

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

OHIO POWER COMPANY

| Line No. |  |                        |            |            |  | Transmission Amount |
|----------|--|------------------------|------------|------------|--|---------------------|
| 166      | REVENUE REQUIREMENT (w/o incentives)           | (In 303)               |            |            |  | \$340,777,189       |
|          |  |                        | Total      | Allocator  |  |                     |
| 167      | REVENUE CREDITS                                | (Note A) (Worksheet E) | 10,838,063 | DA 1.00000 |  | \$ 10,838,063       |
| 168      | REVENUE REQUIREMENT For All Company Facilities | (In 166 less In 167)   |            |            |  | \$ 329,939,125      |

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  | ( (In 166 - In 270 - In 271)/ In 213 x 100)                             |  |  | 23.01%    |
| 172 | Monthly Rate   | (In 171 / 12)   |  |  | 1.92%     |
| 173 | NET PLANT CARRYING CHARGE ON LINE 171 , w/o depreciation or ROE incentives (Note B)        |   |  |  |           |
| 174 | Annual Rate  | ( (In 166 - In 270 - In 271 - In 276) / In 213 x 100)                   |  |  | 19.51%    |
| 175 | NET PLANT CARRYING CHARGE ON LINE 174, w/o Return, income taxes or ROE incentives (Note B) |   |  |  |           |
| 176 | Annual Rate  | ( (In 166 - In 270 - In 271 - In 276 - In 298 - In 299) / In 213 x 100) |  |  | 8.97%     |
| 177 | Not applicable on this template  |   |  |  |           |
| 178 | REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES  |   |  |  |           |
| 179 | Total Load Dispatch & Scheduling (Account 561)   | Line 250 Below  |  |  | 4,813,725 |
| 180 | Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)          |   |  |  | 13,934    |
| 181 | Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)    |   |  |  | 227       |
| 182 | Total 561 Internally Developed Costs   | (Line 179 - Line 180 - Line 181)  |  |  | 4,799,564 |

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|          | (1)   | (2)   | (3)                              |        | (4)              | (5)                                 |
|----------|---|---|----------------------------------|--------|------------------|-------------------------------------|
|          | <u>RATE BASE CALCULATION</u>  | <u>Data Sources</u><br><u>(See "General Notes")</u> | <u>TO Total</u><br><u>NOTE C</u> |        | <u>Allocator</u> | <u>Total</u><br><u>Transmission</u> |
| Line No. | GROSS PLANT IN SERVICE  |   |                                  |        |                  |                                     |
| 183      | Production  | (Worksheet A In 1.C)                                | -                                | NA     | 0.00000          | -                                   |
| 184      | Less: Production ARO (Enter Negative)   | (Worksheet A In 2.C)                                | -                                | NA     | 0.00000          | -                                   |
| 185      | Transmission  | (Worksheet A In 3.C & Ln 307)                       | 2,315,543,568                    | DA     |                  | 2,315,543,568                       |
| 186      | Less: Transmission ARO (Enter Negative)                                       | (Worksheet A In 4.C& Ln 308)                        | (3,120)                          | TP     | 1.00000          | (3,120)                             |
| 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 In 5.C)                                | 4,454,773,907                    | NA     | 0.00000          | -                                   |
| 190      | Less: Distribution ARO (Enter Negative)                                       | (Worksheet A In 6.C)                                | -                                | NA     | 0.00000          | -                                   |
| 191      | General Plant   | (Worksheet A In 7.C)                                | 303,534,726                      | W/S    | 0.15752          | 47,812,991                          |
| 192      | Less: General Plant ARO (Enter Negative)                                      | (Worksheet A In 8.C)                                | (613,205)                        | W/S    | 0.15752          | (96,592)                            |
| 193      | Intangible Plant  | (Worksheet A In 9.C)                                | 104,729,070                      | W/S    | 0.15752          | 16,496,992                          |
| 194      | TOTAL GROSS PLANT   | (sum Ins 183 to 193)                                | 7,177,964,946                    | GP(h)= | 0.331536         | 2,379,753,839                       |
|          |   |   |                                  | GTD=   | 0.34201          |                                     |
| 195      | ACCUMULATED DEPRECIATION AND AMORTIZATION                                     |   |                                  |        |                  |                                     |
| 196      | Production  | (Worksheet A In 12.C)                               | -                                | NA     | 0.00000          | -                                   |
| 197      | Less: Production ARO (Enter Negative)   | (Worksheet A In 13.C)                               | -                                | NA     | 0.00000          | -                                   |
| 198      | Transmission  | (Worksheet A In 14.C & 28.C)                        | 846,049,712                      | TP1=   | 1.00000          | 846,049,712                         |
| 199      | Less: Transmission ARO (Enter Negative)                                       | (Worksheet A In 15.C)                               | (3,120)                          | TP1=   | 1.00000          | (3,120)                             |
| 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 (In 276)                  |   | N/A                              | TP1    | 1.00000          | N/A                                 |
| 203      | Plus: Additional General & Intangible Depreciation for 2017 (In 275 + In 276) |   | N/A                              | W/S    | 0.15752          | N/A                                 |
| 204      | Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)             |   | N/A                              | DA     | 1.00000          | N/A                                 |
| 205      | Distribution  | (Worksheet A In 16.C)                               | 1,520,914,754                    | NA     | 0.00000          | -                                   |
| 206      | Less: Distribution ARO (Enter Negative)                                       | (Worksheet A In 17.C)                               | -                                | NA     | 0.00000          | -                                   |
| 207      | General Plant   | (Worksheet A In 18.C)                               | 99,371,978                       | W/S    | 0.15752          | 15,653,140                          |
| 208      | Less: General Plant ARO (Enter Negative)                                      | (Worksheet A In 19.C)                               | (239,904)                        | W/S    | 0.15752          | (37,790)                            |
| 209      | Intangible Plant  | (Worksheet A In 20.C)                               | 68,908,394                       | W/S    | 0.15752          | 10,854,496                          |
| 210      | TOTAL ACCUMULATED DEPRECIATION  | (sum Ins 196 to 209)                                | 2,535,001,814                    |        |                  | 872,516,438                         |
| 211      | NET PLANT IN SERVICE  |   |                                  |        |                  |                                     |
| 212      | Production  | (In 183 + In 184 - In 196 - In 197)                 | -                                |        |                  | -                                   |
| 213      | Transmission  | (In 185 + In 186 - In 198 - In 199)                 | 1,469,493,856                    |        |                  | 1,469,493,856                       |
| 214      | Plus: Transmission Plant-in-Service Additions (In 187 - In 200)               |   | N/A                              |        |                  | N/A                                 |
| 215      | Plus: Additional Trans Plant on Transferred Assets (In 188 - In 201)          |   | N/A                              |        |                  | N/A                                 |
| 216      | Plus: Additional Transmission Depreciation for 2017 (-In 202)                 |   | N/A                              |        |                  | N/A                                 |
| 217      | Plus: Additional General & Intangible Depreciation for 2017 (-In 203)         |   | N/A                              |        |                  | N/A                                 |
| 218      | Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 204)   |   | N/A                              |        |                  | N/A                                 |
| 219      | Distribution  | (In 189 + In 190 - In 205 - In 206)                 | 2,933,859,153                    |        |                  | -                                   |
| 220      | General Plant   | (In 191 + In 192 - In 207 - In 208)                 | 203,789,447                      |        |                  | 32,101,049                          |
| 221      | Intangible Plant  | (In 193 - In 209)                                   | 35,820,676                       |        |                  | 5,642,497                           |
| 222      | TOTAL NET PLANT IN SERVICE  | (sum Ins 212 to 221)                                | 4,642,963,132                    | NP(h)= | 0.324628         | 1,507,237,401                       |
| 223      | DEFERRED TAX ADJUSTMENTS TO RATE BASE   | (Note D)  |                                  |        |                  |                                     |
| 224      | Account No. 281.1 (enter negative)  | (Worksheet B, In 2 & In 5.C)                        | -                                | NA     |                  | -                                   |
| 225      | Account No. 282.1 (enter negative)  | (Worksheet B, In 7 & In 10.C)                       | (1,028,907,995)                  | DA     |                  | (334,321,551)                       |
| 226      | Account No. 283.1 (enter negative)  | (Worksheet B, In 12 & In 15.C)                      | (415,314,201)                    | DA     |                  | (23,457,820)                        |
| 227      | Account No. 190.1   | (Worksheet B, In 17 & In 20.C)                      | 181,399,199                      | DA     |                  | 21,646,540                          |
| 228      | Account No. 255 (enter negative)  | (Worksheet B, In 24 & In 25.C)                      | (15,021)                         | DA     |                  | (6,115)                             |
| 229      | TOTAL ADJUSTMENTS   | (sum Ins 224 to 228)                                | (1,262,838,018)                  |        |                  | (336,138,946)                       |
| 230      | PLANT HELD FOR FUTURE USE   | (Worksheet A In 29.C & In 30.C)                     | 6,665,830                        | DA     |                  | 3,699,708                           |
| 231      | REGULATORY ASSETS   | (Worksheet A In 36. (C))                            | -                                | DA     |                  | -                                   |
| 232      | WORKING CAPITAL   | (Note E)  |                                  |        |                  |                                     |
| 233      | Cash Working Capital  | (1/8 * In 253)                                      | 5,207,638                        |        |                  | 5,207,638                           |
| 234      | Transmission Materials & Supplies   | (Worksheet C, In 2.(D))                             | 3,547,090                        | TP     | 1.00000          | 3,547,090                           |
| 235      | A&G Materials & Supplies  | (Worksheet C, In 3.(D))                             | 276,238                          | W/S    | 0.15752          | 43,513                              |
| 236      | Stores Expense  | (Worksheet C, In 4.(D))                             | -                                | GP(h)  | 0.33154          | -                                   |
| 237      | Prepayments (Account 165) - Labor Allocated                                   | (Worksheet C, In 6.G)                               | 224,967,067                      | W/S    | 0.15752          | 35,436,961                          |
| 238      | Prepayments (Account 165) - Gross Plant                                       | (Worksheet C, In 6.F)                               | 2,118,548                        | GP(h)  | 0.33154          | 702,375                             |
| 239      | Prepayments (Account 165) - Transmission Only                                 | (Worksheet C, In 6.E)                               | 90,380                           | DA     | 1.00000          | 90,380                              |
| 240      | Prepayments (Account 165) - Unallocable                                       | (Worksheet C, In 6.D)                               | (215,406,613)                    | NA     | 0.00000          | -                                   |
| 241      | TOTAL WORKING CAPITAL   | (sum Ins 233 to 240)                                | 20,800,348                       |        |                  | 45,027,957                          |
| 242      | IPP CONTRIBUTIONS FOR CONSTRUCTION  | (Note F) (Worksheet D, In 7.B)                      | -                                | DA     | 1.00000          | -                                   |
| 243      | RATE BASE (sum Ins 222, 229, 230, 231, 241, 242)                              |   | 3,407,591,292                    |        |                  | 1,219,826,121                       |

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|      | (1)  | (2)  | (3)           | (4)       | (5)                   |             |
|------|--|--|---------------|-----------|-----------------------|-------------|
|      | EXPENSE, TAXES, RETURN & REVENUE<br>REQUIREMENTS CALCULATION                                 | Data Sources<br>(See "General Notes")      | TO Total      | Allocator | Total<br>Transmission |             |
| Line |  |  |               |           |                       |             |
| No.  | OPERATION & MAINTENANCE EXPENSE  |  |               |           |                       |             |
| 244  | Production   | 321.80.b                                   | 814,702,419   |           |                       |             |
| 245  | Distribution   | 322.156.b                                  | 192,513,480   |           |                       |             |
| 246  | Customer Related Expense   | 322 & 323.164,171,178.b                    | 315,983,088   |           |                       |             |
| 247  | Regional Marketing Expenses  | 322.131.b                                  | 13,105        |           |                       |             |
| 248  | Transmission   | 321.112.b                                  | 212,281,247   |           |                       |             |
| 249  | TOTAL O&M EXPENSES   | (sum Ins 244 to 248)                       | 1,535,493,339 |           |                       |             |
| 250  | Less: Total Account 561  | (Note G) (Worksheet F, In 14.C)            | 4,813,725     |           |                       |             |
| 251  | Less: Account 565  | (Note H) 321.96.b                          | 182,642,268   |           |                       |             |
| 252  | Less: Regulatory Deferrals & Amortizations   | (Note I) (Worksheet F, In 4.C)             | (16,835,850)  |           |                       |             |
| 253  | Total O&M Allocable to Transmission  | (Ins 248 - 250 - 251 - 252)                | 41,661,104    | TP        | 1.00000               | 41,661,104  |
| 254  | Administrative and General   | 323.197.b (Note J)                         | 79,284,253    |           |                       |             |
| 255  | Less: Acct. 924, Property Insurance  | 323.185.b                                  | 897,910       |           |                       |             |
| 256  | Acct. 9260039 PBOP Expense   | PBOP Worksheet O Line 9 & 10, (Note K)     | (8,087,572)   |           |                       |             |
| 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)         | (930,896)     |           |                       |             |
| 259  | Acct. 928, Reg. Com. Exp.  | 323.189.b                                  | 2,704,729     |           |                       |             |
| 260  | Acct. 930.1, Gen. Advert. Exp.   | 323.191.b                                  | 2,731,344     |           |                       |             |
| 261  | Acct. 930.2, Misc. Gen. Exp.   | 323.192.b                                  | 5,612,674     |           |                       |             |
| 262  | Balance of A & G   | (In 254 - sum In 255 to In 261)            | 76,356,064    | W/S       | 0.15752               | 12,027,658  |
| 263  | Plus: Acct. 924, Property Insurance  | (In 255)                                   | 897,910       | GP(h)     | 0.33154               | 297,689     |
| 264  | Acct. 928 - Transmission Specific  | Worksheet F In 19.(E) (Note L)             | 41,170        | TP        | 1.00000               | 41,170      |
| 265  | Acct 930.1 - Only safety related ads -Direct   | Worksheet F In 34.(E) (Note L)             | -             | TP        | 1.00000               | -           |
| 266  | Acct 930.2 - Misc Gen. Exp. - Trans  | Worksheet F In 42.(E) (Note L)             | 202,420       | DA        | 1.00000               | 202,420     |
| 267  | Settlement Approved PBOP Recovery  | PBOP Worksheet O, Col. C, Line 6, (Note M) | 7,828,542     | W/S       | 0.15752               | 1,233,157   |
| 268  | A & G Subtotal   | (sum Ins 262 to 267)                       | 85,326,106    |           |                       | 13,802,094  |
| 269  | O & M EXPENSE SUBTOTAL   | (In 253 + In 268)                          | 126,987,210   |           |                       | 55,463,198  |
| 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)       |  | 2,650,482     | DA        | 1.00000               | 2,650,482   |
| 272  | TOTAL O & M EXPENSE  | (In 269 + In 270 + In 271)                 | 129,637,692   |           |                       | 58,113,680  |
| 273  | DEPRECIATION AND AMORTIZATION EXPENSE  |  |               |           |                       |             |
| 274  | Production   | 336.2-6.f                                  | -             | NA        | 0.00000               | -           |
| 275  | Distribution   | 336.8.f                                    | 127,553,063   | NA        | 0.00000               | -           |
| 276  | Transmission   | 336.7.f                                    | 51,487,087    | TP1       | 1.00000               | 51,487,087  |
| 277  | Plus: Transmission Plant-in-Service Additions (Worksheet I)                                  |  | N/A           |           |                       | N/A         |
| 278  | General  | 336.10.f                                   | 4,012,921     | W/S       | 0.15752               | 632,118     |
| 279  | Intangible   | 336.1.f                                    | 19,233,763    | W/S       | 0.15752               | 3,029,715   |
| 280  | TOTAL DEPRECIATION AND AMORTIZATION  | (Ln 274+275+<br>276+277+278+279)           | 202,286,834   |           |                       | 55,148,920  |
| 281  | TAXES OTHER THAN INCOME  | (Note N)                                   |               |           |                       |             |
| 282  | Labor Related  |  |               |           |                       |             |
| 283  | Payroll  | Worksheet H In 22.(D)                      | 5,613,986     | W/S       | 0.15752               | 884,319     |
| 284  | Plant Related  |  |               |           |                       |             |
| 285  | Property   | Worksheet H In 22.(C) & In 46.(C)          | 221,650,861   | DA        |                       | 70,222,935  |
| 286  | Gross Receipts/Sales & Use   | Worksheet H In 22.(F)                      | 155,073,641   | NA        | 0.00000               | -           |
| 287  | Other  | Worksheet H In 22.(E)                      | 4,399,223     | GP(h)     | 0.33154               | 1,458,501   |
| 288  | TOTAL OTHER TAXES  | (sum Ins 283 to 287)                       | 386,737,711   |           |                       | 72,565,754  |
| 289  | INCOME TAXES   | (Note O)                                   |               |           |                       |             |
| 290  | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =                                      |  | 35.69%        |           |                       |             |
| 291  | EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =   |  | 39.48%        |           |                       |             |
| 292  | where WCLTD=(In 327) and WACC = (In 330)   |  |               |           |                       |             |
| 293  | and FIT, SIT & p are as given in Note O.   |  |               |           |                       |             |
| 294  | GRCF=1 / (1 - T) = (from In 290)   |  | 1.5550        |           |                       |             |
| 295  | Amortized Investment Tax Credit (enter negative)   | (FF1 p.114, In 19.c)                       | (21,144)      |           |                       |             |
| 296  | Income Tax Calculation   | (In 291 * In 299)                          | 122,462,882   |           |                       | 43,838,421  |
| 297  | ITC adjustment   | (In 294 * In 295)                          | (32,878)      | NP(h)     | 0.32463               | (10,673)    |
| 298  | TOTAL INCOME TAXES   | (sum Ins 296 to 297)                       | 122,430,004   |           |                       | 43,827,748  |
| 299  | RETURN ON RATE BASE (Rate Base*WACC)   | (In 243 * In 330)                          | 310,216,350   |           |                       | 111,049,118 |
| 300  | INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))                     |  | 71,968        | DA        | 1.00000               | 71,968      |
| 301  | (Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H)) |  | -             |           |                       | -           |
| 302  | Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 301 * In291)       |  | -             |           |                       | -           |
| 303  | TOTAL REVENUE REQUIREMENT<br>(sum Ins 272, 280, 288, 298, 299, 300, 301, 302)                |  | 1,151,380,559 |           |                       | 340,777,189 |

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SUPPORTING CALCULATIONS

| In No. | TRANSMISSION PLANT INCLUDED IN PJM TARIFF                   |                                     |                |                                       |             |    |         |            |          |               |
|--------|---|-------------------------------------|----------------|---------------------------------------|-------------|----|---------|------------|----------|---------------|
| 304    | Total transmission plant                                    | (In 185)                            |                |                                       |             |    |         |            |          | 2,315,543,568 |
| 305    | Less transmission plant excluded from PJM Tariff            | (Note P)                            |                |                                       |             |    |         |            |          |               |
| 306    | Less transmission plant included in OATT Ancillary Services | (Worksheet A, In 23, Col. (C))      | (Note Q)       |                                       |             |    |         |            |          | -             |
| 307    | Transmission plant included in PJM Tariff                   | (In 304 - In 305 - In 306)          |                |                                       |             |    |         |            |          | 2,315,543,568 |
| 308    | Percent of transmission plant in PJM Tariff                 | (In 307 / In 304)                   |                |                                       |             |    |         |            | TP=      | 1.00000       |
| 309    | WAGES & SALARY ALLOCATOR (W/S)                              | (Note R)                            | Direct Payroll | Payroll Billed from AEP Service Corp. | Total       |    |         |            |          |               |
| 310    | Production  | 354.20.b                            | 161,652        | 68,767                                | 230,419     | NA | 0.00000 |            |          | -             |
| 311    | Transmission  | 354.21.b                            | 501,736        | 15,816,806                            | 16,318,542  | TP | 1.00000 | 16,318,542 |          |               |
| 312    | Regional Market Expenses                                    | 354.22.b                            | 0              | 0                                     | -           | NA | 0.00000 |            |          | -             |
| 313    | Distribution  | 354.23.b                            | 46,119,090     | 9,226,196                             | 55,345,286  | NA | 0.00000 |            |          | -             |
| 314    | Other (Excludes A&G)  | 354.24,25,26.b                      | 16,846,850     | 14,855,103                            | 31,701,953  | NA | 0.00000 |            |          | -             |
| 315    | Total   | (sum Ins 310 to 314)                | 63,629,328     | 39,966,872                            | 103,596,200 |    |         |            |          | 16,318,542    |
| 316    | Transmission related amount                                 |                                     |                |                                       |             |    |         |            | W/S=     | 0.15752       |
| 317    | WEIGHTED AVERAGE COST OF CAPITAL (WACC)                     |                                     |                |                                       |             |    |         |            |          | \$            |
| 318    | Long Term Interest  | (Worksheet L, In. 32, col. (D))     |                |                                       |             |    |         |            |          | 98,363,153    |
| 319    | Preferred Dividends   | (Worksheet L, In. 38, col. (D))     |                |                                       |             |    |         |            |          | -             |
| 320    | Development of Common Stock:                                |                                     |                |                                       |             |    |         |            |          |               |
| 321    | Proprietary Capital   | (FF1 p 112, Ln 16.c)                |                |                                       |             |    |         |            |          | 2,117,544,466 |
| 322    | Less: Preferred Stock                                       | (FF1 p 112, Ln 3.c)                 |                |                                       |             |    |         |            |          | -             |
| 323    | Less: Account 216.1   | (FF1 p 112, Ln 12 .c)               |                |                                       |             |    |         |            |          | 4,915,704     |
| 324    | Less: Account 219   | (FF1 p 112, Ln 15.c)                |                |                                       |             |    |         |            |          | 3,016,012     |
| 325    | Common Stock  | (In 321 - In 322 - In 323 - In 324) |                |                                       |             |    |         |            |          | 2,109,612,750 |
| 326    |   |                                     |                |                                       |             |    |         |            | Cost     |               |
| 327    | Long Term Debt (Note T) Worksheet L, In 32, col. (B))       |                                     | \$             | %                                     |             |    |         | (Note S)   | Weighted |               |
| 328    | Preferred Stock (In 322)                                    |                                     | 1,633,461,479  | 43.64%                                |             |    |         | 0.0602     |          | 0.0263        |
| 329    | Common Stock (In 325)                                       |                                     | -              | 0.00%                                 |             |    |         | -          |          | 0.0000        |
| 330    | Total (Sum Ins 327 to 329)                                  |                                     | 2,109,612,750  | 56.36%                                |             |    |         | 11.49%     |          | 0.0648        |
|        |   |                                     | 3,743,074,229  |                                       |             |    |         |            | WACC=    | 0.0910        |



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| Letter | Notes  |
|--------|--|
|        | General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X   |
| A      | Revenue credits include:<br>1) Forfeited Discounts.<br>2) Miscellaneous Service Revenues.<br>3) Rental revenues earned on assets included in the rate base.<br>4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.<br>5) Other electric revenues.<br>6) Revenues for grandfathered PTP contracts included in the load divisor.<br>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.<br>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:<br>1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 250.<br>2) AEP transmission equalization transfers, as shown on line 251<br>3) The impact of state regulatory deferrals and amortizations, as shown on line 252<br>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 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.  |
| H      | Removes cost of transmission service provided by others to determine the basis of cash working capital on line 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.<br>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.<br>The company records referenced on lines 270 and 271 is the OHIO 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 Corporation. 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.<br>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)<br>(In 295) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.<br>Inputs Required:<br>FIT = 35.00%<br>SIT= 1.06% (State Income Tax Rate or Composite SIT. Worksheet G))<br>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 (In 318) / long term debt (In 327). Preferred Stock cost rate = preferred dividends (In 319) / preferred outstanding (In 328).<br>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      | This note only applies to Indiana Michigan Power Company.  |
| U      | This note only applies to the true-up template.  |

AEP East Companies  
Transmission Cost of Service Formula Rate  
Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

OHIO POWER COMPANY

| Line No. |  |                        |            |    |           | Transmission Amount |
|----------|--|------------------------|------------|----|-----------|---------------------|
| 1        | REVENUE REQUIREMENT (w/o incentives)           | (In 138)               |            |    |           | \$329,224,319       |
|          |  |                        | Total      |    | Allocator |                     |
| 2        | REVENUE CREDITS                                | (Note A) (Worksheet E) | 10,838,063 | DA | 1.00000   | \$ 10,838,063       |
| 3        | REVENUE REQUIREMENT For All Company Facilities | (In 1 less In 2)       |            |    |           | \$ 318,386,255      |

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)        |  | 12,217,522 | DA | 1.00000 | \$ 12,217,522 |
| 5  | NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)    |  |            |    |         |               |
| 6  | Annual Rate  | ( (In 1 - In 105 - In 106)/ In 48 x 100)                             |            |    |         | 22.71%        |
| 7  | Monthly Rate   | (In 6 / 12)  |            |    |         | 1.89%         |
| 8  | NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)        |  |            |    |         |               |
| 9  | Annual Rate  | ( (In 1 - In 105 - In 106 - In 111) / In 48 x 100)                   |            |    |         | 19.13%        |
| 10 | NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B) |  |            |    |         |               |
| 11 | Annual Rate  | ( (In 1 - In 105 - In 106 - In 111 - In 133 - In 134) / In 48 x 100) |            |    |         | 9.15%         |
| 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  |            |    |         | 4,813,725     |
| 15 | Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)        |  |            |    |         | 13,934        |
| 16 | Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)  |  |            |    |         | 227           |
| 17 | Total 561 Internally Developed Costs   | (Line 14 - Line 15 - Line 16)  |            |    |         | 4,799,564     |

