

Appalachian Power Company Input Statement
12 Months Ending 12/31/2015 (actuals) for 2016

Appalachian Power Company

REFERENCING File Name:

AEP APCo Va FRR 2015 Formula Update Workpapers (2015 data used 2016 filing)

Schedule	Description	Amount	Sheet / Tab	Cell
B-1	Production Billing kW			
B-2	Production System Peak Demand	5,425.4	WP-1	D18
B-4	Off System Sales for Resale (Demand Portion)	1,430,018	WP-15D	B10
	Ancillary Service Revenue	0	WP-2	F13
B-4	Energy Credit Revenue	15,943,577	WP-15D	D13
B-5	Plant Held for Future Use - TOTAL	428,415	WP-19	C14
	Plant Held for Future Use - DEMAND	428,415	WP-19	D14
	Plant Held for Future Use - ENERGY	0	WP-19	E14
	Pollution Control CWIP	0	WP-3	sum(D27+D30)
	Non-Pollution Control CWIP (50%)	0	WP-3	(D28+D29)x50%
	Prepayments Nonlabor	6,130,067	WP-5c	D24
	Prepayments Labor	213,500	WP-5c	F24
B-6	Plant in Service - TOTAL COMPANY	12,182,264,814	WP-6a	G38
	Production Plant - TOTAL COMPANY	6,084,363,577	WP-6a	G11
	Production Plant - DEMAND	6,084,363,577		
	Production Plant - ENERGY	0		
	Accum. Depreciation - TOTAL CO.	3,965,296,752	WP-6b	D16
	Accum. Depreciation - PRODUCTION ONLY	2,014,287,546	WP-6b	E16
	Accum. Depreciation - GENERAL & INTANGIBLE	125,219,210	WP-6b	H16
	Accum. Deferred Income Taxes - TOTAL CO.	2,100,187,965		
B-6a	Acct 190			
	Excluded Items	199,683,045	WP-8ai	M122
	100% Production (Energy)	1,770,180	WP-8ai	M119
	100% Production (Demand)	101,528,102	WP-8ai	M121
	Labor Related	9,264,971	WP-8ai	M118
	Acct 281			
	Excluded Items	0	WP-8a	Q19
	100% Production (Energy)	0	WP-8a	
	100% Production (Demand)	317,728,821	WP-8a	M22
	Labor Related	0	WP-8a	
	Acct 282			
	Excluded Items	965,037,863	WP-8a	Q73
	100% Production (Energy)	(3,497)	WP-8a	Q70
	100% Production (Demand)	666,154,963	WP-8a	Q72
	Labor Related	(65,939)	WP-8a	Q69
	Acct 283			
	Excluded Items	173,059,792	WP-8a	Q164
	100% Production (Energy)	38,824,255	WP-8a	Q161
	100% Production (Demand)	220,612,926	WP-8a	Q163
	Labor Related	30,060,203	WP-8a	Q160
	Acct 255			
	Excluded Items	135,546	WP-8a	R177+S177
	100% Production (Energy)	0	WP-8a	
	100% Production (Demand)	889,331	WP-8a	Q177
	Labor Related	0	WP-8a	
B-7	General Plant			
	Land	15,052,410	WP-6c	C18
	Structures	114,422,309	WP-6c	C20
	Office Equipment	6,900,393	WP-6c	C22
	Transportation	445	WP-6c	C24
	Stores Equipment	1,377,390	WP-6c	C26
	Tools, Shop & Garage Equipment	27,955,826	WP-6c	C29+C33
	Lab Equipment	2,737,066	WP-6c	C31
	Communication Equipment	33,360,799	WP-6c	C35
	Miscellaneous Equipment & Other	6,621,552	WP-6c	C37
	Other Tangible Property	0	WP-6c	C39
	Asset Retirement Costs	811,747	WP-6c	C46-C44
	TOTAL GENERAL PLANT	209,239,937		
	Intangible Plant	83,036,453	WP-6a	G35
	Total Wages & Salaries (Excluding A & G and SF&H)	154,007,441	WP-9a	E30
	Production Wages & Salaries	85,439,130	WP-9b	F50
	Allocation Factors for Production-Related General Plant based on Production Wages & Salaries			
	Demand	0.6905029464	WP-9b	D52
	Energy	0.3094970536		
B-9	Account 151 Fuel Inventory	114,286,336	WP-5b	M13
	Materials & Supplies - Total	103,454,488		
	Production	72,524,883	WP-5a	K10
	Transmission	14,698,556	WP-5a	K11
	Distribution	16,231,049	WP-5a	K12
	Account 158 - Allowances	23,517,647	WP-5a	C21
	Account 120 Nuclear Fuel	0	WP-5b	E17
	Account 152 Undistributed	5,055,842	WP-5b	B17
B-10	ADMINISTRATIVE & GENERAL EXPENSES			

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Schedule	Description	Amount	Sheet / Tab	Cell
	A & G Salaries # 920	40,295,881	WP-10a	D163
	Outside Services # 923	10,748,961	WP-10a	D166
	Employee Pensions & Benefits # 926	8,661,337	WP-10a	D172
	Office Supplies # 921	5,549,681	WP-10a	D164
	Injuries & Damages # 925	8,407,453	WP-10a	D168
	Franchise Requirements # 927	0	WP-10a	D173
	Duplicate Charges # 929	(207,635)	WP-10a	D175
	Miscellaneous General Expense # 930	8,109,515	WP-10a	sum(D176:D178)
	Advertising Expense	339,442	WP-10a	D176
	Dues & Memberships	0	WP-10a	D178
	Adm. Expense Transfer - Cr. # 922	(5,793,064)	WP-10a	D165
	Property Insurance # 924	2,519,543	WP-10a	D167
	Regulatory Comm. Expense # 928	3,654,326	WP-10a	D174
	Reg. Comm. Expense Production Related	20,676	WP-11	E34
	Rents # 931	2,316,429	WP-10a	D179
	Maintenance of General Plant # 935	11,478,794	WP-10a	D183
B-11	Common Stock	3,476,084,105	WP-12a	M11
	Bonds (Acc 221)	345,097,743	WP-13	E12
	Less: Reacquired Bonds (Acc 222)	0	WP-13	G12
	Advances from Assoc Companies (Acc 223)	0	WP-13	C12
	Other Long Term Debt (Acc 224)	3,000,000,000	WP-13	K12
B-12	Long Term Debt	3,620,784,367	WP-13	O12
	Interest on Long Term Debt	188,068,200	WP-13	F39
	Amort Debt Disc/ Exp	2,916,356	WP-13	F27
	Amort Loss Reacq	3,960,759	WP-13	F28
	Amort. Premium on Debt	0	WP-13	F32
	Amort. Gain on Debt	0	WP-13	F34
B-13	Preferred Stock	0	WP-12b	B13
	Preferred Stock Dividends	0	WP-12b	K13
	Premium on Preferred Stock	0	WP-12b	D13
B-13b	Total Proprietary Capital			
	Preferred Stock (Acc 204, pfd portion of Acc 207-213)	0	WP-12a	E11+F11+G11
	Unappropriated Undistributed Subsidiary Earnings (Acc 216.1)	1,758,641	WP-12a	I11
	Accumulated Comprehensive Other Income (Acc 219)	(2,792,656)	WP-12a	K11
	Total Proprietary Capital	3,475,050,090	WP-12a	C11
B-14	Coal Handling	24,266,397	WP-18	C20
	Lignite Handling	0		
	Fly Ash Rev/Exp	(87,771)	WP-18	C21
	Other Production Expenses #557	8,769,291	WP-10a	D56
	System Control/Load Dispatching #556	15,029,536	WP-10a	D55+D73+D77+D100
	Other Steam Gen & Other Power Gen Exp			
	Total	226,819,781	WP-14	G62
	Demand	135,015,265	WP-14	G60
	Energy	91,804,516	WP-14	G61
	Purchased Power (Total) # 555	439,192,165	WP-15c	E10
	Purchased Power (Demand) # 555	56,351,848	WP-15c	B10 + D10
	Purchased Power (Energy) # 555	382,840,317	WP-15c	C10
B-16	Steam Production Plant Depreciation Expense	175,176,949	WP-6d	B9
	Hydro Production Plant Conventional Depreciation Expense	2,890,929	WP-6d	B10
	Hydro Production Plant Pumped Storage Depreciation Expense	2,388,232	WP-6d	B11
	Other Production Plant Depreciation Expense	14,813,806	WP-6d	B12
	General & Intangible Plant Depreciation Expense	22,737,618	WP-6d	B15+B16
	Production Plant Accretion Expense	0		
B-17	Payroll Related Other Taxes	8,768,970	WP-8c	C9
	Property Related Other Taxes	60,928,806	WP-8c	C11
	Production Related Taxes	22,744,487	WP-8c	C12
	Other	18,350,119	WP-8c	C14
	Not Allocated (Gross Receipts and Dist. Related)	12,925,854	WP-8c	C15
B-19	Federal Income Tax Rate	35.0000%	WP-8b	C20
	State Income Tax Rate (Composite)	3.6600%	WP-8b	C21
	Percent of FIT deductible for state purposes	0.0000%	WP-8b	C22
	Amortized Investment Tax Credit (enter negative)	(24,053)	WP-8b	D18
B-11	Return on Common	10.40%	na	
	Year Ending -- Month	12		
	Year Ending -- Day	31		
	Year Ending -- Year	2015	na	

