,279,025	1,010,759	1,010,759	\$ -		
2021	8,279,025	108,872	8,170,153	998,899	998,899	\$ -		
2022	8,170,153	108,872	8,061,282	987,039	987,039	\$ -		
2023	8,061,282	108,872	7,952,410	975,179	975,179	\$ -		
2024	7,952,410	108,872	7,843,538	963,318	963,318	\$ -		
2025	7,843,538	108,872	7,734,666	951,458	951,458	\$ -		
2026	7,734,666	108,872	7,625,794	939,598	939,598	\$ -		
2027	7,625,794	108,872	7,516,922	927,738	927,738	\$ -		
2028	7,516,922	108,872	7,408,050	915,878	915,878	\$ -		
2029	7,408,050	108,872	7,299,179	904,018	904,018	\$ -		
2030	7,299,179	108,872	7,190,307	892,158	892,158	\$ -		
2031	7,190,307	108,872	7,081,435	880,298	880,298	\$ -		
2032	7,081,435	108,872	6,972,563	868,438	868,438	\$ -		
2033	6,972,563	108,872	6,863,691	856,578	856,578	\$ -		
2034	6,863,691	108,872	6,754,819	844,717	844,717	\$ -		
2035	6,754,819	108,872	6,645,948	832,857	832,857	\$ -		
2036	6,645,948	108,872	6,537,076	820,997	820,997	\$ -		
2037	6,537,076	108,872	6,428,204	809,137	809,137	\$ -		
2038	6,428,204	108,872	6,319,332	797,277	797,277	\$ -		
2039	6,319,332	108,872	6,210,460	785,417	785,417	\$ -		
2040	6,210,460	108,872	6,101,588	773,557	773,557	\$ -		
2041	6,101,588	108,872	5,992,716	761,697	761,697	\$ -		
2042	5,992,716	108,872	5,883,845	749,837	749,837	\$ -		
2043	5,883,845	108,872	5,774,973	737,976	737,976	\$ -		
2044	5,774,973	108,872	5,666,101	726,116	726,116	\$ -		
2045	5,666,101	108,872	5,557,229	714,256	714,256	\$ -		
2046	5,557,229	108,872	5,448,357	702,396	702,396	\$ -		
2047	5,448,357	108,872	5,339,485	690,536	690,536	\$ -		
2048	5,339,485	108,872	5,230,614	678,676	678,676	\$ -		
2049	5,230,614	108,872	5,121,742	666,816	666,816	\$ -		
2050	5,121,742	108,872	5,012,870	654,956	654,956	\$ -		
2051	5,012,870	108,872	4,903,998	643,096	643,096	\$ -		
2052	4,903,998	108,872	4,795,126	631,236	631,236	\$ -		
2053	4,795,126	108,872	4,686,254	619,375	619,375	\$ -		
2054	4,686,254	108,872	4,577,382	607,515	607,515	\$ -		
2055	4,577,382	108,872	4,468,511	595,655	595,655	\$ -		
2056	4,468,511	108,872	4,359,639	583,795	583,795	\$ -		
2057	4,359,639	108,872	4,250,767	571,935	571,935	\$ -		
2058	4,250,767	108,872	4,141,895	560,075	560,075	\$ -		
2059	4,141,895	108,872	4,033,023	548,215	548,215	\$ -		
2060	4,033,023	108,872	3,924,151	536,355	536,355	\$ -		
2061	3,924,151	108,872	3,815,280	524,495	524,495	\$ -		
2062	3,815,280	108,872	3,706,408	512,634	512,634	\$ -		
2063	3,706,408	108,872	3,597,536	500,774	500,774	\$ -		
2064	3,597,536	108,872	3,488,664	488,914	488,914	\$ -		
2065	3,488,664	108,872	3,379,792	477,054	477,054	\$ -		
2066	3,379,792	108,872	3,270,920	465,194	465,194	\$ -		
2067	3,270,920	108,872	3,162,048	453,334	453,334	\$ -		
2068	3,162,048	108,872	3,053,177	441,474	441,474	\$ -		
2069	3,053,177	108,872	2,944,305	429,614	429,614	\$ -		
2070	2,944,305	108,872	2,835,433	417,754	417,754	\$ -		
2071	2,835,433	108,872	2,726,561	405,894	405,894	\$ -		
Project Totals		6,423,439		45,237,125	45,237,125	-		

** 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: b1231 (WAPAKONETA-WEST MOULTON 138/69KV Transformer)

Current Projected Year ARR	410,711
Current Projected Year ARR w/ Incentive	410,711
Current Projected Year Incentive ARR	-

Details		Current Year	2013
Investment	3,473,458		
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	41,329

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2011	3,473,458	-	3,473,458	378,386	378,386	\$ -		
2012	3,473,458	41,329	3,432,129	415,213	415,213	\$ -	\$ 386,386	\$ 386,386
2013	3,432,129	41,329	3,390,800	410,711	410,711	\$ -		
2014	3,390,800	41,329	3,349,471	406,208	406,208	\$ -		
2015	3,349,471	41,329	3,308,141	401,706	401,706	\$ -		
2016	3,308,141	41,329	3,266,812	397,204	397,204	\$ -		
2017	3,266,812	41,329	3,225,483	392,702	392,702	\$ -		
2018	3,225,483	41,329	3,184,154	388,199	388,199	\$ -		
2019	3,184,154	41,329	3,142,825	383,697	383,697	\$ -		
2020	3,142,825	41,329	3,101,496	379,195	379,195	\$ -		
2021	3,101,496	41,329	3,060,166	374,693	374,693	\$ -		
2022	3,060,166	41,329	3,018,837	370,190	370,190	\$ -		
2023	3,018,837	41,329	2,977,508	365,688	365,688	\$ -		
2024	2,977,508	41,329	2,936,179	361,186	361,186	\$ -		
2025	2,936,179	41,329	2,894,850	356,684	356,684	\$ -		
2026	2,894,850	41,329	2,853,521	352,181	352,181	\$ -		
2027	2,853,521	41,329	2,812,191	347,679	347,679	\$ -		
2028	2,812,191	41,329	2,770,862	343,177	343,177	\$ -		
2029	2,770,862	41,329	2,729,533	338,675	338,675	\$ -		
2030	2,729,533	41,329	2,688,204	334,172	334,172	\$ -		
2031	2,688,204	41,329	2,646,875	329,670	329,670	\$ -		
2032	2,646,875	41,329	2,605,546	325,168	325,168	\$ -		
2033	2,605,546	41,329	2,564,217	320,666	320,666	\$ -		
2034	2,564,217	41,329	2,522,887	316,163	316,163	\$ -		
2035	2,522,887	41,329	2,481,558	311,661	311,661	\$ -		
2036	2,481,558	41,329	2,440,229	307,159	307,159	\$ -		
2037	2,440,229	41,329	2,398,900	302,657	302,657	\$ -		
2038	2,398,900	41,329	2,357,571	298,154	298,154	\$ -		
2039	2,357,571	41,329	2,316,242	293,652	293,652	\$ -		
2040	2,316,242	41,329	2,274,912	289,150	289,150	\$ -		
2041	2,274,912	41,329	2,233,583	284,648	284,648	\$ -		
2042	2,233,583	41,329	2,192,254	280,145	280,145	\$ -		
2043	2,192,254	41,329	2,150,925	275,643	275,643	\$ -		
2044	2,150,925	41,329	2,109,596	271,141	271,141	\$ -		
2045	2,109,596	41,329	2,068,267	266,639	266,639	\$ -		
2046	2,068,267	41,329	2,026,938	262,136	262,136	\$ -		
2047	2,026,938	41,329	1,985,608	257,634	257,634	\$ -		
2048	1,985,608	41,329	1,944,279	253,132	253,132	\$ -		
2049	1,944,279	41,329	1,902,950	248,630	248,630	\$ -		
2050	1,902,950	41,329	1,861,621	244,127	244,127	\$ -		
2051	1,861,621	41,329	1,820,292	239,625	239,625	\$ -		
2052	1,820,292	41,329	1,778,963	235,123	235,123	\$ -		
2053	1,778,963	41,329	1,737,633	230,621	230,621	\$ -		
2054	1,737,633	41,329	1,696,304	226,118	226,118	\$ -		
2055	1,696,304	41,329	1,654,975	221,616	221,616	\$ -		
2056	1,654,975	41,329	1,613,646	217,114	217,114	\$ -		
2057	1,613,646	41,329	1,572,317	212,612	212,612	\$ -		
2058	1,572,317	41,329	1,530,988	208,109	208,109	\$ -		
2059	1,530,988	41,329	1,489,658	203,607	203,607	\$ -		
2060	1,489,658	41,329	1,448,329	199,105	199,105	\$ -		
2061	1,448,329	41,329	1,407,000	194,603	194,603	\$ -		
2062	1,407,000	41,329	1,365,671	190,100	190,100	\$ -		
2063	1,365,671	41,329	1,324,342	185,598	185,598	\$ -		
2064	1,324,342	41,329	1,283,013	181,096	181,096	\$ -		
2065	1,283,013	41,329	1,241,684	176,594	176,594	\$ -		
2066	1,241,684	41,329	1,200,354	172,091	172,091	\$ -		
2067	1,200,354	41,329	1,159,025	167,589	167,589	\$ -		
2068	1,159,025	41,329	1,117,696	163,087	163,087	\$ -		
2069	1,117,696	41,329	1,076,367	158,585	158,585	\$ -		
2070	1,076,367	41,329	1,035,038	154,082	154,082	\$ -		
Project Totals		2,438,420		17,172,596	17,172,596	-		

** 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. [REDACTED] (e.g. ER05-925-000)

Project Description: RTEP ID: b1034.1 (South Canton - West Canton 138kV line and Wagenhals - Wayview 138kV)

Current Projected Year ARR	443,007
Current Projected Year ARR w/ Incentive	443,007
Current Projected Year Incentive ARR	-

Details		Current Year	2013
Investment	4,066,657		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	48,387

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	4,066,657	-	4,066,657	443,007	443,007	\$ -		
2014	4,066,657	41,329	4,025,328	479,834	479,834	\$ -		
2015	4,025,328	41,329	3,983,999	475,332	475,332	\$ -		
2016	3,983,999	41,329	3,942,670	470,829	470,829	\$ -		
2017	3,942,670	41,329	3,901,340	466,327	466,327	\$ -		
2018	3,901,340	41,329	3,860,011	461,825	461,825	\$ -		
2019	3,860,011	41,329	3,818,682	457,323	457,323	\$ -		
2020	3,818,682	41,329	3,777,353	452,820	452,820	\$ -		
2021	3,777,353	41,329	3,736,024	448,318	448,318	\$ -		
2022	3,736,024	41,329	3,694,695	443,816	443,816	\$ -		
2023	3,694,695	41,329	3,653,365	439,314	439,314	\$ -		
2024	3,653,365	41,329	3,612,036	434,811	434,811	\$ -		
2025	3,612,036	41,329	3,570,707	430,309	430,309	\$ -		
2026	3,570,707	41,329	3,529,378	425,807	425,807	\$ -		
2027	3,529,378	41,329	3,488,049	421,305	421,305	\$ -		
2028	3,488,049	41,329	3,446,720	416,802	416,802	\$ -		
2029	3,446,720	41,329	3,405,390	412,300	412,300	\$ -		
2030	3,405,390	41,329	3,364,061	407,798	407,798	\$ -		
2031	3,364,061	41,329	3,322,732	403,296	403,296	\$ -		
2032	3,322,732	41,329	3,281,403	398,793	398,793	\$ -		
2033	3,281,403	41,329	3,240,074	394,291	394,291	\$ -		
2034	3,240,074	41,329	3,198,745	389,789	389,789	\$ -		
2035	3,198,745	41,329	3,157,416	385,287	385,287	\$ -		
2036	3,157,416	41,329	3,116,086	380,784	380,784	\$ -		
2037	3,116,086	41,329	3,074,757	376,282	376,282	\$ -		
2038	3,074,757	41,329	3,033,428	371,780	371,780	\$ -		
2039	3,033,428	41,329	2,992,099	367,278	367,278	\$ -		
2040	2,992,099	41,329	2,950,770	362,775	362,775	\$ -		
2041	2,950,770	41,329	2,909,441	358,273	358,273	\$ -		
2042	2,909,441	41,329	2,868,111	353,771	353,771	\$ -		
2043	2,868,111	41,329	2,826,782	349,269	349,269	\$ -		
2044	2,826,782	41,329	2,785,453	344,766	344,766	\$ -		
2045	2,785,453	41,329	2,744,124	340,264	340,264	\$ -		
2046	2,744,124	41,329	2,702,795	335,762	335,762	\$ -		
2047	2,702,795	41,329	2,661,466	331,260	331,260	\$ -		
2048	2,661,466	41,329	2,620,137	326,757	326,757	\$ -		
2049	2,620,137	41,329	2,578,807	322,255	322,255	\$ -		
2050	2,578,807	41,329	2,537,478	317,753	317,753	\$ -		
2051	2,537,478	41,329	2,496,149	313,251	313,251	\$ -		
2052	2,496,149	41,329	2,454,820	308,748	308,748	\$ -		
2053	2,454,820	41,329	2,413,491	304,246	304,246	\$ -		
2054	2,413,491	41,329	2,372,162	299,744	299,744	\$ -		
2055	2,372,162	41,329	2,330,832	295,242	295,242	\$ -		
2056	2,330,832	41,329	2,289,503	290,739	290,739	\$ -		
2057	2,289,503	41,329	2,248,174	286,237	286,237	\$ -		
2058	2,248,174	41,329	2,206,845	281,735	281,735	\$ -		
2059	2,206,845	41,329	2,165,516	277,233	277,233	\$ -		
2060	2,165,516	41,329	2,124,187	272,730	272,730	\$ -		
2061	2,124,187	41,329	2,082,857	268,228	268,228	\$ -		
2062	2,082,857	41,329	2,041,528	263,726	263,726	\$ -		
2063	2,041,528	41,329	2,000,199	259,224	259,224	\$ -		
2064	2,000,199	41,329	1,958,870	254,721	254,721	\$ -		
2065	1,958,870	41,329	1,917,541	250,219	250,219	\$ -		
2066	1,917,541	41,329	1,876,212	245,717	245,717	\$ -		
2067	1,876,212	41,329	1,834,883	241,215	241,215	\$ -		
2068	1,834,883	41,329	1,793,553	236,712	236,712	\$ -		
2069	1,793,553	41,329	1,752,224	232,210	232,210	\$ -		
2070	1,752,224	41,329	1,710,895	227,708	227,708	\$ -		
2071	1,710,895	41,329	1,669,566	223,206	223,206	\$ -		
2072	1,669,566	41,329	1,628,237	218,703	218,703	\$ -		
Project Totals		2,438,420		21,049,853	21,049,853	-		