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

OHIO POWER COMPANY

|          | (1)   | (2)   | (3)                              | (4)              | (5)                                 |
|----------|---|---|----------------------------------|------------------|-------------------------------------|
|          | <u>RATE BASE CALCULATION</u>  | <u>Data Sources</u><br><u>(See "General Notes")</u> | <u>TO Total</u><br><u>NOTE C</u> | <u>Allocator</u> | <u>Total</u><br><u>Transmission</u> |
| Line No. |   |   |                                  |                  |                                     |
| 18       | GROSS PLANT IN SERVICE  |   |                                  |                  |                                     |
| 18       | Production  | (Worksheet A In 1.E)                                | -                                | NA               | 0.00000                             |
| 19       | Less: Production ARO (Enter Negative)   | (Worksheet A In 2.E)                                | -                                | NA               | 0.00000                             |
| 20       | Transmission  | (Worksheet A In 3.E & Ln 142)                       | 2,272,592,826                    | DA               | 2,272,592,826                       |
| 21       | Less: Transmission ARO (Enter Negative)                                       | (Worksheet A In 4.E & Ln 143)                       | (3,120)                          | TP               | 1.00000                             |
| 22       | Plus: Transmission Plant-in-Service Additions (Worksheet I)                   |   | N/A                              | NA               | 0.00000                             |
| 23       | Plus: Additional Trans Plant on Transferred Assets (Worksheet I)              |   | N/A                              | NA               | 0.00000                             |
| 24       | Distribution  | (Worksheet A In 5.E)                                | 4,369,424,570                    | NA               | 0.00000                             |
| 25       | Less: Distribution ARO (Enter Negative)                                       | (Worksheet A In 6.E)                                | -                                | NA               | 0.00000                             |
| 26       | General Plant   | (Worksheet A In 7.E)                                | 296,841,901                      | W/S              | 0.15752                             |
| 27       | Less: General Plant ARO (Enter Negative)                                      | (Worksheet A In 8.E)                                | (538,804)                        | W/S              | 0.15752                             |
| 28       | Intangible Plant  | (Worksheet A In 9.E)                                | 93,876,296                       | W/S              | 0.15752                             |
| 29       | TOTAL GROSS PLANT   | (sum Ins 18 to 28)                                  | 7,032,193,669                    | GP(h)=           | 0.33191                             |
|          |   |   |                                  | GTD=             | 0.00000                             |
| 30       | ACCUMULATED DEPRECIATION AND AMORTIZATION                                     |   |                                  |                  |                                     |
| 31       | Production  | (Worksheet A In 12.E)                               | -                                | NA               | 0.00000                             |
| 32       | Less: Production ARO (Enter Negative)   | (Worksheet A In 13.E)                               | -                                | NA               | 0.00000                             |
| 33       | Transmission  | (Worksheet A In 14.E & 28.E)                        | 834,728,077                      | TP1=             | 1.00000                             |
| 34       | Less: Transmission ARO (Enter Negative)                                       | (Worksheet A In 15.E)                               | (3,120)                          | TP1=             | 1.00000                             |
| 35       | Plus: Transmission Plant-in-Service Additions (Worksheet I)                   |   | N/A                              | DA               | 1.00000                             |
| 36       | Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)         |   | N/A                              | DA               | 1.00000                             |
| 37       | Plus: Additional Transmission Depreciation for 2017 (In 111)                  |   | N/A                              | TP1              | 1.00000                             |
| 38       | Plus: Additional General & Intangible Depreciation for 2017 (In 110 + In 111) |   | N/A                              | W/S              | 0.15752                             |
| 39       | Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)             |   | N/A                              | DA               | 1.00000                             |
| 40       | Distribution  | (Worksheet A In 16.E)                               | 1,499,922,754                    | NA               | 0.00000                             |
| 41       | Less: Distribution ARO (Enter Negative)                                       | (Worksheet A In 17.E)                               | -                                | NA               | 0.00000                             |
| 42       | General Plant   | (Worksheet A In 18.E)                               | 98,385,208                       | W/S              | 0.15752                             |
| 43       | Less: General Plant ARO (Enter Negative)                                      | (Worksheet A In 19.E)                               | (230,202)                        | W/S              | 0.15752                             |
| 44       | Intangible Plant  | (Worksheet A In 20.E)                               | 64,228,574                       | W/S              | 0.15752                             |
| 45       | TOTAL ACCUMULATED DEPRECIATION  | (sum Ins 31 to 44)                                  | 2,497,031,290                    |                  |                                     |
| 46       | NET PLANT IN SERVICE  |   |                                  |                  |                                     |
| 47       | Production  | (In 18 + In 19 - In 31 - In 32)                     | -                                |                  | -                                   |
| 48       | Transmission  | (In 20 + In 21 - In 33 - In 34)                     | 1,437,864,749                    |                  | 1,437,864,749                       |
| 49       | Plus: Transmission Plant-in-Service Additions (In 22 - In 35)                 |   | N/A                              |                  | N/A                                 |
| 50       | Plus: Additional Trans Plant on Transferred Assets (In 23 - In 36)            |   | N/A                              |                  | N/A                                 |
| 51       | Plus: Additional Transmission Depreciation for 2017 (-In 37)                  |   | N/A                              |                  | N/A                                 |
| 52       | Plus: Additional General & Intangible Depreciation for 2017 (-In 38)          |   | N/A                              |                  | N/A                                 |
| 53       | Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-In 39)    |   | N/A                              |                  | N/A                                 |
| 54       | Distribution  | (In 24 + In 25 - In 40 - In 41)                     | 2,869,501,816                    |                  | -                                   |
| 55       | General Plant   | (In 26 + In 27 - In 42 - In 43)                     | 198,148,092                      |                  | 31,212,419                          |
| 56       | Intangible Plant  | (In 28 - In 44)                                     | 29,647,722                       |                  | 4,670,129                           |
| 57       | TOTAL NET PLANT IN SERVICE  | (sum Ins 47 to 56)                                  | 4,535,162,379                    | NP(h)=           | 0.32496                             |
| 58       | DEFERRED TAX ADJUSTMENTS TO RATE BASE   | (Note D)  |                                  |                  |                                     |
| 59       | Account No. 281.1 (enter negative)  | (Worksheet B, In 2 & In 5.E)                        | -                                | NA               | -                                   |
| 60       | Account No. 282.1 (enter negative)  | (Worksheet B, In 7 & In 10.E)                       | (998,623,866)                    | DA               | (324,606,962)                       |
| 61       | Account No. 283.1 (enter negative)  | (Worksheet B, In 12 & In 15.E)                      | (430,429,908)                    | DA               | (23,991,018)                        |
| 62       | Account No. 190.1   | (Worksheet B, In 17 & In 20.E)                      | 165,065,881                      | DA               | 20,919,586                          |
| 63       | Account No. 255 (enter negative)  | (Worksheet B, In 24 & In 25.E)                      | (21,715)                         | DA               | (9,034)                             |
| 64       | TOTAL ADJUSTMENTS   | (sum Ins 59 to 63)                                  | (1,264,009,607)                  |                  | (327,687,427)                       |
| 65       | PLANT HELD FOR FUTURE USE   | (Worksheet A In 29.E & In 30.E)                     | 8,404,980                        | DA               | 4,848,818                           |
| 66       | REGULATORY ASSETS   | (Worksheet A In 36. (E))                            | -                                | DA               | -                                   |
| 67       | WORKING CAPITAL   | (Note E)  |                                  |                  |                                     |
| 68       | Cash Working Capital  | (1/8 * In 88)                                       | 5,207,638                        |                  | 5,207,638                           |
| 69       | Transmission Materials & Supplies   | (Worksheet C, In 2.F)                               | 3,906,744                        | TP               | 1.00000                             |
| 70       | A&G Materials & Supplies  | (Worksheet C, In 3.F)                               | 257,483                          | W/S              | 0.15752                             |
| 71       | Stores Expense  | (Worksheet C, In 4.(D))                             | -                                | GP(h)            | 0.33191                             |
| 72       | Prepayments (Account 165) - Labor Allocated                                   | (Worksheet C, In 8.G)                               | 221,155,467                      | W/S              | 0.15752                             |
| 73       | Prepayments (Account 165) - Gross Plant                                       | (Worksheet C, In 8.F)                               | 2,065,880                        | GP(h)            | 0.33191                             |
| 74       | Prepayments (Account 165) - Transmission Only                                 | (Worksheet C, In 8.E)                               | 90,718                           | DA               | 1.00000                             |
| 75       | Prepayments (Account 165) - Unallocable                                       | (Worksheet C, In 8.D)                               | (212,688,700)                    | NA               | 0.00000                             |
| 76       | TOTAL WORKING CAPITAL   | (sum Ins 68 to 75)                                  | 19,995,230                       |                  | 44,767,899                          |
| 77       | IPP CONTRIBUTIONS FOR CONSTRUCTION  | (Note F) (Worksheet D, In 8 (B))                    | (1,400,240)                      | DA               | 1.00000                             |
| 78       | RATE BASE (sum Ins 57, 64, 65, 66, 76, 77)                                    |   | 3,298,152,742                    |                  | 1,194,276,347                       |

AEP East Companies  
Transmission Cost of Service Formula Rate  
Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

OHIO POWER COMPANY

|          | (1)  | (2)  | (3)           | (4)       | (5)                   |             |
|----------|--|--|---------------|-----------|-----------------------|-------------|
|          | EXPENSE, TAXES, RETURN & REVENUE<br>REQUIREMENTS CALCULATION                                 | Data Sources<br>(See "General Notes")      | TO Total      | Allocator | Total<br>Transmission |             |
| Line No. | OPERATION & MAINTENANCE EXPENSE  |  |               |           |                       |             |
| 79       | Production   | 321.80.b                                   | 814,702,419   |           |                       |             |
| 80       | Distribution   | 322.156.b                                  | 192,513,480   |           |                       |             |
| 81       | Customer Related Expense   | 322.164,171,178.b                          | 315,983,088   |           |                       |             |
| 82       | Regional Marketing Expenses  | 322.131.b                                  | 13,105        |           |                       |             |
| 83       | Transmission   | 321.112.b                                  | 212,281,247   |           |                       |             |
| 84       | TOTAL O&M EXPENSES   | (sum Ins 79 to 83)                         | 1,535,493,339 |           |                       |             |
| 85       | Less: Total Account 561  | (Note G) (Worksheet F, In 14.C)            | 4,813,725     |           |                       |             |
| 86       | Less: Account 565  | (Note H) 321.96.b                          | 182,642,268   |           |                       |             |
| 87       | Less: Regulatory Deferrals & Amortizations   | (Note I) (Worksheet F, In 4.C)             | (16,835,850)  |           |                       |             |
| 88       | Total O&M Allocable to Transmission  | (Ins 83 - 85 - 86 - 87)                    | 41,661,104    | TP        | 1.00000               | 41,661,104  |
| 89       | Administrative and General   | 323.197.b (Note J)                         | 79,284,253    |           |                       |             |
| 90       | Less: Acct. 924, Property Insurance  | 323.185.b                                  | 897,910       |           |                       |             |
| 91       | Acct. 9260039 PBOP Expense   | PBOP Worksheet O Line 9 & 10, (Note K)     | (8,087,572)   |           |                       |             |
| 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)         | (930,896)     |           |                       |             |
| 94       | Acct. 928, Reg. Com. Exp.  | 323.189.b                                  | 2,704,729     |           |                       |             |
| 95       | Acct. 930.1, Gen. Advert. Exp.   | 323.191.b                                  | 2,731,344     |           |                       |             |
| 96       | Acct. 930.2, Misc. Gen. Exp.   | 323.192.b                                  | 5,612,674     |           |                       |             |
| 97       | Balance of A & G   | (In 89 - sum In 90 to In 96)               | 76,356,064    | W/S       | 0.15752               | 12,027,658  |
| 98       | Plus: Acct. 924, Property Insurance  | (In 90)                                    | 897,910       | GP(h)     | 0.33191               | 298,025     |
| 99       | Acct. 928 - Transmission Specific  | Worksheet F In 19.(E) (Note L)             | 41,170        | TP        | 1.00000               | 41,170      |
| 100      | Acct 930.1 - Only safety related ads -Direct   | Worksheet F In 34.(E) (Note L)             | -             | TP        | 1.00000               | -           |
| 101      | Acct 930.2 - Misc Gen. Exp. - Trans  | Worksheet F In 42.(E) (Note L)             | 202,420       | DA        | 1.00000               | 202,420     |
| 102      | Settlement Approved PBOP Recovery  | PBOP Worksheet O, Col. C, Line 6, (Note M) | 7,828,542     | W/S       | 0.15752               | 1,233,157   |
| 103      | A & G Subtotal   | (sum Ins 97 to 102)                        | 85,326,106    |           |                       | 13,802,430  |
| 104      | O & M EXPENSE SUBTOTAL   | (In 88 + In 103)                           | 126,987,210   |           |                       | 55,463,534  |
| 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)       |  | 2,650,482     | DA        | 1.00000               | 2,650,482   |
| 107      | TOTAL O & M EXPENSE  | (In 104 + In 105 + In 106)                 | 129,637,692   |           |                       | 58,114,016  |
| 108      | DEPRECIATION AND AMORTIZATION EXPENSE  |  |               |           |                       |             |
| 109      | Production   | 336.2-6.f                                  | -             | NA        | 0.00000               | -           |
| 110      | Distribution   | 336.8.f                                    | 127,553,063   | NA        | 0.00000               | -           |
| 111      | Transmission   | 336.7.f                                    | 51,487,087    | TP1       | 1.00000               | 51,487,087  |
| 112      | Plus: Transmission Plant-in-Service Additions (Worksheet I)                                  |  | N/A           |           |                       | N/A         |
| 113      | General  | 336.10.f                                   | 4,012,921     | W/S       | 0.15752               | 632,118     |
| 114      | Intangible   | 336.1.f                                    | 19,233,763    | W/S       | 0.15752               | 3,029,715   |
| 115      | TOTAL DEPRECIATION AND AMORTIZATION  | (Ln 109+110+<br>111+112+113+114)           | 202,286,834   |           |                       | 55,148,920  |
| 116      | TAXES OTHER THAN INCOME  | (Note N)                                   |               |           |                       |             |
| 117      | Labor Related  |  |               |           |                       |             |
| 118      | Payroll  | Worksheet H In 22.(D)                      | 5,613,986     | W/S       | 0.15752               | 884,319     |
| 119      | Plant Related  |  |               |           |                       |             |
| 120      | Property   | Worksheet H In 22.(C) & In 46.(C)          | 221,650,861   | DA        |                       | 70,222,935  |
| 121      | Gross Receipts/Sales & Use   | Worksheet H In 22.(F)                      | 155,073,641   | NA        | 0.00000               | -           |
| 122      | Other  | Worksheet H In 22.(E)                      | 4,399,223     | GP(h)     | 0.33191               | 1,460,143   |
| 123      | TOTAL OTHER TAXES  | (sum Ins 118 to 122)                       | 386,737,711   |           |                       | 72,567,397  |
| 124      | INCOME TAXES   | (Note O)                                   |               |           |                       |             |
| 125      | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =                                      |  | 35.69%        |           |                       |             |
| 126      | EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =   |  | 37.12%        |           |                       |             |
| 127      | where WCLTD=(In 162) and WACC = (In 165)   |  |               |           |                       |             |
| 128      | and FIT, SIT & p are as given in Note O.   |  |               |           |                       |             |
| 129      | GRCF=1 / (1 - T) = (from In 125)   |  | 1.5550        |           |                       |             |
| 130      | Amortized Investment Tax Credit (enter negative)   | (FF1 p.114, In 19.c)                       | (21,144)      |           |                       |             |
| 131      | Income Tax Calculation   | (In 126 * In 134)                          | 107,256,499   |           |                       | 38,838,074  |
| 132      | ITC adjustment   | (In 129 * In 130)                          | (32,878)      | NP(h)     | 0.32496               | (10,684)    |
| 133      | TOTAL INCOME TAXES   | (sum Ins 131 to 132)                       | 107,223,620   |           |                       | 38,827,390  |
| 134      | RETURN ON RATE BASE (Rate Base*WACC)   | (In 78 * In 165)                           | 288,973,293   |           |                       | 104,638,565 |
| 135      | INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))                     |  | (71,968)      | DA        | 1.00000               | (71,968)    |
| 136      | (Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. ((F) & (H)) |  | -             |           |                       | -           |
| 137      | Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 136 * In126)       |  | -             |           |                       | -           |
| 138      | TOTAL REVENUE REQUIREMENT<br>(sum Ins 107, 115, 123, 133, 134, 135)                          |  | 1,114,787,182 |           |                       | 329,224,319 |



AEP East Companies  
Transmission Cost of Service Formula Rate  
Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

OHIO POWER COMPANY

SUPPORTING CALCULATIONS

|        |   |                                     |                             |                                       |             |       |                    |  |
|--------|---|-------------------------------------|-----------------------------|---------------------------------------|-------------|-------|--------------------|--|
| In No. | TRANSMISSION PLANT INCLUDED IN PJM TARIFF                   |                                     |                             |                                       |             |       |                    |  |
| 139    | Total transmission plant                                    | (In 20)                             |                             |                                       |             |       | 2,272,592,826      |  |
| 140    | Less transmission plant excluded from PJM Tariff            | (Note P)                            |                             |                                       |             |       | -                  |  |
| 141    | Less transmission plant included in OATT Ancillary Services | (Worksheet A, In 23, Col. (C))      | (Note Q)                    |                                       |             |       | -                  |  |
| 142    | Transmission plant included in PJM Tariff                   | (In 139 - In 140 - In 141)          |                             |                                       |             |       | 2,272,592,826      |  |
| 143    | Percent of transmission plant in PJM Tariff                 | (In 142 / In 139)                   |                             |                                       |             | TF    | 1.00000            |  |
|        |   |                                     |                             |                                       |             |       |                    |  |
| 144    | WAGES & SALARY ALLOCATOR (W/S)                              | (Note R)                            | Direct Payroll              | Payroll Billed from AEP Service Corp. | Total       |       |                    |  |
| 145    | Production  | 354.20.b                            | 161,652                     | 68,767                                | 230,419     | NA    | 0.00000 -          |  |
| 146    | Transmission  | 354.21.b                            | 501,736                     | 15,816,806                            | 16,318,542  | TP    | 1.00000 16,318,542 |  |
| 147    | Regional Market Expenses                                    | 354.22.b                            | 0                           | 0                                     | -           | NA    | 0.00000 -          |  |
| 148    | Distribution  | 354.23.b                            | 46,119,090                  | 9,226,196                             | 55,345,286  | NA    | 0.00000 -          |  |
| 149    | Other (Excludes A&G)  | 354.24,25,26.b                      | 16,846,850                  | 14,855,103                            | 31,701,953  | NA    | 0.00000 -          |  |
| 150    | Total   | (sum Ins 145 to 149)                | 63,629,328                  | 39,966,872                            | 103,596,200 |       | 16,318,542         |  |
| 151    | Transmission related amount                                 |                                     |                             |                                       |             | W/S=  | 0.15752            |  |
|        |   |                                     |                             |                                       |             |       |                    |  |
| 152    | WEIGHTED AVERAGE COST OF CAPITAL (WACC)                     |                                     |                             |                                       |             |       | \$                 |  |
| 153    | Long Term Interest  | (Worksheet M, In. 21, col. (E))     |                             |                                       |             |       | 107,099,164        |  |
| 154    | Preferred Dividends   | (Worksheet M, In. 56, col. (E))     |                             |                                       |             |       | -                  |  |
| 155    | Development of Common Stock:                                |                                     |                             |                                       |             |       | Average            |  |
| 156    | Proprietary Capital   | (Worksheet M, In. 1, col. (E))      |                             |                                       |             |       | 2,052,059,708      |  |
| 157    | Less: Preferred Stock                                       | (Worksheet M, In. 2, col. (E))      |                             |                                       |             |       | -                  |  |
| 158    | Less: Account 216.1   | (Worksheet M, In. 3, col. (E))      |                             |                                       |             |       | 4,915,704          |  |
| 159    | Less: Account 219   | (Worksheet M, In. 4, col. (E))      |                             |                                       |             |       | 3,622,804          |  |
| 160    | Common Stock  | (In 156 - In 157 - In 158 - In 159) |                             |                                       |             |       | 2,043,521,200      |  |
|        |   |                                     |                             |                                       |             |       |                    |  |
| 161    |   | Average \$                          | Capital Structure Weighting |                                       | Cost        |       |                    |  |
| 162    | Long Term Debt (Note T) W/S M, In 11, In 22, col. (E))      | 1,808,502,121                       | Actual                      | Cap Limit                             | (Note S)    |       | Weighted           |  |
| 163    | Preferred Stock (In 157)                                    | -                                   | 46.95%                      | 49.00%                                | 0.0592      |       | 0.0290             |  |
| 164    | Commone Stock (In 160)                                      | 2,043,521,200                       | 0.00%                       | 0.00%                                 | -           |       | 0.0000             |  |
| 165    | Total (Sum Ins 162 to 164)                                  | 3,852,023,321                       | 53.05%                      | 51.00%                                | 11.49%      |       | 0.0586             |  |
|        |   |                                     |                             |                                       |             | WACC= | 0.0876             |  |
| 166    | Capital Structure Equity Limit (Note U)                     | 51.0%                               |                             |                                       |             |       |                    |  |

AEP East Companies  
Transmission Cost of Service Formula Rate  
Utilizing Actual Cost Data for 2016 with Average Ratebase Balances

OHIO POWER COMPANY

| Letter | Notes   |
|--------|---|
|        | General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X  |
| A      | Revenue credits include:<br>1) Forfeited Discounts.<br>2) Miscellaneous Service Revenues.<br>3) Rental revenues earned on assets included in the rate base.<br>4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.<br>5) Other electric revenues.<br>6) Revenues for grandfathered PTP contracts included in the load divisor.<br>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 reflect the average of the balances at December 31, -2 and 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.<br>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:<br>1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 85.<br>2) AEP transmission equalization transfers, as shown on line 86<br>3) The impact of state regulatory deferrals and amortizations, as shown on line 87<br>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 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.   |
| H      | Removes cost of transmission service provided by others to determine the basis of cash working capital on line 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.<br>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.<br>The company records referenced on lines 105 and 106 is the OHIO 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 Corporation. 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.<br>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) (In 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.<br>Inputs Required:<br>FIT = 35.00%<br>SIT= 1.06% (State Income Tax Rate or Composite SIT. Worksheet G))<br>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 (In 153) / long term debt (In 162). Preferred Stock cost rate = preferred dividends (In 154) / preferred outstanding (In 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      | This note only applies to Indiana Michigan Power Company.   |
| U      | Per Settlement, equity for OHIO POWER COMPANY is limited to 51% 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  
OHIO POWER COMPANY

| <u>Line</u>   | (A)  | (B)   | (C)  | (D)  | (E)                                       |
|---|--|---|--|--|---|
| <u>Number</u>   | <u>Rate Base Item &amp; Supporting Balance</u>   | <u>Source of Data</u>                           | <u>Balance @ December</u><br><u>31, 2016</u> | <u>Balance @ December</u><br><u>31, 2015</u> | <u>Average Balance</u><br><u>for 2016</u> |
| NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here. |  |   |  |  |   |
| <u>Plant Investment Balances</u>  |  |   |  |  |   |
| 1   | Production Plant In Service                      | FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46 | -  | -  | -   |
| 2   | Production Asset Retirement Obligation (ARO)     | FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44 | -  | -  | -   |
| 3   | Transmission Plant In Service                    | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58 | 2,315,543,568                                | 2,229,642,083                                | 2,272,592,826                             |
| 4   | Transmission Asset Retirement Obligation         | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57 | 3,120  | 3,120  | 3,120                                     |
| 5   | Distribution Plant In Service                    | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75 | 4,454,773,907                                | 4,284,075,232                                | 4,369,424,570                             |
| 6   | Distribution Asset Retirement Obligation         | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74 | -  | -  | -   |
| 7   | General Plant In Service                         | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99 | 303,534,726                                  | 290,149,076                                  | 296,841,901                               |
| 8   | General Asset Retirement Obligation              | FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98 | 613,205                                      | 464,402                                      | 538,804                                   |
| 9   | Intangible Plant In Service                      | FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5  | 104,729,070                                  | 83,023,522                                   | 93,876,296                                |
| 10  | Total Property Investment Balance                | (Sum of Lines: 3, 1, 5, 7, 9)                   | 7,178,581,271                                | 6,886,889,913                                | 7,032,735,592                             |
| 11  | Total ARO Balance (included in total on line 10) | (Sum of Lines: 4, 2, 6, 8)                      | 616,325                                      | 467,522                                      | 541,924                                   |
| <u>Accumulated Depreciation &amp; Amortization Balances</u>   |  |   |  |  |   |
| 12  | Production Accumulated Depreciation              | FF1, page 219, Ins 20-24, Col. (b)              | -  | -  | -   |
| 13  | Production ARO Accumulated Depreciation          | Company Records - Note 1                        | -  | -  | -   |
| 14  | Transmission Accumulated Depreciation            | FF1, page 219, In 25, Col. (b)                  | 846,049,712                                  | 823,406,441                                  | 834,728,077                               |
| 15  | Transmission ARO Accumulated Depreciation        | Company Records - Note 1                        | 3,120  | 3,120  | 3,120                                     |
| 16  | Distribution Accumulated Depreciation            | FF1, page 219, In 26, Col. (b)                  | 1,520,914,754                                | 1,478,930,753                                | 1,499,922,754                             |
| 17  | Distribution ARO Accumulated Depreciation        | Company Records - Note 1                        | -  | -  | -   |
| 18  | General Accumulated Depreciation                 | FF1, page 219, In 28, Col. (b)                  | 99,371,978                                   | 97,398,438                                   | 98,385,208                                |
| 19  | General ARO Accumulated Depreciation             | Company Records - Note 1                        | 239,904                                      | 220,501                                      | 230,202                                   |
| 20  | Intangible Accumulated Amortization              | FF1, page 200, In 21, Col. (b)                  | 68,908,394                                   | 59,548,754                                   | 64,228,574                                |
| 21  | Total Accumulated Depreciation or Amortization   | (Sum of Lines: 14, 12, 16, 18, 20)              | 2,535,244,838                                | 2,459,284,386                                | 2,497,264,612                             |
| 22  | Total ARO Balance (included in total on line 21) | (Sum of Lines: 15, 13, 17, 19)                  | 243,024                                      | 223,621                                      | 233,322                                   |
| <u>Generation Step-Up Units</u>   |  |   |  |  |   |
| 23  | GSU Investment Amount                            | Company Records - Note 1                        | -  | -  | -   |
| 24  | GSU Accumulated Depreciation                     | Company Records - Note 1                        | -  | -  | -   |
| 25  | GSU Net Balance                                  | (Line 23 - Line 24)                             | -  | -  | -   |
| <u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u>  |  |   |  |  |   |
| 26  | Transmission Accumulated Depreciation            | (Line 14 Above)                                 | 846,049,712                                  | 823,406,441                                  | 834,728,077                               |
| 27  | Less: GSU Accumulated Depreciation               | (Line 24 Above)                                 | -  | -  | -   |
| 28  | Subtotal of Transmission Net of GSU              | (Line 26 - Line 27)                             | 846,049,712                                  | 823,406,441                                  | 834,728,077                               |
| <u>Plant Held For Future Use</u>  |  |   |  |  |   |
| 29  | Plant Held For Future Use                        | FF1, page 214, In 47, Col. (d)                  | 6,665,830                                    | 10,144,130                                   | 8,404,980                                 |
| 30  | Transmission Plant Held For Future               | Company Records - Note 1                        | 3,699,708                                    | 5,997,928                                    | 4,848,818                                 |
| <u>Regulatory Assets and Liabilities Approved for Recovery In Ratebase</u>  |  |   |  |  |   |
| 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  
OHIO POWER COMPANY

| <u>Line<br/>Number</u> | <u>(A)<br/>Description</u>                | <u>(B)<br/>Source</u>             | <u>(C)<br/>Balance @ December 31,<br/>2016</u> | <u>(D)<br/>Balance @ December 31,<br/>2015</u> | <u>(E)<br/>Average Balance for<br/>2016</u> |
|------------------------|---|-----------------------------------|--|--|---|
| 1                      | <b><u>Account 281</u></b>                 |                                   |  |  |   |
| 2                      | Year End Utility Deferrals                | FF1, p. 272 - 273, In 8, Col. (k) | -  | -  | -   |
| 3                      | Less: ARO Related Deferrals               | Company Records - Note 1          | -  | -  | -   |
| 4                      | Less: Other Excluded Deferrals            | Company Records - Note 1          | -  | -  | -   |
| 5                      | Transmission Related Deferrals            | Ln 2 - In 3 - In 4                | -  | -  | -   |
| 6                      | <b><u>Account 282</u></b>                 |                                   |  |  |   |
| 7                      | Year End Utility Deferrals                | FF1, p. 274 - 275, In 5, Col. (k) | 1,028,907,995                                  | 968,339,737                                    | 998,623,866                                 |
| 8                      | Less: ARO Related Deferrals               | Company Records - Note 1          | 671,319  | 580,593  | 625,956                                     |
| 9                      | Less: Other Excluded Deferrals            | Company Records - Note 1          | 693,915,125                                    | 652,866,772                                    | 673,390,949                                 |
| 10                     | Transmission Related Deferrals            | Ln 7 - In 8 - In 9                | 334,321,551                                    | 314,892,372                                    | 324,606,962                                 |
| 11                     | <b><u>Account 283</u></b>                 |                                   |  |  |   |
| 12                     | Year End Utility Deferrals                | FF1, p. 276 - 277, In 9, Col. (k) | 415,314,201                                    | 445,545,614                                    | 430,429,908                                 |
| 13                     | Less: ARO Related Deferrals               | Company Records - Note 1          | -  | -  | -   |
| 14                     | Less: Other Excluded Deferrals            | Company Records - Note 1          | 391,856,381                                    | 421,021,399                                    | 406,438,890                                 |
| 15                     | Transmission Related Deferrals            | Ln 12 - In 13 - In 14             | 23,457,820                                     | 24,524,215                                     | 23,991,018                                  |
| 16                     | <b><u>Account 190</u></b>                 |                                   |  |  |   |
| 17                     | Year End Utility Deferrals                | FF1, p. 234, In 8, Col. (c)       | 181,399,199                                    | 148,732,563                                    | 165,065,881                                 |
| 18                     | Less: ARO Related Deferrals               | Company Records - Note 1          | 578,821  | 497,910  | 538,366                                     |
| 19                     | Less: Other Excluded Deferrals            | Company Records - Note 1          | 159,173,838                                    | 128,042,022                                    | 143,607,930                                 |
| 20                     | Transmission Related Deferrals            | Ln 17 - In 18 - In 19             | 21,646,540                                     | 20,192,631                                     | 20,919,586                                  |
| 21                     | <b><u>Account 255</u></b>                 |                                   |  |  |   |
| 22                     | Year End ITC Balances                     | FF1, p. 266-267, In 8, Col. (h)   | 21,113   | 49,807   | 35,460                                      |
| 23                     | Less: Balances Not Qualified for Ratebase | Company Records - Note 1          | 6,092  | 21,399   | 13,746                                      |
| 24                     | ITC Balances Includeable Ratebase         | Ln 22 - In 23                     | 15,021   | 28,408   | 21,715                                      |
| 25                     | Transmission Related Deferrals            | Company Records - Note 1          | 6,115  | 11,952   | 9,034                                       |