5/25/2016

AEP APCo VA 2015 Capacity Formula Update.xlsx

INPUT

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B-22	Losses and Imbalance Ancillary Svc. Rev.	0			
GSU Data Input					
B-3	GSU & Other Production Related Investment	63,363,278	December, 2015	WP-16	H34
B-3	Plant in Service - TRANSMISSION	2,406,274,556	December, 2015	WP-6a	G17
B-3	Transmission Depreciation Expense	37,558,327	December, 2015	WP-6d	B13
B-3	Transmission Substation Acct. 353 Investment	1,013,834,214	December, 2015	WP-17	J11
B-3	Transmission O&M (Accts 562 & 570)	4,302,770	December, 2015	WP-10a	sum(D78+D91)
B-6	GSU Accumulated Depreciation	20,041,792	December, 2015	WP-16	I34

Appalachian Power Company
Formula Rate Template - Capacity Rate
12 Months Ending 12/31/2014 (actuals)

	RATE \$/MW/Day (1)	CAPACITY MW (2)	Amount \$ (1) x (2) (3)
Capacity Daily Charge:			
1. Reference	P.2		Col (1) x (2)
2. Amount	\$437.46029	5,425	\$2,373,397.06

Note A: Rate will be applied to peak obligation demands at or adjusted to generation level (including losses).

DETERMINATION OF RATES APPLICABLE TO
APCO CAPACITY REQUIREMENTS
12 Months Ending 12/31/2015 (actuals) for 2016

1. Capacity Daily Rates

$$\begin{aligned} \$/\text{MW} &= \frac{\text{Annual Production Fixed Cost}}{(\text{APCo 5 CP Demand}/365) \text{ (Note A)}} \\ &= \frac{866,289,927}{5,425.4 / 365} = \$437.46029 \end{aligned}$$

Where: Annual Production Fixed Cost, P.4, L. 8

Note A: Average of demand at time of PJM five highest daily peaks.
Workpapers -- WP1

		Reference (1)	PRODUCTION Amount (2)
1.	GSU & Associated Investment	Note A	63,363,278
2.	Total Transmission Investment	FF1, P.207, L.58, Col.g	2,406,274,556
3.	Percent (GSU to Total Trans. Investment)	L.1 / L.2	2.63%
4.	Transmission Depreciation Expense	FF1, P.336, L.7, Col.b	37,558,327
5.	GSU Related Depreciation Expense	L.3 x L.4	989,005
6.	Station Equipment Acct. 353 Investment	Note B	1,013,834,214
7.	Percent (GSU to Acct. 353)	L.1 / L.6	6.25%
8.	Transmission O&M (Accts 562 & 570)	FF1,P.321, L. 93, Col.b, and L.107, Col.b	4,302,770
9.	GSU & Associated Investment O&M	L.7 x L.8	268,917

Note A: Workpapers -- WP-16

Note B: Workpapers -- WP-17

ANNUAL PRODUCTION FIXED COST
 12 Months Ending 12/31/2015 (actuals) for 2016

	Reference (1)	PRODUCTION Amount (2)
1. Return on Rate Base	P.5, L.18, Col.(2)	\$257,736,041
2. Operation & Maintenance Expense	P.14, L.15, Col.(2)	\$250,930,834
3. Depreciation Expense	P.16, L.9, Col.(2) Note A	\$204,969,071
4. Taxes Other Than Income Taxes	P.17, L.6, Col.(3)	\$68,669,315
5. Income Tax	P.18, L.5, Col.(2)	\$99,928,242
6. Sales for Resale	Note B	\$15,943,577
7. Sales for Resale (Energy Credit)	Note C	\$0
8. Annual Production Fixed Cost	Sum (L.1 : L.5) - (L.6 +L.7)	\$866,289,927

Note A: See page 20 for depreciation rates by plant account.

Note B: Capacity related revenues associated with sales as reported in Account 447 (includes pool capacity demand). See Workpaper 15d.

Note C: Workpaper 15d

RETURN ON PRODUCTION-RELATED INVESTMENT
12 Months Ending 12/31/2015 (actuals) for 2016

Appendix 2
Page 5

	Reference	Amount (1)	Demand (2)	Energy (3)
1. ELECTRIC PLANT				
2. Gross Plant in Service	P.6, L.4, Col.(2)-(4)	6,309,423,494	6,259,378,861	50,044,633
3. Less: Accumulated Depreciation	P.6, L.11, Col.(2)-(4)	2,103,797,542	2,082,297,337	21,500,205
4. Net Plant in Service	L.2 - L.3	4,205,625,952	4,177,081,523	28,544,429
5. Less: Accumulated Deferred Taxes	P.6, L.12, Col.(2)-(4)	1,161,637,809	1,118,171,576	43,466,233
6. Plant Held for Future Use (Note A)	FF1, P.214	428,415	428,415	0
7. Subtotal - Electric Plant	L.4 - L.5 + L.6	3,044,416,558	3,059,338,362	(14,921,804)
WORKING CAPITAL				
8. Materials & Supplies				
9. Fuel	P.9, L.2, Col.(2)-(4)	119,342,178	0	119,342,178
10. Nonfuel	P.9, L.8, Col.(2)-(4)	72,524,883	72,524,883	0
11. Total M & S	L.9 + L.10	191,867,061	72,524,883	119,342,178
12. Prepayments Nonlabor (Note B)		3,174,877	3,149,694	25,182
13. Prepayments Labor (Note B)		118,444	81,786	36,658
14. Prepayments Total (Note B)	L.12 + L. 13	3,293,321	3,231,480	61,840
15. Cash Working Capital	P.8, L.7, Col.(1)-(3)	37,680,677	24,288,759	13,391,918
16. Total Rate Base	L.7 + L.11 + L.14 + L.15	3,277,257,616	3,159,383,484	117,874,132
17. Weighted Cost of Capital	P.11, L.4, Col.(4)	8.16%	8.16%	8.16%
18. Return on Rate Base	L.16 x L.17	267,351,972	257,736,041	9,615,931

Note A: Workpapers -- WP-19

Note B: Workpapers -- WP-5c Prepayments include amounts booked to Account 165. Nonlabor related prepayments allocated to the production function based on gross plant on P.6, L.7. Labor related prepayments allocated to production function based on wages and salaries on P.7, Note B.

