



Legal Department

American Electric Power  
801 Pennsylvania Ave NW, Suite 735  
Washington, DC 20004-2615  
AEP.com

July 2, 2018

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First St., N.E.  
Washington D.C. 20426

Amanda Riggs Conner  
Senior Counsel -  
Regulatory Services  
(202) 383-3436 (P)  
(202) 383-3459 (F)  
arconner@aep.com

**Re: Transource West Virginia, LLC**  
**Docket No. ER15-2114**

Dear Secretary Bose:

American Electric Power Service Corporation, on behalf of its affiliate, Transource West Virginia, LLC ("Transource West Virginia"), hereby submits for filing for informational purposes the True-Up Adjustment to Transource West Virginia's 2017 Projected Transmission Revenue Requirement ("Annual True-up"). The following is a list of documents submitted with this Annual True-up:

1. Transmittal Letter
2. Appendix A - Transource West Virginia 2017 True-up template
3. Appendix B - CWIP Report
4. Appendix C - Customer Meeting Notice

Transource West Virginia attaches fully functioning Excel spreadsheet files supporting the Annual True-up, which is available on the PJM website at:

<http://www.pjm.com/markets-and-operations/billing-settlements-and-credit/formula-rates.aspx>

Service of the 2017 PTRR was provided to PJM members via the PJM listserv, as will the Annual True-up.

A copy of this notice of such posting was provided to PJM, PJM customers, and the parties in this docket, and to all affected state commissions on July 2, 2018. The Annual True-up provides the calculation of the true-up of the 2017 projected revenue requirement to the actual 2017 revenue requirement. The 2017 true-up amount will be included in customer rates beginning January 1, 2019. The Annual Update contains no expenses or costs that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices, as

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defined in 18 C.F.R. § 35.13(b)(7). In addition, Transource West Virginia has not made any material changes in its accounting policies and practices from those in effect during the previous rate year and upon which the current rate is based.

AEP will host a webinar and teleconference meeting from 3:00 to 4:00 p.m. (Eastern Standard Time) on July 31, 2018, to afford interested parties the opportunity to discuss the Annual True-up.

Thank you for your attention to this informational filing. Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Amanda Riggs Conner

Amanda Riggs Conner

American Electric Power Service Corporation

801 Pennsylvania Avenue, N.W.

Suite 735

Washington, D.C. 20004-2684

202-383-3436

arconner@aep.com

Counsel for Transource West Virginia, L.L.C.

Attachments

Appendix A  
Transource West Virginia 2017 True-up Template

Formula Rate - Non-Levelized

Rate Formula Template - Attachment H-26  
Utilizing FERC Form 1 Data  
Transource West Virginia, LLC

True Up 12 months ended 12/31/2017

Line No.	(1)	(2)	(3)	(4)	(5)
		Source			Allocated Amount
1	GROSS REVENUE REQUIREMENT, without incentives	(page 3, line 49)			\$ 637,391
	REVENUE CREDITS	(Note A)	Total	Allocator	
2	Account No. 454	(page 4, line 20)	-	TP 1.0000	-
3	Account No. 456.1	(page 4, line 21)	-	TP 1.0000	-
4	Revenues from Grandfathered Interzonal Transactions	(Note B)	-	TP 1.0000	-
5	Revenues from service provided by the ISO at a discount		-	TP 1.0000	-
6	TOTAL REVENUE CREDITS	(Sum of Lines 2 through 5)	-		-
7	Prior Period Adjustments	Attachment 11	-	DA 1.0000	-
8	True-up Adjustment with Interest	Attachment 3, line 4, Col. G+H	-	DA 1.0000	-
9	NET ANNUAL TRANSMISSION REVENUE REQUIREMENT	(Line 1 less line 6 plus lines 7 and 8)			\$ 637,391

Rate Calculations			
A.	<b><u>Network Service (NITS)</u></b>	Source	
10	Current Year Annual Transmission Revenue Requirement, including true-up	Line 9	637,391
11	Less: Revenue Requirements Included in Line 10 For Schedule 12 Projects	Attachment 1, line 2, Col. 16	637,391
12	Zonal ATRR Without Incentives	( Line 10 - line 11)	-
13	Incremental Approved Incentives for non-Schedule 12 projects	Attachment 1, line 4, Col. 12	-
14	Zonal ATRR With Incentives	( Line 12 + line 13)	-
B.	<b><u>Point-to-Point Service</u></b>		
15	Year 2017 AEP East Zone Network Service Peak Load (1 CP)"		22,476
16	Line 15 is provided from PJM records		
17	Annual Point-to-Point Rate in \$/MW - Year	( Line 14 / line 15)	\$0.0000
18	Monthly Point-to-Point Rate in \$/MW - Month	( Line 17 / 12)	\$0.0000
19	Weekly Point-to-Point Rate in \$/MW - Weekly	( Line 17 / 52)	\$0.0000
20	Daily On-Peak Point-to-Point Rate in \$/MW - Day	( Line 17 / 260)	\$0.0000
21	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	( Line 17 / 365)	\$0.0000
22	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	( Line 17 / 4160)	\$0.0000
23	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	( Line 17 / 8760)	\$0.0000
C.	<b><u>PJM Regional Service</u></b>		
24	Schedule 12 ATRR Without Incentives	Attachment 1, line 2, Col. 16 less line 12	637,391
25	FERC Approved Incentives on Schedule 12 projects	Attachment 1, line 2, Col. 12	-
26	Schedule 12 Revenue Requirement	( Line 24 + line 25)	637,391

Formula Rate - Non-Levelized

Rate Formula Template - Attachment H-26  
Utilizing FERC Form 1 Data  
Transource West Virginia, LLC

