AEP East Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2016 with Year-End Rate Base Balances

INDIANA MICHIGAN POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(ln 303)					$148,853,457
167	REVENUE CREDITS	(Note A) (Worksheet E)	1,501,583	DA	1.00000	$	1,501,583
168	REVENUE REQUIREMENT For All Company Facilities	(ln 166 less ln 167)				$	147,351,874

MEMO: The Carrying Charge Calculations on lines 171 to 176 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 169 is included in the total on line 168.

169	Not applicable on this template		
170	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)		
171	Annual Rate	((ln 166 - ln 270 - ln 271)/ ln 213 x 100)	17.11%
172	Monthly Rate	(ln 171 / 12)	1.43%
173	NET PLANT CARRYING CHARGE ON LINE 171 , w/o depreciation or ROE incentives (Note B)		
174	Annual Rate	((ln 166 - ln 270 - ln 271 - ln 276) / ln 213 x 100)	14.37%
175	NET PLANT CARRYING CHARGE ON LINE 174, w/o Return, income taxes or ROE incentives (Note B)		
176	Annual Rate	((ln 166 - ln 270 - ln 271 - ln 276 - ln 298 - ln 299) / ln 213 x 100)	4.76%
177	Not applicable on this template		

178	**REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES**		
179	Total Load Dispatch & Scheduling (Account 561)	Line 250 Below	7,582,319
180	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		4,500,443
181	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		1,158,668
182	Total 561 Internally Developed Costs	(Line 179 - Line 180 - Line 181)	1,923,208

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Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator		(5) Total Transmission
	GROSS PLANT IN SERVICE					
183	Production	(Worksheet A ln 1.C)	4,024,399,549	NA	0.00000	-
184	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(141,653,692)	NA	0.00000	-
185	Transmission	(Worksheet A ln 3.C & Ln 307)	1,472,572,880	DA		1,413,928,172
186	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C& Ln 308)	-	TP	0.96018	-
187	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000	N/A
188	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000	N/A
189	Distribution	(Worksheet A ln 5.C)	1,899,130,051	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
191	General Plant	(Worksheet A ln 7.C)	128,607,375	W/S	0.05073	6,524,166
192	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(172,921)	W/S	0.05073	(8,772)
193	Intangible Plant	(Worksheet A ln 9.C)	106,383,720	W/S	0.05073	5,396,775
194	TOTAL GROSS PLANT	(sum lns 183 to 193)	7,489,266,962	**GP(h)=**	**0.190384**	1,425,840,341
				GTD=	**0.41935**	
195	ACCUMULATED DEPRECIATION AND AMORTIZATION					
196	Production	(Worksheet A ln 12.C)	1,688,144,867	NA	0.00000	-
197	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(107,802,088)	NA	0.00000	-
198	Transmission	(Worksheet A ln 14.C & 28.C)	550,438,566	**TP1=**	0.98799	543,827,584
199	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.98799	-
200	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000	N/A
201	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
202	Plus: Additional Transmission Depreciation for 2017 (ln 276)		N/A	TP1	0.98799	N/A
203	Plus: Additional General & Intangible Depreciation for 2017 (ln 275 + ln 276)		N/A	W/S	0.05073	N/A
204	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
205	Distribution	(Worksheet A ln 16.C)	585,424,046	NA	0.00000	-
206	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
207	General Plant	(Worksheet A ln 18.C)	29,524,325	W/S	0.05073	1,497,749
208	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(157,037)	W/S	0.05073	(7,966)
209	Intangible Plant	(Worksheet A ln 20.C)	99,693,424	W/S	0.05073	5,057,381
210	TOTAL ACCUMULATED DEPRECIATION	(sum lns 196 to 209)	2,845,266,103			550,374,748
211	NET PLANT IN SERVICE					
212	Production	(ln 183 + ln 184 - ln 196 - ln 197)	2,302,403,078			-
213	Transmission	(ln 185 + ln 186 - ln 198 - ln 199)	922,134,314			870,100,588
214	Plus: Transmission Plant-in-Service Additions (ln 187 - ln 200)		N/A			N/A
215	Plus: Additional Trans Plant on Transferred Assets (ln 188 - ln 201)		N/A			N/A
216	Plus: Additional Transmission Depreciation for 2017 (-ln 202)		N/A			N/A
217	Plus: Additional General & Intangible Depreciation for 2017 (-ln 203)		N/A			N/A
218	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 204)		N/A			N/A
219	Distribution	(ln 189 + ln 190 - ln 205 - ln 206)	1,313,706,005			-
220	General Plant	(ln 191 + ln 192 - ln 207 - ln 208)	99,067,166			5,025,611
221	Intangible Plant	(ln 193 - ln 209)	6,690,296			339,394
222	TOTAL NET PLANT IN SERVICE	(sum lns 212 to 221)	4,644,000,859	**NP(h)=**	**0.188515**	875,465,593
223	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
224	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.C)	(13,008,872)	NA		-
225	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.C)	(1,200,135,173)	DA		(199,838,266)
226	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.C)	(846,485,259)	DA		(7,600,032)
227	Account No. 190.1	(Worksheet B, ln 17 & ln 20.C)	825,842,420	DA		13,179,693
228	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.C)	-	DA		-
229	TOTAL ADJUSTMENTS	(sum lns 224 to 228)	(1,233,786,884)			(194,258,605)
230	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	5,641,570	DA		208,360
231	REGULATORY ASSETS	(Worksheet A ln 36. (C))	-	DA		-
232	WORKING CAPITAL	(Note E)				
233	Cash Working Capital	(1/8 * ln 253)	2,894,062			2,778,807
234	Transmission Materials & Supplies	(Worksheet C, ln 2.(D))	913,624	TP	0.96018	877,239
235	A&G Materials & Supplies	(Worksheet C, ln 3.(D))	248,184	W/S	0.05073	12,590
236	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.19038	-
237	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 6.G)	142,225,758	W/S	0.05073	7,215,017
238	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 6.F)	5,038,318	GP(h)	0.19038	959,218
239	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 6.E)	-	DA	1.00000	-
240	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 6.D)	(139,123,822)	NA	0.00000	-
241	TOTAL WORKING CAPITAL	(sum lns 233 to 240)	12,196,124			11,842,872
242	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 7.B)	(3,204,471)	DA	1.00000	(3,204,471)
243	RATE BASE (sum lns 222, 229, 230, 231, 241, 242)		3,424,847,198			690,053,749

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Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
244	Production	321.80.b	1,113,436,088			
245	Distribution	322.156.b	67,670,861			
246	Customer Related Expense	322 & 323.164,171,178.b	37,393,838			
247	Regional Marketing Expenses	322.131.b	4,006,728			
248	Transmission	321.112.b	98,318,323			
249	TOTAL O&M EXPENSES	(sum lns 244 to 248)	1,320,825,838			
250	Less: Total Account 561	(Note G) (Worksheet F, ln 12.C)	7,582,319			
251	Less: Account 565	(Note H) 321.96.b	67,583,508			
252	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
253	Total O&M Allocable to Transmission	(lns 248 - 250 - 251 - 252)	23,152,496	TP	0.96018	22,230,456
254	Administrative and General	323.197.b (Note J)	114,698,240			
255	Less: Acct. 924, Property Insurance	323.185.b	3,652,909			
256	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(8,837,427)			
257	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
258	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(726,326)			
259	Acct. 928, Reg. Com. Exp.	323.189.b	14,161,551			
260	Acct. 930.1, Gen. Advert. Exp.	323.191.b	490,058			
261	Acct. 930.2, Misc. Gen. Exp.	323.192.b	4,693,733			
262	Balance of A & G	(ln 254 - sum ln 255 to ln 261)	101,263,742	W/S	0.05073	5,137,042
263	Plus: Acct. 924, Property Insurance	(ln 255)	3,652,909	GP(h)	0.19038	695,457
264	Acct. 928 - Transmission Specific	Worksheet F ln 17.(E) (Note L)	23,248	TP	0.96018	22,322
265	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 32.(E) (Note L)	-	TP	0.96018	-
266	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 40.(E) (Note L)	100,685	DA	1.00000	100,685
267	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 3, (Note M)	8,301,881	W/S	0.05073	421,149
268	A & G Subtotal	(sum lns 262 to 267)	113,342,465			6,376,655
269	O & M EXPENSE SUBTOTAL	(ln 253 + ln 268)	136,494,961			28,607,111
270	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
271	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
272	TOTAL O & M EXPENSE	(ln 269 + ln 270 + ln 271)	136,494,961			28,607,111
273	DEPRECIATION AND AMORTIZATION EXPENSE					
274	Production	336.2-6.f	94,861,029	NA	0.00000	-
275	Distribution	336.8.f	52,594,046	NA	0.00000	-
276	Transmission	336.7.f	24,099,170	TP1	0.98799	23,809,730
277	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A			N/A
278	General	336.10.f	4,506,737	W/S	0.05073	228,624
279	Intangible	336.1.f	15,348,475	W/S	0.05073	778,618
280	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 274+275+ 276+277+278+279)	191,409,457			24,816,971
281	TAXES OTHER THAN INCOME	(Note N)				
282	Labor Related					
283	Payroll	Worksheet H ln 22.(D)	12,754,914	W/S	0.05073	647,048
284	Plant Related					
285	Property	Worksheet H ln 22.(C) & ln 47.(C)	57,840,351	DA		10,688,116
286	Gross Receipts/Sales & Use	Worksheet H ln 22.(F)	18,324,998	NA	0.00000	-
287	Other	Worksheet H ln 22.(E)	1,968,569	GP(h)	0.19038	374,785
288	TOTAL OTHER TAXES	(sum lns 283 to 287)	90,888,832			11,709,949
289	INCOME TAXES	(Note O)				
290	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.81%			
291	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		45.22%			
292	where WCLTD=(ln 327) and WACC = (ln 330)					
293	and FIT, SIT & p are as given in Note O.					
294	GRCF=1 / (1 - T) = (from ln 290)		1.6342			
295	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,772,674)			
296	Income Tax Calculation	(ln 291 * ln 299)	131,017,884			26,398,078
297	ITC adjustment	(ln 294 * ln 295)	(6,165,407)	NP(h)	0.18852	(1,162,274)
298	TOTAL INCOME TAXES	(sum lns 296 to 297)	124,852,477			25,235,804
299	RETURN ON RATE BASE (Rate Base*WACC)	(ln 243 * ln 330)	289,729,885			58,376,091
300	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		107,531	DA	1.00000	107,531
301	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
302	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 301 * ln291)		-			-
303	TOTAL REVENUE REQUIREMENT (sum lns 272, 280, 288, 298, 299, 300, 301, 302)		833,483,143			148,853,457

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SUPPORTING CALCULATIONS

ln No.									
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
304	Total transmission plant	(ln 185)							1,472,572,880
305	Less transmission plant excluded from PJM Tariff (Note P)								
306	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)								58,644,708
307	Transmission plant included in PJM Tariff	(ln 304 - ln 305 - ln 306)							1,413,928,172
308	Percent of transmission plant in PJM Tariff	(ln 307 / ln 304)						TP=	**0.96018**
				Payroll Billed from					
309	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total				
310	Production	354.20.b	144,153,339	12,078,504	156,231,843	NA		0.00000	-
311	Transmission	354.21.b	4,389,114	6,257,895	10,647,009	TP		0.96018	10,222,996
312	Regional Market Expenses	354.22.b	0	0	-	NA		0.00000	-
313	Distribution	354.23.b	20,847,473	2,026,344	22,873,817	NA		0.00000	-
314	Other (Excludes A&G)	354.24,25,26.b	6,420,663	5,347,080	11,767,743	NA		0.00000	-
315	Total	(sum lns 310 to 314)	175,810,589	25,709,823	201,520,412				10,222,996
316	Transmission related amount							W/S=	**0.05073**
317	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								$
318	Long Term Interest	(Worksheet L, ln. 25, col. (D))							100,576,701
319	Preferred Dividends	(Worksheet L, ln. 30, col. (D))							-
320	Development of Common Stock:								
321	Proprietary Capital	(FF1 p 112, Ln 16.c)							2,151,747,058
322	Less: Preferred Stock	(FF1 p 112, Ln 3.c)							-
323	Less: Account 216.1	(FF1 p 112, Ln 12 .c)							(6,674,314)
324	Less: Account 219	(FF1 p 112, Ln 15.c)							(16,256,513)
325	Common Stock	(ln 321 - ln 322 - ln 323 - ln 324)							2,174,677,885
							Cost		
326				$	%		(Note S)		Weighted
327	Long Term Debt (Note T) Worksheet L, ln 25, col. (B))			1,967,898,146	47.50%		0.0511		0.0243
328	Preferred Stock (ln 322)			-	0.00%		-		0.0000
329	Common Stock (ln 325)			2,174,677,885	52.50%		11.49%		0.0603
330	Total (Sum lns 327 to 329)			4,142,576,031				WACC=	**0.0846**

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INDIANA MICHIGAN POWER COMPANY

Letter	Notes
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X
A	Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 3) Rental revenues earned on assets included in the rate base. 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service. 5) Other electric revenues. 6) Revenues for grandfathered PTP contracts included in the load divisor. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are historic as of December 31, 2016.
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 253. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 250. 2) AEP transmission equalization transfers, as shown on line 251 3) The impact of state regulatory deferrals and amortizations, as shown on line 252 4) All A&G Expenses, as shown on line 268.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 242 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 300.
G	Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 180 & 181 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 3 through 12, for descriptions and the Form 1 Source of these accounts' balances.
H	Removes cost of transmission service provided by others to determine the basis of cash working capital on line 253. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 270 and 271 to determine the total O&M collected in the formula. The amounts on lines 270 and 271 are also excluded in the calculation of the FCR percentage calculated on lines 170 through 176. The addbacks on lines 270 and 271 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 270 and 271 is the INDIANA MICHIGAN POWER COMPANY general ledger.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
K	These deductions on lines 256 through 258 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corportation. The calculation of the recoverable amount for each company is shown on Worksheet O, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 295) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.

Inputs Required:	FIT =	35.00%	
	SIT=	5.86%	(State Income Tax Rate or Composite SIT. Worksheet G))
	p =	0.00%	(percent of federal income tax deductible for state purposes)

Letter	Notes
P	Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
Q	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 318) / long term debt (ln 327). Preferred Stock cost rate = preferred dividends (ln 319) / preferred outstanding (ln 328). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for remaining a member of the PJM RTO. In the Projected & Historic templates, the interest expense on long-term debt is the sum of a full year's interest expense at the coupon rate for each issuance outstanding as of December 31 of the historic year. The projected expense for variable rate debt will be based on the effective rate at December 31. These conventions ensure that the expense used in the projection will reflect a full year, similar to the actual expense that will appear in the subsequent true-up of the projection, and minimize the impact on the true-up of using a partial year interest expense. The projection will reflect the actual historic-year expense recorded for issuance expenses, discounts and premiums, and gains or losses on reacquired debt. Eligible hedging gains or losses will be limited to five basis points of the projected capital structure. Details and calculations are shown on Worksheet L.
T	The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of $265,249,280 at 12/31/12 is not included in the balance in line 327 above.
U	This note only applies to the true-up template.

