



**American Electric Power**  
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AEP.com

March 13, 2015

Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426

Re: American Electric Power Service Corporation  
Docket No. ER15-1252-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. Section 824(d), and Section 35.13 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations, American Electric Power Service Corporation ("AEPSC"), on behalf of its affiliates, AEP Appalachian Transmission Company Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc. (together, "AEP East Transmission Companies"),<sup>1</sup> submits for filing revisions to the formula rate of the AEP East Transmission Companies, Attachment H-20 of the PJM Interconnection, L.L.C. ("PJM") Open Access Transmission Tariff ("PJM Tariff") to update the Post-employment Benefits Other than Pensions ("PBOP") allowance rate as contemplated in the formula rate settlement approved by the Commission ("Attachment H-20 Settlement").<sup>2</sup>

Pursuant to Section 35.7 of the Commission's regulations,<sup>3</sup> the contents of this filing are being submitted as part of an XML filing package that conforms to the Commission's eTariff instructions.

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<sup>1</sup> AEPSC and the AEP East Transmission Companies are collectively referred to as "AEP."

<sup>2</sup> See *American Electric Power Service Corp.*, 135 FERC ¶ 61,066 (2011) ("Order Approving Settlement").

<sup>3</sup> Pursuant to Order No. 714, this filing is submitted by PJM on behalf of AEPSC as part of an XML filing package that conforms to the Commission's regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, AEPSC has requested PJM submit this revised Attachment H-20B in the eTariff system as part of PJM's electronic Intra PJM Tariff.

## I. Background

In Docket No. ER10-355, AEP submitted for filing a formula rate and implementation protocols for the AEP pricing zone under Attachment H-20 of the PJM Tariff. The Commission accepted AEP's rate filing subject to hearing and settlement judge procedures.<sup>4</sup> AEP and intervening parties in Docket No. ER10-355 ultimately settled all issues raised with respect to the formula rate, and the Commission approved the Attachment H-20 Settlement on April 21, 2011.<sup>5</sup>

The principles of the Attachment H-20 Settlement for the AEP East Transmission Companies are incorporated into the PJM Tariff as Appendix A to Attachment H-20A. Section I.C.6 provides that, during the annual update process conducted in 2014 (and every four years thereafter), AEP will undergo a review of PBOP costs and submit a single issue filing under Section 205 of the FPA to update the PBOP allowance rate in the formula rate provided certain thresholds are met. In particular, Section I.C.6.iv provides:

During the annual update process conducted in 2014, and every four years thereafter, Worksheet O will be used to determine whether, and if so by what amount, the PBOP allowance rate (\$PBOP per \$ Direct O&M Labor) should be adjusted going forward for the next four years (PBOP Rate Review). If the Annual Actuarial Report issued during the year of any PBOP Rate Review projects PBOP costs during the next four years that, when allocated to the AEP Transmission Companies based on their projected direct labor expenses over that same projected four-year period, absent a change in the PBOP Rate, will likely cause the AEP East Transmission Companies to over or under collect their cumulative PBOP expenses by more than 20% of the projected next four year's total PBOP expense, taking into account the net over or under collection of such expenses during the previous four years, the PBOP Rate shall be adjusted.

Section I.C.6.iv proceeds to describe the methodology for calculating the percentage of over or under collection, explaining:

In order to determine whether continued use of the then approved PBOP Rate is likely to result in the AEP Companies' incurrence of a cumulative allowance of PBOP costs under the formula rate will result in a cumulative over or under-recovery of actual PBOP expenses exceeding 20% over the subsequent four year period, Worksheet O will be used to determine the following PBOB expense metrics:

- (a) the level of cumulative over or under collections of PBOP expense during the time since the PBOP allowance rate was last set, including carrying costs based on the weighted average cost of capital ("WACC")

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<sup>4</sup> See *American Electric Power Service Corp.*, 130 FERC ¶ 61,075 (2010).

<sup>5</sup> See Order Approving Settlement.

each year from the Formula rate True-Up transmission cost-of-service ("TCOS") analyses;

(b) the cumulative net present value ("CNPV") of projected PBOP costs during the next four years, as estimated by the then current Actuarial Report, assuming a discount rate equal to the True-Up TCOS WACC for the immediately prior calendar year ("Prior Year WACC"); and

(c) the CNPV of continued collections over the next four years based on the projected AEP Transmission Companies' direct labor expenses and the then effective PBOP allowance rate, assuming a discount rate equal to the Prior Year WACC.

If the absolute value of  $(a) + (b) - (c)$  exceeds 20% of (b), then the PBOP allowance rate used in the formula rate calculation shall be changed to the value that will cause the projected result of  $(a) + (b) - (c)$  to equal zero. If the projected over or under collection during the next four years,  $(a) + (b) - (c)$ , is less than 20% of (b), then the PBOP Rate will continue in effect for the next four years at the then effective rate.

Section I.6.C.iv further prescribes next steps in the event the calculation results in an over or under-recovery of more than 20%, explaining:

If it is determined through the foregoing procedure that the AEP Companies' cumulative PBOP Rate will over-recover or under recover actual PBOP expenses by more than 20% over the subsequent four-year period, AEP shall make a filing under FPA § 205 to change the PBOP Rate stated in the formula rate. No other changes to the formula rate may be included in that filing. Neither AEP nor any Settling Party may raise in connection with such filing any issue affecting the formula rate other than the level of allowable PBOP Rate.

## **II. Description of Proposed Changes**

Consistent with the requirements of the Attachment H-20 Settlement, AEP conducted a review of its PBOP costs and determined that the current expense allowance will cause the AEP East Transmission Companies to over collect their cumulative PBOP costs by more than 20% of the projected next four years' total cost. In particular, as shown in the analysis attached as Attachment A to this filing, the current PBOP allowance calculated using the PBOP rate contained in Attachment H-20 (\$0.9 million) will exceed the 20% threshold, with an over recovery above the projected amount supported by current actuarial projections.

Consequently, through this single issue Section 205 filing, AEP seeks an adjustment to the PBOP rate provided in Attachment H-20 to decrease the base PBOP expense to negative \$0.058 per dollar of direct labor expense.

### **III. Effective Date and Waiver Request**

As contemplated in the principles of the Attachment H-20 Settlement, AEP seeks an effective date of July 1, 2015 of the proposed changes to update the PBOP expense allowance as described herein. AEP respectfully requests that the Commission waive provisions of section 35.13 or any other applicable regulation to the extent necessary to permit this request.

While implementation of AEP's request will result in an overall decrease in the revenue requirement, AEP notes that the process and criteria for revising the PBOP expense allowance was an agreed-upon aspect of the Attachment H-20 Settlement. Therefore, the request in this filing relates to the implementation of the formula rate as originally approved and is not a change to the design of the formula rate itself.

### **IV. Contents of this Filing**

This filing consists of the following documents:

- a. This transmittal letter;
- b. A marked version of Attachment H-20B (Attachment A);
- c. A clean version of Attachment H-20B (Attachment B); and
- d. A spreadsheet setting forth the calculation of the change in the PBOP rate (Attachment C).

### **V. Service**

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>6</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>7</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

Additionally, copies of this filing are also being made available on AEP's website at: <http://www.aep.com/about/codeofconduct/OASIS/TariffFilings/>

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<sup>6</sup> See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

<sup>7</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

Honorable Kimberly D. Bose

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**VI. Correspondence**

Correspondence relating to this filing should be addressed to:

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**VII. Conclusion**

Wherefore, AEP respectfully requests that the Commission accept these revised tariff sheets, effective July 1, 2015 for the AEP East Operating Companies and grant any applicable waivers.

Respectfully submitted,

*/s/ Amanda Riggs Conner*

Amanda Riggs Conner  
Senior Counsel  
American Electric Power Service Corporation

Enclosures

# **Attachment A**

Revisions to the PJM Open Access Transmission Tariff  
Attachment H-20B

(Marked/Redline Format)

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FF1 Balances  
 Worksheet A Supporting Plant Balances

AEP \_\_\_\_\_ TRANSMISSION COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31,	(D) Balance @ December 31,	(E) Average Balance for
<b>Plant Investment Balances</b>					
1	Line Deliberately Left Blank				-
2	Line Deliberately Left Blank				-
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58			-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 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), ln 99			-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98			-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5			-
10	Total Property Investment Balance	(Sum of Lines: 3, 1, 5, 7, 9)	-	-	-
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 2, 6, 8)	-	-	-
<b>Accumulated Depreciation &amp; Amortization Balances</b>					
12	Line Deliberately Left Blank				-
13	Line Deliberately Left Blank				-
14	Transmission Accumulated Depreciation	FF1, page 219, ln 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, ln 28, Col. (b)			-
19	General ARO Accumulated Depreciation	Company Records – Note 1			-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)			-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 12, 16, 18, 20)	-	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 13, 17, 19)	-	-	-
<b>Generation Step-Up Units</b>					
23	GSU Investment Amount	Company Records – Note 1			-
24	GSU Accumulated Depreciation	Company Records – Note 1			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<b>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</b>					
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)	-	-	-
<b>Plant Held For Future Use</b>					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)			-
30	Transmission Plant Held For Future	Company Records – Note 1			-
<b>Regulatory Assets and Liabilities Approved for Recovery In Ratebase</b>					
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)				-
32	Amortization in Months				-
33	Monthly Amortization	(line 32 / line 33)			-
34	Months in to be amortized				-
35	Amortization Expense in	(line 34 X line 35)			-
36	Months in to be amortized	(line 32 - line 36)			-
37	Amortization Expense in	(line 32 + line 36)/2			-
38	Ending Balance of Regulatory Asset				-
39	Average Balance of Regulatory Asset				-
40	Unamortized Balance of Regulatory Asset at YE				-
41	Total Regulatory Deferrals Included in Ratebase (Note 2)				-

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 FF1 Balances  
 Worksheet B Supporting ADIT and ITC Balances  
 AEP TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31,</u>	<u>(D) Balance @ December 31,</u>	<u>(E) Average Balance for</u>
1					
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)			-
3	Less: ARO Related Deferrals	Company Records – Note 1			-
4	Less: Other Excluded Deferrals	Company Records – Note 1			-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6					
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 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 - ln 8 - ln 9	-	-	-
11					
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)			-
13	Less: ARO Related Deferrals	Company Records – Note 1			-
14	Less: Other Excluded Deferrals	Company Records – Note 1			-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	-	-	-
16					
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)			-
18	Less: ARO Related Deferrals	Company Records – Note 1			-
19	Less: Other Excluded Deferrals	Company Records – Note 1			-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	-	-	-
21					
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)			-
23	Less: Balances Not Qualified for Ratebase	Company Records – Note 1			-
24	ITC Balances Includeable in Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records – Note 1			-
NOTE 1	On this worksheet, "Company Records" refers to AEP's tax accounting ledger.				
NOTE 2	ADIT balances should exclude balances related to hedging activity.				