	System		Reference	PRODUCTION		
	Reference	Amount (1)		Amount (2)	Demand (3)	Energy (4)
1. GROSS PLANT IN SERVICE (Note A)						
2. Plant in Service (Note C)	L. 14	12,182,264,814	L.16	6,147,726,855	6,147,726,855	0
3. Allocated General & Intangible Plant			P.7, Col(3), L.25	161,696,639	111,652,006	50,044,633
4. Total	L.2 + L.3 Note A	12,182,264,814		6,309,423,494	6,259,378,861 99%	50,044,633 1%
5.			Col.(2), L.4	6,309,423,494	6,259,378,861	50,044,633
6.			Col.(1), L.4	12,182,264,814	12,182,264,814	12,182,264,814
7.		100.00%	L.5/L.6	51.79%	51.38%	0.41%
8. ACCUMULATED PROVISION FOR DEPRECIATION (Note A)						
9. Plant in Service (Note D)	L.18	3,965,296,752	L.20	2,034,329,338	2,034,329,338	0
10. Allocated General Plant		125,219,210	Note B	69,468,204	47,968,000	21,500,205
11. Total	L.9 + L.10			2,103,797,542	2,082,297,337	21,500,205
12. ACCUMULATED DEFERRED TAXES (Note A)	Note E	2,100,187,965	P.6a, L. 52	1,161,637,809	1,118,171,576	43,466,233

Note A: Excludes ARO amounts.

Note B: (% From P.7, Col.(3), L.28)

Note C: Includes Generator Step-Up Transformers and Other Generation related investments previously included in the transmission accounts

Note D: Includes Accumulated Depreciation associated with the Generator Step-Up Transformers and Other Generation investments.

Note E: WP--8a, WP--8ai

GSU DETAILS [Lns. 2 and 9 above]

	System Reference	Amount (1)	Reference	PRODUCTION Amount (2)	Demand (3)	Energy (4)
13 GROSS PLANT IN SERVICE						
14 Plant in Service (Note C)	WP6a, Ln. 11	12,490,423,388	WP6a, Ln. 2	6,084,363,577	6,084,363,577	0
15 Plant in Service (Note C) (GSU)	P.3, L.1, Col.(2)			63,363,278	63,363,278	0
16 Plant in Service (Note C)	Ln. 14 + L.15			6,147,726,855	6,147,726,855	0
17 Accumulated Provision for Depreciation						
18 Accumulated Prov. Depreciation (Note D)	WP6b, Ln. 7	4,360,891,813	WP6b, Ln. 7	(2,014,287,546)	(2,014,287,546)	0
19 Accumulated Prov. Dep. (GSU)	WP16			20,041,792	20,041,792	0
20 Total Accumulated Depreciation (Note D)	Ln. 18+ L.19			(1,994,245,754)	(1,994,245,754)	0

	<u>Account</u>	<u>Description</u>	<u>Year End Balance</u>	<u>Exclusions</u>	<u>100% Production (Energy Related)</u>	<u>100% Production (Demand Related)</u>	<u>Labor</u>
1	190	Excluded Items	199,683,045	199,683,045			
2	190	100% Production (Energy)	1,770,180		1,770,180		
3	190	100% Production (Demand)	101,528,102			101,528,102	
4	190	Labor Related	9,264,971				9,264,971
5	190	Total	<u>312,246,298</u>	<u>199,683,045</u>	<u>1,770,180</u>	<u>101,528,102</u>	<u>9,264,971</u>
6		Production Allocation		0.00%	100.00%	100.00%	100.00%
7		(Gross Plant or Wages/Salaries)		-	1,770,180	101,528,102	9,264,971
8		Demand Related			-	101,528,102	6,397,490
9		Energy Related			1,770,180	-	2,867,481
10					Direct	Direct	B-7, Note B
11	281	Excluded Items		-			
12	281	100% Production (Energy)			-		
13	281	100% Production (Demand)	(317,728,821)			(317,728,821)	
14	281	Labor Related	-				-
15	281	Total	<u>(317,728,821)</u>	<u>-</u>	<u>-</u>	<u>(317,728,821)</u>	<u>-</u>
16		Production Allocation		0.00%	100.00%	100.00%	55.48%
17		(Gross Plant or Wages/Salaries)		-	-	(317,728,821)	-
18		Demand Related			-	(317,728,821)	-
19		Energy Related			-	-	-
20		Allocation Basis			Direct	Direct	B-7, Note B
21	282	Excluded Items	(965,037,863)	(965,037,863)			
22	282	100% Production (Energy)	3,497		3,497		
23	282	100% Production (Demand)	(666,154,963)			(666,154,963)	
24	282	Labor Related	65,939				65,939
25	282	Total	<u>(1,631,123,390)</u>	<u>(965,037,863)</u>	<u>3,497</u>	<u>(666,154,963)</u>	<u>65,939</u>
26		Production Allocation		0.00%	100.00%	100.00%	100.00%
27		(Gross Plant or Wages/Salaries)		-	3,497	(666,154,963)	65,939
28		Demand Related			-	(666,154,963)	45,531
29		Energy Related			3,497	-	20,408
30		Allocation Basis			Direct	Direct	B-7, Note B
31	283	Excluded Items	(173,059,792)	(173,059,792)			
32	283	100% Production (Energy)	(38,824,255)		(38,824,255)		
33	283	100% Production (Demand)	(220,612,926)			(220,612,926)	
34	283	Labor Related	(30,060,203)				(30,060,203)
35	283	Total	<u>(462,557,175)</u>	<u>(173,059,792)</u>	<u>(38,824,255)</u>	<u>(220,612,926)</u>	<u>(30,060,203)</u>
36	283	Production Allocation		0.00%	100.00%	100.00%	100.00%
37		(Gross Plant or Wages/Salaries)		-	(38,824,255)	(220,612,926)	(30,060,203)
38		Demand Related			-	(220,612,926)	(20,756,659)
39		Energy Related			(38,824,255)	0	(9,303,544)
40		Allocation Basis			Direct	B-6, L. 7	B-7, Note B
41	255	Excluded Items	(135,546)	(135,546)			
42	255	100% Production (Energy)	-		-		
43	255	100% Production (Demand)	(889,331)			(889,331)	
44	255	Labor Related	-				-
45	255	Total	<u>(1,024,877)</u>	<u>(135,546)</u>	<u>-</u>	<u>(889,331)</u>	<u>-</u>
46	255	Production Allocation		0.00%	100.00%	100.00%	100.00%
47		(Gross Plant or Wages/Salaries)		-	-	(889,331)	-
						Direct	
48		Summary Production Related ADIT	Total	Demand	Energy		
49		P Plant (Energy Related)	(37,050,578)	-	(37,050,578)		
50		P Plant (Demand Related)	(1,103,857,939)	(1,103,857,939)	0		
51		Labor Related	(20,729,293)	(14,313,638)	(6,415,655)		
52		Total	<u>(1,161,637,809)</u>	<u>(1,118,171,576)</u>	<u>(43,466,233)</u>		

Source: Functionalized balances for Accounts 190, 281, 282, 283 and 255 from WP-8a and 8ai.