AEP East Companies
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Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

INDIANA MICHIGAN POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 138)					$147,474,049
2	REVENUE CREDITS	(Note A) (Worksheet E)	1,501,583	DA	1.00000	$	1,501,583
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$	145,972,466

MEMO: The Carrying Charge Calculations on lines 6 to 11 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 4 is included in the total on line 3.

4	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet K)		5,831,011	DA	1.00000	$	5,831,011
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)						
6	Annual Rate	((ln 1 - ln 105 - ln 106)/ ln 48 x 100)					17.66%
7	Monthly Rate	(ln 6 / 12)					1.47%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)						
9	Annual Rate	((ln 1 - ln 105 - ln 106 - ln 111) / ln 48 x 100)					14.81%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)						
11	Annual Rate	((ln 1 - ln 105 - ln 106 - ln 111 - ln 133 - ln 134) / ln 48 x 100)					4.96%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet K)						-
13	**REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES**						
14	Total Load Dispatch & Scheduling (Account 561)	Line 85 Below					7,582,319
15	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)						4,500,443
16	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)						1,158,668
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)					1,923,208

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INDIANA MICHIGAN POWER COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator		(5) Total Transmission
	GROSS PLANT IN SERVICE					
18	Production	(Worksheet A ln 1.E)	3,923,247,070	NA	0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	(136,002,510)	NA	0.00000	-
20	Transmission	(Worksheet A ln 3.E & Ln 142)	1,439,623,142	DA		1,381,032,060
21	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E & Ln 143)	-	TP	0.95930	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	NA	0.00000	N/A
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		N/A	NA	0.00000	N/A
24	Distribution	(Worksheet A ln 5.E)	1,844,846,385	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	-	NA	0.00000	-
26	General Plant	(Worksheet A ln 7.E)	129,211,258	W/S	0.05068	6,548,832
27	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	(172,921)	W/S	0.05068	(8,764)
28	Intangible Plant	(Worksheet A ln 9.E)	93,331,849	W/S	0.05068	4,730,351
29	TOTAL GROSS PLANT	(sum lns 18 to 28)	7,294,084,273	**GP(h)=**	**0.19088**	1,392,302,480
				GTD=	**0.00000**	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Production	(Worksheet A ln 12.E)	1,724,729,228	NA	0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	(106,916,067)	NA	0.00000	-
33	Transmission	(Worksheet A ln 14.E & 28.E)	552,291,999	**TP1=**	0.98895	546,187,331
34	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.98895	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A	DA	1.00000	N/A
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
37	Plus: Additional Transmission Depreciation for 2017 (ln 111)		N/A	TP1	0.98895	N/A
38	Plus: Additional General & Intangible Depreciation for 2017 (ln 110 + ln 111)		N/A	W/S	0.05068	N/A
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		N/A	DA	1.00000	N/A
40	Distribution	(Worksheet A ln 16.E)	570,776,632	NA	0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	-	NA	0.00000	-
42	General Plant	(Worksheet A ln 18.E)	30,650,224	W/S	0.05068	1,553,450
43	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	(156,132)	W/S	0.05068	(7,913)
44	Intangible Plant	(Worksheet A ln 20.E)	89,651,782	W/S	0.05068	4,543,834
45	TOTAL ACCUMULATED DEPRECIATION	(sum lns 31 to 44)	2,861,027,664			552,276,702
46	NET PLANT IN SERVICE					
47	Production	(ln 18 + ln 19 - ln 31 - ln 32)	2,169,431,400			-
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	887,331,144			834,844,729
49	Plus: Transmission Plant-in-Service Additions (ln 22 - ln 35)		N/A			N/A
50	Plus: Additional Trans Plant on Transferred Assets (ln 23 - ln 36)		N/A			N/A
51	Plus: Additional Transmission Depreciation for 2017 (-ln 37)		N/A			N/A
52	Plus: Additional General & Intangible Depreciation for 2017 (-ln 38)		N/A			N/A
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 39)		N/A			N/A
54	Distribution	(ln 24 + ln 25 - ln 40 - ln 41)	1,274,069,753			-
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	98,544,245			4,994,532
56	Intangible Plant	(ln 28 - ln 44)	3,680,067			186,517
57	TOTAL NET PLANT IN SERVICE	(sum lns 47 to 56)	4,433,056,609	**NP(h)=**	**0.18949**	840,025,778
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.E)	(6,584,549)	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.E)	(1,166,354,848)	DA		(194,236,902)
61	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.E)	(802,150,848)	DA		(7,337,970)
62	Account No. 190.1	(Worksheet B, ln 17 & ln 20.E)	795,984,915	DA		12,101,055
63	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.E)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	(1,179,105,329)			(189,473,817)
65	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	5,593,563	DA		208,360
66	REGULATORY ASSETS	(Worksheet A ln 36. (E))	-	DA		-
67	WORKING CAPITAL	(Note E)				
68	Cash Working Capital	(1/8 * ln 88)	2,894,062			2,776,277
69	Transmission Materials & Supplies	(Worksheet C, ln 2.F)	1,667,392	TP	0.95930	1,599,531
70	A&G Materials & Supplies	(Worksheet C, ln 3.F)	291,829	W/S	0.05068	14,791
71	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.19088	-
72	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 8.G)	137,885,554	W/S	0.05068	6,988,473
73	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 8.F)	4,982,705	GP(h)	0.19088	951,104
74	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 8.E)	-	DA	1.00000	-
75	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 8.D)	(134,918,516)	NA	0.00000	-
76	TOTAL WORKING CAPITAL	(sum lns 68 to 75)	12,803,025			12,330,176
77	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 8 (B))	(3,150,706)	DA	1.00000	(3,150,706)
78	RATE BASE (sum lns 57, 64, 65, 66, 76, 77)		3,269,197,163			659,939,792

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INDIANA MICHIGAN POWER COMPANY

Line No.	(1)	(2)	(3)	(4)		(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	**Data Sources (See "General Notes")**	**TO Total**	**Allocator**		**Total Transmission**
	OPERATION & MAINTENANCE EXPENSE					
79	Production	321.80.b	1,113,436,088			
80	Distribution	322.156.b	67,670,861			
81	Customer Related Expense	322.164,171,178.b	37,393,838			
82	Regional Marketing Expenses	322.131.b	4,006,728			
83	Transmission	321.112.b	98,318,323			
84	TOTAL O&M EXPENSES	(sum lns 79 to 83)	1,320,825,838			
85	Less: Total Account 561	(Note G) (Worksheet F, ln 12.C)	7,582,319			
86	Less: Account 565	(Note H) 321.96.b	67,583,508			
87	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
88	Total O&M Allocable to Transmission	(lns 83 - 85 - 86 - 87)	23,152,496	TP	0.95930	22,210,215
89	Administrative and General	323.197.b (Note J)	114,698,240			
90	Less: Acct. 924, Property Insurance	323.185.b	3,652,909			
91	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(8,837,427)			
92	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-			
93	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(726,326)			
94	Acct. 928, Reg. Com. Exp.	323.189.b	14,161,551			
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	490,058			
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	4,693,733			
97	Balance of A & G	(ln 89 - sum ln 90 to ln 96)	101,263,742	W/S	0.05068	5,132,365
98	Plus: Acct. 924, Property Insurance	(ln 90)	3,652,909	GP(h)	0.19088	697,271
99	Acct. 928 - Transmission Specific	Worksheet F ln 17.(E) (Note L)	23,248	TP	0.96018	22,322
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 32.(E) (Note L)	-	TP	0.96018	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 40.(E) (Note L)	100,685	DA	1.00000	100,685
102	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C, Line 3, (Note M)	8,301,881	W/S	0.05068	420,765
103	A & G Subtotal	(sum lns 97 to 102)	113,342,465			6,373,408
104	O & M EXPENSE SUBTOTAL	(ln 88 + ln 103)	136,494,961			28,583,623
105	Plus: TEA Settlement in Account 565	Company Records (Note H)	-	DA	1.00000	-
106	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
107	TOTAL O & M EXPENSE	(ln 104 + ln 105 + ln 106)	136,494,961			28,583,623
108	DEPRECIATION AND AMORTIZATION EXPENSE					
109	Production	336.2-6.f	94,861,029	NA	0.00000	-
110	Distribution	336.8.f	52,594,046	NA	0.00000	-
111	Transmission	336.7.f	24,099,170	TP1	0.98895	23,832,794
112	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**			**N/A**
113	General	336.10.f	4,506,737	W/S	0.05068	228,416
114	Intangible	336.1.f	15,348,475	W/S	0.05068	777,909
115	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 109+110+ 111+112+113+114)	191,409,457			24,839,118
116	TAXES OTHER THAN INCOME	(Note N)				
117	Labor Related					
118	Payroll	Worksheet H ln 22.(D)	12,754,914	W/S	0.05068	646,459
119	Plant Related					
120	Property	Worksheet H ln 22.(C) & ln 47.(C)	57,840,351	DA		10,688,116
121	Gross Receipts/Sales & Use	Worksheet H ln 22.(F)	18,324,998	NA	0.00000	-
122	Other	Worksheet H ln 22.(E)	1,968,569	GP(h)	0.19088	375,763
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	90,888,832			11,710,338
124	INCOME TAXES	(Note O)				
125	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.81%			
126	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		45.76%			
127	where WCLTD=(ln 162) and WACC = (ln 165)					
128	and FIT, SIT & p are as given in Note O.					
129	GRCF=1 / (1 - T) = (from ln 125)		1.6342			
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,772,674)			
131	Income Tax Calculation	(ln 126 * ln 134)	129,711,916			26,184,427
132	ITC adjustment	(ln 129 * ln 130)	(6,165,407)	NP(h)	0.18949	(1,168,291)
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	123,546,509			25,016,136
134	RETURN ON RATE BASE (Rate Base*WACC)	(ln 78 * ln 165)	283,441,988			57,217,303
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		107,531	DA	1.00000	107,531
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
137	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 136 * ln126)		-			-
138	TOTAL REVENUE REQUIREMENT (sum lns 107, 115, 123, 133, 134, 135)		825,889,278			147,474,049

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INDIANA MICHIGAN POWER COMPANY

SUPPORTING CALCULATIONS

ln No.									
	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
139	Total transmission plant	(ln 20)							1,439,623,142
140	Less transmission plant excluded from PJM Tariff (Note P)								-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)								58,591,082
142	Transmission plant included in PJM Tariff	(ln 139 - ln 140 - ln 141)							1,381,032,060
143	Percent of transmission plant in PJM Tariff	(ln 142 / ln 139)						TP	**0.95930**
				Payroll Billed from					
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	AEP Service Corp.	Total				
145	Production	354.20.b	144,153,339	12,078,504	156,231,843	NA		0.00000	-
146	Transmission	354.21.b	4,389,114	6,257,895	10,647,009	TP		0.95930	10,213,687
147	Regional Market Expenses	354.22.b	0	0	-	NA		0.00000	-
148	Distribution	354.23.b	20,847,473	2,026,344	22,873,817	NA		0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	6,420,663	5,347,080	11,767,743	NA		0.00000	-
150	Total	(sum lns 145 to 149)	175,810,589	25,709,823	201,520,412				10,213,687
151	Transmission related amount							W/S=	**0.05068**

152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
153	Long Term Interest	(Worksheet M, ln. 21, col. (E))					93,727,930
154	Preferred Dividends	(Worksheet M, ln. 55, col. (E))					-
155	Development of Common Stock:						Average
156	Proprietary Capital	(Worksheet M, ln. 1, col. (E))					2,094,077,805
157	Less: Preferred Stock	(Worksheet M, ln. 2, col. (E))					-
158	Less: Account 216.1	(Worksheet M, ln. 3, col. (E))					(3,321,449)
159	Less: Account 219	(Worksheet M, ln. 4, col. (E))					(16,497,872)
160	Common Stock	(ln 156 - ln 157 - ln 158 - ln 159)					2,113,897,126
			Capital Structure Weighting			Cost	
161		Average $	Actual	Cap Limit		(Note S)	Weighted
162	Long Term Debt (Note T) W/S M, ln 11, ln 22, col. (E))	1,768,589,949	45.55%	0.00%		0.0530	0.0241
163	Preferred Stock (ln 157)	-	0.00%	0.00%		-	0.0000
164	Common Stock (ln 160)	2,113,897,126	54.45%	0.00%		11.49%	0.0626
165	Total (Sum lns 162 to 164)	3,882,487,075				**WACC=**	**0.0867**
166	Capital Structure Equity Limit (Note U)	100.0%					

AEP East Companies
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Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

INDIANA MICHIGAN POWER COMPANY

Letter	**Notes**
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X
A	Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 3) Rental revenues earned on assets included in the rate base. 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service. 5) Other electric revenues. 6) Revenues for grandfathered PTP contracts included in the load divisor. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's.
C	#VALUE!
D	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 88. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85. 2) AEP transmission equalization transfers, as shown on line 86 3) The impact of state regulatory deferrals and amortizations, as shown on line 87 4) All A&G Expenses, as shown on line 103.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 77 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 135.
G	Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 15 & 16 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 3 through 12, for descriptions and the Form 1 Source of these accounts' balances.
H	Removes cost of transmission service provided by others to determine the basis of cash working capital on line 88. To the extent such service is incurred to provide the PJM service at issue, e.g. transmission equalization agreement, such costs are added back on lines 105 and 106 to determine the total O&M collected in the formula. The amounts on lines 105 and 106 are also excluded in the calculation of the FCR percentage calculated on lines 5 through 11. The addbacks on lines 105 and 106 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity. The company records referenced on lines 105 and 106 is the INDIANA MICHIGAN POWER COMPANY general ledger.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense. applicable only for state regulatory purposes.
J	General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
K	These deductions on lines 91 through 93 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet F allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corportation. The calculation of the recoverable amount for each company is shown on Worksheet O, and the process for updating the annual total is documented on Attachment F, Allowable PBOP Expense Formula.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT. A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 5.86% (State Income Tax Rate or Composite SIT. Worksheet G)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
Q	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 153) / long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163). Common Stock cost rate (ROE) = 11.49%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO membership. Interest expense for the true-up WACC is based on actual expenses for the true-up year. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the true-up capital structure. Details and calculations of the true-up weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are defined in the Formula Protocols in the tariff. and on Worksheet M.
T	The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of $265,249,280 at 12/31/12 is not included in the balance in line 162 above.
U	Per Settlement, equity for INDIANA MICHIGAN POWER COMPANY is limited to 100% of Capital Structure. If the percentage of equity exceeds the cap, the excess is included in weighted percentage of long term debt in the capital structure. During the period ended December 31, 2011 the equity cap is in effect. During this period, a change in the cap percentage must be approved via a 205 filing with the FERC.