** 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	244,284
Current Projected Year ARR w/ Incentive	244,284
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b1034.8 (138kV Circuit Breakers at the West Canton, South Canton, Canton Central, and Wagenhals stations)

Details		Current Year	2013
Investment	2,242,445		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	26,682

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	2,242,445	-	2,242,445	244,284	244,284	\$ -		
2014	2,242,445	41,329	2,201,116	281,111	281,111	\$ -		
2015	2,201,116	41,329	2,159,787	276,608	276,608	\$ -		
2016	2,159,787	41,329	2,118,458	272,106	272,106	\$ -		
2017	2,118,458	41,329	2,077,128	267,604	267,604	\$ -		
2018	2,077,128	41,329	2,035,799	263,102	263,102	\$ -		
2019	2,035,799	41,329	1,994,470	258,600	258,600	\$ -		
2020	1,994,470	41,329	1,953,141	254,097	254,097	\$ -		
2021	1,953,141	41,329	1,911,812	249,595	249,595	\$ -		
2022	1,911,812	41,329	1,870,483	245,093	245,093	\$ -		
2023	1,870,483	41,329	1,829,153	240,591	240,591	\$ -		
2024	1,829,153	41,329	1,787,824	236,088	236,088	\$ -		
2025	1,787,824	41,329	1,746,495	231,586	231,586	\$ -		
2026	1,746,495	41,329	1,705,166	227,084	227,084	\$ -		
2027	1,705,166	41,329	1,663,837	222,582	222,582	\$ -		
2028	1,663,837	41,329	1,622,508	218,079	218,079	\$ -		
2029	1,622,508	41,329	1,581,178	213,577	213,577	\$ -		
2030	1,581,178	41,329	1,539,849	209,075	209,075	\$ -		
2031	1,539,849	41,329	1,498,520	204,573	204,573	\$ -		
2032	1,498,520	41,329	1,457,191	200,070	200,070	\$ -		
2033	1,457,191	41,329	1,415,862	195,568	195,568	\$ -		
2034	1,415,862	41,329	1,374,533	191,066	191,066	\$ -		
2035	1,374,533	41,329	1,333,204	186,564	186,564	\$ -		
2036	1,333,204	41,329	1,291,874	182,061	182,061	\$ -		
2037	1,291,874	41,329	1,250,545	177,559	177,559	\$ -		
2038	1,250,545	41,329	1,209,216	173,057	173,057	\$ -		
2039	1,209,216	41,329	1,167,887	168,555	168,555	\$ -		
2040	1,167,887	41,329	1,126,558	164,052	164,052	\$ -		
2041	1,126,558	41,329	1,085,229	159,550	159,550	\$ -		
2042	1,085,229	41,329	1,043,899	155,048	155,048	\$ -		
2043	1,043,899	41,329	1,002,570	150,546	150,546	\$ -		
2044	1,002,570	41,329	961,241	146,043	146,043	\$ -		
2045	961,241	41,329	919,912	141,541	141,541	\$ -		
2046	919,912	41,329	878,583	137,039	137,039	\$ -		
2047	878,583	41,329	837,254	132,537	132,537	\$ -		
2048	837,254	41,329	795,925	128,034	128,034	\$ -		
2049	795,925	41,329	754,595	123,532	123,532	\$ -		
2050	754,595	41,329	713,266	119,030	119,030	\$ -		
2051	713,266	41,329	671,937	114,528	114,528	\$ -		
2052	671,937	41,329	630,608	110,025	110,025	\$ -		
2053	630,608	41,329	589,279	105,523	105,523	\$ -		
2054	589,279	41,329	547,950	101,021	101,021	\$ -		
2055	547,950	41,329	506,620	96,519	96,519	\$ -		
2056	506,620	41,329	465,291	92,016	92,016	\$ -		
2057	465,291	41,329	423,962	87,514	87,514	\$ -		
2058	423,962	41,329	382,633	83,012	83,012	\$ -		
2059	382,633	41,329	341,304	78,510	78,510	\$ -		
2060	341,304	41,329	299,975	74,007	74,007	\$ -		
2061	299,975	41,329	258,645	69,505	69,505	\$ -		
2062	258,645	41,329	217,316	65,003	65,003	\$ -		
2063	217,316	41,329	175,987	60,501	60,501	\$ -		
2064	175,987	41,329	134,658	55,998	55,998	\$ -		
2065	134,658	41,329	93,329	51,496	51,496	\$ -		
2066	93,329	41,329	52,000	46,994	46,994	\$ -		
2067	52,000	41,329	10,671	42,492	42,492	\$ -		
2068	10,671	10,671	-	10,671	10,671	\$ -		
2069	-	-	-	-	-	\$ -		
2070	-	-	-	-	-	\$ -		
2071	-	-	-	-	-	\$ -		
2072	-	-	-	-	-	\$ -		
Project Totals		2,242,445		8,992,217	8,992,217	-		

** 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. [REDACTED] (e.g. ER05-925-000)

Current Projected Year ARR	124,755
Current Projected Year ARR w/ Incentive	124,755
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: b1864.2 (West Bellaire-Brues 138 kV Circuit)

Details		Current Year	2013
Investment	1,135,998		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	11	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	13,517

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	1,135,998	1,126	1,134,872	124,755	124,755	\$ -		
2014	1,134,872	41,329	1,093,542	160,456	160,456	\$ -		
2015	1,093,542	41,329	1,052,213	155,953	155,953	\$ -		
2016	1,052,213	41,329	1,010,884	151,451	151,451	\$ -		
2017	1,010,884	41,329	969,555	146,949	146,949	\$ -		
2018	969,555	41,329	928,226	142,447	142,447	\$ -		
2019	928,226	41,329	886,897	137,944	137,944	\$ -		
2020	886,897	41,329	845,568	133,442	133,442	\$ -		
2021	845,568	41,329	804,238	128,940	128,940	\$ -		
2022	804,238	41,329	762,909	124,438	124,438	\$ -		
2023	762,909	41,329	721,580	119,935	119,935	\$ -		
2024	721,580	41,329	680,251	115,433	115,433	\$ -		
2025	680,251	41,329	638,922	110,931	110,931	\$ -		
2026	638,922	41,329	597,593	106,429	106,429	\$ -		
2027	597,593	41,329	556,263	101,926	101,926	\$ -		
2028	556,263	41,329	514,934	97,424	97,424	\$ -		
2029	514,934	41,329	473,605	92,922	92,922	\$ -		
2030	473,605	41,329	432,276	88,420	88,420	\$ -		
2031	432,276	41,329	390,947	83,917	83,917	\$ -		
2032	390,947	41,329	349,618	79,415	79,415	\$ -		
2033	349,618	41,329	308,288	74,913	74,913	\$ -		
2034	308,288	41,329	266,959	70,411	70,411	\$ -		
2035	266,959	41,329	225,630	65,908	65,908	\$ -		
2036	225,630	41,329	184,301	61,406	61,406	\$ -		
2037	184,301	41,329	142,972	56,904	56,904	\$ -		
2038	142,972	41,329	101,643	52,402	52,402	\$ -		
2039	101,643	41,329	60,314	47,899	47,899	\$ -		
2040	60,314	41,329	18,984	43,397	43,397	\$ -		
2041	18,984	18,984	-	18,984	18,984	\$ -		
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	-	-	-	-	-	\$ -		
Project Totals	1,135,998			2,895,754	2,895,754	-		

** 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. [REDACTED] (e.g. ER05-925-000)

Current Projected Year ARR	576,980
Current Projected Year ARR w/ Incentive	576,980
Current Projected Year Incentive ARR	-

Project Description: RTEP ID: 1870 (Replace Ohio Central transformer #1 345/138/12 kV 450 MVA for a 345/138/34.5 kV 675 MVA transformer)

Details		Current Year	2013
Investment	5,296,488		
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	10.89%
Useful life	84	FCR w/incentives approved for these facilities, less dep.	10.89%
CIAC (Yes or No)	No	Annual Depreciation Expense	63,021

