

Twelve Months Ended 2019

AEP East Companies
Transmission Cost of Service Formula Rate
Utilizing Actual/Projected FERC Form 1 Data

KINGSPORT POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 130)				\$5,587,268
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	Total	163,000	DA 1.00000	\$ 163,000
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 5,424,268

MEMO: The Carrying Charge Calculations on lines 7 to 12 below are used in calculating project revenue requirements billed through PJM Schedule 12, Transmission Enhancement Charges. The total non-incentive revenue requirements for these projects shown on line 5 is included in the total on line 4.

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J/K)	-	DA	1.00000	\$ -
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((ln 1 - ln 95)/(ln 42) x 100)			19.01%
8	Monthly Rate	(ln 7 / 12)			1.58%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((ln 1 - ln 95 - ln 100) /(ln 42) x 100)			16.96%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((ln 1 - ln 95 - ln 100 - ln 125 - ln 126) /(ln 42) x 100)			10.69%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)				
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
15	Total Load Dispatch & Scheduling (Account 561)	Line 75 Below			52,000
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				-
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			52,000

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(1)		(2)	(3)	(4)		(5)
RATE BASE CALCULATION		Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission	
Line No.						
19	GROSS PLANT IN SERVICE					
19	Production	(Worksheet A In 14.(b))	-	NA	0.00000	-
20	Less: Production ARO (Enter Negative)	(Worksheet A In 14.(c))	-	NA	0.00000	-
21	Transmission	(Worksheet A In 14.(d) & TCOS Ln 134)	41,685,000	DA		41,685,000
22	Less: Transmission ARO (Enter Negative)	(Worksheet A In 14.(e))	-	TP	1.00000	-
23	Distribution	(Worksheet A In 14.(f))	178,907,000	NA	0.00000	-
24	Less: Distribution ARO (Enter Negative)	(Worksheet A In 14.(g))	-	NA	0.00000	-
25	General Plant	(Worksheet A In 14.(h))	4,104,000	W/S	0.10505	431,121
26	Less: General Plant ARO (Enter Negative)	(Worksheet A In 14.(i))	-	W/S	0.10505	-
27	Intangible Plant	(Worksheet A In 14.(j))	5,558,000	W/S	0.10505	583,862
28	TOTAL GROSS PLANT	(sum Ins 19 to 27)	230,254,000	GP	0.185447	42,699,982
				GTD=	0.18897	
29	ACCUMULATED DEPRECIATION AND AMORTIZATION					
30	Production	(Worksheet A In 28.(b))	-	NA	0.00000	-
31	Less: Production ARO (Enter Negative)	(Worksheet A In 28.(c))	-	NA	0.00000	-
32	Transmission	(Worksheet A In 28.(d) & In 43.(c))	12,287,000	TP1=	1.00000	12,287,000
33	Less: Transmission ARO (Enter Negative)	(Worksheet A In 28.(e))	-	TP1=	1.00000	-
34	Distribution	(Worksheet A In 28.(f))	66,012,000	NA	0.00000	-
35	Less: Distribution ARO (Enter Negative)	(Worksheet A In 28.(g))	-	NA	0.00000	-
36	General Plant	(Worksheet A In 28.(h))	1,226,000	W/S	0.10505	128,790
37	Less: General Plant ARO (Enter Negative)	(Worksheet A In 28.(i))	-	W/S	0.10505	-
38	Intangible Plant	(Worksheet A In 28.(j))	2,458,000	W/S	0.10505	258,210
39	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 30 to 38)	81,983,000			12,674,000
40	NET PLANT IN SERVICE					
41	Production	(In 19 + In 20 - In 30 - In 31)	-			-
42	Transmission	(In 21 + In 22 - In 32 - In 33)	29,398,000			29,398,000
43	Distribution	(In 23 + In 24 - In 34 - In 35)	112,895,000			-
44	General Plant	(In 25 + In 26 - In 36 - In 37)	2,878,000			302,331
45	Intangible Plant	(In 27 - In 38)	3,100,000			325,652
46	TOTAL NET PLANT IN SERVICE	(sum Ins 41 to 45)	148,271,000	NP	0.202507	30,025,982
47	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
48	Account No. 281.1 (enter negative)	(Worksheet B, In 2 & In 5.E)	-	NA		-
49	Account No. 282.1 (enter negative)	(Worksheet B, In 7 & In 10.E)	(25,558,867)	DA		(8,876,037)
50	Account No. 283.1 (enter negative)	(Worksheet B, In 12 & In 15.E)	(883,216)	DA		132,265
51	Account No. 190.1	(Worksheet B, In 17 & In 20.E)	6,120,791	DA		(1,413,992)
52	Account No. 255 (enter negative)	(Worksheet B, In 24 & In 25.E)	-	DA		-
53	TOTAL ADJUSTMENTS	(sum Ins 48 to 52)	(20,321,292)			(10,157,763)
54	PLANT HELD FOR FUTURE USE	(Worksheet A In 44.(e) & In 45.(e))	187,000	DA		-
55	REGULATORY ASSETS	(Worksheet A In 51.(e))	-	DA		-
56	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(Worksheet A In 54.(e))	(1,000)	W/S	0.10505	(105)
57	WORKING CAPITAL	(Note E)				
58	Cash Working Capital	(1/8 * In 78)	186,875			186,875
59	Transmission Materials & Supplies	(Worksheet C, In 2.(F))	328,000	TP	1.00000	328,000
60	A&G Materials & Supplies	(Worksheet C, In 3.(F))	-	W/S	0.10505	-
61	Stores Expense	(Worksheet C, In 4.(F))	-	GP	0.18545	-
62	Prepayments (Account 165) - Labor Allocated	(Worksheet C, In 8.G)	12,005,394	W/S	0.10505	1,261,153
63	Prepayments (Account 165) - Gross Plant	(Worksheet C, In 8.F)	209,761	GP	0.18545	38,900
64	Prepayments (Account 165) - Transmission Only	(Worksheet C, In 8.E)	-	DA	1.00000	-
65	Prepayments (Account 165) - Unallocable	(Worksheet C, In 8.D)	(7,624,844)	NA	0.00000	-
66	TOTAL WORKING CAPITAL	(sum Ins 58 to 65)	5,105,186			1,814,928
67	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, In 8.B)	-	DA	1.00000	-
68	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)		133,240,894			21,683,043

