

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

AEP Indiana Michigan Transmission Company

For Twelve Months Ended

2019

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 113)				\$232,569,129
			Total		Allocator	
2	REVENUE CREDITS	(Worksheet E, ln 8) (Note A)	1,040,262	DA	1.00000	\$ 1,040,262
3	Facility Credits under PJM OATT Section 30.9	Worksheet E, ln 9) (Note X)				0
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 231,528,867

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

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J/K)	46,913,545	DA	1.00000	\$ 46,913,545
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((ln 1 - ln 80)/(ln 33) x 100))			12.75%
8	Monthly Rate	(ln 7 / 12)			1.06%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((ln 1 - ln 80 - ln 83)/(ln 33) x 100))			10.52%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((ln 1 - ln 80 - ln 83 - ln 108 - ln 109) /(ln 33) x 100))			2.49%
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 63 Below			750,874
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)			750,874

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(1)	(2)	(3)	(4)	(5)
	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
Line No.				
19	GROSS PLANT IN SERVICE			
19	Transmission (Worksheet A In 14.(d) & Ln 117)	1,946,801,073	DA 1.00000	1,908,028,907
20	Less: Transmission ARO (Enter Negative) (Worksheet A In 14.(e))	-	TP 0.98008	-
21	General Plant (Worksheet A In 14.(h))	19,272,653	W/S 0.98008	18,888,822
22	Less: General Plant ARO (Enter Negative) (Worksheet A In 14.(i))	-	W/S 0.98008	-
23	Intangible Plant (Worksheet A In 14.(j))	15,885,300	W/S 0.98008	15,568,931
24	TOTAL GROSS PLANT (Sum of Lines: 19 to 23)	1,981,959,026	GP= 0.980084 GTD= 0.98008	1,942,486,660
25	ACCUMULATED DEPRECIATION AND AMORTIZATION			
26	Transmission (Worksheet A In 28.(d) & Ln 43.(b))	84,331,600	TP1= 1.00000	84,331,600
27	Less: Transmission ARO (Enter Negative) (Worksheet A In 28.(e))	-	TP1= 1.00000	-
28	General Plant (Worksheet A In 28.(h))	599,138	W/S 0.98008	587,205
29	Less: General Plant ARO (Enter Negative) (Worksheet A In 28.(i))	-	W/S 0.98008	-
30	Intangible Plant (Worksheet A In 28.(j))	5,765,952	W/S 0.98008	5,651,118.08
31	TOTAL ACCUMULATED DEPRECIATION (Sum of Lines: 26 to 30)	90,696,689		90,569,923
32	NET PLANT IN SERVICE			
33	Transmission (In 19 + In 20 - In 26 - In 27)	1,862,469,473		1,823,697,307
34	General Plant (In 21 + In 22 - In 28 - In 29)	18,673,515		18,301,617
35	Intangible Plant (In 23 - In 30)	10,119,348		9,917,813
36	TOTAL NET PLANT IN SERVICE (Sum of Lines: 33 to 35)	1,891,262,337	NP= 0.979196	1,851,916,737
37	DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note D)			
38	Account No. 281.1 (enter negative) (Worksheet B, In 2 & In 5.E)	-	NA	-
39	Account No. 282.1 (enter negative) (Worksheet B, In 7 & In 10.E)	(295,464,096)	DA	(295,464,096)
40	Account No. 283.1 (enter negative) (Worksheet B, In 12 & In 15.E)	(17,567,700)	DA	(17,567,700)
41	Account No. 190.1 (Worksheet B, In 17 & In 20.E)	6,556,943	DA	6,556,943
42	Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E)	-	DA	-
43	TOTAL ADJUSTMENTS (sum Ins 38 to 42)	(306,474,853)		(306,474,853)
44	PLANT HELD FOR FUTURE USE (Worksheet A In 44.(e)) In 45.(e)	-	DA	-
45	REGULATORY ASSETS (Worksheet A In 51.(e))	-	DA	-
46	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y (Worksheet A In 54.(e))	-	W/S 0.98008	-
47	WORKING CAPITAL (Note E)			
48	Cash Working Capital (1/8 * In 66)	2,391,396		2,343,770
49	Transmission Materials & Supplies (Worksheet C, In 2.(F))	2,500	TP 0.98008	2,450
50	A&G Materials & Supplies (Worksheet C, In 3.(F))	-	W/S 0.98008	-
51	Stores Expense (Worksheet C, In 4.(F))	-	GP 0.98008	-
52	Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.(G))	-	W/S 0.98008	-
53	Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.(F))	443,952	GP 0.98008	435,110
54	Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.(E))	-	DA 1.00000	-
55	Prepayments (Account 165) - Unallocable (Worksheet C, In 8.(D))	-	NA 0.00000	-
56	TOTAL WORKING CAPITAL (sum Ins 48 to 55)	2,837,848		2,781,330
57	IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8.B)	-	DA 1.00000	-
58	RATE BASE (sum Ins 36, 43, 44, 45, 46, 56, 57)	1,587,625,332		1,548,223,213

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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.					
	59	OPERATION & MAINTENANCE EXPENSE				
	60	Customer Related Expense	322 & 323.164,171.178.b			
	61	Regional Marketing Expenses	322.131.b			
	62	Transmission	321.112.b			
	63	TOTAL O&M EXPENSES	(sum Ins 59 to 61)			
	64	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)			
	65	Less: Account 565	(Note H) 321.96.b			
	66	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)			
	67	Total O&M Allocable to Transmission	(Ins 61 - 63 - 64 - 65)	TP	0.98008	18,750,158
	68	Administrative and General	323.197.b (Notes J & M)			
	69	Less: Acct. 924, Property Insurance	323.185.b			
	70	Acct. 928, Reg. Com. Exp.	323.189.b			
	71	Acct. 930.1, Gen. Advert. Exp.	323.191.b			
	72	Acct. 930.2, Misc. Gen. Exp.	323.192.b			
	73	Balance of A & G	(In 67 - sum In 68 to In 71)	W/S	0.98008	4,921,136
	74	Plus: Acct. 924, Property Insurance	(In 68)	GP(h)	0.98008	656,986
	75	Acct. 928 - Transmission Specific	Worksheet F In 21.(E) (Note L)	TP	0.98008	70,655
	76	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 38.(E) (Note L)	TP	0.98008	-
	77	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	DA	1.00000	1,547
	78	PBOP Adjustment	Worksheet O Ln 16.(B). (Note K & M)	W/S	0.98008	381,242
	79	A & G Subtotal	(sum Ins 72 to 77)			6,031,565
	80	O & M EXPENSE SUBTOTAL	(In 66 + In 78)			24,781,723
	81	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		DA	1.00000	-
	82	TOTAL O & M EXPENSE	(In 79 + In 80)			24,781,723
	83	DEPRECIATION AND AMORTIZATION EXPENSE				
	84	Transmission	336.7.f	TP1	1.00000	40,718,765
	85	General	336.10.f	W/S	0.98008	420,534
	86	Intangible	336.1.f	W/S	0.98008	2,883,204
	87	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 83+84+85)			44,022,502
	88	TAXES OTHER THAN INCOME	(Note N)			
	89	Labor Related				
	90	Payroll	Worksheet H In 23.(D)	W/S	0.98008	-
	91	Plant Related				
	92	Property	Worksheet H-p2 In 3.(C) & In 3.(G)	DA	1.00000	17,313,970
	93	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	NA	0.00000	-
	94	Other	Worksheet H In 23.(E)	GP	0.98008	-
	95	TOTAL OTHER TAXES	(sum Ins 89 to 93)			17,313,970
	96	INCOME TAXES	(Note O)			
	97	$T=1 - ((1 - SIT) / (1 - FIT)) / (1 - SIT * FIT * p)) =$				
	98	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$	24.98%			
	99	where WCLTD=(In 136) and WACC = (In 139)	25.50%			
	100	and FIT, SIT & p are as given in Note O.				
	101	$GRCF=1 / (1 - T) =$ (from In 96)	1.3330			
	102	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)			
	103	Excess Deferred Income Tax	(Note T)	NP(h)	0.97920	1,136,937
	104	Tax Effect of Permanent and Flow-Through Differences	(Note T)	NP(h)	0.97920	374,709
	105	Income Tax Calculation	(In 97 * In 109)			29,348,713
	106	ITC adjustment	(In 100 * In 101)	NP(h)	0.97920	-
	107	Excess Deferred Income Tax	(In 100 * In 102)			1,515,544
	108	Tax Effect of Permanent and Flow-Through Differences	(In 100 * In 103)			499,489
	109	TOTAL INCOME TAXES	(sum Ins 104 to 107)			31,363,747
	110	RETURN ON RATE BASE (Rate Base*WACC)	(In 58 * In 139)			115,087,187
	111	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		DA	1.00000	-
	112	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H))				-
	113	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 111 * In97)				-
	114	TOTAL REVENUE REQUIREMENT				232,569,129
	115	(sum Ins 81, 86, 94, 108, 109, 110, 111, 112)				