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year Template w/o Incentives	RTEP Projected Rev. Req't. From Prior Year Template with Incentives **
2013	5,296,488	-	5,296,488	576,980	576,980	\$ -		
2014	5,296,488	41,329	5,255,159	613,807	613,807	\$ -		
2015	5,255,159	41,329	5,213,830	609,305	609,305	\$ -		
2016	5,213,830	41,329	5,172,501	604,803	604,803	\$ -		
2017	5,172,501	41,329	5,131,171	600,300	600,300	\$ -		
2018	5,131,171	41,329	5,089,842	595,798	595,798	\$ -		
2019	5,089,842	41,329	5,048,513	591,296	591,296	\$ -		
2020	5,048,513	41,329	5,007,184	586,794	586,794	\$ -		
2021	5,007,184	41,329	4,965,855	582,291	582,291	\$ -		
2022	4,965,855	41,329	4,924,526	577,789	577,789	\$ -		
2023	4,924,526	41,329	4,883,196	573,287	573,287	\$ -		
2024	4,883,196	41,329	4,841,867	568,785	568,785	\$ -		
2025	4,841,867	41,329	4,800,538	564,282	564,282	\$ -		
2026	4,800,538	41,329	4,759,209	559,780	559,780	\$ -		
2027	4,759,209	41,329	4,717,880	555,278	555,278	\$ -		
2028	4,717,880	41,329	4,676,551	550,776	550,776	\$ -		
2029	4,676,551	41,329	4,635,221	546,273	546,273	\$ -		
2030	4,635,221	41,329	4,593,892	541,771	541,771	\$ -		
2031	4,593,892	41,329	4,552,563	537,269	537,269	\$ -		
2032	4,552,563	41,329	4,511,234	532,767	532,767	\$ -		
2033	4,511,234	41,329	4,469,905	528,264	528,264	\$ -		
2034	4,469,905	41,329	4,428,576	523,762	523,762	\$ -		
2035	4,428,576	41,329	4,387,247	519,260	519,260	\$ -		
2036	4,387,247	41,329	4,345,917	514,758	514,758	\$ -		
2037	4,345,917	41,329	4,304,588	510,255	510,255	\$ -		
2038	4,304,588	41,329	4,263,259	505,753	505,753	\$ -		
2039	4,263,259	41,329	4,221,930	501,251	501,251	\$ -		
2040	4,221,930	41,329	4,180,601	496,749	496,749	\$ -		
2041	4,180,601	41,329	4,139,272	492,246	492,246	\$ -		
2042	4,139,272	41,329	4,097,942	487,744	487,744	\$ -		
2043	4,097,942	41,329	4,056,613	483,242	483,242	\$ -		
2044	4,056,613	41,329	4,015,284	478,740	478,740	\$ -		
2045	4,015,284	41,329	3,973,955	474,237	474,237	\$ -		
2046	3,973,955	41,329	3,932,626	469,735	469,735	\$ -		
2047	3,932,626	41,329	3,891,297	465,233	465,233	\$ -		
2048	3,891,297	41,329	3,849,968	460,731	460,731	\$ -		
2049	3,849,968	41,329	3,808,638	456,228	456,228	\$ -		
2050	3,808,638	41,329	3,767,309	451,726	451,726	\$ -		
2051	3,767,309	41,329	3,725,980	447,224	447,224	\$ -		
2052	3,725,980	41,329	3,684,651	442,722	442,722	\$ -		
2053	3,684,651	41,329	3,643,322	438,219	438,219	\$ -		
2054	3,643,322	41,329	3,601,993	433,717	433,717	\$ -		
2055	3,601,993	41,329	3,560,663	429,215	429,215	\$ -		
2056	3,560,663	41,329	3,519,334	424,713	424,713	\$ -		
2057	3,519,334	41,329	3,478,005	420,210	420,210	\$ -		
2058	3,478,005	41,329	3,436,676	415,708	415,708	\$ -		
2059	3,436,676	41,329	3,395,347	411,206	411,206	\$ -		
2060	3,395,347	41,329	3,354,018	406,704	406,704	\$ -		
2061	3,354,018	41,329	3,312,688	402,201	402,201	\$ -		
2062	3,312,688	41,329	3,271,359	397,699	397,699	\$ -		
2063	3,271,359	41,329	3,230,030	393,197	393,197	\$ -		
2064	3,230,030	41,329	3,188,701	388,695	388,695	\$ -		
2065	3,188,701	41,329	3,147,372	384,192	384,192	\$ -		
2066	3,147,372	41,329	3,106,043	379,690	379,690	\$ -		
2067	3,106,043	41,329	3,064,714	375,188	375,188	\$ -		
2068	3,064,714	41,329	3,023,384	370,686	370,686	\$ -		
2069	3,023,384	41,329	2,982,055	366,183	366,183	\$ -		
2070	2,982,055	41,329	2,940,726	361,681	361,681	\$ -		
2071	2,940,726	41,329	2,899,397	357,179	357,179	\$ -		
2072	2,899,397	41,329	2,858,068	352,677	352,677	\$ -		
Project Totals		2,438,420		29,088,253	29,088,253	-		

** 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 (True-Up TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 174 through176)			
	%	Cost	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	5.661%
		R =	8.414%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2012	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J	\$	1,134,046	\$	1,134,046
Actual after True-up	\$	1,577,995	\$	1,577,995
True-up of ARR For 2012		443,949		443,949

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

Rate Base (True-Up TCOS, In 78)	134,680,219
R (from A. above)	8.414%
Return (Rate Base x R)	11,332,068

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

Return (from B. above)	11,332,068
Effective Tax Rate (True-Up TCOS, In 124)	36.23%
Income Tax Calculation (Return x CIT)	4,105,203
ITC Adjustment	-
Income Taxes	4,105,203

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 (True-Up TCOS, In 1)	25,015,031
T.E.A. & Lease Payments (True-Up TCOS, Lns 102 & 103)	267,126
Return (True-Up TCOS, In 132)	11,332,068
Income Taxes (True-Up TCOS, In 131)	4,105,203
Annual Revenue Requirement, Less TEA	9,310,634
Charges, Return and Taxes	

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	9,310,634
Return (from I.B. above)	11,332,068
Income Taxes (from I.C. above)	4,105,203
Annual Revenue Requirement, with 0 Basis Point ROE increase	24,747,905
Depreciation (True-Up TCOS, In 108)	2,041,119
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	22,706,786

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

Net Transmission Plant (True-Up TCOS, In 48)	170,324,367
Annual Revenue Requirement, with 0 Basis Point ROE increase	24,747,905
FCR with 0 Basis Point increase in ROE	14.53%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	22,706,786
FCR with 0 Basis Point ROE increase, less Depreciation	13.33%
FCR less Depreciation (True-Up TCOS, In 9)	13.33%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, In 58,(b)):	73,216,131
Transmission Plant @ End of Historic Period () (P.207, In 58,(g)):	269,870,524
Subtotal	343,086,655
Average Transmission Plant Balance for	171,543,328
Annual Depreciation Rate (True-Up TCOS, In 108)	2,041,119
Composite Depreciation Rate	1.19%
Depreciable Life for Composite Depreciation Rate	84.04
Round to nearest whole year	84

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

AEP OHIO TRANSMISSION COMPANY Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1034.1 (South Canton - West Canton 138kV line and Wagenhals - Wayview 138kV)

2013	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2013
Investment	-	-
Service Year (yyyy)	2013 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12 FCR w/o incentives, less depreciation	13.33%
Useful life	84 FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	-	-	-	-	-	-	\$ -					\$ -
2014	-	-	-	-	-	-	\$ -					\$ -
2015	-	-	-	-	-	-	\$ -					\$ -
2016	-	-	-	-	-	-	\$ -					\$ -
2017	-	-	-	-	-	-	\$ -					\$ -
2018	-	-	-	-	-	-	\$ -					\$ -
2019	-	-	-	-	-	-	\$ -					\$ -
2020	-	-	-	-	-	-	\$ -					\$ -
2021	-	-	-	-	-	-	\$ -					\$ -
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2071	-	-	-	-	-	-	\$ -					\$ -
2072	-	-	-	-	-	-	\$ -					\$ -
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.

AEP OHIO TRANSMISSION COMPANY Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: [redacted]
RTEP ID: b1034.8 (138kV Circuit Breakers at the West Canton, South Canton, Canton Central, and Wagenhals stations)

2013	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2013
Investment	-	-
Service Year (yyyy)	2013 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12 FCR w/o incentives, less depreciation	13.33%
Useful life	84 FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	-	-	-	-	-	-	\$ -					\$ -
2014	-	-	-	-	-	-	\$ -					\$ -
2015	-	-	-	-	-	-	\$ -					\$ -
2016	-	-	-	-	-	-	\$ -					\$ -
2017	-	-	-	-	-	-	\$ -					\$ -
2018	-	-	-	-	-	-	\$ -					\$ -
2019	-	-	-	-	-	-	\$ -					\$ -
2020	-	-	-	-	-	-	\$ -					\$ -
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2072	-	-	-	-	-	-	\$ -					\$ -
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.

AEP OHIO TRANSMISSION COMPANY Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: RTEP ID: b1864.2 (West Bellaire-Brues 138 kV Circuit)

2013	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2013
Investment	-	Current Year
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	11	FCR w/o incentives, less depreciation
Useful life	84	FCR w/incentives approved for these facilities, less dep.
CIAC (Yes or No)	No	Annual Depreciation Expense

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	-	-	-	-	-	-	\$ -					\$ -
2014	-	-	-	-	-	-	\$ -					\$ -
2015	-	-	-	-	-	-	\$ -					\$ -
2016	-	-	-	-	-	-	\$ -					\$ -
2017	-	-	-	-	-	-	\$ -					\$ -
2018	-	-	-	-	-	-	\$ -					\$ -
2019	-	-	-	-	-	-	\$ -					\$ -
2020	-	-	-	-	-	-	\$ -					\$ -
2021	-	-	-	-	-	-	\$ -					\$ -
2022	-	-	-	-	-	-	\$ -					\$ -
2023	-	-	-	-	-	-	\$ -					\$ -
2024	-	-	-	-	-	-	\$ -					\$ -
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2072	-	-	-	-	-	-	\$ -					\$ -
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.

AEP OHIO TRANSMISSION COMPANY Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: [redacted]
RTEP ID: 1870 (Replace Ohio Central transformer #1 345/138/12 kV 450 MVA for a 345/138/34.5 kV 675 MVA transformer)

2013	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2013
Investment	-	-
Service Year (yyyy)	2013 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12 FCR w/o incentives, less depreciation	13.33%
Useful life	84 FCR w/incentives approved for these facilities, less dep.	13.33%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	-	-	-	-	-	-	\$ -					\$ -
2014	-	-	-	-	-	-	\$ -					\$ -
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	-	-	-	-	-	-	\$ -					\$ -
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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP OHIO TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

<u>Line Number</u>	<u>(A) Issuance</u>	<u>(B) Principle Outstanding</u>	<u>(C) Interest Rate</u>	<u>(D) Annual Expense (See Note S on Projected Template)</u>
1	Long Term Debt (FF1.p. 256-257, a,h)	0	0.000%	
2	Bonds - Acc 221	0	0.000%	-
3		0	0.000%	
4		-	0.000%	
5		-	0.000%	
6	Reacquired Bonds - Total Account 222	-	0.000%	-
7		-	0.000%	
8		-	0.000%	
9		-	0.000%	
10	Advances from Assoc Companies	-	0.000%	
11	Senior Notes, Series A, Tranche A, 3.3%	83,200,000	3.300%	2,745,600
12	Senior Notes, Series A, Tranche B, 4%	68,000,000	4.000%	2,720,000
13	Senior Notes, Series A, Tranche C, 4.73%	48,800,000	4.730%	2,308,240
14		-	0.000%	
15	Other Long Term Debt - Acc 224	-	0.000%	
16		-	0.000%	
17		-	0.000%	
18		-	0.000%	
19		-	0.000%	
20		-	0.000%	
21		-	0.000%	
22		-	0.000%	
23		-	0.000%	
24		-	0.000%	
25		-	0.000%	
26		-	0.000%	
27	Sale/Leaseback (If Applicable)	-	0.00%	
28	<u>Issuance Discount, Premium, & Expenses:</u>			
29	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
30	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		14,259
31	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
32	<u>Reacquired Debt:</u>			
33	Amortization of Loss	FF1.p. 117.64.c		-
34	Less: Amortization of Gain	FF1.p. 117.66.c		-
35	Total Interest on Long Term Debt	200,000,000	0.038940495	7,788,099
36	Preferred Stock (FF1.p. 250-251)	Preferred Shares Outstanding		
37	0%	-	0.00%	-
38	0%	-	0.00%	-
39	0%	-	0.00%	-
40	0%	-	0.00%	-
41	0%	-	0.00%	-
42	0%	-	0.00%	-
43	0%	-	0.00%	-
44	0%	-	0.00%	-
45	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
AEP OHIO TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 & 12/31/2012

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	199,235,808	96,140,877	147,688,343
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	0	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	199,235,808	96,140,877	147,688,343

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

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 2012

14	Interest on Long Term Debt (256-257.33.i)			1,576,362
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form			-
15	1 included in Ln 14 and shown in Ln 32 below.			-
16	Amort of Debt Discount & Expense (117.63.c)			14,259
17	Amort of Loss on Reacquired Debt (117.64.c)			-
18	Less: Amort of Premium on Debt (117.65.c)			-
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			-
20	Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)			1,590,621
21	Average Cost of Debt for 2012 (Ln 20/Ln 11)			1.59%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	*(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Amortization Period	
			Beginning	Ending
23	0	-	Jan-00	Jan-00
24	0	-	Jan-00	Jan-00
25	0	-	Jan-00	Jan-00
26	0	-	Jan-00	Jan-00
27	0	-	Jan-00	Jan-00
28	0	-	Jan-00	Jan-00
29	0	-	Jan-00	Jan-00
30	0	-	Jan-00	Jan-00
31	0	-	Jan-00	Jan-00

32 **Net (Gain)/Loss Hedge Amortization To Be Removed**

Development of Cost of Preferred Stock

Preferred Stock			Average
33 0% Series - 0 - Dividend Rate (p. 250-251. 7 & 10.a)	0.00%	0.00%	
34 0% Series - 0 - Par Value (p. 250-251. 8.c)	0%	0%	
35 0% Series - 0 - Shares O/S (p.250-251. 8 & 11.e)	-	-	
36 0% Series - 0 - Monetary Value (Ln 34 * Ln 35)	-	-	
37 0% Series - 0 - Dividend Amount (Ln 33 * Ln 36)	-	-	
38 0% Series - 0 - Dividend Rate (p. 250-251.a)	0.00%	0.00%	
39 0% Series - 0 - Par Value (p. 250-251.c)	0%	0%	
40 0% Series - 0 - Shares O/S (p.250-251. e)	-	-	
41 0% Series - 0 - Monetary Value (Ln 39 * Ln 40)	-	-	
42 0% Series - 0 - Dividend Amount (Ln 38 * Ln 41)	-	-	
43 0% Series - 0 - Dividend Rate (p. 250-251.a)	0.00%	0.00%	
44 0% Series - 0 - Par Value (p. 250-251.c)	0%	0%	
45 0% Series - 0 - Shares O/S (p.250-251.e)	-	-	
46 0% Series - 0 - Monetary Value (Ln 44 * Ln 45)	-	-	
47 0% Series - 0 - 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 2012 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP OHIO TRANSMISSION COMPANY**