True Up 12 months ended 12/31/2017

(1)		(2)	(3)	(4)		(5)
Line No.	RATE BASE: (Note R)	Source	Company Total	Allocator		Transmission (Col 3 times Col 4)
	GROSS PLANT IN SERVICE	Note C				
1	Production	205.46.g for end of year, records for other months	-	NA	-	-
2	Transmission	Attachment 4, Line 14, Col. (b)	-	TP	1.0000	-
3	Distribution	207.75.g for end of year, records for other months	-	NA	-	-
4	General & Intangible	Attachment 4, Line 14, Col. (c)	-	W/S	1.0000	-
5	TOTAL GROSS PLANT	(Sum of Lines 1 through 4)	-	GP=	1.0000	-
6	ACCUMULATED DEPRECIATION	Note C				
7	Production	219.20-24.c for end of year, records for other months	-	NA	-	-
8	Transmission	Attachment 4, Line 14, Col. (h)	-	TP	1.0000	-
9	Distribution	219.26.c for end of year, records for other months	-	NA	-	-
10	General & Intangible	Attachment 4, Line 14, Col. (i)	-	W/S	1.0000	-
11	TOTAL ACCUM. DEPRECIATION	(Sum of Lines 7 through 10)	-			-
12	NET PLANT IN SERVICE					
13	Production	(line 1 - line 7)	-			-
14	Transmission	(line 2 - line 8)	-			-
15	Distribution	(line 3 - line 9)	-			-
16	General & Intangible	(line 4 - line 10)	-			-
17	TOTAL NET PLANT	( Sum of line 5 - line 11)	-	NP=	1.0000	-
18	ADJUSTMENTS TO RATE BASE					
19	Account No. 281 (enter negative)	Attachment 4, Line 28, Col. (d) (Note D)	-	NA	zero	-
20	Account No. 282 (enter negative)	Attachment 4, Line 28, Col. (e) (Note D)	(951)	NP	1.0000	(951)
21	Account No. 283 (enter negative)	Attachment 4, Line 28, Col. (f) (Note D)	(89,455)	NP	1.0000	(89,455)
22	Account No. 190	Attachment 4, Line 28, Col. (g) (Note D)	63,270	NP	1.0000	63,270
23	Account No. 255 (enter negative)	Attachment 4, Line 28, Col. (h) (Note D)	-	NP	1.0000	-
24	Unfunded Reserves (enter negative)	Attachment 4, Line 43, Col. (h)	-	DA	1.0000	-
25	CWIP	Attachment 4, Line 14, Col. (d)	2,853,564	DA	1.0000	2,853,564
26	Unamortized Regulatory Asset	Attachment 4, Line 28, Col. (b) (Note E)	239,360	DA	1.0000	239,360
27	Unamortized Abandoned Plant	Attachment 4, Line 28, Col. (c) (Note F)	-	DA	1.0000	-
28	TOTAL ADJUSTMENTS	( Sum of line 19 - line 27)	3,065,788			3,065,788
29	LAND HELD FOR FUTURE USE	Attachment 4, Line 14, Col. (e) (Note G)	-	TP	1.0000	-
30	WORKING CAPITAL	Note H				
31	Cash Working Capital	1/8*(Page 3, Line 17 minus Page 3, Line 14)	24,861			24,861
32	Materials & Supplies	Attachment 4, Line 14, Col. (f)	-	TP	1.0000	-
33	Prepayments (Account 165)	Attachment 4, Line 14, Col. (g)	1,954	GP	1.0000	1,954
34	TOTAL WORKING CAPITAL	( Sum of line 31 - line 33)	26,815			26,815
35	RATE BASE	( Sum of line 17, 28, 29, 34)	3,092,603			3,092,603

Formula Rate - Non-Levelized

Rate Formula Template - Attachment H-26  
Utilizing FERC Form 1 Data  
Transource West Virginia, LLC

True Up 12 months ended

12/31/2017

Line No.	(1)	(2)	(3)	(4)	(5)
		Source	Company Total	Allocator	Transmission (Col 3 times Col 4)
	O&M				
1	Transmission	321.112.b	122,035	TP	122,035
2	Less Account 566 (Misc Trans Expense)	321.97.b	91,613	TP	91,613
3	Less Account 565	321.96.b	-	TP	-
4	A&G	323.197.b	155,068	W/S	155,068
5	Less FERC Annual Fees	350.xx.h (Note I)	-	W/S	-
6	Less EPRI Dues	Note J	-	W/S	-
7	Less Reg. Commission Expense Account 928	Note J	11,393	W/S	11,393
8	Less: Non-safety Advertising account 930.1	Note J	5	W/S	5
9	Less Actual PBOP Expense in Year	Attachment 7, Line 10, Col. (c)	-	W/S	-
10	Plus Transmission Related Reg. Comm. Exp.	Note K	11,393	TP	11,393
11	Plus PBOP Expense Allowed Amount	Attachment 7, Line 6, Col. (c)	(9,818)	W/S	(9,818)
12	Plus Transmission Lease Payments in Acct 565	Note V	-	DA	-
13	Account 566				
14	Amortization of Regulatory Asset	Note E	68,388	DA	68,388
15	Misc. Transmission Expense (less amort. of regulatory asset)		23,225	TP	23,225
16	Total Account 566	( Sum of line 14 - line 15)" Ties to 321.97b	91,613		91,613
17	TOTAL O&M	(Sum of Lines 1, 4, 10, 11, 12, 16 less Lines 2, 3, 5-9)	267,280		267,280
18	DEPRECIATION EXPENSE	Note C			
19	Transmission	336.7.b&d	-	TP	-
20	General & Intangible	336.10.b&d, 336.1.b&d	-	W/S	-
21	Amortization of Abandoned Plant	Note F	-	DA	-
22	TOTAL DEPRECIATION	( Sum of line 19 - line 21)	-		-
23	TAXES OTHER THAN INCOME TAXES (Note M)				
24	LABOR RELATED				
25	Payroll	263._i	-	W/S	-
26	Highway and vehicle	263._i	-	W/S	-
27	PLANT RELATED				
28	Property	263._i	1,038	GP	1,038
29	Gross Receipts	263._i	-	NA	zero
30	Other	263._i	-	GP	-
31	Payments in lieu of taxes	263._i	-	GP	-
32	TOTAL OTHER TAXES	( Sum of line 25 - line 31)	1,038		1,038
33	INCOME TAXES (Note N)	Note N			
34	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} * (1-TEP)		39.23%		
35	CIT=(T/1-T) * (1-(WCLTD/R)) =	WCLTD = Page 4, Line 15, R = Page 4, Line 18	51.68%		
36	FIT & SIT & P				
37					
38	1 / (1 - T) = (from line 34)	1 / (1 - T), T from Line 34	164.54%		
39	Amortized Investment Tax Credit	266.8f (enter negative)	-		
40	Excess Deferred Income Taxes	(enter negative)	-		
41	Tax Effect of Permanent Differences	Note O	8		
42	Income Tax Calculation	(Line 35 times Line 48)	125,748	NA	125,748
43	ITC adjustment	(Line 38 times Line 39)	-	NP	-
44	Excess Deferred Income Tax Adjustment	(Line 38 times Line 40)	-	NP	-
45	Permanent Differences Tax Adjustment	(Line 38 times Line 41)	13	NP	13
46	Total Income Taxes	( Sum of line 42 - line 45)	125,762		125,762
47	RETURN				
48	Rate Base times Return	(Page 2, line 35 times Page 4, Line 18)	243,312	NA	243,312
49	GROSS REVENUE REQUIREMENT	( Sum of line 17,22, 32, 46, 48)	637,391		637,391

(1)

(2)

(3)

(4)

(5)

SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES				
1	Total Transmission plant	(Page 2, Line 2, Column 3)			-
2	Less Transmission plant excluded from ISO rates	(Note P)			-
3	Less Transmission plant included in OATT Ancillary Service rates	(Note S)			-
4	Transmission plant included in ISO rates	(Line 1 minus Lines 2 & 3)			-
5	Percentage of Transmission plant included in ISO Rates	(Line 4 divided by Line 1) (If line 1 is zero, enter 1)		TP=	1.0000
6	WAGES & SALARY ALLOCATOR (W&S)				
		Form 1 Reference	\$	TP	Allocation
7	Production	354.20.b	-	-	-
8	Transmission	354.21.b	-	1.0000	-
9	Distribution	354.23.b	-	-	-
10	Other	354.24,25,26.b	-	-	-
11	Total (W& S Allocator is 1 if lines 7-10 are zero)	( Sum of line 7 - line 10)	-		-
					=
12	RETURN (R)				\$
13					
14			\$	%	Cost
15	Long Term Debt	Attachment 5, (Notes Q & R)	1,947,915	40.0%	3.92%
16	Preferred Stock (112.3.c)	Attachment 5, (Notes Q & R)	-	0.0%	0.00%
17	Common Stock	Attachment 5, (Notes Q, R, and T)	1,743,761	60.0%	10.50%
18	Total	( Sum of line 15 - line 17)	3,691,676		
19	REVENUE CREDITS				
20	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY)	Attachment 12, line 8 (Note U)			-
21	ACCOUNT 456.1 (OTHER ELECTRIC REVENUES)	Attachment 12, line 18 (Note A)			-