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet A Supporting Plant Balances
INDIANA MICHIGAN POWER COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2016	(D) Balance @ December 31, 2015	(E) Average Balance for 2016
	NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.				
	Plant Investment Balances				
1	**Production Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	4,024,399,549	3,822,094,591	3,923,247,070
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	141,653,692	130,351,327	136,002,510
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	1,472,572,880	1,406,673,404	1,439,623,142
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	**Distribution Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,899,130,051	1,790,562,719	1,844,846,385
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	-	-	-
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	128,607,375	129,815,141	129,211,258
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	172,921	172,921	172,921
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	106,383,720	80,279,977	93,331,849
10	**Total Property Investment Balance**	(Sum of Lines: 3, 1, 5, 7, 9)	7,631,093,575	7,229,425,832	7,430,259,704
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 2, 6, 8)	141,826,613	130,524,248	136,175,431
	Accumulated Depreciation & Amortization Balances				
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)	1,688,144,867	1,761,313,588	1,724,729,228
13	**Production ARO Accumulated Depreciation**	Company Records - Note 1	107,802,088	106,030,047	106,916,067
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	550,438,566	554,145,431	552,291,999
15	**Transmission ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)	585,424,046	556,129,218	570,776,632
17	**Distribution ARO Accumulated Depreciation**	Company Records - Note 1	-	-	-
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	29,524,325	31,776,122	30,650,224
19	**General ARO Accumulated Depreciation**	Company Records - Note 1	157,037	155,227	156,132
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	99,693,424	79,610,139	89,651,782
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 14, 12, 16, 18, 20)	2,953,225,228	2,982,974,498	2,968,099,863
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 13, 17, 19)	107,959,125	106,185,273	107,072,199
	Generation Step-Up Units				
23	**GSU Investment Amount**	Company Records - Note 1	58,644,708	58,537,456	58,591,082
24	**GSU Accumulated Depreciation**	Company Records - Note 1	6,610,982	5,598,353	6,104,667
25	**GSU Net Balance**	(Line 23 - Line 24)	52,033,726	52,939,103	52,486,415
	Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation				
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	550,438,566	554,145,431	552,291,999
27	**Less: GSU Accumulated Depreciation**	(Line 24 Above)	6,610,982	5,598,353	6,104,667
28	**Subtotal of Transmission Net of GSU**	(Line 26 - Line 27)	543,827,584	548,547,078	546,187,331
	Plant Held For Future Use				
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	5,641,570	5,545,556	5,593,563
30	**Transmission Plant Held For Future**	Company Records - Note 1	208,360	208,360	208,360
	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.				
31					-
32					-
33					-
34					-
35					-
36	Total Regulatory Deferrals Included in Ratebase		-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's property accounting ledger.

NOTE: The ratebase should not include the unamortized balance of hedging gains or losses.

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)
Line Number	Description	Source	Balance @ December 31, 2016	Balance @ December 31, 2015	Average Balance for 2016
1	**Account 281**				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)	13,008,872	160,225	6,584,549
3	Less: ARO Related Deferrals	Company Records - Note 1	-	-	-
4	Less: Other Excluded Deferrals	Company Records - Note 1	13,008,872	160,225	6,584,549
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	**Account 282**				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	1,200,135,173	1,132,574,522	1,166,354,848
8	Less: ARO Related Deferrals	Company Records - Note 1	24,483,096	30,013,585	27,248,341
9	Less: Other Excluded Deferrals	Company Records - Note 1	975,813,811	913,925,400	944,869,606
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	199,838,266	188,635,537	194,236,902
11	**Account 283**				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	846,485,259	757,816,436	802,150,848
13	Less: ARO Related Deferrals	Company Records - Note 1	671,966,147	629,574,019	650,770,083
14	Less: Other Excluded Deferrals	Company Records - Note 1	166,919,080	121,166,510	144,042,795
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	7,600,032	7,075,907	7,337,970
16	**Account 190**				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	825,842,420	766,127,409	795,984,915
18	Less: ARO Related Deferrals	Company Records - Note 1	696,241,690	661,604,925	678,923,308
19	Less: Other Excluded Deferrals	Company Records - Note 1	116,421,037	93,500,068	104,960,553
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	13,179,693	11,022,416	12,101,055
21	**Account 255**				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	38,781,415	35,008,741	36,895,078
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	38,781,415	35,008,741	36,895,078
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records - Note 1	0	0	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax accounting ledger.

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

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
INDIANA MICHIGAN POWER COMPANY

Materials & Supplies

(A) Line Number	(B)	(C) Source	(D) Balance @ December 31, 2016	(E) Balance @ December 31, 2015	(F) Average Balance for 2016
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)	913,624	2,421,160	1,667,392
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)	248,184	335,473	291,829
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c) & (b)	0	0	-

Prepayment Balance Summary

Line		Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
5							
6	Totals as of December 31, 2016	8,140,254	(139,123,822)	0	5,038,318	142,225,758	147,264,076
7	Totals as of December 31, 2015	7,759,230	(130,713,210)		4,927,092	133,545,349	138,472,441
8	**Average Balance**	7,949,742	(134,918,516)	-	4,982,705	137,885,554	142,868,259

Prepayments Account 165 - Balance @ 12/31/2016

9	Acc. No.	Description	2016 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	3,520,482	-		3,520,482		3,520,482	Plant Related Insurance Policies
11	165000215	Prepaid Taxes	0	-				-	
12	1650003	Prepaid Rents	5,655	5,655				-	River Transport
13	1650005	Prepaid Employee Benefits	474,000	-			474,000	474,000	Health Savings Program
14	1650006	Other Prepayments	1,022,171	1,022,171				-	Relates to EPRI dues
15	1650009	Prepaid Carry Cost-Factored AR	107,325	107,325				-	AR Factoring
16	1650010	Prepaid Pension Benefits	107,658,719				107,658,719	107,658,719	Prefunded Pension Expense
17	1650014	FAS 158 Qual Contra Asset	(107,658,719)	(107,658,719)				-	SFAS 158 Offset
18	16500021	Prepaid Taxes	464,897	464,897			-	-	Prepaid - Distribution
19	16500111	Prepaid Sales Taxes	462,101	462,101			-	-	Prepaid Sales Tax - Distribution
20	16500121	Prepaid Use Taxes	127,891	127,891			-	-	Prepaid Use Tax - Distribution
21	1650021	Prepaid Insurance - EIS	974,979	-		974,979		974,979	Energy INS Services
22	1650022	Prepaid SNF Container Costs	0	-			-	-	
23	1650023	Prepaid Lease	542,857	-		542,857	-	542,857	Prepaid Leases - Trans. Laydown Yard
24	1650026	Prepaid SNF Costs	0	-					
25	1650030	Other Prepayments	437,896	437,896			-	-	Distribution
26	1650033	Prepaid OCIP Work Comp-Aff	0	-			-	-	
27	1650035	PRW without MED-D Benefits	34,093,039				34,093,039	34,093,039	Med-D Benefits
28	1650036	PRW for Med-D Benefits	0				-	-	
29	1650037	FAS 158 Contra-PRW Exc Med-D	(34,093,039)	(34,093,039)					SFAS 158 Offset
30	1650032	Prepaid OCIP WC LT	0		-			-	
31	1650034	Prepaid OCIP WC LT-Aff	0		-			-	
		Subtotal - Form 1, p 111.57.c	8,140,254	(139,123,822)	0	5,038,318	142,225,758	147,264,076	

Prepayments Account 165 - Balance @ 12/31/ 2015

32	Acc. No.	Description	2015 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
33	1650001	Prepaid Insurance	4,133,140	-		4,133,140		4,133,140	Plant Related Insurance Policies
34	165000215	Prepaid Taxes	417,163	417,163				-	Prepaid Taxes-Distribution
35	1650003	Prepaid Rents	3,510	3,510				-	River Transport
36	1650005	Prepaid Employee Benefits	437,750	437,750				-	Health Savings Program
37	1650006	Other Prepayments	81,187	81,187				-	Relates to EPRI dues
38	1650009	Prepaid Carry Cost-Factored AR	84,619	84,619				-	AR Factoring
39	1650010	Prepaid Pension Benefits	108,699,881				108,699,881	108,699,881	Prefunded Pension Expense
40	1650014	FAS 158 Qual Contra Asset	(108,699,881)	(108,699,881)				-	SFAS 158 Offset
41	165001115	Prepaid Sales Taxes	442,916	442,916			-	-	Prepaid Sales Tax - Distribution
42	165001215	Prepaid Use Taxes	68,831	68,831			-	-	Prepaid Use Tax - Distribution
43	1650021	Prepaid Insurance - EIS	793,952	-		793,952		793,952	Energy INS Services
44	1650022	Prepaid SNF Container Costs	0	-			-	-	
45	1650023	Prepaid Lease	531,931	531,931			-	-	Prepaid Leases-Gen/Dist
46	1650026	Prepaid SNF Costs	0	-					
47	1650031	Prepaid OCIP Work Comp	395,311	-			395,311	395,311	Workers Compensation
48	1650033	Prepaid OCIP Work Comp-Aff	368,921	-			368,921	368,921	Workers Compensation
49	1650035	PRW without MED-D Benefits	24,081,236				24,081,236	24,081,236	Med-D Benefits
50	1650036	PRW for Med-D Benefits	0				-	-	
51	1650037	FAS 158 Contra-PRW Exc Med-D	(24,081,236)	(24,081,236)					SFAS 158 Offset
52	1650032	Prepaid OCIP WC LT	0		-			-	Workers Compensation-Transmission
53	1650034	Prepaid OCIP WC LT-Aff	0		-			-	Workers Compensation-Transmission
		Subtotal - Form 1, p 111.57.d	7,759,230	(130,713,210)		4,927,092	133,545,349	138,472,441	

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet D Supporting IPP Credits
INDIANA MICHIGAN POWER COMPANY

Line Number	(A) Description	(B) 2016
1	Net Funds from IPP Customers 12/31/2015 (2016 FORM 1, P269, line 6.b)	(3,096,940)
2	Interest Accrual (Company Records - Note 1)	(107,531)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	Other Adjustments	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2016 (2016 FORM 1, P269, line 6.f)	(3,204,471)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(3,150,706)

Note 1 On this worksheet Company Records refers to INDIANA MICHIGAN POWER COMPANY's general ledger.

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet E Supporting Revenue Credits
INDIANA MICHIGAN POWER COMPANY

Line Number	Description	Total Company	Non-Transmission	Transmission
1	**Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)**	4,950,765	4,950,765	-
2	**Account 451,Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)**	4,843,933	4,787,146	56,787
3	**Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)**	6,964,833	5,819,357	1,145,476
4	**Account 4560015, Associated Business Development - (Company Records - Note 1)**	1,867,009	1,567,689	299,320
5	**Account 456 - Other Electric Revenues - (Company Records - Note 1)**	40,465,047	40,465,047	-
6	**Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))**	59,091,587	57,590,004	1,501,583
7	**Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)**	-	-	-
8	**Total Other Operating Revenues To Reduce Revenue Requirement**	59,091,587	57,590,004	1,501,583

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

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
INDIANA MICHIGAN POWER COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line Number	Item No.	Description	2016 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Regulatory O&M Deferrals & Amortizations				
1	5660000	Misc Transmission Expense	-			
2		**Total**	0			
		Detail of Account 561 Per FERC Form 1				
3	FF1 p 321.84.b	561 - Load Dispatching	0			
4	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	26,387			
5	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	1,721,731			
6	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
7	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	4,500,443			
8	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	175,090			
9	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
10	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
11	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Serv	1,158,668			
12		**Total of Account 561**	7,582,319			
		Account 928				
13	9280000	Regulatory Commission Exp	13,173	13,173	-	
14	9280001	Regulatory Commission Exp-Adm	12,451,197	12,451,197	-	
15	9280002	Regulatory Commission Exp-Case	1,673,932	1,673,932	-	
16	9280005	Trans. FERC Filing	23,248	-	23,248	
17		**Total**	14,161,550	14,138,302	23,248	
		Account 930.1				
18	9301000	General Advertising Expenses	283,943	283,943	-	
19	9301001	Newspaper Advertising Space	642	642	-	
20	9301002	Radio Station Advertising Time	3,000	3,000	-	
21	9301003	TV Station Advertising Time	-	-	-	
22	9301006	Spec Corporate Comm Info Proj	29,480	29,480	-	
23	9301007	Special Adv Space & Prod Exp	-	-	-	
24	9301008	Direct Mail and Handouts	-	-	-	
25	9301009	Fairs, Shows, and Exhibits	-	-	-	
26	9301010	Publicity	9,866	9,866	-	
27	9301011	Dedications, Tours, & Openings	1,365	1,365	-	
28	9301012	Public Opinion Surveys	99,806	99,806	-	
29	9301013	Movies Slide Films & Speeches	-	-	-	
30	9301014	Video Communications	-	-	-	
31	9301015	Other Corporate Comm Exp	61,955	61,955	-	
32		**Total**	490,057	490,057	-	
		Account 930.2				
33	9302000	Misc General Expenses	3,824,961	3,824,961		
34	9302003	Corporate & Fiscal Expenses	121,002	121,002		
35	9302004	Research, Develop&Demonstr Exp	2,035	2,035		
36	9302005	Nucl Fac Ins - Replce Engy Cst	0	0		
37	9302006	Assoc Business Development Materials Sold	34,264	34,264	0	
38	9302007	Assoc Business Development Exp	711,472	610,787	100,685	
39	9302458	AEPSC nonaffiliated expense	0	0		
40		**Total**	4,693,734	4,593,049	100,685	

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
INDIANA MICHIGAN POWER COMPANY

Indiana Corporate Income Tax Rate	6.38%	
Apportionment Factor - Note 2	72.76%	
Effective State Tax Rate		4.64%
Michigan Single Business Tax Rate	6.00%	
Apportionment Factor - Note 2	14.74%	
Effective State Tax Rate		0.88%
West Virginia Corporation Income Tax Rate	6.50%	
Apportionment Factor - Note 2	2.29%	
Effective State Tax Rate		0.15%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor Note 1	0.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Kentucky Corporation Income Tax Rate	6.00%	
Apportionment Factor - Note 2	1.12%	
Effective State Tax Rate		0.07%
Missouri Corporation Income Tax Rate	6.25%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	7.75%	
Apportionment Factor - Note 2	1.50%	
Effective State Tax Rate		0.12%
Total Effective State Income Tax Rate		5.86%

Note 1 The Ohio State Income Tax is being phased-out prorata over a 5 year period from 2005 through 2009. The taxable portion of income is 0% in 2009. The phase-out factors can be found in the Ohio Revised Code at 5733.01(G)2(a)(v). This tax has been replaced with a Commercial Activites Tax that is included in Schedule H and H-1.

Note 2 Apportionment Factors are determined as part of the Company's annual tax return for that jurisdiction.

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet H Supporting Taxes Other than Income
INDIANA MICHIGAN POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	**Revenue Taxes**					
2	Gross Receipts Tax	18,207,506				18,207,506
3	**Real Estate and Personal Property Taxes**					
4	Real and Personal Property - Michigan	35,786,838	35,786,838			
5	Real and Personal Property - Indiana	22,046,465	22,046,465			
6	Real and Personal Property - Other Jurisdictions	7,048	7,048			
7	**Payroll Taxes**					
8	Federal Insurance Contribution (FICA)	12,215,458		12,215,458		
9	Federal Unemployment Tax	79,987		79,987		
10	State Unemployment Insurance	459,469		459,469		
11	**Production Taxes**					
12	State Severance Taxes	-				-
13	**Miscellaneous Taxes**					
14	State Business & Occupation Tax	-				-
15	State Public Service Commission Fees	1,967,786			1,967,786	
16	State Franchise Taxes	-			-	
17	State Lic/Registration Fee	783			783	
18	Misc. State and Local Tax	-			-	
19	Sales & Use	108,177				108,177
20	Federal Excise Tax	9,315				9,315
21	Michigan Single Business Tax	-				-
22	Total Taxes by Allocable Basis	90,888,832	57,840,351	12,754,914	1,968,569	18,324,998
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))					
	NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1.					