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	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
69	Production	321.80.b	126,201,000		
70	Distribution	322.156.b	5,032,000		
71	Customer Related Expense	322 & 323.164,171,178.b	1,565,000		
72	Regional Marketing Expenses	322.131.b	-		
73	Transmission	321.112.b	1,547,000		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	134,345,000		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	52,000		
76	Less: Account 565	(Note H) 321.96.b	-		
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	1,495,000	TP	1.000001,495,000
79	Administrative and General	323.197.b (Notes J and M)	2,303,000		
80	Less: Acct. 924, Property Insurance	323.185.b	48,000		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(212,487)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(26,249)		
84	Acct. 928, Reg. Com. Exp.	323.189.b	101,000		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	1,000		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	217,000		
87	Balance of A & G	(In 79 - sum In 80 to In 86)	2,174,736	W/S	0.10505228,454
88	Plus: Acct. 924, Property Insurance	(In 80)	48,000	GP	0.185458,901
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	1,000	TP	1.000001,000
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP	1.00000-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	140,000	DA	1.00000140,000
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(1,010,844)	W/S	0.10505(106,188)
93	A & G Subtotal	(sum Ins 87 to 92)	1,352,892		272,167
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	2,847,892		1,767,167
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000-
96	TOTAL O & M EXPENSE	(In 94 + In 95)	2,847,892		1,767,167
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	-	NA	0.00000-
99	Distribution	336.8.f	6,542,000	NA	0.00000-
100	Transmission	336.7.f	601,000	TP1	1.00000601,000
101	General	336.10.f	130,000	W/S	0.1050513,656
102	Intangible	336.1.f	1,057,000	W/S	0.10505111,037
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+100+101+102) (Note N)	8,330,000		725,693
104	TAXES OTHER THAN INCOME				
105	Labor Related				
106	Payroll	Worksheet H In 24.(D)	140,000	W/S	0.1050514,707
107	Plant Related				
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	1,515,000	DA	-313,002
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	4,328,000	NA	0.00000-
110	Other	Worksheet H In 24.(E)	4,970,000	GP	0.18545921,673
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	10,953,000		1,249,382
112	INCOME TAXES	(Note O)			
113	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		26.13%		
114	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		24.75%		
115	where WCLTD=(In 154) and WACC = (In 157)				
116	and FIT, SIT & p are as given in Note O.				
117	GRCF=1 / (1 - T) = (from In 113)		1.3537		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
119	Excess Deferred Income Tax	(Note U)	(327,242)	DA	(56,486)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	164,232	DA	9,246
121	Income Tax Calculation	(In 114 * In 126)	2,327,269		378,730
122	ITC adjustment	(In 117 * In 118)	-	GP	0.18545-
123	Excess Deferred Income Tax	(In 117 * In 119)	(442,980)		(76,464)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	222,317		12,516
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	2,106,606		314,782
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	9,403,250		1,530,244
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA	1.00000-
128	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))		-		-
129	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 128 * In114)		-		-
130	TOTAL REVENUE REQUIREMENT		33,640,749		5,587,268
	(sum Ins 96, 103, 111, 125, 126, 127, 128, 129)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)							41,685,000	
132	Less transmission plant excluded from PJM Tariff	(Worksheet A, In 42, Col. (d)) (Note P)							-	
133	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 42, Col. (b)) (Note Q)								
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)							41,685,000	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=	1.00000	
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
137	Production	354.20.b	0	0	-	NA	0.00000		-	
138	Transmission	354.21.b	1,530	313,365	314,895	TP	1.00000		314,895	
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-	
140	Distribution	354.23.b	1,436,341	321,300	1,757,641	NA	0.00000		-	
141	Other (Excludes A&G)	354.24,25,26.b	448,872	476,196	925,068	NA	0.00000		-	
142	Total	(sum Ins 137 to 141)	1,886,743	1,110,861	2,997,604				314,895	
143	Transmission related amount							W/S=	0.10505	
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))							2,447,000	
146	Preferred Dividends	(Worksheet M, In. 71)							-	
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))							55,108,538	
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))							-	
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))							-	
151	Less: Account 219	(Worksheet M, In. 14, col. (e))							-	
152	Common Stock	(In 148 - In 149 - In 150 - In 151)							55,108,538	
153								Cost (Note S)	Weighted	
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		\$ 60,384,615	% 52.28%			4.05%		0.0212	
155	Preferred Stock (In 149)		-	0.00%			-		0.0000	
156	Common Stock (In 152)		55,108,538	47.72%			10.35%		0.0494	
157	Total (Sum Ins 154 to 156)		115,493,154					WACC=	0.0706	

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Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
7) If AEP East companies have any directly assigned transmission facilities, the revenue credits in the AEP East formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet Q and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average of 13-month balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flowthrough and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section1.167(l)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75.
2) Costs of Transmission of Electricity by Others, as described in Note H.
3) The impact of state regulatory deferrals and amortizations, as shown on line 77
4) All A&G Expenses, as shown on line 93.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 127.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.
The addbacks on line 95 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on line 95 is the KINGSPORT POWER COMPANY general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 81 through 83 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses recorded in FERC Accounts 928 (Regulatory Commission Expense), 930.1 (Safety Related Advertising) and 930.2 (Miscellaneous General Expenses) that are not directly related to or properly allocable to transmission service will be removed from the TCOS. If AEP includes any expenses booked to these accounts in future ATRR updates, AEP must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 118) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
Inputs Required:
FIT = 21.00%
SIT= 6.49% (State Income Tax Rate or Composite SIT. Worksheet G))
p = 0.00% (percent of federal income tax deductible for state purposes)
The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable.
If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = Long-Term Interest (ln 145) / Long-Term Debt (ln 154). Preferred Stock cost rate = preferred dividends (ln 146) / preferred outstanding (ln 155). Common Stock cost rate (ROE) = 10.35%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are computed on Worksheet M.The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
- T The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above. The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
- U Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- V Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
- W The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- X Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
- Y The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
KINGSPORT POWER COMPANY

		Gross Plant In Service								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	Acct 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5
1	December Prior to Rate Year	(Note A)		39,729,000		173,011,000		4,323,000		4,955,000
2	January			39,884,000		174,135,000		4,286,000		5,190,000
3	February			40,122,000		175,175,000		4,249,000		5,375,000
4	March			40,441,000		176,082,000		4,204,000		5,489,000
5	April			40,760,000		176,992,000		4,168,000		5,596,000
6	May			41,056,000		177,905,000		4,133,000		5,703,000
7	June			41,329,000		178,822,000		4,098,000		5,353,000
8	July			41,577,000		179,739,000		4,063,000		5,465,000
9	August			41,825,000		180,657,000		4,031,000		5,575,000
10	September			43,187,000		181,574,000		3,999,000		5,686,000
11	October			43,436,000		182,490,000		3,967,000		5,812,000
12	November			43,678,000		183,403,000		3,933,000		5,952,000
13	December of Rate Year			44,876,000		185,804,000		3,900,000		6,106,000
14	Average of the 13 Monthly Balances	-	-	41,685,000	-	178,907,000	-	4,104,000	-	5,558,000