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

(A)	(B)	(C)	(D) <u>Materials &amp; Supplies</u>	(E)	(F)	(G)	(H)	(I)	
<u>Line Number</u>		<u>Source</u>	<u>Balance @ December 31,</u>	<u>Balance @ December 31,</u>	<u>Average Balance for</u>				
1									
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)			-				
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)			-				
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-				
<b>Prepayment Balance Summary</b>									
5		<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>		
6	Totals as of December 31,	0	0	0	0	0	0		
7	Totals as of December 31,								
8	<b>Average Balance</b>	-	-	-	-	-	-		
<b>Prepayments Account 165 - Balance @ 12/31/</b>									
9	<u>Acc. No.</u>	<u>Description</u>	<u>YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>	<u>Explanation</u>
10	1650001	Prepaid Insurance		-				-	
11	165000207	Prepaid Taxes		-				-	
12	1650003	Prepaid Rents		-				-	
13	1650004	Prepaid Interest		-				-	
14	1650005	Prepaid Employee Benefits		-				-	
15	1650006	Other Prepayments		-				-	
16	1650009	Prepaid Carry Cost-Factored AR		-				-	
17	1650010	Prepaid Pension Benefits		-				-	
18	1650014	FAS 158 Qual Contra Asset		-				-	
19	1650016	FAS 112 ASSETS		-				-	
	<b>Subtotal - Form 1, p 111.57.c</b>		0	0	0	0	0	0	
<b>Prepayments Account 165 - Balance @ 12/31/</b>									
20	<u>Acc. No.</u>	<u>Description</u>	<u>YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>	<u>Explanation</u>
21	1650001	Prepaid Insurance		-				-	
22	165000206	Prepaid Taxes		-				-	
23	165000207	Prepaid Taxes		-				-	
24	165000208	Prepaid Taxes		-				-	
25	1650003	Prepaid Rents		0				-	
26	1650004	Prepaid Interest		0				-	
27	1650006	Other Prepayments		0				-	
28	1650009	Prepaid Carry Cost-Factored AR		0				-	
29	1650010	Prepaid Pension Benefits		-				-	
30	1650014	FAS 158 Qual Contra Asset		0			0	-	
31	1650016	FAS 112 ASSETS		0				-	
	<b>Subtotal - Form 1, p 111.57.c</b>		0	0	0	0	0	0	

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

<u>Line Number</u>	<u>(A) Description</u>	<u>(B)</u>
1	Net Funds from IPP Customers 12/31/___ (___ 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/ (___ FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)	-
Note 1	On this worksheet Company Records refers to AEP ___ TRANSMISSION COMPANY 's general ledger.	

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FF1 Balances  
 Worksheet E Supporting Revenue Credits  
 AEP \_\_\_\_\_ 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)		-	
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))		-	
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-		-
8	Total Other Operating Revenues To Reduce Revenue Requirement			
Note 1	The total company data on this worksheet comes from the indicated FF1 source, or AEP _____ 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 FF1 Balances  
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

(A) <u>Line Number</u>	(B) <u>Item No.</u>	(C) <u>Description</u>	(D) <u>Expense</u>	(E) <u>100% Non-Transmission</u>	(F) <u>100% Transmission Specific</u>	(G) <u>Explanation</u>
1		<b><u>Regulatory O&amp;M Deferrals &amp; Amortizations</u></b>	-			
2			-			
3			-			
4		<b>Total</b>	0			
		<b><u>Detail of Account 561 Per FERC Form 1</u></b>				
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				
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development				
11	FF1 p 321.90.b	561.6 - Transmission Service Studies				
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies				
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services				
14		<b>Total of Account 561</b>				
		<b><u>Account 928</u></b>				
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		<b>Total</b>	-	-	-	
		<b><u>Account 930.1</u></b>				
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		<b>Total</b>	-	-	-	
		<b><u>Account 930.2</u></b>				
38	9302000	Misc General Expenses				
39	9302003	Corporate & Fiscal Expenses				
40	9302004	Research, Develop&Demonstr Exp				
41	9302007	Assoc Business Development Exp				
42		<b>Total</b>	-	-	-	

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

1	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	
2	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	
3	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	
4	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	
5	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	
	Total Effective State Income Tax Rate	<hr style="border: none; border-top: 1px solid black;"/> <hr style="border: none; border-top: 3px double black;"/>

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.

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FFI Balances  
 Worksheet H Supporting Taxes Other than Income  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b>Revenue Taxes</b>	NOTE 1				
2	List Individual Taxes Here					-
3	<b>Real Estate and Personal Property Taxes</b>					
4	Real and Personal Property - Jurisdiction #1		-			
5	Real and Personal Property - Jurisdiction #2		-			
6	Real and Personal Property - Jurisdiction #3		-			
7	Real and Personal Property - Other Jurisdictions		-			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )			-		
10	Federal Unemployment Tax			-		
11	State Unemployment Insurance			-		
12	<b>Line Deliberately Left Blank</b>					
13	List Individual Taxes Here					-
14						-
15	<b>Miscellaneous Taxes</b>					
16	List Individual Taxes Here					-
17					-	-
18					-	-
19					-	-
20					-	-
21					-	-
22					-	-
23					-	-
24	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**

Line No.	Lines 24-58 Column (B) Deliberately Left Blank	Transmission	Lines 24-58 Column (D) Deliberately Left Blank	General	Total
25	Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)				
	<b>JURISDICTION</b>				
26	Percentage of Plant in _____ JURISDICTION				
27	Net Plant in _____ JURISDICTION (Ln 25 * Ln 26)				
28	Less: Net Value of Exempted Generation Plant				
29	Taxable Property Basis (Ln 27 - Ln 28)				
30	Relative Valuation Factor				
31	Weighted Net Plant (Ln 29 * Ln 30)				
32	General Plant Allocator (Ln 31 / (Total - General Plant))				
33	Functionalized General Plant (Ln 32 * General Plant)				
34	Weighted _____ JURISDICTION Plant (Ln 31 + 33)				
35	Functional Percentage (Ln 34/Total Ln 34)				
36	Functionalized Expense in _____ JURISDICTION				
	<b>JURISDICTION</b>				
37	Percentage of Plant in _____ JURISDICTION				
38	Net Plant in _____ JURISDICTION (Ln 25 * Ln 37)				
39	Less: Net Value of Exempted Generation Plant				
40	Taxable Property Basis (Ln 38 - Ln 39)				
41	Relative Valuation Factor				
42	Weighted Net Plant (Ln 40 * Ln 41)				
43	General Plant Allocator (Ln 42 / (Total - General Plant))				
44	Functionalized General Plant (Ln 43 * General Plant)				
45	Weighted _____ JURISDICTION Plant (Ln 42 + 44)				
46	Functional Percentage (Ln 45/Total Ln 45)				
47	Functionalized Expense in _____ JURISDICTION				
	<b>JURISDICTION</b>				
48	Net Plant in _____ JURISDICTION (Ln 25 - Ln 27 - Ln 38)				
49	Less: Net Value Exempted Generation Plant				
50	Taxable Property Basis				
51	Relative Valuation Factor				
52	Weighted Net Plant (Ln 50 * Ln 51)				
53	General Plant Allocator (Ln 52 / (Total - General Plant))				
54	Functionalized General Plant (Ln 54 * General Plant)				
55	Weighted _____ JURISDICTION Plant (Ln 52 + 54)				
56	Functional Percentage (Ln 55/Total Ln 55)				
57	Functionalized Expense in _____ JURISDICTION				
58	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)				
59	Total Func. Property Taxes (Sum Lns 36, 47 57, 58)				

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using 2008 FFI Balances  
 Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

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	<b><u>Revenue Taxes</u></b>			
2	Gross Receipts Tax			P.263.1 ln 7 (i) P.263.2 ln 4 (i)
3	<b><u>Real Estate and Personal Property Taxes</u></b>			
4	Real and Personal Property -			P.263 ln 34 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property -			P.263.2 ln 21 (i) P.263.2 ln 27 (i)
6	Real and Personal Property -			P.263.3 ln 3 (i) P.263.3 ln 4 (i)
7	Real and Personal Property - Other Jurisdictions			P.263.4 ln 12 (i)
8	<b><u>Payroll Taxes</u></b>			
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.263.3 ln 16 (i)
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes			
14	<b><u>Miscellaneous Taxes</u></b>			
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.263.3 ln 20 (i)
17	State Franchise Taxes			P.263.1 ln 18 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee			P.263.1 ln 15 (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.263.3 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 FF1 Balances  
 Worksheet I Supporting Transmission Plant in Service Additions  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
<b>I. Calculation of Composite Depreciation Rate</b>								
1			Transmission Plant @ Beginning of Historic Period (____) (P.206, ln 58,(b)):					-
2			Transmission Plant @ End of Historic Period (____) (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)					-

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

	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
8							
9	January	\$ -	0.00%	\$ -	\$ -	11	\$ -
10	February	\$ -	0.00%	\$ -	\$ -	10	\$ -
11	March	\$ -	0.00%	\$ -	\$ -	9	\$ -
12	April	\$ -	0.00%	\$ -	\$ -	8	\$ -
13	May	\$ -	0.00%	\$ -	\$ -	7	\$ -
14	June	\$ -	0.00%	\$ -	\$ -	6	\$ -
15	July	\$ -	0.00%	\$ -	\$ -	5	\$ -
16	August	\$ -	0.00%	\$ -	\$ -	4	\$ -
17	September	\$ -	0.00%	\$ -	\$ -	3	\$ -
18	October	\$ -	0.00%	\$ -	\$ -	2	\$ -
19	November	\$ -	0.00%	\$ -	\$ -	1	\$ -
20	December	\$ -	0.00%	\$ -	\$ -	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**

	Estimated Cost (000's)	Month in Service
25		
26		Multiple
27		Multiple
28		Multiple
29		Multiple
30		Multiple
31	Subtotal	-
32	Monthly Addition	\$0
33		
34		
35		
36		
37		
38		
39	Subtotal	-
40		\$0

**Total Projects in Service**

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

Note 1



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

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

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

ROE w/o incentives (Projected TCOS, ln 176)	11.49%	
Project ROE Incentive Adder	_____	<==ROE Adder Cannot Exceed 125 Basis Points
ROE with additional basis point incentive	_____	<== 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, lns 174 through 176)		

	%	Cost	Weighted cost	
Long Term Debt	0.00%	0.00%		0.000%
Preferred Stock	0.00%	0.00%		0.000%
Common Stock	0.00%	11.49%		<u>0.000%</u>
			R =	0.000%

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

Rate Base (Projected TCOS, ln 78)	-
R (from A. above)	0.000%
Return (Rate Base x R)	-

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

Return (from B. above)	-
Effective Tax Rate (Projected TCOS, ln 124)	0.00%
Income Tax Calculation (Return x CIT)	-
ITC Adjustment	-
Income Taxes	-

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

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

Annual Revenue Requirement (Projected TCOS, ln 1)	-
T.E.A. & Lease Payments (Projected TCOS, ln 102 & 103)	-
Return (Projected TCOS, ln 132)	-
Income Taxes (Projected TCOS, ln 131)	-
Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes	_____

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

Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes	-
Return (from I.B. above)	-
Income Taxes (from I.C. above)	_____
Annual Revenue Requirement, with Basis Point ROE increase	-
Depreciation & Amortization (Projected TCOS, ln 108)	_____
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	-

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

Net Transmission Plant (Projected TCOS, ln 48)	-
Annual Revenue Requirement, with Basis Point ROE increase	-
FCR with Basis Point increase in ROE	0.00%
Annual Rev. Req. w/ Basis Point ROE increase, less Dep.	-
FCR with Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, ln 9)	<u>0.00%</u>
Incremental FCR with 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 (Projected TCOS, ln 108)	-
Composite Depreciation Rate	0.00%
Depreciable Life for Composite Depreciation Rate	-
Average Life in Whole Years	-

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

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

TransCo 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. ER10-925-000)

Current Projected Year ARR	-
Current Projected Year ARR w/ Incentive	-
Current Projected Year Incentive ARR	-

Project Description: [redacted]

Details		2010
Investment	Current Year	
Service Year (yyyy)	ROE increase accepted by FERC (Basis Points)	
Service Month (1-12)	FCR w/o incentives, less depreciation	0.00%
Useful life	FCR w incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	Annual Depreciation Expense	-

**CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:**  
 CUMMULATIVE 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 **
0	-	-	-	-	-	\$ -		
1	-	-	-	-	-	\$ -		
2	-	-	-	-	-	\$ -		
3	-	-	-	-	-	\$ -		
4	-	-	-	-	-	\$ -		
5	-	-	-	-	-	\$ -		
6	-	-	-	-	-	\$ -		
7	-	-	-	-	-	\$ -		
8	-	-	-	-	-	\$ -		
9	-	-	-	-	-	\$ -		
10	-	-	-	-	-	\$ -		
11	-	-	-	-	-	\$ -		
12	-	-	-	-	-	\$ -		
13	-	-	-	-	-	\$ -		
14	-	-	-	-	-	\$ -		
15	-	-	-	-	-	\$ -		
16	-	-	-	-	-	\$ -		
17	-	-	-	-	-	\$ -		
18	-	-	-	-	-	\$ -		
19	-	-	-	-	-	\$ -		
20	-	-	-	-	-	\$ -		
21	-	-	-	-	-	\$ -		
22	-	-	-	-	-	\$ -		
23	-	-	-	-	-	\$ -		
24	-	-	-	-	-	\$ -		
25	-	-	-	-	-	\$ -		
26	-	-	-	-	-	\$ -		
27	-	-	-	-	-	\$ -		
28	-	-	-	-	-	\$ -		
29	-	-	-	-	-	\$ -		
30	-	-	-	-	-	\$ -		
31	-	-	-	-	-	\$ -		
32	-	-	-	-	-	\$ -		
33	-	-	-	-	-	\$ -		
34	-	-	-	-	-	\$ -		
35	-	-	-	-	-	\$ -		
36	-	-	-	-	-	\$ -		
37	-	-	-	-	-	\$ -		
38	-	-	-	-	-	\$ -		
39	-	-	-	-	-	\$ -		
40	-	-	-	-	-	\$ -		
41	-	-	-	-	-	\$ -		
42	-	-	-	-	-	\$ -		
43	-	-	-	-	-	\$ -		
44	-	-	-	-	-	\$ -		
45	-	-	-	-	-	\$ -		
46	-	-	-	-	-	\$ -		
47	-	-	-	-	-	\$ -		
48	-	-	-	-	-	\$ -		
49	-	-	-	-	-	\$ -		
50	-	-	-	-	-	\$ -		
51	-	-	-	-	-	\$ -		
52	-	-	-	-	-	\$ -		
53	-	-	-	-	-	\$ -		
54	-	-	-	-	-	\$ -		
55	-	-	-	-	-	\$ -		
56	-	-	-	-	-	\$ -		
57	-	-	-	-	-	\$ -		
58	-	-	-	-	-	\$ -		
59	-	-	-	-	-	\$ -		

Project Totals

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

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

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

**I.**

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

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

ROE w/o incentives (True-Up TCOS, ln 176) 11.49%  
 Project ROE Incentive Adder 0 <==ROE Adder Cannot Exceed 125 Basis Points

ROE with additional 0 basis point incentive  
 Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 174 through 176)  
 <== ROE Including Incentives  
 Cannot Exceed 12.74% Until July 1, 2012

	%	Cost	Weighted cost
Long Term Debt	0.00%	0.00%	0.000%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	0.00%	0.00%	11.490%
R =			0.000%

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

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

Rate Base (True-Up TCOS, ln 78) -  
 R (from A. above) 0.000%  
 Return (Rate Base x R) -

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

Return (from B. above) -  
 Effective Tax Rate (True-Up TCOS, ln 124) 0.00%  
 Income Tax Calculation (Return x CIT) -  
 ITC Adjustment -  
 Income Taxes -

**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) -  
 T.E.A. & Lease Payments (True-Up TCOS, Ln 102 & 103) -  
 Return (True-Up TCOS, ln 132) -  
 Income Taxes (True-Up TCOS, ln 131) -  
 Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -

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

Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -  
 Return (from I.B. above) -  
 Income Taxes (from I.C. above) -  
 Annual Revenue Requirement, with 0 Basis Point ROE increase -  
 Depreciation (True-Up TCOS, ln 108) -  
 Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation -

**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 -  
 FCR with 0 Basis Point increase in ROE 0.00%  
 Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep. -  
 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 0.00%  
 Depreciable Life for Composite Depreciation Rate -  
 Average Life in Whole Years -

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



AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using \_\_\_ FF1 Balances  
 Worksheet L Supporting Projected Cost of Debt  
 AEP \_\_\_\_\_ 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 Amount</u>	(C) <u>Interest Rate</u>	(D) <u>Annual Expense</u> (See Note S on Projected Template)
1	<b>Long Term Debt (FF1.p. 256-257, a,h)</b>			
2	<b>Bonds - Acc 221</b>			-
3				
4				-
5				-
6	<b>Reacquired Bonds - Total Account 222</b>			-
7				-
8				-
9				-
10	<b>Advances from Assoc Companies</b>			-
11				-
12				-
13				-
14	<b>Other Long Term Debt - Acc 224</b>			-
15				-
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23	<b>Sale/Leaseback (If Applicable)</b>		0.000%	-
24	<b>Issuance Discount, Premium, &amp; Expenses:</b>			
25	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		
26	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
27	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
28	<b>Reacquired Debt:</b>			
29	Amortization of Loss	FF1.p. 117.64.c		-
30	Less: Amortization of Gain	FF1.p. 117.66.c		-
31	<b>Total Interest on Long Term Debt</b>	-	0.000%	-
32	<b>Preferred Stock (FF1.p. 250-251)</b>	<b>Preferred Shares Outstanding</b>		
33				-
34				-
35				-
36	<b>Dividends on Preferred Stock</b>	-	0.000%	-

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

AEPTCo subsidiaries in PIM  
Transmission Cost of Service Formula Rate  
AEP \_\_\_\_\_ TRANSMISSION COMPANY

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

(A) <u>Line</u>	(B)	(C) <u>Balances @</u> <u>12/31/</u>	(D) <u>Balances @</u> <u>12/31/</u>	(E) <u>Average</u>
<b><u>Development of Average Balance of Common Equity</u></b>				
1	Proprietary Capital (112.16.c&d)			
2	Less Preferred Stock (Ln 48 Below)	0	-	-
3	Less Account 216.1 (112.12.c&d)			
4	Less Account 219.1 (112.15.c&d)			
5	<b>Average Balance of Common Equity</b>	-	-	-
<b><u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u></b>				
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	<b>Total Average Debt</b>	-	-	-
12	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1)			
13	<b>Annual Interest Expense for _____</b>			
14	Interest on Long Term Debt (256-257.33.i)			
15	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in Ln 14 and 15 shown in Ln 32 below.			
16	Amort of Debt Discount & Expense (117.63.c)			
17	Amort of Loss on Reacquired Debt (117.64.c)			
18	Less: Amort of Premium on Debt (117.65.c)			
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			
20	<b>Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)</b>			
21	<b>Average Cost of Debt for (Ln 20/Ln 11)</b>			<b>0.00%</b>

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

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

**Amortization Period**

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Amortization of (Gain)/Loss for _____	Remaining Unamortized Balance	Beginning	Ending
23				
24				
25				
26				
27				
28				
29				
30				
31				
32	<b>Net (Gain)/Loss Hedge Amortization To Be Removed</b>	-		

**Development of Cost of Preferred Stock**

<u>Preferred Stock</u>	(C)	(D)	(E) <u>Average</u>
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 <b>Balance of Preferred Stock (Lns 36, 41, 46)</b>	-	-	-
49 <b>Dividends on Preferred Stock (Lns 37, 42, 47)</b>	-	-	-
50 <b>Average Cost of Preferred Stock (Ln 49/48)</b>	0.00%	0.00%	<b>0.00%</b>

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

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

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

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

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

PBOP	(A)	(B)
1	<b><u>Calculation of PBOP Expenses</u></b>	
2	<b><u>AEP System PBOP Rate</u></b>	
3	Total AEP System PBOP expenses	
4	Base Year relating to retired personnel	
5	Amount allocated on Labor	
6	Total AEP System Direct Labor Expense	
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	
8	Currently Approved PBOP Rate	0.094(0.058)
9	Base PBOP TransCo labor expensed in current year	
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	
11	Direct PBOP Expense per Actuarial Report	
12	Additional PBOP Ledger Entry (From Company Records)	
13	Medicare Credit	
14	PBOP Expenses From AEP Affiliates (From Company Records)	
15	Actual PBOP Expense <span style="float: right;">(Sum Lines 11-14)</span>	
16	PBOP Adjustment <span style="float: right;">Line 10 less Line 15</span>	



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

AEP \_\_\_\_\_ TRANSMISSION COMPANY

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

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

	<b><u>Composite Depreciation Rate</u></b>	<u>OpCo Company</u>	<u>OpCo Company</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)			
2	T-Plant (FF1 206.58.b)			
3	Average (Ln 1+ Ln 2)/2			
4	Depreciation (FF1 336.7.f)			
5	Composite Depreciation (Ln 3 / Ln 4)			

**Note:** AEP \_\_\_\_\_ TRANSMISSION COMPANY shall initially use the composite depreciation rate for \_\_\_\_\_ and \_\_\_\_\_ 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 \_\_\_\_\_ TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP \_\_\_\_\_ TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.

AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies' Capital Structure @ 12-31-  
Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
1	Bonds (112.18.c&d)						
2	Less: Reacquired Bonds (112.19.c&d)						
3	LT Advances from Assoc. Companies (112.20.c&d)						
4	Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund						
5	Less: Fair Value Hedges (See Note on Ln 7 below)						
6	<b>Total Long Term Debt Balance</b>						
7	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (page 257, Column H of the FF1)						
<b><u>Development of Long Term Debt Interest Expense</u></b>							
8	Interest on Long Term Debt (256-257.33.i)						
9	Amort of Debt Discount & Expense (117.63.c)						
10	Amort of Loss on Reacquired Debt (117.64.c)						
11	Less: Amort of Premium on Debt (117.65.c)						
12	Less: Amort of Gain on Reacquired Debt (117.66.c)						
13	Less: Hedge Interest on pp 256-257(i)						
14	LTD Interest Expense						
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
15	Dividend Rate (p. 250-251. 7.a)						
16	Par Value (p. 250-251. 8.c)						
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)						
21	Par Value (p. 250-251. 8.c)						
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)						
26	Par Value (p. 250-251. 8.c)						
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)						
31	Par Value (p. 250-251. 8.c)						
32	Shares Outstanding (p.250-251. 8.e)						
33	Monetary Value (Ln 31 * Ln 32)						
34	Dividend Amount (Ln 30 * Ln 33)						
35	<b>Preferred Stock (Lns 18, 23, 28,33)</b>						
36	<b>Preferred Dividends (Lns 19, 24, 29,34)</b>						
<b><u>Development of Common Equity</u></b>							
37	Proprietary Capital (112.16.c)						
38	Less: Preferred Stock (Ln 35 Above)						
39	Less: Account 216.1 (112.12.c)						
40	Less: Account 219.1 (112.15.c)						
41	<b>Balance of Common Equity</b>						
<b><u>Calculation of Capital Shares</u></b>							
42	Long Term Debt (Ln 6 Above)						
43	Preferred Stock (Ln 35 Above)						
44	Common Equity (Ln 41 Above)						
45	<b>Total Company Structure</b>						
46	LTD Capital Shares (Ln 42 / Ln 45)						
47	Preferred Stock Capital Shares (Ln 43 / Ln 45)						
48	Common Equity Capital Shares (Ln 44 / Ln 45)						
49	<b>Equity Capital Share Limit</b>						
50	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
51	LTD Capital Shares with Capital Equity Cap						
52	Preferred Stock Capital Shares						
53	Common Equity Capital Shares with Capital Equity Cap						
<b><u>Calculation of Capital Cost Rate</u></b>							
53	LTD Capital Cost Rate (Ln 14 / Ln 6)						
54	Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)						
55	Common Equity Capital Cost Rate						
56	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
56	LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)						
57	Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)						
58	Common Equity Capital Cost Rate (Ln 52 * Ln 55)						
59	<b>Total Company Structure</b>						

AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies' Capital Structure @ 12-31-2008  
Worksheet Q Page 2