Functional Property Tax Allocation

Line No.		Production	Transmsission	Distribution	General	Total
23	Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)	2,302,403,078	922,134,314	1,313,706,005	99,067,166	4,637,310,563
	MICHIGAN JURISDICTION					
24	Percentage of Plant in MICHIGAN JURISDICTION	80.97%	15.43%	19.41%	17.55%	
25	Net Plant in MICHIGAN JURISDICTION (Ln 23 * Ln 24)	1,864,255,772	142,285,325	254,990,336	17,386,288	2,278,917,720
26	Less: Net Value of Exempted Generation Plant	351,481,058				
27	Taxable Property Basis (Ln 25 - Ln 26)	1,512,774,714	142,285,325	254,990,336	17,386,288	1,927,436,662
28	Relative Valuation Factor	100%	100%	100%	100%	
29	Weighted Net Plant (Ln 27 * Ln 28)	1,512,774,714	142,285,325	254,990,336	17,386,288	
30	General Plant Allocator (Ln 29 / (Total - General Plant))	79.20%	7.45%	13.35%	-100.00%	
31	Functionalized General Plant (Ln 30 * General Plant)	13,770,075	1,295,156	2,321,057	(17,386,288)	-
32	Weighted MICHIGAN JURISDICTION Plant (Ln 29 + 31)	1,526,544,789	143,580,481	257,311,393	(0)	1,927,436,662
33	Functional Percentage (Ln 32/Total Ln 32)	79.20%	7.45%	13.35%		
34	Functionalized Expense in MICHIGAN JURISDICTION	28,343,453	2,665,868	4,777,517		35,786,838
	INDIANA JURISDICTION					
35	Percentage of Plant in INDIANA JURISDICTION	19.03%	84.57%	80.59%	82.41%	
36	Net Plant in INDIANA JURISDICTION (Ln 23 * Ln 35)	438,147,306	779,848,989	1,058,715,669	81,641,252	2,358,353,216
37	Less: Net Value of Exempted Generation Plant	133,202,925				
38	Taxable Property Basis (Ln 36 - Ln 37)	304,944,381	779,848,989	1,058,715,669	81,641,252	2,225,150,291
39	Relative Valuation Factor	100%	100%	100%	100%	
40	Weighted Net Plant (Ln 38 * Ln 39)	304,944,381	779,848,989	1,058,715,669	81,641,252	
41	General Plant Allocator (Ln 40 / (Total - General Plant))	14.23%	36.38%	49.39%	-100.00%	
42	Functionalized General Plant (Ln 41 * General Plant)	11,614,619	29,702,626	40,324,007	(81,641,252)	-
43	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	316,559,000	809,551,615	1,099,039,676	(0)	2,225,150,291
44	Functional Percentage (Ln 43/Total Ln 43)	14.23%	36.38%	49.39%		
45	Functionalized Expense in INDIANA JURISDICTION	3,136,420	8,020,919	10,889,125		22,046,465
46	Total Other Jurisdictions: (Line 6 * Net Plant Allocator)		1,329			7,048
47	Total Func. Property Taxes (Sum Lns 34, 45 46)	31,479,874	10,688,116	15,666,642		57,840,351

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet H-1 Form 1 Source Reference of Company Amounts on WS H
INDIANA MICHIGAN POWER COMPANY

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	18,207,506		
			2,266	P.263 ln 16 (i)
			18,307,000	P.263 ln 17 (i)
			(18,350)	P.263.2 ln 26 (i)
			116,952	P.263.2 ln 27 (i)
			(200,362)	P.263.2 ln 28 (i)
			-	
3	Real Estate and Personal Property Taxes			
4	Real and Personal Property - Michigan	35,786,838		
			7,005	P.263.1 ln 18 (i)
			23,098	P.263.1 ln 19 (i)
			35,517,991	P.263.1 ln 20 (i)
			(8,635)	P.263.1 ln 23 (i)
			61,444	P.263.1 ln 24 (i)
			(25,065)	P.263.1 ln 28 (i)
			211,000	P.263.1 ln 29 (i)
5	Real and Personal Property - Indiana	22,046,465		
			(292)	P.263 ln 26 (i)
			2,918,177	P.263 ln 27 (i)
			18,468,197	P.263 ln 28 (i)
			137,458	P.263 ln 30 (i)
			522,925	P.263 ln 31 (i)
			-	
			-	
6	Real and Personal Property - Other Jurisdictions	7,048		
			3,402	P.263.2 ln 11 (i)
			3,306	P.263.2 ln 12 (i)
			340	P.263.3 ln 8 (i)
			-	
7	Payroll Taxes			
8	Federal Insurance Contribution (FICA)	12,215,458		
			12,215,458	P.263 ln 5 (i)
9	Federal Unemployment Tax	79,987		
			79,987	P.263 ln 6 (i)
10	State Unemployment Insurance	459,469		
			75,340	P.263 ln 15 (i)
			392,319	P.263.1 ln 10 (i)
			(8,271)	P.263.2 ln 20 (i)
			81	P.263.2 ln 29 (i)
11	Production Taxes	-		
12	Misc States 2014		-	
13	Misc States 2012		-	
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	-		
			-	
16	State Public Service Commission Fees	1,967,786		
			633,802	P.263 ln 23 (i)
			727,418	P.263 ln 24 (i)
			412,580	P.263.1 ln 11 (i)
			193,986	P.263.1 ln 12 (i)
17	State Franchise Taxes	-		
			-	
			-	
18	State Lic/Registration Fee	783		
			75	P.263.3 ln 24(i)
			708	P.263.3 ln 25 (i)
19	Misc. State and Local Tax	-		
			-	
20	Sales & Use	108,177		
			(109)	P.263 ln 21 (i)
			8,930	P.263.1 ln 13 (i)
			99,356	P.263.1 ln 14 (i)
21	Federal Excise Tax	9,315		
			171	P.263 ln 7 (i)
			9,144	P.263 ln 8 (i)
22	Michigan Single Business Tax	-		
			-	
23	Total Taxes by Allocable Basis	90,888,832	90,888,832	
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))			

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

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
INDIANA MICHIGAN POWER COMPANY

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

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

ROE w/o incentives (True-Up TCOS, ln 164)			11.49%	
Project ROE Incentive Adder			0	<==ROE Adder Cannot Exceed 100 Basis Points
ROE with additional 0 basis point incentive			11.49%	**<== ROE Including Incentives Cannot Exceed 12.5% Until July 1, 2012**

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 162 through164)

	%	Cost		Weighted cost
Long Term Debt	45.55%	5.30%		2.414%
Preferred Stock	0.00%	0.00%		0.000%
Common Stock	54.45%	11.49%		6.256%
			R =	8.670%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS		Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR	2016			
As Projected in Prior Year WS J		$ 6,403,940	$ 6,403,940	$ -
Actual after True-up		$ 5,831,011	$ 5,831,011	$ -
True-up of ARR For 2016		(572,929)	(572,929)	-

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

Rate Base (True-Up TCOS, ln 78)	659,939,792
R (from A. above)	8.670%
Return (Rate Base x R)	57,217,303

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

Return (from B. above)	57,217,303
Effective Tax Rate (True-Up TCOS, ln 126)	45.76%
Income Tax Calculation (Return x CIT)	26,184,427
ITC Adjustment	(1,168,291)
Income Taxes	25,016,136

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

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

Annual Revenue Requirement (True-Up TCOS, ln 1)	147,474,049
T.E.A. & Lease Payments (True-Up TCOS, Lns 105 & 106)	-
Return (True-Up TCOS, ln 134)	57,217,303
Income Taxes (True-Up TCOS, ln 133)	25,016,136
Annual Revenue Requirement, Less TEA Charges, Return and Taxes	65,240,610

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

Annual Revenue Requirement, Less TEA Charges, Return and Taxes	65,240,610
Return (from I.B. above)	57,217,303
Income Taxes (from I.C. above)	25,016,136
Annual Revenue Requirement, with 0 Basis Point ROE increase	147,474,049
Depreciation (True-Up TCOS, ln 111)	23,832,794
Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation	123,641,256

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

Net Transmission Plant (True-Up TCOS, ln 48)	834,844,729
Annual Revenue Requirement, with 0 Basis Point ROE increase	147,474,049
FCR with 0 Basis Point increase in ROE	17.66%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	123,641,256
FCR with 0 Basis Point ROE increase, less Depreciation	14.81%
FCR less Depreciation (True-Up TCOS, ln 9)	14.81%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, ln 58,(b)):	1,406,673,404
Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):	1,472,572,880
Subtotal	2,879,246,284
Average Transmission Plant Balance for	1,439,623,142
Annual Depreciation Rate (True-Up TCOS, ln 111)	24,099,170
Composite Depreciation Rate	1.67%
Depreciable Life for Composite Depreciation Rate	59.74
Round to nearest whole year	60

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,254,654	1,254,654	-
Prior Yr True-Up	1,228,164	1,228,164	-
True-Up Adjustment	(26,490)	(26,490)	-

Project Description:

RTEP ID: b0839 (Replace existing 450 MVA transformer at Twin Branch 345 / 138 kV with a 675 MVA transformer)

Details			
Investment	8,327,150	Current Year	2016
Service Year (yyyy)	2009	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	138,786

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2009	8,327,150	69,393	8,257,757	8,292,454	1,297,513	1,297,513	$ -	$ -	$ -	$ -	$ -	$ -
2010	8,257,757	138,786	8,118,971	8,188,364	1,351,490	1,351,490	$ -	$ 1,408,114	$ (56,625)	$ 1,408,114	$ (56,625)	$ -
2011	8,118,971	138,786	7,980,185	8,049,578	1,330,936	1,330,936	$ -	$ 1,487,355	$ (156,419)	$ 1,487,355	$ (156,419)	$ -
2012	7,980,185	138,786	7,841,400	7,910,793	1,310,381	1,310,381	$ -	$ 1,319,695	$ (9,314)	$ 1,319,695	$ (9,314)	$ -
2013	7,841,400	138,786	7,702,614	7,772,007	1,289,827	1,289,827	$ -	$ 1,272,484	$ 17,343	$ 1,272,484	$ 17,343	$ -
2014	7,702,614	138,786	7,563,828	7,633,221	1,269,273	1,269,273	$ -	$ 1,249,385	$ 19,888	$ 1,249,385	$ 19,888	$ -
2015	7,563,828	138,786	7,425,042	7,494,435	1,248,718	1,248,718	$ -	$ 1,278,273	$ (29,555)	$ 1,278,273	$ (29,555)	$ -
2016	7,425,042	138,786	7,286,256	7,355,649	1,228,164	1,228,164	$ -	$ 1,254,654	$ (26,490)	$ 1,254,654	$ (26,490)	$ -
2017	7,286,256	138,786	7,147,470	7,216,863	1,207,610	1,207,610	$ -		$ -		$ -	$ -
2018	7,147,470	138,786	7,008,685	7,078,078	1,187,055	1,187,055	$ -		$ -		$ -	$ -
2019	7,008,685	138,786	6,869,899	6,939,292	1,166,501	1,166,501	$ -		$ -		$ -	$ -
2020	6,869,899	138,786	6,731,113	6,800,506	1,145,947	1,145,947	$ -		$ -		$ -	$ -
2021	6,731,113	138,786	6,592,327	6,661,720	1,125,393	1,125,393	$ -		$ -		$ -	$ -
2022	6,592,327	138,786	6,453,541	6,522,934	1,104,838	1,104,838	$ -		$ -		$ -	$ -
2023	6,453,541	138,786	6,314,755	6,384,148	1,084,284	1,084,284	$ -		$ -		$ -	$ -
2024	6,314,755	138,786	6,175,970	6,245,363	1,063,730	1,063,730	$ -		$ -		$ -	$ -
2025	6,175,970	138,786	6,037,184	6,106,577	1,043,175	1,043,175	$ -		$ -		$ -	$ -
2026	6,037,184	138,786	5,898,398	5,967,791	1,022,621	1,022,621	$ -		$ -		$ -	$ -
2027	5,898,398	138,786	5,759,612	5,829,005	1,002,067	1,002,067	$ -		$ -		$ -	$ -
2028	5,759,612	138,786	5,620,826	5,690,219	981,512	981,512	$ -		$ -		$ -	$ -
2029	5,620,826	138,786	5,482,040	5,551,433	960,958	960,958	$ -		$ -		$ -	$ -
2030	5,482,040	138,786	5,343,255	5,412,648	940,404	940,404	$ -		$ -		$ -	$ -
2031	5,343,255	138,786	5,204,469	5,273,862	919,849	919,849	$ -		$ -		$ -	$ -
2032	5,204,469	138,786	5,065,683	5,135,076	899,295	899,295	$ -		$ -		$ -	$ -
2033	5,065,683	138,786	4,926,897	4,996,290	878,741	878,741	$ -		$ -		$ -	$ -
2034	4,926,897	138,786	4,788,111	4,857,504	858,187	858,187	$ -		$ -		$ -	$ -
2035	4,788,111	138,786	4,649,325	4,718,718	837,632	837,632	$ -		$ -		$ -	$ -
2036	4,649,325	138,786	4,510,540	4,579,933	817,078	817,078	$ -		$ -		$ -	$ -
2037	4,510,540	138,786	4,371,754	4,441,147	796,524	796,524	$ -		$ -		$ -	$ -
2038	4,371,754	138,786	4,232,968	4,302,361	775,969	775,969	$ -		$ -		$ -	$ -
2039	4,232,968	138,786	4,094,182	4,163,575	755,415	755,415	$ -		$ -		$ -	$ -
2040	4,094,182	138,786	3,955,396	4,024,789	734,861	734,861	$ -		$ -		$ -	$ -
2041	3,955,396	138,786	3,816,610	3,886,003	714,306	714,306	$ -		$ -		$ -	$ -
2042	3,816,610	138,786	3,677,825	3,747,218	693,752	693,752	$ -		$ -		$ -	$ -
2043	3,677,825	138,786	3,539,039	3,608,432	673,198	673,198	$ -		$ -		$ -	$ -
2044	3,539,039	138,786	3,400,253	3,469,646	652,644	652,644	$ -		$ -		$ -	$ -
2045	3,400,253	138,786	3,261,467	3,330,860	632,089	632,089	$ -		$ -		$ -	$ -
2046	3,261,467	138,786	3,122,681	3,192,074	611,535	611,535	$ -		$ -		$ -	$ -
2047	3,122,681	138,786	2,983,895	3,053,288	590,981	590,981	$ -		$ -		$ -	$ -
2048	2,983,895	138,786	2,845,110	2,914,503	570,426	570,426	$ -		$ -		$ -	$ -
2049	2,845,110	138,786	2,706,324	2,775,717	549,872	549,872	$ -		$ -		$ -	$ -
2050	2,706,324	138,786	2,567,538	2,636,931	529,318	529,318	$ -		$ -		$ -	$ -
2051	2,567,538	138,786	2,428,752	2,498,145	508,763	508,763	$ -		$ -		$ -	$ -
2052	2,428,752	138,786	2,289,966	2,359,359	488,209	488,209	$ -		$ -		$ -	$ -
2053	2,289,966	138,786	2,151,180	2,220,573	467,655	467,655	$ -		$ -		$ -	$ -
2054	2,151,180	138,786	2,012,395	2,081,788	447,100	447,100	$ -		$ -		$ -	$ -
2055	2,012,395	138,786	1,873,609	1,943,002	426,546	426,546	$ -		$ -		$ -	$ -
2056	1,873,609	138,786	1,734,823	1,804,216	405,992	405,992	$ -		$ -		$ -	$ -
2057	1,734,823	138,786	1,596,037	1,665,430	385,438	385,438	$ -		$ -		$ -	$ -
2058	1,596,037	138,786	1,457,251	1,526,644	364,883	364,883	$ -		$ -		$ -	$ -
2059	1,457,251	138,786	1,318,465	1,387,858	344,329	344,329	$ -		$ -		$ -	$ -
2060	1,318,465	138,786	1,179,680	1,249,073	323,775	323,775	$ -		$ -		$ -	$ -
2061	1,179,680	138,786	1,040,894	1,110,287	303,220	303,220	$ -		$ -		$ -	$ -
2062	1,040,894	138,786	902,108	971,501	282,666	282,666	$ -		$ -		$ -	$ -
2063	902,108	138,786	763,322	832,715	262,112	262,112	$ -		$ -		$ -	$ -
2064	763,322	138,786	624,536	693,929	241,557	241,557	$ -		$ -		$ -	$ -
2065	624,536	138,786	485,750	555,143	221,003	221,003	$ -		$ -		$ -	$ -
2066	485,750	138,786	346,965	416,358	200,449	200,449	$ -		$ -		$ -	$ -
2067	346,965	138,786	208,179	277,572	179,894	179,894	$ -		$ -		$ -	$ -
2068	208,179	138,786	69,393	138,786	159,340	159,340	$ -		$ -		$ -	$ -
Project Totals		8,257,757			45,867,000	45,867,000	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1465.2 (Replace the 100 MVAR 765 kV shunt reactor bank on Rockport - Jefferson 765 kV line with a 300 MVAR bank at Rockport Station)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	85,936	85,936	-
Prior Yr True-Up	92,211	92,211	-
True-Up Adjustment	6,275	6,275	-