Formula Rate - Non-Levelized

Rate Formula Template - Attachment H-26  
Utilizing FERC Form 1 Data  
Transource West Virginia, LLC

True Up 12 months ended 12/31/2017

General Note: References to pages in this formula rate template are indicated as: (page#, line#, col.#)  
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Notes	
A	The revenues credited on page 1 lines 2-6 shall include only the amounts received directly from the ISO for service under this tariff reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, or facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
B	Company will not have any grandfathered agreements. Therefore, this line shall remain zero.
C	Plant In Service, Accumulated Depreciation, and Depreciation Expenses shall exclude Asset Retirement Obligation amounts.
D	Balances in Accounts 190, 281, 282 and 283 classified in the FERC Form 1 as Electric-related, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 will be reduced by prior flow throughs and excluded if the utility chooses to utilize amortization of tax credits against taxable income. Account 281 is not allocated to Transmission.
E	Recovery of Regulatory Asset permitted only for pre-commercial and formation expenses as authorized by the Commission. Recovery of any other regulatory assets requires authorization from the Commission. A carrying charge equal to the AFUDC rate will be applied to the Regulatory Asset prior to the rate year when costs are first recovered.
F	Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of Abandoned Plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
G	Identified in FERC Form 1, or Company records if not so indicated on the FERC Form 1, as being transmission related.
H	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 15, column 5 minus amortization of Regulatory Asset at page 3, line 12, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on page 111, line 57 in the Form 1.
I	The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
J	Page 3, Line 6 - Subtract all EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses in account 928 itemized at 351.h, and non-safety related advertising included in Account 930.1.
K	Page 3, Line 8-Add back Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
M	Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere. Enter the line number on page 263 upon which each item is identified.
N	<p>The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes" and TEP = "the tax exempt ownership interest". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (T/1-T).</p> <div><div>Inputs Required:</div><div><div>FIT=</div><div>SIT=</div><div>p =</div><div>TEP =</div></div><div><div>35.0%</div><div>6.5%</div><div>0.0%</div><div>0.0%</div></div><div><div>(Federal Income Tax Rate)</div><div>(State Income Tax Rate or Composite SIT)</div><div>(percent of federal income tax deductible for state purposes)</div><div>(percent of the tax exempt ownership)</div></div></div>
O	The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-26 that are not the result of a timing difference.
P	Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
Q	<p>The cost of debt will be determined based on the financing in place during each stage of project development. Before debt is obtained, a proxy interest rate which will be supported in the original Section 205 filing will be used. This rate is provided on Attachment 8 line 36. If construction debt (wherein principal is drawn down over time) is issued, the rate plus an amortization of fees projected to be incurred on the construction debt during the rate year will be the cost of debt. This construction debt rate (inclusive of fees) will be reset and trued-up every year using the method on Attachment 9 for multi-year construction projects. Once non-construction debt is obtained, the actual interest rate and fees on the debt in place at the end of the year such non-construction debt is obtained will become the cost of debt. In the first full year after non-construction debt is obtained, the cost of debt will be the actual cost of debt determined using the method on Attachment 5.</p> <p>A hypothetical capital structure of 60% Equity and 40% debt will be used until the first transmission asset is placed in service, or until otherwise authorized by the Commission.</p>
R	Calculate rate base using 13 month average balance, except ADIT which is calculated based on the average of the beginning of the year and the end of the year balances.
S	Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
T	ROE will be supported in the original Section 205 filing and no change in ROE may be made absent a filing with FERC.
U	Includes only income related to transmission facilities, such as pole attachments, rentals and special use from general ledger.
V	Add back any lease expense of transmission assets used to provide service under this tariff included in account 565. Amount to be obtained from company books and records.



Attachment 1  
Project Revenue Requirement Worksheet  
Transource West Virginia, LLC

To be completed in conjunction with Attachment H-26.

Line No.	(1)	(2) Attachment H-26 Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant plus CWIP	Attach H-26, p 2, line 2 col 5 plus line 25 col 5 (Note A)	2,853,564	
2	Net Transmission Plant plus CWIP and Abandoned Plant	Attach H-26, p 2, line 14 col 5 plus line 25 & 27 col 5 (Note B)	2,853,564	
	O&M EXPENSE			
3	Total O&M Allocated to Transmission	Attach H-26, p 3, line 17 col 5	267,280	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1 col 3)	9.37%	9.37%
	GENERAL AND INTANGIBLE (G & I) DEPRECIATION EXPENSE			
5	Total G & I Depreciation Expense	Attach H-26, p 3, line 20, col 5 (Note C)	-	
6	Annual Allocation Factor for G, I & C Depreciation Expense	(line 5 divided by line 1 col 3)	0.00%	0.00%
	TAXES OTHER THAN INCOME TAXES			
7	Total Other Taxes	Attach H-26, p 3, line 32 col 5	1,038	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	0.04%	0.04%
9	Less Revenue Credits	Attach H-26, p 1, line 6 col 5	-	
10	Annual Allocation Factor for Revenue Credits	(line 9 divided by line 1 col 3)	0.00%	0.00%
<b>11</b>	<b>Annual Allocation Factor for Expense</b>	<b>Sum of line 4, 6, 8, and 10</b>		<b>9.40%</b>
	INCOME TAXES			
12	Total Income Taxes	Attach H-26, p 3, line 46 col 5	125,762	
13	Annual Allocation Factor for Income Taxes	(line 12 divided by line 2 col 3)	4.41%	4.41%
	RETURN			
14	Return on Rate Base	Attach H-26, p 3, line 48 col 5	243,312	
15	Annual Allocation Factor for Return on Rate Base	(line 14 divided by line 2 col 3)	8.53%	8.53%
<b>16</b>	<b>Annual Allocation Factor for Return</b>	<b>Sum of line 13 and 15</b>	<b>12.93%</b>	<b>12.93%</b>

Attachment 1  
Project Revenue Requirement Worksheet  
Transource West Virginia, LLC

This worksheet is used to compute project specific revenue requirements for any projects for which such calculation is required by PJM. This will generally include projects with specific incentives or competitive concessions, or projects with cost allocation outside of the AEP Zone. Projects will be listed as either Schedule 12, Zonal, or other category defined by PJM. Other projects which comprise the remaining revenue requirement on Attachment H-26 will not be entered on this schedule.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

(1)		(2)		(3)	(4)	(5)	(6)	(7)	(8)
Line No.	Project Name	PJM Category	RTEP Project Number Or Other Identifier	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge
(Note D)						(Page 1 line 11)	(Col. 3 * Col. 4)	(Page 1 line 16)	(Col. 6 * Col. 7)
1a	Thorofare	Schedule 12	b2609.4	2,853,564	0.094	268,318	\$ 2,853,564	0.129	369,073
1b				-	0.094	-	\$ -	0.129	-
2	Total Schedule 12			2,853,564		268,318	\$ 2,853,564		369,073
3a	Zonal			-	0.094	-	\$ -	0.129	-
3b				-	0.094	-	\$ -	0.129	-
4	Total Zonal			-		-	\$ -		-
5									
6	Annual Totals			2,853,564		268,318	2,853,564		369,073