Line	Appalachia n Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingspor t Power Compan y	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidate d Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
60	Bonds (112.18.c&d)						
61	Less: Reacquired Bonds (112.19.c&d)						
62	LT Advances from Assoc. Companies (112.20.c&d)						
63	Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund						
64	Less: Fair Value Hedges (See Note on Ln 66 below)						
65	<b>Total Long Term Debt Balance</b>						
66	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)						
<b><u>Development of Long Term Debt Interest Expense</u></b>							
67	Interest on Long Term Debt (256-257.33.i)						
68	Amort of Debt Discount & Expense (117.63.c)						
69	Amort of Loss on Reacquired Debt (117.64.c)						
70	Less: Amort of Premium on Debt (117.65.c)						
71	Less: Amort of Gain on Reacquired Debt (117.66.c)						
72	Less: Hedge Interest on pp 256-257(i)						
73	LTD Interest Expense						
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
74	Dividend Rate (p. 250-251. 7.a)						
75	Par Value (p. 250-251. 8.c)						
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)						
80	Par Value (p. 250-251. 8.c)						
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)						
85	Par Value (p. 250-251. 8.c)						
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)						
90	Par Value (p. 250-251. 8.c)						
91	Shares Outstanding (p.250-251. 8.e)						
92	Monetary Value (Ln 90 * Ln 91)						
93	Dividend Amount (Ln 89 * Ln 92)						
94	<b>Preferred Stock (Lns 77, 82, 87,92)</b>						
95	<b>Preferred Dividends (Lns 78, 83, 88,93)</b>						
<b><u>Development of Common Equity</u></b>							
96	Proprietary Capital (112.16.c)						
97	Less: Preferred Stock (Ln 94 Above)						
98	Less: Account 216.1 (112.12.c)						
99	Less: Account 219.1 (112.15.c)						
100	Balance of Common Equity						
<b><u>Calculation of Capital Shares</u></b>							
101	Long Term Debt (Ln 65 Above)						
102	Preferred Stock (Ln 94 Above)						
103	Common Equity (Ln 100 Above)						
104	Total Company Structure						
105	LTD Capital Shares (Ln 101 / Ln 104)						
106	Preferred Stock Capital Shares (Ln 102 / Ln 104)						
107	Common Equity Capital Shares (Ln 103 / Ln 104)						
108	<b>Equity Capital Share Limit</b>						
109	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
110	LTD Capital Shares with Capital Equity Cap						
111	Preferred Stock Capital Shares						
112	Common Equity Capital Shares with Capital Equity Cap						
<b><u>Calculation of Capital Cost Rate</u></b>							
112	LTD Capital Cost Rate (Ln 73 / Ln 65)						
113	Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)						
114	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
115	LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)						
116	Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)						
117	Common Equity Capital Cost Rate (Ln 111 * Ln 114)						
118	<b>Total Company Structure</b>						

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

Line	Appalachia n Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Average Long Term Debt</u></b>							
119	Average Bonds (Ln 1 + Ln 60) / 2						
120	Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2						
121	Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2						
122	Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2						
123	Less: Average Fair Value Hedges (See Note on Ln 125 below)						
124	<b>Average Balance of Long Term Debt</b>						
125	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)						
<b><u>Development of Long Term Debt Interest Expense</u></b>							
126	Interest on Long Term Debt (256-257.33.i)						
127	Amort of Debt Discount & Expense (117.63.c)						
128	Amort of Loss on Reacquired Debt (117.64.c)						
129	Less: Amort of Premium on Debt (117.65.c)						
130	Less: Amort of Gain on Reacquired Debt (117.66.c)						
131	Less: Hedge Interest on pp 256-257(i)						
132	<b>LTD Interest Expense</b>						
<b><u>Cost of Preferred Stock and Preferred Dividends</u></b>							
133	Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2						
134	Preferred Dividends (Ln 36)						
<b><u>Development of Average Common Equity</u></b>							
135	Average Proprietary Capital (Ln 37 + Ln 96) / 2						
136	Less: Average Preferred Stock (Ln 133 Above)						
137	Less: Average Account 216.1 (Ln 39 + Ln 98) / 2						
138	Less: Average Account 219.1 (Ln 40 + Ln 99) / 2						
139	<b>Average Balance of Common Equity</b>						
<b><u>Calculation of Capital Shares</u></b>							
140	Average Balance of Long Term Debt (Ln 124 Above)						
141	Average Balance of Preferred Stock (Ln 133 Above)						
142	Average Balance of Common Equity (Ln 139 Above)						
143	Average of Total Company Structure						
144	Average Balance of LTD Capital Shares (Ln 140 / Ln 143)						
145	Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)						
146	Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)						
147	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
148	LTD Capital Shares with Capital Equity Cap						
149	Preferred Stock Capital Shares						
150	Common Equity Capital Shares with Capital Equity Cap						
<b><u>Calculation of Capital Cost Rate</u></b>							
151	LTD Capital Cost Rate (Ln 132 / Ln 124)						
152	Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)						
153	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
154	LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)						
155	Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)						
156	Common Equity Capital Cost Rate (Ln 150 * Ln 153)						
157	<b>ACTUAL WEIGHTED AVG COST OF CAPITAL</b>						

# **Attachment B**

Revisions to the PJM Open Access Transmission Tariff  
Attachment H-20B

(Clean Format)

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FF1 Balances  
 Worksheet A Supporting Plant Balances

AEP \_\_\_\_\_ TRANSMISSION COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31,	(D) Balance @ December 31,	(E) Average Balance for
<b>Plant Investment Balances</b>					
1	Line Deliberately Left Blank				-
2	Line Deliberately Left Blank				-
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58			-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 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), ln 99			-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98			-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5			-
10	Total Property Investment Balance	(Sum of Lines: 3, 1, 5, 7, 9)	-	-	-
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 2, 6, 8)	-	-	-
<b>Accumulated Depreciation &amp; Amortization Balances</b>					
12	Line Deliberately Left Blank				-
13	Line Deliberately Left Blank				-
14	Transmission Accumulated Depreciation	FF1, page 219, ln 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, ln 28, Col. (b)			-
19	General ARO Accumulated Depreciation	Company Records – Note 1			-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)			-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 12, 16, 18, 20)	-	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 13, 17, 19)	-	-	-
<b>Generation Step-Up Units</b>					
23	GSU Investment Amount	Company Records – Note 1			-
24	GSU Accumulated Depreciation	Company Records – Note 1			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<b>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</b>					
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)	-	-	-
<b>Plant Held For Future Use</b>					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)			-
30	Transmission Plant Held For Future	Company Records – Note 1			-
<b>Regulatory Assets and Liabilities Approved for Recovery In Ratebase</b>					
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)				-
32	Amortization in Months				-
33	Monthly Amortization	(line 32 / line 33)			-
34	Months in to be amortized				-
35	Amortization Expense in	(line 34 X line 35)			-
36	Months in to be amortized	(line 32 - line 36)			-
37	Amortization Expense in	(line 32 + line 36)/2			-
38	Ending Balance of Regulatory Asset				-
39	Average Balance of Regulatory Asset				-
40	Unamortized Balance of Regulatory Asset at YE				-
41	Total Regulatory Deferrals Included in Ratebase (Note 2)				-

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 FF1 Balances  
 Worksheet B Supporting ADIT and ITC Balances  
 AEP TRANSMISSION COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31</u>	<u>(D) Balance @ December 31</u>	<u>(E) Average Balance for</u>
1		<b>Account 281</b>			
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)			-
3	Less: ARO Related Deferrals	Company Records – Note 1			-
4	Less: Other Excluded Deferrals	Company Records – Note 1			-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6		<b>Account 282</b>			
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 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 - ln 8 - ln 9	-	-	-
11		<b>Account 283</b>			
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)			-
13	Less: ARO Related Deferrals	Company Records – Note 1			-
14	Less: Other Excluded Deferrals	Company Records – Note 1			-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	-	-	-
16		<b>Account 190</b>			
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)			-
18	Less: ARO Related Deferrals	Company Records – Note 1			-
19	Less: Other Excluded Deferrals	Company Records – Note 1			-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	-	-	-
21		<b>Account 255</b>			
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)			-
23	Less: Balances Not Qualified for Ratebase	Company Records – Note 1			-
24	ITC Balances Includeable in Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records – Note 1			-
NOTE 1	On this worksheet, "Company Records" refers to AEP's tax accounting ledger.				
NOTE 2	ADIT balances should exclude balances related to hedging activity.				

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

(A) Line Number	(B)	(C) Source	(D) <u>Materials &amp; Supplies</u> Balance @ December 31,	(E) Balance @ December 31,	(F) Average Balance for	(G)	(H)	(I)	
1									
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)			-				
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)			-				
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-				
<b>Prepayment Balance Summary</b>									
5		<u>Average of</u>	<u>Excludable</u>	<u>100%</u>	<u>Transmission</u>	<u>Transmission</u>	<u>Total Included</u>		
6	Totals as of December 31,	YE Balance	Balances	Transmission	Plant	Labor	in Ratebase		
7	Totals as of December 31,	0	0	Related	Related	Related	(E)+(F)+(G)	0	
8	<b>Average Balance</b>	-	-	-	-	-	-	-	
<b>Prepayments Account 165 - Balance @ 12/31/</b>									
9	<u>Acc. No.</u>	<u>Description</u>	<u>YE Balance</u>	<u>Excludable</u>	<u>100%</u>	<u>Transmission</u>	<u>Transmission</u>	<u>Total Included</u>	<u>Explan</u>
10	1650001	Prepaid Insurance		<u>Balances</u>	<u>Transmission</u>	<u>Plant</u>	<u>Labor</u>	<u>in Ratebase</u>	<u>ation</u>
11	165000207	Prepaid Taxes		-	<u>Related</u>	<u>Related</u>	<u>Related</u>	<u>(E)+(F)+(G)</u>	<u>tion</u>
12	1650003	Prepaid Rents		-	-	-	-	-	-
13	1650004	Prepaid Interest		-	-	-	-	-	-
14	1650005	Prepaid Employee Benefits		-	-	-	-	-	-
15	1650006	Other Prepayments		-	-	-	-	-	-
16	1650009	Prepaid Carry Cost-Factored AR		-	-	-	-	-	-
17	1650010	Prepaid Pension Benefits		-	-	-	-	-	-
18	1650014	FAS 158 Qual Contra Asset		-	-	-	-	-	-
19	1650016	FAS 112 ASSETS		-	-	-	-	-	-
	<b>Subtotal - Form 1, p 111.57.c</b>		0	0	0	0	0	0	
<b>Prepayments Account 165 - Balance @ 12/31/</b>									
20	<u>Acc. No.</u>	<u>Description</u>	<u>YE Balance</u>	<u>Excludable</u>	<u>100%</u>	<u>Transmission</u>	<u>Transmission</u>	<u>Total Included</u>	<u>Explan</u>
21	1650001	Prepaid Insurance		<u>Balances</u>	<u>Transmission</u>	<u>Plant</u>	<u>Labor</u>	<u>in Ratebase</u>	<u>ation</u>
22	165000206	Prepaid Taxes		-	<u>Related</u>	<u>Related</u>	<u>Related</u>	<u>(E)+(F)+(G)</u>	<u>tion</u>
23	165000207	Prepaid Taxes		-	-	0	-	-	-
24	165000208	Prepaid Taxes		-	-	0	-	-	-
25	1650003	Prepaid Rents		0	-	-	-	-	-
26	1650004	Prepaid Interest		0	-	-	-	-	-
27	1650006	Other Prepayments		0	-	-	-	-	-
28	1650009	Prepaid Carry Cost-Factored AR		0	-	-	-	-	-
29	1650010	Prepaid Pension Benefits		0	-	-	0	-	-
30	1650014	FAS 158 Qual Contra Asset		0	-	-	-	-	-
31	1650016	FAS 112 ASSETS		0	-	-	-	-	-
	<b>Subtotal - Form 1, p 111.57.c</b>		0	0	0	0	0	0	



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

<u>Line</u> <u>Number</u>	<u>(A)</u> <u>Description</u>	<u>(B)</u>
1	Net Funds from IPP Customers 12/31/___ (___ 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/ (___ FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)	-
Note 1	On this worksheet Company Records refers to AEP ___ TRANSMISSION COMPANY 's general ledger.	