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectively. Sales will be functionalized 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						<u>-</u>		<u>-</u>	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP OHIO 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	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	631,746
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$59,384
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)	\$20,627
15	Actual PBOP Expense (Sum Lines 11-14)	\$20,627
16	PBOP Adjustment Line 10 less Line 15	\$38,757

AEPTCo subsidiaries in PJM
 Worksheet - P
 DEPRECIATION RATES
 FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
 EFFECTIVE AS OF 7/1/2010

AEP OHIO TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.44%
Structures & Improvements	352.0	1.47%
Station Equipment	353.0	1.71%
Towers & Fixtures	354.0	1.44%
Poles & Fixtures	355.0	2.22%
Overhead Conductor	356.0	1.32%
Underground Conduit	357.0	1.46%
Underground Conductors	358.0	2.08%
Roads & Trails	359.0	1.61%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP OHIO 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>CSP</u>	<u>OPCo</u>	<u>TOTAL</u>
1 T-Plant (FF1 206.58.g)	619,883,849	1,164,351,684	1,784,235,533
2 T-Plant (FF1 206.58.b)	570,478,232	1,109,431,387	1,679,909,619
3 Average (Ln 1+ Ln 2)/2	595,181,041	1,136,891,536	1,732,072,576
4 Depreciation (FF1 336.7.f)	12,769,913	25,505,773	38,275,686
5 Composite Depreciation (Ln 3 / Ln 4)			2.21%

Note: AEP OHIO TRANSMISSION COMPANY shall initially use the composite depreciation rate for CSP and OPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP OHIO TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP OHIO 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, 2012
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
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)	-	-	-	-	-	-	-
2 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
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)							
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	(225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
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)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
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%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2011
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
Development of Long Term Debt Balances at Year End							
60 Bonds (112.18.c&d)	-	-	-	-	-	-	-
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,408,392	1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
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)							
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)	3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
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)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
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)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
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%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.11%	5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

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
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
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)							
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
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)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
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%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$159,948
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 159,948

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 109 - In 131 - In 132) / ((In 48 + In 49 + In 50 + In 51 + In 53) x 100))			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,817
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,817
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP WEST VIRGINIA TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE C</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
18	<i>Line Deliberately Left Blank</i>				
19	<i>Line Deliberately Left Blank</i>				
20	Transmission	(Worksheet A In 3.C & Ln 140)	-	DA	-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 141)	-	TP	1.00000
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.D)		-	DA	1.00000
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, In 22.D)		-	DA	1.00000
24	<i>Line Deliberately Left Blank</i>				
25	<i>Line Deliberately Left Blank</i>				
26	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000
28	Intangible Plant	(Worksheet A In 9.C)	-	W/S	1.00000
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-		-
30	ACCUMULATED DEPRECIATION AND AMORTIZATION				
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, In 21.I)		-	DA	1.00000
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I In. 24.D)		-	DA	1.00000
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		-	TP1	0.00000
38	Plus: Additional General & Intangible Depreciation for 2013 (In 111 + In 112)		-	W/S	1.00000
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I In 23.D)		-	DA	1.00000
40	<i>Line Deliberately Left Blank</i>				
41	<i>Line Deliberately Left Blank</i>				
42	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
44	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-		-
46	NET PLANT IN SERVICE				
47	<i>Line Deliberately Left Blank</i>				
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-		-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		-		-
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		-		-
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		-		-
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		-		-
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		-		-
54	<i>Line Deliberately Left Blank</i>				
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-		-
56	Intangible Plant	(In 28 - In 44)	-		-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-		-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(12,440)	DA	(12,440)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	139,134	DA	139,134
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	126,694		126,694
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
66	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
67	WORKING CAPITAL				
68	Cash Working Capital	(1/8 * In 88)	2,646		2,646
69	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000
70	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	2,646		2,646
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		<u>129,340</u>		<u>129,340</u>

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

Formula Rate
Projected TCOS
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AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
79	<i>Line Deliberately Left Blank</i>				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	24,987		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	24,987		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,817		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	21,170	TP 1.00000	21,170
89	Administrative and General	323.197.b (Note J)	94,225		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	94,225	W/S 1.00000	94,225
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h) 1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA 1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,853	W/S 1.00000	1,853
100	A & G Subtotal	(sum Ins 94 to 99)	96,078		96,078
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	117,248		117,248
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	117,248		117,248
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1 0.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet I In 21.I)		-	DA 1.00000	-
110	Plus: Formation Costs Amortization	(Worksheet A In 37.C)	26,768	TP1 0.00000	26,768
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	-	W/S 1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Lns 108+109+111+112)	26,768		26,768
114	TAXES OTHER THAN INCOME				
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related		-		-
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	100	GP(h) 1.00000	100
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	100		100
122	INCOME TAXES				
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.04%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		45.00%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6677		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	4,913		4,913
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 0.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	4,913		4,913
132	RETURN ON RATE BASE (Rate Base * WACC)	(In 78 * In 177)	10,918		10,918
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		159,948		159,948
	(sum Ins 104, 113, 121, 131, 132, 133, 134, 135)				

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)						-
138	Less transmission plant excluded from PJM Tariff	(Note P)						-
139	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note Q)						-
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)						-
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TP		0.00000
142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	10,538	10,538	TP	1.00000	10,538
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0	10,538	10,538			10,538
149	Transmission related amount						W/S=	1.00000
150	Actual Capped Capital Cost Structure (Note S)							\$
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						See W/S L	-
151	Long Term Interest	(Worksheet L, In. 34, col. (D))						-
152	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
153	<u>Development of Common Stock:</u>							
154	Proprietary Capital	(FF1 p 112, Ln 16.c)						(506,086)
155	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
156	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
157	Less: Account 219	(FF1 p 112, Ln 15.c)						-
158	Common Stock	(In 154 - In 155 - In 156 - In 157)						(506,086)
		\$						
159	Long Term Debt	Worksheet L, In 34, col. (B))					Cost	Weighted
160	Preferred Stock (In 155)						-	0.0000
161	Common Stock (In 158)	(506,086)					11.49%	0.0000
162	Total (Sum Ins 159 to 161)	(506,086)					WACC=	0.0000
163	Capital Structure Equity Limit (Note T)	50.0%						
164	AEP OPERATING COMPANIES' COMPOSITE (Note S)							\$
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							547,956,963
165	Long Term Interest	(Worksheet Q, In. 14)						-
166	Preferred Dividends	(Worksheet Q, In. 36)						-
167	<u>Development of Common Stock:</u>							
168	Proprietary Capital	(Worksheet Q, In. 37)						9,945,214,408
169	Less: Preferred Stock	(Worksheet Q, In. 38)						-
170	Less: Account 216.1	(Worksheet Q, In. 39)						3,754,265
171	Less: Account 219	(Worksheet Q, In. 40)						(225,388,128)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						10,166,848,271
173								
174	Long Term Debt	(Worksheet Q, In 50)					Cost	Weighted
175	Preferred Stock	(Worksheet Q, In 51)					0.0545	0.0275
176	Common Stock	(Worksheet Q, In 52)					-	0.0000
177	Total	(Worksheet Q, In 45)					11.49%	0.0569
							WACC=	0.0844

AEP WEST VIRGINIA 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.
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.
- C Transmission Plant balances in this study are projected as of December 31, 2013. Other ratebase amounts are as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11.
The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 128) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 7.75% (State Income Tax Rate or Composite SIT. Worksheet G) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure.
Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013.
If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
178	REVENUE REQUIREMENT (w/o incentives)	(ln 313)			\$159,948
179	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
180	REVENUE REQUIREMENT For All Company Facilities	(ln 178 less ln 179)			<u>\$ 159,948</u>

MEMO: The Carrying Charge Calculations on lines 183 to 188 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 181 is included in the total on line 180.

181	Not applicable on this template				
182	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
183	Annual Rate	((ln 178 - ln 279 - ln 280) / ln 225 x 100)			0.00%
184	Monthly Rate	(ln 183 / 12)			0.00%
185	NET PLANT CARRYING CHARGE ON LINE 183 , w/o depreciation or ROE incentives (Note B)				
186	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285) / ln 225 x 100)			0.00%
187	NET PLANT CARRYING CHARGE ON LINE 186, w/o Return, income taxes or ROE incentives (Note B)				
188	Annual Rate	((ln 178 - ln 279 - ln 280 - ln 285 - ln 308 - ln 309) / ln 225 x 100)			0.00%
189	Not applicable on this template				
190	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
191	Total Load Dispatch & Scheduling (Account 561)	Line 262 Below			3,817
192	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,817
193	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
194	Total 561 Internally Developed Costs	(Line 191 - Line 192 - Line 193)			<u>-</u>

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator	(5) Total Transmission
195	GROSS PLANT IN SERVICE				
196	<i>Line Deliberately Left Blank</i>				
197	Transmission	(Worksheet A In 3.C & Ln 317)	-	DA	-
198	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C & Ln 318)	-	TP	-
199	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	N/A
200	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	N/A
201	<i>Line Deliberately Left Blank</i>				
202	<i>Line Deliberately Left Blank</i>				
203	General Plant	(Worksheet A In 7.C)	-	W/S	-
204	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
205	Intangible Plant	(Worksheet A In 9.C)	-	W/S	-
206	TOTAL GROSS PLANT	(Sum of Lines: 197 to 200 & 203 to 205)	-	GP(h)=	0.00000
				GTD=	-
207	ACCUMULATED DEPRECIATION AND AMORTIZATION				
208	<i>Line Deliberately Left Blank</i>				
209	<i>Line Deliberately Left Blank</i>				
210	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
211	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
212	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	N/A
213	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
214	Plus: Additional Transmission Depreciation for 2013 (In 285)		N/A	TP1	N/A
215	Plus: Additional General & Intangible Depreciation for 2013 (In 284 + In 285)		N/A	W/S	N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	N/A
217	<i>Line Deliberately Left Blank</i>				
218	<i>Line Deliberately Left Blank</i>				
219	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
220	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
221	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
222	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 210 to 216 & 219 to 221)	-		-
223	NET PLANT IN SERVICE				
224	<i>Line Deliberately Left Blank</i>				
225	Transmission	(In 197 + In 198 - In 210 - In 211)	-		-
226	Plus: Transmission Plant-in-Service Additions (In 199 - In 212)		N/A		N/A
227	Plus: Additional Trans Plant on Transferred Assets (In 200 - In 213)		N/A		N/A
228	Plus: Additional Transmission Depreciation for 2013 (-In 214)		N/A		N/A
229	Plus: Additional General & Intangible Depreciation for 2013 (-In 215)		N/A		N/A
230	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 216)		N/A		N/A
231	<i>Line Deliberately Left Blank</i>				
232	General Plant	(In 203 + In 204 - In 219 - In 220)	-		-
233	Intangible Plant	(In 205 - In 221)	-		-
234	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 225 to 230 & 232, 233)	-	NP(h)=	0.00000
235	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)			
236	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.C)	-	NA	-
237	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.C)	-	DA	-
238	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.C)	(12,440)	DA	(12,440)
239	Account No. 190.1	(Worksheet B, In 17 & In 20.C)	139,134	DA	139,134
240	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.C)	-	DA	-
241	TOTAL ADJUSTMENTS	(sum Ins 236 to 240)	126,694		126,694
242	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
243	REGULATORY ASSETS	(Worksheet A In 41. (C))	-	DA	-
244	WORKING CAPITAL	(Note E)			
245	Cash Working Capital	(1/8 * In 265)	2,646		2,646
246	Transmission Materials & Supplies	(Worksheet C, In 2.(D))	-	TP	1.00000
247	A&G Materials & Supplies	(Worksheet C, In 3.(D))	-	W/S	1.00000
248	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000
249	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 6.G)	-	W/S	1.00000
250	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 6.F)	-	GP(h)	1.00000
251	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 6.E)	-	DA	1.00000
252	Prepayments (Account 165) - Unallocable	(Worksheet C, In 6.D)	-	NA	0.00000
253	TOTAL WORKING CAPITAL	(sum Ins 245 to 252)	2,646		2,646
254	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 7.B)	-	DA	1.00000
255	RATE BASE (sum Ins 234, 241, 242, 243, 253, 254)		129,340		129,340