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  
OHIO POWER COMPANY

| (A)                        | (B)                               | (C)                                | (D)                         | (E)                         | (F)                        | (G)                        | (H)                                    | (I) |
|----------------------------|-----------------------------------|------------------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|--|-----|
| Materials & Supplies       |                                   |                                    |                             |                             |                            |                            |  |     |
| Line Number                |                                   | Source                             | Balance @ December 31, 2016 | Balance @ December 31, 2015 | Average Balance for 2016   |                            |  |     |
| 1                          |                                   |                                    |                             |                             |                            |                            |  |     |
| 2                          | Transmission Materials & Supplies | FF1, p. 227, ln 8, Col. (c) & (b)  | 3,547,090                   | 4,266,398                   | 3,906,744                  |                            |  |     |
| 3                          | General Materials & Supplies      | FF1, p. 227, ln 11, Col. (c) & (b) | 276,238                     | 238,728                     | 257,483                    |                            |  |     |
| 4                          | Stores Expense (Undistributed)    | FF1, p. 227, ln 16, Col. (c) & (b) | 0                           | 0                           | -                          |                            |  |     |
|                            |                                   |                                    |                             |                             |                            |                            |  |     |
| Prepayment Balance Summary |                                   |                                    |                             |                             |                            |                            |  |     |
| 5                          |                                   | Average of YE Balance              | Excludable Balances         | 100% Transmission Related   | Transmission Plant Related | Transmission Labor Related | Total Included in Ratebase (E)+(F)+(G) |     |
| 6                          | Totals as of December 31, 2016    | 11,769,382                         | (215,406,613)               | 90,380                      | 2,118,548                  | 224,967,067                | 227,175,995                            |     |
| 7                          | Totals as of December 31, 2015    | 9,477,347                          | (209,970,786)               | 91,056                      | 2,013,211                  | 217,343,866                | 219,448,133                            |     |
| 8                          | Average Balance                   | 10,623,365                         | (212,688,700)               | 90,718                      | 2,065,880                  | 221,155,467                | 223,312,064                            |     |

| Prepayments Account 165 - Balance @ 12/31/2016 |           |                                |                    |                        |                                 |                                  |                                  |  |                                  |
|--|-----------|--------------------------------|--------------------|------------------------|---------------------------------|----------------------------------|----------------------------------|--|----------------------------------|
| 9  | Acc. No.  | Description                    | 2016<br>YE Balance | Excludable<br>Balances | 100%<br>Transmission<br>Related | Transmission<br>Plant<br>Related | Transmission<br>Labor<br>Related | Total Included<br>in Ratebase<br>(E)+(F)+(G) | Explanation                      |
| 10   | 1650001   | Prepaid Insurance              | 1,222,533          | -                      |                                 | 1,222,533                        |                                  | 1,222,533                                    | Plant Related Insurance Policies |
| 11   | 1650003   | Prepaid Rents                  | 0                  | -                      |                                 |                                  |                                  | -  |                                  |
| 12   | 1650004   | Prepaid Interest               | 0                  | -                      |                                 |                                  | -                                | -  |                                  |
| 13   | 1650005   | Prepaid Employee Benefits      | 257,000            | -                      |                                 |                                  | 257,000                          | 257,000                                      | Health Savings                   |
| 14   | 1650006   | Other Prepayments              | 6,394,536          | 6,394,536              | -                               | -                                | -                                | -  | Distribution                     |
| 15   | 1650009   | Prepaid Carry Cost-Factored AR | 859,688            | 859,688                |                                 |                                  |                                  | -  | AR Factoring - Retail Only       |
| 16   | 1650010   | Prepaid Pension Benefits       | 196,365,728        |                        |                                 |                                  | 196,365,728                      | 196,365,728                                  | Prepaid Pension Expense          |
| 17   | 165001216 | Prepaid Taxes                  | 100,000            | 100,000                |                                 |                                  |                                  | -  | Prepaid Taxes-Distribution       |
| 18   | 1650013   | Gavin JMG ST Prepaid Exp - Aff | 0                  | -                      |                                 |                                  |                                  | -  |                                  |
| 19   | 1650014   | FAS 158 Qual Contra Asset      | (196,365,728)      | (196,365,728)          |                                 |                                  |                                  | -  | FAS 158 Liability                |
| 20   | 1650016   | FAS 112 ASSETS                 | 0                  | -                      |                                 |                                  |                                  |  |                                  |
| 21   | 1650017   | Prepayments - Coal             | 0                  | -                      |                                 |                                  |                                  |  |                                  |
| 22   | 1650019   | Prepaid Pension Expense - C    | 74,801             | -                      | 74,801                          |                                  | -                                | 74,801                                       | Prepaid Pension Expense          |
| 23   | 1650020   | Prepaid Pension Expense - D    | 15,579             | -                      | 15,579                          |                                  | -                                | 15,579                                       | Prepaid Pension Expense          |
| 24   | 1650021   | Prepaid Insurance - EIS        | 896,015            | -                      |                                 | 896,015                          |                                  | 896,015                                      | Energy EIS Services              |
| 25   | 1650023   | Prepaid Lease                  | 15,220             | 15,220                 |                                 |                                  |                                  | -  | Distribution Lease               |
|  | 1650030   | Other Prepayment               | 1,934,010          | 1,934,010              |                                 |                                  |                                  | -  | Distribution                     |
| 26   | 1650035   | PRW Without Med-D Benefits     | 28,344,339         |                        |                                 |                                  | 28,344,339                       | 28,344,339                                   | Prepaid Pension Expense          |
| 27   | 1650036   | PRW for Med-D Benefits         | 0                  |                        |                                 |                                  | -                                | -  |                                  |
| 28   | 1650037   | FAS158 Contra-PRW Exc Med-D    | (28,344,339)       | (28,344,339)           |                                 |                                  |                                  | -  | FAS 158 Liability                |
| Subtotal - Form 1, p 111.57.c                  |           |                                | 11,769,382         | (215,406,613)          | 90,380                          | 2,118,548                        | 224,967,067                      | 227,175,995                                  |                                  |

| Prepayments Account 165 - Balance @ 12/31/ 2015 |           |                                |               |               |                      |               |               |                         |                                  |
|---|-----------|--------------------------------|---------------|---------------|----------------------|---------------|---------------|-------------------------|----------------------------------|
|   |           |                                | 2015          | Excludable    | 100%                 | Transmission  | Transmission  | Total Included          |                                  |
| 29  | Acc. No.  | Description                    | YE Balance    | Balances      | Transmission Related | Plant Related | Labor Related | in Ratebase (E)+(F)+(G) | Explanation                      |
| 30  | 1650001   | Prepaid Insurance              | 1,234,999     | -             |                      | 1,234,999     |               | 1,234,999               | Plant Related Insurance Policies |
| 31  | 1650003   | Prepaid Rents                  | 0             | -             |                      |               |               | -                       |                                  |
| 32  | 1650004   | Prepaid Interest               | 0             | -             |                      |               | -             | -                       |                                  |
| 33  | 1650005   | Prepaid Employee Benefits      | 239,250       | -             |                      |               | 239,250       | 239,250                 | Health Savings                   |
| 34  | 1650006   | Other Prepayments              | 6,272,000     | 6,272,000     | -                    | -             |               | -                       | Distribution                     |
| 35  | 1650009   | Prepaid Carry Cost-Factored AR | 685,898       | 685,898       |                      |               |               | -                       | AR Factoring - Retail Only       |
| 36  | 1650010   | Prepaid Pension Benefits       | 196,933,413   |               |                      |               | 196,933,413   | 196,933,413             | Prepaid Pension Expense          |
| 37  | 165001215 | Prepaid Taxes                  | 85,000        | 85,000        |                      | -             |               | -                       | Prepaid Taxes-Distribution       |
| 38  | 1650013   | Gavin JMG ST Prepaid Exp - Aff | 0             | -             |                      |               |               | -                       |                                  |
| 39  | 1650014   | FAS 158 Qual Contra Asset      | (196,933,413) | (196,933,413) |                      |               |               | -                       | FAS 158 Liability                |
| 40  | 1650016   | FAS 112 ASSETS                 | 0             | -             |                      |               |               |                         |                                  |
| 41  | 1650017   | Prepayments - Coal             | 0             | -             |                      |               |               |                         |                                  |
| 42  | 1650019   | Prepaid Pension Expense - CG&E | 74,808        | -             | 74,808               |               |               | 74,808                  | Prepaid Pension Expense          |
| 43  | 1650020   | Prepaid Pension Expense - DP&L | 16,248        | -             | 16,248               |               |               | 16,248                  | Prepaid Pension Expense          |
| 44  | 1650021   | Prepaid Insurance - EIS        | 778,212       |               |                      | 778,212       |               | 778,212                 | Energy EIS Services              |
| 45  | 1650023   | Prepaid Lease                  | 90,932        | 90,932        |                      |               |               | -                       | Distribution Lease               |
| 46  | 1650035   | PRW Without Med-D Benefits     | 20,171,203    |               |                      |               | 20,171,203    | 20,171,203              | Prepaid Pension Expense          |
| 47  | 1650036   | PRW for Med-D Benefits         | 0             |               |                      |               | -             | -                       |                                  |
| 48  | 1650037   | FAS158 Contra-PRW Exc Med-D    | (20,171,203)  | (20,171,203)  |                      |               |               | -                       | FAS 158 Liability                |
| Subtotal - Form 1, p 111.57.d                   |           |                                | 9,477,347     | (209,970,786) | 91,056               | 2,013,211     | 217,343,866   | 219,448,133             |                                  |

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

| <u>Line<br/>Number</u> | <u>(A)<br/>Description</u>  | <u>(B)<br/>2016</u> |
|------------------------|---|---------------------|
| 1                      | Net Funds from IPP Customers 12/31/2015 (2016 FORM 1, P269, line 5.b) | (2,800,479)         |
| 2                      | Interest Accrual (Company Records - Note 1)                           | (71,968)            |
| 3                      | Revenue Credits to Generators (Company Records - Note 1)              | -                   |
| 4                      | <u>Other Adjustments</u>  |                     |
| 5                      | Accounting Adjustment (Company Records - Note 1)                      | 2,872,447           |
| 6                      |   | -                   |
| 7                      | Net Funds from IPP Customers 12/31/2016 (2016 FORM 1, P269, line 5.f) | -                   |
| 8                      | Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)     | (1,400,240)         |

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

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

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| <u>Line<br/>Number</u> | <u>Description</u>  | <u>Total<br/>Company</u> | <u>Non-<br/>Transmission</u> | <u>Transmission</u> |
|------------------------|---|--------------------------|------------------------------|---------------------|
| 1                      | Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)                         | 2,700,729                | 2,700,729                    | -                   |
| 2                      | Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)              | 9,261,318                | 9,141,461                    | 119,857             |
| 3                      | Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)                 | 36,360,458               | 26,113,682                   | 10,246,776          |
| 4                      | Account 4560015, Associated Business Development - (Company Records - Note 1)                         | 4,020,764                | 3,549,334                    | 471,430             |
| 5                      | Account 456 - Other Electric Revenues - (Company Records - Note 1)                                    | 90,768,030               | 90,768,030                   | -                   |
| 6                      | Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b))                         | 143,111,299              | 132,273,236                  | 10,838,063          |
| 7                      | Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1) | -                        | -                            | -                   |
| 8                      | Total Other Operating Revenues To Reduce Revenue Requirement  | 143,111,299              | 132,273,236                  | 10,838,063          |

Note 1      The total company data on this worksheet comes from the indicated FF1 source, or OHIO 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  
OHIO POWER COMPANY

| <u>Line</u><br><u>Number</u>                                   | <u>(A)</u><br><u>Item No.</u> | <u>(B)</u><br><u>Description</u>                                 | <u>(C)</u><br><u>2016</u><br><u>Expense</u> | <u>(D)</u><br><u>100%</u><br><u>Non-Transmission</u> | <u>(E)</u><br><u>100%</u><br><u>Transmission</u><br><u>Specific</u> | <u>(F)</u><br><u>Explanation</u> |
|--|-------------------------------|--|---|--|---|----------------------------------|
| <b><u>Regulatory O&amp;M Deferrals &amp; Amortizations</u></b> |                               |  |   |  |   |                                  |
| 1  | 5660005                       | Ohio E-TCR Rider UnderRecovery                                   | (16,835,850)                                |  |   |                                  |
| 2  |                               |  | -   |  |   |                                  |
| 3  |                               |  |   |  |   |                                  |
| 4  |                               | <b>Total</b>   | (16,835,850)                                |  |   |                                  |
| <b><u>Detail of Account 561 Per FERC Form 1</u></b>            |                               |  |   |  |   |                                  |
| 5  | FF1 p 321.84.b                | 561 - Load Dispatching   | 0   |  |   |                                  |
| 6  | FF1 p 321.85.b                | 561.1 - Load Dispatch - Reliability                              | 50,390                                      |  |   |                                  |
| 7  | FF1 p 321.86.b                | 561.2 - Load Dispatch - Monitor & Operate Trans System           | 4,408,195                                   |  |   |                                  |
| 8  | FF1 p 321.87.b                | 561.3 - Load Dispatch - Trans Service & Scheduling               | 0   |  |   |                                  |
| 9  | FF1 p 321.88.b                | 561.4 - Scheduling, System Control & Dispatch                    | 13,934                                      |  |   |                                  |
| 10   | FF1 p 321.89.b                | 561.5 - Reliability, Planning and Standards Development          | 340,979                                     |  |   |                                  |
| 11   | FF1 p 321.90.b                | 561.6 - Transmission Service Studies                             | 0   |  |   |                                  |
| 12   | FF1 p 321.91.b                | 561.7 - Generation Interconnection Studies                       | 0   |  |   |                                  |
| 13   | FF1 p 321.92.b                | 561.8 - Reliability, Planning and Standards Development Services | 227   |  |   |                                  |
| 14   |                               | <b>Total of Account 561</b>                                      | 4,813,725                                   |  |   |                                  |
| <b><u>Account 928</u></b>                                      |                               |  |   |  |   |                                  |
| 15   | 9280000                       | Regulatory Commission Exp  | 2,241                                       | 2,241  | -   |                                  |
| 16   | 9280001                       | Regulatory Commission Exp-Adm                                    | 258,699                                     | 258,699  | -   |                                  |
| 17   | 9280002                       | Regulatory Commission Exp-Case                                   | 2,402,619                                   | 2,402,619  | -   |                                  |
| 18   | 9280005                       | FERC Regulatory Commission Exp-Case                              | 41,170                                      | -  | 41,170  |                                  |
| 19   |                               | <b>Total</b>   | 2,704,729                                   | 2,663,559  | 41,170  |                                  |
| <b><u>Account 930.1</u></b>                                    |                               |  |   |  |   |                                  |
| 20   | 9301000                       | General Advertising Expenses                                     | 232,585                                     | 232,585  | -   |                                  |
| 21   | 9301001                       | Newspaper Advertising Space                                      | 236   | 236  | -   |                                  |
| 22   | 9301002                       | Radio Station Advertising Time                                   | -   | -  | -   |                                  |
| 23   | 9301003                       | TV Station Advertising Time                                      | 200,000                                     | 200,000  | -   |                                  |
| 24   | 9301006                       | Spec Corporate Comm Info Project                                 | -   | -  | -   |                                  |
| 25   | 9301007                       | Special Adv Space & Prod Exp                                     | 123,105                                     | 123,105  | -   |                                  |
| 26   | 9301008                       | Direct Mail and Handouts   | -   | -  | -   |                                  |
| 27   | 9301009                       | Fairs, Shows, and Exhibits                                       | 1,049                                       | 1,049  | -   |                                  |
| 28   | 9301010                       | Publicity  | 4,902                                       | 4,902  | -   |                                  |
| 29   | 9301011                       | Dedications, Tours, & Openings                                   | -   | -  | -   |                                  |
| 30   | 9301012                       | Public Opinion Surveys   | 150,428                                     | 150,428  | -   |                                  |
| 31   | 9301013                       | Movies Slide Films & Speeches                                    | -   | -  | -   |                                  |
| 32   | 9301014                       | Video Communications   | 73  | 73   | -   |                                  |
| 33   | 9301015                       | Other Corporate Comm Exp   | 2,018,964                                   | 2,018,964  | -   |                                  |
| 34   |                               | <b>Total</b>   | 2,731,342                                   | 2,731,342  | -   |                                  |
| <b><u>Account 930.2</u></b>                                    |                               |  |   |  |   |                                  |
| 35   | 9302000                       | Misc General Expenses  | 5,357,721                                   | 5,357,721  |   |                                  |
| 36   | 9302003                       | Corporate & Fiscal Expenses                                      | 35,468                                      | 35,468   |   |                                  |
| 37   | 9302004                       | Research, Develop&Demonstr Exp                                   | 5,437                                       | 5,437  |   |                                  |
| 38   | 9302006                       | Assoc Business Development Mat Sold                              | -   | 0  | 0   |                                  |
| 39   | 9302007                       | Assoc Business Development Exp                                   | 1,305,773                                   | 1,103,353  | 202,420   |                                  |
| 40   | 9302019                       | gSMART-Ov/Und Misc Gen Exp                                       | (1,091,725)                                 | (1,091,725)  |   |                                  |
| 41   | 9302458                       | AEPSC Non-affiliated Exp   | -   | 0  |   |                                  |
| 42   |                               | <b>Total</b>   | 5,612,674                                   | 5,410,254  | 202,420   |                                  |

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

|                                       |          |               |
|---------------------------------------|----------|---------------|
| West Virginia Corporate Income Tax    | 6.5000%  |               |
| Apportionment Factor - Note 2         | 0.4267%  |               |
| Effective State Tax Rate              |          | 0.028%        |
| Illinois Corporation Income Tax       | 7.7500%  |               |
| Apportionment Factor - Note 2         | 0.3238%  |               |
| Effective State Tax Rate              |          | 0.025%        |
| Michigan Business Income Tax          | 6.0000%  |               |
| Apportionment Factor - Note 2         | 0.0148%  |               |
| Effective State Tax Rate              |          | 0.001%        |
| Kentucky Business Income Tax          | 6.0000%  |               |
| Apportionment Factor - Note 2         | 0.0430%  |               |
| Effective State Tax Rate              |          | 0.003%        |
| Ohio Municipal Net Income Tax         | 1.0169%  |               |
| Apportionment Factor - Note 2         | 98.8100% |               |
| Effective State Tax Rate              |          | 1.005%        |
| Ohio Franchise Tax Rate               | 0.0000%  |               |
| Phase-out Factor Note 1               | 0.0000%  |               |
| Apportionment Factor - Note 2         | 0.0000%  |               |
| Effective State Tax Rate              |          | 0.000%        |
| Total Effective State Income Tax Rate |          | <u>1.061%</u> |

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 Activities 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  
OHIO POWER COMPANY

| Line No.                                  | (A)<br>Account   | (B)<br>Total Company<br>NOTE 1 | (C)<br>Property     | (D)<br>Labor        | (E)<br>Other   | (F)<br>Non-Allocable |
|---|--|--------------------------------|---------------------|---------------------|----------------|----------------------|
| 1   | <b>Revenue Taxes</b>   |                                |                     |                     |                |                      |
| 2   | Gross Receipts Tax   | 155,073,641                    |                     |                     |                | 155,073,641          |
| 3   | <b>Real Estate and Personal Property Taxes</b>   |                                |                     |                     |                |                      |
| 4   | Real and Personal Property - Ohio  | 220,783,641                    | 220,783,641         |                     |                |                      |
| 5   | Real and Personal Property - West VA.  | 839,878                        | 839,878             |                     |                |                      |
| 6   | Real and Personal Property - Other   | 27,342                         | 27,342              |                     |                |                      |
| 7   | <b>Payroll Taxes</b>   |                                |                     |                     |                |                      |
| 8   | Federal Insurance Contribution (FICA )   | 5,492,084                      |                     | 5,492,084           |                |                      |
| 9   | Federal Unemployment Tax   | 40,473                         |                     | 40,473              |                |                      |
| 10  | State Unemployment Insurance   | 79,462                         |                     | 79,462              |                |                      |
| 11  | Payroll Taxes  | 1,967                          |                     | 1,967               |                |                      |
| 12  | <b>Production Taxes</b>  |                                |                     |                     |                |                      |
| 13  | State Severance Taxes  | -                              |                     |                     |                | -                    |
| 14  | <b>Miscellaneous Taxes</b>   |                                |                     |                     |                |                      |
| 15  | State Public Service Commission Fees   | 4,384,548                      |                     |                     | 4,384,548      |                      |
| 16  | State Franchise Taxes  | 14,065                         |                     |                     | 14,065         |                      |
| 17  | State Lic/Registration Fee   | -                              |                     |                     | -              |                      |
| 18  | Misc. State and Local Tax  | 610                            |                     |                     | 610            |                      |
| 19  | Sales & Use  | -                              |                     |                     |                | -                    |
| 20  | Federal Excise Tax   | -                              |                     |                     |                | -                    |
| 21  | State B & O Taxes  | -                              |                     |                     |                | -                    |
| 22  | Total Taxes by Allocable Basis<br>(Total Company Amount Ties to FFI p.114, Ln 14,(c))<br>NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1. | 386,737,711                    | 221,650,861         | 5,613,986           | 4,399,223      | 155,073,641          |
| <b>Functional Property Tax Allocation</b> |  |                                |                     |                     |                |                      |
|   |  | <u>Production</u>              | <u>Transmission</u> | <u>Distribution</u> | <u>General</u> | <u>Total</u>         |
| 23  | Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)  | -                              | 1,469,493,856       | 2,933,859,153       | 203,789,447    | 4,607,142,456        |
| <b>OHIO JURISDICTION</b>                  |  |                                |                     |                     |                |                      |
| 24  | Percentage of Plant in OHIO JURISDICTION   | 0.00%                          | 95.05%              | 100.00%             | 98.89%         |                      |
| 25  | Net Plant in OHIO JURISDICTION (Ln 23 * Ln 24)   | -                              | 1,396,753,910       | 2,933,859,153       | 201,527,384    | 4,532,140,447        |
| 26  | Less: Net Value Exempted Generation Plant  | -                              |                     |                     |                |                      |
| 27  | Taxable Property Basis (Ln 25 - Ln 26)   | -                              | 1,396,753,910       | 2,933,859,153       | 201,527,384    | 4,532,140,447        |
| 28  | Relative Valuation Factor  | 24%                            | 85%                 | 85%                 | 24%            |                      |
| 29  | Weighted Net Plant (Ln 27 * Ln 28)   | -                              | 1,187,240,823       | 2,493,780,280       | 48,366,572     |                      |
| 30  | General Plant Allocator (Ln 29 / (Total - General Plant))  | 0.00%                          | 32.25%              | 67.75%              | -100.00%       |                      |
| 31  | Functionalized General Plant (Ln 30 * General Plant)   | -                              | 15,599,685          | 32,766,887          | (48,366,572)   | -                    |
| 30a                                       | Ohio Company Merger Mitigation adjustment (Note 2)   | 31,000,000                     | (31,000,000)        |                     |                | -                    |
| 32  | Weighted OHIO JURISDICTION Plant (Ln 29 + 31 + 30a )   | 31,000,000                     | 1,171,840,508       | 2,526,547,167       | 0              | 3,729,387,676        |
| 33  | Functional Percentage (Ln 32/Total Ln 32)  | 0.83%                          | 31.42%              | 67.75%              |                |                      |
| 34  | Functionalized Payment in OHIO JURISDICTION  | 1,835,232                      | 69,374,181          | 149,574,228         |                | 220,783,641          |
| <b>WEST VA JURISDICTION</b>               |  |                                |                     |                     |                |                      |
| 35  | Net Plant in WEST VA JURISDICTION (Ln - Ln 24)   | -                              | 72,739,946          | -                   | 2,262,063      | 75,002,009           |
| 36  | Less: Net Value Exempted Generation Plant  | -                              |                     |                     |                |                      |
| 37  | Taxable Property Basis   | -                              | 72,739,946          | -                   | 2,262,063      | 75,002,009           |
| 38  | Relative Valuation Factor  | 100%                           | 100%                | 100%                | 100%           |                      |
| 39  | Weighted Net Plant (Ln 37 * Ln 38)   | -                              | 72,739,946          | -                   | 2,262,063      |                      |
| 40  | General Plant Allocator (Ln 39 / (Total - General Plant)   | 0.00%                          | 100.00%             | 0.00%               | -100.00%       |                      |
| 41  | Functionalized General Plant (Ln 41 * General Plant)   | -                              | 2,262,063           | -                   | (2,262,063)    |                      |
| 42  | Weighted WEST VA JURISDICTION Plant (Ln 39 + 41)   | -                              | 75,002,009          | -                   | (0)            | 75,002,009           |
| 43  | Functional Percentage (Ln 42/Total Ln 42)  | 0.00%                          | 100.00%             | 0.00%               |                |                      |
| 44  | Functionalized Payment in WEST VA JURISDICTION   | -                              | 839,878             | -                   |                | 839,878              |
| 45  | Total Other Jurisdictions: (Line 7 * Net Plant Allocator)  |                                | 8,876               |                     |                | 27,342               |
| 46  | Total Functionalized Property Taxes (Sum Lns 33, 44, 45)   | 1,835,232                      | 70,222,935          | 149,574,228         |                | 221,650,861          |

Note 2: This adjustment will apply to AEP Ohio only. This adjustment will be in effect for the Annual Updates prepared in 2012, 2013, 2014, 2015 and 2016.

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  
OHIO POWER COMPANY

| (A)      |   | (B)           | (C)                  | (D)                   |
|----------|---|---------------|----------------------|-----------------------|
| Line No. | Annual Tax Expenses by Type (Note 1)  | Total Company | FERC FORM 1 Tie-Back | FERC FORM 1 Reference |
| 1        | <b>Revenue Taxes</b>  |               |                      |                       |
| 2        | Gross Receipts Tax  | 155,073,641   |                      |                       |
|          |   |               | (252,356)            | P.263 ln 9 (i)        |
|          |   |               | 7,733,279            | P.263 ln 10 (i)       |
|          |   |               | 147,592,718          | P.263 ln 13 (i)       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 3        | <b>Real Estate and Personal Property Taxes</b>  |               |                      |                       |
| 4        | Real and Personal Property - Ohio   | 220,783,641   |                      |                       |
|          |   |               | (1,497,213)          | P.263 ln 35 (i)       |
|          |   |               | 221,849,899          | P.263 ln 36 (i)       |
|          |   |               | 335                  | P.263 ln 38 (i)       |
|          |   |               | (37,091)             | P.263 ln 39(i)        |
|          |   |               | 196,956              | P.263 ln 40 (i)       |
|          |   |               | (607)                | P.263.1 ln 2 (i)      |
|          |   |               | (43,638)             | P.263.1 ln 3 (i)      |
|          |   |               | 315,000              | P.263.1 ln 4 (i)      |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 5        | Real and Personal Property - West VA.   | 839,878       |                      |                       |
|          |   |               | 424,240              | P.263.1 ln 6 (i)      |
|          |   |               | 415,638              | P.263.1 ln 7 (i)      |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 6        | Real and Personal Property - Other  | 27,342        |                      |                       |
|          |   |               | 342                  | P.263.1 ln 10 (i)     |
|          |   |               | 27,000               | P.263.1 ln 11 (i)     |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 7        | <b>Payroll Taxes</b>  |               |                      |                       |
| 8        | Federal Insurance Contribution (FICA )  | 5,492,084     |                      |                       |
|          |   |               | 5,492,084            | P.263 ln 3 (i)        |
| 9        | Federal Unemployment Tax  | 40,473        |                      |                       |
|          |   |               | 40,473               | P.263 ln 4 (i)        |
| 10       | State Unemployment Insurance  | 79,462        |                      |                       |
|          |   |               | 79,462               | P.263 ln 16 (i)       |
|          |   |               | -                    |                       |
| 11       | Payroll Taxes   | 1,967         |                      |                       |
|          |   |               | 1,967                | P.263.1 ln 28 (i)     |
| 12       | <b>Production Taxes</b>   |               |                      |                       |
| 13       | State Severance Taxes   | -             |                      |                       |
|          |   |               | -                    |                       |
| 14       | <b>Miscellaneous Taxes</b>  |               |                      |                       |
| 15       | State Public Service Commission Fees  | 4,384,548     |                      |                       |
|          |   |               | 4,384,548            | P.263 ln 11 (i)       |
| 16       | State Franchise Taxes   | 14,065        |                      |                       |
|          |   |               | 11,884               | P.263 ln 27 (i)       |
|          |   |               | (50)                 | P.263 ln 28 (i)       |
|          |   |               | 2,231                | P.263.1 ln 33 (i)     |
|          |   |               | -                    |                       |
| 17       | State Lic/Registration Fee  | -             |                      |                       |
|          |   |               | -                    |                       |
| 18       | Misc. State and Local Tax   | 610           |                      |                       |
|          |   |               | 610                  | P.263.1 ln 38 (i)     |
| 19       | Sales & Use   | -             |                      |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 20       | Federal Excise Tax  | -             |                      |                       |
|          |   |               | -                    |                       |
| 21       | State B & O Taxes   | -             |                      |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
|          |   |               | -                    |                       |
| 22       | Total Taxes by Allocable Basis<br>(Total Company Amount Ties to FFI p.114, Ln 14,(c)) | 386,737,711   | 386,737,711          |                       |

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  
OHIO 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  | 49.00% | 5.92%  | 2.902%  |
| Preferred Stock   | 0.00%  | 0.00%  | 0.000%  |
| Common Stock  | 51.00% | 11.49% | 5.860%  |
|   |        | R =    | 8.762%  |

| SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS |               |               |              |                   |
|--|---------------|---------------|--------------|-------------------|
| TRUE-UP YEAR   | 2016          | Rev Require   | W Incentives | Incentive Amounts |
| As Projected in Prior Year WS J                                  | \$ 10,777,904 | \$ 10,777,904 | \$           | (0)               |
| Actual after True-up   | \$ 12,217,522 | \$ 12,217,522 | \$           | -                 |
| True-up of ARR For 2016  |               | 1,439,618     | 1,439,618    | 0                 |

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

|                                 |               |
|---------------------------------|---------------|
| Rate Base (True-Up TCOS, ln 78) | 1,194,276,347 |
| R (from A. above)               | 8.762%        |
| Return (Rate Base x R)          | 104,638,565   |