114	TRANSMISSION PLANT INCLUDED IN PJM TARIFF										
115	Total transmission plant		(In 19)							1,946,801,073	
116	Less transmission plant excluded from PJM Tariff (Worksheet A, In 42.(d) (Note P)									38,772,166	
117	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note C)									-	
118	Transmission plant included in PJM Tariff		(In 114 - In 115 - In 116)							1,908,028,907	
119	Percent of transmission plant in PJM Tariff		(In 117 / In 114)						TP=	0.98008	
120											
121	WAGES & SALARY ALLOCATOR (W/S)		(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
122	Line Deliberately Left Blank										
123	Transmission		354.21.b	-	6,270.549	6,270.549	TP	0.98008		6,145,666	
124	Regional Market Expenses		354.22.b	-	-	-	NA	0.00000		-	
125	Line Deliberately Left Blank										
126	Other (Excludes A&G)		354.24.25.26.b	-	-	-	NA	0.00000		-	
127	Total		(sum ins 121, 122, & 124)	-	6,270.549	6,270.549				6,145,666	
128	Transmission related amount								W/S=	0.98008	
129											
130	Actual (Uncapped) Capital Structure										
131	WEIGHTED AVERAGE COST OF CAPITAL (WACC)										
132	Long Term Interest		(Worksheet M, In.36, col.(d))							\$	
133	Preferred Dividends		(Worksheet M, In. 45, col.(d))							32,858,640	
134	Development of Common Stock:									-	
135	Proprietary Capital		(Worksheet M, In. 14, col.(b))							1,041,589,687	
136	Less: Preferred Stock		(Worksheet M, In. 14, col.(c))							-	
137	Less: Account 216.1		(Worksheet M, In. 14, col.(d))							-	
138	Less: Account 219		(Worksheet M, In. 14, col.(e))							-	
139	Common Stock		(In 131 - In 132 - In 133 - In 134)							1,041,589,687	
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Utilizing Actual/Projected FERC Form 1 Data

AEP Indiana Michigan Transmission Company

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AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Indiana Michigan Transmission Company

Line No	Month (a)	Gross Plant In Service				
		Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
1	December Prior to Rate Year	1,807,420,338	-	18,837,709	-	14,604,921
2	January	1,813,701,914	-	18,878,250	-	14,825,344
3	February	1,814,926,804	-	18,886,330	-	14,999,086
4	March	1,813,645,395	-	18,954,983	-	14,696,802
5	April	1,820,437,819	-	18,997,956	-	14,872,977
6	May	1,890,246,485	-	19,074,168	-	15,083,109
7	June	1,945,249,020	-	19,334,339	-	15,358,154
8	July	1,986,268,347	-	19,398,551	-	15,611,777
9	August	1,994,696,534	-	19,412,897	-	15,956,092
10	September	2,007,675,134	-	19,485,711	-	16,073,291
11	October	2,043,717,573	-	19,614,186	-	16,362,834
12	November	2,099,942,372	-	19,754,539	-	16,861,156
13	December of Rate Year	2,270,486,206	-	19,914,871	-	21,203,358
14	Average of the 13 Monthly Balances	1,946,801,073	-	19,272,653	-	15,885,300

Line No	Month (a)	Accumulated Depreciation				
		Transmission (d)	Transmission ARO (e)	General (h)	General ARO (i)	Intangible (j)
	(Note A)	FF1, page 219, In 25, Col. (b)	Company Records (Included in total in Column (d))	FF1, page 219, In 28, Col. (b)	Company Records (Included in total in Column (h))	FF1, page 200, In 21, Col. (b)
15	December Prior to Rate Year	66,769,847	-	386,938	-	4,626,891
16	January	69,890,982	-	421,645	-	4,860,719
17	February	72,596,979	-	456,474	-	5,098,220
18	March	75,738,157	-	491,908	-	5,170,427
19	April	78,693,514	-	526,820	-	5,405,786
20	May	80,481,503	-	561,893	-	5,644,081
21	June	83,763,492	-	597,250	-	5,756,462
22	July	86,117,870	-	633,310	-	6,002,844
23	August	89,485,915	-	669,540	-	6,253,452
24	September	93,012,013	-	705,813	-	6,335,359
25	October	96,341,236	-	742,232	-	6,593,660
26	November	99,669,889	-	778,946	-	6,856,786
27	December of Rate Year	103,749,399	-	816,017	-	6,352,688
28	Average of the 13 Monthly Balances	84,331,600	-	599,138	-	5,765,952

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Indiana Michigan Transmission Company

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)
	(Note A)	Company Records (included in total in column (d) of gross plant above)	Company Records (included in total in column (d) of accumulated depreciation above)	Company Records	Company Records
29	December Prior to Rate Year	-	-	26,942,059	-
30	January	-	-	39,427,832	-
31	February	-	-	39,428,399	-
32	March	-	-	39,427,582	-
33	April	-	-	39,428,177	-
34	May	-	-	38,993,417	-
35	June	-	-	39,063,505	-
36	July	-	-	39,161,438	-
37	August	-	-	39,216,592	-
38	September	-	-	39,241,795	-
39	October	-	-	39,969,958	-
40	November	-	-	41,109,951	-
41	December of Rate Year	-	-	42,627,455	-
42	Average of the 13 Monthly Balances	-	-	38,772,166	-

43 Transmission Accumulated Depreciation net of GSU 84,331,600

<u>Plant Held For Future Use</u>	<u>Source of Data</u>	<u>Balance @ December 31, 2019</u>	<u>Balance @ December 31, 2018</u>	<u>Average Balance for 2019</u>
(a)	(b)	(c)	(d)	(e)
44 <u>Plant Held For Future Use</u>	FF1, page 214, ln 47, Col. (d)	-	-	-
45 <u>Transmission Plant Held For Future Use (Included in total on line 4</u>	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	<u>Description</u>	<u>Account</u>
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AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
AEP Indiana Michigan Transmission Company

53a					-
53b					-
54		Total	-	-	-

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.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP Indiana Michigan Transmission Company