Details			
Investment	585,981	Current Year	2016
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	9,766

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	585,981	4,883	581,098	583,539	91,306	91,306	$ -	$ 92,625	$ (1,319)	$ 92,625	$ (1,319)	$ -
2014	581,098	9,766	571,331	576,215	95,104	95,104	$ -	$ 87,393	$ 7,711	$ 87,393	$ 7,711	$ -
2015	571,331	9,766	561,565	566,448	93,658	93,658	$ -	$ 87,463	$ 6,195	$ 87,463	$ 6,195	$ -
2016	561,565	9,766	551,799	556,682	92,211	92,211	$ -	$ 85,936	$ 6,275	$ 85,936	$ 6,275	$ -
2017	551,799	9,766	542,032	546,916	90,765	90,765	$ -		$ -		$ -	$ -
2018	542,032	9,766	532,266	537,149	89,319	89,319	$ -		$ -		$ -	$ -
2019	532,266	9,766	522,500	527,383	87,872	87,872	$ -		$ -		$ -	$ -
2020	522,500	9,766	512,733	517,617	86,426	86,426	$ -		$ -		$ -	$ -
2021	512,733	9,766	502,967	507,850	84,979	84,979	$ -		$ -		$ -	$ -
2022	502,967	9,766	493,201	498,084	83,533	83,533	$ -		$ -		$ -	$ -
2023	493,201	9,766	483,434	488,318	82,087	82,087	$ -		$ -		$ -	$ -
2024	483,434	9,766	473,668	478,551	80,640	80,640	$ -		$ -		$ -	$ -
2025	473,668	9,766	463,902	468,785	79,194	79,194	$ -		$ -		$ -	$ -
2026	463,902	9,766	454,135	459,018	77,747	77,747	$ -		$ -		$ -	$ -
2027	454,135	9,766	444,369	449,252	76,301	76,301	$ -		$ -		$ -	$ -
2028	444,369	9,766	434,603	439,486	74,855	74,855	$ -		$ -		$ -	$ -
2029	434,603	9,766	424,836	429,719	73,408	73,408	$ -		$ -		$ -	$ -
2030	424,836	9,766	415,070	419,953	71,962	71,962	$ -		$ -		$ -	$ -
2031	415,070	9,766	405,304	410,187	70,515	70,515	$ -		$ -		$ -	$ -
2032	405,304	9,766	395,537	400,420	69,069	69,069	$ -		$ -		$ -	$ -
2033	395,537	9,766	385,771	390,654	67,623	67,623	$ -		$ -		$ -	$ -
2034	385,771	9,766	376,004	380,888	66,176	66,176	$ -		$ -		$ -	$ -
2035	376,004	9,766	366,238	371,121	64,730	64,730	$ -		$ -		$ -	$ -
2036	366,238	9,766	356,472	361,355	63,283	63,283	$ -		$ -		$ -	$ -
2037	356,472	9,766	346,705	351,589	61,837	61,837	$ -		$ -		$ -	$ -
2038	346,705	9,766	336,939	341,822	60,391	60,391	$ -		$ -		$ -	$ -
2039	336,939	9,766	327,173	332,056	58,944	58,944	$ -		$ -		$ -	$ -
2040	327,173	9,766	317,406	322,290	57,498	57,498	$ -		$ -		$ -	$ -
2041	317,406	9,766	307,640	312,523	56,051	56,051	$ -		$ -		$ -	$ -
2042	307,640	9,766	297,874	302,757	54,605	54,605	$ -		$ -		$ -	$ -
2043	297,874	9,766	288,107	292,991	53,159	53,159	$ -		$ -		$ -	$ -
2044	288,107	9,766	278,341	283,224	51,712	51,712	$ -		$ -		$ -	$ -
2045	278,341	9,766	268,575	273,458	50,266	50,266	$ -		$ -		$ -	$ -
2046	268,575	9,766	258,808	263,691	48,819	48,819	$ -		$ -		$ -	$ -
2047	258,808	9,766	249,042	253,925	47,373	47,373	$ -		$ -		$ -	$ -
2048	249,042	9,766	239,276	244,159	45,926	45,926	$ -		$ -		$ -	$ -
2049	239,276	9,766	229,509	234,392	44,480	44,480	$ -		$ -		$ -	$ -
2050	229,509	9,766	219,743	224,626	43,034	43,034	$ -		$ -		$ -	$ -
2051	219,743	9,766	209,977	214,860	41,587	41,587	$ -		$ -		$ -	$ -
2052	209,977	9,766	200,210	205,093	40,141	40,141	$ -		$ -		$ -	$ -
2053	200,210	9,766	190,444	195,327	38,694	38,694	$ -		$ -		$ -	$ -
2054	190,444	9,766	180,677	185,561	37,248	37,248	$ -		$ -		$ -	$ -
2055	180,677	9,766	170,911	175,794	35,802	35,802	$ -		$ -		$ -	$ -
2056	170,911	9,766	161,145	166,028	34,355	34,355	$ -		$ -		$ -	$ -
2057	161,145	9,766	151,378	156,262	32,909	32,909	$ -		$ -		$ -	$ -
2058	151,378	9,766	141,612	146,495	31,462	31,462	$ -		$ -		$ -	$ -
2059	141,612	9,766	131,846	136,729	30,016	30,016	$ -		$ -		$ -	$ -
2060	131,846	9,766	122,079	126,963	28,570	28,570	$ -		$ -		$ -	$ -
2061	122,079	9,766	112,313	117,196	27,123	27,123	$ -		$ -		$ -	$ -
2062	112,313	9,766	102,547	107,430	25,677	25,677	$ -		$ -		$ -	$ -
2063	102,547	9,766	92,780	97,664	24,230	24,230	$ -		$ -		$ -	$ -
2064	92,780	9,766	83,014	87,897	22,784	22,784	$ -		$ -		$ -	$ -
2065	83,014	9,766	73,248	78,131	21,338	21,338	$ -		$ -		$ -	$ -
2066	73,248	9,766	63,481	68,364	19,891	19,891	$ -		$ -		$ -	$ -
2067	63,481	9,766	53,715	58,598	18,445	18,445	$ -		$ -		$ -	$ -
2068	53,715	9,766	43,949	48,832	16,998	16,998	$ -		$ -		$ -	$ -
2069	43,949	9,766	34,182	39,065	15,552	15,552	$ -		$ -		$ -	$ -
2070	34,182	9,766	24,416	29,299	14,106	14,106	$ -		$ -		$ -	$ -
2071	24,416	9,766	14,650	19,533	12,659	12,659	$ -		$ -		$ -	$ -
2072	14,650	9,766	4,883	9,766	11,213	11,213	$ -		$ -		$ -	$ -
Project Totals		581,098			3,227,658	3,227,658	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description:

RTEP ID: b1465.3 (Transpose the Rockport - Sullivan 765 kV line and the Rockport - Jefferson 765 kV line)

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	3,506,792	3,506,792	-
Prior Yr True-Up	3,446,192	3,446,192	-
True-Up Adjustment	(60,600)	(60,600)	-

Details			
Investment	21,957,101	Current Year	2016
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	4	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	365,952

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	21,957,101	243,968	21,713,133	21,835,117	3,477,768	3,477,768	$ -	$ 1,301,059	$ 2,176,709	$ 1,301,059	$ 2,176,709	$ -
2014	21,713,133	365,952	21,347,182	21,530,157	3,554,587	3,554,587	$ -	$ 3,243,481	$ 311,106	$ 3,243,481	$ 311,106	$ -
2015	21,347,182	365,952	20,981,230	21,164,206	3,500,390	3,500,390	$ -	$ 3,604,460	$ (104,070)	$ 3,604,460	$ (104,070)	$ -
2016	20,981,230	365,952	20,615,278	20,798,254	3,446,192	3,446,192	$ -	$ 3,506,792	$ (60,600)	$ 3,506,792	$ (60,600)	$ -
2017	20,615,278	365,952	20,249,326	20,432,302	3,391,994	3,391,994	$ -		$ -		$ -	$ -
2018	20,249,326	365,952	19,883,375	20,066,351	3,337,796	3,337,796	$ -		$ -		$ -	$ -
2019	19,883,375	365,952	19,517,423	19,700,399	3,283,598	3,283,598	$ -		$ -		$ -	$ -
2020	19,517,423	365,952	19,151,471	19,334,447	3,229,401	3,229,401	$ -		$ -		$ -	$ -
2021	19,151,471	365,952	18,785,520	18,968,496	3,175,203	3,175,203	$ -		$ -		$ -	$ -
2022	18,785,520	365,952	18,419,568	18,602,544	3,121,005	3,121,005	$ -		$ -		$ -	$ -
2023	18,419,568	365,952	18,053,616	18,236,592	3,066,807	3,066,807	$ -		$ -		$ -	$ -
2024	18,053,616	365,952	17,687,665	17,870,641	3,012,610	3,012,610	$ -		$ -		$ -	$ -
2025	17,687,665	365,952	17,321,713	17,504,689	2,958,412	2,958,412	$ -		$ -		$ -	$ -
2026	17,321,713	365,952	16,955,761	17,138,737	2,904,214	2,904,214	$ -		$ -		$ -	$ -
2027	16,955,761	365,952	16,589,810	16,772,785	2,850,016	2,850,016	$ -		$ -		$ -	$ -
2028	16,589,810	365,952	16,223,858	16,406,834	2,795,819	2,795,819	$ -		$ -		$ -	$ -
2029	16,223,858	365,952	15,857,906	16,040,882	2,741,621	2,741,621	$ -		$ -		$ -	$ -
2030	15,857,906	365,952	15,491,955	15,674,930	2,687,423	2,687,423	$ -		$ -		$ -	$ -
2031	15,491,955	365,952	15,126,003	15,308,979	2,633,225	2,633,225	$ -		$ -		$ -	$ -
2032	15,126,003	365,952	14,760,051	14,943,027	2,579,027	2,579,027	$ -		$ -		$ -	$ -
2033	14,760,051	365,952	14,394,100	14,577,075	2,524,830	2,524,830	$ -		$ -		$ -	$ -
2034	14,394,100	365,952	14,028,148	14,211,124	2,470,632	2,470,632	$ -		$ -		$ -	$ -
2035	14,028,148	365,952	13,662,196	13,845,172	2,416,434	2,416,434	$ -		$ -		$ -	$ -
2036	13,662,196	365,952	13,296,244	13,479,220	2,362,236	2,362,236	$ -		$ -		$ -	$ -
2037	13,296,244	365,952	12,930,293	13,113,269	2,308,039	2,308,039	$ -		$ -		$ -	$ -
2038	12,930,293	365,952	12,564,341	12,747,317	2,253,841	2,253,841	$ -		$ -		$ -	$ -
2039	12,564,341	365,952	12,198,389	12,381,365	2,199,643	2,199,643	$ -		$ -		$ -	$ -
2040	12,198,389	365,952	11,832,438	12,015,414	2,145,445	2,145,445	$ -		$ -		$ -	$ -
2041	11,832,438	365,952	11,466,486	11,649,462	2,091,247	2,091,247	$ -		$ -		$ -	$ -
2042	11,466,486	365,952	11,100,534	11,283,510	2,037,050	2,037,050	$ -		$ -		$ -	$ -
2043	11,100,534	365,952	10,734,583	10,917,559	1,982,852	1,982,852	$ -		$ -		$ -	$ -
2044	10,734,583	365,952	10,368,631	10,551,607	1,928,654	1,928,654	$ -		$ -		$ -	$ -
2045	10,368,631	365,952	10,002,679	10,185,655	1,874,456	1,874,456	$ -		$ -		$ -	$ -
2046	10,002,679	365,952	9,636,728	9,819,704	1,820,259	1,820,259	$ -		$ -		$ -	$ -
2047	9,636,728	365,952	9,270,776	9,453,752	1,766,061	1,766,061	$ -		$ -		$ -	$ -
2048	9,270,776	365,952	8,904,824	9,087,800	1,711,863	1,711,863	$ -		$ -		$ -	$ -
2049	8,904,824	365,952	8,538,873	8,721,848	1,657,665	1,657,665	$ -		$ -		$ -	$ -
2050	8,538,873	365,952	8,172,921	8,355,897	1,603,468	1,603,468	$ -		$ -		$ -	$ -
2051	8,172,921	365,952	7,806,969	7,989,945	1,549,270	1,549,270	$ -		$ -		$ -	$ -
2052	7,806,969	365,952	7,441,018	7,623,993	1,495,072	1,495,072	$ -		$ -		$ -	$ -
2053	7,441,018	365,952	7,075,066	7,258,042	1,440,874	1,440,874	$ -		$ -		$ -	$ -
2054	7,075,066	365,952	6,709,114	6,892,090	1,386,676	1,386,676	$ -		$ -		$ -	$ -
2055	6,709,114	365,952	6,343,163	6,526,138	1,332,479	1,332,479	$ -		$ -		$ -	$ -
2056	6,343,163	365,952	5,977,211	6,160,187	1,278,281	1,278,281	$ -		$ -		$ -	$ -
2057	5,977,211	365,952	5,611,259	5,794,235	1,224,083	1,224,083	$ -		$ -		$ -	$ -
2058	5,611,259	365,952	5,245,307	5,428,283	1,169,885	1,169,885	$ -		$ -		$ -	$ -
2059	5,245,307	365,952	4,879,356	5,062,332	1,115,688	1,115,688	$ -		$ -		$ -	$ -
2060	4,879,356	365,952	4,513,404	4,696,380	1,061,490	1,061,490	$ -		$ -		$ -	$ -
2061	4,513,404	365,952	4,147,452	4,330,428	1,007,292	1,007,292	$ -		$ -		$ -	$ -
2062	4,147,452	365,952	3,781,501	3,964,477	953,094	953,094	$ -		$ -		$ -	$ -
2063	3,781,501	365,952	3,415,549	3,598,525	898,896	898,896	$ -		$ -		$ -	$ -
2064	3,415,549	365,952	3,049,597	3,232,573	844,699	844,699	$ -		$ -		$ -	$ -
2065	3,049,597	365,952	2,683,646	2,866,622	790,501	790,501	$ -		$ -		$ -	$ -
2066	2,683,646	365,952	2,317,694	2,500,670	736,303	736,303	$ -		$ -		$ -	$ -
2067	2,317,694	365,952	1,951,742	2,134,718	682,105	682,105	$ -		$ -		$ -	$ -
2068	1,951,742	365,952	1,585,791	1,768,766	627,908	627,908	$ -		$ -		$ -	$ -
2069	1,585,791	365,952	1,219,839	1,402,815	573,710	573,710	$ -		$ -		$ -	$ -
2070	1,219,839	365,952	853,887	1,036,863	519,512	519,512	$ -		$ -		$ -	$ -
2071	853,887	365,952	487,936	670,911	465,314	465,314	$ -		$ -		$ -	$ -
2072	487,936	365,952	121,984	304,960	411,116	411,116	$ -		$ -		$ -	$ -
Project Totals		21,835,117			120,466,032	120,466,032	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1659.14 (Fort Wayne - Marion: Relocate 138 kV line due to new 765 kV build into Sorenson)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	226,153	226,153	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	(226,153)	(226,153)	-