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP WEST VIRGINIA 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				
256	<i>Line Deliberately Left Blank</i>				
257	<i>Line Deliberately Left Blank</i>				
258	Customer Related Expense	322 & 323.164,171,178.b	-		
259	Regional Marketing Expenses	322.131.b	-		
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
260	Transmission	321.112.b	24,987		
261	TOTAL O&M EXPENSES	(sum Ins 258 to 260)	24,987		
262	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,817		
263	Less: Account 565	(Note H) 321.96.b	-		
264	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
265	Total O&M Allocable to Transmission	(Ins 260 - 262 - 263 - 264)	21,170	TP	1.00000
					21,170
					<i>Per Settlement in FERC Docket No. ER10-355-000, Attachment A-1 to Appendix B, pg. 26, C, 7a.</i>
266	Administrative and General	323.197.b (Note J)	94,225		
267	Less: Acct. 924, Property Insurance	323.185.b	-		
268	Acct. 928, Reg. Com. Exp.	323.189.b	-		
269	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
270	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
271	Balance of A & G	(In 266 - sum In 267 to In 270)	94,225	W/S	1.00000
272	Plus: Acct. 924, Property Insurance	(In 267)	-	GP(h)	1.00000
273	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP	1.00000
274	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000
275	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA	1.00000
276	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,853	W/S	1.00000
277	A & G Subtotal	(sum Ins 271 to 276)	96,078		
					94,225
278	O & M EXPENSE SUBTOTAL	(In 265 + In 277)	117,248		
279	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000
280	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000
281	TOTAL O & M EXPENSE	(In 278 + In 279 + In 280)	117,248		
					117,248
282	DEPRECIATION AND AMORTIZATION EXPENSE				
283	<i>Line Deliberately Left Blank</i>				
284	<i>Line Deliberately Left Blank</i>				
285	Transmission	336.7.f	-	TP1	0.00000
286	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
287	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	26,768	TP1	0.00000
288	General	336.10.f	-	W/S	1.00000
289	Intangible	336.1.f	-	W/S	1.00000
290	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 285+286+288+289)	26,768		
					26,768
291	TAXES OTHER THAN INCOME	(Note N)			
292	Labor Related				
293	Payroll	Worksheet H In 23.(D)	-	W/S	1.00000
294	Plant Related				
295	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	0
296	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA	0.00000
297	Other	Worksheet H In 23.(E)	100	GP(h)	1.00000
298	TOTAL OTHER TAXES	(sum Ins 293 to 297)	100		
					100
299	INCOME TAXES	(Note O)			
300	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.04%		
301	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		45.00%		
302	where WCLTD=(In 350) and WACC = (In 353)				
303	and FIT, SIT & p are as given in Note O.				
304	$GRCF=1 / (1 - T) =$ (from In 300)		1.6677		
305	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
306	Income Tax Calculation	(In 301 * In 309)	4,913		
307	ITC adjustment	(In 304 * In 305)	-	NP(h)	0.00000
308	TOTAL INCOME TAXES	(sum Ins 306 to 307)	4,913		
					4,913
309	RETURN ON RATE BASE (Rate Base*WACC)	(In 255 * In 353)	10,918		
					10,918
310	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000
					-
311	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		
					-
312	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 311 * In301)		-		
					-
313	TOTAL REVENUE REQUIREMENT	(sum Ins 281, 290, 298, 308, 309, 310, 311, 312)	159,948		
					159,948

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
314	Total transmission plant	(In 197)						-
315	Less transmission plant excluded from PJM Tariff (Note P)							-
316	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)							-
317	Transmission plant included in PJM Tariff	(In 314 - In 315 - In 316)						-
318	Percent of transmission plant in PJM Tariff	(In 317 / In 314)				TP=		0.00000
319	WAGES & SALARY ALLOCATOR (W/S)	(Note R)						
320	<i>Line Deliberately Left Blank</i>							
321	Transmission	354.21.b	0	10,538	10,538	TP	1.00000	10,538
322	Regional Market Expenses	354.22.b	0		-	NA	0.00000	-
323	<i>Line Deliberately Left Blank</i>							
324	Other (Excludes A&G)	354.24,25,26.b	0		-	NA	0.00000	-
325	Total	(sum Ins 321, 322, & 324)	0	10,538	10,538			10,538
326	Transmission related amount					W/S=		1.00000
327	Actual (Uncapped) Capital Structure							\$
328	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							-
329	Long Term Interest	(Worksheet L, In. 34, col. (D))				See W/S L		-
330	Preferred Dividends	(Worksheet L, In. 44, col. (D))						-
331	<u>Development of Common Stock:</u>							
332	Proprietary Capital	(FF1 p 112, Ln 16.c)						(506,086)
333	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
334	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
335	Less: Account 219	(FF1 p 112, Ln 15.c)						-
336	Common Stock	(In 331 - In 332 - In 333 - In 334)						(506,086)
337								
338								
339								
340								
341								
342								
343								
344								
345								
346								
347								
348								
349								
350								
351								
352								
353								

Capital Structure Percentages	
\$	%
-	0.00%
-	0.00%
(506,086)	100.00%
(506,086)	1

Cost	Weighted
-	0.0000
-	0.0000
11.49%	0.1149
WACC=	0.1149

Capital Structure Percentages	
%	\$
50.48%	10,052,380,272
0.00%	-
49.52%	9,859,606,022
	19,911,986,294

Cost	Weighted
5.45%	0.0275
0.00%	0.0000
11.49%	0.0569
WACC=	0.0844

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AEP WEST VIRGINIA 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.
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.
- C Transmission Plant balances in this study are historic as of December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 265. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 262.
2) AEP transmission equalization transfers, as shown on line 263
3) The impact of state regulatory deferrals and amortizations, as shown on line 264
4) All A&G Expenses, as shown on line 277.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 254 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 310.
- 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 192 & 193 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 265. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 279 and 280 to determine the total O&M collected in the formula. The amounts on lines 279 and 280 are also excluded in the calculation of the FCR percentage calculated on lines 182 through 188. The addbacks on lines 279 and 280 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 279 and 280 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 305) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT = 7.75% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 136)			\$152,695
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA 1.00000	\$ -
3	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)			\$ 152,695

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		-	DA 1.00000	\$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
6	Annual Rate	((In 1 - In 102 - In 103) / In 48 x 100)			0.00%
7	Monthly Rate	(In 6 / 12)			0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)				
9	Annual Rate	((In 1 - In 102 - In 103 - In 108) / In 48 x 100)			0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)				
11	Annual Rate	((In 1 - In 102 - In 103 - In 108 - In 131 - In 132) / In 48 x 100)			0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)				-
13	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below			3,817
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				3,817
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)			-

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
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AEP WEST VIRGINIA TRANSMISSION COMPANY

	(1)	(2)	(3)		(4)	(5)
Line No.	<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>
	GROSS PLANT IN SERVICE					
18	<i>Line Deliberately Left Blank</i>					
19	<i>Line Deliberately Left Blank</i>					
20	Transmission	(Worksheet A In 3.E & Ln 140)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E & Ln 141)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000	N/A
24	<i>Line Deliberately Left Blank</i>					
25	<i>Line Deliberately Left Blank</i>					
26	General Plant	(Worksheet A In 7.E)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	1.00000	-
28	Intangible Plant	(Worksheet A In 9.E)	-	W/S	1.00000	-
29	TOTAL GROSS PLANT	(Sum of Lines: 20 to 23 & 26 to 28)	-	GP(h)=	0.00000	-
				GTD=	0.00000	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	<i>Line Deliberately Left Blank</i>					
32	<i>Line Deliberately Left Blank</i>					
33	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	1.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2013 (In 108)		N/A	TP1	1.00000	N/A
38	Plus: Additional General & Intangible Depreciation for 2013 (In 107 + In 108)		N/A	W/S	1.00000	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
40	<i>Line Deliberately Left Blank</i>					
41	<i>Line Deliberately Left Blank</i>					
42	General Plant	(Worksheet A In 18.E)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A In 20.E)	-	W/S	1.00000	-
45	TOTAL ACCUMULATED DEPRECIATION	(Sum of Lines: 33 to 39 & 42 to 44)	-			-
46	NET PLANT IN SERVICE					
47	<i>Line Deliberately Left Blank</i>					
48	Transmission	(In 20 + In 21 - In 33 - In 34)	-			-
49	Plus: Transmission Plant-in-Service Additions (In 22 - In 35)		N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)		N/A			N/A
51	Plus: Additional Transmission Depreciation for 2013 (-In 37)		N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2013 (-In 38)		N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)		N/A			N/A
54	<i>Line Deliberately Left Blank</i>					
55	General Plant	(In 26 + In 27 - In 42 - In 43)	-			-
56	Intangible Plant	(In 28 - In 44)	-			-
57	TOTAL NET PLANT IN SERVICE	(Sum of Lines: 48 to 53 & 55, 56)	-	NP(h)=	0.00000	-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(17,931)	DA		(17,931)
62	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	85,637	DA		85,637
63	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum Ins 59 to 63)	67,706			67,706
65	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA		-
66	REGULATORY ASSETS	(Worksheet A In 41. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * In 88)	2,646			2,646
69	Transmission Materials & Supplies	(Worksheet C, In 2.F)	-	TP	1.00000	-
70	A&G Materials & Supplies	(Worksheet C, In 3.F)	-	W/S	1.00000	-
71	Stores Expense	(Worksheet C, In 4.(D))	-	GP(h)	1.00000	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	-	W/S	1.00000	-
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	-	GP(h)	1.00000	-
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	-	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum Ins 68 to 75)	2,646			2,646
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8 (B))	-	DA	1.00000	-
78	RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)		70,352			70,352

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Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP WEST VIRGINIA TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
79	OPERATION & MAINTENANCE EXPENSE				
80	<i>Line Deliberately Left Blank</i>				
81	Customer Related Expense	322.164,171,178.b	-		
82	Regional Marketing Expenses	322.131.b	-		
83	Transmission	321.112.b	24,987		
84	TOTAL O&M EXPENSES	(sum Ins 81 to 83)	24,987		
85	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	3,817		
86	Less: Account 565	(Note H) 321.96.b	-		
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
88	Total O&M Allocable to Transmission	(Ins 83 - 85 - 86 - 87)	21,170	TP 1.00000	21,170
89	Administrative and General	323.197.b (Note J)	94,225		
90	Less: Acct. 924, Property Insurance	323.185.b	-		
91	Acct. 928, Reg. Com. Exp.	323.189.b	-		
92	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
93	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
94	Balance of A & G	(In 89 - sum In 90 to In 93)	94,225	W/S 1.00000	94,225
95	Plus: Acct. 924, Property Insurance	(In 90)	-	GP(h) 1.00000	-
96	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 1.00000	-
97	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
98	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 42.(E) (Note L)	-	DA 1.00000	-
99	PBOP Adjustment	Worksheet O Ln 16 (B), (Note K & M)	1,853	W/S 1.00000	1,853
100	A & G Subtotal	(sum Ins 94 to 99)	96,078		96,078
101	O & M EXPENSE SUBTOTAL	(In 88 + In 100)	117,248		117,248
102	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA 1.00000	-
103	Plus: Transmission Lease Payments To Affiliates in Acct 565	(Company Records) (Note H)	-	DA 1.00000	-
104	TOTAL O & M EXPENSE	(In 101 + In 102 + In 103)	117,248		117,248
105	DEPRECIATION AND AMORTIZATION EXPENSE				
106	<i>Line Deliberately Left Blank</i>				
107	<i>Line Deliberately Left Blank</i>				
108	Transmission	336.7.f	-	TP1 1.00000	-
109	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A		N/A
110	Plus: Formation Costs Amortization	(Worksheet A In 35.E)	26,768	TP1 1.00000	26,768
111	General	336.10.f	-	W/S 1.00000	-
112	Intangible	336.1.f	-	W/S 1.00000	-
113	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 108+109+111+112)	26,768		26,768
114	TAXES OTHER THAN INCOME	(Note N)			
115	Labor Related				
116	Payroll	Worksheet H In 23.(D)	-	W/S 1.00000	-
117	Plant Related				
118	Property	Worksheet H In 23.(C) & In 58.(C)	-	DA	-
119	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	-	NA 0.00000	-
120	Other	Worksheet H In 23.(E)	100	GP(h) 1.00000	100
121	TOTAL OTHER TAXES	(sum Ins 116 to 120)	100		100
122	INCOME TAXES	(Note O)			
123	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.04%		
124	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		44.92%		
125	where WCLTD=(In 174) and WACC = (In 177)				
126	and FIT, SIT & p are as given in Note O.				
127	$GRCF=1 / (1 - T) =$ (from In 123)		1.6677		
128	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
129	Income Tax Calculation	(In 124 * In 132)	2,659		2,659
130	ITC adjustment	(In 127 * In 128)	-	NP(h) 0.00000	-
131	TOTAL INCOME TAXES	(sum Ins 129 to 130)	2,659		2,659
132	RETURN ON RATE BASE (Rate Base*WACC)	(In 78 * In 177)	5,919		5,919
133	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
134	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
135	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 134 * In124)		-		-
136	TOTAL REVENUE REQUIREMENT		152,695		152,695
	(sum Ins 104, 113, 121, 131, 132, 133)				