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

|   |             |
|---|-------------|
| Return (from B. above)                    | 104,638,565 |
| Effective Tax Rate (True-Up TCOS, ln 126) | 37.12%      |
| Income Tax Calculation (Return x CIT)     | 38,838,074  |
| ITC Adjustment                            | (10,684)    |
| Income Taxes                              | 38,827,390  |

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)                | 329,224,319 |
| T.E.A. & Lease Payments (True-Up TCOS, Lns 105 & 106)          | 2,650,482   |
| Return (True-Up TCOS, ln 134)                                  | 104,638,565 |
| Income Taxes (True-Up TCOS, ln 133)                            | 38,827,390  |
| Annual Revenue Requirement, Less TEA Charges, Return and Taxes | 183,107,882 |

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

|   |             |
|---|-------------|
| Annual Revenue Requirement, Less TEA Charges, Return and Taxes    | 183,107,882 |
| Return (from I.B. above)  | 104,638,565 |
| Income Taxes (from I.C. above)                                    | 38,827,390  |
| Annual Revenue Requirement, with 0 Basis Point ROE increase       | 326,573,837 |
| Depreciation (True-Up TCOS, ln 111)                               | 51,487,087  |
| Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation | 275,086,750 |

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

|   |               |
|---|---------------|
| Net Transmission Plant (True-Up TCOS, ln 48)                | 1,437,864,749 |
| Annual Revenue Requirement, with 0 Basis Point ROE increase | 326,573,837   |
| FCR with 0 Basis Point increase in ROE                      | 22.71%        |

|  |             |
|--|-------------|
| Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.         | 275,086,750 |
| FCR with 0 Basis Point ROE increase, less Depreciation             | 19.13%      |
| FCR less Depreciation (True-Up TCOS, ln 9)                         | 19.13%      |
| 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)): | 2,229,642,083 |
| Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):       | 2,315,543,568 |
| Subtotal   | 4,545,185,651 |
| Average Transmission Plant Balance for                                   | 2,272,592,826 |
| Annual Depreciation Rate (True-Up TCOS, ln 111)                          | 51,487,087    |
| Composite Depreciation Rate  | 2.27%         |
| Depreciable Life for Composite Depreciation Rate                         | 44.14         |
| Round to nearest whole year  | 44            |

### A. Base Plan Facilities

### Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

**Project Description:** RTEP ID: b504 (765 kV circuit breaker installations at Hanging Rock)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 989,594     | 989,594      | -                 |
| Prior Yr True-Up   | 1,014,634   | 1,014,634    | -                 |
| True-Up Adjustment | 25,040      | 25,040       | -                 |

| Details              |           |   |         |
|----------------------|-----------|---|---------|
| Investment           | 5,559,037 | Current Year  | 2016    |
| Service Year (yyyy)  | 2009      | ROE increase accepted by FERC (Basis Points)              | -       |
| Service Month (1-12) | 3         | FCR w/o incentives, less depreciation                     | 19.13%  |
| Useful life          | 44        | FCR w/incentives approved for these facilities, less dep. | 19.13%  |
| CIAC (Yes or No)     | No        | Annual Depreciation Expense                               | 126,342 |

**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 ## |
|-----------------|-------------------|----------------------|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| 2009            | 5,559,037         | 94,756               | 5,464,281      | 5,511,659       | 1,149,226                       | 1,149,226                           | \$ -                          |
| 2010            | 5,464,281         | 126,342              | 5,337,939      | 5,401,110       | 1,159,661                       | 1,159,661                           | \$ -                          |
| 2011            | 5,337,939         | 126,342              | 5,211,597      | 5,274,768       | 1,135,490                       | 1,135,490                           | \$ -                          |
| 2012            | 5,211,597         | 126,342              | 5,085,255      | 5,148,426       | 1,111,319                       | 1,111,319                           | \$ -                          |
| 2013            | 5,085,255         | 126,342              | 4,958,914      | 5,022,085       | 1,087,148                       | 1,087,148                           | \$ -                          |
| 2014            | 4,958,914         | 126,342              | 4,832,572      | 4,895,743       | 1,062,976                       | 1,062,976                           | \$ -                          |
| 2015            | 4,832,572         | 126,342              | 4,706,230      | 4,769,401       | 1,038,805                       | 1,038,805                           | \$ -                          |
| 2016            | 4,706,230         | 126,342              | 4,579,888      | 4,643,059       | 1,014,634                       | 1,014,634                           | \$ -                          |
| 2017            | 4,579,888         | 126,342              | 4,453,547      | 4,516,718       | 990,463                         | 990,463                             | \$ -                          |
| 2018            | 4,453,547         | 126,342              | 4,327,205      | 4,390,376       | 966,292                         | 966,292                             | \$ -                          |
| 2019            | 4,327,205         | 126,342              | 4,200,863      | 4,264,034       | 942,120                         | 942,120                             | \$ -                          |
| 2020            | 4,200,863         | 126,342              | 4,074,521      | 4,137,692       | 917,949                         | 917,949                             | \$ -                          |
| 2021            | 4,074,521         | 126,342              | 3,948,180      | 4,011,351       | 893,778                         | 893,778                             | \$ -                          |
| 2022            | 3,948,180         | 126,342              | 3,821,838      | 3,885,009       | 869,607                         | 869,607                             | \$ -                          |
| 2023            | 3,821,838         | 126,342              | 3,695,496      | 3,758,667       | 845,435                         | 845,435                             | \$ -                          |
| 2024            | 3,695,496         | 126,342              | 3,569,154      | 3,632,325       | 821,264                         | 821,264                             | \$ -                          |
| 2025            | 3,569,154         | 126,342              | 3,442,813      | 3,505,984       | 797,093                         | 797,093                             | \$ -                          |
| 2026            | 3,442,813         | 126,342              | 3,316,471      | 3,379,642       | 772,922                         | 772,922                             | \$ -                          |
| 2027            | 3,316,471         | 126,342              | 3,190,129      | 3,253,300       | 748,751                         | 748,751                             | \$ -                          |
| 2028            | 3,190,129         | 126,342              | 3,063,787      | 3,126,958       | 724,579                         | 724,579                             | \$ -                          |
| 2029            | 3,063,787         | 126,342              | 2,937,446      | 3,000,617       | 700,408                         | 700,408                             | \$ -                          |
| 2030            | 2,937,446         | 126,342              | 2,811,104      | 2,874,275       | 676,237                         | 676,237                             | \$ -                          |
| 2031            | 2,811,104         | 126,342              | 2,684,762      | 2,747,933       | 652,066                         | 652,066                             | \$ -                          |
| 2032            | 2,684,762         | 126,342              | 2,558,420      | 2,621,591       | 627,895                         | 627,895                             | \$ -                          |
| 2033            | 2,558,420         | 126,342              | 2,432,079      | 2,495,250       | 603,723                         | 603,723                             | \$ -                          |
| 2034            | 2,432,079         | 126,342              | 2,305,737      | 2,368,908       | 579,552                         | 579,552                             | \$ -                          |
| 2035            | 2,305,737         | 126,342              | 2,179,395      | 2,242,566       | 555,381                         | 555,381                             | \$ -                          |
| 2036            | 2,179,395         | 126,342              | 2,053,053      | 2,116,224       | 531,210                         | 531,210                             | \$ -                          |
| 2037            | 2,053,053         | 126,342              | 1,926,712      | 1,989,883       | 507,038                         | 507,038                             | \$ -                          |
| 2038            | 1,926,712         | 126,342              | 1,800,370      | 1,863,541       | 482,867                         | 482,867                             | \$ -                          |
| 2039            | 1,800,370         | 126,342              | 1,674,028      | 1,737,199       | 458,696                         | 458,696                             | \$ -                          |
| 2040            | 1,674,028         | 126,342              | 1,547,686      | 1,610,857       | 434,525                         | 434,525                             | \$ -                          |
| 2041            | 1,547,686         | 126,342              | 1,421,345      | 1,484,516       | 410,354                         | 410,354                             | \$ -                          |
| 2042            | 1,421,345         | 126,342              | 1,295,003      | 1,358,174       | 386,182                         | 386,182                             | \$ -                          |
| 2043            | 1,295,003         | 126,342              | 1,168,661      | 1,231,832       | 362,011                         | 362,011                             | \$ -                          |
| 2044            | 1,168,661         | 126,342              | 1,042,319      | 1,105,490       | 337,840                         | 337,840                             | \$ -                          |
| 2045            | 1,042,319         | 126,342              | 915,978        | 979,149         | 313,669                         | 313,669                             | \$ -                          |
| 2046            | 915,978           | 126,342              | 789,636        | 852,807         | 289,497                         | 289,497                             | \$ -                          |
| 2047            | 789,636           | 126,342              | 663,294        | 726,465         | 265,326                         | 265,326                             | \$ -                          |
| 2048            | 663,294           | 126,342              | 536,952        | 600,123         | 241,155                         | 241,155                             | \$ -                          |
| 2049            | 536,952           | 126,342              | 410,611        | 473,782         | 216,984                         | 216,984                             | \$ -                          |
| 2050            | 410,611           | 126,342              | 284,269        | 347,440         | 192,813                         | 192,813                             | \$ -                          |
| 2051            | 284,269           | 126,342              | 157,927        | 221,098         | 168,641                         | 168,641                             | \$ -                          |
| 2052            | 157,927           | 126,342              | 31,585         | 94,756          | 144,470                         | 144,470                             | \$ -                          |
| 2053            | 31,585            | 31,585               | -              | 15,793          | 34,607                          | 34,607                              | \$ -                          |
| 2054            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2055            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2056            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2057            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2058            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2059            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2060            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2061            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2062            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2063            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2064            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2065            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2066            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2067            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |
| 2068            | -                 | -                    | -              | -               | -                               | -                                   | \$ -                          |

[illegible]

Project Totals

29,222,659

29,222,659



\*\* 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.

**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: B1231 (Replace the existing 138/69-12 kV transformer at West Moulton Station with a 138/69 kV transformer and a 69/12 kV transformer)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 1,233,365   | 1,233,365    | -                 |
| Prior Yr True-Up   | 1,295,815   | 1,295,815    | -                 |
| True-Up Adjustment | 62,450      | 62,450       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 6,529,259         | Current Year  |                |                 |                                 | 2016                                |                               |
| Service Year (yyyy)  | 2012              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 | -                                   |                               |
| Service Month (1-12) | 11                | FCR w/o incentives, less depreciation                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 148,392                             |                               |
| 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 ## |
| 2012                 | 6,529,259         | 12,366.02   | 6,516,893      | 6,523,076       | 1,260,336                       | 1,260,336                           | \$ -                          |
| 2013                 | 6,516,893         | 148,392   | 6,368,501      | 6,442,697       | 1,380,984                       | 1,380,984                           | \$ -                          |
| 2014                 | 6,368,501         | 148,392   | 6,220,108      | 6,294,305       | 1,352,594                       | 1,352,594                           | \$ -                          |
| 2015                 | 6,220,108         | 148,392   | 6,071,716      | 6,145,912       | 1,324,205                       | 1,324,205                           | \$ -                          |
| 2016                 | 6,071,716         | 148,392   | 5,923,324      | 5,997,520       | 1,295,815                       | 1,295,815                           | \$ -                          |
| 2017                 | 5,923,324         | 148,392   | 5,774,932      | 5,849,128       | 1,267,425                       | 1,267,425                           | \$ -                          |
| 2018                 | 5,774,932         | 148,392   | 5,626,539      | 5,700,736       | 1,239,035                       | 1,239,035                           | \$ -                          |
| 2019                 | 5,626,539         | 148,392   | 5,478,147      | 5,552,343       | 1,210,645                       | 1,210,645                           | \$ -                          |
| 2020                 | 5,478,147         | 148,392   | 5,329,755      | 5,403,951       | 1,182,255                       | 1,182,255                           | \$ -                          |
| 2021                 | 5,329,755         | 148,392   | 5,181,363      | 5,255,559       | 1,153,866                       | 1,153,866                           | \$ -                          |
| 2022                 | 5,181,363         | 148,392   | 5,032,970      | 5,107,167       | 1,125,476                       | 1,125,476                           | \$ -                          |
| 2023                 | 5,032,970         | 148,392   | 4,884,578      | 4,958,774       | 1,097,086                       | 1,097,086                           | \$ -                          |
| 2024                 | 4,884,578         | 148,392   | 4,736,186      | 4,810,382       | 1,068,696                       | 1,068,696                           | \$ -                          |
| 2025                 | 4,736,186         | 148,392   | 4,587,794      | 4,661,990       | 1,040,306                       | 1,040,306                           | \$ -                          |
| 2026                 | 4,587,794         | 148,392   | 4,439,401      | 4,513,598       | 1,011,916                       | 1,011,916                           | \$ -                          |
| 2027                 | 4,439,401         | 148,392   | 4,291,009      | 4,365,205       | 983,527                         | 983,527                             | \$ -                          |
| 2028                 | 4,291,009         | 148,392   | 4,142,617      | 4,216,813       | 955,137                         | 955,137                             | \$ -                          |
| 2029                 | 4,142,617         | 148,392   | 3,994,225      | 4,068,421       | 926,747                         | 926,747                             | \$ -                          |
| 2030                 | 3,994,225         | 148,392   | 3,845,832      | 3,920,029       | 898,357                         | 898,357                             | \$ -                          |
| 2031                 | 3,845,832         | 148,392   | 3,697,440      | 3,771,636       | 869,967                         | 869,967                             | \$ -                          |
| 2032                 | 3,697,440         | 148,392   | 3,549,048      | 3,623,244       | 841,577                         | 841,577                             | \$ -                          |
| 2033                 | 3,549,048         | 148,392   | 3,400,656      | 3,474,852       | 813,188                         | 813,188                             | \$ -                          |
| 2034                 | 3,400,656         | 148,392   | 3,252,263      | 3,326,460       | 784,798                         | 784,798                             | \$ -                          |
| 2035                 | 3,252,263         | 148,392   | 3,103,871      | 3,178,067       | 756,408                         | 756,408                             | \$ -                          |
| 2036                 | 3,103,871         | 148,392   | 2,955,479      | 3,029,675       | 728,018                         | 728,018                             | \$ -                          |
| 2037                 | 2,955,479         | 148,392   | 2,807,087      | 2,881,283       | 699,628                         | 699,628                             | \$ -                          |
| 2038                 | 2,807,087         | 148,392   | 2,658,694      | 2,732,891       | 671,238                         | 671,238                             | \$ -                          |
| 2039                 | 2,658,694         | 148,392   | 2,510,302      | 2,584,498       | 642,849                         | 642,849                             | \$ -                          |
| 2040                 | 2,510,302         | 148,392   | 2,361,910      | 2,436,106       | 614,459                         | 614,459                             | \$ -                          |
| 2041                 | 2,361,910         | 148,392   | 2,213,518      | 2,287,714       | 586,069                         | 586,069                             | \$ -                          |
| 2042                 | 2,213,518         | 148,392   | 2,065,125      | 2,139,322       | 557,679                         | 557,679                             | \$ -                          |
| 2043                 | 2,065,125         | 148,392   | 1,916,733      | 1,990,929       | 529,289                         | 529,289                             | \$ -                          |
| 2044                 | 1,916,733         | 148,392   | 1,768,341      | 1,842,537       | 500,899                         | 500,899                             | \$ -                          |
| 2045                 | 1,768,341         | 148,392   | 1,619,949      | 1,694,145       | 472,510                         | 472,510                             | \$ -                          |
| 2046                 | 1,619,949         | 148,392   | 1,471,556      | 1,545,753       | 444,120                         | 444,120                             | \$ -                          |
| 2047                 | 1,471,556         | 148,392   | 1,323,164      | 1,397,360       | 415,730                         | 415,730                             | \$ -                          |
| 2048                 | 1,323,164         | 148,392   | 1,174,772      | 1,248,968       | 387,340                         | 387,340                             | \$ -                          |
| 2049                 | 1,174,772         | 148,392   | 1,026,380      | 1,100,576       | 358,950                         | 358,950                             | \$ -                          |
| 2050                 | 1,026,380         | 148,392   | 877,987        | 952,184         | 330,560                         | 330,560                             | \$ -                          |
| 2051                 | 877,987           | 148,392   | 729,595        | 803,791         | 302,171                         | 302,171                             | \$ -                          |
| 2052                 | 729,595           | 148,392   | 581,203        | 655,399         | 273,781                         | 273,781                             | \$ -                          |
| 2053                 | 581,203           | 148,392   | 432,811        | 507,007         | 245,391                         | 245,391                             | \$ -                          |
| 2054                 | 432,811           | 148,392   | 284,418        | 358,615         | 217,001                         | 217,001                             | \$ -                          |
| 2055                 | 284,418           | 148,392   | 136,026        | 210,222         | 188,611                         | 188,611                             | \$ -                          |
| 2056                 | 136,026           | 136,026   | -              | 68,013          | 149,038                         | 149,038                             | \$ -                          |
| 2057                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 35,155,675                      | 35,155,675                          |                               |

**\*\* 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.



**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: b0570 (Reconductor EAST LIMA-STERLING 138 KV LINE)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 81,330      | 81,330       | -                 |
| Prior Yr True-Up   | 188,492     | 188,492      | -                 |
| True-Up Adjustment | 107,162     | 107,162      | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 937,776           | 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                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 21,313                              |                               |
| 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 ## |
| 2013                 | 937,776           | 10,657  | 927,119        | 932,448         | 189,049                         | 189,049                             | \$ -                          |
| 2014                 | 927,119           | 21,313  | 905,806        | 916,463         | 196,647                         | 196,647                             | \$ -                          |
| 2015                 | 905,806           | 21,313  | 884,493        | 895,150         | 192,570                         | 192,570                             | \$ -                          |
| 2016                 | 884,493           | 21,313  | 863,180        | 873,837         | 188,492                         | 188,492                             | \$ -                          |
| 2017                 | 863,180           | 21,313  | 841,867        | 852,524         | 184,415                         | 184,415                             | \$ -                          |
| 2018                 | 841,867           | 21,313  | 820,554        | 831,211         | 180,337                         | 180,337                             | \$ -                          |
| 2019                 | 820,554           | 21,313  | 799,241        | 809,897         | 176,260                         | 176,260                             | \$ -                          |
| 2020                 | 799,241           | 21,313  | 777,928        | 788,584         | 172,182                         | 172,182                             | \$ -                          |
| 2021                 | 777,928           | 21,313  | 756,615        | 767,271         | 168,104                         | 168,104                             | \$ -                          |
| 2022                 | 756,615           | 21,313  | 735,302        | 745,958         | 164,027                         | 164,027                             | \$ -                          |
| 2023                 | 735,302           | 21,313  | 713,989        | 724,645         | 159,949                         | 159,949                             | \$ -                          |
| 2024                 | 713,989           | 21,313  | 692,675        | 703,332         | 155,872                         | 155,872                             | \$ -                          |
| 2025                 | 692,675           | 21,313  | 671,362        | 682,019         | 151,794                         | 151,794                             | \$ -                          |
| 2026                 | 671,362           | 21,313  | 650,049        | 660,706         | 147,717                         | 147,717                             | \$ -                          |
| 2027                 | 650,049           | 21,313  | 628,736        | 639,393         | 143,639                         | 143,639                             | \$ -                          |
| 2028                 | 628,736           | 21,313  | 607,423        | 618,080         | 139,562                         | 139,562                             | \$ -                          |
| 2029                 | 607,423           | 21,313  | 586,110        | 596,767         | 135,484                         | 135,484                             | \$ -                          |
| 2030                 | 586,110           | 21,313  | 564,797        | 575,453         | 131,407                         | 131,407                             | \$ -                          |
| 2031                 | 564,797           | 21,313  | 543,484        | 554,140         | 127,329                         | 127,329                             | \$ -                          |
| 2032                 | 543,484           | 21,313  | 522,171        | 532,827         | 123,252                         | 123,252                             | \$ -                          |
| 2033                 | 522,171           | 21,313  | 500,858        | 511,514         | 119,174                         | 119,174                             | \$ -                          |
| 2034                 | 500,858           | 21,313  | 479,545        | 490,201         | 115,096                         | 115,096                             | \$ -                          |
| 2035                 | 479,545           | 21,313  | 458,231        | 468,888         | 111,019                         | 111,019                             | \$ -                          |
| 2036                 | 458,231           | 21,313  | 436,918        | 447,575         | 106,941                         | 106,941                             | \$ -                          |
| 2037                 | 436,918           | 21,313  | 415,605        | 426,262         | 102,864                         | 102,864                             | \$ -                          |
| 2038                 | 415,605           | 21,313  | 394,292        | 404,949         | 98,786                          | 98,786                              | \$ -                          |
| 2039                 | 394,292           | 21,313  | 372,979        | 383,636         | 94,709                          | 94,709                              | \$ -                          |
| 2040                 | 372,979           | 21,313  | 351,666        | 362,323         | 90,631                          | 90,631                              | \$ -                          |
| 2041                 | 351,666           | 21,313  | 330,353        | 341,009         | 86,554                          | 86,554                              | \$ -                          |
| 2042                 | 330,353           | 21,313  | 309,040        | 319,696         | 82,476                          | 82,476                              | \$ -                          |
| 2043                 | 309,040           | 21,313  | 287,727        | 298,383         | 78,399                          | 78,399                              | \$ -                          |
| 2044                 | 287,727           | 21,313  | 266,414        | 277,070         | 74,321                          | 74,321                              | \$ -                          |
| 2045                 | 266,414           | 21,313  | 245,101        | 255,757         | 70,244                          | 70,244                              | \$ -                          |
| 2046                 | 245,101           | 21,313  | 223,787        | 234,444         | 66,166                          | 66,166                              | \$ -                          |
| 2047                 | 223,787           | 21,313  | 202,474        | 213,131         | 62,088                          | 62,088                              | \$ -                          |
| 2048                 | 202,474           | 21,313  | 181,161        | 191,818         | 58,011                          | 58,011                              | \$ -                          |
| 2049                 | 181,161           | 21,313  | 159,848        | 170,505         | 53,933                          | 53,933                              | \$ -                          |
| 2050                 | 159,848           | 21,313  | 138,535        | 149,192         | 49,856                          | 49,856                              | \$ -                          |
| 2051                 | 138,535           | 21,313  | 117,222        | 127,879         | 45,778                          | 45,778                              | \$ -                          |
| 2052                 | 117,222           | 21,313  | 95,909         | 106,565         | 41,701                          | 41,701                              | \$ -                          |
| 2053                 | 95,909            | 21,313  | 74,596         | 85,252          | 37,623                          | 37,623                              | \$ -                          |
| 2054                 | 74,596            | 21,313  | 53,283         | 63,939          | 33,546                          | 33,546                              | \$ -                          |
| 2055                 | 53,283            | 21,313  | 31,970         | 42,626          | 29,468                          | 29,468                              | \$ -                          |
| 2056                 | 31,970            | 21,313  | 10,657         | 21,313          | 25,391                          | 25,391                              | \$ -                          |
| 2057                 | 10,657            | 10,657  | -              | 5,328           | 11,676                          | 11,676                              | \$ -                          |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 4,974,539                       | 4,974,539                           |                               |

[illegible]

**\*\* 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.



**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: b1034.1 (South Canton - West Canton 138kV line (replacing Torrey - West Canton) and Wagenhals – Wayview 138kV )**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 919,468     | 919,468      | -                 |
| Prior Yr True-Up   | 1,157,175   | 1,157,175    | -                 |
| True-Up Adjustment | 237,707     | 237,707      | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |   |   |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|---|---|
| Investment           | 5,705,686         | Current Year  |                |                 |                                 |                                     | 2016                          |   |   |
| Service Year (yyyy)  | 2013              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |   |   |
| Service Month (1-12) | 11                | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |   |   |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |   |   |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 129,675                       |   |   |
| 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 ## |   |   |
| 2013                 | 5,705,686         | 10,806  | 5,694,880      | 5,700,283       | 1,101,362                       | 1,101,362                           | \$                            | - | - |
| 2014                 | 5,694,880         | 129,675   | 5,565,205      | 5,630,042       | 1,206,793                       | 1,206,793                           | \$                            | - | - |
| 2015                 | 5,565,205         | 129,675   | 5,435,530      | 5,500,368       | 1,181,984                       | 1,181,984                           | \$                            | - | - |
| 2016                 | 5,435,530         | 129,675   | 5,305,856      | 5,370,693       | 1,157,175                       | 1,157,175                           | \$                            | - | - |
| 2017                 | 5,305,856         | 129,675   | 5,176,181      | 5,241,018       | 1,132,366                       | 1,132,366                           | \$                            | - | - |
| 2018                 | 5,176,181         | 129,675   | 5,046,506      | 5,111,344       | 1,107,557                       | 1,107,557                           | \$                            | - | - |
| 2019                 | 5,046,506         | 129,675   | 4,916,832      | 4,981,669       | 1,082,748                       | 1,082,748                           | \$                            | - | - |
| 2020                 | 4,916,832         | 129,675   | 4,787,157      | 4,851,994       | 1,057,940                       | 1,057,940                           | \$                            | - | - |
| 2021                 | 4,787,157         | 129,675   | 4,657,482      | 4,722,320       | 1,033,131                       | 1,033,131                           | \$                            | - | - |
| 2022                 | 4,657,482         | 129,675   | 4,527,808      | 4,592,645       | 1,008,322                       | 1,008,322                           | \$                            | - | - |
| 2023                 | 4,527,808         | 129,675   | 4,398,133      | 4,462,970       | 983,513                         | 983,513                             | \$                            | - | - |
| 2024                 | 4,398,133         | 129,675   | 4,268,458      | 4,333,296       | 958,704                         | 958,704                             | \$                            | - | - |
| 2025                 | 4,268,458         | 129,675   | 4,138,784      | 4,203,621       | 933,893                         | 933,893                             | \$                            | - | - |
| 2026                 | 4,138,784         | 129,675   | 4,009,109      | 4,073,946       | 909,086                         | 909,086                             | \$                            | - | - |
| 2027                 | 4,009,109         | 129,675   | 3,879,434      | 3,944,272       | 884,278                         | 884,278                             | \$                            | - | - |
| 2028                 | 3,879,434         | 129,675   | 3,749,760      | 3,814,597       | 859,469                         | 859,469                             | \$                            | - | - |
| 2029                 | 3,749,760         | 129,675   | 3,620,085      | 3,684,922       | 834,660                         | 834,660                             | \$                            | - | - |
| 2030                 | 3,620,085         | 129,675   | 3,490,410      | 3,555,248       | 809,851                         | 809,851                             | \$                            | - | - |
| 2031                 | 3,490,410         | 129,675   | 3,360,736      | 3,425,573       | 785,042                         | 785,042                             | \$                            | - | - |
| 2032                 | 3,360,736         | 129,675   | 3,231,061      | 3,295,898       | 760,233                         | 760,233                             | \$                            | - | - |
| 2033                 | 3,231,061         | 129,675   | 3,101,386      | 3,166,223       | 735,424                         | 735,424                             | \$                            | - | - |
| 2034                 | 3,101,386         | 129,675   | 2,971,711      | 3,036,549       | 710,616                         | 710,616                             | \$                            | - | - |
| 2035                 | 2,971,711         | 129,675   | 2,842,037      | 2,906,874       | 685,807                         | 685,807                             | \$                            | - | - |
| 2036                 | 2,842,037         | 129,675   | 2,712,362      | 2,777,199       | 660,998                         | 660,998                             | \$                            | - | - |
| 2037                 | 2,712,362         | 129,675   | 2,582,687      | 2,647,525       | 636,189                         | 636,189                             | \$                            | - | - |
| 2038                 | 2,582,687         | 129,675   | 2,453,013      | 2,517,850       | 611,380                         | 611,380                             | \$                            | - | - |
| 2039                 | 2,453,013         | 129,675   | 2,323,338      | 2,388,175       | 586,571                         | 586,571                             | \$                            | - | - |
| 2040                 | 2,323,338         | 129,675   | 2,193,663      | 2,258,501       | 561,762                         | 561,762                             | \$                            | - | - |
| 2041                 | 2,193,663         | 129,675   | 2,063,989      | 2,128,826       | 536,953                         | 536,953                             | \$                            | - | - |
| 2042                 | 2,063,989         | 129,675   | 1,934,314      | 1,999,151       | 512,145                         | 512,145                             | \$                            | - | - |
| 2043                 | 1,934,314         | 129,675   | 1,804,639      | 1,869,477       | 487,336                         | 487,336                             | \$                            | - | - |
| 2044                 | 1,804,639         | 129,675   | 1,674,965      | 1,739,802       | 462,527                         | 462,527                             | \$                            | - | - |
| 2045                 | 1,674,965         | 129,675   | 1,545,290      | 1,610,127       | 437,718                         | 437,718                             | \$                            | - | - |
| 2046                 | 1,545,290         | 129,675   | 1,415,615      | 1,480,453       | 412,909                         | 412,909                             | \$                            | - | - |
| 2047                 | 1,415,615         | 129,675   | 1,285,941      | 1,350,778       | 388,100                         | 388,100                             | \$                            | - | - |
| 2048                 | 1,285,941         | 129,675   | 1,156,266      | 1,221,103       | 363,291                         | 363,291                             | \$                            | - | - |
| 2049                 | 1,156,266         | 129,675   | 1,026,591      | 1,091,429       | 338,483                         | 338,483                             | \$                            | - | - |
| 2050                 | 1,026,591         | 129,675   | 896,917        | 961,754         | 313,674                         | 313,674                             | \$                            | - | - |
| 2051                 | 896,917           | 129,675   | 767,242        | 832,079         | 288,865                         | 288,865                             | \$                            | - | - |
| 2052                 | 767,242           | 129,675   | 637,567        | 702,405         | 264,056                         | 264,056                             | \$                            | - | - |
| 2053                 | 637,567           | 129,675   | 507,893        | 572,730         | 239,247                         | 239,247                             | \$                            | - | - |
| 2054                 | 507,893           | 129,675   | 378,218        | 443,055         | 214,438                         | 214,438                             | \$                            | - | - |
| 2055                 | 378,218           | 129,675   | 248,543        | 313,380         | 189,629                         | 189,629                             | \$                            | - | - |
| 2056                 | 248,543           | 129,675   | 118,868        | 183,706         | 164,821                         | 164,821                             | \$                            | - | - |
| 2057                 | 118,868           | 118,868   | -              | 59,434          | 130,239                         | 130,239                             | \$                            | - | - |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| Project Totals       |                   |   |                |                 | 30,721,288                      | 30,721,288                          |                               |   |   |