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) Source</u>	<u>(C)</u>		<u>(D)</u>	<u>(E)</u>
			<u>Balance @</u>	<u>December</u>	<u>Balance @</u>	<u>Average Balance for</u>
			<u>31, 2019</u>	<u>31, 2018</u>		<u>2019</u>
1	<u>Account 281</u>					
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 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 - In 3 - In 4	-	-	-	-
6	<u>Account 282</u>					
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	306,411,949	284,516,243	295,464,096	
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)	-	-	-	-
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	306,411,949	284,516,243	295,464,096	
11	<u>Account 283</u>					
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	19,716,211	15,419,189	17,567,700	
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)	-	-	-	-
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	19,716,211	15,419,189	17,567,700	
16	<u>Account 190</u>					
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	7,127,396	5,986,490	6,556,943	
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)	-	-	-	-
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	7,127,396	5,986,490	6,556,943	
21	<u>Account 255</u>					
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	-	-	-	-
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-	-
24	ITC Balances Includeable in Ratebase	Ln 22 - In 23	-	-	-	-
25	Transmission Related Deferrals	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 1.167(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

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS	NON-APPLICABLE-NON-UTILITY	NON-APPLICABLE-NON-UTILITY	NON-APPLICABLE-NON-UTILITY	AVERAGE ELECTRIC	FUNCTIONALIZATION AVERAGE	FUNCTIONALIZATION AVERAGE	FUNCTIONALIZATION AVERAGE	FUNCTIONALIZATION 12/31/2018	FUNCTIONALIZATION 12/31/2018	FUNCTIONALIZATION 12/31/2018	FUNCTIONALIZATION 12/31/2019	FUNCTIONALIZATION 12/31/2019	FUNCTIONALIZATION 12/31/2019
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2019	UTILITY (B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1.00	ACCOUNT 281:														
2.01															
2.02		0	0			0	0	0	0						
2.03															
2.04				0	0	0									
2.05			0	0	0	0									
2.06			0	0	0	0									
3	TOTAL ACCOUNT 281	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	ACCOUNT 281 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	ACCOUNT 282:														
5.01	BOOK VS. TAX DEPRECIATION	180,900,361	208,227,725			194,564,043	0	194,564,043	0		180,900,361			208,227,725	
5.02	481 a BONUS DEPRECIATION	0	2,975,827			1,487,914	0	1,487,914	0		-			2,975,827	
5.03	R & D DEDUCTION - SECTION 174	39,875	39,875			39,875	0	39,875	0		39,875			39,875	
5.04	TAX DEPRECIATION LOOKBACK	0	(5,901,291)			(2,950,645)	0	(2,950,645)	0		(5,901,291)			(5,901,291)	
5.05	GAIN/LOSS ON ACS/MSACRS PROPERTY		110,681	(930,089)		(409,704)	0	(409,704)	0		110,681			(930,089)	
5.06	AFUDC	6,190,134	7,723,798			6,956,966	0	6,956,966	0		6,190,134			7,723,798	
5.07	INT EXP CAPITALIZED FOR TAX	(12,461,443)	(15,419,740)			(13,940,614)	0	(13,940,614)	0		(12,461,443)			(15,419,740)	
5.08	BOOK/TAX UNIT OF PROPERTY ADJ	2,288,797	773,714			1,531,256	0	1,531,256	0		2,288,797			773,714	
5.09	BOOK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	126,771	126,771			126,771	0	126,771	0		126,771			126,771	
5.10	TX ACCESS AMORT - CAPITALIZED SOFTWARE	138,189	123,724			131,456	0	131,456	0		138,189			123,724	
5.11	CAPITALIZED RELOCATION COSTS	26,032	26,032			26,032	0	26,032	0		26,032			26,032	
5.12	CAPITALIZED SOFTWARE COST-BOOK	2,443,176	3,303,203			2,873,190	0	2,873,190	0		2,443,176			3,303,203	
5.13	REMOVAL CST	181,815	339,223			260,519	0	260,519	0		181,815			339,223	
5.14	EXCESS ADPT - PROTECTED	106,810,039	106,568,882			106,689,460	0	106,689,460	0		106,810,039			106,568,882	
5.15	EXCESS ADPT - UNPROTECTED	(2,278,184)	(1,965,660)			(2,122,422)	0	(2,122,422)	0		(2,278,184)			(1,965,660)	
5.16	NON-UTILITY DEFERRED FIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5.17	SFAS 139 FLOWS/INT/RT 282.3	18,693,798	(22,320,820)	(18,693,798)	(22,320,820)	0	0	0	0	0	0	0	0	0	0
5.18	SFAS 109 EXCESS DFT 282.4	(104,530,855)	(103,003,222)	104,530,855	105,003,222	0	0	0	0	0	0	0	0	0	0
6	TOTAL ACCOUNT 282	199,679,186	223,729,556	85,837,057	82,692,394	295,464,097	0	295,464,096	0	0	284,516,243	0	0	306,411,849	0
7	ACCOUNT 282 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	ACCOUNT 283:														
8.01	REG ASSET-TRANSCO PRE-FORMATION COSTS	0	0			0	0	0	0		0			0	
8.02	STATE NO. CURRENT BENEFIT						0	0	0						
8.03	EXCESS ADPT - UNPROTECTED	(8,666,176)	(10,410,609)			(8,538,393)	0	(8,538,393)	0		(8,666,176)			(10,410,609)	
8.04	NON-UTILITY DEFERRED FIT 283.2	-	-	0	0	0	0	0	0	0	0	0	0	0	0
8.05	238 SFAS 139 FLOWS/INT/RT 283.3	4,969,238	5,933,385	(4,969,238)	(5,933,385)	0	0	0	0	0	0	0	0	0	0
8.06	SFAS 109 EXCESS DFT 283.4	(215,522)	9,355,472			215,522	(9,355,472)								
8.07	SFAS 133 ADIT FED - SFAS 133 NONAFFIL 2830006	-	-	0	0	0	0	0	0	0	0	0	0	0	0
8.08	ADIT - FED-HSG-C-FINT RATE 2830015	-	-	0	0	0	0	0	0	0	0	0	0	0	0
8.09						0	0	0	0						
10		(3,912,460)	4,878,247	(4,753,716)	(15,288,856)	(9,538,393)	0	(9,538,393)	0	0	(8,666,176)	0	0	(10,410,609)	0
11	DEFD STATE INCOME TAXES	24,085,365	30,126,820	0	0	27,106,093	0	27,106,093	0	0	24,085,365	0	0	30,126,820	0
12	TOTAL ACCOUNT 283	20,172,905	35,005,068	(4,753,716)	(15,288,856)	17,567,700	0	17,567,700	0	0	15,419,189	0	0	19,716,211	0
13	ACCOUNT 283 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	JURISDICTIONAL AMOUNTS FUNCTIONALIZED														
15	TOTAL COMPANY AMOUNTS FUNCTIONALIZED														
16	REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT														
17	NOTE: POST 1970 ACCUMULATED DEFERRED INV TAX CRED. (JIDTC) IN A/C 255														
18.01		0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.02		0	0	0	0	0	0	0	0	0	0	0	0	0	0
19															
20	TOTAL ACCOUNT 255	0	0	0	0	0	0	0	0	0	0	0	0	0	0

DEBIT (CREDIT)