General Plant Accounts 101 and 106

	Total System (Note A) (1)	Allocation Factor (2)	Related to Production (1) x (2) (3)	Demand (4)	Energy (5)	FERC Form 1 Reference
1. GENERAL PLANT						
2.						
3. Land	15,052,410	Note B	8,350,667	5,766,160	2,584,507	P.207, L.86, Col.(g)
4. General Offices	0		0	0	0	
5. Total Land	15,052,410		8,350,667	5,766,160	2,584,507	P.207, L.86, Col.(g)
6.						
7. Structures	114,422,309	Note B	63,478,378	43,832,007	19,646,371	P.207, L.87, Col.(g)
8. General Offices	0		0	0	0	
9. Total Structures	114,422,309		63,478,378	43,832,007	19,646,371	P.207, L.87, Col.(g)
10.						
11. Office Equipment	6,900,393	Note B	3,828,150	2,643,349	1,184,801	P.207, L.88, Col.(g)
12. General Offices	0		0	0	0	
13. Total Office Equipment	6,900,393		3,828,150	2,643,349	1,184,801	P.207, L.88, Col.(g)
14. Transportation Equipment	445	Note B	247	170	76	P.207, L.89, Col.(g)
15. Stores Equipment	1,377,390	Note B	764,138	527,640	236,499	P.207, L.90, Col.(g)
16. Tools, Shop & Garage Equipment	27,955,826	Note B	15,509,130	10,709,100	4,800,030	P.207, L.91, L. 93, Col.(g)
17. Lab Equipment	2,737,066	Note B	1,518,450	1,048,494	469,956	P.207, L.92, Col.(g)
18. Communication Equipment	33,360,799	Note B	18,507,662	12,779,595	5,728,067	P.207, L.94, Col.(g)
19. Miscellaneous Equip & Other	6,621,552	Note B	3,673,457	2,536,533	1,136,924	P.207, L.95, Col.(g)
20. Subtotal General Plant	208,428,190		115,630,278	79,843,048	35,787,230	P.207, L.96, Col.(g)
21. PERCENT		Note C	55.48%	38.31%	17.17%	
22. Other Tangible Property	0	Note D	0	0	0	P.207, L. 97, Col.(g)
23. TOTAL GENERAL PLANT	208,428,190		115,630,278	79,843,048	35,787,230	
24. INTANGIBLE PLANT	83,036,453	Note B	46,066,361	31,808,958	14,257,403	P.205, L.5, Col.(g)
25. TOTAL GENERAL AND INTANGIBLE	291,464,643		161,696,639	111,652,006	50,044,633	L.23 + L.24
26. PERCENT		Note E	55.48%	38.31%	17.17%	

NOTE A: See Workpaper 6c.

NOTE B: Allocation factors based on wages and salaries in electric operations and maintenance expenses excluding administrative and general expenses:

a. Total wages and salaries in electric operation and maintenance expenses excluding administrative and general expense, FF1, P.354, Col.(b), Ln.28 - L.27 (see workpaper 9a).	154,007,441
b. Production wages and salaries in electric operation and maintenance expense, FF1, P.354, Col.(b), L.20. (see WP-9a)	85,439,130
c. Ratio (b / a)	55.477%

NOTE C: L.20, Col.(3) / L.20, Col.(1)

NOTE D: Directly assigned to Production

NOTE E: L.25, Col.(3) / L.25, Col.(1)

PRODUCTION-RELATED CASH REQUIREMENT
 12 Months Ending 12/31/2015 (actuals) for 2016

	Reference	Amount (1)	PRODUCTION Demand (2)	Energy (3)
1. Total Production Expense Excluding Fuel Used In Electric Generation	P.14, L.12 Col.(1)-(3)	713,989,399	215,165,940	498,823,459
2. Less Fuel Handling / Sale of Fly Ash	P.14, L.1 thru L. 3 Col.(1)-(3)	(24,178,626)	0	(24,178,626)
3. Less Purchased Power	P.14, L.11 Col.(1)-(3)	(439,192,165)	(56,351,848)	(382,840,317)
4. Other Production O&M	Sum (L.1 thru L.3)	250,618,608	158,814,092	91,804,516
5. Allocated A&G	P.10, L.17 Col.(3)-(5)	50,826,807	35,495,977	15,330,830
6. Total O&M for Cash Working Capital Calculation	L.4 + L.5	301,445,415	194,310,069	107,135,345
7. O&M Cash Requirements	=45 / 360 x L.6	37,680,677	24,288,759	13,391,918

PRODUCTION-RELATED MATERIALS & SUPPLIES
 12 Months Ending 12/31/2015 (actuals) for 2016

	SYSTEM		PRODUCTION			
	Reference	Amount (1)	Reference	Amount (2)	Demand (3)	Energy (4)
1. Material & Supplies (Note A)						
2. Fuel (Note C)	FF1, P.110, L. 45,46 Workpapers WP-5b	119,342,178		119,342,178	0	119,342,178
3. Non-Fuel						
4. Production	Note D	72,524,883	100% Col. 1	72,524,883	72,524,883	0
5. Transmission		14,698,556	0	0	0	0
6. Distribution		16,231,049	0	0	0	0
7. General		0	Note B	0	0	0
8. Total	L.4 + L.5 + L.6 + L.7	103,454,488		72,524,883	72,524,883	0
9. Account 158 Allowances	Note D	23,517,647		23,517,647	0	23,517,647

Note A: Year end balance.

Note B: Column (1) times % from P.7, Col.(3), L.26.

Note C: Workpapers WP-5b

Note D: Workpapers WP-5a

PRODUCTION-RELATED
ADMINISTRATIVE & GENERAL EXPENSE ALLOCATION
12 Months Ending 12/31/2015 (actuals) for 2016

