

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

Twelve Months Ended 2018

Indiana Michigan Power Company

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 130)				\$132,119,602
			Total			
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	2,981,188	DA	1.00000	\$ 2,981,188
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 129,138,415

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

5	Revenue Requirement for PJM Schedule 12 Facilities (w/o incentives) (Worksheet J/K)	5,501,501	DA	1.00000	\$ 5,501,501
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((ln 1 - ln 95)/(ln 42) x 100))			13.56%
8	Monthly Rate	(ln 7 / 12)			1.13%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((ln 1 - ln 95 - ln 100) /((ln 42) x 100))			10.74%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((ln 1 - ln 95 - ln 100 - ln 125 - ln 126) /((ln 42) x 100))			4.06%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)				
14	REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES				
15	Total Load Dispatch & Scheduling (Account 561)	Line 75 Below			7,073,510
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				5,243,563
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				1,343,396
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			486,551

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(1)	(2)	(3)	(4)	(5)
	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
Line No.	RATE BASE CALCULATION			
19	GROSS PLANT IN SERVICE			
20	Production (Worksheet A In 14.(b))	4,525,345,871	NA	-
21	Less: Production ARO (Enter Negative) (Worksheet A In 14.(c))	(172,987,806)	NA	-
22	Transmission (Worksheet A In 14.(d) & TCOS Ln 134)	1,533,839,491	DA	1,475,196,900
23	Less: Transmission ARO (Enter Negative) (Worksheet A In 14.(e))	-	TP	0.96177
24	Distribution (Worksheet A In 14.(f))	2,148,025,858	NA	-
25	Less: Distribution ARO (Enter Negative) (Worksheet A In 14.(g))	-	NA	-
26	General Plant (Worksheet A In 14.(h))	147,959,992	W/S	0.04367
27	Less: General Plant ARO (Enter Negative) (Worksheet A In 14.(i))	(178,015)	W/S	0.04367
28	Intangible Plant (Worksheet A In 14.(j))	179,841,350	W/S	0.04367
	TOTAL GROSS PLANT (sum Ins 19 to 27)	8,361,846,742	GP	0.178131
			GTD=	0.40067
29	ACCUMULATED DEPRECIATION AND AMORTIZATION			
30	Production (Worksheet A In 28.(b))	1,695,012,498	NA	-
31	Less: Production ARO (Enter Negative) (Worksheet A In 28.(c))	(110,912,514)	NA	-
32	Transmission (Worksheet A In 28.(d) & In 43.(c))	509,071,631	TP1=	0.98381
33	Less: Transmission ARO (Enter Negative) (Worksheet A In 28.(e))	-	TP1=	0.98381
34	Distribution (Worksheet A In 28.(f))	620,234,494	NA	-
35	Less: Distribution ARO (Enter Negative) (Worksheet A In 28.(g))	-	NA	-
36	General Plant (Worksheet A In 28.(h))	32,036,996	W/S	0.04367
37	Less: General Plant ARO (Enter Negative) (Worksheet A In 28.(i))	(159,754)	W/S	0.04367
38	Intangible Plant (Worksheet A In 28.(j))	138,119,555	W/S	0.04367
39	TOTAL ACCUMULATED DEPRECIATION (sum Ins 30 to 38)	2,883,402,906		508,251,781
40	NET PLANT IN SERVICE			
41	Production (In 19 + In 20 - In 30 - In 31)	2,768,258,081		-
42	Transmission (In 21 + In 22 - In 32 - In 33)	1,024,767,861		974,368,473
43	Distribution (In 23 + In 24 - In 34 - In 35)	1,527,791,364		-
44	General Plant (In 25 + In 26 - In 36 - In 37)	115,904,735		5,061,283
45	Intangible Plant (In 27 - In 38)	41,721,795		1,821,891
46	TOTAL NET PLANT IN SERVICE (sum Ins 41 to 45)	5,478,443,836	NP	0.179111
47	DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note D)			
48	Account No. 281.1 (enter negative) (Worksheet B, In 2 & In 5.E)	(29,443,780)	NA	-
49	Account No. 282.1 (enter negative) (Worksheet B, In 7 & In 10.E)	(1,396,437,303)	DA	(240,474,381)
50	Account No. 283.1 (enter negative) (Worksheet B, In 12 & In 15.E)	(722,201,053)	DA	(3,665,378)
51	Account No. 190.1 (Worksheet B, In 17 & In 20.E)	736,365,278	DA	10,847,235
52	Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E)	-	DA	-
53	TOTAL ADJUSTMENTS (sum Ins 48 to 52)	(1,411,716,857)		(233,292,524)
54	PLANT HELD FOR FUTURE USE (Worksheet A In 44.(e) & In 45.(e))	1,444,928	DA	208,360
55	REGULATORY ASSETS (Worksheet A In 51.(e))	-	DA	-
56	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y) (Worksheet A In 54.(e))	(87,433)	W/S	0.04367
57	WORKING CAPITAL (Note E)			
58	Cash Working Capital (1/8 * In 78)	3,360,539		3,232,057
59	Transmission Materials & Supplies (Worksheet C, In 2.(F))	1,387,051	TP	0.96177
60	A&G Materials & Supplies (Worksheet C, In 3.(F))	276,686	W/S	0.04367
61	Stores Expense (Worksheet C, In 4.(F))	-	GP	0.17813
62	Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G)	151,897,049	W/S	0.04367
63	Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F)	4,966,099	GP	0.17813
64	Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E)	-	DA	1.00000
65	Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D)	(148,932,950)	NA	0.00000
66	TOTAL WORKING CAPITAL (sum Ins 58 to 65)	12,954,474		12,095,757
67	IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8.B)	(3,407,360)	DA	1.00000
68	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)	4,077,631,588		756,852,062

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	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
69	Production	321.80.b	1,143,967,855		
70	Distribution	322.156.b	81,400,529		
71	Customer Related Expense	322 & 323.164,171,178.b	43,428,461		
72	Regional Marketing Expenses	322.131.b	4,958,232		
73	Transmission	321.112.b	120,223,295		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	1,393,978,372		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	7,073,510		
76	Less: Account 565	(Note H) 321.96.b	86,265,470		
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	26,884,315	TP 0.96177	25,856,460
79	Administrative and General	323.197.b (Notes J and M)	95,143,503		
80	Less: Acct. 924, Property Insurance	323.185.b	(4,010,867)		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(11,963,215)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	(3,007,058)		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	13,238,872		
84	Acct. 928, Reg. Com. Exp.	323.189.b	307,016		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	4,620,958		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	95,956,797	W/S 0.04367	4,190,204
87	Balance of A & G	(In 79 - sum In 80 to In 86)	(4,010,867)	GP 0.17813	(714,459)
88	Plus: Acct. 924, Property Insurance	(In 80)	37,842	TP 0.96177	36,395
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 0.96177	-
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	179,781	DA 1.00000	179,781
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 45.(E) (Note L)	(32,975,997)	W/S 0.04367	(1,439,983)
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	59,187,556		2,251,938
93	A & G Subtotal	(sum Ins 87 to 92)	86,071,871		28,108,397
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	-	DA 1.00000	-
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)	(In 94 + In 95)	86,071,871		28,108,397
96	TOTAL O & M EXPENSE				
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	164,117,244	NA 0.00000	-
99	Distribution	336.8.f	69,753,588	NA 0.00000	-
100	Transmission	336.7.f	27,945,744	TP1 0.98381	27,493,229
101	General	336.10.f	5,750,542	W/S 0.04367	251,112
102	Intangible	336.1.f	25,494,246	W/S 0.04367	1,113,273
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+100+101+102) (Note N)	293,061,364		28,857,614
104	TAXES OTHER THAN INCOME				
105	Labor Related				
106	Payroll	Worksheet H In 23.(D)	12,752,765	W/S 0.04367	556,883
107	Plant Related				
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	59,224,673	DA 0.00000	8,927,343
109	Gross Receipts/Sales & Use	Worksheet H In 23.(F)	20,701,865	NA 0.00000	-
110	Other	Worksheet H In 23.(E)	2,505,220	GP 0.17813	446,257
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	95,184,523		9,930,483
112	INCOME TAXES	(Note O)			
113	$T=1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$		25.31%		
114	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		22.61%		
115	where WCLTD=(In 154) and WACC = (In 157)				
116	and FIT, SIT & p are as given in Note O.				
117	GRCF=1 / (1 - T) = (from In 113)		1.3389		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(4,686,927)		
119	Excess Deferred Income Tax	(Note U)	(25,894,047)	DA 0.00000	(2,777,316)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	3,038,290	DA 0.17813	1,148,170
121	Income Tax Calculation	(In 114 * In 126)	67,919,758		12,606,634
122	ITC adjustment	(In 117 * In 118)	(6,275,459)	GP 0.17813	(1,117,853)
123	Excess Deferred Income Tax	(In 117 * In 119)	(34,670,272)		(3,718,627)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	4,068,052		1,537,317
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	31,042,080		9,307,471
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	300,413,719		55,760,001
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		155,635	DA 1.00000	155,635
128	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, In 4, Cols. (F) & (H))		-		-
129	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (In 128 * In114)		-		-
130	TOTAL REVENUE REQUIREMENT (sum Ins 96, 103, 111, 125, 126, 127, 128, 129)		805,929,193		132,119,602