ACCOUNT 190:										
2.01	NOL & TAX CREDIT CF - DEF TAX ASSET	0	9,962		4,981	0	4,981	0	-	9,962
2.02	INT EXP CAPITALIZED FOR TAX	0	0		0	0	0	0	-	-
2.03	CIAIC - BOOK RECEIPTS	763,869	914,475		839,172	0	839,172	0	763,869	914,475
2.04	PROV POSS REV REFUS	(117,120)	(175,442)		(141,281)	0	(141,281)	0	(117,120)	(175,442)
2.05	ACCRD COMPANYSWIDE INCENTY PLAN	271,820	51,772		161,796	0	161,796	0	271,820	51,772
2.06	ACCURED INTEREST-LONG-TERM-FIN 48	(6)	0		(3)	0	(3)	0	(6)	0
2.07	FIN 48 DSIT	0	(4)		(2)	0	(2)	0	0	(4)
2.08	DEFER STATE INCOME TAXES	5,057,927	6,326,632		5,692,280	0	5,692,280	0	5,057,927	6,326,632
2.09	NOL-DEFERRED TAX ASSET RECLASS	-	-		0	0	0	0	-	-
2.10	NON-UTILITY DEFERRED FIT	-	-	0	0	0	0	0	-	-
2.11	SFAS 109 FLOW-THRU 190.3	-	-	0	0	0	0	0	-	-
2.12	SFAS 109 EXCESS DFT 190.4	25,483,016	33,938,244	(25,483,016)	(33,938,244)	0	0	0	0	0
2.13	SFAS 133 ADT FED - SFAS NONAFFIL 1900006	-	-	0	0	0	0	0	-	-
2.14	ADT FED - PENSION CO NAF 1900009	-	-	0	0	0	0	0	-	-
2.15	ADT-FED-HDG-CF-INT RATE1900015	-	-	0	0	0	0	0	-	-
2.16		0	0	0	0	0	0	0	0	0
2.17		0	0	0	0	0	0	0	0	0
2.18		0	0	0	0	0	0	0	0	0
2.19		0	0	0	0	0	0	0	0	0
2.20		0	0	0	0	0	0	0	0	0
2.21		0	0	0	0	0	0	0	0	0
3	TOTAL ACCOUNT 190	31,489,506	41,065,640	(25,483,016)	(33,938,244)	6,556,943	6,556,943	0	0	0
4	ACCOUNT 190 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0
5	TOTAL ACCOUNT 190	31,489,506	41,065,640	(25,483,016)	(33,938,244)	6,556,943	6,556,943	0	0	0

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	1/1/2019 Beginning Balance							Balance Sheet Entries				Tax Expense Entries				12/31/2019 Ending Balance	
								Balance Sheet		410411		410411		410411			
								Account		Excess Amortization		Tax Expense		Excess ADIT			
								Reclassifications		Amortization		Benefit		Regulatory Offset			
								182.3		254							
Line No.	Account (NOTE A)	Description of Account	Protected Unprotected	Tax Rate Change Act	Excess Balance at Remeasurement	Amortization Methodology (NOTE C)	Amortization Period	Excess ADIT Regulatory Offset	Excess ADIT in Utility Deferrals	Sum of Cols (I) - (S)	182.3	254	410411 NOT E	410411 Tax Expense (Benefit)	Excess ADIT Regulatory Offset	Excess ADIT in Utility Deferrals	Reference
Deferred Tax Account (NOTE B)																	
1a	1804001	ADIT - FAS 109 Excess	N/A	TCJA 2017				25,483,815	(108,610,018)	8,455,228							WS B - 2 Col B, Line 2.12
1b	2821001	ADIT - Utility Priority	Protected	TCJA 2017	(108,249,253)	ARAM	Life of Asset				81,797	(240,645)				(108,968,682)	WS B - 1 Col B, Line 5.14
1c	2821001	ADIT - Utility Priority	Unprotected	TCJA 2017	2,532,427	10 Years	1/2018 - 12/2027		2,279,164		(245,712)	(87,812)					WS B - 1 Col B, Line 5.15
1d	2821001	ADIT - Utility Priority FAS 109 Excess	Protected	TCJA 2017						158,843							WS B - 1 Col B, Line 5.16
1e	2821001	ADIT - Utility Priority FAS 109 Excess	Unprotected	TCJA 2017													WS B - 1 Col B, Line 5.16
1f	2831001	ADIT - Other Utility Deferrals	Unprotected	TCJA 2017	3,966,093	10 Years	1/2018 - 12/2027										WS B - 1 Col B, Line 9.03
1g	2831001	ADIT - Other FAS 109 Excess	Unprotected	TCJA 2017													WS B - 1 Col B, Line 9.06
1h	NOTE D																
Regulatory Deferral Accounts																	
2a	182.3	Regulatory Asset		TCJA 2017				(1,055,138)									Company Records
2b	254	Regulatory Liability		TCJA 2017					643,399								FERC Form 1 p. 278 Ln. 3 Col. (b) (8)
2c	NOTE D																
3	Total For Accounting Entries (Sum of Lines 1a through 2b)								0	(95,864,680)				1,761,082	(2,431,108)		(84,592,613)

NOTE A: In order to ensure ratebase neutrality, AEP utilizes the fourth digit of its seven digit FERC Tax subaccount numbers to identify balances associated with utility operations vs regulatory reporting requirements. A "1" in the fourth digit of a FERC tax account refers to the utility operations balance or entry. Accounts with the "1" designation will be included in the determination of ratebase to be recovered in the formula rate. A "4" in the fourth place of the account number indicates accounts used to track regulatory accounting requirements. The excess ADIT amounts recorded in accounts with the "4" designation will be contra to the "1" balance, which will ensure that in the formula rate the excess amount will be part of ratebase, but at the total FERC account level the tax asset or liability will be recorded at the current Federal FIT rate. The amounts recorded in the "4" will be offset on a net basis in the regulatory asset or liability subaccount established for this purpose.

NOTE B: The amount of the FIT gross up to be recorded on regulatory assets and liabilities will be reported on the first line of ADIT accounts provided for each specific change in tax rates.

NOTE C: The ten year amortization period for unprotected excess ADIT is consistent with the period agreed upon by the Company and its customers and approved for the Company's PJM formula rates. Appalachian Power Company, et al. 166 FERC ¶ 61,138 (2019).

NOTE D: In the event of future tax rate changes, additional lines will be inserted as required to reflect any new ADIT or regulatory deferral accounts that may be necessary to track that tax rate change.

NOTE E: The amount of excess amortization entries shown in lines 1a through 1h are shown as a debit or credit to the ADIT account from which it is being amortized. The total in line 3 is the offset as charged to the 410411 account.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
AEP Indiana Michigan Transmission Company

(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)	2,529	2,470	2,500			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)			-			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, ln 16, Col. (c) & (b)			-			

Prepayment Balance Summary (Note 1)

	<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>In Ratebase (E)+(F)+(G)</u>	
5							
6	Totals as of December 31, 2019	533,791	0	0	533,791	0	533,791
7	Totals as of December 31, 2018	<u>354,113</u>	<u>0</u>	<u>0</u>	<u>354,113</u>	<u>0</u>	<u>354,113</u>
8	Average Balance	<u>443,952</u>	<u>-</u>	<u>-</u>	<u>443,952</u>	<u>-</u>	<u>443,952</u>