AEP WEST VIRGINIA TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In								
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN PJM TARIFF							
137	Total transmission plant	(In 20)					-	
138	Less transmission plant excluded from PJM Tariff (Note P)						-	
139	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note Q)						-	
140	Transmission plant included in PJM Tariff	(In 137 - In 138 - In 139)					-	
141	Percent of transmission plant in PJM Tariff	(In 140 / In 137)				TF	0.00000	

142	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
143	<i>Line Deliberately Left Blank</i>							
144	Transmission	354.21.b	0	10,538	10,538	TP	1.00000	10,538
145	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
146	<i>Line Deliberately Left Blank</i>							
147	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
148	Total	(sum Ins 144, 145, & 147)	0	10,538	10,538			10,538
149	Transmission related amount						W/S=	1.00000

150	ACTUAL CAPPED CAPITAL COST STRUCTURE (Note S)							
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
151	Long Term Interest	(Worksheet M, In. 20, col. (E))						-
152	Preferred Dividends	(Worksheet M, In. 49, col. (E))						-
153	<u>Development of Average Common Stock Balance:</u>							
154	Proprietary Capital	(Worksheet M, In. 1, col. (E))						(438,180)
155	Less: Preferred Stock	(Worksheet M, In. 2, col. (E))						-
156	Less: Account 216.1	(Worksheet M, In. 3, col. (E))						-
157	Less: Account 219	(Worksheet M, In. 4, col. (E))						-
158	Average Common Stock	(In 154 - In 155 - In 156 - In 157)						(438,180)

			Capital Structure Percentages					
	Capped Actual Average Capital Structure	Average \$	Actual	Cap Limit	Cost		Weighted	
159	Long Term Debt W/S M, In 11, In 21, col. (E))	-	-	0.00%	-		0.0000	
160	Preferred Stock (In 155)	-	-	0.00%	-		0.0000	
161	Common Stock (In 158)	(438,180)	-	0.00%	11.49%		0.0000	
162	Total (Sum Ins 159 to 161)	(438,180)	0%	0%	WACC=		0.0000	

163 Capital Structure Equity Limit (Note T) 50.0%

164	AEP OPERATING COMPANIES' COMPOSITE (Note S)							
164	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
165	Long Term Interest	(Worksheet Q, In. 132)						547,956,963
166	Preferred Dividends	(Worksheet Q, In. 134)						-
167	<u>Development of Actual Average Common Stock:</u>							Average
168	Proprietary Capital	(Worksheet Q, In. 135)						9,799,477,986
169	Less: Preferred Stock	(Worksheet Q, In. 136)						-
170	Less: Account 216.1	(Worksheet Q, In. 137)						3,669,555
171	Less: Account 219	(Worksheet Q, In. 138)						(256,286,593)
172	Common Stock	(In 168 - In 169 - In 170 - In 171)						10,052,095,023

173	True Up Capitalization with Equity Caps							
174	Long Term Debt (Worksheet Q, In 148)		%	\$	Cost		Weighted	
175	Preferred Stock (Worksheet Q, In 149)		50.73%	10,096,878,353	0.0543		0.0275	
176	Common Stock (Worksheet Q, In 150)		0.00%	-	-		0.0000	
177	Total (Worksheet Q, In 143)		49.27%	9,805,116,130	11.49%		0.0566	
			100%	19,901,994,483	WACC=		0.0841	

AEPTCo subsidiaries in PJM
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

AEP WEST VIRGINIA 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.
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.
- C Transmission Plant balances in this study reflect the average of the balances at December 31, 2011 and December 31, 2012.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 85.
2) AEP transmission equalization transfers, as shown on line 86
3) The impact of state regulatory deferrals and amortizations, as shown on line 87
4) All A&G Expenses, as shown on line 100.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 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 133.
- 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 15 & 16 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 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 102 and 103 to determine the total O&M collected in the formula. The amounts on lines 102 and 103 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 102 and 103 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 102 and 103 is the AEP WEST VIRGINIA TRANSMISSION COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from 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. Per the settlement in Docket ER10-355, recoverable PBOP expense is based on a rate of 9.4 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 charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 128) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required: FIT = 35.00%
SIT= 7.75% (State Income Tax Rate or Composite SIT. Worksheet G)
p = 0.00% (percent of federal income tax deductible for state purposes)
- 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 As shown on Worksheet Q, the AEP Appalachian Transmission Company capital structure and weighted cost of capital (WACC) shall be based on (1) the weighted composite of AEP East Operating Companies' actual end-of-year capital structure, including year-end outstanding long term debt (LTD) and preferred stock (PS) issuances (Projected) or the beginning and ending average capital structure, including the beginning and ending average outstanding LTD and PS issuances (True-Up) with the common equity portion as capped in Docket No. ER08-1329 where any excess common equity is priced at the cost of LTD and the composite equity ratio is further capped at 50%, and (2) the actual weighted composite LTD and PS cost using 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 the Company establishes its own actual capital structure. Upon establishment of actual debt financing for Appalachian Transmission Company, the Company shall use its own actual capital structure capped by a 50% Common Equity Cap and its own LTD costs, excluding all interest rate hedging costs and/or gains, as computed on Worksheet L for the Projected TCOS or Worksheet M for the True Up TCOS.
- T AEP WEST VIRGINIA TRANSMISSION COMPANY's Common Stock is limited to 50% of the capital structure. This limit may only be changed through a Section 205 or 206 filing effective after June 30, 2013. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet A Supporting Plant Balances
AEP WEST VIRGINIA TRANSMISSION COMPANY

Line	(A)	(B)	(C)	(D)	(E)
Number	Rate Base Item & Supporting Balance	Source of Data	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012
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	-	-	-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	-	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	-	-	-
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)	-	-	-
15	Transmission ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records - Note 1	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	-	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	-	-	-
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)	-	-	-
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	-	-	-
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 2)		66,921	93,690	80,306
32	Amortization in Months		30	42	36
33	Monthly Amortization		2,231	2,231	2,231
34	Months in 2012 to be amortized		12	12	12
35	Amortization Expense in 2012		26,768	26,769	26,768
36	Months in 2013 to be amortized		12	12	12
37	Amortization Expense in 2013		26,768	26,769	26,768
38	Ending Balance of Regulatory Asset		40,153	66,921	53,537
39	Average Balance of Regulatory Asset		53,537	80,306	66,921
40	Unamortized Balance of Regulatory Asset at YE 2012		40,153	66,921	53,537
41	Total Regulatory Deferrals Included in Ratebase (Note 2)		0	0	-

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

NOTE 2 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2012</u>	<u>(D) Balance @ December 31, 2011</u>	<u>(E) Average Balance for 2012</u>
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)	-	-	-
8	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
9	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	-	-	-
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	12,440	23,422	17,931
13	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
14	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	12,440	23,422	17,931
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	139,134	32,140	85,637
18	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
19	Less: Other Excluded Deferrals	Company Records - Note 1	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	139,134	32,140	85,637
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.

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet C Supporting Working Capital Rate Base Adjustments
 AEP WEST VIRGINIA TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for 2012				
1								
2	Transmission Materials & Supplies	0	0	-				
3	General Materials & Supplies	0	0	-				
4	Stores Expense (Undistributed)	0	0	-				

Prepayment Balance Summary

Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
Totals as of December 31, 2012	0	0	0	0	0
Totals as of December 31, 2011	-	-	-	-	-
Average Balance	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2012

2012 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0	-	-	-	-	
165000207 Prepaid Taxes	0	-	-	-	-	
1650003 Prepaid Rents	0	-	-	-	-	
1650004 Prepaid Interest	0	-	-	-	-	
1650005 Prepaid Employee Benefits	0	-	-	-	-	
1650006 Other Prepayments	0	-	-	-	-	
1650009 Prepaid Carry Cost-Factored AR	0	-	-	-	-	
1650010 Prepaid Pension Benefits	0	-	-	-	-	
1650014 FAS 158 Qual Contra Asset	0	-	-	-	-	
1650016 FAS 112 ASSETS	0	-	-	-	-	
Subtotal - Form 1, p 111.57.c	0	0	0	0	0	

Prepayments Account 165 - Balance @ 12/31/ 2011

2011 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
1650001 Prepaid Insurance	0	-	0	-	-	
165000206 Prepaid Taxes	0	-	0	-	-	
165000207 Prepaid Taxes	0	-	0	-	-	
165000208 Prepaid Taxes	0	-	0	-	-	
1650003 Prepaid Rents	0	0	-	-	-	
1650004 Prepaid Interest	0	0	-	-	-	
1650006 Other Prepayments	0	0	-	-	-	
1650009 Prepaid Carry Cost-Factored AR	0	0	-	-	-	
1650010 Prepaid Pension Benefits	0	-	-	0	-	
1650014 FAS 158 Qual Contra Asset	0	0	-	-	-	
1650016 FAS 112 ASSETS	0	0	-	-	-	
Subtotal - Form 1, p 111.57.c	0	0	0	0	0	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet D Supporting IPP Credits
 AEP WEST VIRGINIA TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers 12/31/2011 (2012 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 12/31/2012 (2012 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((In 1 + In 7)/2)	-

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

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet E Supporting Revenue Credits
 AEP WEST VIRGINIA 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)	26,769	26,769	-
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	26,769	26,769	-
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-	-	-
8	Total Other Operating Revenues To Reduce Revenue Requirement	26,769	26,769	-

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP WEST VIRGINIA 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 2012 FF1 Balances
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
 AEP WEST VIRGINIA TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) 2012 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Regulatory O&M Deferrals & Amortizations						
1	5700005	Maint Station-Reliability-Df	-			
2						
3						
4		Total	0			
Detail of Account 561 Per FERC Form 1						
5	FF1 p 321.84.b	561 - Load Dispatching	0			
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	3,817			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	3,817			
Account 928						
15	9280000	Regulatory Commission Exp	-	-	-	
16	9280001	Regulatory Commission Exp-Adm	-	-	-	
17	9280002	Regulatory Commission Exp-Case	-	-	-	
18	9280002	Regulatory Commission Exp-Case	-	-	-	
19	9280002	Regulatory Commission Exp-Case	-	-	-	
20		Total	-	-	-	
Account 930.1						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	-	-	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	-	-	-	
25	9301004	Newspaper Advertising Prod Exp	-	-	-	
26	9301005	Radio & TV Advertising Prod Exp	-	-	-	
27	9301006	Spec Corporate Comm Info Proj	-	-	-	
28	9301007	Special Adv Space & Prod Exp	-	-	-	
29	9301008	Direct Mail and Handouts	-	-	-	
30	9301009	Fairs, Shows, and Exhibits	-	-	-	
31	9301010	Publicity	-	-	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	-	-	-	
34	9301013	Movies Slide Films & Speeches	-	-	-	
35	9301014	Video Communications	-	-	-	
36	9301015	Other Corporate Comm Exp	-	-	-	
37		Total	-	-	-	
Account 930.2						
38	9302000	Misc General Expenses	0			
39	9302003	Corporate & Fiscal Expenses	0			
40	9302004	Research, Develop&Demonstr Exp	0			
41	9302007	Assoc Business Development Exp	0			
42		Total	-	-	-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet G Supporting - Development of Composite State Income Tax Rate
 AEP WEST VIRGINIA TRANSMISSION COMPANY

1	West Virginia Excise Tax Rate	7.75%	
	Apportionment Factor - Note 2	100.00%	
	Effective State Tax Rate		7.75%
2	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor - Note 2	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>7.75%</u>

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 20% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activities Tax that is included in Schedule H.