[illegible]

**\*\* 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.

**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: b1034.6 (138kV circuit breakers at South Canton Station)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 363,235     | 363,235      | -                 |
| Prior Yr True-Up   | 424,419     | 424,419      | -                 |
| True-Up Adjustment | 61,184      | 61,184       | -                 |

**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.

| Details              |                   |   |                |                 |                                 |                                     |                              |   |  |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|------------------------------|---|--|
| Investment           | 2,088,951         | 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                     |                |                 |                                 |                                     | 19.13%                       |   |  |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                       |   |  |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 47,476                       |   |  |
| 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 # |   |  |
| 2013                 | 2,088,951         | -   | 2,088,951      | 2,088,951       | 399,650                         | 399,650                             | \$                           | - |  |
| 2014                 | 2,088,951         | 47,476  | 2,041,475      | 2,065,213       | 442,585                         | 442,585                             | \$                           | - |  |
| 2015                 | 2,041,475         | 47,476  | 1,993,999      | 2,017,737       | 433,502                         | 433,502                             | \$                           | - |  |
| 2016                 | 1,993,999         | 47,476  | 1,946,523      | 1,970,261       | 424,419                         | 424,419                             | \$                           | - |  |
| 2017                 | 1,946,523         | 47,476  | 1,899,046      | 1,922,784       | 415,336                         | 415,336                             | \$                           | - |  |
| 2018                 | 1,899,046         | 47,476  | 1,851,570      | 1,875,308       | 406,253                         | 406,253                             | \$                           | - |  |
| 2019                 | 1,851,570         | 47,476  | 1,804,094      | 1,827,832       | 397,170                         | 397,170                             | \$                           | - |  |
| 2020                 | 1,804,094         | 47,476  | 1,756,618      | 1,780,356       | 388,087                         | 388,087                             | \$                           | - |  |
| 2021                 | 1,756,618         | 47,476  | 1,709,142      | 1,732,880       | 379,004                         | 379,004                             | \$                           | - |  |
| 2022                 | 1,709,142         | 47,476  | 1,661,666      | 1,685,404       | 369,921                         | 369,921                             | \$                           | - |  |
| 2023                 | 1,661,666         | 47,476  | 1,614,189      | 1,637,927       | 360,838                         | 360,838                             | \$                           | - |  |
| 2024                 | 1,614,189         | 47,476  | 1,566,713      | 1,590,451       | 351,755                         | 351,755                             | \$                           | - |  |
| 2025                 | 1,566,713         | 47,476  | 1,519,237      | 1,542,975       | 342,672                         | 342,672                             | \$                           | - |  |
| 2026                 | 1,519,237         | 47,476  | 1,471,761      | 1,495,499       | 333,589                         | 333,589                             | \$                           | - |  |
| 2027                 | 1,471,761         | 47,476  | 1,424,285      | 1,448,023       | 324,506                         | 324,506                             | \$                           | - |  |
| 2028                 | 1,424,285         | 47,476  | 1,376,809      | 1,400,547       | 315,423                         | 315,423                             | \$                           | - |  |
| 2029                 | 1,376,809         | 47,476  | 1,329,332      | 1,353,071       | 306,340                         | 306,340                             | \$                           | - |  |
| 2030                 | 1,329,332         | 47,476  | 1,281,856      | 1,305,594       | 297,257                         | 297,257                             | \$                           | - |  |
| 2031                 | 1,281,856         | 47,476  | 1,234,380      | 1,258,118       | 288,174                         | 288,174                             | \$                           | - |  |
| 2032                 | 1,234,380         | 47,476  | 1,186,904      | 1,210,642       | 279,092                         | 279,092                             | \$                           | - |  |
| 2033                 | 1,186,904         | 47,476  | 1,139,428      | 1,163,166       | 270,009                         | 270,009                             | \$                           | - |  |
| 2034                 | 1,139,428         | 47,476  | 1,091,952      | 1,115,690       | 260,926                         | 260,926                             | \$                           | - |  |
| 2035                 | 1,091,952         | 47,476  | 1,044,476      | 1,068,214       | 251,843                         | 251,843                             | \$                           | - |  |
| 2036                 | 1,044,476         | 47,476  | 996,999        | 1,020,737       | 242,760                         | 242,760                             | \$                           | - |  |
| 2037                 | 996,999           | 47,476  | 949,523        | 973,261         | 233,677                         | 233,677                             | \$                           | - |  |
| 2038                 | 949,523           | 47,476  | 902,047        | 925,785         | 224,594                         | 224,594                             | \$                           | - |  |
| 2039                 | 902,047           | 47,476  | 854,571        | 878,309         | 215,511                         | 215,511                             | \$                           | - |  |
| 2040                 | 854,571           | 47,476  | 807,095        | 830,833         | 206,428                         | 206,428                             | \$                           | - |  |
| 2041                 | 807,095           | 47,476  | 759,619        | 783,357         | 197,345                         | 197,345                             | \$                           | - |  |
| 2042                 | 759,619           | 47,476  | 712,142        | 735,880         | 188,262                         | 188,262                             | \$                           | - |  |
| 2043                 | 712,142           | 47,476  | 664,666        | 688,404         | 179,179                         | 179,179                             | \$                           | - |  |
| 2044                 | 664,666           | 47,476  | 617,190        | 640,928         | 170,096                         | 170,096                             | \$                           | - |  |
| 2045                 | 617,190           | 47,476  | 569,714        | 593,452         | 161,013                         | 161,013                             | \$                           | - |  |
| 2046                 | 569,714           | 47,476  | 522,238        | 545,976         | 151,930                         | 151,930                             | \$                           | - |  |
| 2047                 | 522,238           | 47,476  | 474,762        | 498,500         | 142,847                         | 142,847                             | \$                           | - |  |
| 2048                 | 474,762           | 47,476  | 427,285        | 451,024         | 133,764                         | 133,764                             | \$                           | - |  |
| 2049                 | 427,285           | 47,476  | 379,809        | 403,547         | 124,681                         | 124,681                             | \$                           | - |  |
| 2050                 | 379,809           | 47,476  | 332,333        | 356,071         | 115,598                         | 115,598                             | \$                           | - |  |
| 2051                 | 332,333           | 47,476  | 284,857        | 308,595         | 106,515                         | 106,515                             | \$                           | - |  |
| 2052                 | 284,857           | 47,476  | 237,381        | 261,119         | 97,432                          | 97,432                              | \$                           | - |  |
| 2053                 | 237,381           | 47,476  | 189,905        | 213,643         | 88,349                          | 88,349                              | \$                           | - |  |
| 2054                 | 189,905           | 47,476  | 142,428        | 166,167         | 79,267                          | 79,267                              | \$                           | - |  |
| 2055                 | 142,428           | 47,476  | 94,952         | 118,690         | 70,184                          | 70,184                              | \$                           | - |  |
| 2056                 | 94,952            | 47,476  | 47,476         | 71,214          | 61,101                          | 61,101                              | \$                           | - |  |
| 2057                 | 47,476            | 47,476  | -              | 23,738          | 52,018                          | 52,018                              | \$                           | - |  |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$                           | - |  |
| Project Totals       |                   |   |                |                 | 11,280,903                      | 11,280,903                          | -                            |   |  |

[illegible]

\*\* 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.

**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: b1864.1 (Add two additional 345/138 kV transformers at Kammer)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 42,109      | 42,109       | -                 |
| Prior Yr True-Up   | -           | -            | -                 |
| True-Up Adjustment | (42,109)    | (42,109)     | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | -                 | 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                     |                |                 |                                 |                                     | 19.13%                        |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |
| CIA/C (Yes or No)    | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | -                             |
| 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 ## |
| 2015                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2016                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 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                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | -                               | -                                   | -                             |

[illegible]

**\*\* 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.



**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: b2021 (Add 345/138 kV Transformers at Sporn, Kanawha River, and Muskingum River stations)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 662,503     | 662,503      | -                 |
| Prior Yr True-Up   | 811,326     | 811,326      | -                 |
| True-Up Adjustment | 148,823     | 148,823      | -                 |

**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.

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 4,007,566         | Current Year  |                |                 |                                 | 2016                                |                               |
| Service Year (yyyy)  | 2013              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 | -                                   |                               |
| Service Month (1-12) | 10                | FCR w/o incentives, less depreciation                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 91,081                              |                               |
| 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 ## |
| 2013                 | 4,007,566         | 15,180  | 3,992,386      | 3,999,976       | 780,440                         | 780,440                             | \$ -                          |
| 2014                 | 3,992,386         | 91,081  | 3,901,305      | 3,946,845       | 846,176                         | 846,176                             | \$ -                          |
| 2015                 | 3,901,305         | 91,081  | 3,810,224      | 3,855,764       | 828,751                         | 828,751                             | \$ -                          |
| 2016                 | 3,810,224         | 91,081  | 3,719,143      | 3,764,683       | 811,326                         | 811,326                             | \$ -                          |
| 2017                 | 3,719,143         | 91,081  | 3,628,062      | 3,673,602       | 793,900                         | 793,900                             | \$ -                          |
| 2018                 | 3,628,062         | 91,081  | 3,536,981      | 3,582,521       | 776,475                         | 776,475                             | \$ -                          |
| 2019                 | 3,536,981         | 91,081  | 3,445,900      | 3,491,440       | 759,050                         | 759,050                             | \$ -                          |
| 2020                 | 3,445,900         | 91,081  | 3,354,819      | 3,400,359       | 741,625                         | 741,625                             | \$ -                          |
| 2021                 | 3,354,819         | 91,081  | 3,263,737      | 3,309,278       | 724,199                         | 724,199                             | \$ -                          |
| 2022                 | 3,263,737         | 91,081  | 3,172,656      | 3,218,197       | 706,774                         | 706,774                             | \$ -                          |
| 2023                 | 3,172,656         | 91,081  | 3,081,575      | 3,127,116       | 689,349                         | 689,349                             | \$ -                          |
| 2024                 | 3,081,575         | 91,081  | 2,990,494      | 3,036,035       | 671,924                         | 671,924                             | \$ -                          |
| 2025                 | 2,990,494         | 91,081  | 2,899,413      | 2,944,954       | 654,498                         | 654,498                             | \$ -                          |
| 2026                 | 2,899,413         | 91,081  | 2,808,332      | 2,853,873       | 637,073                         | 637,073                             | \$ -                          |
| 2027                 | 2,808,332         | 91,081  | 2,717,251      | 2,762,792       | 619,648                         | 619,648                             | \$ -                          |
| 2028                 | 2,717,251         | 91,081  | 2,626,170      | 2,671,711       | 602,222                         | 602,222                             | \$ -                          |
| 2029                 | 2,626,170         | 91,081  | 2,535,089      | 2,580,630       | 584,797                         | 584,797                             | \$ -                          |
| 2030                 | 2,535,089         | 91,081  | 2,444,008      | 2,489,549       | 567,372                         | 567,372                             | \$ -                          |
| 2031                 | 2,444,008         | 91,081  | 2,352,927      | 2,398,468       | 549,947                         | 549,947                             | \$ -                          |
| 2032                 | 2,352,927         | 91,081  | 2,261,846      | 2,307,386       | 532,521                         | 532,521                             | \$ -                          |
| 2033                 | 2,261,846         | 91,081  | 2,170,765      | 2,216,305       | 515,096                         | 515,096                             | \$ -                          |
| 2034                 | 2,170,765         | 91,081  | 2,079,684      | 2,125,224       | 497,671                         | 497,671                             | \$ -                          |
| 2035                 | 2,079,684         | 91,081  | 1,988,603      | 2,034,143       | 480,246                         | 480,246                             | \$ -                          |
| 2036                 | 1,988,603         | 91,081  | 1,897,522      | 1,943,062       | 462,820                         | 462,820                             | \$ -                          |
| 2037                 | 1,897,522         | 91,081  | 1,806,441      | 1,851,981       | 445,395                         | 445,395                             | \$ -                          |
| 2038                 | 1,806,441         | 91,081  | 1,715,360      | 1,760,900       | 427,970                         | 427,970                             | \$ -                          |
| 2039                 | 1,715,360         | 91,081  | 1,624,279      | 1,669,819       | 410,544                         | 410,544                             | \$ -                          |
| 2040                 | 1,624,279         | 91,081  | 1,533,198      | 1,578,738       | 393,119                         | 393,119                             | \$ -                          |
| 2041                 | 1,533,198         | 91,081  | 1,442,117      | 1,487,657       | 375,694                         | 375,694                             | \$ -                          |
| 2042                 | 1,442,117         | 91,081  | 1,351,036      | 1,396,576       | 358,269                         | 358,269                             | \$ -                          |
| 2043                 | 1,351,036         | 91,081  | 1,259,954      | 1,305,495       | 340,843                         | 340,843                             | \$ -                          |
| 2044                 | 1,259,954         | 91,081  | 1,168,873      | 1,214,414       | 323,418                         | 323,418                             | \$ -                          |
| 2045                 | 1,168,873         | 91,081  | 1,077,792      | 1,123,333       | 305,993                         | 305,993                             | \$ -                          |
| 2046                 | 1,077,792         | 91,081  | 986,711        | 1,032,252       | 288,567                         | 288,567                             | \$ -                          |
| 2047                 | 986,711           | 91,081  | 895,630        | 941,171         | 271,142                         | 271,142                             | \$ -                          |
| 2048                 | 895,630           | 91,081  | 804,549        | 850,090         | 253,717                         | 253,717                             | \$ -                          |
| 2049                 | 804,549           | 91,081  | 713,468        | 759,009         | 236,292                         | 236,292                             | \$ -                          |
| 2050                 | 713,468           | 91,081  | 622,387        | 667,928         | 218,866                         | 218,866                             | \$ -                          |
| 2051                 | 622,387           | 91,081  | 531,306        | 576,847         | 201,441                         | 201,441                             | \$ -                          |
| 2052                 | 531,306           | 91,081  | 440,225        | 485,766         | 184,016                         | 184,016                             | \$ -                          |
| 2053                 | 440,225           | 91,081  | 349,144        | 394,685         | 166,591                         | 166,591                             | \$ -                          |
| 2054                 | 349,144           | 91,081  | 258,063        | 303,603         | 149,165                         | 149,165                             | \$ -                          |
| 2055                 | 258,063           | 91,081  | 166,982        | 212,522         | 131,740                         | 131,740                             | \$ -                          |
| 2056                 | 166,982           | 91,081  | 75,901         | 121,441         | 114,315                         | 114,315                             | \$ -                          |
| 2057                 | 75,901            | 75,901  | -              | 37,950          | 83,161                          | 83,161                              | \$ -                          |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 21,514,159                      | 21,514,159                          | -                             |

[illegible]

\*\*\* 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.

**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: b2032 (Rebuild 138 kV Elliott Tap-Poston line)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 22,706      | 22,706       | -                 |
| Prior Yr True-Up   | 23,570      | 23,570       | -                 |
| True-Up Adjustment | 864         | 864          | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |   |   |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|---|---|
| Investment           | 118,332           | Current Year  |                |                 |                                 |                                     | 2016                          |   |   |
| Service Year (yyyy)  | 2013              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |   |   |
| Service Month (1-12) | 1                 | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |   |   |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |   |   |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 2,689                         |   |   |
| 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 ## |   |   |
| 2013                 | 118,332           | 2,465   | 115,867        | 117,099         | 24,868                          | 24,868                              | \$                            | - | - |
| 2014                 | 115,867           | 2,689   | 113,177        | 114,522         | 24,599                          | 24,599                              | \$                            | - | - |
| 2015                 | 113,177           | 2,689   | 110,488        | 111,833         | 24,085                          | 24,085                              | \$                            | - | - |
| 2016                 | 110,488           | 2,689   | 107,799        | 109,143         | 23,570                          | 23,570                              | \$                            | - | - |
| 2017                 | 107,799           | 2,689   | 105,109        | 106,454         | 23,056                          | 23,056                              | \$                            | - | - |
| 2018                 | 105,109           | 2,689   | 102,420        | 103,765         | 22,541                          | 22,541                              | \$                            | - | - |
| 2019                 | 102,420           | 2,689   | 99,731         | 101,075         | 22,027                          | 22,027                              | \$                            | - | - |
| 2020                 | 99,731            | 2,689   | 97,041         | 98,386          | 21,512                          | 21,512                              | \$                            | - | - |
| 2021                 | 97,041            | 2,689   | 94,352         | 95,697          | 20,998                          | 20,998                              | \$                            | - | - |
| 2022                 | 94,352            | 2,689   | 91,662         | 93,007          | 20,483                          | 20,483                              | \$                            | - | - |
| 2023                 | 91,662            | 2,689   | 88,973         | 90,318          | 19,969                          | 19,969                              | \$                            | - | - |
| 2024                 | 88,973            | 2,689   | 86,284         | 87,628          | 19,454                          | 19,454                              | \$                            | - | - |
| 2025                 | 86,284            | 2,689   | 83,594         | 84,939          | 18,940                          | 18,940                              | \$                            | - | - |
| 2026                 | 83,594            | 2,689   | 80,905         | 82,250          | 18,425                          | 18,425                              | \$                            | - | - |
| 2027                 | 80,905            | 2,689   | 78,216         | 79,560          | 17,911                          | 17,911                              | \$                            | - | - |
| 2028                 | 78,216            | 2,689   | 75,526         | 76,871          | 17,396                          | 17,396                              | \$                            | - | - |
| 2029                 | 75,526            | 2,689   | 72,837         | 74,182          | 16,882                          | 16,882                              | \$                            | - | - |
| 2030                 | 72,837            | 2,689   | 70,148         | 71,492          | 16,367                          | 16,367                              | \$                            | - | - |
| 2031                 | 70,148            | 2,689   | 67,458         | 68,803          | 15,852                          | 15,852                              | \$                            | - | - |
| 2032                 | 67,458            | 2,689   | 64,769         | 66,114          | 15,338                          | 15,338                              | \$                            | - | - |
| 2033                 | 64,769            | 2,689   | 62,079         | 63,424          | 14,823                          | 14,823                              | \$                            | - | - |
| 2034                 | 62,079            | 2,689   | 59,390         | 60,735          | 14,309                          | 14,309                              | \$                            | - | - |
| 2035                 | 59,390            | 2,689   | 56,701         | 58,045          | 13,794                          | 13,794                              | \$                            | - | - |
| 2036                 | 56,701            | 2,689   | 54,011         | 55,356          | 13,280                          | 13,280                              | \$                            | - | - |
| 2037                 | 54,011            | 2,689   | 51,322         | 52,667          | 12,765                          | 12,765                              | \$                            | - | - |
| 2038                 | 51,322            | 2,689   | 48,633         | 49,977          | 12,251                          | 12,251                              | \$                            | - | - |
| 2039                 | 48,633            | 2,689   | 45,943         | 47,288          | 11,736                          | 11,736                              | \$                            | - | - |
| 2040                 | 45,943            | 2,689   | 43,254         | 44,599          | 11,222                          | 11,222                              | \$                            | - | - |
| 2041                 | 43,254            | 2,689   | 40,565         | 41,909          | 10,707                          | 10,707                              | \$                            | - | - |
| 2042                 | 40,565            | 2,689   | 37,875         | 39,220          | 10,193                          | 10,193                              | \$                            | - | - |
| 2043                 | 37,875            | 2,689   | 35,186         | 36,531          | 9,678                           | 9,678                               | \$                            | - | - |
| 2044                 | 35,186            | 2,689   | 32,496         | 33,841          | 9,164                           | 9,164                               | \$                            | - | - |
| 2045                 | 32,496            | 2,689   | 29,807         | 31,152          | 8,649                           | 8,649                               | \$                            | - | - |
| 2046                 | 29,807            | 2,689   | 27,118         | 28,462          | 8,135                           | 8,135                               | \$                            | - | - |
| 2047                 | 27,118            | 2,689   | 24,428         | 25,773          | 7,620                           | 7,620                               | \$                            | - | - |
| 2048                 | 24,428            | 2,689   | 21,739         | 23,084          | 7,106                           | 7,106                               | \$                            | - | - |
| 2049                 | 21,739            | 2,689   | 19,050         | 20,394          | 6,591                           | 6,591                               | \$                            | - | - |
| 2050                 | 19,050            | 2,689   | 16,360         | 17,705          | 6,077                           | 6,077                               | \$                            | - | - |
| 2051                 | 16,360            | 2,689   | 13,671         | 15,016          | 5,562                           | 5,562                               | \$                            | - | - |
| 2052                 | 13,671            | 2,689   | 10,982         | 12,326          | 5,048                           | 5,048                               | \$                            | - | - |
| 2053                 | 10,982            | 2,689   | 8,292          | 9,637           | 4,533                           | 4,533                               | \$                            | - | - |
| 2054                 | 8,292             | 2,689   | 5,603          | 6,948           | 4,019                           | 4,019                               | \$                            | - | - |
| 2055                 | 5,603             | 2,689   | 2,913          | 4,258           | 3,504                           | 3,504                               | \$                            | - | - |
| 2056                 | 2,913             | 2,689   | 224            | 1,569           | 2,989                           | 2,989                               | \$                            | - | - |
| 2057                 | 224               | 224   | -              | 112             | 246                             | 246                                 | \$                            | - | - |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| Project Totals       |                   |   |                |                 | 618,273                         | 618,273                             |                               |   |   |

**\*\* 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.



**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: b1034.2 (Loop the existing South Canton - Wayview 138kV circuit in-and-out of West Canton)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 666,514     | 666,514      | -                 |
| Prior Yr True-Up   | 721,710     | 721,710      | -                 |
| True-Up Adjustment | 55,196      | 55,196       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |   |  |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|---|--|
| Investment           | 3,459,640         | Current Year  |                |                 |                                 |                                     | 2016                          |   |  |
| Service Year (yyyy)  | 2015              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |   |  |
| Service Month (1-12) | 3                 | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |   |  |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |   |  |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 78,628                        |   |  |
| 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 ## |   |  |
| 2015                 | 3,459,640         | 58,971  | 3,400,669      | 3,430,154       | 715,215                         | 715,215                             | \$                            | - |  |
| 2016                 | 3,400,669         | 78,628  | 3,322,041      | 3,361,355       | 721,710                         | 721,710                             | \$                            | - |  |
| 2017                 | 3,322,041         | 78,628  | 3,243,413      | 3,282,727       | 706,667                         | 706,667                             | \$                            | - |  |
| 2018                 | 3,243,413         | 78,628  | 3,164,784      | 3,204,098       | 691,624                         | 691,624                             | \$                            | - |  |
| 2019                 | 3,164,784         | 78,628  | 3,086,156      | 3,125,470       | 676,581                         | 676,581                             | \$                            | - |  |
| 2020                 | 3,086,156         | 78,628  | 3,007,528      | 3,046,842       | 661,538                         | 661,538                             | \$                            | - |  |
| 2021                 | 3,007,528         | 78,628  | 2,928,900      | 2,968,214       | 646,495                         | 646,495                             | \$                            | - |  |
| 2022                 | 2,928,900         | 78,628  | 2,850,272      | 2,889,586       | 631,453                         | 631,453                             | \$                            | - |  |
| 2023                 | 2,850,272         | 78,628  | 2,771,643      | 2,810,958       | 616,410                         | 616,410                             | \$                            | - |  |
| 2024                 | 2,771,643         | 78,628  | 2,693,015      | 2,732,329       | 601,367                         | 601,367                             | \$                            | - |  |
| 2025                 | 2,693,015         | 78,628  | 2,614,387      | 2,653,701       | 586,324                         | 586,324                             | \$                            | - |  |
| 2026                 | 2,614,387         | 78,628  | 2,535,759      | 2,575,073       | 571,281                         | 571,281                             | \$                            | - |  |
| 2027                 | 2,535,759         | 78,628  | 2,457,131      | 2,496,445       | 556,238                         | 556,238                             | \$                            | - |  |
| 2028                 | 2,457,131         | 78,628  | 2,378,503      | 2,417,817       | 541,196                         | 541,196                             | \$                            | - |  |
| 2029                 | 2,378,503         | 78,628  | 2,299,874      | 2,339,188       | 526,153                         | 526,153                             | \$                            | - |  |
| 2030                 | 2,299,874         | 78,628  | 2,221,246      | 2,260,560       | 511,110                         | 511,110                             | \$                            | - |  |
| 2031                 | 2,221,246         | 78,628  | 2,142,618      | 2,181,932       | 496,067                         | 496,067                             | \$                            | - |  |
| 2032                 | 2,142,618         | 78,628  | 2,063,990      | 2,103,304       | 481,024                         | 481,024                             | \$                            | - |  |
| 2033                 | 2,063,990         | 78,628  | 1,985,362      | 2,024,676       | 465,981                         | 465,981                             | \$                            | - |  |
| 2034                 | 1,985,362         | 78,628  | 1,906,733      | 1,946,048       | 450,938                         | 450,938                             | \$                            | - |  |
| 2035                 | 1,906,733         | 78,628  | 1,828,105      | 1,867,419       | 435,896                         | 435,896                             | \$                            | - |  |
| 2036                 | 1,828,105         | 78,628  | 1,749,477      | 1,788,791       | 420,853                         | 420,853                             | \$                            | - |  |
| 2037                 | 1,749,477         | 78,628  | 1,670,849      | 1,710,163       | 405,810                         | 405,810                             | \$                            | - |  |
| 2038                 | 1,670,849         | 78,628  | 1,592,221      | 1,631,535       | 390,767                         | 390,767                             | \$                            | - |  |
| 2039                 | 1,592,221         | 78,628  | 1,513,593      | 1,552,907       | 375,724                         | 375,724                             | \$                            | - |  |
| 2040                 | 1,513,593         | 78,628  | 1,434,964      | 1,474,278       | 360,681                         | 360,681                             | \$                            | - |  |
| 2041                 | 1,434,964         | 78,628  | 1,356,336      | 1,395,650       | 345,639                         | 345,639                             | \$                            | - |  |
| 2042                 | 1,356,336         | 78,628  | 1,277,708      | 1,317,022       | 330,596                         | 330,596                             | \$                            | - |  |
| 2043                 | 1,277,708         | 78,628  | 1,199,080      | 1,238,394       | 315,553                         | 315,553                             | \$                            | - |  |
| 2044                 | 1,199,080         | 78,628  | 1,120,452      | 1,159,766       | 300,510                         | 300,510                             | \$                            | - |  |
| 2045                 | 1,120,452         | 78,628  | 1,041,823      | 1,081,138       | 285,467                         | 285,467                             | \$                            | - |  |
| 2046                 | 1,041,823         | 78,628  | 963,195        | 1,002,509       | 270,424                         | 270,424                             | \$                            | - |  |
| 2047                 | 963,195           | 78,628  | 884,567        | 923,881         | 255,382                         | 255,382                             | \$                            | - |  |
| 2048                 | 884,567           | 78,628  | 805,939        | 845,253         | 240,339                         | 240,339                             | \$                            | - |  |
| 2049                 | 805,939           | 78,628  | 727,311        | 766,625         | 225,296                         | 225,296                             | \$                            | - |  |
| 2050                 | 727,311           | 78,628  | 648,683        | 687,997         | 210,253                         | 210,253                             | \$                            | - |  |
| 2051                 | 648,683           | 78,628  | 570,054        | 609,368         | 195,210                         | 195,210                             | \$                            | - |  |
| 2052                 | 570,054           | 78,628  | 491,426        | 530,740         | 180,167                         | 180,167                             | \$                            | - |  |
| 2053                 | 491,426           | 78,628  | 412,798        | 452,112         | 165,125                         | 165,125                             | \$                            | - |  |
| 2054                 | 412,798           | 78,628  | 334,170        | 373,484         | 150,082                         | 150,082                             | \$                            | - |  |
| 2055                 | 334,170           | 78,628  | 255,542        | 294,856         | 135,039                         | 135,039                             | \$                            | - |  |
| 2056                 | 255,542           | 78,628  | 176,913        | 216,228         | 119,996                         | 119,996                             | \$                            | - |  |
| 2057                 | 176,913           | 78,628  | 98,285         | 137,599         | 104,953                         | 104,953                             | \$                            | - |  |
| 2058                 | 98,285            | 78,628  | 19,657         | 58,971          | 89,910                          | 89,910                              | \$                            | - |  |
| 2059                 | 19,657            | 19,657  | -              | 9,829           | 21,537                          | 21,537                              | \$                            | - |  |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - |  |
| Project Totals       |                   |   |                |                 | 18,186,581                      | 18,186,581                          | -                             |   |  |

\*\* 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.