	Account	System		Allocation Factor % (2)	Production			FERC Form 1 Reference
		Reference	Amount (1)		Amount (3)	Demand (4)	Energy (5)	
1.	ADMINISTRATIVE & GENERAL EXPENSE							
2.	RELATED TO WAGES AND SALARIES							
3.	A&G Salaries	920	Workpapers 10-a	40,295,881				P.323, L.181, Col.(b)
4.	Outside Services	923	Workpapers 10-a	10,748,961				P.323, L.184, Col.(b)
5.	Employee Pensions & Benefits	926	Workpapers 10-a	8,661,337	Note F			P.323, L.187, Col.(b)
6.	Office Supplies	921	Workpapers 10-a	5,549,681				P.323, L.182, Col.(b)
7.	Injuries & Damages	925	Workpapers 10-a	8,407,453				P.323, L.186, Col.(b)
8.	Franchise Requirements	927	Workpapers 10-a	0				P.323, L.188, Col.(b)
9.	Duplicate Charges - Cr.	929	Workpapers 10-a	(207,635)				P.323, L.190, Col.(b)
10.	Total		Ls. 3 thru 9	73,455,678	Note A	40,751,208	28,138,829	12,612,379
11.	MISCELLANEOUS GENERAL EXPENSES	930	Workpapers 10-a	7,770,072	Note A & D	4,310,624	2,976,499	1,334,126 P.323, L.192, Col.(b) [Note A]
12.	ADM. EXPENSE TRANSFER - CR.	922	Workpapers 10-a	(5,793,064)	Note B	(3,213,834)	(2,219,162)	(994,672) P.323, L.183, Col.(b)
13.	PROPERTY INSURANCE	924	Workpapers 10-a	2,519,543	Note E	1,304,919	1,294,568	10,350 P.323, L.185, Col.(b)
14.	REGULATORY COMM. EXPENSES	928	Workpapers 10-a	3,654,326	Note C	20,676	20,676	0 P.323, L.189, Col.(b)
15.	RENTS	931	Workpapers 10-a	2,316,429	Note B	1,285,092	887,360	397,732 P.323, L.193, Col.(b)
16.	MAINTENANCE OF GENERAL PLANT	935	Workpapers 10-a	11,478,794	Note B	6,368,122	4,397,207	1,970,915 P.323, L.196, Col.(b)
17.	TOTAL A & G EXPENSE		L.10 thru 16	95,401,779		50,826,807	35,495,977	15,330,830

Note A: % from Note B, P.7

Note B: General Plant % from P.7, Col.(3), L.26

Note C: Workpapers WP -- 11 Excluding all items not related to wholesale service and also excludes FERC assessment of annual charges.

Note D: Excludes general advertising and company dues and memberships.

Note E: % Plant from P.6, L.7.

Note F: PBOP expense is fixed at \$6,222,780. This amount cannot be changed absent a Section 205/206 filing with the Commission.

COMPOSITE COST OF CAPITAL
 12 Months Ending 12/31/2015 (actuals) for 2016

		Reference	Total Company Capitalization \$ (1)	Weighted Cost Ratios % (2)	Reference	Cost of Capital % (3)	Weighted Cost of Capital (2 x 3) (4)
1.	Long Term Debt	Note A	3,345,097,743	49.04%	Note D	5.83%	2.857940%
2.	Preferred Stock	Note B	0	0.00%	Note E	0.00%	0.00%
3.	Common Stock	Note C	3,476,084,105	50.96%	Note F	10.40%	5.30%
4.	Total	Ln. 1+L.2+L.3	6,821,181,848	100.00%			8.16%

Note A: P.12, L.5, Col.(1)

Note B: P.13a, L.4, Col.(2)

Note C: P.13b, L.5,Col.(2)

Note D: P.12, L.16 Col. (2)

Note E: P.13a, L.5,Col.(2)

Note F: Return on equity cannot be changed absent a Section 205/206 filing with the Commission.

LONG TERM DEBT
12 Months Ending 12/31/2015 (actuals) for 2016

	Reference	Debt Balance (1)	Interest & Cost Booked (2)
<u>12 Months Ending 12/31/2011 (Actual)</u>			
1. Bonds (Acc 221)	FF1, 112.18.c.	345,097,743	
2. Less: Reacquired Bonds (Acc 222)	FF1, 112.19.c.	0	
3. Advances from Assoc Companies (Acc 223)	FF1, 112.20.c.	0	
4. Other Long Term Debt (Acc 224)	FF1, 112.21.c.	<u>3,000,000,000</u>	
5. Total Long Term Debt Balance		3,345,097,743	
<u>Costs and Expenses (actual)</u>			
6. Interest Expense (Acc 427)	FF1, 117.62.c.	Note A	188,068,200
7. Amortization Debt Discount and Expense (Acc 428)	FF1, 117.63.c.		2,916,356
8. Amortization Loss on Reacquired Debt (Acc 428.1)	FF1, 117.64.c.		3,960,759
9. Less: Amortiz Premium on Reacquired Debt (Acc 429)	FF1, 117.65.c.		0
10. Less: Amortiz Gain on Reacquired Debt (Acc 429.1)	FF1, 117.66.c.		0
11. Interest on LTD Assoc Companies (portion Acc 430)	Workpapers --13, L.7	Note A	0
12. Sub-total Costs and Expense			<u>194,945,315</u>
13. Less: Total Hedge (Gain) / Loss	P. 12a, L. 11, Col. (6)		(422,540)
14. Plus: Allowed Hedge Recovery	P. 12a, L. 15, Col. (6)		(422,540)
15. Total LTD Cost Amount	L. 12 - L. 13 + L. 14		194,945,315
16. Embedded Cost of Long Term Debt = L.15, Col.(2) / L.5, Col.(1)			5.83%

Note A: Reconciliation of Interest Expense to FF1, pg. 257, Ln. 33 Col(i)

Ln. 6	Interest Expense (Acc 427)	188,068,200
Ln. 11	Interest on LTD Assoc Companies (portion Acc 430)	0
	FF1, pg. 257, Ln. 33 Col(i)	<u>188,068,200</u>

LONG TERM DEBT
Limit on Hedging (Gain)/Loss on Interest Rate Derivatives of LTD
12 Months Ending 12/31/2015 (actuals) for 2016

	(1)	(2)	(3)	(4)	(5)	(6)
HEDGE AMT BY ISSUANCE FERC Form 1, p. 256-257 (i)	Total Hedge (Gain) / Loss	Excludable Amounts (Note A)	Net Includable Hedge Amount Subject to Limit	Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
1. Senior Unsecured Notes - Series I	-		-	-	Jan-05	Jul-14
2. Senior Unsecured Notes - Series K	556,802		556,802	-	Jun-05	Jun-17
3. Senior Unsecured Notes - Series L	(179,159)		(179,159)	-	Sep-05	Oct-35
4. Senior Unsecured Notes - Series H	37,068		37,068	642,612	May-03	May-33
5. Senior Unsecured Notes - Series N	(194,198)		(194,198)	(3,932,519)	Apr-06	Apr-36
6. Senior Unsecured Notes - Series Q	159,672		159,672	3,546,027	Mar-08	Apr-38
7. Senior Unsecured Notes - Series S	328,707		328,707	-	May-10	May-15
8. Senior Unsecured Notes - Series T	(1,131,432)		(1,131,432)	(5,908,592)	Mar-11	Mar-21
9.			-			
10. Total Hedge Amortization	(422,540)	-	(422,540)			

<u>Limit on Hedging (G)/L on Interest Rate Derivatives of LTD</u>						
11.	Hedge (Gain) / Loss prior to Application of Recovery Limit					(422,540)
	Enter a hedge Gain as a negative value and a hedge Loss as a positive value					
12.	Total Capitalization		Page 11, L.4, col.(1)		6,821,181,848	
13.	5 basis point Limit on (G)/L Recovery					0.0005
14.	Amount of (G)/L Recovery Limit		L. 12 * L. 13			(3,410,591)
15.	Hedge (Gain) / Loss Recovery (Lesser of Line 11 or Line 14)					(422,540)
	To be subtracted or added to actual Interest Expenses on Page 12, Line 14					

Note A: Annual amortization of net gains or net loss on interest rate derivative hedges on long term debt shall not cause the composite after-tax weighted average cost of capital to increase/decrease by more than 5 basis points. Hedge gains/losses shall be amortized over the life of the related debt issuance. The unamortized balance of the g/l shall remain in Acc 219 Other Comprehensive Income and shall not flow through the rate calculation. Hedge-related ADIT shall not flow through rate base. 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 calculation and are to be recorded above.