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF									
131	Total transmission plant	(In 21)								1,533,839,491
132	Less transmission plant excluded from PJM Tariff (Worksheet A, In 42, Col. (d)) (Note P)									-
133	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 42, Col. (b)) (Note Q)									58,642,591
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)								1,475,196,900
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						TP=		0.96177
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)								
137	Production	354.20.b	Direct Payroll	138,364,857	Payroll Billed from AEP Service Corp.	13,927,125	Total	152,291,982	NA	0.00000
138	Transmission	354.21.b		4,694,379		4,125,761		8,820,140	TP	0.96177
139	Regional Market Expenses	354.22.b		0		0		-	NA	0.00000
140	Distribution	354.23.b		18,765,801		2,176,682		20,942,483	NA	0.00000
141	Other (Excludes A&G)	354.24;25,26.b		7,301,753		4,904,870		12,206,623	NA	0.00000
142	Total	(sum Ins 137 to 141)		169,126,790		25,134,438		194,261,228		8,482,924
143	Transmission related amount								W/S=	0.04367
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
145	Long Term Interest	(Worksheet M, In. 37, col. (d))								119,452,886
146	Preferred Dividends	(Worksheet M, In. 71)								-
147	Development of Common Stock:									
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))								2,292,655,244
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))								-
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))								(6,168,846)
151	Less: Account 219	(Worksheet M, In. 14, col. (e))								(13,593,513)
152	Common Stock	(In 148 - In 149 - In 150 - In 151)								2,312,417,603
153										
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))									
155	Preferred Stock (In 149)									
156	Common Stock (In 152)									
157	Total (Sum Ins 154 to 156)									
158	Capital Structure Equity Limit (Note Z)	55%								

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Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
7) If AEP East companies have any directly assigned transmission facilities, the revenue credits in the AEP East formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet Q and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average of 13-month balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flowthrough and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(i)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75.
2) Costs of Transmission of Electricity by Others, as described in Note H.
3) The impact of state regulatory deferrals and amortizations, as shown on line 77
4) All A&G Expenses, as shown on line 93.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 127.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.
The addbacks on line 95 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on line 95 is the Indiana Michigan Power Company general ledger.
- I Removes the impact of state regulatory deferrals or their amortization from Transmission O&M expense.
- J General Plant and Administrative & General expenses, other than in accounts 924, 928, and 930, will be functionalized based on the Wages & Salaries "W/S" allocator. The allocation basis for accounts 924, 928 and 930 are separately presented in the formula. A change in the allocation method for an account must be approved via a 205 filing with the FERC.
- K These deductions on lines 81 through 83 are to remove from the cost of service the expenses recorded by the company for Postemployment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
- L Expenses recorded in FERC Accounts 928 (Regulatory Commission Expense), 930.1 (Safety Related Advertising) and 930.2 (Miscellaneous General Expenses) that are not directly related to or properly allocable to transmission service will be removed from the TCOS. If AEP includes any expenses booked to these accounts in future ATRR updates, AEP must provide supporting information demonstrating that the underlying activities are directly related to providing transmission service. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M See note K above. Per the settlement in Docket ER08-1329, recoverable PBOP expense is based on an annual total for the operating companies that is ratioed to them based on the total of actual annual PBOP costs, including charges from the AEP Service Corporation. The calculation of the recoverable amount for each company is shown on Worksheet O.
- N Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. See Worksheet G for the development of the Company's composite SIT.
A utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
(In 118) multiplied by (1/(1-T)) . If the applicable tax rates are zero enter 0.
Inputs Required:
- | | |
|-------|---|
| FIT = | 21.00% |
| SIT= | 5.46% (State Income Tax Rate or Composite SIT, Worksheet G) |
| p = | 0.00% (percent of federal income tax deductible for state purposes) |
- The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable.
If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S Long Term Debt cost rate = Long-Term Interest (In 145) / Long-Term Debt (In 154). Preferred Stock cost rate = preferred dividends (In 146) / preferred outstanding (In 155).
Common Stock cost rate (ROE) = 10.35%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership.
The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M.
Eligible Hedging Gains and Losses are computed on Worksheet M. The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
- T The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983.
This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above.
The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
- U Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- V Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
- W The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- X Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
- Y The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.

Z Per the settlement in EL17-13, equity is limited to 55% in of the Company's capital structure. If the percentage of actual equity exceeds the cap, the excess is included as long term debt in the capital structure.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
Indiana Michigan Power Company

Line No	Month (a)	Gross Plant In Service								
		Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	FF1, page 205&204, Col (g)&(b), Ins 15,24,34,44	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	Acct. 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
1	December Prior to Rate Year	(Note A)	4,417,729,489	149,570,937	1,503,669,739	2,069,063,856	-	134,470,611	172,921	166,794,609
2	January		4,421,811,180	149,570,937	1,506,514,474	2,082,538,808	-	146,478,794	172,922	168,739,890
3	February		4,423,893,458	149,570,937	1,510,857,704	2,087,691,886	-	147,120,811	172,922	170,318,729
4	March		4,436,318,511	149,570,937	1,523,240,743	2,097,080,026	-	146,967,625	172,922	171,755,534
5	April		4,439,491,275	149,570,937	1,529,348,270	2,111,254,887	-	147,839,240	172,922	173,503,120
6	May		4,529,310,566	149,570,937	1,526,575,796	2,128,298,066	-	148,005,833	172,922	175,512,220
7	June		4,543,690,129	149,570,937	1,529,668,231	2,148,913,055	-	148,282,289	172,922	177,337,593
8	July		4,548,780,193	149,570,937	1,532,263,481	2,157,446,810	-	148,479,494	172,922	184,163,932
9	August		4,550,154,521	149,570,937	1,539,290,608	2,171,157,288	-	148,803,160	172,922	186,087,953
10	September		4,551,339,099	149,570,937	1,543,046,278	2,183,705,691	-	148,926,581	172,922	185,533,971
11	October		4,552,751,655	149,570,937	1,557,170,657	2,209,577,766	-	148,338,153	172,922	188,434,847
12	November		4,555,011,887	149,570,937	1,561,697,888	2,228,062,309	-	154,003,273	172,922	191,639,377
13	December of Rate Year		4,859,214,364	453,990,234	1,576,569,517	2,249,545,706	-	155,764,032	239,127	198,115,773
14	Average of the 13 Monthly Balances		4,525,345,871	172,987,806	1,533,839,491	2,148,025,858	-	147,959,992	178,015	179,841,350
Line No	Month (a)	Accumulated Depreciation								
		Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 219, Ins 20-24, Col. (b)	Company Records (Included in total in Column FF1, page 219, In 25, Col. (b))	Company Records (Included in total in Column FF1, page 219, In 26, Col. (d))	Company Records (Included in total in Column FF1, page 219, In 26, Col. (d))	Company Records (Included in total in Column FF1, page 219, In 28, Col. (f))	Company Records (Included in total in Column FF1, page 219, In 28, Col. (f))	Company Records (Included in total in Column FF1, page 200, In 21, Col. (h))	Company Records (Included in total in Column FF1, page 200, In 21, Col. (h))	Company Records (Included in total in Column FF1, page 200, In 21, Col. (b))
15	December Prior to Rate Year	(Note A)	1,670,083,043	109,867,885	515,738,257	608,012,876	-	30,780,145	158,848	124,105,455
16	January		1,674,715,250	110,052,344	515,704,776	609,592,681	-	30,858,067	158,999	127,154,718
17	February		1,682,225,441	110,236,802	515,991,235	612,241,030	-	30,844,832	159,160	130,237,386
18	March		1,685,751,602	110,421,260	522,863,926	613,949,396	-	31,270,735	159,301	132,624,481
19	April		1,689,093,135	110,605,719	519,582,601	614,433,073	-	31,591,330	159,451	135,538,913
20	May		1,662,708,258	110,790,177	510,806,469	615,992,111	-	31,954,239	159,602	138,728,466
21	June		1,667,706,756	110,974,635	504,140,381	618,383,222	-	32,503,941	159,753	137,184,783
22	July		1,680,417,376	111,159,479	504,798,399	622,364,744	-	32,892,976	159,904	140,197,919
23	August		1,696,031,768	111,454,427	504,478,004	624,748,768	-	33,253,264	160,055	143,396,327
24	September		1,709,432,640	111,694,101	504,136,890	628,002,258	-	33,652,468	160,206	143,569,192
25	October		1,723,406,169	111,933,774	500,708,270	628,569,054	-	31,963,964	160,357	146,627,376
26	November		1,737,775,625	112,173,447	500,511,906	632,218,984	-	32,314,837	160,508	149,450,213
27	December of Rate Year		1,755,817,408	110,498,629	498,470,086	634,540,221	-	32,600,155	160,658	146,748,989
28	Average of the 13 Monthly Balances		1,695,012,498	110,912,514	509,071,631	620,234,494	-	32,036,996	159,754	138,119,555