		Accumulated Depreciation								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 219, lns 20-24, Col. (b)	Company Records (Included in total in Column (b))	FF1, page 219, ln 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, ln 26, Col. (b)	Company Records (Included in total in Column (f))	FF1, page 219, ln 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, ln 21, Col. (b)
15	December Prior to Rate Year	(Note A)		12,099,000		63,842,000		1,174,000		2,186,000
16	January			12,129,000		64,193,000		1,183,000		2,266,000
17	February			12,159,000		64,547,000		1,192,000		2,350,000
18	March			12,190,000		64,904,000		1,201,000		2,436,000
19	April			12,221,000		65,264,000		1,210,000		2,524,000
20	May			12,252,000		65,627,000		1,218,000		2,614,000
21	June			12,284,000		65,992,000		1,227,000		2,247,000
22	July			12,316,000		66,360,000		1,235,000		2,332,000
23	August			12,348,000		66,731,000		1,244,000		2,419,000
24	September			12,381,000		67,105,000		1,252,000		2,507,000
25	October			12,415,000		67,481,000		1,260,000		2,598,000
26	November			12,449,000		67,861,000		1,268,000		2,690,000
27	December of Rate Year			12,484,000		68,243,000		1,277,000		2,784,000
28	Average of the 13 Monthly Balances	-	-	12,287,000	-	66,012,000	-	1,226,000	-	2,458,000

Line No	Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c)	Excluded Plant - Plant In Service (d)	Excluded Plant - Accumulated Depreciation (e)
			Company Records (included in total in column (d) of gross plant above)		
	(Note A)		Company Records (included in total in column (b) of accumulated depreciation above)	Company Records	Company Records
29	December Prior to Rate Year				
30	January				
31	February				
32	March				
33	April				
34	May				
35	June				
36	July				
37	August				
38	September				
39	October				
40	November				
41	December of Rate Year				
42	Average of the 13 Monthly Balances	-	-	-	-

43 Transmission Accum Depreciation net of GSU 12,287,000

Plant Held For Future Use		Source of Data	Balance @ December 31, 2019 (c)	Balance @ December 31, 2018 (d)	Average Balance for 2019 (e)
44	Plant Held For Future Use (a)	FF1, page 214, In 47, Col. (d) (b)	187,000	187,000	187,000
45	Transmission Plant Held For Future Use (Included in total on line 44)	Company Records - Note 1			-

Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
46					-
47					-
48					-
49					-
50					-
51	Total Regulatory Deferrals Included in Ratebase		-	-	-

Unfunded Reserves Summary (Company Records)					
52	Description	Account			
53a	Accum Prv I/D Worker's Com		1,000	1,000	1,000
53b					-
54	Total		1,000	1,000	1,000

NOTE 1: On this worksheet, "Company Records" refers to AEP's property accounting ledger.
NOTE 2: The ratebase should not include the unamortized balance of hedging gains or losses.

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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C) Balance @ December 31, 2019</u>	<u>(D) Balance @ December 31, 2018</u>	<u>(E) Average Balance for 2019</u>
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)	-	-	-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (Note 1)	-	-	-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	25,626,171	25,491,563	25,558,867
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	-	-	-
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	16,742,628	16,623,032	16,682,830
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	8,883,543	8,868,530	8,876,037
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	882,532	883,900	883,216
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	-	-	-
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	1,015,039	1,015,925	1,015,482
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	(132,507)	(132,024)	(132,265)
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	6,120,791	6,120,791	6,120,791
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	-	-	-
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	7,534,783	7,534,783	7,534,783
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	(1,413,992)	(1,413,992)	(1,413,992)
21	<u>Account 255</u>				
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 Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section I.167(l)-(h)(6)(ii). Line item detail of actual deferred tax items will be included on Worksheets B-1 and B-2.

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

(DEBIT) CREDIT

18.01		0	0	0	0	0	0		
18.02		0	0	0	0	0	0		
19									
20	TOTAL ACCOUNT 255	0	0	0	0	0	0	0	0

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
KINGSPORT POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2019	Balance @ December 31, 2018	Average Balance for 2019				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	328,000	328,000	328,000			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	0	0	-			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

	Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
5						
6	Totals as of December 31, 2019	4,706,311	(7,817,529)	0	215,062	12,308,778
7	Totals as of December 31, 2018	4,474,310	(7,432,160)		204,461	11,702,010
8	Average Balance	4,590,311	(7,624,844)	-	209,761	12,005,394

Prepayments Account 165 - Balance @ 12/31/2019

	2019 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
9	Acc. No.	Description					
10	1650001	Prepaid Insurance	138,077	-	138,077	138,077	Plant Related Insurance Policies
11	165000217	Prepaid Taxes	4,425,428	4,425,428	-	-	Prepaid Taxes - Distribution
12	165000218	Prepaid Taxes	37,634	37,634	-	-	Prepaid Taxes - Distribution
13	1650003	Prepaid Rents	0	-	-	-	
14	1650004	Prepaid Interest	0	-	-	-	
15	1650005	Prepaid Employee Benefits	0	-	-	-	Prepaid Benefits-Distribution
16	1650006	Other Prepayments	0	-	-	-	Prepayments-Other
17	1650009	Prepaid Carry Cost-Factored AR	28,187	28,187	-	-	AR Factoring - Retail Only
18	1650010	Prepaid Pension Benefits	10,026,172		10,026,172	10,026,172	Prefunded Pension Expense
19	1650014	FAS 158 Qual Contra Asset	(10,026,172)	(10,026,172)	-	-	SFAS 158 Offset
20	1650016	FAS 112 ASSETS	0	-	-	-	
21	1650021	Prepaid Insurance - EIS	76,985	-	76,985	76,985	EIS Insurance
22	1650023	Prepaid Lease	0	-	-	-	Prepaid Lease - Distribution
23	1650035	PRW Without Med-D Benefits	2,282,606	-	2,282,606	2,282,606	Medical Benefits
24	1650036	PRW for Med-D Benefits	0	-	-	-	
25	1650037	FAS158 Contra-PRW Exc Med-D	(2,282,606)	(2,282,606)	-	-	SFAS 158 Offset
	Subtotal - Form 1, p 111.57.c		4,706,311	(7,817,529)	0	215,062	12,308,778

Prepayments Account 165 - Balance @ 12/31/ 2018

			2018	Excludable	100%	Transmission	Transmission	Total Included	
26	Acc. No.	Description	YE Balance	Balances	Transmission	Plant	Labor	in Ratebase	Explanation
					Related	Related	Related	(E)+(F)+(G)	
27	1650001	Prepaid Insurance	131,270	-		131,270		131,270	Plant Related Insurance Policies
28	165000217	Prepaid Taxes	4,207,274	4,207,274			-	-	Prepaid Taxes - Distribution
29	165000218	Prepaid Taxes	35,779	35,779				-	Prepaid Taxes - Distribution
30	1650003	Prepaid Rents	0	-			-	-	
31	1650004	Prepaid Interest	0	-			-	-	
32	1650005	Prepaid Employee Benefits	0	-			-	-	Prepaid Benefits-Distribution
33	1650006	Other Prepayments	0	-			-	-	Prepayments-Other
34	1650009	Prepaid Carry Cost-Factored AR	26,798	26,798			-	-	AR Factoring - Retail Only
35	1650010	Prepaid Pension Benefits	9,531,926				9,531,926	9,531,926	Prefunded Pension Expense
36	1650014	FAS 158 Qual Contra Asset	(9,531,926)	(9,531,926)			-	-	SFAS 158 Offset
37	1650016	FAS 112 ASSETS	0	-		-		-	
38	1650021	Prepaid Insurance - EIS	73,190	-		73,190	-	73,190	EIS Insurance
39	1650023	Prepaid Lease	0	-			-	-	Prepaid Lease - Distribution
40	1650035	PRW Without Med-D Benefits	2,170,084	-			2,170,084	2,170,084	Medical Benefits
41	1650036	PRW for Med-D Benefits	0	-			-	-	
42	1650037	FAS158 Contra-PRW Exc Med-D	(2,170,084)	(2,170,084)			-	-	SFAS 158 Offset
Subtotal - Form 1, p 111.57.d			4,474,310	(7,432,160)		204,461	11,702,010	11,906,471	