Prepayments Account 165 - Balance @ 12/31/2019

9	Acc. No.	Description	2019 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
10	1650001	Prepaid Insurance	240,922	-	-	240,922	-	240,922	
11	1650021	Prepaid Insurance - EIS	112,816	-	-	112,816	-	112,816	
12	1650023	Prepaid Lease	180,053	-	-	180,053	-	180,053	
13	1650003	Prepaid Rents	0	-	-	-	-	-	
14	165001217	Prepaid Use Tax	0	-	-	-	-	-	
15	1650005	Prepaid Employee Benefits	0	-	-	-	-	-	
16	1650006	Other Prepayments	0	-	-	-	-	-	
17	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	-	-	
18	1650010	Prepaid Pension Benefits	0	-	-	-	-	-	
19	1650014	FAS 158 Qual Contra Asset	0	-	-	-	-	-	
20	1650016	FAS 112 ASSETS	0	-	-	-	-	-	
21	1650031	Prepaid OCIP Work Comp	0	-	-	-	-	-	
22	1650032	Prepaid OCIP Work Comp LT	0	-	-	-	-	-	
23	1650033	Prepaid OCIP Work Comp - Aff	0	-	-	-	-	-	
24	1650034	Prepaid OCIP Work Comp LT - Aff	0	-	-	-	-	-	
25		Subtotal - Form 1, p 111.57.c	533,791	0	0	533,791	0	533,791	

Prepayments Account 165 - Balance @ 12/31/ 2018

26	Acc. No.	Description	2018 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
27	1650001	Prepaid Insurance	205,967	-	-	205,967	-	205,967	
28	1650021	Prepaid Insurance - EIS	98,733	-	-	98,733	-	98,733	
29	1650023	Prepaid Lease	49,412	-	-	49,412	-	49,412	
30	1650003	Prepaid Rents	0	-	-	-	-	-	
31	165001217	Prepaid Use Tax	0	-	-	-	-	-	
32	1650005	Prepaid Employee Benefits	0	-	-	-	-	-	
33	1650006	Other Prepayments	0	-	-	-	-	-	
34	1650009	Prepaid Carry Cost-Factored AR	0	-	-	-	-	-	
35	1650010	Prepaid Pension Benefits	0	-	-	-	-	-	
36	1650014	FAS 158 Qual Contra Asset	0	-	-	-	-	-	
37	1650016	FAS 112 ASSETS	0	-	-	-	-	-	
38	1650031	Prepaid OCIP Work Comp	0	-	-	-	-	-	
39	1650032	Prepaid OCIP Work Comp LT	0	-	-	-	-	-	
40	1650033	Prepaid OCIP Work Comp - Aff	0	-	-	-	-	-	
41	1650034	Prepaid OCIP Work Comp LT - Aff	0	-	-	-	-	-	
42		Subtotal - Form 1, p 111.57.d	354,113	0	0	354,113	0	354,113	

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 [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).

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
AEP Indiana Michigan Transmission Company

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2019</u>
1	Net Funds from IPP Customers 12/31/2018 (2019 FORM 1, P269)	-
2	Interest Expense (Company Records - Note 1)	-
3	Revenue Credits to Generators (Company Records - Note 1)	-
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	-
6		-
7	Net Funds from IPP Customers 12/31/2019 (2019 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column $((\text{Ln } 1 + \text{Ln } 7)/2)$	-

Note 1 On this worksheet Company Records refers to AEP Indiana Michigan Transmission Company's general ledger.

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
AEP Indiana Michigan Transmission Company

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non- Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)		-	
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)		-	
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	1,040,263	1	1,040,262
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)		-	
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	268,936,220	268,936,220	
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))	269,976,482	268,936,220	1,040,262
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	269,976,482	268,936,220	1,040,262
9	Facility Credits under PJM OATT Section 30.9			

- Note 1 The total company data on this worksheet comes from the indicated FF1 source, or AEP Indiana Michigan Transmission Company's general ledger.
The functional amounts identified as transmission revenue also come from the general ledger.
- Note 2 The total of line 4 and line 5 will equal total Account 456 as listed on FF1 p.300.21-22.(b)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
AEP Indiana Michigan Transmission Company

Formula Rate
WS F Misc Exp
Page 16 of 42

	(A)	(B)	(C)	(D)	(E)	(F)
Line			2019	100%	100%	
Number	Item No.	Description	Expense	Non-Transmission	Transmission Specific	Explanation
		<u>Regulatory O&M Deferrals & Amortizations</u>				
1						
2						
3						
4		Total	-			
		<u>Detail of Account 561 Per FERC Form 1</u>				
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	-			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	460,265			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	-			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	-			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	290,609			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	-			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	-			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	-			
14		Total of Account 561	750,874			
		<u>Account 928</u>				
15	9280000	Regulatory Commission Exp	396	396	-	
16	9280001	Regulatory Commission Exp-Adm	13	13	-	
17	9280002	Regulatory Commission Exp-Case	(1,626)	(1,626)	-	
18	9280005	Reg Com Exp-FERC Trans Cases	72,091		72,091	
19				-	-	
20				-	-	
21		Total (FERC Form 1 p.323.189.b)	70,875	(1,216)	72,091	
		<u>Account 930.1</u>				
22	9301000	General Advertising Expenses	61	61	-	
23	9301001	Newspaper Advertising Space	479	479	-	
24	9301010	Publicity	306	306	-	
25	9301012	Public Opinion Surveys	26	26	-	
26	9301015	Other Corporate Comm Exp	663	663	-	
27				-	-	
28				-	-	
29				-	-	
30				-	-	
31				-	-	
32				-	-	
33				-	-	
34				-	-	
35				-	-	
36				-	-	
37				-	-	
38		Total (FERC Form 1 p.323.191.b)	1,535	1,535	-	
		<u>Account 930.2</u>				
39	9302000	Misc General Expenses	131,645	131,645	-	
40	9302003	Corporate & Fiscal Expenses	14,193	14,193	-	
41	9302006	Assoc Bus Dev - Materials Sold	-	-	-	
42	9302007	Assoc Business Development Exp	1,547	-	1,547	
43		Total (FERC Form 1 p.323.192.b)	147,384	145,838	1,547	

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
AEP Indiana Michigan Transmission Company

1	Indiana State Tax Rate	4.90%	
	Apportionment Factor - Note 1	83.36%	
	Effective State Tax Rate		4.08%
2	Michigan Tax Rate	6.00%	
	Apportionment Factor - Note 1	16.07%	
	Effective State Tax Rate		0.96%
3	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
4	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
5	_____ Tax Rate		
	Apportionment Factor - Note 1		
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		<u>5.04%</u>

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet H page 1 Supporting Taxes Other than Income
AEP Indiana Michigan Transmission 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				4
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Michigan	6,528,993	6,528,993			
5	Real and Personal Property - Indiana	10,784,977	10,784,977			
6	Real and Personal Property - Tennessee	-	-			
7	Real and Personal Property - Other Jurisdictions	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	-		-		
10	Federal Unemployment Tax	-		-		
11	State Unemployment Insurance	-		-		
12	<i>Line Deliberately Left Blank</i>					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	-				-
16	State Public Service Commission Fees	-			-	
17	State Franchise Taxes	-			-	
18	State Lic/Registration Fee	-			-	
19	Misc. State and Local Tax	-			-	
20	Sales & Use	-				-
21	Federal Excise Tax	-				-
22	Michigan Single Business Tax	-				-
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	17,313,974	17,313,970	-	-	4