PREFERRED STOCK
 12 Months Ending 12/31/2015 (actuals) for 2016

		(1) Source	(2) Balances
1.	Preferred Stock Dividends	FF1, P.118, L.29	0
2.	Preferred Stock Outstanding	Note A & B FF1, P.251, L. 9 (f)	0
3.	Plus: Premium on Preferred Stock	Note A FF1, P. 112, L.6	0
4.	Total Preferred Stock	L.2 + L.3	0
5.	Average Cost Rate	L.1 / L.4	0.00%

Note A: Workpaper -- WP-12b.

Note B: Preferred stock outstanding excludes pledged and Reacquired (Treasury) preferred stock.

B-13b
COMMON EQUITY
12 Months Ending 12/31/2015 (actuals) for 2016

Appendix 2
Page 13b

	(1) Source	(2) Balances
1. Total Proprietary Capital	WP-12a, L.1, Col. a	3,475,050,090
<u>Less:</u>		
2. Preferred Stock (Acc 204, pfd portion of Acc 207-213)	WP-12a, L.1, Col.b+c+d	0
3. Unappropriated Undistributed Subsidiary Earnings (Acc 216.1)	WP-12a, L.1, Col.e	1,649,787
4. Accumulated Comprehensive Other Income (Acc 219)	WP-12a, L.1, Col. F	5,031,963
5. Total Balance of Common Equity	L.1-L.2-L.3-L.4	3,468,368,340

ANNUAL FIXED COSTS
 PRODUCTION O & M EXPENSE
 EXCLUDING FUEL USED IN ELECTRIC GENERATION
 12 Months Ending 12/31/2015 (actuals) for 2016

	Account No.	Total Company (1)	(Demand) Fixed (2)	(Energy) Variable (3)	FERC Form 1 Reference
1. Coal Handling	501.xx	24,266,397		24,266,397	P.320, L.5, Col.(b) [Note D]
2. Lignite Handling	501.xx	0		0	P.320, L.5, Col.(b) [Note D]
3. Sale of Fly Ash (Revenue & Expense)	501.xx	(87,771)		(87,771)	P.320, L.5, Col.(b) [Note D]
4. Rents	507	0			Note E
5. Hydro O & M Expenses	535-545	0			Note E
6. Other Production Expenses	557	8,769,291	8,769,291		P.321, L.78, Col.(b)
7. System Control of Load Dispatching	Note C	15,029,536	15,029,536		P.321, L.77, L. 88, L. 92, P. 322, L. 121, Col.(b)
8. Other Steam Expenses	Note A	226,819,781	135,015,265	91,804,516	
9. Combustion Turbine	Note A	0		0	
10. Nuclear Power Expense-Other	Note A	0			
11. Purchased Power	555	439,192,165	56,351,848	382,840,317	P.321, L.76, Col.(b)
12. Total Production Expense Excluding Fuel Used In Electric Generation	Sum L.1-L. 11	713,989,399	215,165,940	498,823,459	
13. A & G Expense P.10, L.17		50,826,807	35,495,977	15,330,830	
14. Generator Step Up related O&M	Note B	268,917	268,917	0	
15. Total O & M		765,085,123	250,930,834	514,154,289	

NOTE A: Amounts recorded in O&M Expense Accounts classified into Fixed and Variable Components in accordance with P.15 and WP-14

NOTE B: FF1, P.321, L.93 & L.107 (ACCTS. 562 & 570) times GSU Investment to Account 353 ratio (See P.3, L.9)

NOTE C: Pursuant to FERC Order 668, expenses were booked in Account 556 are now being recorded in the following accounts: 561.4, 561.8 and 575.7

NOTE D: Subaccount details of FF1 Accounts from Company's books and records.

<i>Reconciliation of System Control of Load Dispatching</i>	
System Control and Load Dispatching	2,039,921
Scheduling, System Control	6,471,032
Reliability, Planning and Standards Dev.	1,610,477
Market Facilitation, Monitoring and Compliance	4,908,106
Ln. 7, Pg. 14	<u>15,029,536</u>

NOTE E: Amounts included in Line 8.

CLASSIFICATION OF FIXED AND VARIABLE
PRODUCTION EXPENSES

Line		FERC Account	Energy	Demand
No.	Description	No.	Related	Related
1	POWER PRODUCTION EXPENSES			
2	Steam Power Generation			
3	Operation supervision and engineering	500	-	xx
4	Fuel	501	xx	-
5	Steam expenses	502	-	xx
6	Steam from other sources	503	xx	-
7	Steam transferred-Cr.	504	xx	-
8	Electric expenses	505	-	xx
9	Miscellaneous steam power expenses	506	-	xx
10	Rents	507	-	xx
11	Allowances	509	xx	-
12	Maintenance supervision and engineering	510	xx	-
13	Maintenance of structures	511	-	xx
14	Maintenance of boiler plant	512	xx	-
15	Maintenance of electric plant	513	xx	-
16	Maintenance of miscellaneous steam plant	514	-	xx
17	Total steam power generation expenses			
18	Nuclear Power			
19	Operation supervision and engineering	517		xx
20	Coolants and Water	519		xx
21	Steam Expenses	520		xx
22	Steam from other sources	521		xx
23	Less: ; Steam Transferred	522		xx
24	Electric Expenses	523		xx
25	Miscellaneous Nuclear Power Expense	524		xx
26	Rents	525		xx
27	Maintenance supervision and engineering	528	xx	
28	Maintenance of structures	529		xx
29	Maintenance of Reactor Plant Equip	530	xx	
30	Maintenance of electric plant	531	xx	
31	Maintenance of Misc Nuclear Plant	532	xx	
32	Total power production expenses Nuclear			
33	Hydraulic Power Generation			
34	Operation supervision and engineering	535	-	xx
35	Water for power	536	-	xx
36	Hydraulic expenses	537	-	xx
37	Electric expenses	538	-	xx
38	Misc. hydraulic power generation expenses	539	-	xx
39	Rents	540	-	xx
40	Maintenance supervision and engineering	541	-	xx
41	Maintenance of structures	542	-	xx
42	Maintenance of reservoirs, dams and waterways	543	-	xx
43	Maintenance of electric plant	544	xx	-
44	Maintenance of miscellaneous hydraulic plant	545	-	xx
45	Total hydraulic power generation expenses			
46	Other Power Generation			
47	Operation supervision and engineering	546	-	xx
48	Fuel	547	xx	-
49	Generation expenses	548	-	xx
50	Miscellaneous other power generation expenses	549	-	xx
51	Rents	550	-	xx
52	Maintenance supervision and engineering	551	-	xx
53	Maintenance of structures	552	-	xx
54	Maintenance of generation and electric plant	553	-	xx
55	Maintenance of misc. other power generation plant	554	-	xx

CLASSIFICATION OF FIXED AND VARIABLE
 PRODUCTION EXPENSES

Line No.	Description POWER PRODUCTION EXPENSES	FERC Account No.	Energy Related	Demand Related
56	Total other power generation expenses			
57	Other Power Supply Expenses			
58	Purchased power	555	xx	xx
59	System control and load dispatching	556	-	xx
60	Other expenses	557	-	xx
61	Station equipment operation expense (Note A)	562	-	xx
62	Station equipment maintenance expense (Note A)	570	-	xx