Line No	Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c) Company Records (included in total in column (b) of accumulated depreciation above)	Excluded Plant - Plant In Service (d) Company Records	Excluded Plant - Accumulated Depreciation (e) Company Records
(Note A)		Company Records (included in total in column (d) of gross plant above)			
29	December Prior to Rate Year	58,644,212	7,727,354	-	-
30	January	58,644,212	7,820,440	-	-
31	February	58,644,212	7,913,526	-	-
32	March	58,644,212	8,006,611	-	-
33	April	58,644,212	8,099,697	-	-
34	May	58,644,212	8,195,889	-	-
35	June	58,644,212	8,291,637	-	-
36	July	58,640,701	8,292,222	-	-
37	August	58,640,701	8,382,450	-	-
38	September	58,640,701	8,472,639	-	-
39	October	58,640,701	8,562,867	-	-
40	November	58,640,701	8,653,094	-	-
41	December of Rate Year	58,640,701	8,743,222	-	-
42	Average of the 13 Monthly Balances	58,642,591	8,243,204	-	-
43	Transmission Accum Depreciation net of GSU		500,828,427		

Plant Held For Future Use		Source of Data	Balance @ December 31, 2018 (c)	Balance @ December 31, 2017 (d)	Average Balance for 2018 (e)
44	Plant Held For Future Use (a)	FF1, page 214, ln 47, Col. (d) (b)	1,444,928	1,444,928	1,444,928
45	Transmission Plant Held For Future Use (included in total on line 44)	Company Records - Note 1	208,360	208,360	208,360

Regulatory Assets and Liabilities Approved for Recovery in Ratebase

Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.

46		-
47		-
48		-
49		-
50		-
51	Total Regulatory Deferrals Included in Ratebase	-

Unfunded Reserves Summary (Company Records)

	Description	Account			
52					
53a	Accum Prv I/D Worker's Com	2282003	127,795	47,071	87,433
53b					-
54	Total		127,795	47,071	87,433

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

NOTE 2: The ratebase should not include the unamortized balance of hedging gains or losses.

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
Indiana Michigan Power Company

Line Number	(A) Description	(B) Source	(C) Balance @ December 31, 2018	(D) Balance @ December 31, 2017	(E) Average Balance for 2018
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 8, Col. (k)	29,456,453	29,431,106	29,443,780
3	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 4 (Note 1)	-	-	-
4	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 3 (Note 1)	29,456,453	29,431,106	29,443,780
5	Transmission Related Deferrals	Ln 2 - In 3 - In 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	1,413,564,060	1,379,310,545	1,396,437,303
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	78,750,861	26,804,214	52,777,537
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	1,090,386,822	1,115,983,947	1,103,185,385
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	244,426,377	236,522,384	240,474,381
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	528,158,203	916,243,903	722,201,053
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	447,748,774	766,470,707	607,109,740
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	79,884,876	142,966,992	111,425,934
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	524,553	6,806,204	3,665,378
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	581,127,501	891,603,054	736,365,278
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	527,060,405	793,380,249	660,220,327
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	46,335,519	84,259,912	65,297,716
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	7,731,577	13,962,893	10,847,235
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	29,388,700	34,075,627	31,732,164
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	29,388,700	34,075,627	31,732,164
24	ITC Balances Includeable Ratebase	Ln 22 - In 23	-	-	-
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

NOTE 1 On this worksheet, "Company Records" refers to AEP's tax forecast and accounting ledger. The PTRR will use projected ending balances and reflect proration required by IRS Letter Rule Section 1.167(l)-(h)(6)(ii). Line item detail of actual deferred tax items will be included on Worksheets B-1 and B-2.

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

(DEBIT) CREDIT

[illegible]

DEBIT (CREDIT)

3	TOTAL ACCOUNT 190	1,096,784,604	771,937,134	(205,181,550)	(190,820,629)	736,365,289	22,028,881	10,847,236	14,027,868	30,803,007	830,474,309	13,962,893	16,562,845	0	13,454,756	548,448,281	7,731,578	11,402,891	0
4	ACCOUNT 190 - ARO-Related Deferrals	793,380,249	527,060,405	0	0	660,220,327	5,079,419	655,048,750	0	6,100,801	787,145,367	0	128,081	0	4,040,037	522,952,132	0	50,236	0

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
Indiana Michigan Power Company

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2018	Balance @ December 31, 2017	Average Balance for 2018				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	2,234,085	540,017	1,387,051			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	268,287	285,085	276,686			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

	Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
5						
6	Totals as of December 31, 2018	7,619,054	(151,101,371)	0	4,888,723	153,831,702
7	Totals as of December 31, 2017	8,241,341	(146,764,529)	-	5,043,475	149,962,396
8	Average Balance	7,830,198	(148,932,950)	-	4,966,099	151,897,049

Prepayments Account 165 - Balance @ 12/31/2018

	Acc. No.	Description	2018 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
9									
10	1650001	Prepaid Insurance	3,059,010	-		3,059,010		3,059,010	Plant Related Insurance Policies
11	165000217	Prepaid Taxes	-	-		-		-	-
12	165000218	Prepaid Taxes	608,837	608,837		-		-	Prepaid Taxes-Distribution
13	1650003	Prepaid Rents	5,655	5,655		-		-	River Transport
14	1650005	Prepaid Employee Benefits	-	-		-		-	-
15	1650006	Other Prepayments	1,145,323	1,145,323		-		-	Relates to EPRI dues
16	1650009	Prepaid Carry Cost-Factored AR	176,305	176,305		-		-	AR Factoring
17	1650010	Prepaid Pension Benefits	97,553,896	-		97,553,896		97,553,896	Prefunded Pension Expense
18	1650014	FAS 158 Qual Contra Asset	(97,553,896)	(97,553,896)		-		-	SFAS 158 Offset
19	165001118	Prepaid Sales Taxes	576,960	576,960		-		-	Prepaid Sales Tax - Distribution
20	165001218	Prepaid Use Taxes	75,398	75,398		-		-	Prepaid Use Tax - Distribution
21	1650021	Prepaid Insurance - EIS	1,547,247	-		1,547,247		1,547,247	Energy INS Services
22	1650022	Prepaid SNF Container Costs	-	-		-		-	-
23	1650023	Prepaid Lease	282,466	-		282,466		282,466	Prepaid Leases-All Functions
24	1650026	Prepaid SNF Costs	-	-		-		-	-
25	1650030	Other Payments - Long Term	141,853	141,853		-		-	Other - Dist
26	1650035	PRW without MED-D Benefits	56,277,806	-		56,277,806		56,277,806	Med-D Benefits
27	1650037	FAS 158 Contra-PRW Exc Med-D	(56,277,806)	(56,277,806)		-		-	SFAS 158 Offset
28									
29									
30		Subtotal - Form 1, p 111.57.c	7,619,054	(151,101,371)	0	4,888,723	153,831,702	158,720,425	