#### Notes

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-26 inclusive of any CWIP or unamortized abandoned plant included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-26 inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3 , column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base if applicable and Unamortized Abandoned Plant.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-26, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-26, page 3, line 21.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is the reduction in revenue, if any, that the company agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate.
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 1  
Project Revenue Requirement Worksheet  
Transource West Virginia, LLC

	(9)	(10)	(11)	(12)	(12a)	(13)	(14)	(15)	(16)
Line No.	Project Depreciation/Amortization Expense	Annual Revenue Requirement	Incentive Return in Basis Points	Incentive Return	Ceiling Rate	Competitive Concession	Total Annual Revenue Requirement	True-Up Adjustment	Net Revenue Requirement
	(Note F)	(Sum Col. 5, 8 & 9)	(Note G)	(Attachment 2, Line 28 Incentive Return * Col. 6)	(Sum Col. 10 & 12)	(Note H)	(Sum Col. 10 & 12 Less Col. 13)	(Note I)	Sum Col. 14 & 15
1a	-	637,391	-	-	637,391	-	637,391	-	637,391
1b	-	-	-	-	-	-	-	-	-
2	-	637,391		-	637,391	-	637,391	-	637,391
3a	-	-	-	-	-	-	-	-	-
3b	-	-	-	-	-	-	-	-	-
4	-	-		-	-	-	-	-	-
5									-
6	-	637,391		-	637,391	-	637,391	-	637,391

**Notes**

- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment H-26 inclusive of any CWIP or unamortized abandoned plant included in rate base when authorized by FERC order.
- B Net Plant is that identified on page 2 line 14 of Attachment H-26 inclusive of any CWIP or unamortized Abandoned Plant included in rate base when authorized by FERC order less any prefunded AFUDC, if applicable.
- C General and Intangible Depreciation and Amortization Expense includes all expense not directly associated with a project, which is entered on page 3 , column 9.
- D Project Gross Plant is the total capital investment including CWIP for the project calculated from Company books and records in the same method as the gross plant value in line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.
- E Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation plus CWIP in rate base if applicable and Unamortized Abandoned Plant.
- F Project Depreciation Expense is the actual value booked for the project (excluding General and Intangible depreciation) at Attachment H-26, page 3, line 19, plus amortization of Abandoned Plant at Attachment H-26, page 3, line 21.
- G Requires approval by FERC of incentive return applicable to the specified project(s).
- H The Competitive Concession is the reduction in revenue, if any, that the company agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate.
- I True-Up Adjustment is calculated on the Project True-up Schedule for the relevant true-up year.

Attachment 2  
Incentive ROE  
Transsource West Virginia, LLC

1	Rate Base	Attachment H-26, page 2, line 35, Col.5						3,092,603
2	100 Basis Point Incentive Return							
							\$	
						Cost		
							Weighted	
						\$	%	
3	Long Term Debt	(Notes Q & R from Attachment H-26)		1,947,915	40.0%	3.92%	1.57%	
4	Preferred Stock	(Notes Q & R from Attachment H-26)		-	0.0%	0.00%	0.00%	
			Cost = Attachment H-26, page 4,					
			Line 17, Cost plus 100 bp					
5	Common Stock	(Notes Q, R, & T from Attachment H-26)		1,743,761	60.0%	11.50%	6.90%	
6	Total (sum lines 3-5)			3,691,676			8.47%	
7	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 6)							261,867
8	INCOME TAXES							
9	T=1 - {[ (1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =			0.3923				
10	CIT=(T/(1-T) * (1-(WCLTD/R))) =			0.5259				
11	WCLTD = Line 3							
12	and FIT, SIT & p are as given in Attachment H-26 footnote N.							
13	1 / (1 - T) = (from line 9)			1.6454				
14	Amortized Investment Tax Credit (266.8f) (enter negative)	Attachment H-26, Page 3, Line 39		-				
15	Excess Deferred Income Taxes (enter negative)	Attachment H-26, Page 3, Line 40		-				
16	Tax Effect of Permanent Differences (Note B)	Attachment H-26, Page 3, Line 41		8				
17	Income Tax Calculation = line 7 * line 10						137,725	
18	ITC adjustment (line 13 * line 14)			-	NP	1.00	-	
19	Excess Deferred Income Tax Adjustment (line 13 * line 15)			-	NP	1.00	-	
20	Permanent Differences Tax Adjustment (line 13 * 16)			13	NP	1.00	13	
21	Total Income Taxes (sum lines 17 - 20)						137,738	137,738
22	Return and Income Taxes with 100 basis point increase in ROE							399,605
23	Return (Attach. H-26, page 3 line 48 col 5)							243,312
24	Income Tax (Attach. H-26, page 3 line 46 col 5)							125,762
25	Return and Income Taxes without 100 basis point increase in ROE							369,073
26	Incremental Return and Income Taxes for 100 basis point increase in ROE							30,531.66
27	Rate Base (line 1)							3,092,603
28	Incremental Return and Income Taxes for 100 basis point increase in ROE divided by Rate Base							0.99%

Notes:

- A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any ROE actual incentive must be approved by the Commission. For example, if the Commission were to grant a 150 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 1.5 on Attachment 1 column 12.
- B The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-26 that are not the result of a timing difference.

Attachment 3  
Formula Rate True-Up  
Transource West Virginia, LLC

This Attachment 3 is used to calculate the annual formula rate true-up. Any projects for which the RTO requires a true-up on an individual project basis, as shown on Attachment 1, will be computed separately. The remainder of the revenue requirement will also be trued up. The utility will individually enter the projected true-up year revenue requirements in Column C. A percentage of total will be calculated in Column D. Actual revenue received during the true-up year is entered into Column E, line 2 and allocated using the Column D percentage. The utility will prepare this formula rate template with the actual inputs for the true-up year, with the resulting revenue requirement for each line being separately entered in Column F. In Col. G, Col. F is subtracted from Col. E to calculate the true-up adjustment. Interest on the true-up is computed in Column H. Any adjustments to prior period true-ups are entered in Col. I. Col. J computes the total true-up as the sum of Cols. G, H and I.

Any hypothetical amounts or project names in a filed template will be removed and replaced with actual amounts in the first year actual values are available without the need for a section 205 filing to modify the template.