**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: b1034.7 (Replace all obsolete 138kV circuit breakers at the Torrey and Wagenhals stations)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 821,901     | 821,901      | -                 |
| Prior Yr True-Up   | 836,652     | 836,652      | -                 |
| True-Up Adjustment | 14,751      | 14,751       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |   |   |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|---|---|
| Investment           | 4,140,077         | Current Year  |                |                 |                                 |                                     | 2016                          |   |   |
| Service Year (yyyy)  | 2013              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |   |   |
| Service Month (1-12) | 9                 | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |   |   |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |   |   |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 94,093                        |   |   |
| 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 ## |   |   |
| 2013                 | 4,140,077         | 23,523  | 4,116,554      | 4,128,315       | 813,337                         | 813,337                             | \$                            | - | - |
| 2014                 | 4,116,554         | 94,093  | 4,022,461      | 4,069,508       | 872,655                         | 872,655                             | \$                            | - | - |
| 2015                 | 4,022,461         | 94,093  | 3,928,369      | 3,975,415       | 854,654                         | 854,654                             | \$                            | - | - |
| 2016                 | 3,928,369         | 94,093  | 3,834,276      | 3,881,322       | 836,652                         | 836,652                             | \$                            | - | - |
| 2017                 | 3,834,276         | 94,093  | 3,740,183      | 3,787,230       | 818,651                         | 818,651                             | \$                            | - | - |
| 2018                 | 3,740,183         | 94,093  | 3,646,091      | 3,693,137       | 800,649                         | 800,649                             | \$                            | - | - |
| 2019                 | 3,646,091         | 94,093  | 3,551,998      | 3,599,044       | 782,648                         | 782,648                             | \$                            | - | - |
| 2020                 | 3,551,998         | 94,093  | 3,457,905      | 3,504,952       | 764,646                         | 764,646                             | \$                            | - | - |
| 2021                 | 3,457,905         | 94,093  | 3,363,813      | 3,410,859       | 746,645                         | 746,645                             | \$                            | - | - |
| 2022                 | 3,363,813         | 94,093  | 3,269,720      | 3,316,766       | 728,644                         | 728,644                             | \$                            | - | - |
| 2023                 | 3,269,720         | 94,093  | 3,175,627      | 3,222,674       | 710,642                         | 710,642                             | \$                            | - | - |
| 2024                 | 3,175,627         | 94,093  | 3,081,535      | 3,128,581       | 692,641                         | 692,641                             | \$                            | - | - |
| 2025                 | 3,081,535         | 94,093  | 2,987,442      | 3,034,488       | 674,639                         | 674,639                             | \$                            | - | - |
| 2026                 | 2,987,442         | 94,093  | 2,893,349      | 2,940,396       | 656,638                         | 656,638                             | \$                            | - | - |
| 2027                 | 2,893,349         | 94,093  | 2,799,257      | 2,846,303       | 638,636                         | 638,636                             | \$                            | - | - |
| 2028                 | 2,799,257         | 94,093  | 2,705,164      | 2,752,210       | 620,635                         | 620,635                             | \$                            | - | - |
| 2029                 | 2,705,164         | 94,093  | 2,611,071      | 2,658,118       | 602,633                         | 602,633                             | \$                            | - | - |
| 2030                 | 2,611,071         | 94,093  | 2,516,979      | 2,564,025       | 584,632                         | 584,632                             | \$                            | - | - |
| 2031                 | 2,516,979         | 94,093  | 2,422,886      | 2,469,932       | 566,631                         | 566,631                             | \$                            | - | - |
| 2032                 | 2,422,886         | 94,093  | 2,328,793      | 2,375,840       | 548,629                         | 548,629                             | \$                            | - | - |
| 2033                 | 2,328,793         | 94,093  | 2,234,701      | 2,281,747       | 530,628                         | 530,628                             | \$                            | - | - |
| 2034                 | 2,234,701         | 94,093  | 2,140,608      | 2,187,654       | 512,626                         | 512,626                             | \$                            | - | - |
| 2035                 | 2,140,608         | 94,093  | 2,046,515      | 2,093,562       | 494,625                         | 494,625                             | \$                            | - | - |
| 2036                 | 2,046,515         | 94,093  | 1,952,423      | 1,999,469       | 476,623                         | 476,623                             | \$                            | - | - |
| 2037                 | 1,952,423         | 94,093  | 1,858,330      | 1,905,376       | 458,622                         | 458,622                             | \$                            | - | - |
| 2038                 | 1,858,330         | 94,093  | 1,764,237      | 1,811,284       | 440,620                         | 440,620                             | \$                            | - | - |
| 2039                 | 1,764,237         | 94,093  | 1,670,145      | 1,717,191       | 422,619                         | 422,619                             | \$                            | - | - |
| 2040                 | 1,670,145         | 94,093  | 1,576,052      | 1,623,098       | 404,618                         | 404,618                             | \$                            | - | - |
| 2041                 | 1,576,052         | 94,093  | 1,481,959      | 1,529,006       | 386,616                         | 386,616                             | \$                            | - | - |
| 2042                 | 1,481,959         | 94,093  | 1,387,867      | 1,434,913       | 368,615                         | 368,615                             | \$                            | - | - |
| 2043                 | 1,387,867         | 94,093  | 1,293,774      | 1,340,820       | 350,613                         | 350,613                             | \$                            | - | - |
| 2044                 | 1,293,774         | 94,093  | 1,199,681      | 1,246,728       | 332,612                         | 332,612                             | \$                            | - | - |
| 2045                 | 1,199,681         | 94,093  | 1,105,589      | 1,152,635       | 314,610                         | 314,610                             | \$                            | - | - |
| 2046                 | 1,105,589         | 94,093  | 1,011,496      | 1,058,542       | 296,609                         | 296,609                             | \$                            | - | - |
| 2047                 | 1,011,496         | 94,093  | 917,403        | 964,450         | 278,607                         | 278,607                             | \$                            | - | - |
| 2048                 | 917,403           | 94,093  | 823,311        | 870,357         | 260,606                         | 260,606                             | \$                            | - | - |
| 2049                 | 823,311           | 94,093  | 729,218        | 776,264         | 242,605                         | 242,605                             | \$                            | - | - |
| 2050                 | 729,218           | 94,093  | 635,125        | 682,172         | 224,603                         | 224,603                             | \$                            | - | - |
| 2051                 | 635,125           | 94,093  | 541,033        | 588,079         | 206,602                         | 206,602                             | \$                            | - | - |
| 2052                 | 541,033           | 94,093  | 446,940        | 493,986         | 188,600                         | 188,600                             | \$                            | - | - |
| 2053                 | 446,940           | 94,093  | 352,847        | 399,894         | 170,599                         | 170,599                             | \$                            | - | - |
| 2054                 | 352,847           | 94,093  | 258,755        | 305,801         | 152,597                         | 152,597                             | \$                            | - | - |
| 2055                 | 258,755           | 94,093  | 164,662        | 211,708         | 134,596                         | 134,596                             | \$                            | - | - |
| 2056                 | 164,662           | 94,093  | 70,569         | 117,616         | 116,594                         | 116,594                             | \$                            | - | - |
| 2057                 | 70,569            | 70,569  | -              | 35,285          | 77,320                          | 77,320                              | \$                            | - | - |
| 2058                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$                            | - | - |
| Project Totals       |                   |   |                |                 | 22,159,524                      | 22,159,524                          |                               |   |   |

**\*\* 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.

**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: b1970 (Reconductor 13 miles of Kammer-West Bellaire 345 kV line)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 174,005     | 174,005      | -                 |
| Prior Yr True-Up   | 176,504     | 176,504      | -                 |
| True-Up Adjustment | 2,499       | 2,499        | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 850,534           | Current Year  |                |                 |                                 | 2016                                |                               |
| Service Year (yyyy)  | 2014              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 | -                                   |                               |
| Service Month (1-12) | 12                | FCR w/o incentives, less depreciation                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 19,330                              |                               |
| 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 ## |
| 2014                 | 850,534           | -   | 850,534        | 850,534         | 162,721                         | 162,721                             | \$ -                          |
| 2015                 | 850,534           | 19,330  | 831,204        | 840,869         | 180,202                         | 180,202                             | \$ -                          |
| 2016                 | 831,204           | 19,330  | 811,873        | 821,539         | 176,504                         | 176,504                             | \$ -                          |
| 2017                 | 811,873           | 19,330  | 792,543        | 802,208         | 172,806                         | 172,806                             | \$ -                          |
| 2018                 | 792,543           | 19,330  | 773,213        | 782,878         | 169,108                         | 169,108                             | \$ -                          |
| 2019                 | 773,213           | 19,330  | 753,882        | 763,548         | 165,409                         | 165,409                             | \$ -                          |
| 2020                 | 753,882           | 19,330  | 734,552        | 744,217         | 161,711                         | 161,711                             | \$ -                          |
| 2021                 | 734,552           | 19,330  | 715,222        | 724,887         | 158,013                         | 158,013                             | \$ -                          |
| 2022                 | 715,222           | 19,330  | 695,891        | 705,557         | 154,315                         | 154,315                             | \$ -                          |
| 2023                 | 695,891           | 19,330  | 676,561        | 686,226         | 150,616                         | 150,616                             | \$ -                          |
| 2024                 | 676,561           | 19,330  | 657,231        | 666,896         | 146,918                         | 146,918                             | \$ -                          |
| 2025                 | 657,231           | 19,330  | 637,900        | 647,566         | 143,220                         | 143,220                             | \$ -                          |
| 2026                 | 637,900           | 19,330  | 618,570        | 628,235         | 139,522                         | 139,522                             | \$ -                          |
| 2027                 | 618,570           | 19,330  | 599,240        | 608,905         | 135,824                         | 135,824                             | \$ -                          |
| 2028                 | 599,240           | 19,330  | 579,910        | 589,575         | 132,125                         | 132,125                             | \$ -                          |
| 2029                 | 579,910           | 19,330  | 560,579        | 570,244         | 128,427                         | 128,427                             | \$ -                          |
| 2030                 | 560,579           | 19,330  | 541,249        | 550,914         | 124,729                         | 124,729                             | \$ -                          |
| 2031                 | 541,249           | 19,330  | 521,919        | 531,584         | 121,031                         | 121,031                             | \$ -                          |
| 2032                 | 521,919           | 19,330  | 502,588        | 512,253         | 117,333                         | 117,333                             | \$ -                          |
| 2033                 | 502,588           | 19,330  | 483,258        | 492,923         | 113,634                         | 113,634                             | \$ -                          |
| 2034                 | 483,258           | 19,330  | 463,928        | 473,593         | 109,936                         | 109,936                             | \$ -                          |
| 2035                 | 463,928           | 19,330  | 444,597        | 454,262         | 106,238                         | 106,238                             | \$ -                          |
| 2036                 | 444,597           | 19,330  | 425,267        | 434,932         | 102,540                         | 102,540                             | \$ -                          |
| 2037                 | 425,267           | 19,330  | 405,937        | 415,602         | 98,842                          | 98,842                              | \$ -                          |
| 2038                 | 405,937           | 19,330  | 386,606        | 396,272         | 95,143                          | 95,143                              | \$ -                          |
| 2039                 | 386,606           | 19,330  | 367,276        | 376,941         | 91,445                          | 91,445                              | \$ -                          |
| 2040                 | 367,276           | 19,330  | 347,946        | 357,611         | 87,747                          | 87,747                              | \$ -                          |
| 2041                 | 347,946           | 19,330  | 328,615        | 338,281         | 84,049                          | 84,049                              | \$ -                          |
| 2042                 | 328,615           | 19,330  | 309,285        | 318,950         | 80,351                          | 80,351                              | \$ -                          |
| 2043                 | 309,285           | 19,330  | 289,955        | 299,620         | 76,652                          | 76,652                              | \$ -                          |
| 2044                 | 289,955           | 19,330  | 270,624        | 280,290         | 72,954                          | 72,954                              | \$ -                          |
| 2045                 | 270,624           | 19,330  | 251,294        | 260,959         | 69,256                          | 69,256                              | \$ -                          |
| 2046                 | 251,294           | 19,330  | 231,964        | 241,629         | 65,558                          | 65,558                              | \$ -                          |
| 2047                 | 231,964           | 19,330  | 212,633        | 222,299         | 61,860                          | 61,860                              | \$ -                          |
| 2048                 | 212,633           | 19,330  | 193,303        | 202,968         | 58,161                          | 58,161                              | \$ -                          |
| 2049                 | 193,303           | 19,330  | 173,973        | 183,638         | 54,463                          | 54,463                              | \$ -                          |
| 2050                 | 173,973           | 19,330  | 154,643        | 164,308         | 50,765                          | 50,765                              | \$ -                          |
| 2051                 | 154,643           | 19,330  | 135,312        | 144,977         | 47,067                          | 47,067                              | \$ -                          |
| 2052                 | 135,312           | 19,330  | 115,982        | 125,647         | 43,369                          | 43,369                              | \$ -                          |
| 2053                 | 115,982           | 19,330  | 96,652         | 106,317         | 39,670                          | 39,670                              | \$ -                          |
| 2054                 | 96,652            | 19,330  | 77,321         | 86,986          | 35,972                          | 35,972                              | \$ -                          |
| 2055                 | 77,321            | 19,330  | 57,991         | 67,656          | 32,274                          | 32,274                              | \$ -                          |
| 2056                 | 57,991            | 19,330  | 38,661         | 48,326          | 28,576                          | 28,576                              | \$ -                          |
| 2057                 | 38,661            | 19,330  | 19,330         | 28,995          | 24,878                          | 24,878                              | \$ -                          |
| 2058                 | 19,330            | 19,330  | -              | 9,665           | 21,179                          | 21,179                              | \$ -                          |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 4,593,114                       | 4,593,114                           |                               |

[illegible]

**\*\* 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.



**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)

|                             |  |
|-----------------------------|--|
| <b>Project Description:</b> | <b>RTEP ID: b2018 (Loop Conesville-Bixby 345 kV circuit into Ohio Central)</b> |
|-----------------------------|--|

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 77,068      | 77,068       | -                 |
| Prior Yr True-Up   | 1,493,102   | 1,493,102    | -                 |
| True-Up Adjustment | 1,416,034   | 1,416,034    | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 7,169,898         | Current Year  |                |                 |                                 | 2016                                |                               |
| Service Year (yyyy)  | 2015              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 | -                                   |                               |
| Service Month (1-12) | 2                 | FCR w/o incentives, less depreciation                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 162,952                             |                               |
| 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 ## |
| 2015                 | 7,169,898         | 135,794   | 7,034,104      | 7,102,001       | 1,494,521                       | 1,494,521                           | \$ -                          |
| 2016                 | 7,034,104         | 162,952   | 6,871,152      | 6,952,628       | 1,493,102                       | 1,493,102                           | \$ -                          |
| 2017                 | 6,871,152         | 162,952   | 6,708,200      | 6,789,676       | 1,461,927                       | 1,461,927                           | \$ -                          |
| 2018                 | 6,708,200         | 162,952   | 6,545,248      | 6,626,724       | 1,430,752                       | 1,430,752                           | \$ -                          |
| 2019                 | 6,545,248         | 162,952   | 6,382,296      | 6,463,772       | 1,399,576                       | 1,399,576                           | \$ -                          |
| 2020                 | 6,382,296         | 162,952   | 6,219,343      | 6,300,819       | 1,368,401                       | 1,368,401                           | \$ -                          |
| 2021                 | 6,219,343         | 162,952   | 6,056,391      | 6,137,867       | 1,337,225                       | 1,337,225                           | \$ -                          |
| 2022                 | 6,056,391         | 162,952   | 5,893,439      | 5,974,915       | 1,306,050                       | 1,306,050                           | \$ -                          |
| 2023                 | 5,893,439         | 162,952   | 5,730,487      | 5,811,963       | 1,274,875                       | 1,274,875                           | \$ -                          |
| 2024                 | 5,730,487         | 162,952   | 5,567,534      | 5,649,011       | 1,243,699                       | 1,243,699                           | \$ -                          |
| 2025                 | 5,567,534         | 162,952   | 5,404,582      | 5,486,058       | 1,212,524                       | 1,212,524                           | \$ -                          |
| 2026                 | 5,404,582         | 162,952   | 5,241,630      | 5,323,106       | 1,181,348                       | 1,181,348                           | \$ -                          |
| 2027                 | 5,241,630         | 162,952   | 5,078,678      | 5,160,154       | 1,150,173                       | 1,150,173                           | \$ -                          |
| 2028                 | 5,078,678         | 162,952   | 4,915,726      | 4,997,202       | 1,118,998                       | 1,118,998                           | \$ -                          |
| 2029                 | 4,915,726         | 162,952   | 4,752,773      | 4,834,249       | 1,087,822                       | 1,087,822                           | \$ -                          |
| 2030                 | 4,752,773         | 162,952   | 4,589,821      | 4,671,297       | 1,056,647                       | 1,056,647                           | \$ -                          |
| 2031                 | 4,589,821         | 162,952   | 4,426,869      | 4,508,345       | 1,025,471                       | 1,025,471                           | \$ -                          |
| 2032                 | 4,426,869         | 162,952   | 4,263,917      | 4,345,393       | 994,296                         | 994,296                             | \$ -                          |
| 2033                 | 4,263,917         | 162,952   | 4,100,964      | 4,182,441       | 963,121                         | 963,121                             | \$ -                          |
| 2034                 | 4,100,964         | 162,952   | 3,938,012      | 4,019,488       | 931,945                         | 931,945                             | \$ -                          |
| 2035                 | 3,938,012         | 162,952   | 3,775,060      | 3,856,536       | 900,770                         | 900,770                             | \$ -                          |
| 2036                 | 3,775,060         | 162,952   | 3,612,108      | 3,693,584       | 869,594                         | 869,594                             | \$ -                          |
| 2037                 | 3,612,108         | 162,952   | 3,449,155      | 3,530,632       | 838,419                         | 838,419                             | \$ -                          |
| 2038                 | 3,449,155         | 162,952   | 3,286,203      | 3,367,679       | 807,244                         | 807,244                             | \$ -                          |
| 2039                 | 3,286,203         | 162,952   | 3,123,251      | 3,204,727       | 776,068                         | 776,068                             | \$ -                          |
| 2040                 | 3,123,251         | 162,952   | 2,960,299      | 3,041,775       | 744,893                         | 744,893                             | \$ -                          |
| 2041                 | 2,960,299         | 162,952   | 2,797,347      | 2,878,823       | 713,718                         | 713,718                             | \$ -                          |
| 2042                 | 2,797,347         | 162,952   | 2,634,394      | 2,715,870       | 682,542                         | 682,542                             | \$ -                          |
| 2043                 | 2,634,394         | 162,952   | 2,471,442      | 2,552,918       | 651,367                         | 651,367                             | \$ -                          |
| 2044                 | 2,471,442         | 162,952   | 2,308,490      | 2,389,966       | 620,191                         | 620,191                             | \$ -                          |
| 2045                 | 2,308,490         | 162,952   | 2,145,538      | 2,227,014       | 589,016                         | 589,016                             | \$ -                          |
| 2046                 | 2,145,538         | 162,952   | 1,982,585      | 2,064,062       | 557,841                         | 557,841                             | \$ -                          |
| 2047                 | 1,982,585         | 162,952   | 1,819,633      | 1,901,109       | 526,665                         | 526,665                             | \$ -                          |
| 2048                 | 1,819,633         | 162,952   | 1,656,681      | 1,738,157       | 495,490                         | 495,490                             | \$ -                          |
| 2049                 | 1,656,681         | 162,952   | 1,493,729      | 1,575,205       | 464,314                         | 464,314                             | \$ -                          |
| 2050                 | 1,493,729         | 162,952   | 1,330,777      | 1,412,253       | 433,139                         | 433,139                             | \$ -                          |
| 2051                 | 1,330,777         | 162,952   | 1,167,824      | 1,249,300       | 401,964                         | 401,964                             | \$ -                          |
| 2052                 | 1,167,824         | 162,952   | 1,004,872      | 1,086,348       | 370,788                         | 370,788                             | \$ -                          |
| 2053                 | 1,004,872         | 162,952   | 841,920        | 923,396         | 339,613                         | 339,613                             | \$ -                          |
| 2054                 | 841,920           | 162,952   | 678,968        | 760,444         | 308,437                         | 308,437                             | \$ -                          |
| 2055                 | 678,968           | 162,952   | 516,015        | 597,491         | 277,262                         | 277,262                             | \$ -                          |
| 2056                 | 516,015           | 162,952   | 353,063        | 434,539         | 246,087                         | 246,087                             | \$ -                          |
| 2057                 | 353,063           | 162,952   | 190,111        | 271,587         | 214,911                         | 214,911                             | \$ -                          |
| 2058                 | 190,111           | 162,952   | 27,159         | 108,635         | 183,736                         | 183,736                             | \$ -                          |
| 2059                 | 27,159            | 27,159  | -              | 13,579          | 29,757                          | 29,757                              | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 37,576,298                      | 37,576,298                          |                               |

[illegible]

**\*\* 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.

**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: b1032.4 (Loop the existing South Canton - Wayview 138kV circuit in-and-out of West Canton)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 216,823     | 216,823      | -                 |
| Prior Yr True-Up   | 254,702     | 254,702      | -                 |
| True-Up Adjustment | 37,879      | 37,879       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |  |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|--|
| Investment           | 1,214,629         | Current Year  |                |                 |                                 |                                     | 2016                          |  |
| Service Year (yyyy)  | 2015              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |  |
| Service Month (1-12) | 6                 | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |  |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |  |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 27,605                        |  |
| 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 ## |  |
| 2015                 | 1,214,629         | 13,803  | 1,200,826      | 1,207,728       | 244,860                         | 244,860                             | \$ -                          |  |
| 2016                 | 1,200,826         | 27,605  | 1,173,221      | 1,187,024       | 254,702                         | 254,702                             | \$ -                          |  |
| 2017                 | 1,173,221         | 27,605  | 1,145,616      | 1,159,421       | 249,421                         | 249,421                             | \$ -                          |  |
| 2018                 | 1,145,616         | 27,605  | 1,118,011      | 1,131,813       | 244,139                         | 244,139                             | \$ -                          |  |
| 2019                 | 1,118,011         | 27,605  | 1,090,406      | 1,104,208       | 238,858                         | 238,858                             | \$ -                          |  |
| 2020                 | 1,090,406         | 27,605  | 1,062,800      | 1,076,603       | 233,577                         | 233,577                             | \$ -                          |  |
| 2021                 | 1,062,800         | 27,605  | 1,035,195      | 1,048,998       | 228,295                         | 228,295                             | \$ -                          |  |
| 2022                 | 1,035,195         | 27,605  | 1,007,590      | 1,021,393       | 223,014                         | 223,014                             | \$ -                          |  |
| 2023                 | 1,007,590         | 27,605  | 979,985        | 993,787         | 217,733                         | 217,733                             | \$ -                          |  |
| 2024                 | 979,985           | 27,605  | 952,380        | 966,182         | 212,451                         | 212,451                             | \$ -                          |  |
| 2025                 | 952,380           | 27,605  | 924,774        | 938,577         | 207,170                         | 207,170                             | \$ -                          |  |
| 2026                 | 924,774           | 27,605  | 897,169        | 910,972         | 201,889                         | 201,889                             | \$ -                          |  |
| 2027                 | 897,169           | 27,605  | 869,564        | 883,367         | 196,607                         | 196,607                             | \$ -                          |  |
| 2028                 | 869,564           | 27,605  | 841,959        | 855,761         | 191,326                         | 191,326                             | \$ -                          |  |
| 2029                 | 841,959           | 27,605  | 814,354        | 828,156         | 186,045                         | 186,045                             | \$ -                          |  |
| 2030                 | 814,354           | 27,605  | 786,748        | 800,551         | 180,764                         | 180,764                             | \$ -                          |  |
| 2031                 | 786,748           | 27,605  | 759,143        | 772,946         | 175,482                         | 175,482                             | \$ -                          |  |
| 2032                 | 759,143           | 27,605  | 731,538        | 745,341         | 170,201                         | 170,201                             | \$ -                          |  |
| 2033                 | 731,538           | 27,605  | 703,933        | 717,735         | 164,920                         | 164,920                             | \$ -                          |  |
| 2034                 | 703,933           | 27,605  | 676,328        | 690,130         | 159,638                         | 159,638                             | \$ -                          |  |
| 2035                 | 676,328           | 27,605  | 648,722        | 662,525         | 154,357                         | 154,357                             | \$ -                          |  |
| 2036                 | 648,722           | 27,605  | 621,117        | 634,920         | 149,076                         | 149,076                             | \$ -                          |  |
| 2037                 | 621,117           | 27,605  | 593,512        | 607,314         | 143,794                         | 143,794                             | \$ -                          |  |
| 2038                 | 593,512           | 27,605  | 565,907        | 579,709         | 138,513                         | 138,513                             | \$ -                          |  |
| 2039                 | 565,907           | 27,605  | 538,301        | 552,104         | 133,232                         | 133,232                             | \$ -                          |  |
| 2040                 | 538,301           | 27,605  | 510,696        | 524,499         | 127,950                         | 127,950                             | \$ -                          |  |
| 2041                 | 510,696           | 27,605  | 483,091        | 496,894         | 122,669                         | 122,669                             | \$ -                          |  |
| 2042                 | 483,091           | 27,605  | 455,486        | 469,288         | 117,388                         | 117,388                             | \$ -                          |  |
| 2043                 | 455,486           | 27,605  | 427,881        | 441,683         | 112,106                         | 112,106                             | \$ -                          |  |
| 2044                 | 427,881           | 27,605  | 400,275        | 414,078         | 106,825                         | 106,825                             | \$ -                          |  |
| 2045                 | 400,275           | 27,605  | 372,670        | 386,473         | 101,544                         | 101,544                             | \$ -                          |  |
| 2046                 | 372,670           | 27,605  | 345,065        | 358,868         | 96,262                          | 96,262                              | \$ -                          |  |
| 2047                 | 345,065           | 27,605  | 317,460        | 331,262         | 90,981                          | 90,981                              | \$ -                          |  |
| 2048                 | 317,460           | 27,605  | 289,855        | 303,657         | 85,700                          | 85,700                              | \$ -                          |  |
| 2049                 | 289,855           | 27,605  | 262,249        | 276,052         | 80,418                          | 80,418                              | \$ -                          |  |
| 2050                 | 262,249           | 27,605  | 234,644        | 248,447         | 75,137                          | 75,137                              | \$ -                          |  |
| 2051                 | 234,644           | 27,605  | 207,039        | 220,842         | 69,856                          | 69,856                              | \$ -                          |  |
| 2052                 | 207,039           | 27,605  | 179,434        | 193,236         | 64,574                          | 64,574                              | \$ -                          |  |
| 2053                 | 179,434           | 27,605  | 151,829        | 165,631         | 59,293                          | 59,293                              | \$ -                          |  |
| 2054                 | 151,829           | 27,605  | 124,223        | 138,026         | 54,012                          | 54,012                              | \$ -                          |  |
| 2055                 | 124,223           | 27,605  | 96,618         | 110,421         | 48,730                          | 48,730                              | \$ -                          |  |
| 2056                 | 96,618            | 27,605  | 69,013         | 82,816          | 43,449                          | 43,449                              | \$ -                          |  |
| 2057                 | 69,013            | 27,605  | 41,408         | 55,210          | 38,168                          | 38,168                              | \$ -                          |  |
| 2058                 | 41,408            | 27,605  | 13,803         | 27,605          | 32,887                          | 32,887                              | \$ -                          |  |
| 2059                 | 13,803            | 13,803  | -              | 6,901           | 15,123                          | 15,123                              | \$ -                          |  |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| Project Totals       |                   |   |                |                 | 6,443,137                       | 6,443,137                           |                               |  |