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FF1 Balances  
 Worksheet E Supporting Revenue Credits  
 AEP \_\_\_\_\_ 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)		-	
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))		-	
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)	-		-
8	Total Other Operating Revenues To Reduce Revenue Requirement			
Note 1	The total company data on this worksheet comes from the indicated FF1 source, or AEP _____ 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 FF1 Balances  
 Worksheet F Supporting Allocation of Specific O&M or A&G Expenses  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

Line Number	(A) Item No.	(B) Description	(C) Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
1		<b>Regulatory O&amp;M Deferrals &amp; Amortizations</b>	-			
2			-			
3			-			
4		<b>Total</b>	0			
		<b>Detail of Account 561 Per FERC Form 1</b>				
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				
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development				
11	FF1 p 321.90.b	561.6 - Transmission Service Studies				
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies				
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services				
14		<b>Total of Account 561</b>				
		<b>Account 928</b>				
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		<b>Total</b>	-	-	-	
		<b>Account 930.1</b>				
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		<b>Total</b>	-	-	-	
		<b>Account 930.2</b>				
38	9302000	Misc General Expenses				
39	9302003	Corporate & Fiscal Expenses				
40	9302004	Research, Develop&Demonstr Exp				
41	9302007	Assoc Business Development Exp				
42		<b>Total</b>	-	-	-	

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

1	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	 <hr style="border: 0.5px solid black;"/>
2	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	 <hr style="border: 0.5px solid black;"/>
3	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	 <hr style="border: 0.5px solid black;"/>
4	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	 <hr style="border: 0.5px solid black;"/>
5	_____ Tax Rate Apportionment Factor – Note 2 Effective State Tax Rate	 <hr style="border: 0.5px solid black;"/>
	Total Effective State Income Tax Rate	<hr style="border: 0.5px solid black;"/> <hr style="border: 1.5px solid black;"/>

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.

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using FFI Balances  
 Worksheet H Supporting Taxes Other than Income  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b>Revenue Taxes</b>	NOTE 1				
2	List Individual Taxes Here					-
3	<b>Real Estate and Personal Property Taxes</b>					
4	Real and Personal Property - Jurisdiction #1		-			
5	Real and Personal Property - Jurisdiction #2		-			
6	Real and Personal Property - Jurisdiction #3		-			
7	Real and Personal Property - Other Jurisdictions		-			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )			-		
10	Federal Unemployment Tax			-		
11	State Unemployment Insurance			-		
12	<b>Line Deliberately Left Blank</b>					
13	List Individual Taxes Here					-
14						-
15	<b>Miscellaneous Taxes</b>					
16	List Individual Taxes Here					-
17					-	
18					-	
19					-	
20					-	
21					-	
22					-	
23					-	
24	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**

Line No.	Description	Lines 24-58 Column (B) Deliberately Left Blank	Transmission	Lines 24-58 Column (D) Deliberately Left Blank	General	Total
25	Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)					
	_____ JURISDICTION					
26	Percentage of Plant in _____ JURISDICTION					
27	Net Plant in _____ JURISDICTION (Ln 25 * Ln 26)					
28	Less: Net Value of Exempted Generation Plant					
29	Taxable Property Basis (Ln 27 - Ln 28)					
30	Relative Valuation Factor					
31	Weighted Net Plant (Ln 29 * Ln 30)					
32	General Plant Allocator (Ln 31 / (Total - General Plant))					
33	Functionalized General Plant (Ln 32 * General Plant)					
34	Weighted _____ JURISDICTION Plant (Ln 31 + 33)					
35	Functional Percentage (Ln 34/Total Ln 34)					
36	Functionalized Expense in _____ JURISDICTION					
	_____ JURISDICTION					
37	Percentage of Plant in _____ JURISDICTION					
38	Net Plant in _____ JURISDICTION (Ln 25 * Ln 37)					
39	Less: Net Value of Exempted Generation Plant					
40	Taxable Property Basis (Ln 38 - Ln 39)					
41	Relative Valuation Factor					
42	Weighted Net Plant (Ln 40 * Ln 41)					
43	General Plant Allocator (Ln 42 / (Total - General Plant))					
44	Functionalized General Plant (Ln 43 * General Plant)					
45	Weighted _____ JURISDICTION Plant (Ln 42 + 44)					
46	Functional Percentage (Ln 45/Total Ln 45)					
47	Functionalized Expense in _____ JURISDICTION					
	_____ JURISDICTION					
48	Net Plant in _____ JURISDICTION (Ln 25 - Ln 27 - Ln 38)					
49	Less: Net Value Exempted Generation Plant					
50	Taxable Property Basis					
51	Relative Valuation Factor					
52	Weighted Net Plant (Ln 50 * Ln 51)					
53	General Plant Allocator (Ln 52 / (Total - General Plant))					
54	Functionalized General Plant (Ln 54 * General Plant)					
55	Weighted _____ JURISDICTION Plant (Ln 52 + 54)					
56	Functional Percentage (Ln 55/Total Ln 55)					
57	Functionalized Expense in _____ JURISDICTION					
58	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)					
59	Total Func. Property Taxes (Sum Lns 36, 47 57, 58)					

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using 2008 FFI Balances  
 Worksheet H page 2 Form 1 Source Reference of Company Amounts on WS H  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

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	<b><u>Revenue Taxes</u></b>			
2	Gross Receipts Tax			P.263.1 ln 7 (i) P.263.2 ln 4 (i)
3	<b><u>Real Estate and Personal Property Taxes</u></b>			
4	Real and Personal Property -			P.263 ln 34 (i) P.263.1 ln 2 (i) P.263.1 ln 3 (i)
5	Real and Personal Property -			P.263.2 ln 21 (i) P.263.2 ln 27 (i)
6	Real and Personal Property -			P.263.3 ln 3 (i) P.263.3 ln 4 (i)
7	Real and Personal Property - Other Jurisdictions			P.263.4 ln 12 (i)
8	<b><u>Payroll Taxes</u></b>			
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.263.3 ln 16 (i)
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes			
14	<b><u>Miscellaneous Taxes</u></b>			
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.263.3 ln 20 (i)
17	State Franchise Taxes			P.263.1 ln 18 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee			P.263.1 ln 15 (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.263.3 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 FF1 Balances  
 Worksheet I Supporting Transmission Plant in Service Additions  
 AEP \_\_\_\_\_ TRANSMISSION COMPANY

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

**I. Calculation of Composite Depreciation Rate**

1	Transmission Plant @ Beginning of Historic Period (____) (P.206, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (____) (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)	-

**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	\$ -	0.00%	\$ -	\$ -	11	\$ -
10	February	\$ -	0.00%	\$ -	\$ -	10	\$ -
11	March	\$ -	0.00%	\$ -	\$ -	9	\$ -
12	April	\$ -	0.00%	\$ -	\$ -	8	\$ -
13	May	\$ -	0.00%	\$ -	\$ -	7	\$ -
14	June	\$ -	0.00%	\$ -	\$ -	6	\$ -
15	July	\$ -	0.00%	\$ -	\$ -	5	\$ -
16	August	\$ -	0.00%	\$ -	\$ -	4	\$ -
17	September	\$ -	0.00%	\$ -	\$ -	3	\$ -
18	October	\$ -	0.00%	\$ -	\$ -	2	\$ -
19	November	\$ -	0.00%	\$ -	\$ -	1	\$ -
20	December	\$ -	0.00%	\$ -	\$ -	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**

25	Major Zonal Projects	Estimated Cost (000's)	Month in Service
26			Multiple
27			Multiple
28			Multiple
29			Multiple
30			Multiple
31		Subtotal	
32		-	
33	<b>PJM Socialized/Beneficiary Allocated Regional Projects</b>	Monthly Addition	
34		\$0	
35			
36			
37			
38		Subtotal	
39		-	
40	<b>Total Projects in Service</b>	Subtotal	
		-	
		\$0	

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

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

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

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

ROE w/o incentives (Projected TCOS, ln 176) 11.49%  
 Project ROE Incentive Adder \_\_\_\_\_ <==ROE Adder Cannot Exceed 125 Basis Points  
 ROE with additional basis point incentive <== **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, lns 174 through 176)

	%	Cost	Weighted cost	
Long Term Debt	0.00%	0.00%		0.000%
Preferred Stock	0.00%	0.00%		0.000%
Common Stock	0.00%	11.49%		<u>0.000%</u>
			R =	0.000%

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

Rate Base (Projected TCOS, ln 78) -  
 R (from A. above) 0.000%  
 Return (Rate Base x R) -

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

Return (from B. above) -  
 Effective Tax Rate (Projected TCOS, ln 124) 0.00%  
 Income Tax Calculation (Return x CIT) -  
 ITC Adjustment -  
 Income Taxes -

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

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

Annual Revenue Requirement (Projected TCOS, ln 1) -  
 T.E.A. & Lease Payments (Projected TCOS, ln 102 & 103) -  
 Return (Projected TCOS, ln 132) -  
 Income Taxes (Projected TCOS, ln 131) \_\_\_\_\_ -  
 Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -

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

Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -  
 Return (from I.B. above) -  
 Income Taxes (from I.C. above) \_\_\_\_\_ -  
 Annual Revenue Requirement, with Basis Point ROE increase -  
 Depreciation & Amortization (Projected TCOS, ln 108) \_\_\_\_\_ -  
 Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation -

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

Net Transmission Plant (Projected TCOS, ln 48) -  
 Annual Revenue Requirement, with Basis Point ROE increase -  
 FCR with Basis Point increase in ROE 0.00%  
 Annual Rev. Req. w/ Basis Point ROE increase, less Dep. -  
 FCR with Basis Point ROE increase, less Depreciation 0.00%  
 FCR less Depreciation (Projected TCOS, ln 9) 0.00%  
 Incremental FCR with 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 (Projected TCOS, ln 108) -  
 Composite Depreciation Rate 0.00%  
 Depreciable Life for Composite Depreciation Rate -  
 Average Life in Whole Years -

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

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



TransCo 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. ER10-925-000)

Current Projected Year ARR	-
Current Projected Year ARR w/ Incentive	-
Current Projected Year Incentive ARR	-

Project Description: [redacted]

Details		2010
Investment	Current Year	
Service Year (yyyy)	ROE increase accepted by FERC (Basis Points)	
Service Month (1-12)	FCR w/o incentives, less depreciation	0.00%
Useful life	FCR w incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	Annual Depreciation Expense	-

**CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:**  
 CUMMULATIVE 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 **
0	-	-	-	-	-	\$ -		
1	-	-	-	-	-	\$ -		
2	-	-	-	-	-	\$ -		
3	-	-	-	-	-	\$ -		
4	-	-	-	-	-	\$ -		
5	-	-	-	-	-	\$ -		
6	-	-	-	-	-	\$ -		
7	-	-	-	-	-	\$ -		
8	-	-	-	-	-	\$ -		
9	-	-	-	-	-	\$ -		
10	-	-	-	-	-	\$ -		
11	-	-	-	-	-	\$ -		
12	-	-	-	-	-	\$ -		
13	-	-	-	-	-	\$ -		
14	-	-	-	-	-	\$ -		
15	-	-	-	-	-	\$ -		
16	-	-	-	-	-	\$ -		
17	-	-	-	-	-	\$ -		
18	-	-	-	-	-	\$ -		
19	-	-	-	-	-	\$ -		
20	-	-	-	-	-	\$ -		
21	-	-	-	-	-	\$ -		
22	-	-	-	-	-	\$ -		
23	-	-	-	-	-	\$ -		
24	-	-	-	-	-	\$ -		
25	-	-	-	-	-	\$ -		
26	-	-	-	-	-	\$ -		
27	-	-	-	-	-	\$ -		
28	-	-	-	-	-	\$ -		
29	-	-	-	-	-	\$ -		
30	-	-	-	-	-	\$ -		
31	-	-	-	-	-	\$ -		
32	-	-	-	-	-	\$ -		
33	-	-	-	-	-	\$ -		
34	-	-	-	-	-	\$ -		
35	-	-	-	-	-	\$ -		
36	-	-	-	-	-	\$ -		
37	-	-	-	-	-	\$ -		
38	-	-	-	-	-	\$ -		
39	-	-	-	-	-	\$ -		
40	-	-	-	-	-	\$ -		
41	-	-	-	-	-	\$ -		
42	-	-	-	-	-	\$ -		
43	-	-	-	-	-	\$ -		
44	-	-	-	-	-	\$ -		
45	-	-	-	-	-	\$ -		
46	-	-	-	-	-	\$ -		
47	-	-	-	-	-	\$ -		
48	-	-	-	-	-	\$ -		
49	-	-	-	-	-	\$ -		
50	-	-	-	-	-	\$ -		
51	-	-	-	-	-	\$ -		
52	-	-	-	-	-	\$ -		
53	-	-	-	-	-	\$ -		
54	-	-	-	-	-	\$ -		
55	-	-	-	-	-	\$ -		
56	-	-	-	-	-	\$ -		
57	-	-	-	-	-	\$ -		
58	-	-	-	-	-	\$ -		
59	-	-	-	-	-	\$ -		