Prepayments Account 165 - Balance @ 12/31/ 2017

	Acc. No.	Description	2017 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
31									
32	1650001	Prepaid Insurance	3,484,795	-		3,484,795		3,484,795	Plant Related Insurance Policies
33	165000217	Prepaid Taxes	599,413	599,413		-		-	Prepaid Taxes-Distribution
34	1650003	Prepaid Rents	5,655	5,655		-		-	River Transport
35	1650005	Prepaid Employee Benefits	0	-		-		-	-
36	1650006	Other Prepayments	1,608,304	1,608,304		-		-	Relates to EPRI dues
37	1650009	Prepaid Carry Cost-Factored AR	101,434	101,434		-		-	AR Factoring
38	1650010	Prepaid Pension Benefits	107,227,540	-		107,227,540		107,227,540	Prefunded Pension Expense
39	1650014	FAS 158 Qual Contra Asset	(107,227,540)	(107,227,540)		-		-	SFAS 158 Offset
40	165001117	Prepaid Sales Taxes	502,812	502,812		-		-	Prepaid Sales Tax - Distribution
41	165001217	Prepaid Use Taxes	90,374	90,374		-		-	Prepaid Use Tax - Distribution
42	1650021	Prepaid Insurance - EIS	1,270,125	-		1,270,125		1,270,125	Energy INS Services
43	1650022	Prepaid SNF Container Costs	0	-		-		-	-
44	1650023	Prepaid Lease	288,555	-		288,555		288,555	Prepaid Leases - Trans. Laydown Yard
45	1650026	Prepaid SNF Costs	0	-		-		-	-
46	1650030	Other Prepayments	289,875	289,875		-		-	Other Prepaid-Distribution
47	1650031	Prepaid OCIP Work Comp	0	-		-		-	-
48	1650033	Prepaid OCIP Work Comp-Aff	0	-		-		-	-
49	1650035	PRW without MED-D Benefits	42,734,856	-		42,734,856		42,734,856	Med-D Benefits
50	1650036	PRW for Med-D Benefits	0	-		-		-	-
51	1650037	FAS 158 Contra-PRW Exc Med-D	(42,734,856)	(42,734,856)	-	-		-	SFAS 158 Offset
52	1650032	Prepaid OCIP WC LT	0	-		-		-	-
52	1650034	Prepaid OCIP WC LT-Aff	0	-		-		-	-
		Subtotal - Form 1, p 111.57.d	8,241,341	(146,764,529)	-	5,043,475	149,962,396	155,005,871	

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet D Supporting IPP Credits
Indiana Michigan Power Company

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2018</u>
1	Net Funds from IPP Customers 12/31/2017 (2018 FORM 1, P269)	(3,329,542)
2	Interest Accrual (Company Records - Note 1)	(155,635)
3	Revenue Credits to Generators (Company Records - Note 1)	0
4	<u>Other Adjustments</u>	
5	Accounting Adjustment (Company Records - Note 1)	0
6		-
7	Net Funds from IPP Customers 12/31/2018 (2018 FORM 1, P269)	(3,485,177)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(3,407,360)

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
Indiana Michigan Power Company

<u>Line Number</u>	<u>Description</u>	<u>Total Company</u>	<u>Non- Transmission</u>	<u>Transmission</u>
1	Account 450, Forfeited Discounts (FF1 p.300.16.(b); Company Records - Note 1)	6,107,586	6,107,586	
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	3,956,897	3,900,110	56,787
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	8,405,855	5,903,419	2,502,436
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	2,208,315	1,786,349	421,965
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	34,389,466	34,389,466	
5a	Account 457.1, Regional Control Service Revenues (FF1 p.300.23.(b); Company Records - Note 1)		-	
5b	Account 457.2, Miscellaneous Revenues (FF1 p.300.24.(b); Company Records - Note 1)		-	
6	Subtotal - Other Operating Revenues (Company Total equals (FF1 p. 300.26.(b)))	55,068,118	52,086,931	2,981,188
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	55,068,118	52,086,931	2,981,188

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

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

9 Facility Credits under PJM OATT Section 30.9

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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
Indiana Michigan Power Company

<u>Line</u> <u>Number</u>	<u>(A)</u> <u>Item No.</u>	<u>(B)</u> <u>Description</u>	<u>(C)</u> <u>2018</u> <u>Expense</u>	<u>(D)</u> <u>100%</u> <u>Non-Transmission</u>	<u>(E)</u> <u>100%</u> <u>Transmission</u> <u>Specific</u>	<u>(F)</u> <u>Explanation</u>
<u>Regulatory O&M Deferrals & Amortizations</u>						
1						
2						
3						
4		Total	0			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	49			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	350,995			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling				
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	5,243,563			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	135,468			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	39			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies				
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	1,343,396			
14		Total of Account 561	7,073,510			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	23,476	23,476	-	
16	9280001	Regulatory Commission Exp-Adm	11,292,459	11,292,459	-	
17	9280002	Regulatory Commission Exp-Case	1,886,096	1,886,096	-	
18	9280005	Reg Com Exp-FERC Trans Cases	37,842	-	37,842	
19						
20		Total (FERC Form 1 p.323.189.b)	13,239,873	13,202,031	37,842	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	82,793	82,793	-	
22	9301001	Newspaper Advertising Space	31,238	31,238	-	
23	9301002	Radio Station Advertising Time	-	-	-	
24	9301003	TV Station Advertising Time	242	242	-	
25	9301006	Spec Corporate Comm Info Proj	12,253	12,253	-	
26	9301007	Special Adv Space & Prod Exp	-	-	-	
27	9301008	Direct Mail and Handouts	-	-	-	
28	9301009	Fairs, Shows, and Exhibits	-	-	-	
29	9301010	Publicity	5,409	5,409	-	
30	9301011	Dedications, Tours, & Openings	-	-	-	
31	9301012	Public Opinion Surveys	116,605	116,605	-	
32	9301013	Movies Slide Films & Speeches	-	-	-	
33	9301014	Video Communications	-	-	-	
34	9301015	Other Corporate Comm Exp	58,475	58,475	-	
35						
36						
37		Total (FERC Form 1 p.323.191.b)	307,016	307,016	-	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	3,824,944	3,824,944	-	
39	9302003	Corporate & Fiscal Expenses	142,869	142,869	-	
40	9302004	Research, Develop&Demonstr Exp	3,565	3,565	-	
41	9302005	Nucl Fac Ins - Replce Engy Cst	-	-	-	
42	9302006	Assoc Business Development Materials Sold	107,348	107,348	-	
43	9302007	Assoc Business Development Exp	542,232	362,451	179,781	
44	9302458	AEPSC nonaffiliated expense	-	-	-	
45		Total (FERC Form 1 p.323.192.b)	4,620,958	4,441,177	179,781	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
Indiana Michigan Power Company

Indiana Corporate Income Tax Rate	5.88%	
Apportionment Factor - Note 2	71.94%	
Effective State Tax Rate		4.23%
Michigan Single Business Tax Rate	6.00%	
Apportionment Factor - Note 2	15.01%	
Effective State Tax Rate		0.90%
West Virginia Corporation Income Tax Rate	6.50%	
Apportionment Factor - Note 2	2.19%	
Effective State Tax Rate		0.14%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor Note 1	0.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Kentucky Corporation Income Tax Rate	5.00%	
Apportionment Factor - Note 2	0.87%	
Effective State Tax Rate		0.04%
Missouri Corporation Income Tax Rate	6.25%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	9.50%	
Apportionment Factor - Note 2	1.55%	
Effective State Tax Rate		0.15%
Total Effective State Income Tax Rate		5.46%

Note 1 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 Actual/Projected FF1 Balances
Worksheet H Supporting Taxes Other than Income
Indiana Michigan Power Company