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

Functional Property Tax Allocation

	Lines 24-58 Column (B) Deliberately Left Blank	Transmission	Lines 24-58 Column (D) Deliberately Left Blank	General	Total
24	Functionalized Net Plant (TCOS, Lns 33 thru 36)	-	1,862,469,473	-	18,673,515
25	MICHIGAN JURISDICTION				
26	Percentage of Plant in MICHIGAN JURISDICTION				
27	Net Plant in MICHIGAN JURISDICTION (Ln 24 * Ln 25)	-	-	-	-
28	Less: Net Value of Exempted Generation Plant	-	-	-	-
29	Taxable Property Basis (Ln 26 - Ln 27)	-	-	-	-
30	Relative Valuation Factor	-	-	-	-
31	Weighted Net Plant (Ln 28 * Ln 29)	-	-	-	-
32	General Plant Allocator (Ln 30 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
33	Functionalized General Plant (Ln 31 * General Plant)	-	-	-	-
34	Weighted MICHIGAN JURISDICTION Plant (Ln 30 + 32)	-	-	-	-
35	Functional Percentage (Ln 33/Total Ln 33)	0.00%	100.00%	0.00%	
36	INDIANA JURISDICTION				
37	Net Plant in INDIANA JURISDICTION (Ln 24 - Ln 26)	-	1,862,469,473	-	18,673,515
38	Less: Net Value Exempted Generation Plant	-	-	-	-
39	Taxable Property Basis	-	1,862,469,473	-	18,673,515
40	Relative Valuation Factor	-	-	-	-
41	Weighted Net Plant (Ln 37 * Ln 38)	-	-	-	-
42	General Plant Allocator (Ln 39 / (Total - General Plant))	0.00%	100.00%	0.00%	-100.00%
43	Functionalized General Plant (Ln 41 * General Plant)	-	-	-	-
44	Weighted INDIANA JURISDICTION Plant (Ln 39 + 41)	-	-	-	-
45	Functional Percentage (Ln 42/Total Ln 42)	0.00%	100.00%	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
1	Revenue Taxes			
2	Gross Receipts Tax	4	1 3	P.263 ln 26 (i) P.263 ln 27 (i)
Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)		17,313,970		
4	Real and Personal Property - Michigan	6,528,993	405,893 6,123,100	P.263 ln 20 (i) P.263 ln 21 (i)
				100.00% 100.00%
5	Real and Personal Property - Indiana	10,784,977	613,977 10,171,000	P.263 ln 23 (i) P.263 ln 24 (i)
				100.00% 100.00%
6	Real and Personal Property - Tennessee	-		
7	Real and Personal Property - Other Jurisdictions	-		

(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)	-		P.263 ln 6 (i)
10	Federal Unemployment Tax	-		P.263 ln 9 (i)
11	State Unemployment Insurance	-		P.263.1 ln 23 (i) P.263.2 ln 33 (i) P.263.3 ln 16 (i)
12	<i>Line Left Deliberately Blank</i>			
13	State Severance Taxes	-		
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	-		P.263 ln 21 (i) P.263 ln 22 (i)
16	State Public Service Commission Fees	-		P.263 ln 26 (i) P.263 ln 27 (i) P.263.3 ln 20 (i)
17	State Franchise Taxes	-		P.263 ln 12 (i) P.263 ln 13 (i) P.263.1 ln 34 (i) P.263.2 ln 10 (i) P.263.2 ln 11 (i) P.263.2 ln 38 (i) P.263.2 ln 39 (i) P.263.3 ln 27 (i) P.263.3 ln 28 (i) P.263.4 ln 20 (i) P.263.4 ln 27 (i)
18	State Lic/Registration Fee	-	-	P.263.1 ln 13 (i) P.263.2 ln 13 (i) P.263.3 ln 8 (i) P.263.4 ln 21 (i)
19	Misc. State and Local Tax	-		P.263.1 ln 12 (i)
20	Sales & Use	-	-	P.263 ln 10 (i) P.263 ln 31(i) P.263.2 ln 16 (i) P.263.2 ln 17 (i) P.263.3 ln 21 (i)
21	Federal Excise Tax	-		P.263 ln 13 (i) P.263 ln 14 (i)
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	17,313,970	17,313,974	

Note 1: The taxes assessed on each transmission company can differ from year to year and between transmission companies by both the type of taxes and the states in which they were assessed. Therefore, for each company, the types and jurisdictions of tax expense recorded on this page could differ from the same page in the same company's prior year template or from this page in other transmission companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14.(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..

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet I RESERVED
AEP Indiana Michigan Transmission Company

Reserved for Future Use

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
AEP Indiana Michigan Transmission Company

Page of 10

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

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

ROE w/o incentives (TCOS, In 138)			10.35%
Project ROE Incentive Adder			0
ROE with additional 0 basis point incentive			10.35%
Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, Ins 136 through 138)			
	%	Cost	Weighted cost
Long Term Debt	44.92%	3.87%	1.738%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	55.00%	10.35%	5.693%
		R =	7.430%

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

Rate Base (True-Up TCOS, In 58)	1,548,223,213
R (from A. above)	7.430%
Return (Rate Base x R)	115,036,559

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

Return (from B. above)	115,036,559
Effective Tax Rate (TCOS, In 97)	25.50%
Income Tax Calculation (Return x CIT)	29,335,802
ITC Adjustment	-
Excess Deferred Income Tax	1,515,544
Tax Affect of Permanent Differences	499,489
Income Taxes	31,350,836

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	Rev Require	W Incentives	Incentive Amounts	
As Projected in Prior Year WS J	\$ 47,297,505	\$ 47,297,505	\$	-
Actual After True-up	\$ 46,913,545	\$ 46,913,545	\$	-
True-up of ARR For 2019	(383,960)	(383,960)		-

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

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

Annual Revenue Requirement (TCOS, In 1)	232,569,129
Lease Payments (TCOS, Lns 80)	-
Return (TCOS, In 109)	115,087,187
Income Taxes (TCOS, In 108)	31,363,747
Annual Revenue Requirement, Less Lease	86,118,195

Payments, Return and Taxes

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	86,118,195
Return (from I.B. above)	115,036,559
Income Taxes (from I.C. above)	31,350,836
Annual Revenue Requirement, with 0 Basis Point ROE increase	232,505,590
Depreciation (TCOS, In 83)	40,718,765
Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation	191,786,825

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

Net Transmission Plant (Projected TCOS, In 33)	1,823,697,307
Annual Revenue Requirement, with 0 Basis Point ROE increase	232,505,590
FCR with 0 Basis Point increase in ROE	12.75%

Annual Rev. Req, w/ 0 Basis Point ROE increase, less Dep.	191,786,825
FCR with 0 Basis Point ROE increase, less Depreciation	10.52%
FCR less Depreciation (TCOS, In 10)	10.52%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2019 TCOS, In 19	1,908,028,907
Annual Depreciation and Amortization Expense (TCOS, In 83)	40,718,765
Composite Depreciation Rate	2.13%
Depreciable Life for Composite Depreciation Rate	46.86
Average Life in Whole Years	47

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

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

A. Base Plan Facilities

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,728,141	1,728,141	-
Prior Yr True-Up	1,725,616	1,725,616	-
True-Up Adjustment	(2,525)	(2,525)	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	663,516	663,516	-
Prior Yr True-Up	662,788	662,788	-
True-Up Adjustment	(728)	(728)	-

[illegible]

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

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	7,470,796	7,470,796	-
Prior Yr True-Up	7,028,403	7,028,403	-
True-Up Adjustment	(442,393)	(442,393)	-

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	11,864,825	11,864,825	-
Prior Yr True-Up	11,872,249	11,872,249	-
True-Up Adjustment	7,424	7,424	-

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

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

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

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

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

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	7,533,264	7,533,264	-
Prior Yr True-Up	7,540,798	7,540,798	-
True-Up Adjustment	7,534	7,534	-

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	3,932,147	3,932,147	-
Prior Yr True-Up	3,959,986	3,959,986	-
True-Up Adjustment	27,839	27,839	-

[illegible]

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

A. Base Plan Facilities

(e.g. ER05-925-000)

RTEP ID: b1465.5 (Switching Improvements at Sullivan Jefferson 765kV stations)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