Project Totals

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

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

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

**I.**

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

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

ROE w/o incentives (True-Up TCOS, ln 176) 11.49%  
 Project ROE Incentive Adder 0 <=ROE Adder Cannot Exceed 125 Basis Points

ROE with additional 0 basis point incentive  
 Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 174 through 176)

	%	Cost	Weighted cost
Long Term Debt	0.00%	0.00%	0.000%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	0.00%	0.00%	11.490%
R =			0.000%

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

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

Rate Base (True-Up TCOS, ln 78) -  
 R (from A. above) 0.000%  
 Return (Rate Base x R) -

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

Return (from B. above) -  
 Effective Tax Rate (True-Up TCOS, ln 124) 0.00%  
 Income Tax Calculation (Return x CIT) -  
 ITC Adjustment -  
 Income Taxes -

**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) -  
 T.E.A. & Lease Payments (True-Up TCOS, Ln 102 & 103) -  
 Return (True-Up TCOS, ln 132) -  
 Income Taxes (True-Up TCOS, ln 131) -  
 Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -

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

Annual Revenue Requirement, Less T.E.A. Charges, Return and Taxes -  
 Return (from I.B. above) -  
 Income Taxes (from I.C. above) -  
 Annual Revenue Requirement, with 0 Basis Point ROE increase -  
 Depreciation (True-Up TCOS, ln 108) -  
 Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation -

**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 -  
 FCR with 0 Basis Point increase in ROE 0.00%  
 Annual Rev. Req. w/ 0 Basis Point ROE increase, less Dep. -  
 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 0.00%  
 Depreciable Life for Composite Depreciation Rate -  
 Average Life in Whole Years -

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



AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using \_\_\_ FF1 Balances  
 Worksheet L Supporting Projected Cost of Debt  
 AEP \_\_\_\_\_ 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 Amount</u>	(C) <u>Interest Rate</u>	(D) <u>Annual Expense</u> (See Note S on Projected Template)
1	<b>Long Term Debt (FF1.p. 256-257, a,h)</b>			
2	<b>Bonds - Acc 221</b>			-
3				-
4				-
5				-
6	<b>Reacquired Bonds - Total Account 222</b>			-
7				-
8				-
9				-
10	<b>Advances from Assoc Companies</b>			-
11				-
12				-
13				-
14	<b>Other Long Term Debt - Acc 224</b>			-
15				-
16				-
17				-
18				-
19				-
20				-
21				-
22				-
23	<b>Sale/Leaseback (If Applicable)</b>		0.000%	-
24	<b>Issuance Discount, Premium, &amp; Expenses:</b>			
25	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees		-
26	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-
27	Less: Amort of Debt Premiums	FF1.p. 117.65.c		-
28	<b>Reacquired Debt:</b>			
29	Amortization of Loss	FF1.p. 117.64.c		-
30	Less: Amortization of Gain	FF1.p. 117.66.c		-
31	<b>Total Interest on Long Term Debt</b>	-	0.000%	-
32	<b>Preferred Stock (FF1.p. 250-251)</b>	<b>Preferred Shares Outstanding</b>		-
33				-
34				-
35				-
36	<b>Dividends on Preferred Stock</b>	-	0.000%	-

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

AEPTCo subsidiaries in PIM  
Transmission Cost of Service Formula Rate  
AEP \_\_\_\_\_ TRANSMISSION COMPANY

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

(A) <u>Line</u>	(B)	(C) <u>Balances @</u> <u>12/31/</u>	(D) <u>Balances @</u> <u>12/31/</u>	(E) <u>Average</u>
<b><u>Development of Average Balance of Common Equity</u></b>				
1	Proprietary Capital (112.16.c&d)			
2	Less Preferred Stock (Ln 48 Below)	0	-	-
3	Less Account 216.1 (112.12.c&d)			
4	Less Account 219.1 (112.15.c&d)			
5	<b>Average Balance of Common Equity</b>	-	-	-
<b><u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u></b>				
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	<b>Total Average Debt</b>	-	-	-
12	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257, Column H of the FF1)			
13	<b>Annual Interest Expense for _____</b>			
14	Interest on Long Term Debt (256-257.33.i)			
15	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in Ln 14 and 15 shown in Ln 32 below.			
16	Amort of Debt Discount & Expense (117.63.c)			
17	Amort of Loss on Reacquired Debt (117.64.c)			
18	Less: Amort of Premium on Debt (117.65.c)			
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			
20	<b>Total Interest Expense (Ln 14 - Ln 15 + Ln 16 + Ln 17 - Ln 18 - Ln 19)</b>			
21	<b>Average Cost of Debt for (Ln 20/Ln 11)</b>			<b>0.00%</b>

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

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

**Amortization Period**

HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Amortization of (Gain)/Loss for _____	Remaining Unamortized Balance	Beginning	Ending
23				
24				
25				
26				
27				
28				
29				
30				
31				
32	<b>Net (Gain)/Loss Hedge Amortization To Be Removed</b>	-		

**Development of Cost of Preferred Stock**

<u>Preferred Stock</u>	<u>Average</u>
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 <b>Balance of Preferred Stock (Lns 36, 41, 46)</b>	
49 <b>Dividends on Preferred Stock (Lns 37, 42, 47)</b>	
50 <b>Average Cost of Preferred Stock (Ln 49/48)</b>	<b>0.00%</b>

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

AEPTCo subsidiaries in PJM  
 Cost of Service Formula Rate Using \_\_\_ FF1 Balances  
 Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use  
 AEP \_\_\_\_\_ 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) Functional Proceeds (Gain) / Loss	(I) FERC Account (Gain) / Loss
1						-	0.000%		
2						-	0.000%		
3						-	0.000%		
4				Net (Gain) or Loss for ___		- <u>          </u>			

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

PBOP	(A)	(B)
1	<b><u>Calculation of PBOP Expenses</u></b>	
2	<b><u>AEP System PBOP Rate</u></b>	
3	Total AEP System PBOP expenses	
4	Base Year relating to retired personnel	
5	Amount allocated on Labor	
6	Total AEP System Direct Labor Expense	
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	
8	Currently Approved PBOP Rate	(0.058)
9	Base PBOP TransCo labor expensed in current year	
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	
11	Direct PBOP Expense per Actuarial Report	
12	Additional PBOP Ledger Entry (From Company Records)	
13	Medicare Credit	
14	PBOP Expenses From AEP Affiliates (From Company Records)	
15	Actual PBOP Expense <span style="float: right;">(Sum Lines 11-14)</span>	
16	PBOP Adjustment <span style="float: right;">Line 10 less Line 15</span>	

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

AEP \_\_\_\_\_ TRANSMISSION COMPANY

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

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

	<b><u>Composite Depreciation Rate</u></b>	<u>OpCo Company</u>	<u>OpCo Company</u>	<u>TOTAL</u>
1	T-Plant (FF1 206.58.g)			
2	T-Plant (FF1 206.58.b)			
3	Average (Ln 1+ Ln 2)/2			
4	Depreciation (FF1 336.7.f)			
5	Composite Depreciation (Ln 3 / Ln 4)			

**Note:** AEP \_\_\_\_\_ TRANSMISSION COMPANY shall initially use the composite depreciation rate for \_\_\_\_\_ and \_\_\_\_\_ 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 \_\_\_\_\_ TRANSMISSION COMPANY for its own transmission facilities can be calculated in AEP \_\_\_\_\_ TRANSMISSION COMPANY's the first Annual Update including a True-Up TCOS.



AEP East Consolidated Utility Capital Structure  
Consolidation of Operating Companies' Capital Structure @ 12-31-  
Worksheet Q Page 1

Line	Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
1	Bonds (112.18.c&d)						
2	Less: Reacquired Bonds (112.19.c&d)						
3	LT Advances from Assoc. Companies (112.20.c&d)						
4	Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund						
5	Less: Fair Value Hedges (See Note on Ln 7 below)						
6	<b>Total Long Term Debt Balance</b>						
7	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (page 257, Column H of the FF1)						
<b><u>Development of Long Term Debt Interest Expense</u></b>							
8	Interest on Long Term Debt (256-257.33.i)						
9	Amort of Debt Discount & Expense (117.63.c)						
10	Amort of Loss on Reacquired Debt (117.64.c)						
11	Less: Amort of Premium on Debt (117.65.c)						
12	Less: Amort of Gain on Reacquired Debt (117.66.c)						
13	Less: Hedge Interest on pp 256-257(i)						
14	LTD Interest Expense						
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
15	Dividend Rate (p. 250-251. 7.a)						
16	Par Value (p. 250-251. 8.c)						
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)						
21	Par Value (p. 250-251. 8.c)						
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)						
26	Par Value (p. 250-251. 8.c)						
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)						
31	Par Value (p. 250-251. 8.c)						
32	Shares Outstanding (p.250-251. 8.e)						
33	Monetary Value (Ln 31 * Ln 32)						
34	Dividend Amount (Ln 30 * Ln 33)						
35	<b>Preferred Stock (Lns 18, 23, 28,33)</b>						
36	<b>Preferred Dividends (Lns 19, 24, 29,34)</b>						
<b><u>Development of Common Equity</u></b>							
37	Proprietary Capital (112.16.c)						
38	Less: Preferred Stock (Ln 35 Above)						
39	Less: Account 216.1 (112.12.c)						
40	Less: Account 219.1 (112.15.c)						
41	<b>Balance of Common Equity</b>						
<b><u>Calculation of Capital Shares</u></b>							
42	Long Term Debt (Ln 6 Above)						
43	Preferred Stock (Ln 35 Above)						
44	Common Equity (Ln 41 Above)						
45	<b>Total Company Structure</b>						
46	LTD Capital Shares (Ln 42 / Ln 45)						
47	Preferred Stock Capital Shares (Ln 43 / Ln 45)						
48	Common Equity Capital Shares (Ln 44 / Ln 45)						
49	<b>Equity Capital Share Limit</b>						
50	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
51	LTD Capital Shares with Capital Equity Cap						
52	Preferred Stock Capital Shares						
53	Common Equity Capital Shares with Capital Equity Cap						
<b><u>Calculation of Capital Cost Rate</u></b>							
53	LTD Capital Cost Rate (Ln 14 / Ln 6)						
54	Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)						
55	Common Equity Capital Cost Rate						
56	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
56	LTD Weighted Capital Cost Rate (Ln 50 * Ln 53)						
57	Preferred Stock Capital Cost Rate (Ln 51 * Ln 54)						
58	Common Equity Capital Cost Rate (Ln 52 * Ln 55)						
59	<b>Total Company Structure</b>						

AEP East Consolidated Utility Capital Structure  
 Consolidation of Operating Companies' Capital Structure @ 12-31-2008  
 Worksheet Q Page 2