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	Gross Receipts Tax	20,576,514				20,576,514
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - Michigan	41,259,256	41,259,256			
5	Real and Personal Property - Indiana	17,955,419	17,955,419			
6	Real and Personal Property - Other Jurisdictions	9,998	9,998			
7	Payroll Taxes					
8	Federal Insurance Contribution (FICA)	12,321,802		12,321,802		
9	Federal Unemployment Tax	76,431		76,431		
10	State Unemployment Insurance	354,532		354,532		
11	Production Taxes					
12	State Severance Taxes	-				-
13	Miscellaneous Taxes					
14	State Business & Occupation Tax	-				-
15	State Public Service Commission Fees	2,502,933			2,502,933	
16	State Franchise Taxes	1,884			1,884	
17	State Lic/Registration Fee	403			403	
18	Misc. State and Local Tax	-			-	
19	Sales & Use	114,173				114,173
20	Federal Excise Tax	11,178				11,178
21	Michigan Single Business Tax	-				-
22						
23	Total Taxes by Allocable Basis	95,184,523	59,224,673	12,752,765	2,505,220	20,701,865
(Total Company Amount Ties to FFI p.114, Ln 14,(c))						
NOTE 1: The detail of each total company number and its source in the FERC Form 1 is shown on WS H-1.						
Functional Property Tax Allocation						
24	Functionalized Net Plant (TCOS, Lns 41 thru 46)	2,768,258,081	1,024,767,861	1,527,791,364	115,904,735	5,436,722,041
25	MICHIGAN JURISDICTION					
26	Percentage of Plant in MICHIGAN JURISDICTION	79.22%	15.96%	19.28%	15.17%	
27	Net Plant in MICHIGAN JURISDICTION (Ln 24 * Ln 25)	2,193,014,052	163,552,951	294,558,175	17,582,748	2,668,707,926
28	Less: Net Value of Exempted Generation Plant	195,376,822				
29	Taxable Property Basis (Ln 26 - Ln 27)	1,997,637,230	163,552,951	294,558,175	17,582,748	2,473,331,104
30	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 28 * Ln 29)	1,997,637,230	163,552,951	294,558,175	17,582,748	
32	General Plant Allocator (Ln 30 / (Total - General Plant))	81.35%	6.66%	11.99%	-100.00%	
33	Functionalized General Plant (Ln 31 * General Plant)	14,302,749	1,171,012	2,108,987	(17,582,748)	-
34	Weighted MICHIGAN JURISDICTION Plant (Ln 30 + 32)	2,011,939,979	164,723,962	296,667,162	0	2,473,331,104
35	Functional Percentage (Ln 33/Total Ln 33)	81.35%	6.66%	11.99%		
36	INDIANA JURISDICTION					
37	Percentage of Plant in INDIANA JURISDICTION	20.78%	84.04%	80.72%	84.79%	
38	Net Plant in INDIANA JURISDICTION (Ln 24 * Ln 35)	575,244,029	861,214,910	1,233,233,189	98,275,625	2,767,967,753
39	Less: Net Value of Exempted Generation Plant	135,562,503				
40	Taxable Property Basis (Ln 36 - Ln 37)	439,681,526	861,214,910	1,233,233,189	98,275,625	2,632,405,250
41	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
42	Weighted Net Plant (Ln 38 * Ln 39)	439,681,526	861,214,910	1,233,233,189	98,275,625	
43	General Plant Allocator (Ln 40 / (Total - General Plant))	17.35%	33.98%	48.66%	-100.00%	
44	Functionalized General Plant (Ln 41 * General Plant)	17,051,210	33,398,620	47,825,794	(98,275,625)	-
45	Weighted INDIANA JURISDICTION Plant (Ln 40 + 42)	456,732,736	894,613,530	1,281,058,983	(0)	2,632,405,250
46	Functional Percentage (Ln 43/Total Ln 43)	17.35%	33.98%	48.66%		
47	Total Other Jurisdictions: (Line 6 * Net Plant Allocator)	-	1,791	-	-	9,998

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

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
1	Revenue Taxes			
2	Gross Receipts Tax	20,576,514	(135,939) 20,674,000 (30,866) 69,319	pg. 263, ln.16(i) pg. 263, ln.17(i) pg. 263.2, ln.29(i) pg. 263.2, ln.30(i)

Line No.	(A) Real Estate and Personal Property Tax Detail Annual Tax Expenses by Type (Note 1)	(B) Tax Year	(C) Total Company	(D) FERC FORM 1 Tie-Back	(E) FERC FORM 1 Reference	(F) Tax Year Factor (Note 2)	(G) Transmission Function (Note 2)
3	Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)		59,224,673				8,927,343
4	Real and Personal Property - Michigan	2012 2015 2016 2017 2018 2016 2017 2016 2017	41,259,256	7,005 (181,373) 21,174 41,104,618 65,333 (11,515) 59,967 (1,953) 196,000	pg. 263.1, ln.19(i) pg. 263.1, ln.20(i) pg. 263.1, ln.21(i) pg. 263.1, ln.22(i) pg. 263.1, ln.23(i) pg. 263.1, ln.25(i) pg. 263.1, ln.26(i) pg. 263.1, ln.29(i) pg. 263.1, ln.30(i)	10.03% 8.24% 7.45% 6.87% 6.66% 7.45% 6.87% 7.45% 6.87%	2,830,267 702 (14,937) 1,577 2,822,003 4,351 (858) 4,117 (145) 13,456
5	Real and Personal Property - Indiana	2016 2017 2018 2017 2018	17,955,419	(167,154) (478,016) 17,914,506 58,183 627,900	pg. 263, ln.26(i) pg. 263, ln.27(i) pg. 263, ln.28(i) pg. 263, ln.30(i) pg. 263, ln.31(i)	36.38% 34.67% 33.98% 34.67% 33.98%	6,095,212 (60,814) (165,715) 6,088,181 20,170 213,390 - - - -
6	Real and Personal Property - Other	2016 2017	9,998	3,428 6,570	pg. 263.2, ln.15(i) pg. 263.2, ln.16(i)	19.09% 18.42%	1,865 654 - - - -
7	Real and Personal Property - Other Jurisdictions		-				- - - -

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
8	Payroll Taxes			
9	Federal Insurance Contribution (FICA)	12,321,802	12,321,802	pg. 263, ln.5(i)
10	Federal Unemployment Tax	76,431	76,431	pg. 263, ln.6(i)
11	State Unemployment Insurance	354,532	43,894 318,338 (7,549) (151)	pg. 263, ln.15(i) pg. 263.1, ln.10(i) pg. 263.2, ln.23(i) pg. 263.2, ln.32(i)
12	Production Taxes	-		
13	State Severance Taxes	-		
14	Miscellaneous Taxes	-		
15	State Business & Occupation Tax	-		
16	State Public Service Commission Fees	2,502,933	868,375 774,550 605,233 254,775	pg. 263, ln.23(i) pg. 263, ln.24(i) pg. 263.1, ln.11(i) pg. 263.1, ln.12(i)
17	State Franchise Taxes	1,884	1,884	pg. 263.1, ln.1(i)
18	State Lic/Registration Fee	403	300 26 25 20 32	pg. 263.1, Ln. 34(i) pg. 263.2, Ln. 5(i) pg. 263.3, Ln. 27(i) pg. 263.3, Ln. 28(i) pg. 263, Ln. 19(i)
19	Misc. State and Local Tax	-		
20	Sales & Use	114,173	8,403 113,610 (7,840) -	pg. 263.1, ln.13(i) pg. 263.1, ln.14(i) pg. 263.1, ln.15(i)
21	Federal Excise Tax	11,178	942 10,236	pg. 263, ln.7(i) pg. 263, ln.8(i)
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	95,184,523	95,184,523	

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 rate could differ from the same rate in

information from Worksheet H (Transmission Tax Alts) and Worksheet I (Transmission Tax Alts) and page 20 of 47. Note: The same page as same company's prior year template or from this page in other operating companies' current year templates. For each update, this sheet will be revised to ensure that the total activity recorded hereon equals the total reported in account 408.1 on P. 114, Ln 14.(c) of the Ferc Form 1.

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

AEP East Companies
Cost of Service Formula Rate Using 2018 FF1 Balances
Worksheet I RESERVED FOR FUTURE USE
Indiana Michigan Power Company

ROE w/o incentives (TCOS, Ins 156) 10.35%

Project ROE Incentive Adder 0

ROE with additional 0 basis point incentive 10.35%

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the TCOS, Ins 154 through 156)

	%	Cost	Weighted cost
Long Term Debt	52.52%	4.67%	2.453%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	47.48%	10.35%	4.915%
		R =	7.367%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPROJECTS					
TRUE-UP YEAR		Rev Require	W Incentives	Incentive Amount	
	2018				
	As Projected in Prior Year WS J	\$ 5,448,757	\$ 5,448,757	\$	-
	Actual after True-up	\$ 5,501,501	\$ 5,501,501	\$	-
	True-up of ARR For 2018	52,744	52,744		-

Rate Base (TCOS, ln 68)	756,852,062
R (from A. above)	7.367%
Return (Rate Base x R)	55,760,001

Return (from B. above)	55,760,001
Effective Tax Rate (TCOS, in 114)	22.61%
Income Tax Calculation (Return x CIT)	12,606,634
ITC Adjustment	(1,117,853)
Excess Deferred Income Tax	(3,718,627)
Tax Affect of Permanent Differences	1,537,317
Income Taxes	9,307,471

Annual Revenue Requirement (TCOS, ln 1)	132,119,602
Lease Payments (TCOS, ln 95)	-
Return (TCOS, ln 126)	55,760,001
Income Taxes (TCOS, ln 125)	<u>9,307,471</u>
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	67,052,130