Note 1: Prepayment Balance will not include: (i) federal and state income tax payments made to offset additional tax liabilities resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; (ii) outstanding income tax refunds due to the company resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; or (iii) prepayments of federal or state income taxes which are attributable to income earned during periods prior to January 1 of the year depicted in the Balance Sheet (as described in USofA Account 236).

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2019</u>
1	Net Funds from IPP Customers 12/31/2018 (2019 FORM 1, P269)	0
2	Interest Accrual (Company Records - Note 1)	0
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2019 (2019 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	-
Note 1 On this worksheet Company Records refers to KINGSPORT POWER COMPANY's general ledger.		

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
KINGSPORT POWER 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)	305,000	305,000	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	11,000	11,000	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	1,257,000	1,216,000	41,000
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	228,000	106,000	122,000
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	4,440,000	4,440,000	-
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)		-	
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)		-	
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))	6,241,000	6,078,000	163,000
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	6,241,000	6,078,000	163,000

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

Note 2 The total of line 4 and line 5 will equal total Account 456 as listed on FF1 p.300.21-22.(b)

9	Facility Credits under PJM OATT Section 30.9			-
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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
KINGSPORT POWER COMPANY

(A)		(B)	(C)	(D)	€ 100%	(F)
<u>Line</u> <u>Number</u>	<u>Item No.</u>	<u>Description</u>	<u>2019</u> <u>Expense</u>	<u>100%</u> <u>Non-Transmission</u>	<u>Transmission</u> <u>Specific</u>	<u>Explanation</u>
<u>Regulatory O&M Deferrals & Amortizations</u>						
1			-			
2			-			
3						
4		Total	<u>0</u>			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	52,000			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	0			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	0			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	0			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	<u>52,000</u>			
<u>Account 928</u>						
15	9280003	Rate Case Amortization	100,000	100,000	-	
16	9280005	Reg Com Exp - FERC	1,000	-	1,000	
17				-	-	
18				-		
19						
20		Total (FERC Form 1 p.323.189.b)	<u>101,000</u>	<u>100,000</u>	<u>1,000</u>	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	1,000	1,000	-	
22				-	-	
23				-	-	
24				-	-	
25				-	-	
26				-	-	
27				-	-	
28				-	-	
29						
30						
31				-		
32				-	-	
33				-	-	
34				-	-	
35				-	-	
36				-	-	
37		Total (FERC Form 1 p.323.191.b)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	17,000	17,000		
39	9302003	Corporate & Fiscal Expenses	-	-		
40	9302004	Research, Develop&Demonstr Exp	-	-		
41	9302006	Assoc Business Development Materials Sold	-	-	-	
42	9302007	Assoc Business Development Exp	200,000	60,000	140,000	
43		Total (FERC Form 1 p.323.192.b)	<u>217,000</u>	<u>77,000</u>	<u>140,000</u>	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
KINGSPORT POWER COMPANY

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 1	99.91%	
Effective State Tax Rate		6.49%
West Virginia Net Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Virginia Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Michigan Business Income Tax Rate	6.00%	
Apportionment Factor - Note 1	0.02%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Total Effective State Income Tax Rate		6.49%

Note 1 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet H Supporting Taxes Other than Income
KINGSPORT POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	4,328,000				4,328,000
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Tennessee	1,515,000	1,515,000			
5	Real and Personal Property - Other Jurisdictions	-	-			
6	Real and Personal Property	-	-			
7	Real and Personal Property	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	139,000		139,000		
10	Federal Unemployment Tax	1,000		1,000		
11	State Unemployment Insurance	-		-		
12	Production Taxes					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	List Individual Taxes Here	-				-
16		696,000			696,000	
17		4,274,000			4,274,000	
18		-			-	
19		-			-	
20		-				-
21		-				-
22		-				-
23						
24	Total Taxes by Allocable Basis	10,953,000	1,515,000	140,000	4,970,000	4,328,000

(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						
	Production	Transmsission	Distribution	General	Total	
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	-	29,398,000	112,895,000	2,878,000	145,171,000
TENNESSEE JURISDICTION						
26	Percentage of Plant in TENNESSEE JURISDICTION	0.00%	100.00%	100.00%	100.00%	
27	Net Plant in TENNESSEE JURISDICTION (Ln 25 * Ln 26)	-	29,398,000	112,895,000	2,878,000	145,171,000
28	Less: Net Value of Exempted Generation Plant	-				
29	Taxable Property Basis (Ln 27 - Ln 28)	-	29,398,000	112,895,000	2,878,000	145,171,000
30	Relative Valuation Factor	0.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 29 * Ln 30)	-	29,398,000	112,895,000	2,878,000	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	0.00%	20.66%	79.34%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	-	594,600	2,283,400	(2,878,000)	-
34	Weighted TENNESSEE JURISDICTION Plant (Ln 31 + 33)	-	29,992,600	115,178,400	-	145,171,000
35	Functional Percentage (Ln 34/Total Ln 34)	0.00%	20.66%	79.34%		
STATE JURISDICTION #2						
36	Percentage of Plant in STATE JURISDICTION #2					
37	Net Plant in STATE JURISDICTION #2 (Ln 25 * Ln 36)	-	-	-	-	-
38	Less: Net Value of Exempted Generation Plant					
39	Taxable Property Basis (Ln 37 - Ln 38)	-	-	-	-	-
40	Relative Valuation Factor					
41	Weighted Net Plant (Ln 39 * Ln 40)	-	-	-	-	
42	General Plant Allocator (Ln 41 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
43	Functionalized General Plant (Ln 42 * General Plant)	-	-	-	-	-
44	Weighted STATE JURISDICTION #2 Plant (Ln 41 + 43)	-	-	-	-	-
45	Functional Percentage (Ln 44/Total Ln 44)	#DIV/0!	#DIV/0!	#DIV/0!		
STATE JURISDICTION #3						
46	Net Plant in STATE JURISDICTION #3 (Ln 25 - Ln 27 - Ln 37)	-	-	-	-	-
47	Less: Net Value Exempted Generation Plant					
48	Taxable Property Basis	-	-	-	-	-
49	Relative Valuation Factor					
50	Weighted Net Plant (Ln 48 * Ln 49)	-	-	-	-	
51	General Plant Allocator (Ln 50 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
52	Functionalized General Plant (Ln 52 * General Plant)	-	-	-	-	-
53	Weighted STATE JURISDICTION #3 Plant (Ln 50 + 52)	-	-	-	-	-
54	Functional Percentage (Ln 53/Total Ln 53)	#DIV/0!	#DIV/0!	#DIV/0!		