Line:			Projected True-Up Year Revenue Requirement Calculation		True-Up Year Revenue Received <sup>1</sup>	Actual True-Up Year Revenue Req.	Annual True-Up Calculation			
1	True-Up Year									
2	2017				1,085,039					
	A	B	C	D	E	F	G	H	I	J
	Project Name	PJM Category	Net Revenue Requirement <sup>2</sup>	% of Total Revenue Requirement	Allocation of Revenue Received (E, Line 2 ) x (D)	True-Up Net Revenue Requirement <sup>3</sup>	Net Under/(Over) Collection (F)-(E)	True-Up Interest Income (Expense) <sup>4</sup>	Prior Period Adjustment with Interest <sup>5</sup>	Total True-Up (G) + (H) + (I)
3	Remaining Attachment H-26		-	0.0%	-	-	-	-	-	-
4a	Thorofare	Schedule 12	1,085,039	100.0%	1,085,039	637,391	(447,647)	(38,263)	-	(485,910)
4b			-	0.0%	-	-	-	-	-	-
5	Total Schedule 12		1,085,039		1,085,039	637,391	(447,647)	(38,263)	-	(485,910)
6a		Zonal	-	0.0%	-	-	-	-	-	-
6b			-	0.0%	-	-	-	-	-	-
7	Total Zonal		-		-	-	-	-	-	-
8	Other									
9	Total Annual Revenue Requirements		1,085,039	100.0%	1,085,039	637,391	(447,647)	(38,263)	-	(485,910)
10	Total Interest on True-Up - Attachment 6							(38,263)		

Prior Period Adjustment

11	A	B
	Prior Period Adjustment (Note 5)	Adjustment Amount
	Description of Adjustment	Attachment 11 -

Notes:

- 1) The revenue received is the total amount of revenue distributed to company in the year as shown on pages 328-330 of the Form No 1. The Revenue Received is input on line 2, Col. E.
- 2) From the Attachment 1, line 1 or 3, col. 16 from the template in which the true-up year revenue requirement was initially projected.
- 3) From True-Up revenue requirement template Attachment 1, line 1 or 3, col. 14.
- 4) Interest due on the true up is calculated for the 24 month period from the start of the true-up year until the end of the year following the true-up year when the true up will be included in rates. Total True up Interest calculate on Attachment 6 and allocated to projects based on the percentage in Column D.
- 5) Corrections to true-ups for previous rate years including interest will be computed on Attachment 11 and entered on the appropriate line 3-8 above.

Line No	Month	Gross Plant In Service		CWIP	LHFFU	Working Capital		Accumulated Depreciation	
		Transmission	General & Intangible	CWIP in Rate Base	Held for Future Use	Materials & Supplies	Prepayments	Transmission	General & Intangible
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	(Note A)	207.58.g for end of year, records for other months	205.5.g & 207.99.g for end of year, records for other months	Note B - page 2, column C	214.x.c for end of year, records for other months	227.8.c & 227.16.c for end of year, records for other months	111.57.c for end of year, records for other months	219.25.c for end of year, records for other months	219.28.c & 200.21.c for end of year, records for other months
1	December Prior Year	-	-	668,566	-	-	2,297	-	-
2	January	-	-	713,039	-	-	2,297	-	-
3	February	-	-	917,355	-	-	2,297	-	-
4	March	-	-	1,491,884	-	-	2,297	-	-
5	April	-	-	1,692,034	-	-	2,297	-	-
6	May	-	-	2,175,207	-	-	766	-	-
7	June	-	-	2,263,056	-	-	574	-	-
8	July	-	-	2,592,417	-	-	383	-	-
9	August	-	-	2,942,752	-	-	191	-	-
10	September	-	-	3,458,557	-	-	-	-	-
11	October	-	-	4,780,502	-	-	-	-	-
12	November	-	-	6,296,829	-	-	-	-	-
13	December	-	-	7,104,129	-	-	12,000	-	-
14	Average of the 13 Monthly Balances	-	-	2,853,564	-	-	1,954	-	-

Adjustments to Rate Base

Line No	Month	Unamortized Regulatory Asset	Unamortized Abandoned Plant	Account No. 281 Accumulated Deferred Income Taxes (Note E)	Account No. 282 Accumulated Deferred Income Taxes (Note E)	Account No. 283 Accumulated Deferred Income Taxes (Note E)	Account No. 190 Accumulated Deferred Income Taxes (Note E)	Account No. 255 Accumulated Deferred Investment Credit
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
	(Note A)	Note C	Note D	272.8.b & 273.8.k	274.2.b & 275.2.k	276.9.b & 277.9.k	234.8.b & c	Consistent with 266.8.b & 267.8.h
15	December Prior Year	273,554	-	-	-	99,726	89,961	-
16	January	267,855	-					-
17	February	262,156	-					-
18	March	256,457	-					-
19	April	250,758	-					-
20	May	245,059	-					-
21	June	239,360	-					-
22	July	233,661	-					-
23	August	227,962	-					-
24	September	222,263	-					-
25	October	216,564	-					-
26	November	210,865	-					-
27	December	205,166	-	-	1,902	79,183	36,578	-
28	Average of the 13 Monthly Balances	239,360	-	-	951	89,455	63,270	-

Reconciliation of CWIP in Rate Base to FERC Form 1 - Note B

Less: CWIP and  
AFUDC Excluded from  
Rate Base  
CWIP Allowed in Rate Base  
( c )= ( a ) - ( b )

	Total CWIP (a) 216.b for end of year, records for other months	Less: CWIP and AFUDC Excluded from Rate Base (b) Company records	CWIP Allowed in Rate Base ( c )= ( a ) - ( b )
29	December Prior Year	668,566	668,566
30	January	713,039	713,039
31	February	917,355	917,355
32	March	1,491,884	1,491,884
33	April	1,692,034	1,692,034
34	May	2,175,207	2,175,207
35	June	2,263,056	2,263,056
36	July	2,592,417	2,592,417
37	August	2,942,752	2,942,752
38	September	3,458,557	3,458,557
39	October	4,780,502	4,780,502
40	November	6,296,829	6,296,829
41	December	7,104,129	7,104,129
	2,853,564	-	2,853,564

Unfunded Reserves (Notes A and F and G)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
				Enter 1 if NOT in a trust or reserved account, enter zero (0) if included in a trust or reserved account	Enter 1 if the accrual account is included in the formula rate, enter (0) if the accrual account is NOT included in the formula rate	Enter the percentage paid for by customers less the percent associated with an offsetting liability on the balance sheet (Note H)	Allocation (Plant or Labor Allocator)	Amount Allocated, col. c x col. d x col. e x col. f x col. g
List of all reserves:		Amount						
42a	Reserve 1	-	-	-	-	-	-	-
42b	Reserve 2	-	-	-	-	-	-	-
43	Total	-	-	-	-	-	-	-

Notes:

- A Calculate using 13 month average balance, except ADIT which is calculated based on the average of the beginning of the year and the end of the year balances
- B Recovery of CWIP in rate base must be approved by FERC. Lines 29-41 of page 2 provide a reconciliation of the Company's total CWIP to the CWIP allowed in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will also describe the reconciliation prepared on this Attachment.
- C Recovery of a Regulatory Asset is permitted only for pre-commercial and formation expenses, and is subject to FERC approval before the amortization of the Regulatory Asset can be included in rates. Recovery of any other regulatory assets requires authorization from the Commission.
- D Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC.
- E ADIT is computed using the average of the beginning of the year and the end of the year balances. Electric ADIT only, Excludes ARO-related ADIT.
- F The Formula Rate shall include a credit to rate base for all unfunded reserves (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account (see Note H)). Each unfunded reserve will be included on lines 42 above. The allocator in Col. (g) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Since reserves can be created by creating an offsetting balance sheet account, rather than through cost accruals, the amount to be deducted from rate base should exclude the portion offset by another balance sheet account.
- G Not all unfunded reserves are created only from contributions from customers. Many are created by creating an offsetting liability in whole or in part. Column (f) ensures only the portion of the unfunded reserve contributed by the customer (and not created by an offsetting liability) is a reduction to rate base.
- H The inputs in Column (f) are the percentage of the unfunded reserve that was created by an offsetting liability. The percentage shown in Column (f) is then equal to the percentage that customers have contributed to the unfunded reserve.