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	67,052,130
Return (from I.B. above)	55,760,001
Income Taxes (from I.C. above)	9,307,471
Annual Revenue Requirement, with 0 Basis Point ROE increase	132,119,602
Depreciation (TCOS, In 100)	27,493,229
Annual Rev. Req. w/ 0 Basis Point ROE increase, less	104,626,373
Depreciation	

Net Transmission Plant (TCOS, in 42)	974,368.473
Annual Revenue Requirement, with 0 Basis Point ROE increase	132,119.602
FCR with 0 Basis Point increase in ROE	13.56%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	104,626.373
FCR with 0 Basis Point ROE increase, less Depreciation	10.74%
FCR less Depreciation (TCOS, in 10)	10.74%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

Average Transmission Plant Balance for 2018 (TCOS, in 21)	1,475,196,900
Annual Depreciation and Amortization Expense (TCOS, in 100)	27,493,229
Composite Depreciation Rate	1.86%
Depreciable Life for Composite Depreciation Rate	53.66
Round to nearest whole year	54

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

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	933,326	933,326	-
Prior Yr True-Up	899,338	899,338	-
True-Up Adjustment	(33,988)	(33,988)	-

Details								
Investment	8,327,150	Current Year					2018	
Service Year (yyyy)	2009	ROE increase accepted by FERC (Basis Points)					-	
Service Month (1-12)	6	FCR w/o incentives, less depreciation					10.74%	
Useful life	54	FCR w/incentives approved for these facilities, less dep.					10.74%	
C/ACI (Yes or No)	No	Annual Depreciation Expense					154,206	
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	8,327,150	77,103	8,250,047	8,288,598	967,122	967,122 \$	-	
2010	8,250,047	154,206	8,095,840	8,172,944	1,031,806	1,031,806 \$	-	
2011	8,095,840	154,206	7,941,634	8,018,737	1,015,248	1,015,248 \$	-	
2012	7,941,634	154,206	7,787,427	7,864,531	998,689	998,689 \$	-	
2013	7,787,427	154,206	7,633,221	7,710,324	982,131	982,131 \$	-	
2014	7,633,221	154,206	7,479,014	7,556,118	965,572	965,572 \$	-	
2015	7,479,014	154,206	7,324,808	7,401,911	949,014	949,014 \$	-	
2016	7,324,808	154,206	7,170,601	7,247,705	932,455	932,455 \$	-	
2017	7,170,601	154,206	7,016,395	7,093,498	915,897	915,897 \$	-	
2018	7,016,395	154,206	6,862,188	6,939,292	899,338	899,338 \$	-	
2019	6,862,188	154,206	6,707,982	6,785,085	882,780	882,780 \$	-	
2020	6,707,982	154,206	6,553,775	6,630,879	866,221	866,221 \$	-	
2021	6,553,775	154,206	6,399,569	6,476,672	849,663	849,663 \$	-	
2022	6,399,569	154,206	6,245,363	6,322,466	833,104	833,104 \$	-	
2023	6,245,363	154,206	6,091,156	6,168,259	816,546	816,546 \$	-	
2024	6,091,156	154,206	5,936,950	6,014,053	799,987	799,987 \$	-	
2025	5,936,950	154,206	5,782,743	5,859,846	783,429	783,429 \$	-	
2026	5,782,743	154,206	5,628,537	5,705,640	766,870	766,870 \$	-	
2027	5,628,537	154,206	5,474,330	5,551,433	750,312	750,312 \$	-	
2028	5,474,330	154,206	5,320,124	5,397,227	733,753	733,753 \$	-	
2029	5,320,124	154,206	5,165,917	5,243,020	717,195	717,195 \$	-	
2030	5,165,917	154,206	5,011,711	5,088,814	700,636	700,636 \$	-	
2031	5,011,711	154,206	4,857,504	4,934,607	684,078	684,078 \$	-	
2032	4,857,504	154,206	4,703,298	4,780,401	667,519	667,519 \$	-	
2033	4,703,298	154,206	4,549,091	4,626,194	650,961	650,961 \$	-	
2034	4,549,091	154,206	4,394,885	4,471,988	634,403	634,403 \$	-	
2035	4,394,885	154,206	4,240,678	4,317,781	617,844	617,844 \$	-	
2036	4,240,678	154,206	4,086,472	4,163,575	601,286	601,286 \$	-	
2037	4,086,472	154,206	3,932,265	4,009,369	584,727	584,727 \$	-	
2038	3,932,265	154,206	3,778,059	3,855,162	568,169	568,169 \$	-	
2039	3,778,059	154,206	3,623,852	3,700,956	551,610	551,610 \$	-	
2040	3,623,852	154,206	3,469,646	3,546,749	535,052	535,052 \$	-	
2041	3,469,646	154,206	3,315,439	3,392,543	518,493	518,493 \$	-	
2042	3,315,439	154,206	3,161,233	3,238,336	501,935	501,935 \$	-	
2043	3,161,233	154,206	3,007,026	3,084,130	485,376	485,376 \$	-	
2044	3,007,026	154,206	2,852,820	2,929,923	468,818	468,818 \$	-	
2045	2,852,820	154,206	2,698,613	2,775,717	452,259	452,259 \$	-	
2046	2,698,613	154,206	2,544,407	2,621,510	435,701	435,701 \$	-	
2047	2,544,407	154,206	2,390,200	2,467,304	419,142	419,142 \$	-	
2048	2,390,200	154,206	2,235,994	2,313,097	402,584	402,584 \$	-	
2049	2,235,994	154,206	2,081,788	2,158,891	386,025	386,025 \$	-	
2050	2,081,788	154,206	1,927,581	2,004,684	369,467	369,467 \$	-	
2051	1,927,581	154,206	1,773,375	1,850,478	352,908	352,908 \$	-	
2052	1,773,375	154,206	1,619,168	1,696,271	336,350	336,350 \$	-	
2053	1,619,168	154,206	1,464,962	1,542,065	319,791	319,791 \$	-	
2054	1,464,962	154,206	1,310,755	1,387,898	303,233	303,233 \$	-	
2055	1,310,755	154,206	1,156,549	1,233,652	286,674	286,674 \$	-	
2056	1,156,549	154,206	1,002,342	1,079,445	270,116	270,116 \$	-	
2057	1,002,342	154,206	848,136	925,239	253,557	253,557 \$	-	
2058	848,136	154,206	693,929	771,032	236,999	236,999 \$	-	
2059	693,929	154,206	539,723	616,826	220,440	220,440 \$	-	
2060	539,723	154,206	385,516	462,619	203,882	203,882 \$	-	
2061	385,516	154,206	231,310	308,413	187,323	187,323 \$	-	
2062	231,310	154,206	77,103	154,206	170,765	170,765 \$	-	
2063	77,103	77,103	-	38,552	81,243	81,243 \$	-	
2064	-	-	-	-	-	-	-	
2065	-	-	-	-	-	-	-	
2066	-	-	-	-	-	-	-	
2067	-	-	-	-	-	-	-	
2068	-	-	-	-	-	-	-	
Project Totals		8,327,150			32,916,499	32,916,499		

[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.

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description:

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

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:

INPUT TRUE-UP ABB (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE

LIFE OF THE PROJECT.

[illegible]

Project Totals	585,981	2,316,332	2,316,332
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** 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: b1465.3 (Transpose the Rockport - Sullivan 765 kV line and the Rockport - Jefferson 765 kV line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	2,623,914	2,623,914	-
Prior Yr True-Up	2,538,752	2,538,752	-
True-Up Adjustment	(85,162)	(85,162)	-