Details			
Investment	-	Current Year	2016
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	-

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2016	-	-	-	-	-	-	$ -	$ 226,153	$ (226,153)	$ 226,153	$ (226,153)	$ -
2017	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2018	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2019	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2020	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2021	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2022	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2023	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2024	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2025	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2026	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2027	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2028	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2029	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2030	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2031	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2032	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2033	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2034	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2035	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2036	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2037	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2038	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2039	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2040	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2041	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2042	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2043	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2044	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2045	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2046	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2047	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2048	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2049	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2050	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2051	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2052	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2053	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2054	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2055	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2056	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2057	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2058	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2059	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2060	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2061	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2062	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2063	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2064	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2065	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2066	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2067	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2068	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2069	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2070	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2071	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2072	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2073	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2074	-	-	-	-	-	-	$ -		$ -		$ -	$ -
2075	-	-	-	-	-	-	$ -		$ -		$ -	$ -
Project Totals		-			-	-	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b2048 (Tanners Creek - Support for Transformer A/B Replacemen)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	132,118	132,118	-
Prior Yr True-Up	129,738	129,738	-
True-Up Adjustment	(2,380)	(2,380)	-

Details			
Investment	818,037	Current Year	2016
Service Year (yyyy)	2013	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	13,634

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2013	818,037	-	818,037	818,037	121,152	121,152	$ -	$ 0	$ 121,152	$ 0	$ 121,152	$ -
2014	818,037	13,634	804,403	811,220	133,776	133,776	$ -	$ 139,756	$ (5,980)	$ 139,756	$ (5,980)	$ -
2015	804,403	13,634	790,769	797,586	131,757	131,757	$ -	$ 133,078	$ (1,321)	$ 133,078	$ (1,321)	$ -
2016	790,769	13,634	777,135	783,952	129,738	129,738	$ -	$ 132,118	$ (2,380)	$ 132,118	$ (2,380)	$ -
2017	777,135	13,634	763,501	770,318	127,719	127,719	$ -		$ -		$ -	$ -
2018	763,501	13,634	749,867	756,684	125,700	125,700	$ -		$ -		$ -	$ -
2019	749,867	13,634	736,233	743,050	123,680	123,680	$ -		$ -		$ -	$ -
2020	736,233	13,634	722,599	729,416	121,661	121,661	$ -		$ -		$ -	$ -
2021	722,599	13,634	708,965	715,782	119,642	119,642	$ -		$ -		$ -	$ -
2022	708,965	13,634	695,331	702,148	117,623	117,623	$ -		$ -		$ -	$ -
2023	695,331	13,634	681,698	688,514	115,604	115,604	$ -		$ -		$ -	$ -
2024	681,698	13,634	668,064	674,881	113,584	113,584	$ -		$ -		$ -	$ -
2025	668,064	13,634	654,430	661,247	111,565	111,565	$ -		$ -		$ -	$ -
2026	654,430	13,634	640,796	647,613	109,546	109,546	$ -		$ -		$ -	$ -
2027	640,796	13,634	627,162	633,979	107,527	107,527	$ -		$ -		$ -	$ -
2028	627,162	13,634	613,528	620,345	105,508	105,508	$ -		$ -		$ -	$ -
2029	613,528	13,634	599,894	606,711	103,488	103,488	$ -		$ -		$ -	$ -
2030	599,894	13,634	586,260	593,077	101,469	101,469	$ -		$ -		$ -	$ -
2031	586,260	13,634	572,626	579,443	99,450	99,450	$ -		$ -		$ -	$ -
2032	572,626	13,634	558,992	565,809	97,431	97,431	$ -		$ -		$ -	$ -
2033	558,992	13,634	545,358	552,175	95,412	95,412	$ -		$ -		$ -	$ -
2034	545,358	13,634	531,724	538,541	93,392	93,392	$ -		$ -		$ -	$ -
2035	531,724	13,634	518,090	524,907	91,373	91,373	$ -		$ -		$ -	$ -
2036	518,090	13,634	504,456	511,273	89,354	89,354	$ -		$ -		$ -	$ -
2037	504,456	13,634	490,822	497,639	87,335	87,335	$ -		$ -		$ -	$ -
2038	490,822	13,634	477,188	484,005	85,316	85,316	$ -		$ -		$ -	$ -
2039	477,188	13,634	463,554	470,371	83,296	83,296	$ -		$ -		$ -	$ -
2040	463,554	13,634	449,920	456,737	81,277	81,277	$ -		$ -		$ -	$ -
2041	449,920	13,634	436,286	443,103	79,258	79,258	$ -		$ -		$ -	$ -
2042	436,286	13,634	422,652	429,469	77,239	77,239	$ -		$ -		$ -	$ -
2043	422,652	13,634	409,019	415,835	75,220	75,220	$ -		$ -		$ -	$ -
2044	409,019	13,634	395,385	402,202	73,200	73,200	$ -		$ -		$ -	$ -
2045	395,385	13,634	381,751	388,568	71,181	71,181	$ -		$ -		$ -	$ -
2046	381,751	13,634	368,117	374,934	69,162	69,162	$ -		$ -		$ -	$ -
2047	368,117	13,634	354,483	361,300	67,143	67,143	$ -		$ -		$ -	$ -
2048	354,483	13,634	340,849	347,666	65,124	65,124	$ -		$ -		$ -	$ -
2049	340,849	13,634	327,215	334,032	63,104	63,104	$ -		$ -		$ -	$ -
2050	327,215	13,634	313,581	320,398	61,085	61,085	$ -		$ -		$ -	$ -
2051	313,581	13,634	299,947	306,764	59,066	59,066	$ -		$ -		$ -	$ -
2052	299,947	13,634	286,313	293,130	57,047	57,047	$ -		$ -		$ -	$ -
2053	286,313	13,634	272,679	279,496	55,028	55,028	$ -		$ -		$ -	$ -
2054	272,679	13,634	259,045	265,862	53,008	53,008	$ -		$ -		$ -	$ -
2055	259,045	13,634	245,411	252,228	50,989	50,989	$ -		$ -		$ -	$ -
2056	245,411	13,634	231,777	238,594	48,970	48,970	$ -		$ -		$ -	$ -
2057	231,777	13,634	218,143	224,960	46,951	46,951	$ -		$ -		$ -	$ -
2058	218,143	13,634	204,509	211,326	44,932	44,932	$ -		$ -		$ -	$ -
2059	204,509	13,634	190,875	197,692	42,912	42,912	$ -		$ -		$ -	$ -
2060	190,875	13,634	177,241	184,058	40,893	40,893	$ -		$ -		$ -	$ -
2061	177,241	13,634	163,607	170,424	38,874	38,874	$ -		$ -		$ -	$ -
2062	163,607	13,634	149,973	156,790	36,855	36,855	$ -		$ -		$ -	$ -
2063	149,973	13,634	136,340	143,156	34,836	34,836	$ -		$ -		$ -	$ -
2064	136,340	13,634	122,706	129,523	32,816	32,816	$ -		$ -		$ -	$ -
2065	122,706	13,634	109,072	115,889	30,797	30,797	$ -		$ -		$ -	$ -
2066	109,072	13,634	95,438	102,255	28,778	28,778	$ -		$ -		$ -	$ -
2067	95,438	13,634	81,804	88,621	26,759	26,759	$ -		$ -		$ -	$ -
2068	81,804	13,634	68,170	74,987	24,740	24,740	$ -		$ -		$ -	$ -
2069	68,170	13,634	54,536	61,353	22,720	22,720	$ -		$ -		$ -	$ -
2070	54,536	13,634	40,902	47,719	20,701	20,701	$ -		$ -		$ -	$ -
2071	40,902	13,634	27,268	34,085	18,682	18,682	$ -		$ -		$ -	$ -
2072	27,268	13,634	13,634	20,451	16,663	16,663	$ -		$ -		$ -	$ -
Project Totals		804,403			4,559,106	4,559,106	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1818 (Expand the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	562,247	562,247	-
Prior Yr True-Up	438,281	438,281	-
True-Up Adjustment	(123,966)	(123,966)	-

Details			
Investment	2,728,110	Current Year	2016
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	10	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	45,469

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2014	2,728,110	7,578	2,720,532	2,724,321	411,052	411,052	$ -	$ -	$ -	$ -	$ -	$ -
2015	2,720,532	45,469	2,675,063	2,697,798	445,015	445,015	$ -	$ 248,467	$ 196,548	$ 248,467	$ 196,548	$ -
2016	2,675,063	45,469	2,629,595	2,652,329	438,281	438,281	$ -	$ 562,247	$ (123,966)	$ 562,247	$ (123,966)	$ -
2017	2,629,595	45,469	2,584,126	2,606,861	431,547	431,547	$ -		$ -		$ -	$ -
2018	2,584,126	45,469	2,538,658	2,561,392	424,813	424,813	$ -		$ -		$ -	$ -
2019	2,538,658	45,469	2,493,189	2,515,924	418,079	418,079	$ -		$ -		$ -	$ -
2020	2,493,189	45,469	2,447,721	2,470,455	411,345	411,345	$ -		$ -		$ -	$ -
2021	2,447,721	45,469	2,402,252	2,424,987	404,611	404,611	$ -		$ -		$ -	$ -
2022	2,402,252	45,469	2,356,784	2,379,518	397,877	397,877	$ -		$ -		$ -	$ -
2023	2,356,784	45,469	2,311,315	2,334,050	391,143	391,143	$ -		$ -		$ -	$ -
2024	2,311,315	45,469	2,265,847	2,288,581	384,409	384,409	$ -		$ -		$ -	$ -
2025	2,265,847	45,469	2,220,378	2,243,113	377,676	377,676	$ -		$ -		$ -	$ -
2026	2,220,378	45,469	2,174,910	2,197,644	370,942	370,942	$ -		$ -		$ -	$ -
2027	2,174,910	45,469	2,129,441	2,152,176	364,208	364,208	$ -		$ -		$ -	$ -
2028	2,129,441	45,469	2,083,973	2,106,707	357,474	357,474	$ -		$ -		$ -	$ -
2029	2,083,973	45,469	2,038,504	2,061,239	350,740	350,740	$ -		$ -		$ -	$ -
2030	2,038,504	45,469	1,993,036	2,015,770	344,006	344,006	$ -		$ -		$ -	$ -
2031	1,993,036	45,469	1,947,567	1,970,302	337,272	337,272	$ -		$ -		$ -	$ -
2032	1,947,567	45,469	1,902,099	1,924,833	330,538	330,538	$ -		$ -		$ -	$ -
2033	1,902,099	45,469	1,856,630	1,879,365	323,804	323,804	$ -		$ -		$ -	$ -
2034	1,856,630	45,469	1,811,162	1,833,896	317,070	317,070	$ -		$ -		$ -	$ -
2035	1,811,162	45,469	1,765,693	1,788,428	310,336	310,336	$ -		$ -		$ -	$ -
2036	1,765,693	45,469	1,720,225	1,742,959	303,602	303,602	$ -		$ -		$ -	$ -
2037	1,720,225	45,469	1,674,756	1,697,491	296,868	296,868	$ -		$ -		$ -	$ -
2038	1,674,756	45,469	1,629,288	1,652,022	290,134	290,134	$ -		$ -		$ -	$ -
2039	1,629,288	45,469	1,583,819	1,606,554	283,401	283,401	$ -		$ -		$ -	$ -
2040	1,583,819	45,469	1,538,351	1,561,085	276,667	276,667	$ -		$ -		$ -	$ -
2041	1,538,351	45,469	1,492,882	1,515,617	269,933	269,933	$ -		$ -		$ -	$ -
2042	1,492,882	45,469	1,447,414	1,470,148	263,199	263,199	$ -		$ -		$ -	$ -
2043	1,447,414	45,469	1,401,945	1,424,680	256,465	256,465	$ -		$ -		$ -	$ -
2044	1,401,945	45,469	1,356,477	1,379,211	249,731	249,731	$ -		$ -		$ -	$ -
2045	1,356,477	45,469	1,311,008	1,333,743	242,997	242,997	$ -		$ -		$ -	$ -
2046	1,311,008	45,469	1,265,540	1,288,274	236,263	236,263	$ -		$ -		$ -	$ -
2047	1,265,540	45,469	1,220,071	1,242,806	229,529	229,529	$ -		$ -		$ -	$ -
2048	1,220,071	45,469	1,174,603	1,197,337	222,795	222,795	$ -		$ -		$ -	$ -
2049	1,174,603	45,469	1,129,134	1,151,869	216,061	216,061	$ -		$ -		$ -	$ -
2050	1,129,134	45,469	1,083,666	1,106,400	209,327	209,327	$ -		$ -		$ -	$ -
2051	1,083,666	45,469	1,038,197	1,060,932	202,593	202,593	$ -		$ -		$ -	$ -
2052	1,038,197	45,469	992,729	1,015,463	195,860	195,860	$ -		$ -		$ -	$ -
2053	992,729	45,469	947,260	969,995	189,126	189,126	$ -		$ -		$ -	$ -
2054	947,260	45,469	901,792	924,526	182,392	182,392	$ -		$ -		$ -	$ -
2055	901,792	45,469	856,323	879,058	175,658	175,658	$ -		$ -		$ -	$ -
2056	856,323	45,469	810,855	833,589	168,924	168,924	$ -		$ -		$ -	$ -
2057	810,855	45,469	765,386	788,121	162,190	162,190	$ -		$ -		$ -	$ -
2058	765,386	45,469	719,918	742,652	155,456	155,456	$ -		$ -		$ -	$ -
2059	719,918	45,469	674,449	697,184	148,722	148,722	$ -		$ -		$ -	$ -
2060	674,449	45,469	628,981	651,715	141,988	141,988	$ -		$ -		$ -	$ -
2061	628,981	45,469	583,512	606,247	135,254	135,254	$ -		$ -		$ -	$ -
2062	583,512	45,469	538,044	560,778	128,520	128,520	$ -		$ -		$ -	$ -
2063	538,044	45,469	492,575	515,310	121,786	121,786	$ -		$ -		$ -	$ -
2064	492,575	45,469	447,107	469,841	115,052	115,052	$ -		$ -		$ -	$ -
2065	447,107	45,469	401,638	424,373	108,318	108,318	$ -		$ -		$ -	$ -
2066	401,638	45,469	356,170	378,904	101,585	101,585	$ -		$ -		$ -	$ -
2067	356,170	45,469	310,701	333,436	94,851	94,851	$ -		$ -		$ -	$ -
2068	310,701	45,469	265,233	287,967	88,117	88,117	$ -		$ -		$ -	$ -
2069	265,233	45,469	219,764	242,499	81,383	81,383	$ -		$ -		$ -	$ -
2070	219,764	45,469	174,296	197,030	74,649	74,649	$ -		$ -		$ -	$ -
2071	174,296	45,469	128,827	151,562	67,915	67,915	$ -		$ -		$ -	$ -
2072	128,827	45,469	83,359	106,093	61,181	61,181	$ -		$ -		$ -	$ -
2073	83,359	45,469	37,890	60,625	54,447	54,447	$ -		$ -		$ -	$ -
Project Totals		2,690,220			15,145,176	15,145,176	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1819 (Rebuild the Robinson Park-Sorneson 138 kV line corridor as a 345 kV double circuit line with one side operated at 345 kV and one side at 138 kV)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	486,138	486,138	-
Prior Yr True-Up	395,894	395,894	-
True-Up Adjustment	(90,244)	(90,244)	-