Line	Appalachia n Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingspor t Power Compan y	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidate d Capital Structure
<b><u>Development of Long Term Debt Balances at Year End</u></b>							
60	Bonds (112.18.c&d)						
61	Less: Reacquired Bonds (112.19.c&d)						
62	LT Advances from Assoc. Companies (112.20.c&d)						
63	Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund						
64	Less: Fair Value Hedges (See Note on Ln 66 below)						
65	<b>Total Long Term Debt Balance</b>						
66	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)						
<b><u>Development of Long Term Debt Interest Expense</u></b>							
67	Interest on Long Term Debt (256-257.33.i)						
68	Amort of Debt Discount & Expense (117.63.c)						
69	Amort of Loss on Reacquired Debt (117.64.c)						
70	Less: Amort of Premium on Debt (117.65.c)						
71	Less: Amort of Gain on Reacquired Debt (117.66.c)						
72	Less: Hedge Interest on pp 256-257(i)						
73	LTD Interest Expense						
<b><u>Development of Cost of Preferred Stock and Preferred Dividends</u></b>							
74	Dividend Rate (p. 250-251. 7.a)						
75	Par Value (p. 250-251. 8.c)						
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)						
80	Par Value (p. 250-251. 8.c)						
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)						
85	Par Value (p. 250-251. 8.c)						
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)						
90	Par Value (p. 250-251. 8.c)						
91	Shares Outstanding (p.250-251. 8.e)						
92	Monetary Value (Ln 90 * Ln 91)						
93	Dividend Amount (Ln 89 * Ln 92)						
94	<b>Preferred Stock (Lns 77, 82, 87,92)</b>						
95	<b>Preferred Dividends (Lns 78, 83, 88,93)</b>						
<b><u>Development of Common Equity</u></b>							
96	Proprietary Capital (112.16.c)						
97	Less: Preferred Stock (Ln 94 Above)						
98	Less: Account 216.1 (112.12.c)						
99	Less: Account 219.1 (112.15.c)						
100	Balance of Common Equity						
<b><u>Calculation of Capital Shares</u></b>							
101	Long Term Debt (Ln 65 Above)						
102	Preferred Stock (Ln 94 Above)						
103	Common Equity (Ln 100 Above)						
104	Total Company Structure						
105	LTD Capital Shares (Ln 101 / Ln 104)						
106	Preferred Stock Capital Shares (Ln 102 / Ln 104)						
107	Common Equity Capital Shares (Ln 103 / Ln 104)						
108	<b>Equity Capital Share Limit</b>						
109	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
110	Preferred Stock Capital Shares						
111	Common Equity Capital Shares with Capital Equity Cap						
<b><u>Calculation of Capital Cost Rate</u></b>							
112	LTD Capital Cost Rate (Ln 73 / Ln 65)						
113	Preferred Stock Capital Cost Rate (Ln 95 / Ln 94)						
114	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b><u>Calculation of Weighted Capital Cost Rate</u></b>							
115	LTD Weighted Capital Cost Rate (Ln 109 * Ln 112)						
116	Preferred Stock Capital Cost Rate (Ln 110 * Ln 113)						
117	Common Equity Capital Cost Rate (Ln 111 * Ln 114)						
118	<b>Total Company Structure</b>						

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

Line	Appalachia Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<b>Development of Average Long Term Debt</b>							
119	Average Bonds (Ln 1 + Ln 60) / 2						
120	Less: Average Reacquired Bonds (Ln 2 + Ln 61) / 2						
121	Average LT Advances from Assoc. Companies (Ln 3 + Ln 62) / 2						
122	Average Senior Unsecured Notes (Ln 4 + Ln 63) / 2						
123	Less: Average Fair Value Hedges (See Note on Ln 125 below)						
124	<b>Average Balance of Long Term Debt</b>						
125	NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (p. 257, Column H of the FF1)						
<b>Development of Long Term Debt Interest Expense</b>							
126	Interest on Long Term Debt (256-257.33.i)						
127	Amort of Debt Discount & Expense (117.63.c)						
128	Amort of Loss on Reacquired Debt (117.64.c)						
129	Less: Amort of Premium on Debt (117.65.c)						
130	Less: Amort of Gain on Reacquired Debt (117.66.c)						
131	Less: Hedge Interest on pp 256-257(i)						
132	<b>LTD Interest Expense</b>						
<b>Cost of Preferred Stock and Preferred Dividends</b>							
133	Average Balance of Preferred Stock (Ln 35 + Ln 94) / 2						
134	Preferred Dividends (Ln 36)						
<b>Development of Average Common Equity</b>							
135	Average Proprietary Capital (Ln 37 + Ln 96) / 2						
136	Less: Average Preferred Stock (Ln 133 Above)						
137	Less: Average Account 216.1 (Ln 39 + Ln 98) / 2						
138	Less: Average Account 219.1 (Ln 40 + Ln 99) / 2						
139	<b>Average Balance of Common Equity</b>						
<b>Calculation of Capital Shares</b>							
140	Average Balance of Long Term Debt (Ln 124 Above)						
141	Average Balance of Preferred Stock (Ln 133 Above)						
142	Average Balance of Common Equity (Ln 139 Above)						
143	Average of Total Company Structure						
144	Average Balance of LTD Capital Shares (Ln 140 / Ln 143)						
145	Average Balance of Preferred Stock Capital Shares (Ln 141 / Ln 143)						
146	Average Balance of Common Equity Capital Shares (Ln 142 / Ln 143)						
147	50.00%	50.00%	50.00%	100.00%	51.00%	100.00%	50.00%
148	LTD Capital Shares with Capital Equity Cap						
149	Preferred Stock Capital Shares						
150	Common Equity Capital Shares with Capital Equity Cap						
<b>Calculation of Capital Cost Rate</b>							
151	LTD Capital Cost Rate (Ln 132 / Ln 124)						
152	Preferred Stock Capital Cost Rate (Ln 134 / Ln 133)						
153	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<b>Calculation of Weighted Capital Cost Rate</b>							
154	LTD Weighted Capital Cost Rate (Ln 148 * Ln 151)						
155	Preferred Stock Capital Cost Rate (Ln 149 * Ln 152)						
156	Common Equity Capital Cost Rate (Ln 150 * Ln 153)						
157	<b>ACTUAL WEIGHTED AVG COST OF CAPITAL</b>						

# **Attachment C**

**Calculation of the change in the PBOP rate  
Recovered through the Annual Transmission Formula Rates for  
AEP East Transmission Companies  
For Network Integration Transmission Service  
Included as Attachment H-20B to the  
PJM Open Access Transmission Tariff**

AEP Transmission Companies (AEPTCo)  
PBOP Rate Review  
Calculation of Over/Under Recovery of Other Post Employment Benefits

**Section 1) Calculation of Projected Recovery Position On Total Company Basis**

**A. Summary of All Companies' PBOP Actual Vs. Allowance**

Line#	Year	Source	(a)									
			Settlement PBOP Basis Rate	TransCo Direct Labor Expense	(D) TC Co PBOP Collection	TC Co PBOP Expense	Under / (Over) Recovery	Cumulative (Over)/Under	Carrying Charge on Cumulative Expense (Over)/Under	Cumulative PBOP Cost (Over)/Under @ Year End		
			(B)	(C)	(E)	(H)	(J)	(K)	(L)			
1	2010	Line 33	\$0.094	272,065	19,019	18,519	(501)	(501)	(43)	(543)		
2	2011	Line 39	\$0.094	803,149	57,116	30,750	(26,366)	(26,866)	(2,300)	(29,167)		
3	2012	Line 45	\$0.094	927,467	58,412	39,714	(18,698)	(45,565)	(6,326)	(51,890)		
4	2013	Line 51	\$0.094	1,947,832	200,779	(9,620)	(210,399)	(255,964)	(25,895)	(281,859)		
5	Sum of Lines 1 to 4				335,326	79,362	(255,964)					

**B. Net Present Values of Future PBOP Expense and Current Allowance**

Total Company Amount

	Settlement PBOP Basis Rate	TransCo Direct Labor Expense	(c) TC Co PBOP Collection	(b) TC Co PBOP Expense	(b - c) Under / (Over) Recovery		
6	2014	\$0.094	2,315,389	217,647	(45,556)	(263,202)	
7	2015	\$0.094	2,340,588	220,015	(46,921)	(266,937)	
8	2016	\$0.094	2,346,924	220,611	(51,498)	(272,109)	
9	2017	\$0.094	2,536,243	238,407	(65,402)	(303,808)	
10	Sum of Lines 6 to 9			896,680	(209,376)	(1,106,056)	
11	WACC From 2012 True-Up					8.41%	
12	Cumulative Net Present Values of Lines 6 Through 9			(169,713)	NPV (b)	(903,428)	NPV (b-c)
13	NPV of (Over) / Under Collection Projected for 2014 Through 2017					(903,428)	
14	Cumulative Four Year (Over) / Under Collection From Line 4, Col. (L)					(281,859)	(a)
15	Net Projected (Over) / Under Allowance in Four Years:				Ln 13 + Ln 14	(1,185,286)	NPV (a) + (b) - (c)
16	Projected Cumulative Balance As a Percent of the Net Present Value of the Four Year Projected PBOP Expense					698.407%	<=NOTE 2

NOTE 1: The PBOP Actuarial Projection is based on the average company labor allocators from the four year recovery period

NOTE 2: If the absolute value of this amount is greater than 20% of the cumulative net present value of the sum of the projected functionalized PBOP expense, the PBOP allowance will need to be revised via a 205 Filing per the FERC.

**C. Revised Net Present Values of Future PBOP Expense and Current Allowance**

	Settlement PBOP Basis Rate	Under / (Over) Recovery	
17	2014	-\$0.058	88,397
18	2015	-\$0.058	88,489
19	2016	-\$0.058	84,279
20	2017	-\$0.058	81,328
21	WACC From 2012 True-Up		8.41%
22	Cumulative Net Present Values of Lines 17 Through 20		281,859
23	NPV of (Over) / Under Collection Projected for 2014 Through 2017		281,859
24	Cumulative Four Year (Over) / Under Collection From Line 4, Col. (L)		(281,859)
25	Net Projected (Over) / Under Allowance in Four Years:		Ln 23 + Ln 24
26	Revised Projected Cumulative Balance As a Percent of the Net Present Value of the Four Year Projected PBOP Expense		0.000% <=NOTE 3
27	True-Up PBOP Basis Rate		-\$0.058

NOTE 3: Excel Goal Seek was used to find the Settlement PBOB Basis Rate in line 17 that makes the cumulate NPV of the Four Year Projected Expense equal zero. Excel Goal Seek is only used when the Percent of the Net Present Value is greater than the Absolute Value of 20%.