Investment		Details						
		21,957,101	Current Year				2018	
Service Year (yyyy)		2013	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)		4	FCR w/o incentives, less depreciation				10.74%	
Useful life		54	FCR wincentives approved for these facilities, less dep.				10.74%	
CIAC (Yes or No)		No	Annual Depreciation Expense				406,613	
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	21,957,101	271,075	21,686,026	21,821,563	2,614,245	2,614,245	\$ -	
2014	21,686,026	406,613	21,279,413	21,482,719	2,713,398	2,713,398	\$ -	
2015	21,279,413	406,613	20,872,800	21,076,106	2,669,737	2,669,737	\$ -	
2016	20,872,800	406,613	20,466,187	20,669,493	2,626,075	2,626,075	\$ -	
2017	20,466,187	406,613	20,059,574	20,262,880	2,582,414	2,582,414	\$ -	
2018	20,059,574	406,613	19,652,961	19,856,267	2,538,752	2,538,752	\$ -	
2019	19,652,961	406,613	19,246,348	19,449,654	2,495,091	2,495,091	\$ -	
2020	19,246,348	406,613	18,839,735	19,043,041	2,451,429	2,451,429	\$ -	
2021	18,839,735	406,613	18,433,122	18,636,428	2,407,768	2,407,768	\$ -	
2022	18,433,122	406,613	18,026,509	18,229,815	2,364,106	2,364,106	\$ -	
2023	18,026,509	406,613	17,619,896	17,823,202	2,320,444	2,320,444	\$ -	
2024	17,619,896	406,613	17,213,283	17,416,589	2,276,783	2,276,783	\$ -	
2025	17,213,283	406,613	16,806,670	17,009,976	2,233,121	2,233,121	\$ -	
2026	16,806,670	406,613	16,400,057	16,603,363	2,189,460	2,189,460	\$ -	
2027	16,400,057	406,613	15,993,444	16,196,750	2,145,798	2,145,798	\$ -	
2028	15,993,444	406,613	15,586,831	15,790,137	2,102,137	2,102,137	\$ -	
2029	15,586,831	406,613	15,180,218	15,383,524	2,058,475	2,058,475	\$ -	
2030	15,180,218	406,613	14,773,605	14,976,911	2,014,814	2,014,814	\$ -	
2031	14,773,605	406,613	14,366,992	14,570,299	1,971,152	1,971,152	\$ -	
2032	14,366,992	406,613	13,960,379	14,163,686	1,927,490	1,927,490	\$ -	
2033	13,960,379	406,613	13,553,766	13,757,073	1,883,829	1,883,829	\$ -	
2034	13,553,766	406,613	13,147,153	13,350,460	1,840,167	1,840,167	\$ -	
2035	13,147,153	406,613	12,740,540	12,943,847	1,796,506	1,796,506	\$ -	
2036	12,740,540	406,613	12,333,927	12,537,234	1,752,844	1,752,844	\$ -	
2037	12,333,927	406,613	11,927,314	12,130,621	1,709,183	1,709,183	\$ -	
2038	11,927,314	406,613	11,520,701	11,724,008	1,665,521	1,665,521	\$ -	
2039	11,520,701	406,613	11,114,088	11,317,395	1,621,860	1,621,860	\$ -	
2040	11,114,088	406,613	10,707,475	10,910,782	1,578,198	1,578,198	\$ -	
2041	10,707,475	406,613	10,300,862	10,504,169	1,534,536	1,534,536	\$ -	
2042	10,300,862	406,613	9,894,249	10,097,556	1,490,875	1,490,875	\$ -	
2043	9,894,249	406,613	9,487,636	9,690,943	1,447,213	1,447,213	\$ -	
2044	9,487,636	406,613	9,081,023	9,284,330	1,403,552	1,403,552	\$ -	
2045	9,081,023	406,613	8,674,410	8,877,717	1,359,890	1,359,890	\$ -	
2046	8,674,410	406,613	8,267,797	8,471,104	1,316,229	1,316,229	\$ -	
2047	8,267,797	406,613	7,861,184	8,064,491	1,272,567	1,272,567	\$ -	
2048	7,861,184	406,613	7,454,571	7,657,878	1,228,906	1,228,906	\$ -	
2049	7,454,571	406,613	7,047,958	7,251,265	1,185,244	1,185,244	\$ -	
2050	7,047,958	406,613	6,641,345	6,844,652	1,141,582	1,141,582	\$ -	
2051	6,641,345	406,613	6,234,732	6,438,039	1,097,921	1,097,921	\$ -	
2052	6,234,732	406,613	5,828,119	6,031,426	1,054,259	1,054,259	\$ -	
2053	5,828,119	406,613	5,421,506	5,624,813	1,010,598	1,010,598	\$ -	
2054	5,421,506	406,613	5,014,893	5,218,200	966,936	966,936	\$ -	
2055	5,014,893	406,613	4,608,280	4,811,587	923,275	923,275	\$ -	
2056	4,608,280	406,613	4,201,667	4,404,974	879,613	879,613	\$ -	
2057	4,201,667	406,613	3,795,054	3,998,361	835,952	835,952	\$ -	
2058	3,795,054	406,613	3,388,442	3,591,748	792,290	792,290	\$ -	
2059	3,388,442	406,613	2,981,829	3,185,135	748,628	748,628	\$ -	
2060	2,981,829	406,613	2,575,216	2,778,522	704,967	704,967	\$ -	
2061	2,575,216	406,613	2,168,603	2,371,909	661,305	661,305	\$ -	
2062	2,168,603	406,613	1,761,990	1,965,296	617,644	617,644	\$ -	
2063	1,761,990	406,613	1,355,377	1,558,683	573,982	573,982	\$ -	
2064	1,355,377	406,613	948,764	1,152,070	530,321	530,321	\$ -	
2065	948,764	406,613	542,151	745,457	486,659	486,659	\$ -	
2066	542,151	406,613	135,538	338,844	442,998	442,998	\$ -	
2067	135,538	135,538	-	67,769	142,815	142,815	\$ -	
2068	-	-	-	-	-	-	\$ -	
2069	-	-	-	-	-	-	\$ -	
2070	-	-	-	-	-	-	\$ -	
2071	-	-	-	-	-	-	\$ -	
2072	-	-	-	-	-	-	\$ -	
Project Totals			21,957,101		86,401,555	86,401,555	-	

** 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.

[illegible]

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

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

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	18,182	18,182	-
Prior Yr True-Up	136,345	136,345	-
True-Up Adjustment	118,163	118,163	-

Details							
Investment	1,112,263	Current Year					2018
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	10	FCR w/o incentives, less depreciation					10.74%
Useful life	54	FCR w/incentives approved for these facilities, less dep.					10.74%
CIAC (Yes or No)	No	Annual Depreciation Expense					20,597
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	1,112,263	3,433	1,108,830	1,110,547	122,682	122,682	-
2017	1,108,830	20,597	1,088,233	1,098,531	138,556	138,556	-
2018	1,088,233	20,597	1,067,635	1,077,934	136,345	136,345	-
2019	1,067,635	20,597	1,047,038	1,057,336	134,133	134,133	-
2020	1,047,038	20,597	1,026,440	1,036,739	131,921	131,921	-
2021	1,026,440	20,597	1,005,843	1,016,142	129,709	129,709	-
2022	1,005,843	20,597	985,245	995,544	127,498	127,498	-
2023	985,245	20,597	964,648	974,947	125,286	125,286	-
2024	964,648	20,597	944,050	954,349	123,074	123,074	-
2025	944,050	20,597	923,453	933,752	120,862	120,862	-
2026	923,453	20,597	902,855	913,154	118,651	118,651	-
2027	902,855	20,597	882,258	892,557	116,439	116,439	-
2028	882,258	20,597	861,661	871,959	114,227	114,227	-
2029	861,661	20,597	841,063	851,362	112,016	112,016	-
2030	841,063	20,597	820,466	830,764	109,804	109,804	-
2031	820,466	20,597	799,868	810,167	107,592	107,592	-
2032	799,868	20,597	779,271	789,569	105,380	105,380	-
2033	779,271	20,597	758,673	768,972	103,169	103,169	-
2034	758,673	20,597	738,076	748,374	100,957	100,957	-
2035	738,076	20,597	717,478	727,777	98,745	98,745	-
2036	717,478	20,597	696,881	707,180	96,533	96,533	-
2037	696,881	20,597	676,283	686,582	94,322	94,322	-
2038	676,283	20,597	655,686	665,985	92,110	92,110	-
2039	655,686	20,597	635,088	645,387	89,898	89,898	-
2040	635,088	20,597	614,491	624,790	87,687	87,687	-
2041	614,491	20,597	593,894	604,192	85,475	85,475	-
2042	593,894	20,597	573,296	583,595	83,263	83,263	-
2043	573,296	20,597	552,699	562,997	81,051	81,051	-
2044	552,699	20,597	532,101	542,400	78,840	78,840	-
2045	532,101	20,597	511,504	521,802	76,628	76,628	-
2046	511,504	20,597	490,906	501,205	74,416	74,416	-
2047	490,906	20,597	470,309	480,607	72,204	72,204	-
2048	470,309	20,597	449,711	460,010	69,993	69,993	-
2049	449,711	20,597	429,114	439,413	67,781	67,781	-
2050	429,114	20,597	408,516	418,815	65,569	65,569	-
2051	408,516	20,597	387,919	398,218	63,358	63,358	-
2052	387,919	20,597	367,321	377,620	61,146	61,146	-
2053	367,321	20,597	346,724	357,023	58,934	58,934	-
2054	346,724	20,597	326,126	336,425	56,722	56,722	-
2055	326,126	20,597	305,529	315,828	54,511	54,511	-
2056	305,529	20,597	284,932	295,230	52,299	52,299	-
2057	284,932	20,597	264,334	274,633	50,087	50,087	-
2058	264,334	20,597	243,737	254,035	47,875	47,875	-
2059	243,737	20,597	223,139	233,438	45,664	45,664	-
2060	223,139	20,597	202,542	212,840	43,452	43,452	-
2061	202,542	20,597	181,944	192,243	41,240	41,240	-
2062	181,944	20,597	161,347	171,646	39,029	39,029	-
2063	161,347	20,597	140,749	151,048	36,817	36,817	-
2064	140,749	20,597	120,152	130,451	34,605	34,605	-
2065	120,152	20,597	99,554	109,853	32,393	32,393	-
2066	99,554	20,597	78,957	89,256	30,182	30,182	-
2067	78,957	20,597	58,359	68,658	27,970	27,970	-
2068	58,359	20,597	37,762	48,061	25,758	25,758	-
2069	37,762	20,597	17,165	27,463	23,546	23,546	-
2070	17,165	17,165	-	8,582	18,086	18,086	-
2071	-	-	-	-	-	-	-
2072	-	-	-	-	-	-	-
2073	-	-	-	-	-	-	-
2074	-	-	-	-	-	-	-
2075	-	-	-	-	-	-	-
Project Totals		1,112,263			4,436,490	4,436,490	