Details			
Investment	2,420,878	Current Year	2016
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	40,348

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2015	2,420,878	-	2,420,878	2,420,878	358,534	358,534	$ -	$ 35,564	$ 322,970	$ 35,564	$ 322,970	$ -
2016	2,420,878	40,348	2,380,530	2,400,704	395,894	395,894	$ -	$ 486,138	$ (90,244)	$ 486,138	$ (90,244)	$ -
2017	2,380,530	40,348	2,340,182	2,360,356	389,919	389,919	$ -		$ -		$ -	$ -
2018	2,340,182	40,348	2,299,834	2,320,008	383,943	383,943	$ -		$ -		$ -	$ -
2019	2,299,834	40,348	2,259,486	2,279,660	377,968	377,968	$ -		$ -		$ -	$ -
2020	2,259,486	40,348	2,219,138	2,239,312	371,992	371,992	$ -		$ -		$ -	$ -
2021	2,219,138	40,348	2,178,790	2,198,964	366,017	366,017	$ -		$ -		$ -	$ -
2022	2,178,790	40,348	2,138,442	2,158,616	360,041	360,041	$ -		$ -		$ -	$ -
2023	2,138,442	40,348	2,098,094	2,118,268	354,065	354,065	$ -		$ -		$ -	$ -
2024	2,098,094	40,348	2,057,746	2,077,920	348,090	348,090	$ -		$ -		$ -	$ -
2025	2,057,746	40,348	2,017,398	2,037,572	342,114	342,114	$ -		$ -		$ -	$ -
2026	2,017,398	40,348	1,977,050	1,997,224	336,139	336,139	$ -		$ -		$ -	$ -
2027	1,977,050	40,348	1,936,702	1,956,876	330,163	330,163	$ -		$ -		$ -	$ -
2028	1,936,702	40,348	1,896,354	1,916,528	324,188	324,188	$ -		$ -		$ -	$ -
2029	1,896,354	40,348	1,856,006	1,876,180	318,212	318,212	$ -		$ -		$ -	$ -
2030	1,856,006	40,348	1,815,659	1,835,832	312,236	312,236	$ -		$ -		$ -	$ -
2031	1,815,659	40,348	1,775,311	1,795,485	306,261	306,261	$ -		$ -		$ -	$ -
2032	1,775,311	40,348	1,734,963	1,755,137	300,285	300,285	$ -		$ -		$ -	$ -
2033	1,734,963	40,348	1,694,615	1,714,789	294,310	294,310	$ -		$ -		$ -	$ -
2034	1,694,615	40,348	1,654,267	1,674,441	288,334	288,334	$ -		$ -		$ -	$ -
2035	1,654,267	40,348	1,613,919	1,634,093	282,359	282,359	$ -		$ -		$ -	$ -
2036	1,613,919	40,348	1,573,571	1,593,745	276,383	276,383	$ -		$ -		$ -	$ -
2037	1,573,571	40,348	1,533,223	1,553,397	270,407	270,407	$ -		$ -		$ -	$ -
2038	1,533,223	40,348	1,492,875	1,513,049	264,432	264,432	$ -		$ -		$ -	$ -
2039	1,492,875	40,348	1,452,527	1,472,701	258,456	258,456	$ -		$ -		$ -	$ -
2040	1,452,527	40,348	1,412,179	1,432,353	252,481	252,481	$ -		$ -		$ -	$ -
2041	1,412,179	40,348	1,371,831	1,392,005	246,505	246,505	$ -		$ -		$ -	$ -
2042	1,371,831	40,348	1,331,483	1,351,657	240,530	240,530	$ -		$ -		$ -	$ -
2043	1,331,483	40,348	1,291,135	1,311,309	234,554	234,554	$ -		$ -		$ -	$ -
2044	1,291,135	40,348	1,250,787	1,270,961	228,578	228,578	$ -		$ -		$ -	$ -
2045	1,250,787	40,348	1,210,439	1,230,613	222,603	222,603	$ -		$ -		$ -	$ -
2046	1,210,439	40,348	1,170,091	1,190,265	216,627	216,627	$ -		$ -		$ -	$ -
2047	1,170,091	40,348	1,129,743	1,149,917	210,652	210,652	$ -		$ -		$ -	$ -
2048	1,129,743	40,348	1,089,395	1,109,569	204,676	204,676	$ -		$ -		$ -	$ -
2049	1,089,395	40,348	1,049,047	1,069,221	198,701	198,701	$ -		$ -		$ -	$ -
2050	1,049,047	40,348	1,008,699	1,028,873	192,725	192,725	$ -		$ -		$ -	$ -
2051	1,008,699	40,348	968,351	988,525	186,749	186,749	$ -		$ -		$ -	$ -
2052	968,351	40,348	928,003	948,177	180,774	180,774	$ -		$ -		$ -	$ -
2053	928,003	40,348	887,655	907,829	174,798	174,798	$ -		$ -		$ -	$ -
2054	887,655	40,348	847,307	867,481	168,823	168,823	$ -		$ -		$ -	$ -
2055	847,307	40,348	806,959	827,133	162,847	162,847	$ -		$ -		$ -	$ -
2056	806,959	40,348	766,611	786,785	156,872	156,872	$ -		$ -		$ -	$ -
2057	766,611	40,348	726,263	746,437	150,896	150,896	$ -		$ -		$ -	$ -
2058	726,263	40,348	685,915	706,089	144,920	144,920	$ -		$ -		$ -	$ -
2059	685,915	40,348	645,567	665,741	138,945	138,945	$ -		$ -		$ -	$ -
2060	645,567	40,348	605,220	625,393	132,969	132,969	$ -		$ -		$ -	$ -
2061	605,220	40,348	564,872	585,046	126,994	126,994	$ -		$ -		$ -	$ -
2062	564,872	40,348	524,524	544,698	121,018	121,018	$ -		$ -		$ -	$ -
2063	524,524	40,348	484,176	504,350	115,043	115,043	$ -		$ -		$ -	$ -
2064	484,176	40,348	443,828	464,002	109,067	109,067	$ -		$ -		$ -	$ -
2065	443,828	40,348	403,480	423,654	103,091	103,091	$ -		$ -		$ -	$ -
2066	403,480	40,348	363,132	383,306	97,116	97,116	$ -		$ -		$ -	$ -
2067	363,132	40,348	322,784	342,958	91,140	91,140	$ -		$ -		$ -	$ -
2068	322,784	40,348	282,436	302,610	85,165	85,165	$ -		$ -		$ -	$ -
2069	282,436	40,348	242,088	262,262	79,189	79,189	$ -		$ -		$ -	$ -
2070	242,088	40,348	201,740	221,914	73,214	73,214	$ -		$ -		$ -	$ -
2071	201,740	40,348	161,392	181,566	67,238	67,238	$ -		$ -		$ -	$ -
2072	161,392	40,348	121,044	141,218	61,262	61,262	$ -		$ -		$ -	$ -
2073	121,044	40,348	80,696	100,870	55,287	55,287	$ -		$ -		$ -	$ -
2074	80,696	40,348	40,348	60,522	49,311	49,311	$ -		$ -		$ -	$ -
Project Totals		2,380,530			13,492,103	13,492,103	-					

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

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

I & M Worksheet K - ATRR TRUE-UP Calculation for PJM Projects Charged to Benefiting Zones

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

A. Base Plan Facilities

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

Project Description: **RTEP ID: b1465.4 (Make switching improvements at Sullivan and Jefferson 765 kV stations)**

2016	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	149,902	149,902	-
Prior Yr True-Up	100,531	100,531	-
True-Up Adjustment	(49,371)	(49,371)	-

Details			
Investment	614,742	Current Year	2016
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	12	FCR w/o incentives, less depreciation	14.81%
Useful life	60	FCR w/incentives approved for these facilities, less dep.	14.81%
CIAC (Yes or No)	No	Annual Depreciation Expense	10,246

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.

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't.From Prior Year WS J w/o Incentives	RTEP Rev Req't True-up w/o Incentives	RTEP Projected Rev. Req't.From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2015	614,742	-	614,742	614,742	91,044	91,044	$ -	$ 169,845	$ (78,801)	$ 169,845	$ (78,801)	$ -
2016	614,742	10,246	604,496	609,619	100,531	100,531	$ -	$ 149,902	$ (49,371)	$ 149,902	$ (49,371)	$ -
2017	604,496	10,246	594,251	599,373	99,013	99,013	$ -		$ -		$ -	$ -
2018	594,251	10,246	584,005	589,128	97,496	97,496	$ -		$ -		$ -	$ -
2019	584,005	10,246	573,759	578,882	95,979	95,979	$ -		$ -		$ -	$ -
2020	573,759	10,246	563,514	568,636	94,461	94,461	$ -		$ -		$ -	$ -
2021	563,514	10,246	553,268	558,391	92,944	92,944	$ -		$ -		$ -	$ -
2022	553,268	10,246	543,022	548,145	91,426	91,426	$ -		$ -		$ -	$ -
2023	543,022	10,246	532,776	537,899	89,909	89,909	$ -		$ -		$ -	$ -
2024	532,776	10,246	522,531	527,654	88,392	88,392	$ -		$ -		$ -	$ -
2025	522,531	10,246	512,285	517,408	86,874	86,874	$ -		$ -		$ -	$ -
2026	512,285	10,246	502,039	507,162	85,357	85,357	$ -		$ -		$ -	$ -
2027	502,039	10,246	491,794	496,916	83,839	83,839	$ -		$ -		$ -	$ -
2028	491,794	10,246	481,548	486,671	82,322	82,322	$ -		$ -		$ -	$ -
2029	481,548	10,246	471,302	476,425	80,805	80,805	$ -		$ -		$ -	$ -
2030	471,302	10,246	461,057	466,179	79,287	79,287	$ -		$ -		$ -	$ -
2031	461,057	10,246	450,811	455,934	77,770	77,770	$ -		$ -		$ -	$ -
2032	450,811	10,246	440,565	445,688	76,252	76,252	$ -		$ -		$ -	$ -
2033	440,565	10,246	430,319	435,442	74,735	74,735	$ -		$ -		$ -	$ -
2034	430,319	10,246	420,074	425,197	73,218	73,218	$ -		$ -		$ -	$ -
2035	420,074	10,246	409,828	414,951	71,700	71,700	$ -		$ -		$ -	$ -
2036	409,828	10,246	399,582	404,705	70,183	70,183	$ -		$ -		$ -	$ -
2037	399,582	10,246	389,337	394,459	68,665	68,665	$ -		$ -		$ -	$ -
2038	389,337	10,246	379,091	384,214	67,148	67,148	$ -		$ -		$ -	$ -
2039	379,091	10,246	368,845	373,968	65,631	65,631	$ -		$ -		$ -	$ -
2040	368,845	10,246	358,600	363,722	64,113	64,113	$ -		$ -		$ -	$ -
2041	358,600	10,246	348,354	353,477	62,596	62,596	$ -		$ -		$ -	$ -
2042	348,354	10,246	338,108	343,231	61,079	61,079	$ -		$ -		$ -	$ -
2043	338,108	10,246	327,862	332,985	59,561	59,561	$ -		$ -		$ -	$ -
2044	327,862	10,246	317,617	322,740	58,044	58,044	$ -		$ -		$ -	$ -
2045	317,617	10,246	307,371	312,494	56,526	56,526	$ -		$ -		$ -	$ -
2046	307,371	10,246	297,125	302,248	55,009	55,009	$ -		$ -		$ -	$ -
2047	297,125	10,246	286,880	292,002	53,492	53,492	$ -		$ -		$ -	$ -
2048	286,880	10,246	276,634	281,757	51,974	51,974	$ -		$ -		$ -	$ -
2049	276,634	10,246	266,388	271,511	50,457	50,457	$ -		$ -		$ -	$ -
2050	266,388	10,246	256,143	261,265	48,939	48,939	$ -		$ -		$ -	$ -
2051	256,143	10,246	245,897	251,020	47,422	47,422	$ -		$ -		$ -	$ -
2052	245,897	10,246	235,651	240,774	45,905	45,905	$ -		$ -		$ -	$ -
2053	235,651	10,246	225,405	230,528	44,387	44,387	$ -		$ -		$ -	$ -
2054	225,405	10,246	215,160	220,283	42,870	42,870	$ -		$ -		$ -	$ -
2055	215,160	10,246	204,914	210,037	41,352	41,352	$ -		$ -		$ -	$ -
2056	204,914	10,246	194,668	199,791	39,835	39,835	$ -		$ -		$ -	$ -
2057	194,668	10,246	184,423	189,545	38,318	38,318	$ -		$ -		$ -	$ -
2058	184,423	10,246	174,177	179,300	36,800	36,800	$ -		$ -		$ -	$ -
2059	174,177	10,246	163,931	169,054	35,283	35,283	$ -		$ -		$ -	$ -
2060	163,931	10,246	153,686	158,808	33,765	33,765	$ -		$ -		$ -	$ -
2061	153,686	10,246	143,440	148,563	32,248	32,248	$ -		$ -		$ -	$ -
2062	143,440	10,246	133,194	138,317	30,731	30,731	$ -		$ -		$ -	$ -
2063	133,194	10,246	122,948	128,071	29,213	29,213	$ -		$ -		$ -	$ -
2064	122,948	10,246	112,703	117,826	27,696	27,696	$ -		$ -		$ -	$ -
2065	112,703	10,246	102,457	107,580	26,178	26,178	$ -		$ -		$ -	$ -
2066	102,457	10,246	92,211	97,334	24,661	24,661	$ -		$ -		$ -	$ -
2067	92,211	10,246	81,966	87,088	23,144	23,144	$ -		$ -		$ -	$ -
2068	81,966	10,246	71,720	76,843	21,626	21,626	$ -		$ -		$ -	$ -
2069	71,720	10,246	61,474	66,597	20,109	20,109	$ -		$ -		$ -	$ -
2070	61,474	10,246	51,228	56,351	18,591	18,591	$ -		$ -		$ -	$ -
2071	51,228	10,246	40,983	46,106	17,074	17,074	$ -		$ -		$ -	$ -
2072	40,983	10,246	30,737	35,860	15,557	15,557	$ -		$ -		$ -	$ -
2073	30,737	10,246	20,491	25,614	14,039	14,039	$ -		$ -		$ -	$ -
2074	20,491	10,246	10,246	15,369	12,522	12,522	$ -		$ -		$ -	$ -
Project Totals		604,496			3,426,097	3,426,097	-					