[illegible]

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

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet L RESERVED
AEP Indiana Michigan Transmission Company

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP Indiana Michigan Transmission Company

Line No	Month (a)	Average Balance of Common Equity				Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
		Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1) (d)	Less AOCI (Acct 219.1) (e)	
	(Note A)	(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	973,068,651	-	-	-	973,068,651
2	January	988,197,712				988,197,712
3	February	1,001,069,110				1,001,069,110
4	March	1,001,098,531				1,001,098,531
5	April	1,011,999,200				1,011,999,200
6	May	1,027,078,731				1,027,078,731
7	June	1,042,431,583				1,042,431,583
8	July	1,057,827,338				1,057,827,338
9	August	1,067,759,392				1,067,759,392
10	September	1,077,654,691				1,077,654,691
11	October	1,087,649,616				1,087,649,616
12	November	1,098,208,315				1,098,208,315
13	December of Rate Year	1,106,623,065				1,106,623,065
14	Average of the 13 Monthly Balances	1,041,589,687	-	-	-	1,041,589,687

Line No	Month (a)	Average Balance of Long Term Debt					Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
		Bonds (b)	Less: 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			777,550,000			777,550,000
16	January			777,550,000			777,550,000
17	February			777,550,000			777,550,000
18	March			777,550,000			777,550,000
19	April			777,550,000			777,550,000
20	May			777,550,000			777,550,000
21	June			885,550,000			885,550,000
22	July			885,550,000			885,550,000
23	August			885,550,000			885,550,000
24	September			940,550,000			940,550,000
25	October			940,550,000			940,550,000
26	November			918,950,000			918,950,000
27	December of Rate Year			918,950,000			918,950,000
28	Average of the 13 Monthly Balances	-	-	849,303,846	-	-	849,303,846

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)

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
AEP Indiana Michigan Transmission Company

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)			32,356,029			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 43 below.			-			
32	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			533,471			
33	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)						
34	Less: Amort of Premium on Debt - Acct 429 (117.65.c)			30,860			
35	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)						
36	Total Interest Expense (Ln 30 - 31 + 32 + 33 - 34 - 35)			32,858,640			
37	Average Cost of Debt for 2019 (Ln 36/ Ln 28 (g))			3.87%			

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

38 AEP Indiana Michigan Transmission Company may not include costs (or gains) related to interest hedging activities.

	Amortization Period				
	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	(Amortization of (Gain)/Loss for 2019	Remaining Unamortized Balance	Beginning	Ending
39					
40					
41					
42					
43	Net (Gain)/Loss Hedge Amortization To Be Removed	-	-	-	-

Development of Cost of Preferred Stock

44	Balance of Preferred Stock (Line 14 (c))	-
45	Dividends on Preferred Stock (Acct 437, FF1 118.29))	
46	Average Cost of Preferred Stock (Ln 45 / Ln 44)	#DIV/0!

AEPTCo subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
AEP Indiana Michigan Transmission Company

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

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

AEP/Co subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP Indiana Michigan Transmission Company

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP System PBOP Rate</u>	
3	Total AEP System PBOP expenses	-\$80,135,777
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$80,135,777
6	Total AEP System Direct Labor Expense	\$1,454,108,109
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.055
8	Currently Approved PBOP Rate	-\$0.043
9	Base PBOP TransCo labor expensed in current year	7,685,243
10	Allowable TransCo PBOP Expense for current year (Ln 8 * Ln 9)	-\$330,465
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	-\$719,454
15	Actual PBOP Expense (Sum Lines 11-14)	-\$719,454
16	PBOP Adjustment Line 10 less Line 15	\$388,989

Note: PBOP Expense will be calculated in accordance with the settlement in Docket ER10-355.

As part of the annual update process, AEP will provide to transmission customers and include in its informational filing an independently prepared actuarial report that includes a ten (10) year forecast of PBOP expenses. During the annual update process conducted for rate year 2018 and every four years thereafter, Worksheet O will be used to determine whether the PBOP allowance rate (\$PBOP per \$Direct O&M Labor) should be adjusted going forward for the next four years. If the annual actuarial report issued during the year of any PBOP rate review projects PBOP costs during the next four years that, when allocated to the AEP Transmission Companies based on their projected direct labor expenses over that same projected four-year period, absent a change in the PBOP Rate, will likely cause the AEP East Transmission Companies to over or under collect their cumulative PBOP expenses by more than 20% of the projected next four year's total PBOP expense, taking into account the net over or under collection of such expenses during the previous four years, the PBOP rate shall be adjusted. In order to determine whether continued use of the then approved PBOP rate is likely to result in the AEP Companies' incurrence of a cumulative allowance of PBOP costs under the formula rate will result in a cumulative over or under-recovery of actual PBOP expenses exceeding 20% over the subsequent four year period, Worksheet O will be used to determine (a) the level of cumulative over or under collections of PBOP expense during the time since the PBOP allowance rate was last set, including carrying costs based on the weighted average cost of capital each year from the formula rate actual transmission cost-of-service (b) the cumulative net present value of projected PBOP costs during the next four years as estimated by the then current actuarial report, assuming a discount rate equal to the actual transmission cost of service average cost of capital for the immediately prior calendar year and (c) the cumulative net present value of continued collections over the next four years based on the projected AEP Transmission Companies direct labor expenses and the then effective PBOP allowance rate assuming a discount rate equal to the prior year weighted average cost of capital. If the absolute value of (a)+(b)-(c) exceeds 20% of (b), then the PBOP allowance rate used in the formula rate calculation shall be changed to the value that will cause the projected result of (a)+(b)-(c) to equal zero. If the projected over or under collection during the next four years, (a)+(b)-(c), is less than 20% of (b), then the PBOP Rate will continue in effect for the next four years at the then effective rate. If it is determined through this procedure AEP Companies will over-recover or under-recover actual PBOP expenses by more than 20% over the subsequent four-year period, AEP shall make a filing under FPA Section 205 to change the PBOP Rate stated in the formula rate shown on Worksheet O. No other changes to the formula rate may be included in that filing.

AEPTCo subsidiaries in PJM
Worksheet - P
DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNTS
EFFECTIVE AS OF July 1, 2018

AEP Indiana Michigan Transmission Company

	PLANT ACCT.	RATES Note 1
<i>TRANSMISSION PLANT</i>		
Land Rights	350.1	1.48%
Structures & Improvements	352.0	1.55%
Station Equipment	353.0	1.86%
Towers & Fixtures	354.0	1.69%
Poles & Fixtures	355.0	2.85%
Overhead Conductor	356.0	1.97%
Underground Conduit	357.0	1.86%
Underground Conductors	358.0	1.70%