Attachment 5  
Return on Rate Base Worksheet  
Transource West Virginia, LLC

### RETURN ON RATE BASE (R)

1	Long Term Interest (117, sum of 62.c through 67.c)		\$	73,082	
2	Preferred Dividends (118.29c) (positive number)			-	
3	Proprietary Capital (Line 25 ( c)			1,743,761	
4	Less Preferred Stock (line 8)			-	
5	Less Account 216.1 Undistributed Subsidiary Earnings (Line 24(d))			-	
6	Less Account 219 Accum. Other Comprehensive Income (Line 24(e))			-	
7	Common Stock (Sum of Lines 3 through 6)			1,743,761	
8	Long Term Debt	Line 24 (a), Note A and Attachment H-26 Note Q	\$	1,947,915	40.00%
9	Preferred Stock	Line 24 (b), Note B and Attachment H-26 Note Q		-	0.00%
10	Common Stock	Line 8, Note C and Attachment H-26 Notes Q and T		1,743,761	60.00%
11	Total	(Sum of Lines 8 through 10)		3,691,676	7.87%

		(a)	(b)	(c)	(d)	(e)
		Long Term Debt	Preferred Stock	Proprietary Capital	Undistributed Sub	Accum Other
	Monthly Balances for Capital Structure	(112.24.c)	(112.3.c)	(112.16.c)	Earnings 216.1	Comp. Income 219
					(112.12.c)	(112.15.c)
12	December (prior year)	-		9,393		
13	January	-		47,949		
14	February	-		1,617,970		
15	March	-		1,715,862		
16	April	1,074,700		1,755,169		
17	May	1,156,025		1,787,130		
18	June	1,156,025		1,819,364		
19	July	1,156,025		1,844,201		
20	August	3,956,025		1,898,646		
21	September	3,956,025		1,913,401		
22	October	3,956,025		2,451,897		
23	November	3,956,025		2,816,054		
24	December	4,956,025		2,991,857		
25	13 Month Average	1,947,915	-	1,743,761	-	-

## Notes

- A Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 1 by the Long Term Debt balance on line 8.
- B Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 line 3.c in the Form No. 1
- C Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on Form 1 page 112 line 16.c less lines 3.c , 12.c, and 15.c



Attachment 6  
Interest on True-Up  
Transource West Virginia, LLC

2017		2017		
Projected Revenue Requirement (Note A)		Actual Net Revenue Requirement (Note B)		Over (Under) Recovery
\$1,085,039	Less	\$637,391	Equals	\$447,647

Note A - Projected ATRR for the true-up year from Page 1, Line 1 of Projection Attachment H-26 minus Line 6 of Projection Attachment H-26.  
Note B - Actual Net ATRR for the true-up year from Page 1, Line 9 of True-Up Attachment H-26.

Interest Rate on Amount of Refunds or Surcharges	Over (Under) Recovery Plus Interest	Monthly Interest Rate on Attachment 6a	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.333%				
An over or under collection will be recovered prorata over year collected, held for one year and returned prorata over next year						
<u>Calculation of Interest</u>				Monthly		
January	Year 2017	37,303.92	0.333%	12	(1,488.43)	(38,792.35)
February	Year 2017	37,303.92	0.333%	11	(1,364.39)	(38,668.31)
March	Year 2017	37,303.92	0.333%	10	(1,240.36)	(38,544.28)
April	Year 2017	37,303.92	0.333%	9	(1,116.32)	(38,420.24)
May	Year 2017	37,303.92	0.333%	8	(992.28)	(38,296.21)
June	Year 2017	37,303.92	0.333%	7	(868.25)	(38,172.17)
July	Year 2017	37,303.92	0.333%	6	(744.21)	(38,048.14)
August	Year 2017	37,303.92	0.333%	5	(620.18)	(37,924.10)
September	Year 2017	37,303.92	0.333%	4	(496.14)	(37,800.07)
October	Year 2017	37,303.92	0.333%	3	(372.11)	(37,676.03)
November	Year 2017	37,303.92	0.333%	2	(248.07)	(37,551.99)
December	Year 2017	37,303.92	0.333%	1	(124.04)	(37,427.96)
					(9,674.77)	(457,321.86)
				Annual		
January through December	Year 2018	(457,321.86)	0.333%	12	(18,247)	(475,569)
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				Monthly		
January	Year 2019	475,569.00	0.333%		(1,581.27)	40,492.48
February	Year 2019	436,657.79	0.333%		(1,451.89)	40,492.48
March	Year 2019	397,617.19	0.333%		(1,322.08)	40,492.48
April	Year 2019	358,446.79	0.333%		(1,191.84)	40,492.48
May	Year 2019	319,146.14	0.333%		(1,061.16)	40,492.48
June	Year 2019	279,714.82	0.333%		(930.05)	40,492.48
July	Year 2019	240,152.39	0.333%		(798.51)	40,492.48
August	Year 2019	200,458.41	0.333%		(666.52)	40,492.48
September	Year 2019	160,632.45	0.333%		(534.10)	40,492.48
October	Year 2019	120,674.08	0.333%		(401.24)	40,492.48
November	Year 2019	80,582.83	0.333%		(267.94)	40,492.48
December	Year 2019	40,358.29	0.333%		(134.19)	40,492.48
					(10,340.78)	
Total Amount of True-Up Adjustment					\$	(485,910)
Less Over (Under) Recovery					\$	447,647
Total Interest					\$	(38,263)

Attachment 6a  
True-Up Interest Rate Calculation  
Transource West Virginia, LLC

This Attachment is used to compute the interest rate to be applied to each year's revenue requirement true-up.

Applicable FERC Interest Rate (Note A):		
1	Rate Year January	3.50%
2	Rate Year February	3.50%
3	Rate Year March	3.50%
4	Rate Year April	3.71%
5	Rate Year May	3.71%
6	Rate Year June	3.71%
7	Rate Year July	3.96%
8	Rate Year August	3.96%
9	Rate Year September	3.96%
10	Rate Year October	4.21%
11	Rate Year November	4.21%
12	Rate Year December	4.21%
13	Rate Year Plus 1 January	4.25%
14	Rate Year Plus 1 February	4.25%
15	Rate Year Plus 1 March	4.25%
16	Rate Year Plus 1 April	4.47%
17	Rate Year Plus 1 May	4.47%
18	Average rate	3.99%
19	Monthly Average rate	0.33%

Note A - Lines 1-17 are the FERC interest rates under section 35.19a of the regulations for the period shown. Line 18 is the average of lines 1-17.

Attachment 7  
Post-Employment Benefits Other than Pensions (PBOP)  
Transource West Virginia, LLC

**Calculation of PBOP Expenses**

Line No.			AEP (a)	KCP&L (b)	Total (c) = (a+b)
			Year Ended December 31, 2014	Year Ended December 31, 2014	
1					
2	Total PBOP expenses, corporate parent companies	Note A	-\$76,811,513	\$9,446,530	
3	Amount relating to retired personnel	Note A	-\$44,124,792	\$3,889,136	
4	Amount allocated on Labor	Line 2 less line 3	-\$32,686,721	\$5,557,394	
5	Labor dollars	Note B	\$1,300,120,729	\$182,771,659	
6	Cost per labor dollar	Line 4 divided by line 5	-\$0.025	\$0.030	
7	Labor (labor not capitalized) current year	Note C	\$390,770	\$223	
8	PBOP Expense Allowed for current year	Line 6 times line 7	(9,824)	7	(9,818)
9					
10	Actual PBOP in Company's O&M and A&G expense accounts in Form No. 1				-

**Notes**

- A Amounts on lines 2-3 reflect data from the 2014 actuarial reports for AEP and KCP&L. These values cannot change absent approval or acceptance by FERC in a separate proceeding.
- B Amounts on line 5 is the actual AEP straight-time labor, loaded for non-productive load, and KCP&L labor booked to O&M and A&G and included in the Form No. 1 on page 354.28.b less labor dollars associated with the Wolf Creek Nuclear Facility.
- C The labor in line 7 is the total labor charged by an AEP affiliate or KCP&L affiliate to Transource West Virginia in the year.