**\*\* 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.



**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: b1666 (Build an 8 breaker 138 kV station tapping both circuits of the Fostoria-East Lima 138 kV line)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 620,362     | 620,362      | -                 |
| Prior Yr True-Up   | 648,135     | 648,135      | -                 |
| True-Up Adjustment | 27,773      | 27,773       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                              |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|------------------------------|
| Investment           | 3,059,126         | 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                     |                |                 |                                 |                                     | 19.13%                       |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                       |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 69,526                       |
| 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 # |
| 2015                 | 3,059,126         | -   | 3,059,126      | 3,059,126       | 585,260                         | 585,260                             | \$ -                         |
| 2016                 | 3,059,126         | 69,526  | 2,989,600      | 3,024,363       | 648,135                         | 648,135                             | \$ -                         |
| 2017                 | 2,989,600         | 69,526  | 2,920,075      | 2,954,838       | 634,834                         | 634,834                             | \$ -                         |
| 2018                 | 2,920,075         | 69,526  | 2,850,549      | 2,885,312       | 621,532                         | 621,532                             | \$ -                         |
| 2019                 | 2,850,549         | 69,526  | 2,781,024      | 2,815,786       | 608,231                         | 608,231                             | \$ -                         |
| 2020                 | 2,781,024         | 69,526  | 2,711,498      | 2,746,261       | 594,930                         | 594,930                             | \$ -                         |
| 2021                 | 2,711,498         | 69,526  | 2,641,972      | 2,676,735       | 581,628                         | 581,628                             | \$ -                         |
| 2022                 | 2,641,972         | 69,526  | 2,572,447      | 2,607,210       | 568,327                         | 568,327                             | \$ -                         |
| 2023                 | 2,572,447         | 69,526  | 2,502,921      | 2,537,684       | 555,026                         | 555,026                             | \$ -                         |
| 2024                 | 2,502,921         | 69,526  | 2,433,396      | 2,468,158       | 541,724                         | 541,724                             | \$ -                         |
| 2025                 | 2,433,396         | 69,526  | 2,363,870      | 2,398,633       | 528,423                         | 528,423                             | \$ -                         |
| 2026                 | 2,363,870         | 69,526  | 2,294,345      | 2,329,107       | 515,121                         | 515,121                             | \$ -                         |
| 2027                 | 2,294,345         | 69,526  | 2,224,819      | 2,259,582       | 501,820                         | 501,820                             | \$ -                         |
| 2028                 | 2,224,819         | 69,526  | 2,155,293      | 2,190,056       | 488,519                         | 488,519                             | \$ -                         |
| 2029                 | 2,155,293         | 69,526  | 2,085,768      | 2,120,531       | 475,217                         | 475,217                             | \$ -                         |
| 2030                 | 2,085,768         | 69,526  | 2,016,242      | 2,051,005       | 461,916                         | 461,916                             | \$ -                         |
| 2031                 | 2,016,242         | 69,526  | 1,946,717      | 1,981,479       | 448,615                         | 448,615                             | \$ -                         |
| 2032                 | 1,946,717         | 69,526  | 1,877,191      | 1,911,954       | 435,313                         | 435,313                             | \$ -                         |
| 2033                 | 1,877,191         | 69,526  | 1,807,665      | 1,842,428       | 422,012                         | 422,012                             | \$ -                         |
| 2034                 | 1,807,665         | 69,526  | 1,738,140      | 1,772,903       | 408,710                         | 408,710                             | \$ -                         |
| 2035                 | 1,738,140         | 69,526  | 1,668,614      | 1,703,377       | 395,409                         | 395,409                             | \$ -                         |
| 2036                 | 1,668,614         | 69,526  | 1,599,089      | 1,633,851       | 382,108                         | 382,108                             | \$ -                         |
| 2037                 | 1,599,089         | 69,526  | 1,529,563      | 1,564,326       | 368,806                         | 368,806                             | \$ -                         |
| 2038                 | 1,529,563         | 69,526  | 1,460,037      | 1,494,800       | 355,505                         | 355,505                             | \$ -                         |
| 2039                 | 1,460,037         | 69,526  | 1,390,512      | 1,425,275       | 342,204                         | 342,204                             | \$ -                         |
| 2040                 | 1,390,512         | 69,526  | 1,320,986      | 1,355,749       | 328,902                         | 328,902                             | \$ -                         |
| 2041                 | 1,320,986         | 69,526  | 1,251,461      | 1,286,223       | 315,601                         | 315,601                             | \$ -                         |
| 2042                 | 1,251,461         | 69,526  | 1,181,935      | 1,216,698       | 302,300                         | 302,300                             | \$ -                         |
| 2043                 | 1,181,935         | 69,526  | 1,112,409      | 1,147,172       | 288,998                         | 288,998                             | \$ -                         |
| 2044                 | 1,112,409         | 69,526  | 1,042,884      | 1,077,647       | 275,697                         | 275,697                             | \$ -                         |
| 2045                 | 1,042,884         | 69,526  | 973,358        | 1,008,121       | 262,395                         | 262,395                             | \$ -                         |
| 2046                 | 973,358           | 69,526  | 903,833        | 938,595         | 249,094                         | 249,094                             | \$ -                         |
| 2047                 | 903,833           | 69,526  | 834,307        | 869,070         | 235,793                         | 235,793                             | \$ -                         |
| 2048                 | 834,307           | 69,526  | 764,782        | 799,544         | 222,491                         | 222,491                             | \$ -                         |
| 2049                 | 764,782           | 69,526  | 695,256        | 730,019         | 209,190                         | 209,190                             | \$ -                         |
| 2050                 | 695,256           | 69,526  | 625,730        | 660,493         | 195,889                         | 195,889                             | \$ -                         |
| 2051                 | 625,730           | 69,526  | 556,205        | 590,968         | 182,587                         | 182,587                             | \$ -                         |
| 2052                 | 556,205           | 69,526  | 486,679        | 521,442         | 169,286                         | 169,286                             | \$ -                         |
| 2053                 | 486,679           | 69,526  | 417,154        | 451,916         | 155,984                         | 155,984                             | \$ -                         |
| 2054                 | 417,154           | 69,526  | 347,628        | 382,391         | 142,683                         | 142,683                             | \$ -                         |
| 2055                 | 347,628           | 69,526  | 278,102        | 312,865         | 129,382                         | 129,382                             | \$ -                         |
| 2056                 | 278,102           | 69,526  | 208,577        | 243,340         | 116,080                         | 116,080                             | \$ -                         |
| 2057                 | 208,577           | 69,526  | 139,051        | 173,814         | 102,779                         | 102,779                             | \$ -                         |
| 2058                 | 139,051           | 69,526  | 69,526         | 104,288         | 89,478                          | 89,478                              | \$ -                         |
| 2059                 | 69,526            | 69,526  | 0              | 34,763          | 76,176                          | 76,176                              | \$ -                         |
| 2060                 | 0                 | 0   | -              | 0               | 0                               | 0                                   | \$ -                         |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| Project Totals       |                   |   |                |                 | 16,520,111                      | 16,520,111                          | -                            |

\*\* 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.

**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: b1957 (Terminate Transformer #2 at SW Lima in new bay position)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 405,050     | 405,050      | -                 |
| Prior Yr True-Up   | 418,454     | 418,454      | -                 |
| True-Up Adjustment | 13,404      | 13,404       | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 1,975,056         | 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                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 44,888                              |                               |
| 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 ## |
| 2015                 | 1,975,056         | -   | 1,975,056      | 1,975,056       | 377,860                         | 377,860                             | \$ -                          |
| 2016                 | 1,975,056         | 44,888  | 1,930,168      | 1,952,612       | 418,454                         | 418,454                             | \$ -                          |
| 2017                 | 1,930,168         | 44,888  | 1,885,281      | 1,907,725       | 409,866                         | 409,866                             | \$ -                          |
| 2018                 | 1,885,281         | 44,888  | 1,840,393      | 1,862,837       | 401,278                         | 401,278                             | \$ -                          |
| 2019                 | 1,840,393         | 44,888  | 1,795,505      | 1,817,949       | 392,691                         | 392,691                             | \$ -                          |
| 2020                 | 1,795,505         | 44,888  | 1,750,618      | 1,773,062       | 384,103                         | 384,103                             | \$ -                          |
| 2021                 | 1,750,618         | 44,888  | 1,705,730      | 1,728,174       | 375,515                         | 375,515                             | \$ -                          |
| 2022                 | 1,705,730         | 44,888  | 1,660,843      | 1,683,286       | 366,928                         | 366,928                             | \$ -                          |
| 2023                 | 1,660,843         | 44,888  | 1,615,955      | 1,638,399       | 358,340                         | 358,340                             | \$ -                          |
| 2024                 | 1,615,955         | 44,888  | 1,571,067      | 1,593,511       | 349,752                         | 349,752                             | \$ -                          |
| 2025                 | 1,571,067         | 44,888  | 1,526,180      | 1,548,623       | 341,164                         | 341,164                             | \$ -                          |
| 2026                 | 1,526,180         | 44,888  | 1,481,292      | 1,503,736       | 332,577                         | 332,577                             | \$ -                          |
| 2027                 | 1,481,292         | 44,888  | 1,436,404      | 1,458,848       | 323,989                         | 323,989                             | \$ -                          |
| 2028                 | 1,436,404         | 44,888  | 1,391,517      | 1,413,961       | 315,401                         | 315,401                             | \$ -                          |
| 2029                 | 1,391,517         | 44,888  | 1,346,629      | 1,369,073       | 306,813                         | 306,813                             | \$ -                          |
| 2030                 | 1,346,629         | 44,888  | 1,301,741      | 1,324,185       | 298,226                         | 298,226                             | \$ -                          |
| 2031                 | 1,301,741         | 44,888  | 1,256,854      | 1,279,298       | 289,638                         | 289,638                             | \$ -                          |
| 2032                 | 1,256,854         | 44,888  | 1,211,966      | 1,234,410       | 281,050                         | 281,050                             | \$ -                          |
| 2033                 | 1,211,966         | 44,888  | 1,167,079      | 1,189,522       | 272,462                         | 272,462                             | \$ -                          |
| 2034                 | 1,167,079         | 44,888  | 1,122,191      | 1,144,635       | 263,875                         | 263,875                             | \$ -                          |
| 2035                 | 1,122,191         | 44,888  | 1,077,303      | 1,099,747       | 255,287                         | 255,287                             | \$ -                          |
| 2036                 | 1,077,303         | 44,888  | 1,032,416      | 1,054,859       | 246,699                         | 246,699                             | \$ -                          |
| 2037                 | 1,032,416         | 44,888  | 987,528        | 1,009,972       | 238,112                         | 238,112                             | \$ -                          |
| 2038                 | 987,528           | 44,888  | 942,640        | 965,084         | 229,524                         | 229,524                             | \$ -                          |
| 2039                 | 942,640           | 44,888  | 897,753        | 920,197         | 220,936                         | 220,936                             | \$ -                          |
| 2040                 | 897,753           | 44,888  | 852,865        | 875,309         | 212,348                         | 212,348                             | \$ -                          |
| 2041                 | 852,865           | 44,888  | 807,977        | 830,421         | 203,761                         | 203,761                             | \$ -                          |
| 2042                 | 807,977           | 44,888  | 763,090        | 785,534         | 195,173                         | 195,173                             | \$ -                          |
| 2043                 | 763,090           | 44,888  | 718,202        | 740,646         | 186,585                         | 186,585                             | \$ -                          |
| 2044                 | 718,202           | 44,888  | 673,315        | 695,758         | 177,997                         | 177,997                             | \$ -                          |
| 2045                 | 673,315           | 44,888  | 628,427        | 650,871         | 169,410                         | 169,410                             | \$ -                          |
| 2046                 | 628,427           | 44,888  | 583,539        | 605,983         | 160,822                         | 160,822                             | \$ -                          |
| 2047                 | 583,539           | 44,888  | 538,652        | 561,095         | 152,234                         | 152,234                             | \$ -                          |
| 2048                 | 538,652           | 44,888  | 493,764        | 516,208         | 143,647                         | 143,647                             | \$ -                          |
| 2049                 | 493,764           | 44,888  | 448,876        | 471,320         | 135,059                         | 135,059                             | \$ -                          |
| 2050                 | 448,876           | 44,888  | 403,989        | 426,433         | 126,471                         | 126,471                             | \$ -                          |
| 2051                 | 403,989           | 44,888  | 359,101        | 381,545         | 117,883                         | 117,883                             | \$ -                          |
| 2052                 | 359,101           | 44,888  | 314,213        | 336,657         | 109,296                         | 109,296                             | \$ -                          |
| 2053                 | 314,213           | 44,888  | 269,326        | 291,770         | 100,708                         | 100,708                             | \$ -                          |
| 2054                 | 269,326           | 44,888  | 224,438        | 246,882         | 92,120                          | 92,120                              | \$ -                          |
| 2055                 | 224,438           | 44,888  | 179,551        | 201,994         | 83,532                          | 83,532                              | \$ -                          |
| 2056                 | 179,551           | 44,888  | 134,663        | 157,107         | 74,945                          | 74,945                              | \$ -                          |
| 2057                 | 134,663           | 44,888  | 89,775         | 112,219         | 66,357                          | 66,357                              | \$ -                          |
| 2058                 | 89,775            | 44,888  | 44,888         | 67,331          | 57,769                          | 57,769                              | \$ -                          |
| 2059                 | 44,888            | 44,888  | -              | 22,444          | 49,182                          | 49,182                              | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 10,665,839                      | 10,665,839                          |                               |

[illegible]

**\*\* 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.

**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: b1962 (Add four 765 kV breakers at Kammer)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 0           | 0            | (0)               |
| Prior Yr True-Up   | -           | -            | -                 |
| True-Up Adjustment | (0)         | (0)          | 0                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | -                 | 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                     |                |                 |                                 |                                     | 19.13%                        |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |
| CIA/C (Yes or No)    | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | -                             |
| 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 ## |
| 2015                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2016                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 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                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | -                               | -                                   | -                             |

[illegible]

**\*\* 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.



**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: b2019 (Establish Burger 345/138 kV station)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 1,387,490   | 1,387,490    | -                 |
| Prior Yr True-Up   | 1,451,917   | 1,451,917    | -                 |
| True-Up Adjustment | 64,427      | 64,427       | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |  |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|--|
| Investment           | 6,852,888         | 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                     |                |                 |                                 |                                     | 19.13%                        |  |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |  |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 155,747                       |  |
| 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 ## |  |
| 2015                 | 6,852,888         | -   | 6,852,888      | 6,852,888       | 1,311,068                       | 1,311,068                           | \$ -                          |  |
| 2016                 | 6,852,888         | 155,747   | 6,697,141      | 6,775,014       | 1,451,917                       | 1,451,917                           | \$ -                          |  |
| 2017                 | 6,697,141         | 155,747   | 6,541,393      | 6,619,267       | 1,422,120                       | 1,422,120                           | \$ -                          |  |
| 2018                 | 6,541,393         | 155,747   | 6,385,646      | 6,463,519       | 1,392,323                       | 1,392,323                           | \$ -                          |  |
| 2019                 | 6,385,646         | 155,747   | 6,229,898      | 6,307,772       | 1,362,526                       | 1,362,526                           | \$ -                          |  |
| 2020                 | 6,229,898         | 155,747   | 6,074,151      | 6,152,024       | 1,332,729                       | 1,332,729                           | \$ -                          |  |
| 2021                 | 6,074,151         | 155,747   | 5,918,403      | 5,996,277       | 1,302,932                       | 1,302,932                           | \$ -                          |  |
| 2022                 | 5,918,403         | 155,747   | 5,762,656      | 5,840,530       | 1,273,135                       | 1,273,135                           | \$ -                          |  |
| 2023                 | 5,762,656         | 155,747   | 5,606,908      | 5,684,782       | 1,243,338                       | 1,243,338                           | \$ -                          |  |
| 2024                 | 5,606,908         | 155,747   | 5,451,161      | 5,529,035       | 1,213,541                       | 1,213,541                           | \$ -                          |  |
| 2025                 | 5,451,161         | 155,747   | 5,295,413      | 5,373,287       | 1,183,744                       | 1,183,744                           | \$ -                          |  |
| 2026                 | 5,295,413         | 155,747   | 5,139,666      | 5,217,540       | 1,153,947                       | 1,153,947                           | \$ -                          |  |
| 2027                 | 5,139,666         | 155,747   | 4,983,919      | 5,061,792       | 1,124,150                       | 1,124,150                           | \$ -                          |  |
| 2028                 | 4,983,919         | 155,747   | 4,828,171      | 4,906,045       | 1,094,353                       | 1,094,353                           | \$ -                          |  |
| 2029                 | 4,828,171         | 155,747   | 4,672,424      | 4,750,297       | 1,064,556                       | 1,064,556                           | \$ -                          |  |
| 2030                 | 4,672,424         | 155,747   | 4,516,676      | 4,594,550       | 1,034,759                       | 1,034,759                           | \$ -                          |  |
| 2031                 | 4,516,676         | 155,747   | 4,360,929      | 4,438,802       | 1,004,962                       | 1,004,962                           | \$ -                          |  |
| 2032                 | 4,360,929         | 155,747   | 4,205,181      | 4,283,055       | 975,165                         | 975,165                             | \$ -                          |  |
| 2033                 | 4,205,181         | 155,747   | 4,049,434      | 4,127,308       | 945,368                         | 945,368                             | \$ -                          |  |
| 2034                 | 4,049,434         | 155,747   | 3,893,686      | 3,971,560       | 915,571                         | 915,571                             | \$ -                          |  |
| 2035                 | 3,893,686         | 155,747   | 3,737,939      | 3,815,813       | 885,774                         | 885,774                             | \$ -                          |  |
| 2036                 | 3,737,939         | 155,747   | 3,582,191      | 3,660,065       | 855,977                         | 855,977                             | \$ -                          |  |
| 2037                 | 3,582,191         | 155,747   | 3,426,444      | 3,504,318       | 826,180                         | 826,180                             | \$ -                          |  |
| 2038                 | 3,426,444         | 155,747   | 3,270,697      | 3,348,570       | 796,383                         | 796,383                             | \$ -                          |  |
| 2039                 | 3,270,697         | 155,747   | 3,114,949      | 3,192,823       | 766,586                         | 766,586                             | \$ -                          |  |
| 2040                 | 3,114,949         | 155,747   | 2,959,202      | 3,037,075       | 736,789                         | 736,789                             | \$ -                          |  |
| 2041                 | 2,959,202         | 155,747   | 2,803,454      | 2,881,328       | 706,992                         | 706,992                             | \$ -                          |  |
| 2042                 | 2,803,454         | 155,747   | 2,647,707      | 2,725,580       | 677,195                         | 677,195                             | \$ -                          |  |
| 2043                 | 2,647,707         | 155,747   | 2,491,959      | 2,569,833       | 647,398                         | 647,398                             | \$ -                          |  |
| 2044                 | 2,491,959         | 155,747   | 2,336,212      | 2,414,086       | 617,601                         | 617,601                             | \$ -                          |  |
| 2045                 | 2,336,212         | 155,747   | 2,180,464      | 2,258,338       | 587,804                         | 587,804                             | \$ -                          |  |
| 2046                 | 2,180,464         | 155,747   | 2,024,717      | 2,102,591       | 558,007                         | 558,007                             | \$ -                          |  |
| 2047                 | 2,024,717         | 155,747   | 1,868,969      | 1,946,843       | 528,210                         | 528,210                             | \$ -                          |  |
| 2048                 | 1,868,969         | 155,747   | 1,713,222      | 1,791,096       | 498,413                         | 498,413                             | \$ -                          |  |
| 2049                 | 1,713,222         | 155,747   | 1,557,475      | 1,635,348       | 468,616                         | 468,616                             | \$ -                          |  |
| 2050                 | 1,557,475         | 155,747   | 1,401,727      | 1,479,601       | 438,819                         | 438,819                             | \$ -                          |  |
| 2051                 | 1,401,727         | 155,747   | 1,245,980      | 1,323,853       | 409,022                         | 409,022                             | \$ -                          |  |
| 2052                 | 1,245,980         | 155,747   | 1,090,232      | 1,168,106       | 379,225                         | 379,225                             | \$ -                          |  |
| 2053                 | 1,090,232         | 155,747   | 934,485        | 1,012,358       | 349,428                         | 349,428                             | \$ -                          |  |
| 2054                 | 934,485           | 155,747   | 778,737        | 856,611         | 319,631                         | 319,631                             | \$ -                          |  |
| 2055                 | 778,737           | 155,747   | 622,990        | 700,864         | 289,834                         | 289,834                             | \$ -                          |  |
| 2056                 | 622,990           | 155,747   | 467,242        | 545,116         | 260,037                         | 260,037                             | \$ -                          |  |
| 2057                 | 467,242           | 155,747   | 311,495        | 389,369         | 230,240                         | 230,240                             | \$ -                          |  |
| 2058                 | 311,495           | 155,747   | 155,747        | 233,621         | 200,443                         | 200,443                             | \$ -                          |  |
| 2059                 | 155,747           | 155,747   | 0              | 77,874          | 170,646                         | 170,646                             | \$ -                          |  |
| 2060                 | 0                 | 0   | -              | 0               | 0                               | 0                                   | \$ -                          |  |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |  |
| Project Totals       |                   |   |                |                 | 37,007,456                      | 37,007,456                          | -                             |  |

\*\* 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.

OPCo 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: b2017 (Reconductor or rebuild Sporn - Waterford - Muskingum River 345 kV line)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 1,159,062   | 1,159,062    | -                 |
| Prior Yr True-Up   | 1,248,691   | 1,248,691    | -                 |
| True-Up Adjustment | 89,629      | 89,629       | -                 |

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.

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 5,965,093         | Current Year  |                |                 |                                 |                                     | 2016                          |
| Service Year (yyyy)  | 2015              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 |                                     | -                             |
| Service Month (1-12) | 5                 | FCR w/o incentives, less depreciation                     |                |                 |                                 |                                     | 19.13%                        |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 |                                     | 19.13%                        |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 |                                     | 135,570                       |
| 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 ## |
| 2015                 | 5,965,093         | 79,083  | 5,886,010      | 5,925,552       | 1,212,736                       | 1,212,736                           | \$ -                          |
| 2016                 | 5,886,010         | 135,570   | 5,750,440      | 5,818,225       | 1,248,691                       | 1,248,691                           | \$ -                          |
| 2017                 | 5,750,440         | 135,570   | 5,614,870      | 5,682,655       | 1,222,754                       | 1,222,754                           | \$ -                          |
| 2018                 | 5,614,870         | 135,570   | 5,479,299      | 5,547,085       | 1,196,817                       | 1,196,817                           | \$ -                          |
| 2019                 | 5,479,299         | 135,570   | 5,343,729      | 5,411,514       | 1,170,880                       | 1,170,880                           | \$ -                          |
| 2020                 | 5,343,729         | 135,570   | 5,208,159      | 5,275,944       | 1,144,944                       | 1,144,944                           | \$ -                          |
| 2021                 | 5,208,159         | 135,570   | 5,072,589      | 5,140,374       | 1,119,007                       | 1,119,007                           | \$ -                          |
| 2022                 | 5,072,589         | 135,570   | 4,937,018      | 5,004,803       | 1,093,070                       | 1,093,070                           | \$ -                          |
| 2023                 | 4,937,018         | 135,570   | 4,801,448      | 4,869,233       | 1,067,133                       | 1,067,133                           | \$ -                          |
| 2024                 | 4,801,448         | 135,570   | 4,665,878      | 4,733,663       | 1,041,196                       | 1,041,196                           | \$ -                          |
| 2025                 | 4,665,878         | 135,570   | 4,530,307      | 4,598,093       | 1,015,260                       | 1,015,260                           | \$ -                          |
| 2026                 | 4,530,307         | 135,570   | 4,394,737      | 4,462,522       | 989,323                         | 989,323                             | \$ -                          |
| 2027                 | 4,394,737         | 135,570   | 4,259,167      | 4,326,952       | 963,386                         | 963,386                             | \$ -                          |
| 2028                 | 4,259,167         | 135,570   | 4,123,596      | 4,191,382       | 937,449                         | 937,449                             | \$ -                          |
| 2029                 | 4,123,596         | 135,570   | 3,988,026      | 4,055,811       | 911,513                         | 911,513                             | \$ -                          |
| 2030                 | 3,988,026         | 135,570   | 3,852,456      | 3,920,241       | 885,576                         | 885,576                             | \$ -                          |
| 2031                 | 3,852,456         | 135,570   | 3,716,886      | 3,784,671       | 859,639                         | 859,639                             | \$ -                          |
| 2032                 | 3,716,886         | 135,570   | 3,581,315      | 3,649,100       | 833,702                         | 833,702                             | \$ -                          |
| 2033                 | 3,581,315         | 135,570   | 3,445,745      | 3,513,530       | 807,765                         | 807,765                             | \$ -                          |
| 2034                 | 3,445,745         | 135,570   | 3,310,175      | 3,377,960       | 781,829                         | 781,829                             | \$ -                          |
| 2035                 | 3,310,175         | 135,570   | 3,174,604      | 3,242,390       | 755,892                         | 755,892                             | \$ -                          |
| 2036                 | 3,174,604         | 135,570   | 3,039,034      | 3,106,819       | 729,955                         | 729,955                             | \$ -                          |
| 2037                 | 3,039,034         | 135,570   | 2,903,464      | 2,971,249       | 704,018                         | 704,018                             | \$ -                          |
| 2038                 | 2,903,464         | 135,570   | 2,767,894      | 2,835,679       | 678,081                         | 678,081                             | \$ -                          |
| 2039                 | 2,767,894         | 135,570   | 2,632,323      | 2,700,108       | 652,145                         | 652,145                             | \$ -                          |
| 2040                 | 2,632,323         | 135,570   | 2,496,753      | 2,564,538       | 626,208                         | 626,208                             | \$ -                          |
| 2041                 | 2,496,753         | 135,570   | 2,361,183      | 2,428,968       | 600,271                         | 600,271                             | \$ -                          |
| 2042                 | 2,361,183         | 135,570   | 2,225,612      | 2,293,397       | 574,334                         | 574,334                             | \$ -                          |
| 2043                 | 2,225,612         | 135,570   | 2,090,042      | 2,157,827       | 548,397                         | 548,397                             | \$ -                          |
| 2044                 | 2,090,042         | 135,570   | 1,954,472      | 2,022,257       | 522,461                         | 522,461                             | \$ -                          |
| 2045                 | 1,954,472         | 135,570   | 1,818,901      | 1,886,687       | 496,524                         | 496,524                             | \$ -                          |
| 2046                 | 1,818,901         | 135,570   | 1,683,331      | 1,751,116       | 470,587                         | 470,587                             | \$ -                          |
| 2047                 | 1,683,331         | 135,570   | 1,547,761      | 1,615,546       | 444,650                         | 444,650                             | \$ -                          |
| 2048                 | 1,547,761         | 135,570   | 1,412,191      | 1,479,976       | 418,714                         | 418,714                             | \$ -                          |
| 2049                 | 1,412,191         | 135,570   | 1,276,620      | 1,344,405       | 392,777                         | 392,777                             | \$ -                          |
| 2050                 | 1,276,620         | 135,570   | 1,141,050      | 1,208,835       | 366,840                         | 366,840                             | \$ -                          |
| 2051                 | 1,141,050         | 135,570   | 1,005,480      | 1,073,265       | 340,903                         | 340,903                             | \$ -                          |
| 2052                 | 1,005,480         | 135,570   | 869,909        | 937,695         | 314,966                         | 314,966                             | \$ -                          |
| 2053                 | 869,909           | 135,570   | 734,339        | 802,124         | 289,030                         | 289,030                             | \$ -                          |
| 2054                 | 734,339           | 135,570   | 598,769        | 666,554         | 263,093                         | 263,093                             | \$ -                          |
| 2055                 | 598,769           | 135,570   | 463,199        | 530,984         | 237,156                         | 237,156                             | \$ -                          |
| 2056                 | 463,199           | 135,570   | 327,628        | 395,413         | 211,219                         | 211,219                             | \$ -                          |
| 2057                 | 327,628           | 135,570   | 192,058        | 259,843         | 185,282                         | 185,282                             | \$ -                          |
| 2058                 | 192,058           | 135,570   | 56,488         | 124,273         | 159,346                         | 159,346                             | \$ -                          |
| 2059                 | 56,488            | 56,488  | -              | 28,244          | 61,891                          | 61,891                              | \$ -                          |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 31,547,411                      | 31,547,411                          | -                             |

\*\* 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.



**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: b1032.3 (Convert Ross - Circleville 69kV to 138kV)

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 935,319     | 935,319      | -                 |
| Prior Yr True-Up   | -           | -            | -                 |
| True-Up Adjustment | (935,319)   | (935,319)    | -                 |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | -                 | Current Year  | 2016           |                 |                                 |                                     |                               |
| Service Year (yyyy)  | 2015              | ROE increase accepted by FERC (Basis Points)              | -              |                 |                                 |                                     |                               |
| Service Month (1-12) | 6                 | FCR w/o incentives, less depreciation                     | 19.13%         |                 |                                 |                                     |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. | 19.13%         |                 |                                 |                                     |                               |
| CIA/C (Yes or No)    | No                | Annual Depreciation Expense                               | -              |                 |                                 |                                     |                               |
| 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 ## |
| 2015                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2016                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 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                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | -                               | -                                   | -                             |

[illegible]

**\*\* 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.

**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: b1032.2 (Two 138kV outlets to Delano and Camp Sherman)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | #N/A        | #N/A         | #N/A              |
| Prior Yr True-Up   | #N/A        | #N/A         | #N/A              |
| True-Up Adjustment | #N/A        | #N/A         | #N/A              |

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | -                 | Current Year  | 2016           |                 |                                 |                                     |                               |
| Service Year (yyyy)  | 2017              | ROE increase accepted by FERC (Basis Points)              | -              |                 |                                 |                                     |                               |
| Service Month (1-12) | 12                | FCR w/o incentives, less depreciation                     | 19.13%         |                 |                                 |                                     |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. | 19.13%         |                 |                                 |                                     |                               |
| CIA/C (Yes or No)    | No                | Annual Depreciation Expense                               | -              |                 |                                 |                                     |                               |
| 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 ## |
| 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                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2076                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 |                                 |                                     |                               |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

\*\* This is the 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.