Note A: Restricted to expenses related to Generator Step-up Transformers and Other Generator related expenses.
 See Note D, Page 6

PRODUCTION-RELATED DEPRECIATION EXPENSE
12 Months Ending 12/31/2015 (actuals) for 2016

	Depreciation Expense (1)	Demand (2)	Energy (3)
PRODUCTION PLANT <i>Depreciation and Amortization Expense</i>			
1. Steam	175,176,949	175,176,949	0
2. Nuclear	0	0	0
3. Hydro Conventional	2,890,929	2,890,929	0
4. Hydro Pump Storage	2,388,232	2,388,232	0
5. Int. Comb.	0	0	0
6. Other Production	14,813,806	14,813,806	0
7. Generator Step Up Related Depreciation (Note A)	989,005	989,005	0
8. Production Related General & Intangible Plant (Note B)	12,614,211	8,710,150	3,904,061
9. Total Production	208,873,132	204,969,071	3,904,061

Note: Lines 1 through 6 will be Depreciation Expense reported on P.336 of the FF1 excluding the amortization of acquisition adjustments - Workpapers WP -- 6d.

Line 8 will be total General & Intangible Plant (from P.336 of the FF1, adjusted for amortization adjustments) times ratio of Production Related General Plant to total General Plant computed on P.7, L.26, Col.(3)
Depreciation expense excludes amounts associated with ARO.

Note A: Line 7, see P.3, L.5

Note B:			
a	Production Related General & Intangible Plant		
b	General Plant	WP 6d	3,990,835
c	Intangible Plant	WP 6d	18,746,783
d	Total General & Intangible Plant	Ln. b+ Ln. c	<u>22,737,618</u>
e	Production Demand Labor Allocator	Pg. 7, Ln. 26	38.31%
f	Production Demand Related General & Intangible	Ln. d x Ln. e	<u>8,710,150</u>
g	Production Energy Labor Allocator Pg. 7, Ln. 28	Pg. 7, Ln. 26	17.17%
h	Production Energy Related General & Intangible	Ln. d x Ln. g	<u>3,904,061</u>
i	Total Production Related General & Intangible Plant	Ln. f + Ln. h	12,614,211

PRODUCTION RELATED
TAXES OTHER THAN INCOME TAXES
12 Months Ending 12/31/2015 (actuals) for 2016

		SYSTEM			PRODUCTION
		REFERENCE	AMOUNT	%	Amount
			(1)	(2)	(3)
PRODUCTION RELATED TAXES OTHER THAN INCOME					
1	Labor Related	Note A	8,768,970	Note B	4,864,786
2	Property Related	Note A	60,928,806	Note C	31,556,172
3	Other	Note A	18,350,119	Note C	9,503,871
4	Production	Note A	22,744,487		22,744,487
5	Gross Receipts / Distribution Related	Note A	12,925,854	Note D	0
6	TOTAL TAXES OTHER THAN INCOME TAXES	Sum L.1 : L.5	123,718,236		68,669,315

Note A: Workpapers -- WP8c.

Note B: Total (Col. (1), L.1) allocated on the basis of wages & salaries in Electric O & M Expenses (excl. A & G), P.354, Col.(b) and Services shown on Worksheets WP-9a and WP-9b.

	Amount	%
(1) Total W & S (excl. A & G)	154,007,441	100.00%
(2) Production W & S	85,439,130	55.48%

Note C: Allocated on the basis of Gross Plant Investment from Page 6, Ln.7

Note D: Not allocated to wholesale

PRODUCTION-RELATED INCOME TAX
 12 Months Ending 12/31/2015 (actuals) for 2016

	Reference	Amount (1)	Demand (2)	Energy (3)
1. Return on Rate Base	P.5, L.18	267,351,972	257,736,041	9,615,931
2. Effective Income Tax Rate	P.19, L.2	38.78%	38.78%	38.78%
3. Income Tax Calculated	L.1 x L.2	103,676,959	99,947,977	3,728,981
4. ITC Adjustment	P.19, L.13	(19,893)	(19,736)	(158)
5. Income Tax	L.3 + L.4	103,657,065	99,928,242	3,728,823

Note A: Classification based on Production Plant classification of P.19, L.20 and L.21.

COMPUTATION OF EFFECTIVE INCOME TAX RATE
12 Months Ending 12/31/2015 (actuals) for 2016

Line No.	Source (1)	Rates & Amounts (2)
1.	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * P)\} =$	37.38%
2.	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$	38.78%
3.	where WCLTD from pg. 11, L.1, Col.(4) and WACC from p. 11, L.4, Col.(4) and FIT, SIT & P as shown below.	
4.	$GRCF=1 / (1 - T)$	1.5969
5.	Federal Income Tax Rate	FIT 35.00%
6.	State Income Tax Rate (Composite)	SIT 3.66%
7.	Percent of FIT deductible for state purposes	P Note A 0.00%
8.	Weighted Cost of Long Term Debt	WCLTD 2.86%
9.	Weighted Average Cost of Capital	WACC 8.16%
10.	Amortized Investment Tax Credit (enter negative)	FF1, P.114, L.19, Col.c (24,053)
11.	Gross Plant Allocation Factor	L.19 51.79%
12.	Production Plant Related ITC Amortization	L. 10 X L. 11 (12,457)
13.	ITC Adjustment	L.12 x L.4 (19,893)
14.	<u>Gross Plant Allocator</u>	Total
15.	Gross Plant	P.6, L.4, Col.1 12,182,264,814
16.	Production Plant Gross	P.6, L.5, Col.2 6,309,423,494
17.	Demand Related Production Plant	P.6, L.5, Col.3 6,259,378,861
18.	Energy Related Production Plant	P.6, L.5, Col.4 50,044,633
19.	Production Plant Gross Plant Allocator	L.16 / L.15 51.79%
20.	Production Plant - Demand Related	L.17 / L.16 99.21%
21.	Production Plant - Energy Related	L.18 / L.16 0.79%

Note A: Percent deductible for state purposes provided from Company's books and records.

Appalachian Power Company
 Formula Rate Template - Capacity Rate
 DEPRECIATION RATES
 12 Months Ending 12/31/2015 (actuals)

Note: APCo will not change the depreciation or amortization rates shown on this page of the template absent a Section 205 or Section 206 filing.