AEP Transmission Companies (AEPTCo)  
PBOP Rate Review  
Calculation of Over/Under Recovery of Other Post Employment Benefits

Section 2) Calculation of Annual (Over) / Under Recovery by Total Company and Functional Transmission

Allocation of PBOP Settlement for 2010:

Company	Actual Expense from Actuarial Report	Total Company Amount				Net PBOP Expense	TransCo Direct Labor Expense	TCO PBOP Collection	Under / (Over) Recovery	Company WACC	Carrying Charge on Cumulative (Over)/Under	Cumulative (Over)/Under Recovery @ Year End
		AEP System Direct Labor Expense (Company Records)	AEP System PBOP Expense (PBOP Rate)	PBOP Expenses from PBOP TransCo Labor								
	1	2	3=1/2	4	5=3 x 6 - 4	6	7=6*PBOP Rate -4	8=5-7	9	10=8*9	11=8+10	
28 Appalachian TCo	110,965,728	1,204,054,866	0.092	851	1,801	28,776	1,854	(53)	8.52%	(5)	(57)	
29 Kentucky TCo	110,965,728	1,204,054,866	0.092	726	896	17,600	928	(32)	8.52%	(3)	(35)	
30 Indiana Michigan TCo	110,965,728	1,204,054,866	0.092	1,299	5,962	78,786	6,107	(145)	8.52%	(12)	(157)	
31 Ohio TCo	110,965,728	1,204,054,866	0.092	1,331	6,080	80,416	6,228	(148)	8.52%	(13)	(161)	
32 West Virginia TCo	110,965,728	1,204,054,866	0.092	2,348	3,779	66,487	3,902	(122)	8.52%	(10)	(133)	
33 <b>Sum of Lines 28 to 32</b>					18,519	272,065	19,019	(501)		(43)	(543)	

Allocation of PBOP Settlement for 2011:

Company	Actual Expense from Actuarial Report	Total Company Amount				Net PBOP Expense	TransCo Direct Labor Expense	TCO PBOP Collection		Company WACC	Carrying Charge on Cumulative (Over)/Under	Cumulative (Over)/Under Recovery @ Year End
		AEP System Direct Labor Expense (Company Records)	AEP System PBOP Expense (PBOP Rate)	PBOP Expenses from Affiliates (Company Records)				Under / (Over) Recovery	8=5-7			
	1	2	3=1/2	4	5=3 x 6 - 4	6	7=6*PBOP Rate -4	8=5-7	9	10=(8+prior 11)*9	11=8+10+prior 11	
34 Appalachian TCo	72,293,585	1,181,809,072	0.061	1,216	779	32,615	1,850	(1,071)	8.39%	(95)	(1,223)	
35 Kentucky TCo	72,293,585	1,181,809,072	0.061	2,136	1,657	62,010	3,693	(2,036)	8.39%	(174)	(2,245)	
36 Indiana Michigan TCo	72,293,585	1,181,809,072	0.061	3,129	3,943	115,616	7,739	(3,795)	8.39%	(332)	(4,284)	
37 Ohio TCo	72,293,585	1,181,809,072	0.061	9,318	23,025	528,725	40,382	(17,357)	8.39%	(1,470)	(18,987)	
38 West Virginia TCo	72,293,585	1,181,809,072	0.061	2,581	1,345	64,183	3,452	(2,107)	8.39%	(188)	(2,428)	
39 <b>Sum of Lines 34 to 38</b>			0		30,750	803,149	57,116	(26,366)		(2,258)	(29,167)	

AEP Transmission Companies (AEP/TCO)  
PBOP Rate Review  
Calculation of Over/Under Recovery of Other Post Employment Benefits

Allocation of PBOP Settlement for 2012:

		Total Company Amount										
Company	Actual Expense from Actuarial Report	AEP System Direct Labor Expense (Company Records)	AEP System PBOP Expense (PBOP Rate)	PBOP Expenses from Affiliates (Company Records)	Net PBOP Expense	TransCo Direct Labor Expense	TCO PBOP Collection	Under / (Over) Recovery	Company WACC	Carrying Charge on Cumulative (Over)/Under	Cumulative (Over)/Under Recovery @ Year End	
	1	2	3	4	5=3 x 6 - 4	6	7=6*PBOP Rate -4	8=5-7	9	10=(8+prior 11)*9	11=8+10+prior 11	
40	Appalachian TCo	89,661,879	1,214,282,694	0.074	1,533	821	31,882	1,464	(643)	8.41%	(157)	(2,022)
41	Kentucky TCo	89,661,879	1,214,282,694	0.074	682	3,569	57,565	4,729	(1,161)	8.41%	(286)	(3,691)
42	Indiana Michigan TCo	89,661,879	1,214,282,694	0.074	4,654	8,121	173,004	11,608	(3,488)	8.41%	(654)	(8,426)
43	Ohio TCo	89,661,879	1,214,282,694	0.074	20,627	26,021	631,746	38,757	(12,736)	8.41%	(2,668)	(34,392)
44	West Virginia TCo	89,661,879	1,214,282,694	0.074	1,274	1,183	33,270	1,853	(671)	8.41%	(261)	(3,359)
45	<b>Sum of Lines 40 to 44</b>					39,714	927,467	58,412	(18,698)		(4,025)	(51,890)

Allocation of PBOP Settlement for 2013:

		Total Company Amount										
Company	Actual Expense from Actuarial Report	AEP System Direct Labor Expense (Company Records)	AEP System PBOP Expense (PBOP Rate)	PBOP Expenses from Affiliates (Company Records)	Net PBOP Expense	TransCo Direct Labor Expense	TCO PBOP Collection	Under / (Over) Recovery	Company WACC	Carrying Charge on Cumulative (Over)/Under	Cumulative (Over)/Under Recovery @ Year End	
	1	2	3	4	5=3 x 6 - 4	6	7=6*PBOP Rate -4	8=5-7	9	10=(8+prior 11)*9	11=8+10+prior 11	
46	Appalachian TCo	(17,177,382)	1,225,451,318	(0.014)	(523)	(160)	48,736	5,104	(5,264)	8.38%	(611)	(7,897)
47	Kentucky TCo	(17,177,382)	1,225,451,318	(0.014)	(269)	38	16,515	1,821	(1,784)	8.38%	(459)	(5,934)
48	Indiana Michigan TCo	(17,177,382)	1,225,451,318	(0.014)	(3,567)	(2,662)	444,385	45,339	(48,001)	7.38%	(4,164)	(60,591)
49	Ohio TCo	(17,177,382)	1,225,451,318	(0.014)	(12,578)	(6,454)	1,357,738	140,205	(146,659)	7.36%	(13,325)	(194,376)
50	West Virginia TCo	(17,177,382)	1,225,451,318	(0.014)	(746)	(382)	80,458	8,309	(8,691)	8.38%	(1,010)	(13,060)
51	<b>Sum of Lines 46 to 50</b>					(9,620)	1,947,832	200,779	(210,399)		(19,569)	(281,859)

AEP Transmission Companies (AEPTCo)  
PBOP Rate Review  
Calculation of Over/Under Recovery of Other Post Employment Benefits

**Calculation of PBOP Per Actuarial 2014:**

		Total Company Amount				
Company	Actual Expense from Actuarial Report 1	AEP System Direct Labor Expense (Company Records) 2	AEP System PBOP Expense (PBOP Rate) 3	PBOP Expenses from Affiliates (Company Records) 4	Net PBOP Expense 5=3 x 6 - 4	TransCo Direct Labor Expense 6
1 Appalachian TCo	(32,599,196)	1,656,874,409	(0.020)	-	(140)	7,134
2 Kentucky TCo	(32,599,196)	1,656,874,409	(0.020)	-	(97)	4,930
3 Indiana Michigan TCo	(32,599,196)	1,656,874,409	(0.020)	-	(10,151)	515,925
4 Ohio TCo	(32,599,196)	1,656,874,409	(0.020)	-	(34,723)	1,764,829
5 West Virginia TCo	(32,599,196)	1,656,874,409	(0.020)	-	(444)	22,572
6 <b>Sum of Lines 1 to 5</b>					(45,556)	2,315,389

**Calculation of PBOP Per Actuarial 2015:**

		Total Company Amount				
Company	Actual Expense from Actuarial Report 1	AEP System Direct Labor Expense (Company Records) 2	AEP System PBOP Expense (PBOP Rate) 3	PBOP Expenses from Affiliates (Company Records) 4	Net PBOP Expense 5=3 x 6 - 4	TransCo Direct Labor Expense 6
7 Appalachian TCo	(33,404,277)	1,666,317,339	(0.020)	-	(1,357)	67,697
8 Kentucky TCo	(33,404,277)	1,666,317,339	(0.020)	-	(102)	5,077
9 Indiana Michigan TCo	(33,404,277)	1,666,317,339	(0.020)	-	(10,461)	521,821
10 Ohio TCo	(33,404,277)	1,666,317,339	(0.020)	-	(34,521)	1,722,013
11 West Virginia TCo	(33,404,277)	1,666,317,339	(0.020)	-	(481)	23,980
12 <b>Sum of Lines 7 to 11</b>					(46,921)	2,340,588

**Calculation of PBOP Per Actuarial 2016:**

		Total Company Amount				
Company	Actual Expense from Actuarial Report 1	AEP System Direct Labor Expense (Company Records) 2	AEP System PBOP Expense (PBOP Rate) 3	PBOP Expenses from Affiliates (Company Records) 4	Net PBOP Expense 5=3 x 6 - 4	TransCo Direct Labor Expense 6
13 Appalachian TCo	(36,730,482)	1,673,919,168	(0.022)	-	(1,435)	65,408
14 Kentucky TCo	(36,730,482)	1,673,919,168	(0.022)	-	(114)	5,178
15 Indiana Michigan TCo	(36,730,482)	1,673,919,168	(0.022)	-	(11,447)	521,661
16 Ohio TCo	(36,730,482)	1,673,919,168	(0.022)	-	(37,975)	1,730,630
17 West Virginia TCo	(36,730,482)	1,673,919,168	(0.022)	-	(528)	24,046
18 <b>Sum of Lines 13 to 17</b>					(51,498)	2,346,924

**Calculation of PBOP Per Actuarial 2017:**

		Total Company Amount				
Company	Actual Expense from Actuarial Report 1	AEP System Direct Labor Expense (Company Records) 2	AEP System PBOP Expense (PBOP Rate) 3	PBOP Expenses from Affiliates (Company Records) 4	Net PBOP Expense 5=3 x 6 - 4	TransCo Direct Labor Expense 6
19 Appalachian TCo	(43,775,662)	1,697,601,375	(0.026)	-	(1,719)	66,654
20 Kentucky TCo	(43,775,662)	1,697,601,375	(0.026)	-	(136)	5,282
21 Indiana Michigan TCo	(43,775,662)	1,697,601,375	(0.026)	-	(14,499)	562,273
22 Ohio TCo	(43,775,662)	1,697,601,375	(0.026)	-	(48,412)	1,877,388
23 West Virginia TCo	(43,775,662)	1,697,601,375	(0.026)	-	(636)	24,645
24 <b>Sum of Lines 19 to 23</b>					(65,402)	2,536,243



AEP Transmission Companies (AEPTCo)  
PBOP Rate Review  
Calculation of Over/Under Recovery of Other Post Employment Benefits

**Section 3) PBOP Charges Per Actuarial Report By Company For Four Year Projected Period**

Projected TransCo Direct Labor Expense					TCo PBOP Collection (over/under collections rate last set) (c)			
					5=1*PBOP Rate	6=2*PBOP Rate	7=3*PBOP Rate	8=4*PBOP Rate
1	2	3						
Company	2014	2015	2016	2017	2014	2015	2016	2017
52 Appalachian TCo	7,134	67,697	65,408	66,654	671	6,364	6,148	6,265
53 Kentucky TCo	4,930	5,077	5,178	5,282	463	477	487	497
54 Indiana Michigan TCo	515,925	521,821	521,661	562,273	48,497	49,051	49,036	52,854
55 Ohio TCo	1,764,829	1,722,013	1,730,630	1,877,388	165,894	161,869	162,679	176,474
56 West Virginia TCo	22,572	23,980	24,046	24,645	2,122	2,254	2,260	2,317
57 <b>Sum of Lines 52 to 56</b>	<u>2,315,389</u>	<u>2,340,588</u>	<u>2,346,924</u>	<u>2,536,243</u>	<u>217,647</u>	<u>220,015</u>	<u>220,611</u>	<u>238,407</u>
<b>Projected Adjusted PBOP Expense per Actuarial (b)</b>					<b>Under / (Over) Recovery (b - c)</b>			
					5a=1a-5	6a=2a-6	7a=3a-7	8a=4a-8
Company	2014	2015	2016	2017	2014	2015	2016	2017
58 Appalachian TCo	(140)	(1,357)	(1,435)	(1,719)	(811)	(7,721)	(7,584)	(7,984)
59 Kentucky TCo	(97)	(102)	(114)	(136)	(560)	(579)	(600)	(633)
60 Indiana Michigan TCo	(10,151)	(10,461)	(11,447)	(14,499)	(58,648)	(59,512)	(60,483)	(67,353)
61 Ohio TCo	(34,723)	(34,521)	(37,975)	(48,412)	(200,617)	(196,390)	(200,654)	(224,886)
62 West Virginia TCo	(444)	(481)	(528)	(636)	(2,566)	(2,735)	(2,788)	(2,952)
63 <b>Sum of Lines 58 to 62</b>	<u>(45,556)</u>	<u>(46,921)</u>	<u>(51,498)</u>	<u>(65,402)</u>	<u>(263,202)</u>	<u>(266,937)</u>	<u>(272,109)</u>	<u>(303,808)</u>