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H
KINGSPORT POWER COMPANY

	(A)	(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference

1 **Revenue Taxes**
2 Gross Receipts Tax

4,328,000

4,328,000

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Real Estate and Personal Property Tax Detail Annual Tax Expenses by Type (Note 1)	Tax Year	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference	Tax Year Factor (Note 2)	Transmission Function (Note 2)

3 **Real Estate and Personal Property Taxes Total**
(Ln 4 + Ln 5 + Ln 6 + Ln 7)

1,515,000

313,002

4 Real and Personal Property - Tennessee

1,515,000

1,515,000

20.66%

313,002

5 Real and Personal Property - Other

-

0.00%

6 Real and Personal Property - Tennessee

-

0.00%

7 Real and Personal Property - Other Jurisdictions

-

0.00%

	(A)	(B)	(C)	(D)
Line No.	Annual Tax Expenses by Type (Note 1)	Total Company	FERC FORM 1 Tie-Back	FERC FORM 1 Reference

8 **Payroll Taxes**

9 Federal Insurance Contribution (FICA)

139,000

139,000

10 Federal Unemployment Tax

1,000

1,000

11 State Unemployment Insurance

-

-

12 **Production Taxes**

13 State Severance Taxes

-

14 **Miscellaneous Taxes**

15 State Business & Occupation Tax

-

-

16 State Public Service Commission Fees

696,000

696,000

17 State Franchise Taxes

4,274,000

4,034,000

240,000

18 State Lic/Registration Fee

-

19 Misc. State and Local Tax

-

20 Sales & Use

-

21 Federal Excise Tax

-

22 Michigan Single Business Tax

-

23 Total Taxes by Allocable Basis

10,953,000

10,953,000

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

Note 1: The taxes assessed on each operating company can differ from year to year and between operating 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 operating 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,(c) of the Ferc Form 1.

Note 2: The transmission functional amounts for any Real Estate and Property taxes listed on pages 263 of the FERC Form 1 will be allocated using the transmission functional allocator calculated for each state in Worksheet H of the applicable year that the taxes were assessed. Real and Personal Property - Other Jurisdictions will be allocated using the Gross Plant Allocator from the applicable year.

AEP East Companies
Cost of Service Formula Rate Using 2019 FF1 Balances
Worksheet I RESERVED FOR FUTURE USE
KINGSPORT POWER COMPANY

AEP East Companies
Cost of Service Formula Rate Using 2019 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
KINGSPORT POWER 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 (TCOS, ln 156)				10.35%
Project ROE Incentive Adder				
ROE with additional basis point incentive				10.35%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, lns 154 through156)				
	%	Cost	Weighted cost	
Long Term Debt	52.28%	4.05%		2.119%
Preferred Stock	0.00%	0.00%		0.000%
Common Stock	47.72%	10.35%		<u>4.939%</u>
		R =		7.057%

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

Rate Base (TCOS, ln 68)	21,683,043
R (from A. above)	7.057%
Return (Rate Base x R)	1,530,244

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

Return (from B. above)	1,530,244
Effective Tax Rate (TCOS, ln 114)	24.75%
Income Tax Calculation (Return x CIT)	378,730
ITC Adjustment	-
Excess Deferred Income Tax	(76,464)
Tax Affect of Permanent Differences	<u>12,516</u>
Income Taxes	314,782

SUMMARY OF PROJECTED ANNUAL RTEP		REVENUE REQUIREMENTS		
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2019	-	-	\$ -

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 (TCOS, ln 1)	5,587,268
Lease Payments (TCOS, Ln 95)	-
Return (TCOS, ln 126)	1,530,244
Income Taxes (TCOS, ln 125)	<u>314,782</u>
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	3,742,242

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	3,742,242
Return (from I.B. above)	1,530,244
Income Taxes (from I.C. above)	<u>314,782</u>
Annual Revenue Requirement, with Basis Point ROE increase	5,587,268
Depreciation (TCOS, ln 100)	<u>601,000</u>
Annual Rev. Req. w/ Basis Point ROE increase, less Depreciation	4,986,268

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (TCOS, ln 42)	29,398,000
Annual Revenue Requirement, with Basis Point ROE increase	5,587,268
FCR with Basis Point increase in ROE	19.01%
Annual Rev. Req. w/ Basis Point ROE increase, less Dep.	4,986,268
FCR with Basis Point ROE increase, less Depreciation	16.96%
FCR less Depreciation (TCOS, ln 10)	<u>16.96%</u>
Incremental FCR with Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2019 (TCOS, ln 21)	41,685,000
Annual Depreciation and Amortization Expense (TCOS, ln 100)	601,000
Composite Depreciation Rate	1.44%
Depreciable Life for Composite Depreciation Rate	69.36
Round to nearest whole year	69

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

A. Base Plan Facilities

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

Project Description:

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

Details						
Investment	-	Current Year	2019			
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)	-			
Service Month (1-12)	-	FCR w/o incentives, less depreciation	16.96%			
Useful life	69	FCR w/incentives approved for these facilities, less dep.	16.96%			
CIAC (Yes or No)		Annual Depreciation Expense	-			
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
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	-	-	-	-	-	\$ -

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:				
CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS: INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE LIFE OF THE PROJECT.				
RTEP Projected Rev. Req't.From Prior Year Template w/o Incentives		RTEP Projected Rev. Req't.From Prior Year Template with Incentives **		

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

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

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

AEP East Companies
Cost of Service Formula Rate Using 2019 FF1 Balances
Worksheet L Reserved for Future Use
KINGSPORT POWER COMPANY

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
KINGSPORT POWER COMPANY

		Average Balance of Common Equity				
Line No	Month (a)	Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1) (d)	Less AOCI (Acct 219.1) (e)	Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
(Note A)		(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	53,050,000		-		53,050,000
2	January	53,301,000		-		53,301,000
3	February	53,542,000		-		53,542,000
4	March	53,909,000		-		53,909,000
5	April	54,190,000		-		54,190,000
6	May	54,663,000		-		54,663,000
7	June	54,970,000		-		54,970,000
8	July	55,414,000		-		55,414,000
9	August	55,855,000		-		55,855,000
10	September	56,069,000		-		56,069,000
11	October	56,635,000		-		56,635,000
12	November	57,139,000		-		57,139,000
13	December of Rate Year	57,674,000		-		57,674,000
14	Average of the 13 Monthly Balances	55,108,538	-	-	-	55,108,538