STEAM PRODUCTION PLANT

Mountaineer Plant

311.0	Structures and Improvements	2.44%
312.0	Boiler Plant Equipment	2.75%
312.0	Boiler Plant Equipment - SCR Catalyst	6.99%
314.0	Turbogenerator Units	2.28%
315.0	Accessory Electric Equipment	1.80%
316.0	Misc. Power Plant Equipment	2.21%

Kanawha River Plant

311.0	Structures and Improvements	Retired
312.0	Boiler Plant Equipment	Retired
314.0	Turbogenerator Units	Retired
315.0	Accessory Electric Equipment	Retired
316.0	Misc. Power Plant Equipment	Retired

Amos Plant - Units 1 & 2

311.0	Structures and Improvements	2.03%
312.0	Boiler Plant Equipment	3.29%
312.0	Boiler Plant Equipment - SCR Catalyst	6.01%
314.0	Turbogenerator Units	3.32%
315.0	Accessory Electric Equipment	2.79%
316.0	Misc. Power Plant Equipment	3.10%

Amos Plant - Unit 3

311.0	Structures and Improvements	2.54%
312.0	Boiler Plant Equipment	3.56%
312.0	Boiler Plant Equipment - SCR Catalyst	7.63%
314.0	Turbogenerator Units	3.12%
315.0	Accessory Electric Equipment	2.17%
316.0	Misc. Power Plant Equipment	2.68%

Appalachian Power Company
Formula Rate Template - Capacity Rate
DEPRECIATION RATES
12 Months Ending 12/31/2015 (actuals)

Sporn Plant

311.0	Structures and Improvements	Retired
312.0	Boiler Plant Equipment	Retired
314.0	Turbogenerator Units	Retired
315.0	Accessory Electric Equipment	Retired
316.0	Misc. Power Plant Equipment	Retired

Clinch River Plant

311.0	Structures and Improvements	3.86%
312.0	Boiler Plant Equipment	4.73%
314.0	Turbogenerator Units	3.68%
315.0	Accessory Electric Equipment	4.37%
316.0	Misc. Power Plant Equipment	7.11%

Glen Lyn Plant #5

311.0	Structures and Improvements	Retired
312.0	Boiler Plant Equipment	Retired
314.0	Turbogenerator Units	Retired
315.0	Accessory Electric Equipment	Retired
316.0	Misc. Power Plant Equipment	Retired

Glen Lyn Plant #6
and Common

311.0	Structures and Improvements	Retired
312.0	Boiler Plant Equipment	Retired
314.0	Turbogenerator Units	Retired
315.0	Accessory Electric Equipment	Retired
316.0	Misc. Power Plant Equipment	Retired

Putnam Coal Terminal

311.0	Structures and Improvements	Retired
312.0	Boiler Plant Equipment	Retired
315.0	Accessory Electric Equipment	Retired
316.0	Misc. Power Plant Equipment	Retired

Appalachian Power Company
 Formula Rate Template - Capacity Rate
 DEPRECIATION RATES
 12 Months Ending 12/31/2015 (actuals)

Central Plant Maintenance

	316.0	Misc. Power Plant Equipment	2.51%
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Central Machine Shop

	316.0	Misc. Power Plant Equipment	2.70%
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Little Broad Run

	311.0	Structures and Improvements	3.34%
	312.0	Boiler Plant Equipment	3.24%
	315.0	Accessory Electric Equipment	3.41%

HYDRAULIC PRODUCTION PLANT

Claytor	331.0	Structures and Improvements	1.65%
	332.0	Reservoirs, Dams, Waterways	1.10%
	333.0	Waterwheels, Generators, Turbines	1.08%
	334.0	Accessory Plant Equipment	2.16%
	335.0	Misc Power Plant Equip	2.61%
	336.0	Roads, Railroads, Bridges	0.71%

Byllesby	331.0	Structures and Improvements	5.54%
	332.0	Reservoirs, Dams, Waterways	6.82%
	333.0	Waterwheels, Generators, Turbines	5.93%
	334.0	Accessory Plant Equipment	4.14%
	335.0	Misc Power Plant Equip	6.73%

Buck	331.0	Structures and Improvements	4.49%
	332.0	Reservoirs, Dams, Waterways	4.94%
	333.0	Waterwheels, Generators, Turbines	4.10%
	334.0	Accessory Plant Equipment	4.60%
	335.0	Misc Power Plant Equip	5.84%
	336.0	Roads, Railroads, Bridges	4.72%

Appalachian Power Company
Formula Rate Template - Capacity Rate
DEPRECIATION RATES
12 Months Ending 12/31/2015 (actuals)

Niagara	331.0	Structures and Improvements	2.58%
	332.0	Reservoirs, Dams, Waterways	5.09%
	333.0	Waterwheels, Generators, Turbines	4.00%
	334.0	Accessory Plant Equipment	4.89%
	335.0	Misc Power Plant Equip	4.83%
Reusens	331.0	Structures and Improvements	5.66%
	332.0	Reservoirs, Dams, Waterways	5.77%
	333.0	Waterwheels, Generators, Turbines	6.04%
	334.0	Accessory Plant Equipment	5.04%
	335.0	Misc Power Plant Equip	6.61%
Leesville	331.0	Structures and Improvements	1.04%
	332.0	Reservoirs, Dams, Waterways	1.66%
	333.0	Waterwheels, Generators, Turbines	1.33%
	334.0	Accessory Plant Equipment	2.09%
	335.0	Misc Power Plant Equip	2.12%
	336.0	Roads, Railroads, Bridges	0.93%
London	331.0	Structures and Improvements	2.61%
	332.0	Reservoirs, Dams, Waterways	2.40%
	333.0	Waterwheels, Generators, Turbines	2.72%
	334.0	Accessory Plant Equipment	2.59%
	335.0	Misc Power Plant Equip	2.80%
	336.0	Roads, Railroads, Bridges	1.68%
Marmet	331.0	Structures and Improvements	2.08%
	332.0	Reservoirs, Dams, Waterways	2.73%
	333.0	Waterwheels, Generators, Turbines	2.84%
	334.0	Accessory Plant Equipment	2.62%
	335.0	Misc Power Plant Equip	2.73%
	336.0	Roads, Railroads, Bridges	1.71%

Appalachian Power Company
Formula Rate Template - Capacity Rate
DEPRECIATION RATES
12 Months Ending 12/31/2015 (actuals)

Winfield	331.0	Structures and Improvements	2.32%
	332.0	Reservoirs, Dams, Waterways	2.14%
	333.0	Waterwheels, Generators, Turbines	2.46%
	334.0	Accessory Plant Equipment	2.40%
	335.0	Misc Power Plant Equip	2.26%
	336.0	Roads, Railroads, Bridges	2.44%

Smith Mount	331.0	Structures and Improvements	1.31%
	332.0	Reservoirs, Dams, Waterways	1.22%
	333.0	Waterwheels, Generators, Turbines	2.24%
	334.0	Accessory Plant Equipment	2.45%
	335.0	Misc Power Plant Equip	2.67%
	336.0	Roads, Railroads, Bridges	1.09%

OTHER PRODUCTION PLANT

Ceredo	341.0	Structures and Improvements	1.33%
	344.0	Generators	1.44%
	345.0	Accessory Electrical Equip.	1.35%
	346.0	Misc Power Plant Equipment	2.84%

Dresden	341.0	Structures and Improvements	2.87%
	342.0	Fuel Holders, Producers, and Accessories	2.88%
	344.0	Generators	2.87%
	345.0	Accessory Electrical Equip.	2.89%
	346.0	Misc Power Plant Equipment	3.49%

Appalachian Power Company
Formula Rate Template - Capacity Rate
DEPRECIATION RATES
12 Months Ending 12/31/2015 (actuals)

GENERAL PLANT

390.0	Structures and Improvements	1.51%
391.0	Office Furniture and Fixtures	2.89%
392.0	Transportation Equipment	1.82%
393.0	Stores Equipment	1.76%
394.0	Tools, Shop & Garage Equip.	2.36%
395.0	Laboratory Equipment	2.65%
396.0	Power Operated Equipment	1.91%
397.0	Communications Equipment	4.06%
398.0	Misc Equipment	2.62%

INTANGIBLE PLANT

301.0	Organization	0.00%
302.0	Franchises & Consents	End of Life
303.0	Misc Intangible Plant	20.00%