**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 Allen w/ 345/138 kV xfmr. and cut in double circuit tower line)**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | 0           | 0            | (0)               |
| Prior Yr True-Up   | 50,447      | 50,447       | -                 |
| True-Up Adjustment | 50,447      | 50,447       | 0                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                               |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|-------------------------------|
| Investment           | 242,015           | Current Year  |                |                 |                                 | 2016                                |                               |
| Service Year (yyyy)  | 2016              | ROE increase accepted by FERC (Basis Points)              |                |                 |                                 | -                                   |                               |
| Service Month (1-12) | 2                 | FCR w/o incentives, less depreciation                     |                |                 |                                 | 19.13%                              |                               |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                |                 |                                 | 19.13%                              |                               |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                |                 |                                 | 5,500                               |                               |
| 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 ## |
| 2016                 | 242,015           | 4,584   | 237,431        | 239,723         | 50,447                          | 50,447                              | \$ -                          |
| 2017                 | 237,431           | 5,500   | 231,931        | 234,681         | 50,399                          | 50,399                              | \$ -                          |
| 2018                 | 231,931           | 5,500   | 226,431        | 229,181         | 49,346                          | 49,346                              | \$ -                          |
| 2019                 | 226,431           | 5,500   | 220,930        | 223,681         | 48,294                          | 48,294                              | \$ -                          |
| 2020                 | 220,930           | 5,500   | 215,430        | 218,180         | 47,242                          | 47,242                              | \$ -                          |
| 2021                 | 215,430           | 5,500   | 209,930        | 212,680         | 46,189                          | 46,189                              | \$ -                          |
| 2022                 | 209,930           | 5,500   | 204,429        | 207,180         | 45,137                          | 45,137                              | \$ -                          |
| 2023                 | 204,429           | 5,500   | 198,929        | 201,679         | 44,085                          | 44,085                              | \$ -                          |
| 2024                 | 198,929           | 5,500   | 193,429        | 196,179         | 43,033                          | 43,033                              | \$ -                          |
| 2025                 | 193,429           | 5,500   | 187,928        | 190,678         | 41,980                          | 41,980                              | \$ -                          |
| 2026                 | 187,928           | 5,500   | 182,428        | 185,178         | 40,928                          | 40,928                              | \$ -                          |
| 2027                 | 182,428           | 5,500   | 176,928        | 179,678         | 39,876                          | 39,876                              | \$ -                          |
| 2028                 | 176,928           | 5,500   | 171,427        | 174,177         | 38,823                          | 38,823                              | \$ -                          |
| 2029                 | 171,427           | 5,500   | 165,927        | 168,677         | 37,771                          | 37,771                              | \$ -                          |
| 2030                 | 165,927           | 5,500   | 160,427        | 163,177         | 36,719                          | 36,719                              | \$ -                          |
| 2031                 | 160,427           | 5,500   | 154,926        | 157,676         | 35,666                          | 35,666                              | \$ -                          |
| 2032                 | 154,926           | 5,500   | 149,426        | 152,176         | 34,614                          | 34,614                              | \$ -                          |
| 2033                 | 149,426           | 5,500   | 143,926        | 146,676         | 33,562                          | 33,562                              | \$ -                          |
| 2034                 | 143,926           | 5,500   | 138,425        | 141,175         | 32,509                          | 32,509                              | \$ -                          |
| 2035                 | 138,425           | 5,500   | 132,925        | 135,675         | 31,457                          | 31,457                              | \$ -                          |
| 2036                 | 132,925           | 5,500   | 127,425        | 130,175         | 30,405                          | 30,405                              | \$ -                          |
| 2037                 | 127,425           | 5,500   | 121,924        | 124,674         | 29,353                          | 29,353                              | \$ -                          |
| 2038                 | 121,924           | 5,500   | 116,424        | 119,174         | 28,300                          | 28,300                              | \$ -                          |
| 2039                 | 116,424           | 5,500   | 110,924        | 113,674         | 27,248                          | 27,248                              | \$ -                          |
| 2040                 | 110,924           | 5,500   | 105,423        | 108,173         | 26,196                          | 26,196                              | \$ -                          |
| 2041                 | 105,423           | 5,500   | 99,923         | 102,673         | 25,143                          | 25,143                              | \$ -                          |
| 2042                 | 99,923            | 5,500   | 94,423         | 97,173          | 24,091                          | 24,091                              | \$ -                          |
| 2043                 | 94,423            | 5,500   | 88,922         | 91,672          | 23,039                          | 23,039                              | \$ -                          |
| 2044                 | 88,922            | 5,500   | 83,422         | 86,172          | 21,986                          | 21,986                              | \$ -                          |
| 2045                 | 83,422            | 5,500   | 77,921         | 80,672          | 20,934                          | 20,934                              | \$ -                          |
| 2046                 | 77,921            | 5,500   | 72,421         | 75,171          | 19,882                          | 19,882                              | \$ -                          |
| 2047                 | 72,421            | 5,500   | 66,921         | 69,671          | 18,830                          | 18,830                              | \$ -                          |
| 2048                 | 66,921            | 5,500   | 61,420         | 64,171          | 17,777                          | 17,777                              | \$ -                          |
| 2049                 | 61,420            | 5,500   | 55,920         | 58,670          | 16,725                          | 16,725                              | \$ -                          |
| 2050                 | 55,920            | 5,500   | 50,420         | 53,170          | 15,673                          | 15,673                              | \$ -                          |
| 2051                 | 50,420            | 5,500   | 44,919         | 47,670          | 14,620                          | 14,620                              | \$ -                          |
| 2052                 | 44,919            | 5,500   | 39,419         | 42,169          | 13,568                          | 13,568                              | \$ -                          |
| 2053                 | 39,419            | 5,500   | 33,919         | 36,669          | 12,516                          | 12,516                              | \$ -                          |
| 2054                 | 33,919            | 5,500   | 28,418         | 31,169          | 11,463                          | 11,463                              | \$ -                          |
| 2055                 | 28,418            | 5,500   | 22,918         | 25,668          | 10,411                          | 10,411                              | \$ -                          |
| 2056                 | 22,918            | 5,500   | 17,418         | 20,168          | 9,359                           | 9,359                               | \$ -                          |
| 2057                 | 17,418            | 5,500   | 11,917         | 14,668          | 8,306                           | 8,306                               | \$ -                          |
| 2058                 | 11,917            | 5,500   | 6,417          | 9,167           | 7,254                           | 7,254                               | \$ -                          |
| 2059                 | 6,417             | 5,500   | 917            | 3,667           | 6,202                           | 6,202                               | \$ -                          |
| 2060                 | 917               | 917   | -              | 458             | 1,004                           | 1,004                               | \$ -                          |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2074                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| 2075                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                          |
| Project Totals       |                   |   |                |                 | 1,268,362                       | 1,268,362                           |                               |

**\*\* 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.

**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: b1870 Replace the Ohio Central transformer #1 450 MVA for 675 MVA transformer**

| 2016               | Rev Require | W Incentives | Incentive Amounts |
|--------------------|-------------|--------------|-------------------|
| Prior Yr Projected | -           | -            | -                 |
| Prior Yr True-Up   | 1,777       | 1,777        | -                 |
| True-Up Adjustment | 1,777       | 1,777        | -                 |

**TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:**

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

[illegible]

| Details              |                   |   |                |                 |                                 |                                     |                              |
|----------------------|-------------------|---|----------------|-----------------|---------------------------------|-------------------------------------|------------------------------|
| Investment           | 8,640             | Current Year  |                | 2016            |                                 |                                     |                              |
| Service Year (yyyy)  | 2014              | ROE increase accepted by FERC (Basis Points)              |                | -               |                                 |                                     |                              |
| Service Month (1-12) | 7                 | FCR w/o incentives, less depreciation                     |                | 19.13%          |                                 |                                     |                              |
| Useful life          | 44                | FCR w/incentives approved for these facilities, less dep. |                | 19.13%          |                                 |                                     |                              |
| CIAC (Yes or No)     | No                | Annual Depreciation Expense                               |                | 196             |                                 |                                     |                              |
| 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 # |
| 2014                 | 8,640             | 82  | 8,558          | 8,599           | 1,727                           | 1,727                               | \$ -                         |
| 2015                 | 8,558             | 196   | 8,362          | 8,460           | 1,815                           | 1,815                               | \$ -                         |
| 2016                 | 8,362             | 196   | 8,165          | 8,264           | 1,777                           | 1,777                               | \$ -                         |
| 2017                 | 8,165             | 196   | 7,969          | 8,067           | 1,740                           | 1,740                               | \$ -                         |
| 2018                 | 7,969             | 196   | 7,773          | 7,871           | 1,702                           | 1,702                               | \$ -                         |
| 2019                 | 7,773             | 196   | 7,576          | 7,675           | 1,665                           | 1,665                               | \$ -                         |
| 2020                 | 7,576             | 196   | 7,380          | 7,478           | 1,627                           | 1,627                               | \$ -                         |
| 2021                 | 7,380             | 196   | 7,184          | 7,282           | 1,589                           | 1,589                               | \$ -                         |
| 2022                 | 7,184             | 196   | 6,987          | 7,085           | 1,552                           | 1,552                               | \$ -                         |
| 2023                 | 6,987             | 196   | 6,791          | 6,889           | 1,514                           | 1,514                               | \$ -                         |
| 2024                 | 6,791             | 196   | 6,595          | 6,693           | 1,477                           | 1,477                               | \$ -                         |
| 2025                 | 6,595             | 196   | 6,398          | 6,496           | 1,439                           | 1,439                               | \$ -                         |
| 2026                 | 6,398             | 196   | 6,202          | 6,300           | 1,402                           | 1,402                               | \$ -                         |
| 2027                 | 6,202             | 196   | 6,005          | 6,104           | 1,364                           | 1,364                               | \$ -                         |
| 2028                 | 6,005             | 196   | 5,809          | 5,907           | 1,327                           | 1,327                               | \$ -                         |
| 2029                 | 5,809             | 196   | 5,613          | 5,711           | 1,289                           | 1,289                               | \$ -                         |
| 2030                 | 5,613             | 196   | 5,416          | 5,515           | 1,251                           | 1,251                               | \$ -                         |
| 2031                 | 5,416             | 196   | 5,220          | 5,318           | 1,214                           | 1,214                               | \$ -                         |
| 2032                 | 5,220             | 196   | 5,024          | 5,122           | 1,176                           | 1,176                               | \$ -                         |
| 2033                 | 5,024             | 196   | 4,827          | 4,925           | 1,139                           | 1,139                               | \$ -                         |
| 2034                 | 4,827             | 196   | 4,631          | 4,729           | 1,101                           | 1,101                               | \$ -                         |
| 2035                 | 4,631             | 196   | 4,435          | 4,533           | 1,064                           | 1,064                               | \$ -                         |
| 2036                 | 4,435             | 196   | 4,238          | 4,336           | 1,026                           | 1,026                               | \$ -                         |
| 2037                 | 4,238             | 196   | 4,042          | 4,140           | 988                             | 988                                 | \$ -                         |
| 2038                 | 4,042             | 196   | 3,845          | 3,944           | 951                             | 951                                 | \$ -                         |
| 2039                 | 3,845             | 196   | 3,649          | 3,747           | 913                             | 913                                 | \$ -                         |
| 2040                 | 3,649             | 196   | 3,453          | 3,551           | 876                             | 876                                 | \$ -                         |
| 2041                 | 3,453             | 196   | 3,256          | 3,355           | 838                             | 838                                 | \$ -                         |
| 2042                 | 3,256             | 196   | 3,060          | 3,158           | 801                             | 801                                 | \$ -                         |
| 2043                 | 3,060             | 196   | 2,864          | 2,962           | 763                             | 763                                 | \$ -                         |
| 2044                 | 2,864             | 196   | 2,667          | 2,765           | 725                             | 725                                 | \$ -                         |
| 2045                 | 2,667             | 196   | 2,471          | 2,569           | 688                             | 688                                 | \$ -                         |
| 2046                 | 2,471             | 196   | 2,275          | 2,373           | 650                             | 650                                 | \$ -                         |
| 2047                 | 2,275             | 196   | 2,078          | 2,176           | 613                             | 613                                 | \$ -                         |
| 2048                 | 2,078             | 196   | 1,882          | 1,980           | 575                             | 575                                 | \$ -                         |
| 2049                 | 1,882             | 196   | 1,685          | 1,784           | 538                             | 538                                 | \$ -                         |
| 2050                 | 1,685             | 196   | 1,489          | 1,587           | 500                             | 500                                 | \$ -                         |
| 2051                 | 1,489             | 196   | 1,293          | 1,391           | 462                             | 462                                 | \$ -                         |
| 2052                 | 1,293             | 196   | 1,096          | 1,195           | 425                             | 425                                 | \$ -                         |
| 2053                 | 1,096             | 196   | 900            | 998             | 387                             | 387                                 | \$ -                         |
| 2054                 | 900               | 196   | 704            | 802             | 350                             | 350                                 | \$ -                         |
| 2055                 | 704               | 196   | 507            | 605             | 312                             | 312                                 | \$ -                         |
| 2056                 | 507               | 196   | 311            | 409             | 275                             | 275                                 | \$ -                         |
| 2057                 | 311               | 196   | 115            | 213             | 237                             | 237                                 | \$ -                         |
| 2058                 | 115               | 115   | -              | 57              | 126                             | 126                                 | \$ -                         |
| 2059                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2060                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2061                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2062                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2063                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2064                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2065                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2066                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2067                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2068                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2069                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2070                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2071                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2072                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| 2073                 | -                 | -   | -              | -               | -                               | -                                   | \$ -                         |
| Project Totals       |                   |   |                |                 | 45,970                          | 45,970                              | -                            |

**\*\* 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  
OHIO POWER COMPANY

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

| <u>Line<br/>Number</u> | <u>(A)<br/>Issuance</u>   | <u>(B)<br/>Principle Outstanding</u>       | <u>(C)<br/>Interest Rate</u> | <u>(D)<br/>Annual Expense<br/>(See Note S on Projected<br/>Template)</u> | <u>(E)<br/>Notes</u> |
|------------------------|---|--|------------------------------|--|----------------------|
| 1                      | <b><u>Long Term Debt (FF1.p. 256-257.h)</u></b>                             |  |                              |  |                      |
| 2                      | <b><u>Installment Purchase Contracts (FF1.p. 256-257.h, a)</u></b>          |  |                              |  |                      |
| 3                      | Reacquired Bonds: Marshall County Series F                                  | (35,000,000)                               | 0.760%                       | (266,000)  |                      |
| 4                      | Reacquired Bonds: Ohio Air Quality Series 2005A                             | (54,500,000)                               | 0.760%                       | (414,200)  |                      |
| 5                      | Reacquired Bonds: Ohio Air Quality Series 2005B                             | (50,450,000)                               | 0.760%                       | (383,420)  |                      |
| 6                      | Reacquired Bonds: Ohio Air Quality Series 2005C                             | (50,450,000)                               | 0.760%                       | (383,420)  |                      |
| 7                      | Reacquired Bonds: Ohio Air Quality Series 2005D                             | (54,500,000)                               | 0.760%                       | (414,200)  |                      |
| 8                      | Reacquired Bonds: Ohio Air Quality Revenue Bonds Series 2007A               | (44,500,000)                               | 0.910%                       | (404,950)  |                      |
| 9                      | Reacquired Bonds: Ohio Air Quality Revenue Bonds Series 2007B               | (56,000,000)                               | 0.780%                       | (436,800)  |                      |
| 10                     | Ohio Air Quality Revenue Bonds Series 2009B                                 | 32,245,000                                 | 5.800%                       | 1,870,210  |                      |
| 11                     | Marshall County Series F  | 35,000,000                                 | 0.760%                       | 266,000  |                      |
| 12                     | Ohio Air Quality Series 2005A   | 54,500,000                                 | 0.760%                       | 414,200  |                      |
| 13                     | Ohio Air Quality Series 2005B   | 50,450,000                                 | 0.760%                       | 383,420  |                      |
| 14                     | Ohio Air Quality Series 2005C   | 50,450,000                                 | 0.760%                       | 383,420  |                      |
| 15                     | Ohio Air Quality Series 2005D   | 54,500,000                                 | 0.760%                       | 414,200  |                      |
| 16                     | Ohio Air Quality Revenue Bonds Series 2007A                                 | 44,500,000                                 | 0.910%                       | 404,950  |                      |
| 17                     | Ohio Air Quality Revenue Bonds Series 2007B                                 | 56,000,000                                 | 0.780%                       | 436,800  |                      |
| 18                     | Unsecured Senior Notes Series B due 03/2033                                 | 250,000,000                                | 6.600%                       | 16,500,000   |                      |
| 19                     | Unsecured Senior Notes Series F due 10/2035                                 | 250,000,000                                | 5.850%                       | 14,625,000   |                      |
| 20                     | Unsecured Senior Notes Series G due 05/2018                                 | 350,000,000                                | 6.050%                       | 21,175,000   |                      |
| 21                     | Unsecured Senior Notes Series G due 02/2033                                 | 250,000,000                                | 6.600%                       | 16,500,000   |                      |
| 22                     | Unsecured Senior Notes Series M due 10/2021                                 | 500,000,000                                | 5.375%                       | 26,875,000   |                      |
| 23                     | Groveport Facility Lease - Long Term  | 1,216,479                                  | 1.150%                       | 13,990   |                      |
| 24                     | <b><u>Issuance Discount, Premium, &amp; Expenses:</u></b>                   |  |                              |  |                      |
| 25                     | Auction Fees  | FF1.p. 256 & 257.Lines Described as Fees   |                              | -  |                      |
| 26                     | Allowable Hedge Amortization (See Ln 43 Below)                              |  |                              | (1,853,568)  |                      |
| 27                     | Amort of Debt Discount and Expenses   | FF1.p. 117.63.c                            |                              | 1,369,728  |                      |
| 28                     | Amort of Debt Premiums (Enter Negative)                                     | FF1.p. 117.65.c                            |                              | -  |                      |
| 29                     | <b><u>Reacquired Debt:</u></b>  |  |                              |  |                      |
| 30                     | Amortization of Loss  | FF1.p. 117.64.c                            |                              | 1,287,793  |                      |
| 31                     | Amortization of Gain  | FF1.p. 117.66.c                            |                              | -  |                      |
| 32                     | <b>Total Interest on Long Term Debt</b>                                     | 1,633,461,479                              | 6.02%                        | 98,363,153   |                      |
| 33                     | <b><u>Preferred Stock (FF1.p. 250-251)</u></b>                              | <b><u>Preferred Shares Outstanding</u></b> |                              |  |                      |
| 34                     |   | -  | 0.00%                        | -  |                      |
| 35                     |   | -  | 0.00%                        | -  |                      |
| 36                     |   | -  | 0.00%                        | -  |                      |
| 37                     |   | -  | 0.00%                        | -  |                      |
| 38                     | <b>Dividends on Preferred Stock</b>   | -  | 0.00%                        | -  |                      |
| 39                     | Net Total Hedge Gains and Losses (WS M, Ln 30, (E))                         |  |                              | (1,853,568)  |                      |
| 40                     | Total Projected Capital Structure Balance for 2017 (Projected TCOS, Ln 165) |  |                              | 3,743,074,229  |                      |
| 41                     | Financial Hedge Recovery Limit - Five Basis Points of Total Capital         |  |                              | 0.0005   |                      |
| 42                     | Limit of Recoverable Amount   |  |                              | (1,871,537)  |                      |
| 43                     | <b>Recoverable Hedge Amortization (Lesser of Ln 39 or Ln 42)</b>            |  |                              | <b>(1,853,568)</b>   |                      |

AEP East Companies  
Transmission Cost of Service Formula Rate  
OHIO POWER COMPANY

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)   | (B)                                     | (C)                      | (D)                      | (E)                  |
|---|---|--------------------------|--------------------------|----------------------|
| Line  |   | Balances @<br>12/31/2016 | Balances @<br>12/31/2015 | Average              |
| <b><u>Development of Average Balance of Common Equity</u></b> |   |                          |                          |                      |
| 1   | Proprietary Capital (112.16.c&d)        | 2,117,544,466            | 1,986,574,950            | 2,052,059,708        |
| 2   | Less Preferred Stock (Ln 55 Below)      | 0                        | 0                        | -                    |
| 3   | Less Account 216.1 (112.12.c&d)         | 4,915,704                | 4,915,704                | 4,915,704            |
| 4   | Less Account 219.1 (112.15.c&d)         | 3,016,012                | 4,229,596                | 3,622,804            |
| 5   | <b>Average Balance of Common Equity</b> | 2,109,612,750            | 1,977,429,650            | <b>2,043,521,200</b> |

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

|    |   |               |               |                      |
|----|---|---------------|---------------|----------------------|
| 6  | Bonds (112.18.c&d)                                | -             | -             | -                    |
| 7  | Less: Reacquired Bonds (112.19.c&d)               | 345,400,000   | 345,400,000   | 345,400,000          |
| 8  | LT Advances from Assoc. Companies (112.20.c&d)    | -             | -             | -                    |
| 9  | Senior Unsecured Notes (112.21.c&d)               | 1,978,861,479 | 2,328,942,763 | 2,153,902,121        |
| 10 | Less: Fair Value Hedges (See Note on Ln 12 below) | -             | -             | -                    |
| 11 | <b>Total Average Debt</b>                         | 1,633,461,479 | 1,983,542,763 | <b>1,808,502,121</b> |

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)**

|    |  |  |                    |
|----|--|--|--------------------|
| 13 | <b>Annual Interest Expense for 2016</b>  |  |                    |
| 14 | Interest on Long Term Debt (256-257.33.i)  |  | 104,441,643        |
| 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 29 below. |  | (1,853,568)        |
| 16 | Plus: Allowed Hedge Recovery From Ln 34 below.   |  | (1,853,568)        |
| 17 | Amort of Debt Discount & Expense (117.63.c)  |  | 1,369,728          |
| 18 | Amort of Loss on Reacquired Debt (117.64.c)  |  | 1,287,793          |
| 19 | Less: Amort of Premium on Debt (117.65.c)  |  | -                  |
| 20 | Less: Amort of Gain on Reacquired Debt (117.66.c)  |  | -                  |
| 21 | <b>Total Interest Expense (Ln 14 + Ln 17 + Ln 18 - Ln 19 - Ln 20)</b>  |  | <b>107,099,164</b> |
| 22 | <b>Average Cost of Debt for 2016 (Ln 21/Ln 11)</b>   |  | <b>5.92%</b>       |

**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.

|  |                              |                                     |   | Amortization Period            |                                     |                     |
|--|------------------------------|-------------------------------------|---|--------------------------------|-------------------------------------|---------------------|
| HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)                   |                              | Total Hedge<br>(Gain)/Loss for 2016 | Less Excludable<br>Amounts (See<br>NOTE on Line 23) | Net Includable Hedge<br>Amount | Remaining<br>Unamortized<br>Balance | Beginning<br>Ending |
| 24   | SUN Cash Flow Hedge - 6.000% | (174,355)                           | -   | (174,355)                      | (0)                                 | Jun-06<br>Jun-16    |
| 25   | SUN Cash Flow Hedge - 5.375% | (1,679,213)                         | -   | (1,679,213)                    | (4,547,867)                         | Sep-09<br>Sep-19    |
| 26   |                              |                                     |   |                                |                                     |                     |
| 27   |                              |                                     |   |                                |                                     |                     |
| 28   |                              |                                     |   |                                |                                     |                     |
| 29 Total Hedge Amortization  |                              | (1,853,568)                         | -   |                                |                                     |                     |
| 30 Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 24 to 25) |                              |                                     |   | (1,853,568)                    |                                     |                     |
| 31 Total Average Capital Structure Balance for 2016 (True-UP TCOS, Ln 165)           |                              |                                     |   | 3,852,023,321                  |                                     |                     |
| 32 Financial Hedge Recovery Limit - Five Basis Points of Total Capital               |                              |                                     |   | 0.0005                         |                                     |                     |
| 33 Limit of Recoverable Amount   |                              |                                     |   | (1,926,012)                    |                                     |                     |
| 34 <b>Recoverable Hedge Amortization (Lesser of Ln 30 or Ln 33)</b>                  |                              |                                     |   | <b>(1,853,568)</b>             |                                     |                     |

**Development of Cost of Preferred Stock**

| Preferred Stock   |       |       | Average  |
|---|-------|-------|--|
| 35 0% Series - 0 - Dividend Rate (p. 250-251. 7 & 10.a)   | 0.00% | 4.08% |  |
| 36 0% Series - 0 - Par Value (p. 250-251. 8.c)            | \$ -  | \$ -  | -  |
| 37 0% Series - 0 - Shares O/S (p.250-251. 8 & 11.e)       | -     | -     | -  |
| 38 0% Series - 0 - Monetary Value (Ln 36 * Ln 37)         | -     | -     | -  |
| 39 0% Series - 0 - Dividend Amount (Ln 35 * Ln 38)        | -     | -     | -  |
| 40 0% Series - 0 - Dividend Rate (p. 250-251.a)           | 0.00% | 4.20% |  |
| 41 0% Series - 0 - Par Value (p. 250-251.c)               | \$ -  | \$ -  | -  |
| 42 0% Series - 0 - Shares O/S (p.250-251. e)              | -     | -     | -  |
| 43 0% Series - 0 - Monetary Value (Ln 41 * Ln 42)         | -     | -     | -  |
| 44 0% Series - 0 - Dividend Amount (Ln 40 * Ln 43)        | -     | -     | -  |
| 45 0% Series - 0 - Dividend Rate (p. 250-251.a)           | 0.00% | 4.40% |  |
| 46 0% Series - 0 - Par Value (p. 250-251.c)               | \$ -  | \$ -  | -  |
| 47 0% Series - 0 - Shares O/S (p.250-251.e)               | -     | -     | -  |
| 48 0% Series - 0 - Monetary Value (Ln 46 * Ln 47)         | -     | -     | -  |
| 49 0% Series - 0 - Dividend Amount (Ln 45 * Ln 48)        | -     | -     | -  |
| 50 0% Series - 0 - Dividend Rate (p. 250-251.a)           | 0.00% | 4.50% |  |
| 51 0% Series - 0 - Par Value (p. 250-251.c)               | \$ -  | \$ -  | -  |
| 52 0% Series - 0 - Shares O/S (p.250-251.e)               | -     | -     | -  |
| 53 0% Series - 0 - Monetary Value (Ln 51 * Ln 52)         | -     | -     | -  |
| 54 0% Series - 0 - Dividend Amount (Ln 50 * Ln 53)        | -     | -     | -  |
| 55 <b>Balance of Preferred Stock (Lns 38, 43, 48, 54)</b> | -     | -     | - Year End Total Agrees to FF1 p.112, Ln 3, col (c ) & (d) |
| 56 <b>Dividends on Preferred Stock (Lns 39, 44, 49)</b>   | -     | -     | -  |
| 57 <b>Average Cost of Preferred Stock (Ln 56/55)</b>      | 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**  
**OHIO POWER COMPANY**

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

|      | (A)  | (B)                  | (C)   | (D)                         | (E)      | (F)           | (G)                     | (H)   | (I)             |
|------|------|----------------------|---|-----------------------------|----------|---------------|-------------------------|---|-----------------|
| Line | Date | Property Description | Function<br>(T) or (G)<br>T = Transmission<br>G = General | Basis                       | Proceeds | (Gain) / Loss | Functional<br>Allocator | Functionalized<br>Proceeds<br>(Gain) / Loss | FERC<br>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  
OHIO POWER COMPANY

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

**Allocation of PBOP Settlement Amount for 2016**

**Total Company Amount**

| Line# | Company             | Actual Expense<br>(Including AEPSC<br>Billed OPEB) | Ratio of Company<br>Actual to Total | Allocation of PBOB<br>Recovery Allowance | Labor Allocator for<br>2016 | Actual Expense | Allowable Expense | One Year Functional<br>Expense (Over)/Under |
|-------|---------------------|--|-------------------------------------|--|-----------------------------|----------------|-------------------|---|
|       |                     | (A)<br>(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**

|   | 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  | 566,071      | 399,177     | 256,460     | 5,139     | 173,801     | (198,356) |                |
| Additional PBOP Ledger Entries (from Company Records)             |              |             |             |           |             |           |                |
| 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  | (983,322)    | (726,326)   | (261,787)   | (40,597)  | (930,896)   | (31,721)  | (2,974,649)    |
| PBOP Expenses From AEP Service Corporation (from Company Records) |              |             |             |           |             |           |                |
| 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  
PJM FORMULA RATE  
WORKSHEET P - TRANSMISSION DEPRECIATION RATES  
EFFECTIVE AS OF 1/1/2012  
FOR SINGLE JURISDICTION COMPANIES  
OHIO POWER COMPANY

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

Reference:

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

**General Note:**

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.