		Average Balance of Long Term Debt					Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
Line No	Month (a)	Acct 221 Bonds (b)	Less: Acct 222 Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	
(Note A)		(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year			50,000,000	-		50,000,000
16	January			50,000,000	-		50,000,000
17	February			50,000,000	-		50,000,000
18	March			50,000,000	-		50,000,000
19	April			50,000,000	15,000,000		65,000,000
20	May			50,000,000	15,000,000		65,000,000
21	June			50,000,000	15,000,000		65,000,000
22	July			50,000,000	15,000,000		65,000,000
23	August			50,000,000	15,000,000		65,000,000
24	September			50,000,000	15,000,000		65,000,000
25	October			50,000,000	15,000,000		65,000,000
26	November			50,000,000	15,000,000		65,000,000
27	December of Rate Year			50,000,000	15,000,000		65,000,000
28	Average of the 13 Monthly Balances	-	-	50,000,000	10,384,615	-	60,384,615

NOTE 1: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (Page 257 Column H of the FF1)

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	Annual Interest Expense for 2019						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			2,447,000			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 50 below.			-			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			-			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			-			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			-			
35	Less: Amort of Premium on Debt - Acct 429 (117.65.c)						
36	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)						
37	Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)			2,447,000			
38	Average Cost of Debt for 2019 (Ln 37/ Ln 28 (g))			4.05%			

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

39 NOTE: The net amount of hedging gains or losses recorded in account 427 to be recovered in this formula rate should be limited to the effective portion of pre-issuance cash flow hedges that are amortized over the life of the underlying debt issuances. The recovery of a net loss or passback of a net gain will be limited to five basis points of the total Capital Structure. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this formula and are to be recorded in the "Excludable" column below.

					Amortization Period		
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2019	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
40				-			
41				-			
42				-			
43				-			
44				-			
45				-			
46				-			
47				-			
48				-			
49					-		
50	Total Hedge Amortization	-	-				
51	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			-			
52	Total Average Capital Structure Balance for 2019 (TCOS, Ln 157)			115,493,154			
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54	Limit of Recoverable Amount			57,747			
55	Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)			-			

Development of Cost of Preferred Stock

<u>Preferred Stock</u>				<u>Average</u>
56	4.125% Series - 100 - Dividend Rate (p. 250-251)	4.125%	4.125%	
57	4.125% Series - 100 - Par Value (p. 250-251)	\$ 100.00	\$ 100.00	
58	4.125% Series - 100 - Shares O/S (p.250-251)	-	-	
59	4.125% Series - 100 - Monetary Value (Ln 57 * Ln 58)	-	-	-
60	4.125% Series - 100 - Dividend Amount (Ln 56 * Ln 59)	-	-	-
61	4.12% Series - 100 - Dividend Rate (p. 250-251)	4.120%	4.120%	

62 4.12% Series - 100 - Par Value (p. 250-251)	\$	100.00	\$	100.00	
63 4.12% Series - 100 - Shares O/S (p.250-251)		-		-	
64 4.12% Series - 100 - Monetary Value (Ln 62 * Ln 63)		-		-	-
65 4.12% Series - 100 - Dividend Amount (Ln 61 * Ln 64)		-		-	-
66 4.56% Series - 100 - Dividend Rate (p. 250-251)		4.560%		4.560%	
67 4.56% Series - 100 - Par Value (p. 250-251)	\$	100.00	\$	100.00	
68 4.56% Series - 100 - Shares O/S (p.250-251)		-		-	
69 4.56% Series - 100 - Monetary Value (Ln 67 * Ln 68)		-		-	-
70 4.56% Series - 100 - Dividend Amount (Ln 66 * Ln 69)		-		-	-
71 Balance of Preferred Stock (Lns 59, 64, 69)		-		-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
72 Dividends on Preferred Stock (Lns 60, 65, 70)		-		-	
73 Average Cost of Preferred Stock (Ln 72/71)		0.00%		0.00%	0.00%

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
KINGSPORT POWER 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.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line	Date	Property Description	Function (T) or (G) T = Transmission G = General	Basis	Proceeds	(Gain) / Loss	Functional Allocator	Functionalized Proceeds (Gain) / Loss	FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2019		-		-	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service
KINGSPORT POWER COMPANY

1 Total AEP East Operating Company PBOP Settlement Amount (127,041,505)

Allocation of PBOP Settlement Amount for 2019

		Total Company Amount						
Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2019	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
2	APCo	(10,786,934)	35.95%	(45,673,480)	8.520%	(919,002)	(3,891,191)	2,972,189
3	I&M	(8,341,369)	27.80%	(35,318,595)	3.886%	(324,112)	(1,372,337)	1,048,225
4	KPCo	(2,497,070)	8.32%	(10,572,965)	7.403%	(184,863)	(782,737)	597,874
5	KNGP	(238,736)	0.80%	(1,010,844)	10.505%	(25,079)	(106,188)	81,109
6	OPCo	(7,704,846)	25.68%	(32,623,462)	11.590%	(892,964)	(3,780,944)	2,887,979
7	WPCo	(435,072)	1.45%	(1,842,159)	2.524%	(10,981)	(46,495)	35,514
8	Sum of Lines 2 to 7	(30,004,027)		(127,041,505)		(2,357,001)	(9,979,892)	7,622,891

Detail of Actual PBOP Expenses to be Removed in Cost of Service

	<u>APCo</u>	<u>I&M</u>	<u>KPCo</u>	<u>KNGSPT</u>	<u>OPCo</u>	<u>WPCo</u>	<u>AEP East Total</u>
9 Direct Charged PBOP Expense per Actuarial Report	(10,200,682)	(7,960,375)	(2,383,555)	(210,469)	(6,946,810)	(266,258)	(27,968,149)
10 Additional PBOP Ledger Entries (from Company Records)	222,743	181,345	119,014	(2,018)	(67,394)	(141,891)	
11 Medicare Subsidy							-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(9,977,939)	(7,779,030)	(2,264,541)	(212,487)	(7,014,204)	(408,149)	(27,656,350)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(808,995)	(562,339)	(232,529)	(26,249)	(690,642)	(26,923)	(2,347,677)
14 Company PBOP Expense (Ln 12 + Ln 13)	(10,786,934)	(8,341,369)	(2,497,070)	(238,736)	(7,704,846)	(435,072)	(30,004,027)

For the rate year 2017 and adjusted every four years thereafter, using the annual actuarial report produced for that year, filed as part of the informational filing, Worksheet O will be used to adjust PBOP costs for the next four years (i.e. 2017, 2018, 2019, 2020). If the annual actuarial report projects PBOP costs during the next four years, taken together with the then current cumulative PBOP cost/allowance position, will, absent a change in the PBOP allowance, cause the AEP Companies to over or under collect their cumulative PBOP costs by more than 20% of the projected next four year's total cost, the PBOP allowance shall be adjusted. Worksheet O will be used in the process of updating the PBOP allowance determining (a) the level of cumulative over or under collections during the period since the PBOP allowance was last set, including carrying costs based on the weighted average cost of capital ("WACC") each year from the actual formula rate; (b) the cumulative net present value of projected PBOP costs during the next four years, as estimated by the then current actuarial report, assuming a discount rate equal to the actual formula rate weighted average cost of capital for the prior calendar year; and (c) the cumulative net present value of continued collections over the next four years based on the then effective PBOP allowance, 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 used in the formula rate calculation shall be changed to the value that will cause the projected result (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years will be less than 20% of (b), then the PBOP allowacance will continue in effect for the next four years at the then effective rate. If it is determined through this procedure AEP Companies will over-recover or under-recover actual PBOP expenses by more than 20% over the subsequent four-year period, AEP shall make a filing under FPA Section 205 to change the PBOP expense stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF 6/1/2015
FOR MULTIPLE JURISDICTION COMPANIES
Appalachian Power Company