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

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

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

Line		Appalachian Power Company	Indiana Michigan Power Company	Kentucky Power Company	Kingsport Power Company	Ohio Power Company	Wheeling Power Company	AEP East Operating Companies' Consolidated Capital Structure
<u>Development of Long Term Debt Balances at Year End</u>								
1 Bonds (112.18.c&d)								-
2 Less: Reacquired Bonds (112.19.c&d)								-
3 LT Advances from Assoc. Companies (112.20.c&d)								-
4 Senior Unsecured Notes (112.21.c&d) Excludes Spent Nuc Fuel Disp Fund								-
5 Less: Fair Value Hedges (See Note on Ln 7 below)								-
6 Total Long Term Debt Balance		-	-	-	-	-	-	-
7 NOTE:	The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure. (page 257, Column H of the FF1)							
<u>Development of Long Term Debt Interest Expense</u>								
8 Interest on Long Term Debt (256-257.33.i)								-
9 Amort of Debt Discount & Expense (117.63.c)								-
10 Amort of Loss on Reacquired Debt (117.64.c)								-
11 Less: Amort of Premium on Debt (117.65.c)								-
12 Less: Amort of Gain on Reacquired Debt (117.66.c)								-
13 Less: Hedge Interest on pp 256-257(i)								-
14 LTD Interest Expense		-	-	-	-	-	-	-
<u>Development of Cost of Preferred Stock and Preferred Dividends</u>								
15 Dividend Rate (p. 250-251. 7.a)								-
16 Par Value (p. 250-251. 8.c)								-
17 Shares Outstanding (p.250-251. 8.e)								-
18 Monetary Value (Ln 16 * Ln 17)	-	-	-	-	-	-	-	-
19 Dividend Amount (Ln 15 * Ln 18)	-	-	-	-	-	-	-	-
20 Dividend Rate (p. 250-251. 7.a)								-
21 Par Value (p. 250-251. 8.c)								-
22 Shares Outstanding (p.250-251. 8.e)								-
23 Monetary Value (Ln 21 * Ln 22)	-	-	-	-	-	-	-	-
24 Dividend Amount (Ln 20 * Ln 23)	-	-	-	-	-	-	-	-
25 Dividend Rate (p. 250-251. 7.a)								-
26 Par Value (p. 250-251. 8.c)								-
27 Shares Outstanding (p.250-251. 8.e)								-
28 Monetary Value (Ln 26 * Ln 27)	-	-	-	-	-	-	-	-
29 Dividend Amount (Ln 25 * Ln 28)	-	-	-	-	-	-	-	-
30 Dividend Rate (p. 250-251. 7.a)								-
31 Par Value (p. 250-251. 8.c)								-
32 Shares Outstanding (p.250-251. 8.e)								-
33 Monetary Value (Ln 31 * Ln 32)	-	-	-	-	-	-	-	-
34 Dividend Amount (Ln 30 * Ln 33)	-	-	-	-	-	-	-	-
35 Preferred Stock (Lns 18, 23, 28,33)	-	-	-	-	-	-	-	-
36 Preferred Dividends (Lns 19, 24, 29,34)	-	-	-	-	-	-	-	-
<u>Development of Common Equity</u>								
37 Proprietary Capital (112.16.c)								-
38 Less: Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-	-
39 Less: Account 216.1 (112.12.c)								-
40 Less: Account 219.1 (112.15.c)								-
41 Balance of Common Equity		-	-	-	-	-	-	-
<u>Calculation of Capital Shares</u>								
42 Long Term Debt (Ln 6 Above)	-	-	-	-	-	-	-	-
43 Preferred Stock (Ln 35 Above)	-	-	-	-	-	-	-	-
44 Common Equity (Ln 41 Above)	-	-	-	-	-	-	-	-
45 Total Company Structure	-	-	-	-	-	-	-	-
46 LTD Capital Shares (Ln 42 / Ln 45)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
47 Preferred Stock Capital Shares (Ln 43 / Ln 45)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
48 Common Equity Capital Shares (Ln 44 / Ln 45)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
49 Reserved								
50 Reserved								
51 Reserved								
52 Reserved								
<u>Calculation of Capital Cost Rate</u>								
53 LTD Capital Cost Rate (Ln 14 / Ln 6)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
54 Preferred Stock Capital Cost Rate (Ln 36 / Ln 35)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55 Common Equity Capital Cost Rate	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%	11.49%
<u>Calculation of Weighted Capital Cost Rate</u>								
56 LTD Weighted Capital Cost Rate (Ln 46 * Ln								

[illegible]

[illegible]

AEPTCo Subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet R - True-up With Interest

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018		2017 Forecasted Revenue Requirement For Year 2017		True-up Adjustment - Over (Under) Recovery
\$0	-	\$0	=	\$0

Interest Rate on Amount of Refunds or Surcharges (Note 1)	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.3420%				

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

<u>Calculation of Interest</u>					Monthly	
January	Year 2017	-	0.3420%	12	-	-
February	Year 2017	-	0.3420%	11	-	-
March	Year 2017	-	0.3420%	10	-	-
April	Year 2017	-	0.3420%	9	-	-
May	Year 2017	-	0.3420%	8	-	-
June	Year 2017	-	0.3420%	7	-	-
July	Year 2017	-	0.3420%	6	-	-
August	Year 2017	-	0.3420%	5	-	-
September	Year 2017	-	0.3420%	4	-	-
October	Year 2017	-	0.3420%	3	-	-
November	Year 2017	-	0.3420%	2	-	-
December	Year 2017	-	0.3420%	1	-	-
					-	-

January through December Year 2018	-	0.3420%	12	Annual	-	-
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<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>					Monthly	
January	Year 2019	-	0.3420%		-	-
February	Year 2019	-	0.3420%		-	-
March	Year 2019	-	0.3420%		-	-
April	Year 2019	-	0.3420%		-	-
May	Year 2019	-	0.3420%		-	-
June	Year 2019	-	0.3420%		-	-
July	Year 2019	-	0.3420%		-	-
August	Year 2019	-	0.3420%		-	-
September	Year 2019	-	0.3420%		-	-
October	Year 2019	-	0.3420%		-	-
November	Year 2019	-	0.3420%		-	-
December	Year 2019	-	0.3420%		-	-
					-	-

True-Up Adjustment with Interest	-
Less Over (Under) Recovery	-
Total Interest	-

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.

AEPTCo Subsidiaries in PJM
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet R - True-up With Interest

Reconciliation Revenue Requirement For Year 2017 Available May 25, 2018		2017 Forecasted Revenue Requirement For Year 2017		True-up Adjustment - Over (Under) Recovery
\$0	-	\$0	=	\$0

Interest Rate on Amount of Refunds or Surcharges (Note 1)		Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
			0.3420%				
An over or under collection will be recovered prorata over 2017, held for 2018 and returned prorata over 2019							
<u>Calculation of Interest</u>				Monthly			
January	Year 2017	-	0.3420%	12	-	-	-
February	Year 2017	-	0.3420%	11	-	-	-
March	Year 2017	-	0.3420%	10	-	-	-
April	Year 2017	-	0.3420%	9	-	-	-
May	Year 2017	-	0.3420%	8	-	-	-
June	Year 2017	-	0.3420%	7	-	-	-
July	Year 2017	-	0.3420%	6	-	-	-
August	Year 2017	-	0.3420%	5	-	-	-
September	Year 2017	-	0.3420%	4	-	-	-
October	Year 2017	-	0.3420%	3	-	-	-
November	Year 2017	-	0.3420%	2	-	-	-
December	Year 2017	-	0.3420%	1	-	-	-
				Annual			
January through December	Year 2018	-	0.3420%	12	-	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				Monthly			
January	Year 2019	-	0.3420%		-	-	-
February	Year 2019	-	0.3420%		-	-	-
March	Year 2019	-	0.3420%		-	-	-
April	Year 2019	-	0.3420%		-	-	-
May	Year 2019	-	0.3420%		-	-	-
June	Year 2019	-	0.3420%		-	-	-
July	Year 2019	-	0.3420%		-	-	-
August	Year 2019	-	0.3420%		-	-	-
September	Year 2019	-	0.3420%		-	-	-
October	Year 2019	-	0.3420%		-	-	-
November	Year 2019	-	0.3420%		-	-	-
December	Year 2019	-	0.3420%		-	-	-
True-Up Adjustment with Interest						-	
Less Over (Under) Recovery						-	
Total Interest						-	

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 true-up through August 31 of the following year.