This Attachment 8 is to be utilized to determine the cost of debt prior to issuing non-construction financing. Once non-construction financing is issued the cost of debt shall be determined using the methodology described in Note Q on Attachment H-26.

If construction debt has not or will not be issued when construction starts, a proxy rate will be used for the cost of debt, which will be supported in the initial section 205 filing. The proxy rate will be entered on line 36 of this attachment.

If construction financing has been obtained, the cost of debt prior the issuance of non-construction financing shall be based on the terms of the construction financing and determined below. Up-front fees including origination fees will be amortized and included in the cost of debt.

If construction financing is obtained, all rates, fees and monthly debt balances will be subject to true up pursuant to Attachment 9.

Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Month During Rate Year		Total Loan Amount	Principal Drawn (\$000)	Unutilized Loan Balance (\$000)	Commitment Fee & Utilization Fee (\$000)	Interest Expense (\$000)	Effective Annual Interest Rate (%)
					(e)	(f)	(g)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
6	December Prior Year			-	-	-	
7	January			-	-	-	
8	February			-	-	-	
9	March			-	-	-	
10	April			-	-	-	
11	May			-	-	-	
12	June			-	-	-	
13	July			-	-	-	
14	August			-	-	-	
15	September			-	-	-	
16	October			-	-	-	
17	November			-	-	-	
18	December			-	-	-	
19	Average of the 13 Monthly Balances		-		-	-	#DIV/0!

	(a)	(b)	(c )	(d)	(e)	(f)	(g)
				Fee Amortization period (years)	Rate Year Amortized Fee Amount, col. b / col. d	Prior Years Accumulated Fee Amortization	Unamortized Balance - End of Rate Year
20	<b>Origination Fees</b>	Rates/Fees	Gross Fee Amount	Year Fee Incurred			
21	Underwriting Discount				#DIV/0!	-	#DIV/0!
22	Arrangement Fee				#DIV/0!	-	#DIV/0!
23	Upfront Fee				#DIV/0!	-	#DIV/0!
24	Rating Agency Fee				#DIV/0!	-	#DIV/0!
25	Legal Fees				#DIV/0!	-	#DIV/0!
26	Other				#DIV/0!	-	#DIV/0!
27	Total Issuance Expense / Origination Fees		-		#DIV/0!	-	#DIV/0!
28	<b>Annual Fees</b>						
29	Annual Rating Agency Fee			N/A	-	N/A	N/A
30	Annual Bank Agency Fee			N/A	-	N/A	N/A
31	Utilization Fee			N/A	-	N/A	N/A
32	Other Fees			N/A	-	N/A	N/A
33	Total Fees		-		#DIV/0!	-	#DIV/0!
34	13 Month Average Debt balance - Line 19 ( c )				-		
35	Rate Year cost of fees				#DIV/0!		
36	Proxy Debt rate. Used prior to issuance of construction financing and supported in initial section 205 filing.			3.72%			

Notes	
A	Projected rate will be Average LIBOR for rate year + spread. Spread will be supported in initial section 205 filing. LIBOR will be updated based on information in the Wall Street Journal as of the 15th day of the month prior to population of this template.
LIBOR	0.16%
Spread	1.75%
Total	1.91%

Attachment 9  
True-up - Construction Financing Cost of Debt  
Transource West Virginia, LLC

This Attachment 9 is to be utilized only in the event construction financing has been obtained to compute the actual cost of debt to be included in the return on rate base calculation for the true-up each year prior to the issuance of non-construction financing. Once non-construction financing has been obtained the cost of debt shall be determined using the methodology described in Note Q on Attachment H-26.

One time up-front debt fees, including origination fees will be amortized and included in the cost of debt.

Any hypothetical amounts in a filed template will be removed and replaced with actual amounts in the first year actual construction loans are borrowed or projected to be borrowed without the need for a section 205 filing to modify the template.

Line  
No.

\$

1	Long Term Interest and Fees (117, sum of 62.c through 67.c)	73,082
2	Line of Credit Fees (68.c)	3,254
3	Total Interest and Fees	76,336

13 Month Average Long-Term Debt - Note A

Month During Rate Year		Long Term Debt
(a)		(d)
4	December Prior Year	-
5	January	-
6	February	-
7	March	-
8	April	1,074,700
9	May	1,156,025
10	June	1,156,025
11	July	1,156,025
12	August	3,956,025
13	September	3,956,025
14	October	3,956,025
15	November	3,956,025
16	December	4,956,025
17	Average of the 13 Monthly Balances	1,947,915
18	True-Up Cost of Debt (Line 3 / Line 17)	3.92%

Notes

- A Long Term debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112 lines 18.c to 21.c in the Form No. 1, the cost is calculated by dividing line 1 by the Long Term Debt balance on line 8.

Attachment 10  
Depreciation Rates  
Transource West Virginia, LLC

**INITIAL PROPOSED TRANSMISSION AND GENERAL PLANT DEPRECIATION RATES  
CALCULATED FROM APPALACHIAN POWER COMPANY (WEST VIRGINIA) MORTALITY CHARACTERISTICS  
FROM CASE NO. 14-1151-E-D (NOTE A)**

		Average Service Life (Years)	Iowa Curve	Salvage Factor	Cost of Removal Factor	Net Salvage Factor	Calculated Initial Annual Depreciation Rates (Note B)
<b><u>TRANSMISSION PLANT</u></b>							
351.0	Energy Storage Equipment	15	SQ	5%	5%	0%	6.67%
352.0	Structures & Improvements	62	R4.0	5%	15%	-10%	1.77%
353.0	Station Equipment	45	R1.5	28%	13%	15%	1.89%
354.0	Towers & Fixtures	68	R3.0	25%	35%	-10%	1.62%
355.0	Poles & Fixtures	42	R0.5	5%	20%	-15%	2.74%
356.0	OH Cond. & Devices	64	R3.0	30%	18%	12%	1.38%
357.0	Underground Conduit	50	R2.0	0%	0%	0%	2.00%
358.0	Underground Conductor and Devices	20	L4.0	0%	0%	0%	5.00%
<b><u>GENERAL PLANT</u></b>							
390.0	Structures & Improvements	42	SQ	36%	11%	25%	1.79%
391.0	Office Furniture & Equipment	30	SQ	0%	0%	0%	3.33%
392.0	Transportation Equipment	27	SQ	0%	0%	0%	3.70%
393.0	Stores Equipment	55	SQ	0%	0%	0%	1.82%
394.0	Tools Shop & Garage Equipment	43	SQ	0%	10%	-10%	2.56%
395.0	Laboratory Equipment	37	SQ	0%	0%	0%	2.70%
396.0	Power Operated Equipment	25	SQ	0%	0%	0%	4.00%
397.0	Communication Equipment	24	SQ	0%	1%	-1%	4.21%
398.0	Miscellaneous Equipment	35	SQ	0%	0%	0%	2.86%
<b><u>INTANGIBLE PLANT</u></b>							
303	Miscellaneous Intangible Plant	5					20.00%

Notes

- A The transmission and general plant depreciation rates proposed by Transource West Virginia were determined using the same depreciation study utilized by Appalachian Power to develop transmission and general plant depreciation rates that were approved by the Public Service Commission of West Virginia in their order in Case Nos. 14-1152-E-42T and 14-1151-E-D on May 26, 2015.
- B These depreciation rates will not be changed absent a FERC order.