	VIRGINIA				WEST VIRGINIA			FERC WHOLESALE			FERC KINGSFORT			COMPANY
	(1)				(2)			(3)			(4)			
	PLANT ACCT.	VA SCC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	PSC OF WV APPROVED RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
TRANSMISSION PLANT														
Land Rights - Va.	350.1	0.66%	1.000000	0.66%										0.66%
Energy Storage Equip	351.0				6.67%	1.000000	6.67%							6.67%
Structures & Improvements	352.0	1.55%	0.469583	0.73%	1.52%	0.437847	0.67%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	1.60%
Station Equipment	353.0	1.95%	0.469583	0.92%	1.68%	0.437847	0.74%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	1.86%
Towers & Fixtures	354.0	1.14%	0.469583	0.54%	1.54%	0.437847	0.67%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	1.41%
Poles & Fixtures	355.0	2.77%	0.469583	1.30%	2.64%	0.437847	1.16%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	2.66%
Overhead Conductor	356.0	1.01%	0.469583	0.47%	1.19%	0.437847	0.52%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	1.19%
Underground Conduit	357.0	1.23%	0.469583	0.58%	1.45%	0.437847	0.63%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	1.41%
Underground Conductors	358.0	3.18%	0.469583	1.49%	7.23%	0.437847	3.17%	2.19%	0.036426	0.08%	2.19%	0.056144	0.12%	4.86%

(1) As approved in VA Case No. PUE 2011-00037 on Nov. 30, 2011.
Depreciation rates were made effective on January 1, 2012.

(2) Approved by PSC of WV Order dated May 26, 2015 in
Case No. 14-1151-E-D effective June 1, 2015.

(3) Approved by FERC March 2, 1990 in Docket ER90-132.

(4) Approved by FERC March 2, 1990 in Docket ER90-133.

(5) Transmission allocation factors are changed annually in January based on
September factors as per the PJM tariff approved in FERC Docket ER08-1329
Attachment H-14B, Part II, pg. 15 of 21.

(6) Energy Storage Equipment is a new account established per FERC Order 784.

GENERAL NOTES:

The rates for each AEP company have been approved by their respective regulatory commissions.
APCo falls under the authority of Virginia, West Virginia and the FERC. Therefore, APCo's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF October 31, 2018
FOR MULTIPLE JURISDICTION COMPANIES
INDIANA MICHIGAN POWER COMPANY

	INDIANA				MICHIGAN			FERC WHOLESALE			COMPANY
	(1)				(2)			(3)			
	PLANT	IURC	ALLOCATION	WTD AVG.	MPSC		WTD AVG.			WTD AVG.	
	ACCT.	RATES	FACTOR (4)	DEPREC. RATE	APPROVED RATES	ALLOCATION FACTOR (4)	DEPREC. RATE		FERC RATES	ALLOCATION FACTOR (4)	DEPREC. RATE
TRANSMISSION PLANT											
Land Improvements	350.1	1.4800%	0.652103	0.9651%	1.4400%	0.144206	0.2077%		1.4400%	0.203691	0.2933%
Structures & Improvements	352.0	1.5500%	0.652103	1.0108%	1.5000%	0.144206	0.2163%		1.5000%	0.203691	0.3055%
Station Equipment	353.0	1.8600%	0.652103	1.2129%	1.8400%	0.144206	0.2653%		1.8400%	0.203691	0.3748%
Towers & Fixtures	354.0	1.6900%	0.652103	1.1021%	1.5700%	0.144206	0.2264%		1.5700%	0.203691	0.3198%
Poles & Fixtures	355.0	2.8500%	0.652103	1.8585%	2.8300%	0.144206	0.4081%		2.8300%	0.203691	0.5764%
Overhead Conductors	356.0	1.9700%	0.652103	1.2846%	1.8900%	0.144206	0.2725%		1.8900%	0.203691	0.3850%
Underground Conduit	357.0	1.8600%	0.652103	1.2129%	1.7700%	0.144206	0.2552%		1.7700%	0.203691	0.3605%
Underground Conductors	358.0	1.7000%	0.652103	1.1086%	1.6600%	0.144206	0.2394%		1.6600%	0.203691	0.3381%
Trails & Roads	359.0	1.5000%	0.652103	0.9782%	1.4800%	0.144206	0.2134%		1.4800%	0.203691	0.3015%

(1) As approved in Indiana Case No. 44967.
(2) As approved in MICHIGAN Case No. U18370.
(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.
(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

GENERAL NOTES:
The rates for each AEP company have been approved by their respective regulatory commissions.
I&M falls under the authority of Indiana, Michigan and the FERC. Therefore, I&M's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.
AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 09/1/2016
FOR SINGLE JURISDICTION COMPANIES
KINGSPORT POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Structures & Improvements	352.0	1.04%
Station Equipment	353.0	1.49%
Towers & Fixtures	354.0	0.12%
Poles & Fixtures	355.0	2.14%
Overhead Conductors	356.0	0.77%
Underground Conduit	357.0	Note 2
Underground Conductors	358.0	Note 2
Composite Transmission Depreciation Rate		1.46%
GENERAL PLANT		
Structures & Improvements	390.0	1.71%
Office Furniture & Equipment	391.0	2.82%
Stores Equipment	393.0	2.22%
Tools Shop & Garage Equipment	394.0	3.12%
Laboratory Equipment	395.0	3.17%
Communication Equipment	397.0	3.32%
Miscellaneous Equipment	398.0	4.92%
Total General Plant		3.25%

Reference:

Note 1: Rates Approved In Tennessee Regulatory Authority Docket No. 16-00001.
K

Note 2: Kingsport Power Company does not have investment in plant
accounts 357 or 358. Therefore, there are no depreciation rates approved

General Note

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 07/1/2015
FOR SINGLE JURISDICTION COMPANIES
KENTUCKY POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.44%
Structures & Improvements	352.0	2.08%
Station Equipment	353.0	2.15%
Towers & Fixtures	354.0	2.61%
Poles & Fixtures	355.0	3.95%
Overhead Conductors	356.0	2.91%
Underground Conduit	357.0	2.99%
Underground Conductors	358.0	2.62%

Reference:

Note 1: Rates Approved in KPSC Case No. 2014-00396.