Note 2 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 - West Virginia	-	-			
5	Real and Personal Property - Virginia	-	-			
6	Real and Personal Property - Tennessee	-	-			
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	100			100	
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	100	-	-	100	-

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

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

Functional Property Tax Allocation

Line No.	Account	Lines 24-58 Column (B) Deliberately Left Blank		Lines 24-58 Column (D) Deliberately Left Blank		Total
		Transmission	General	Transmission	General	
24	Functionalized Net Plant (Hist. TCOS, Lns 224 thru 234)	-	-	-	-	-
	VIRGINIA JURISDICTION					
25	Percentage of Plant in VIRGINIA JURISDICTION					
26	Net Plant in VIRGINIA JURISDICTION (Ln 24 * Ln 25)	-	-	-	-	-
27	Less: Net Value of Exempted Generation Plant					
28	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-	-
29	Relative Valuation Factor					0
30	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-	-
31	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
32	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-	-
33	Weighted VIRGINIA JURISDICTION Plant (Ln 30 + 32)	-	-	-	-	-
34	Functional Percentage (Ln 33/Total Ln 33)	0.00%	0.00%	0.00%		
35	Functionalized Expense in VIRGINIA JURISDICTION	-	-	-		-
	WEST VA JURISDICTION					
36	Percentage of Plant in WEST VA JURISDICTION					
37	Net Plant in WEST VA JURISDICTION (Ln 24 * Ln 36)	-	-	-	-	-
38	Less: Net Value of Exempted Generation Plant					
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					0
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	-
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	-	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	0.00%	0.00%	0.00%		
46	Functionalized Expense in WEST VA JURISDICTION	-	-	-		-
	TENNESSEE JURISDICTION					
47	Net Plant in TENNESSEE JURISDICTION (Ln 24 - Ln 26 - Ln 37)	-	-	-	-	-
48	Less: Net Value Exempted Generation Plant					
49	Taxable Property Basis	-	-	-	-	-
50	Relative Valuation Factor					0
51	Weighted Net Plant (Ln 49 * Ln 50)	-	-	-	-	-
52	General Plant Allocator (Ln 51 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
53	Functionalized General Plant (Ln 53 * General Plant)	-	-	-	-	-
54	Weighted TENNESSEE JURISDICTION Plant (Ln 51 + 53)	-	-	-	-	-
55	Functional Percentage (Ln 54/Total Ln 54)	0.00%	0.00%	0.00%		
56	Functionalized Expense in TENNESSEE JURISDICTION	-	-	-		-
57	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)					-
58	Total Func. Property Taxes (Sum Lns 35, 46 56, 57)	-	-	-		-

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	-		P.263.1 ln 7 (i) P.263.2 ln 3 (i) P.263.2 ln 4 (i)
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - West Virginia	-		P.263 ln 34 (i) P.263 ln 35 (i) P.263 ln 38 (i) P.263 ln 39 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property - Virginia	-		P.263.2 ln 21 (i) P.263.2 ln 22 (i) P.263.2 ln 24 (i) P.263.2 ln 25 (i) P.263.2 ln 26 (i) P.263.2 ln 27 (i)
6	Real and Personal Property - Tennessee	-		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	Payroll Taxes			
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	Miscellaneous Taxes			
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	100	50 50	P.263 ln 12 (i) P.263 ln 13 (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.263.1 ln 12 (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))	100	100	

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 2012 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP WEST VIRGINIA TRANSMISSION COMPANY

(A) (B) (C) (D) (E) (F) (G) (H) (I)

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 285	-
6	Composite Depreciation Rate	0.00%
7	Depreciation rate of AEP Operating Companies from Worksheet P (used if line 6 is zero)	1.68%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ -	1.68%	\$ -	\$ -	11	\$ -
10	February	\$ -	1.68%	\$ -	\$ -	10	\$ -
11	March	\$ -	1.68%	\$ -	\$ -	9	\$ -
12	April	\$ -	1.68%	\$ -	\$ -	8	\$ -
13	May	\$ -	1.68%	\$ -	\$ -	7	\$ -
14	June	\$ -	1.68%	\$ -	\$ -	6	\$ -
15	July	\$ -	1.68%	\$ -	\$ -	5	\$ -
16	August	\$ -	1.68%	\$ -	\$ -	4	\$ -
17	September	\$ -	1.68%	\$ -	\$ -	3	\$ -
18	October	\$ -	1.68%	\$ -	\$ -	2	\$ -
19	November	\$ -	1.68%	\$ -	\$ -	1	\$ -
20	December	\$ -	1.68%	\$ -	\$ -	0	\$ -
21	Investment	\$ -				Depreciation Expense	\$ -

III. Plant Transferred

22	\$ -	<== This input area is for original cost plant
23	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	\$ -	<== This input area is for additional Depreciation Expense

IV. List of Major Projects Expected to be In-Service in 2009

	<u>Estimated Cost</u> <u>(000's)</u>	<u>Month in Service</u>
25 <u>Major Zonal Projects</u>		
26		
27		
28		
29		
30		
31	Subtotal	-
32 <u>PJM Socialized/Beneficiary Allocated Regional Projects</u>		
33		\$0
34	Subtotal	\$0

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP WEST VIRGINIA 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 (Projected TCOS, In 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional 0 basis point incentive		11.49%	<== ROE Including Incentives Cannot Exceed 12.74% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, Ins 174 through 176)			
	%	Cost	Weighted cost
Long Term Debt	50.48%	5.45%	2.752%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.52%	11.49%	5.689%
		R =	8.441%

SUMMARY OF PROJECTED ANNUAL RTEP REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2013	-	- \$ -

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

Rate Base (Projected TCOS, In 78)	129,340
R (from A. above)	8.441%
Return (Rate Base x R)	10,918

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

Return (from B. above)	10,918
Effective Tax Rate (Projected TCOS, In 124)	45.00%
Income Tax Calculation (Return x CIT)	4,913
ITC Adjustment	-
Income Taxes	4,913

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 (Projected TCOS, In 1)	159,948
T.E.A. & Lease Payments (Projected TCOS, Lns 102 & 103)	-
Return (Projected TCOS, In 132)	10,918
Income Taxes (Projected TCOS, In 131)	4,913
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117
Return (from I.B. above)	10,918
Income Taxes (from I.C. above)	4,913
Annual Revenue Requirement, with 0 Basis Point ROE increase	159,948
Depreciation (Projected TCOS, In 108)	-
Annual Rev. Req. w/0 Basis Point ROE increase, less Depreciation	159,948

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

Net Transmission Plant (Projected TCOS, In 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	159,948
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	159,948
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2012) (P.206, In 58,(b)):	-
Transmission Plant @ End of Historic Period (2012) (P.207, In 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for 2012	-
Annual Depreciation Rate (Projected TCOS, In 108)	-
Composite Depreciation Rate	1.68%
Depreciable Life for Composite Depreciation Rate	59.52
Round to nearest whole year	60

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

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 (True-Up TCOS, ln 176)			11.49%
Project ROE Incentive Adder		0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49% <== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 174 through176)			
	%	Cost	Weighted cost
Long Term Debt	50.73%	5.43%	2.753%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	49.27%	11.49%	5.661%
		R =	8.414%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS			
TRUE-UP YEAR	2012	Rev Require	Incentive Amounts
As Projected in Prior Year WS J			\$ -
Actual after True-up	\$ -	\$ -	\$ -
True-up of ARR For 2012		-	-

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

Rate Base (True-Up TCOS, ln 78)	70,352
R (from A. above)	8.414%
Return (Rate Base x R)	5,919

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

Return (from B. above)	5,919
Effective Tax Rate (True-Up TCOS, ln 124)	44.92%
Income Tax Calculation (Return x CIT)	2,659
ITC Adjustment	-
Income Taxes	2,659

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 (True-Up TCOS, ln 1)	152,695
T.E.A. & Lease Payments (True-Up TCOS, lns 102 & 103)	-
Return (True-Up TCOS, ln 132)	5,919
Income Taxes (True-Up TCOS, ln 131)	2,659
Annual Revenue Requirement, Less TEA	144,117

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	144,117
Return (from I.B. above)	5,919
Income Taxes (from I.C. above)	2,659
Annual Revenue Requirement, with 0 Basis Point ROE increase	152,695
Depreciation (True-Up TCOS, ln 108)	-
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	152,695

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

Net Transmission Plant (True-Up TCOS, ln 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	152,695
FCR with 0 Basis Point increase in ROE	0.00%

Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep.	152,695
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, ln 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, ln 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for	-
Annual Depreciation Rate (True-Up TCOS, ln 108)	-
Composite Depreciation Rate	1.68%
Depreciable Life for Composite Depreciation Rate	59.52
Round to nearest whole year	60

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

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

A. Base Plan Facilities

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

Project Description:

2012	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2012
Investment	Current Year	-
Service Year (yyyy)	2008 ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	FCR w/o incentives, less depreciation	0.00%
Useful life	60 FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	No Annual Depreciation Expense	-

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't. From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2008	-	-	-	-	-	-	\$ -					\$ -
2009	-	-	-	-	-	-	\$ -					\$ -
2010	-	-	-	-	-	-	\$ -					\$ -
2011	-	-	-	-	-	-	\$ -					\$ -
2012	-	-	-	-	-	-	\$ -					\$ -
2013	-	-	-	-	-	-	\$ -					\$ -
2014	-	-	-	-	-	-	\$ -					\$ -
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	-	-	-	-	-	-	\$ -					\$ -
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.

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet L Supporting Projected Cost of Debt
 AEP WEST VIRGINIA TRANSMISSION COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

<u>Line Number</u>	(A) <u>Issuance</u>	(B) <u>Principle Outstanding</u>	(C) <u>Interest Rate</u>	(D) <u>Annual Expense</u> (See Note S on Projected Template)
1	Long Term Debt (FF1.p. 256-257, a,h)			
2	Bonds - Acc 221			
3				-
4				-
5				-
6	Reacquired Bonds - Total Account 222			
7				-
8				-
9				-
10	Advances from Assoc Companies			
11				-
12				-
13				-
14	Other Long Term Debt - Acc 224			
15				-
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24				-
25				-
26	Sale/Leaseback (If Applicable)		0	-
27	<u>Issuance Discount, Premium, & Expenses:</u>			
28	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
29	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
30	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
31	<u>Reacquired Debt:</u>			
32	Amortization of Loss	FF1.p. 117.64.c		-
33	Less: Amortization of Gain	FF1.p. 117.66.c		-
34	Total Interest on Long Term Debt	-	0	-
35	Preferred Stock (FF1.p. 250-251)		Preferred Shares Outstanding	
36				-
37				-
38				-
39				-
40				-
41				-
42				-
43				-
44	Dividends on Preferred Stock	-	0.00%	-

NOTE: All interest rate hedging gains/losses shall be excluded from long term debt expense.

**Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
Based on Average of Balances At 12/31/2011 & 12/31/2012**

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2012	Balances @ 12/31/2011	Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)	(506,086)	(370,273)	(438,180)
2	Less Preferred Stock (Ln 48 Below)	-	-	-
3	Less Account 216.1 (112.12.c&d)	0	-	-
4	Less Account 219.1 (112.15.c&d)	-	-	-
5	Average Balance of Common Equity	(506,086)	(370,273)	(438,180)

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

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

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 2012

14	Interest on Long Term Debt (256-257.33.i)	-	-	-
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)	-	-	-

21 **Average Cost of Debt for 2012 (Ln 20/Ln 11)** 0.00%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	"(Amortization of (Gain)/Loss for 2009	Remaining Unamortized Balance	Amortization Period	
			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 - - Dividend Amount (Ln 38 * Ln 41)	-	-
43	0% Series - - Dividend Rate (p. 250-251.a)	-	-
44	0% Series - - Par Value (p. 250-251.c)	-	-
45	0% Series - - Shares O/S (p.250-251.e)	-	-
46	0% Series - - Monetary Value (Ln 44 * Ln 45)	-	-
47	0% Series - - Dividend Amount (Ln 43 * Ln 46)	-	-
48	Balance of Preferred Stock (Lns 36, 41, 46)	-	-
49	Dividends on Preferred Stock (Lns 37, 42, 47)	-	-
50	Average Cost of Preferred Stock (Ln 49/48)	0.00%	0.00%

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

**AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
 AEP WEST VIRGINIA TRANSMISSION COMPANY**

Note: Gain or loss on plant held for future are recorded in accounts 411.6 or 411.7 respectively. Sales will be functionalized 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 2012		-		-	

AEPTCo subsidiaries in PJM
 Cost of Service Formula Rate Using 2012 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP WEST VIRGINIA 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	\$89,661,879
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	\$89,661,879
6	Total AEP System Direct Labor Expense	\$1,214,282,694
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	\$0.074
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	\$33,270
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	\$3,127
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$1,274
15	Actual PBOP Expense (Sum Lines 11-14)	\$1,274
16	PBOP Adjustment Line 10 less Line 15	\$1,853

AEPTCo subsidiaries in PJM
 Worksheet - P
 DEPRECIATION RATES
 FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
 EFFECTIVE AS OF 7/1/2010

AEP WEST VIRGINIA TRANSMISSION COMPANY

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
Land Rights	350.1	
Structures & Improvements	352.0	1.55%
Station Equipment	353.0	1.95%
Towers & Fixtures	354.0	1.14%
Poles & Fixtures	355.0	2.77%
Overhead Conductor	356.0	1.01%
Underground Conduit	357.0	1.23%
Underground Conductors	358.0	3.18%

Note: Per the Settlement in Docket No. ER10-355, Appendix A.1.2, AEP WEST VIRGINIA 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>APCo</u>	<u>WPCo</u>	<u>TOTAL</u>
1 T-Plant (FF1 206.58.g)	1,811,822,367	29,740,179	1,841,562,546
2 T-Plant (FF1 206.58.b)	1,752,450,105	25,887,202	1,778,337,307
3 Average (Ln 1+ Ln 2)/2	1,782,136,236	27,813,691	1,809,949,927
4 Depreciation (FF1 336.7.f)	29,597,240	752,928	30,350,168
5 Composite Depreciation (Ln 3 / Ln 4)			1.68%

Note: AEP WEST VIRGINIA TRANSMISSION COMPANY shall initially use the composite depreciation rate for APCo and WPCo shown above to estimate depreciation expense for transmission projects in Worksheets I, J, and K until a composite depreciation rate based on transmission plant in service and depreciation expenses recorded by AEP WEST VIRGINIA TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP WEST VIRGINIA 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, 2012
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
Development of Long Term Debt Balances at Year End							
1 Bonds (112.18.c&d)	-	-	-	-	-	-	-
2 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	462,500,000	-	462,500,000
3 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,709,883,415	1,572,429,608	530,000,000	-	4,130,325,000	-	9,942,638,023
5 Less: Fair Value Hedges (See Note on Ln 7 below)	-	-	-	-	-	-	-
6 Total Long Term Debt Balance	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
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)							
Development of Long Term Debt Interest Expense							
8 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
9 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
10 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
14 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
37 Proprietary Capital (112.16.c)	3,052,563,357	1,803,774,755	479,610,035	29,956,296	4,489,200,654	90,109,311	9,945,214,408
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)	1,654,344	(104,879)	-	-	2,204,800	-	3,754,265
40 Less: Account 219.1 (112.15.c)	(29,897,592)	(28,884,204)	(408,880)	916	(165,724,552)	(473,816)	(225,388,128)
41 Balance of Common Equity	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
Calculation of Capital Shares							
42 Long Term Debt (Ln 6 Above)	3,709,883,415	1,572,429,608	550,000,000	20,000,000	3,867,825,000	25,000,000	9,745,138,023
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	3,080,806,605	1,832,763,838	480,018,915	29,955,380	4,652,720,406	90,583,127	10,166,848,271
45 Total Company Structure	6,790,690,020	3,405,193,446	1,030,018,915	49,955,380	8,520,545,406	115,583,127	19,911,986,294
46 LTD Capital Shares (Ln 42 / Ln 45)	54.63%	46.18%	53.40%	40.04%	45.39%	21.63%	48.94%
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)	45.37%	53.82%	46.60%	59.96%	54.61%	78.37%	51.06%
49 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
50 LTD Capital Shares with Capital Equity Cap	54.63%	46.18%	53.40%	40.04%	49.00%	21.63%	50.48%
51 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52 Common Equity Capital Shares with Capital Equity Cap	45.37%	53.82%	46.60%	59.96%	51.00%	78.37%	49.52%
Calculation of Capital Cost Rate							
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	5.30%	5.96%	6.45%	4.52%	5.69%	5.25%	5.62%
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%
Calculation of Weighted Capital Cost Rate							
56 LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)	2.90%	2.75%	3.44%	1.81%	2.79%	1.14%	2.84%
57 Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
58 Common Equity Capital Cost Rate (Ln 52 * Ln 55)	5.21%	6.18%	5.35%	6.89%	5.86%	9.00%	5.69%
59 Total Company Structure	8.11%	8.93%	8.80%	8.70%	8.65%	10.14%	8.53%

AEP East Consolidated Utility Capital Structure
Consolidation of Operating Companies' Capital Structure @ December 31, 2011
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
Development of Long Term Debt Balances at Year End							
60 Bonds (112.18.c&d)	-	-	-	-	-	-	-
61 Less: Reacquired Bonds (112.19.c&d)	-	-	-	-	418,000,000	-	418,000,000
62 LT Advances from Assoc. Companies (112.20.c&d)	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
63 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund	3,734,408,392	1,562,927,505	530,000,000	-	4,280,325,000	-	10,107,660,897
64 Less: Fair Value Hedges (See Note on Ln 66 below)	-	-	-	-	-	-	-
65 Total Long Term Debt Balance	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
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)							
Development of Long Term Debt Interest Expense							
67 Interest on Long Term Debt (256-257.33.i)	202,991,579	92,125,153	35,048,706	904,000	215,009,827	1,312,500	547,391,765
68 Amort of Debt Discount & Expense (117.63.c)	3,686,430	2,222,601	471,186	-	4,329,899	-	10,710,116
69 Amort of Loss on Reacquired Debt (117.64.c)	1,113,482	1,548,025	33,649	-	1,338,011	-	4,033,167
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)	1,815,730	1,469,967	92,956	-	(2,097,663)	-	1,280,990
73 LTD Interest Expense	205,975,761	94,424,100	35,460,585	904,000	222,775,400	1,312,500	560,852,346
Development of Cost of Preferred Stock and Preferred Dividends							
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)	-	4.12%	-	-	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)	-	4.56%	-	-	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)	-	-	-	-	-	-	-
Development of Common Equity							
96 Proprietary Capital (112.16.c)	2,936,414,454	1,760,980,133	460,415,218	29,450,188	4,413,669,464	52,812,106	9,653,741,563
97 Less: Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
98 Less: Account 216.1 (112.12.c)	1,610,810	(230,765)	-	-	2,204,800	-	3,584,845
99 Less: Account 219.1 (112.15.c)	(58,543,154)	(28,221,410)	(625,244)	(2,750)	(197,721,635)	(2,070,864)	(287,185,057)
100 Balance of Common Equity	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
Calculation of Capital Shares							
101 Long Term Debt (Ln 65 Above)	3,734,408,392	1,562,927,505	550,000,000	20,000,000	4,062,325,000	25,000,000	9,954,660,897
102 Preferred Stock (Ln 94 Above)	-	-	-	-	-	-	-
103 Common Equity (Ln 100 Above)	2,993,346,798	1,789,432,308	461,040,462	29,452,938	4,609,186,299	54,882,970	9,937,341,775
104 Total Company Structure	6,727,755,190	3,352,359,813	1,011,040,462	49,452,938	8,671,511,299	79,882,970	19,892,002,672
105 LTD Capital Shares (Ln 101 / Ln 104)	55.51%	46.62%	54.40%	40.44%	46.85%	31.30%	50.04%
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)	44.49%	53.38%	45.60%	59.56%	53.15%	68.70%	49.96%
108 Equity Capital Share Limit	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
109 LTD Capital Shares with Capital Equity Cap	55.51%	50.00%	54.40%	40.44%	49.00%	31.30%	51.55%
110 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
111 Common Equity Capital Shares with Capital Equity Cap	44.49%	50.00%	45.60%	59.56%	51.00%	68.70%	48.45%
Calculation of Capital Cost Rate							
112 LTD Capital Cost Rate (Ln 73 / Ln 65)	5.52%	6.04%	6.45%	4.52%	5.48%	5.25%	5.63%
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%
Calculation of Weighted Capital Cost Rate							
115 LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)	3.06%	3.02%	3.51%	1.83%	2.69%	1.64%	2.90%
116 Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
117 Common Equity Capital Cost Rate (Ln 111 * Ln 114)	5.11%	5.75%	5.24%	6.84%	5.86%	7.89%	5.57%
118 Total Company Structure	8.17%	8.77%	8.75%	8.67%	8.55%	9.54%	8.47%

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
Development of Average Long Term Debt							
119 Average Bonds (Ln 1 + Ln 60) / 2	-	-	-	-	-	-	-
120 Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2	-	-	-	-	440,250,000	-	440,250,000
121 Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2	-	-	20,000,000	20,000,000	200,000,000	25,000,000	265,000,000
122 Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2	3,722,145,904	1,567,678,557	530,000,000	-	4,205,325,000	-	10,025,149,460
123 Less: Average Fair Value Hedges (See Note on Ln 125 below)	-	-	-	-	-	-	-
124 Average Balance of Long Term Debt	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
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)							
Development of 2012 Long Term Debt Interest Expense							
126 Interest on Long Term Debt (256-257.33.i)	193,138,993	90,701,590	35,048,706	904,000	212,506,228	1,312,500	533,612,017
127 Amort of Debt Discount & Expense (117.63.c)	3,859,577	2,372,191	471,186	-	3,978,647	-	10,681,601
128 Amort of Loss on Reacquired Debt (117.64.c)	1,342,096	1,483,709	33,649	-	1,336,128	-	4,195,582
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)	1,619,222	916,010	92,956	-	(2,097,663)	-	530,525
132 2012 LTD Interest Expense	196,721,444	93,639,768	35,460,585	904,000	219,918,666	1,312,500	547,956,963
2012 Cost of Preferred Stock and Preferred Dividends							
133 Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2	-	-	-	-	-	-	-
134 2012 Preferred Dividends (Ln 36)	-	-	-	-	-	-	-
Development of Average Common Equity							
135 Average Proprietary Capital (Ln 37 + Ln 96) / 2	2,994,488,906	1,782,377,444	470,012,627	29,703,242	4,451,435,059	71,460,709	9,799,477,986
136 Less: Average Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
137 Less: Average Account 216.1 (Ln 39 + Ln 98) / 2	1,632,577	(167,822)	-	-	2,204,800	-	3,669,555
138 Less: Average Account 219.1 (Ln 40 + Ln 99) / 2	(44,220,373)	(28,552,807)	(517,062)	(917)	(181,723,094)	(1,272,340)	(256,286,593)
139 Average Balance of Common Equity	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
Calculation of Capital Shares							
140 Average Balance of Long Term Debt (Ln 124 Above)	3,722,145,904	1,567,678,557	550,000,000	20,000,000	3,965,075,000	25,000,000	9,849,899,460
141 Average Balance of Preferred Stock (Ln 133 Above)	-	-	-	-	-	-	-
142 Average Balance of Common Equity (Ln 139 Above)	3,037,076,702	1,811,098,073	470,529,689	29,704,159	4,630,953,353	72,733,049	10,052,095,023
143 Average of Total Company Structure	6,759,222,605	3,378,776,630	1,020,529,689	49,704,159	8,596,028,353	97,733,049	19,901,994,483
144 Average Balance of LTD Capital Shares (Ln 140 / Ln 143)	55.07%	46.40%	53.89%	40.24%	46.13%	25.58%	49.49%
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)	44.93%	53.60%	46.11%	59.76%	53.87%	74.42%	50.51%
147 Equity Capital Share Limit	100.00%	100.00%	100.00%	100.00%	51.00%	100.00%	50.00%
148 LTD Capital Shares with Capital Equity Cap	55.07%	46.40%	53.89%	40.24%	49.00%	25.58%	50.73%
149 Preferred Stock Capital Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150 Common Equity Capital Shares with Capital Equity Cap	44.93%	53.60%	46.11%	59.76%	51.00%	74.42%	49.27%
Calculation of Capital Cost Rate							
151 LTD Capital Cost Rate (Ln 132 / Ln 124)	5.29%	5.97%	6.45%	4.52%	5.55%	5.25%	5.56%
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%
Calculation of Weighted Capital Cost Rate							
154 LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)	2.91%	2.77%	3.47%	1.82%	2.72%	1.34%	2.82%
155 Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
156 Common Equity Capital Cost Rate (Ln 150 * Ln 153)	5.16%	6.16%	5.30%	6.87%	5.86%	8.55%	5.66%
157 ACTUAL WEIGHTED AVG COST OF CAPITAL	8.07%	8.93%	8.77%	8.69%	8.58%	9.89%	8.48%