Attachment 11  
Prior Period Adjustments  
Transource West Virginia, LLC

Line No.	Description	Source	(a)	(b)
			Revenue Impact of Correction	Calendar Year Revenue Requirement
1	Filing Name and Date			-
2	Original Revenue Requirement			-
3				
4	Description of Correction 1			
5	Description of Correction 2			-
6				
7	Total Corrections	Line 4 + 5		-
8				
9	Corrected Revenue Requirement	line 2 + 7		-
10				
11				
12	Total Corrections	Line 7		-
13				
14	Average Monthly FERC Refund Rate	Note A		
15	Number of Months of Interest	Note B		30
16	Interest on Correction	Line 12 x 14 x 15		-
17				
18	Total Annual Refunds Due to Customers	Line 12+16		-

Notes:

- A The interest rate on corrections will be the average monthly FERC interest rate for the period from the beginning of the year being corrected through the most recent month available as of the time the correction is computed and included in an annual filing.
- B The number of months interest due on the correction will be the number of months from the beginning of the year being corrected through June of the year in which the correction will be reflected in rates. In this manner the interest computed will reflect all years prior to when the correction is reflected in rates plus interest on the average unrefunded balance of the correction during the year the correction is reflected in rates.

Attachment 12  
Revenue Credit Detail  
Transource West Virginia, LLC

<u>Line No.</u>	<u>(Note 1)</u>		(a)	(b)	(c ) = (a)- (b)
		Source	Company Total	Less: Non Transmission	Transmission- related
1	<b>Account 454 - Rent from Electric Property</b>				
2	Joint pole attachments - telephone	Company books	-	-	-
3	Joint pole attachments - cable	Company books	-	-	-
4	Underground rentals	Company books	-	-	-
5	Transmission tower wireless rentals	Company books	-	-	-
6	Other rentals	Company books	-	-	-
7	Other rentals	Company books	-	-	-
8	<b>Account 454 Revenue Credit</b>	Form 1 300.19.b	-	-	-
9	<b>Account 456.1 Other Operating Revenues</b>				
10	PJM NITS	Company books	-	-	-
11	PJM Point to Point	Company books	-	-	-
12	Over/Under recovery deferral	Company books	-	-	-
13	Other PJM revenues	Company books	1,085,039	-	1,085,039
14	Other	Company books	-	-	-
15	Total Per Books	Form 1 330.n	1,085,039	-	1,085,039
16	Less: revenues received pursuant to this Formula Rate		1,085,039		1,085,039
17	Less: Over/Under recovery deferral				-
18	<b>Account 456.1 Revenue Credit</b>	(Line 15 - line 16)	-	-	-
19	<b>Total Revenue Credits</b>	(Line 8 + line 18)	-	-	-

Note 1 All 454 and 456.1 revenues will be detailed from Company books and records or FERC Form 1, and additional rows added if necessary. Non-transmission related amounts will be deducted to determine transmission-related amounts. Revenues that are not derived from PJM rates which are based on this transmission formula rate will be included as a revenue credit.



Appendix B  
CWIP Report

**Transource West Virginia, LLC**  
**CWIP Report**  
**CWIP and AFUDC Balances**  
**For the 2017 Rate Year**

	(A)	(B)	(C)	(D)
	<b>CWIP</b>	<b>AFUDC</b>	<b>AFUDC Regulatory</b>	<b>Revenue</b>
	<b>as of 12/31/17</b>	<b>1/1/17 - 12/31/17</b>	<b>Liability</b>	<b>Requirement</b>
			<b>1/1/17 - 12/31/17</b>	<b>1/1/17 - 12/31/17</b>
<b>Thorofare</b>	\$7,104,129	\$0	\$0	\$340,534
<b>TOTAL</b>	\$7,104,129	\$0	\$0	\$340,534

**NOTE:**

Column (A) reflects 100% of CWIP Balances as of December 31, 2017.

Column (B) represents total AFUDC accumulated from 1/1/17 - 12/31/17. No AFUDC was recorded.

Column (C) represents the total AFUDC regulatory liability booked from 1/1/17 - 12/31/17. No Regulatory Liability was recorded.

Column (D) represents the pre-tax return on rate base related to the 13 month average CWIP balance included in rate year cost of service.

Transource West Virginia, LLC  
CWIP Report  
Actual CWIP and AFUDC Monthly Balances  
For the 2017 Rate Year

**Thorofare Project**

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
CWIP	668,566	713,039	917,355	1,491,884	1,692,034	2,175,207	2,263,056	2,592,417	2,942,752	3,458,557	4,780,502	6,296,829	7,104,129
AFUDC (Activity)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AFUDC - 50%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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NOTE: This worksheet reflects actual data.

**Transource West Virginia, LLC  
CWIP Report  
Project Description and Current Status  
For the 2017 Rate Year**

**Thorofare Project**

The project consists of:

- a) A new 138kV transmission substation (“Coco Station”) near Rutledge, West Virginia
- b) A new 138kV transmission substation (“Linden Road Station”) near the Powell Mountain – Goff Run line
- c) 23 miles of new 138kV transmission line from Appalachian Power Company’s (“APCO”) existing Thorofare Creek substation to a tap into a new APCO distribution station (Ambler Ridge) and continues on to the proposed Linden Road Station

The project is estimated to cost \$72 million and is scheduled to go into service by June 1, 2019.

The PJM project identifying number for this project is b2609.4

**Current Status**

Project construction started during mid 2017, with cost incurred for surveying, geotechnical work and right of way acquisition. Work in 2018 up to the date of this filing has included right of way clearing and access road and transmission line construction is underway. Most of the project's steel structures have arrived at the project laydown yard in Amma WV.

Appendix C  
Customer Meeting Notice



## **MEETING NOTICE**

**Transource West Virginia, LLC**

### **Annual Transmission Formula Rate True-Up Meeting**

To All Interested Parties:

In accordance with the formula rate implementation protocols of the PJM Open Access Transmission Tariff, Transource West Virginia, LLC (TWV) will host an open meeting among Interested Parties regarding the 2017 Annual True-Up filed for informational purposes with the Federal Energy Regulatory Commission on July 2, 2018.

Date: July 31, 2018

Time: 3:00 p.m. – 4:00 p.m. Eastern Standard Time

Agenda:

- Review the Formula Rate True-Up for TWV, including discussion of variances
- Q&A

Participants may attend by web or teleconference. The audio call in number is **1-877-253-4307** Passcode **2002607#**. To access the Webinar, please go to:

<http://aep.adobeconnect.com/zach/>

To ensure that enough phone lines are reserved, please **RSVP by Friday, July 24, 2018** to James Martin (614) 716-6014 or [jfmartin@aep.com](mailto:jfmartin@aep.com).