General Note

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 1/1/2012
FOR SINGLE JURISDICTION COMPANIES
OHIO POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Structures & Improvements	352.0	2.02%
Station Equipment	353.0	2.29%
Twrs and Fixtures Above 69 KV	354.0	1.88%
Twrs and Fixtures Below 69 KV	354.0	1.88%
Poles and Fixtures Above 69 KV	355.0	3.52%
Poles and Fixtures Below 69 KV	355.0	3.52%
Overhead Conductor & Devices Above	356.0	1.91%
Overhead Conductor & Devices MSP	356.0	1.91%
Overhead Conductor & Devices 138KV	356.0	1.91%
Overhead Conductor & Devices 69KV	356.0	1.91%
Overhead Conductor & Devices CLR	356.0	1.91%
Underground Conduit	357.0	2.26%
Underground Conductors	358.0	3.27%

Reference:

Note 1: These are the weighted average of the depreciation rates in effect for Columbus Southern Power and Ohio Power prior to the merger of Columbus Southern into Ohio Power.

General Note:

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP EAST COMPANIES
PJM FORMULA RATE
WORKSHEET P - TRANSMISSION DEPRECIATION RATES
EFFECTIVE AS OF 06/1/2015
FOR SINGLE JURISDICTION COMPANIES
WHEELING POWER COMPANY

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Structures & Improvements	352.0	0.69%
Station Equipment	353.0	1.70%
Towers & Fixtures	354.0	0.04%
Poles & Fixtures	355.0	2.65%
Overhead Conductors	356.0	1.12%
Underground Conduit	357.0	2.00%
Underground Conductors	358.0	5.00%
Trails & Roads	359.0	-

Note 1: Rates Approved in WV Public Service Commission Case No. 14-1151-E-D.

General Note:

AEP will make a 205 filing whenever a company's rates are changed by their commission(s), or if the methodology to calculate the jurisdictional allocator in multiple-state companies changes. Changes in the allocation factors will not necessitate a 205 filing.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet Q - True-up With Interest
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018	-	2017 Revenue Requirement Forecast	=	True-up Adjustment - Over (Under) Recovery
\$4,597,327		\$4,260,529		(\$336,798)

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.3420%				

An over or under collection will be recovered prorata over 2017, held for 2018 and returned prorata over 2019

Calculation of Interest				Monthly		
January	Year 2017	(28,067)	0.3420%	12	1,152	29,218
February	Year 2017	(28,067)	0.3420%	11	1,056	29,122
March	Year 2017	(28,067)	0.3420%	10	960	29,026
April	Year 2017	(28,067)	0.3420%	9	864	28,930
May	Year 2017	(28,067)	0.3420%	8	768	28,834
June	Year 2017	(28,067)	0.3420%	7	672	28,738
July	Year 2017	(28,067)	0.3420%	6	576	28,642
August	Year 2017	(28,067)	0.3420%	5	480	28,546
September	Year 2017	(28,067)	0.3420%	4	384	28,450
October	Year 2017	(28,067)	0.3420%	3	288	28,354
November	Year 2017	(28,067)	0.3420%	2	192	28,258
December	Year 2017	(28,067)	0.3420%	1	96	28,162
					7,487	344,285

				Annual		
January through December	Year 2018	344,285	0.3420%	12	14,129	358,414

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2019	(358,414)	0.3420%		1,226	329,104
February	Year 2019	(329,104)	0.3420%		1,126	299,694
March	Year 2019	(299,694)	0.3420%		1,025	270,183
April	Year 2019	(270,183)	0.3420%		924	240,571
May	Year 2019	(240,571)	0.3420%		823	210,858
June	Year 2019	(210,858)	0.3420%		721	181,043
July	Year 2019	(181,043)	0.3420%		619	151,126
August	Year 2019	(151,126)	0.3420%		517	121,107
September	Year 2019	(121,107)	0.3420%		414	90,985
October	Year 2019	(90,985)	0.3420%		311	60,760
November	Year 2019	(60,760)	0.3420%		208	30,432
December	Year 2019	(30,432)	0.3420%		104	(0)
					8,017	

True-Up Adjustment with Interest	366,432
Less Over (Under) Recovery	(336,798)
Total Interest	29,634

Note 1: The interest rate to be applied to the over recovery or under recovery amounts will be determined using the average monthly FERC interest rate (as determined pursuant to 18 C.F.R. Section 35.19a) for the twenty (20) months from the beginning of the rate year being trued-up through August 31 of the following year.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet Q - True-up With Interest
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018	-	2017 Revenue Requirement Forecast	=	True-up Adjustment - Over (Under) Recovery
\$11,428		\$47,268		\$35,840

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.3420%				

An over or under collection will be recovered prorata over 2017, held for 2018 and returned prorata over 2019

Calculation of Interest				Monthly		
January	Year 2017	2,987	0.3420%	12	(123)	(3,109)
February	Year 2017	2,987	0.3420%	11	(112)	(3,099)
March	Year 2017	2,987	0.3420%	10	(102)	(3,089)
April	Year 2017	2,987	0.3420%	9	(92)	(3,079)
May	Year 2017	2,987	0.3420%	8	(82)	(3,068)
June	Year 2017	2,987	0.3420%	7	(72)	(3,058)
July	Year 2017	2,987	0.3420%	6	(61)	(3,048)
August	Year 2017	2,987	0.3420%	5	(51)	(3,038)
September	Year 2017	2,987	0.3420%	4	(41)	(3,028)
October	Year 2017	2,987	0.3420%	3	(31)	(3,017)
November	Year 2017	2,987	0.3420%	2	(20)	(3,007)
December	Year 2017	2,987	0.3420%	1	(10)	(2,997)
					(797)	(36,637)
				Annual		
January through December	Year 2018	(36,637)	0.3420%	12	(1,504)	(38,140)
Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months				Monthly		
January	Year 2019	38,140	0.3420%		(130)	3,249
February	Year 2019	35,021	0.3420%		(120)	3,249
March	Year 2019	31,892	0.3420%		(109)	3,249
April	Year 2019	28,751	0.3420%		(98)	3,249
May	Year 2019	25,600	0.3420%		(88)	3,249
June	Year 2019	22,438	0.3420%		(77)	3,249
July	Year 2019	19,265	0.3420%		(66)	3,249
August	Year 2019	16,082	0.3420%		(55)	3,249
September	Year 2019	12,887	0.3420%		(44)	3,249
October	Year 2019	9,682	0.3420%		(33)	3,249
November	Year 2019	6,466	0.3420%		(22)	3,249
December	Year 2019	3,238	0.3420%		(11)	3,249
					(853)	
True-Up Adjustment with Interest					(38,993)	
Less Over (Under) Recovery					35,840	
Total Interest					(3,153)	

Note 1: The interest rate to be applied to the over recovery or under recovery amounts will be determined using the average monthly FERC interest rate (as determined pursuant to 18 C.F.R. Section 35.19a) for the twenty (20) months from the beginning of the rate year being trued-up through August 31 of the following year.