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

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

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet L Supporting Projected Cost of Debt
INDIANA MICHIGAN POWER COMPANY

Calculation of Projected Interest Expense Based on Outstanding Debt at Year End

Line Number	(A) Issuance		(B) Principle Outstanding	(C) Interest Rate	(D) Annual Expense (See Note S on Projected Template)	(E) Notes
1	**Long Term Debt (FF1.p. 256-257.h)**					
2					-	
3	Reacquired Bonds Rockport Series D		(40,000,000)	0.79%	(316,000)	
4	**Installment Purchase Contracts (FF1.p. 256-257.h, a)**					
5	PCRB Lawrenceburg In. - Series I		25,000,000	1.565%	391,250	
6	PCRB Lawrenceburg In. - Series H		52,000,000	1.575%	819,000	
7	PCRB - Rockport In. - Series D		40,000,000	5.250%	2,100,000	
8	PCRB - Rockport In. - 2002 Series A		50,000,000	4.625%	2,312,500	
9	PCRB - Rockport In. - 2009 Series A		50,000,000	1.750%	875,000	
10	PCRB - Rockport In. - 2009 Series B		50,000,000	1.750%	875,000	
11	Senior Unsecured Notes - Series K		400,000,000	4.550%	18,200,000	
12	Senior Unsecured Notes - Series H		400,000,000	6.050%	24,200,000	
13	Senior Unsecured Notes - Series I		475,000,000	7.000%	33,250,000	
14	Senior Unsecured Notes - Series J		250,000,000	3.200%	8,000,000	
15	Fort Wayne Settlement		15,898,146	6.000%	953,889	
16	Multiple Draw Term Loan		200,000,000	1.893%	3,785,722	
17	Issuance Discount, Premium, & Expenses:					
18	Auction Fees	FF1.p. 256 & 257.Lines Described as Fees			-	
19	Allowable Hedge Amortization (See Ln 35 Below)				2,028,230	
20	Amort of Debt Discount and Expenses	FF1.p. 117.63.c			1,820,729	
21	Amort of Debt Premimums (Enter Negative)	FF1.p. 117.65.c			-	
22	Reacquired Debt:					
23	Amortization of Loss	FF1.p. 117.64.c			1,283,093	
24	Amortization of Gain	FF1.p. 117.66.c			(1,712)	
25	**Total Interest on Long Term Debt**		1,967,898,146	5.11%	100,576,701	
26	**Preferred Stock (FF1.p. 250-251)**		**Preferred Shares Outstanding**			
27			-	0.00%	-	
28			-	0.00%	-	
29			-	0.00%	-	
30	**Dividends on Preferred Stock**		-	0.00%	-	
31	Net Total Hedge Gains and Losses (WS M, Ln 34, (E))				2,028,230	
32	Total Projected Capital Structure Balance for 2017 (Projected TCOS, Ln 165)				4,142,576,031	
33	Financial Hedge Recovery Limit - Five Basis Points of Total Capital				0.0005	
34	Limit of Recoverable Amount				2,071,288	
35	**Recoverable Hedge Amortization (Lesser of Ln 31 or Ln 34)**				**2,028,230**	

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
Based on Average of Balances At 12/31/2015 & 12/31/2016

(A) Line	(B)	(C) Balances @ 12/31/2016	(D) Balances @ 12/31/2015	(E) Average
	Development of Average Balance of Common Equity			
1	Proprietary Capital (112.16.c&d)	2,151,747,058	2,036,408,552	2,094,077,805
2	Less Preferred Stock (Ln 54 Below)	0	0	-
3	Less Account 216.1 (112.12.c&d)	(6,674,314)	31,416	(3,321,449)
4	Less Account 219.1 (112.15.c&d)	(16,256,513)	(16,739,231)	(16,497,872)
5	**Average Balance of Common Equity**	2,174,677,885	2,053,116,367	**2,113,897,126**

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

Line				
6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	40,000,000	40,000,000	40,000,000
8	LT Advances from Assoc. Companies (112.20.c&d)	-	-	-
9	Senior Unsecured Notes (112.21.c&d)	2,007,898,146	1,609,281,752	1,808,589,949
10	Less: Fair Value Hedges (See Note on Ln 12 below)	-	-	-
11	**Total Average Debt**	1,967,898,146	1,569,281,752	**1,768,589,949**

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

Line		
13	**Annual Interest Expense for 2016**	
14	Interest on Long Term Debt (256-257.33.i)	90,712,806
15	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 14 and shown in Ln 33 below.	2,028,230
16	Plus: Allowed Hedge Recovery From Ln 38 below.	1,941,244
17	Amort of Debt Discount & Expense (117.63.c)	1,820,729
18	Amort of Loss on Reacquired Debt (117.64.c)	1,283,093
19	Less: Amort of Premium on Debt (117.65.c)	-
20	Less: Amort of Gain on Reacquired Debt (117.66.c)	1,712
21	**Total Interest Expense (Ln 14 + Ln 17 + Ln 18 - Ln 19 - Ln 20)**	**93,727,930**
22	**Average Cost of Debt for 2016 (Ln 21/Ln 11)**	**5.30%**

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

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

Line	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2016	Less Excludable Amounts (See NOTE on Line 23)	Net Includable Hedge Amount	Remaining Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
24	Senior Unsecured Notes - Series H	421,740		421,740	8,487,524	11/14/06	02/28/37
25	Senior Unsecured Notes - Series J	1,606,489		1,606,489	9,973,622	03/15/13	03/15/23
26				-	-		
27				-			
28				-			
29				-			
30				-			
31				-			
32				-			
					18,461,146		
33	Total Hedge Amortization	2,028,230	-				

Line		
34	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 24 to 32)	2,028,230
35	Total Average Capital Structure Balance for 2016 (True-UP TCOS, Ln 165)	3,882,487,075
36	Financial Hedge Recovery Limit - Five Basis Points of Total Capital	0.0005
37	Limit of Recoverable Amount	1,941,244
38	**Recoverable Hedge Amortization (Lesser of Ln 34 or Ln 37)**	**1,941,244**

Development of Cost of Preferred Stock

Line	**Preferred Stock**			**Average**	
39	4.125% Series - 100 - Dividend Rate (p. 250-251. 9.a)	4.125%	4.125%		
40	4.125% Series - 100 - Par Value (p. 250-251. 9.c)	$ 100.00	$ 100.00		
41	4.125% Series - 100 - Shares O/S (p.250-251. 9.e)	-	-		
42	4.125% Series - 100 - Monetary Value (Ln 40 * Ln 41)	-	-	-	
43	4.125% Series - 100 - Dividend Amount (Ln 39 * Ln 42)	-	-	-	
44	4.12% Series - 100 - Dividend Rate (p. 250-251 11.a)	4.12%	4.12%		
45	4.12% Series - 100 - Par Value (p. 250-251 11.c)	$ 100.00	$ 100.00		
46	4.12% Series - 100 - Shares O/S (p.250-251 11.e)	-	-		
47	4.12% Series - 100 - Monetary Value (Ln 45 * Ln 46)	-	-	-	
48	4.12% Series - 100 - Dividend Amount (Ln 44 * Ln 47)	-	-	-	
49	4.56% Series - 100 - Dividend Rate (p. 250-251. 10a)	4.56%	4.56%		
50	4.56% Series - 100 - Par Value (p. 250-251. 10c)	$ 100.00	$ 100.00		
51	4.56% Series - 100 - Shares O/S (p.250-251 10.e)	-	-		
52	4.56% Series - 100 - Monetary Value (Ln 50 * Ln 51)	-	-	-	
53	4.56% Series - 100 - Dividend Amount (Ln 49 * Ln 52)	-	-	-	
54	**Balance of Preferred Stock (Lns 42, 47, 52)**	-	-	-	Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
55	**Dividends on Preferred Stock (Lns 43, 48, 53)**	-	-	**-**	
56	**Average Cost of Preferred Stock (Ln 55/54)**	0.00%	0.00%	**0.00%**	

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
INDIANA MICHIGAN POWER COMPANY

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line	**Date**	**Property Description**	**Function (T) or (G)** T = Transmission G = General	**Basis**	**Proceeds**	**(Gain) / Loss**	**Functional Allocator**	**Functionalized Proceeds (Gain) / Loss**	**FERC Account**
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2016		-		-	

AEP East Companies
Cost of Service Formula Rate Using 2016 FF1 Balances
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service
INDIANA MICHIGAN POWER COMPANY

Total AEP East Operating Company PBOP Settlement Amount 30,000,000

Allocation of PBOP Settlement Amount for 2016

Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Total Company Amount Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2016	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * 30000000	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
1	APCo	(12,346,782)	35.73%	10,717,707	8.543%	(1,054,793)	915,620	(1,970,414)
2								
3	I&M	(9,563,753)	27.67%	8,301,881	5.073%	(485,163)	421,149	(906,312)
4	KPCo	(2,800,340)	8.10%	2,430,854	7.798%	(218,365)	189,553	(407,917)
5	KNGP	(285,815)	0.83%	248,104	9.707%	(27,744)	24,083	(51,827)
6	OPCo	(9,018,468)	26.10%	7,828,542	15.752%	(1,420,595)	1,233,157	(2,653,752)
7	WPCo	(544,793)	1.58%	472,911	2.301%	(12,537)	10,882	(23,419)
8	**Sum of Lines 1 to 7**	(34,559,952)		30,000,000		(3,219,196)	2,794,445	(6,013,641)

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

Line		APCo	I&M	KPCo	KNGSPT	OPCo	WPCo	AEP East Total
9	Direct Charged PBOP Expense per Actuarial Report	(11,929,531)	(9,236,604)	(2,795,013)	(250,357)	(8,261,373)	(314,716)	(32,787,594)
10	Additional PBOP Ledger Entries (from Company Records)	566,071	399,177	256,460	5,139	173,801	(198,356)	
11	Medicare Subsidy	-	-	-	-	-	-	-
12	Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(11,363,460)	(8,837,427)	(2,538,553)	(245,218)	(8,087,572)	(513,072)	(31,585,303)
				-				
13	PBOP Expenses From AEP Service Corporation (from Company Records)	(983,322)	(726,326)	(261,787)	(40,597)	(930,896)	(31,721)	(2,974,649)
14	Company PBOP Expense (Ln 12 + Ln 13)	(12,346,782)	(9,563,753)	(2,800,340)	(285,815)	(9,018,468)	(544,793)	(34,559,952)

AEP EAST COMPANIES
Worksheet - P CALCULATION OF
TOTAL WEIGHTED AVERAGE DEPRECIATION RATES
FOR TRANSMISSION PLANT PROPERTY ACCOUNT
EFFECTIVE AS OF July 1, 2014
FOR MULTIPLE JURISDICTION COMPANIES
INDIANA MICHIGAN POWER COMPANY

		INDIANA			MICHIGAN			FERC WHOLESALE			COMPANY
		(1)			(2)			(3)			
	PLANT ACCT.	*IURC RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*MPSC APPROVED RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*FERC RATES*	*ALLOCATION FACTOR (4)*	*WTD AVG. DEPREC. RATE*	*WTD AVG. DEPREC. RATE*
TRANSMISSION PLANT											
Land Improvements	350.1	1.2700%	0.646552	0.8211%	1.1700%	0.139381	0.1631%	1.1700%	0.214067	0.2505%	1.23%
Structures & Improvements	352.0	1.3200%	0.646552	0.8534%	1.2700%	0.139381	0.1770%	1.2700%	0.214067	0.2719%	1.30%
Station Equipment	353.0	1.6900%	0.646552	1.0927%	1.6500%	0.139381	0.2300%	1.6500%	0.214067	0.3532%	1.68%
Towers & Fixtures	354.0	1.6000%	0.646552	1.0345%	1.4400%	0.139381	0.2007%	1.4400%	0.214067	0.3083%	1.54%
Poles & Fixtures	355.0	2.4300%	0.646552	1.5711%	2.3900%	0.139381	0.3331%	2.3900%	0.214067	0.5116%	2.42%
Overhead Conductors	356.0	1.5300%	0.646552	0.9892%	1.4500%	0.139381	0.2021%	1.4500%	0.214067	0.3104%	1.50%
Underground Conduit	357.0	1.5600%	0.646552	1.0086%	1.3900%	0.139381	0.1937%	1.3900%	0.214067	0.2976%	1.50%
Underground Conductors	358.0	1.5500%	0.646552	1.0022%	1.4600%	0.139381	0.2035%	1.4600%	0.214067	0.3125%	1.52%
Trails & Roads	359.0	1.4900%	0.646552	0.9634%	1.4700%	0.139381	0.2049%	1.4700%	0.214067	0.3147%	1.48%

(1) As approved in Indiana Case No. 44075.
(2) As approved in MICHIGAN Case No. U16801.
(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.
(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

GENERAL NOTES:

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