** 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.

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]

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description:

RTEP ID: b2048 (Tanners Creek - Support for Transformer A/B Replacement)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

CUMULATIVE HISTORY OF TRIED-UP ANNUAL REVENUE REQUIREMENTS

INPUT TRUE-UP ABB (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR

TEMPLATE BELOW TO MAINTAIN HISTORY OF TRIED-UP APPS OVER THE

LIFE OF THE PROJECT.

[illegible]

Project Totals	818,037	3,277,549	3,277,549
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** 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 the Allen station by installing a second 345/138 kV transformer and adding four exits by cutting in the Lincoln-Sterling and Timber Switch -Milan 138 kV double circuit tower line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,271,398	1,271,398	-
Prior Yr True-Up	1,212,815	1,212,815	-
True-Up Adjustment	(58,583)	(58,583)	-

Details								2018	
Investment	10,225,574	Current Year							
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)						-	
Service Month (1-12)	10	FCR w/o incentives, less depreciation						10.74%	
Useful life	54	FCR w/incentives approved for these facilities, less dep.						10.74%	
CIAC (Yes or No)	No	Annual Depreciation Expense						189,362	
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	10,225,574	31,560	10,194,014	10,209,794	1,127,874	1,127,874	\$ -		
2015	10,194,014	189,362	10,004,651	10,099,332	1,273,815	1,273,815	\$ -		
2016	10,004,651	189,362	9,815,289	9,909,970	1,253,482	1,253,482	\$ -		
2017	9,815,289	189,362	9,625,926	9,720,607	1,233,148	1,233,148	\$ -		
2018	9,625,926	189,362	9,436,564	9,531,245	1,212,815	1,212,815	\$ -		
2019	9,436,564	189,362	9,247,201	9,341,882	1,192,481	1,192,481	\$ -		
2020	9,247,201	189,362	9,057,839	9,152,520	1,172,148	1,172,148	\$ -		
2021	9,057,839	189,362	8,868,476	8,963,157	1,151,814	1,151,814	\$ -		
2022	8,868,476	189,362	8,679,114	8,773,795	1,131,481	1,131,481	\$ -		
2023	8,679,114	189,362	8,489,751	8,584,432	1,111,147	1,111,147	\$ -		
2024	8,489,751	189,362	8,300,389	8,395,070	1,090,814	1,090,814	\$ -		
2025	8,300,389	189,362	8,111,026	8,205,708	1,070,480	1,070,480	\$ -		
2026	8,111,026	189,362	7,921,664	8,016,345	1,050,147	1,050,147	\$ -		
2027	7,921,664	189,362	7,732,301	7,826,983	1,029,813	1,029,813	\$ -		
2028	7,732,301	189,362	7,542,939	7,637,620	1,009,480	1,009,480	\$ -		
2029	7,542,939	189,362	7,353,576	7,448,258	989,146	989,146	\$ -		
2030	7,353,576	189,362	7,164,214	7,258,895	968,813	968,813	\$ -		
2031	7,164,214	189,362	6,974,851	7,069,533	948,479	948,479	\$ -		
2032	6,974,851	189,362	6,785,489	6,880,170	928,146	928,146	\$ -		
2033	6,785,489	189,362	6,596,126	6,690,808	907,812	907,812	\$ -		
2034	6,596,126	189,362	6,406,764	6,501,445	887,479	887,479	\$ -		
2035	6,406,764	189,362	6,217,401	6,312,083	867,145	867,145	\$ -		
2036	6,217,401	189,362	6,028,039	6,122,720	846,812	846,812	\$ -		
2037	6,028,039	189,362	5,838,677	5,933,358	826,478	826,478	\$ -		
2038	5,838,677	189,362	5,649,314	5,743,995	806,145	806,145	\$ -		
2039	5,649,314	189,362	5,459,952	5,554,633	785,811	785,811	\$ -		
2040	5,459,952	189,362	5,270,589	5,365,270	765,478	765,478	\$ -		
2041	5,270,589	189,362	5,081,227	5,175,908	745,144	745,144	\$ -		
2042	5,081,227	189,362	4,891,864	4,986,545	724,811	724,811	\$ -		
2043	4,891,864	189,362	4,702,502	4,797,183	704,478	704,478	\$ -		
2044	4,702,502	189,362	4,513,139	4,607,820	684,144	684,144	\$ -		
2045	4,513,139	189,362	4,323,777	4,418,458	663,811	663,811	\$ -		
2046	4,323,777	189,362	4,134,414	4,229,095	643,477	643,477	\$ -		
2047	4,134,414	189,362	3,945,052	4,039,733	623,144	623,144	\$ -		
2048	3,945,052	189,362	3,755,689	3,850,370	602,810	602,810	\$ -		
2049	3,755,689	189,362	3,566,327	3,661,008	582,477	582,477	\$ -		
2050	3,566,327	189,362	3,376,964	3,471,645	562,143	562,143	\$ -		
2051	3,376,964	189,362	3,187,602	3,282,283	541,810	541,810	\$ -		
2052	3,187,602	189,362	2,998,239	3,092,921	521,476	521,476	\$ -		
2053	2,998,239	189,362	2,808,877	2,903,558	501,143	501,143	\$ -		
2054	2,808,877	189,362	2,619,514	2,714,196	480,809	480,809	\$ -		
2055	2,619,514	189,362	2,430,152	2,524,833	460,476	460,476	\$ -		
2056	2,430,152	189,362	2,240,789	2,335,471	440,142	440,142	\$ -		
2057	2,240,789	189,362	2,051,427	2,146,108	419,809	419,809	\$ -		
2058	2,051,427	189,362	1,862,064	1,956,746	399,475	399,475	\$ -		
2059	1,862,064	189,362	1,672,702	1,767,383	379,142	379,142	\$ -		
2060	1,672,702	189,362	1,483,339	1,578,021	358,808	358,808	\$ -		
2061	1,483,339	189,362	1,293,977	1,388,658	338,475	338,475	\$ -		
2062	1,293,977	189,362	1,104,614	1,199,296	318,141	318,141	\$ -		
2063	1,104,614	189,362	915,252	1,009,933	297,808	297,808	\$ -		
2064	915,252	189,362	725,890	820,571	277,474	277,474	\$ -		
2065	725,890	189,362	536,527	631,208	257,141	257,141	\$ -		
2066	536,527	189,362	347,165	441,846	236,807	236,807	\$ -		
2067	347,165	189,362	157,802	252,483	216,474	216,474	\$ -		
2068	157,802	157,802	-	78,901	166,274	166,274	\$ -		
2069	-	-	-	-	-	-	\$ -		
2070	-	-	-	-	-	-	\$ -		
2071	-	-	-	-	-	-	\$ -		
2072	-	-	-	-	-	-	\$ -		
2073	-	-	-	-	-	-	\$ -		
Project Totals		10,225,574			40,786,807	40,786,807			

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

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	355,679	355,679	-
Prior Yr True-Up	407,566	407,566	-
True-Up Adjustment	51,887	51,887	-

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	3,315,853	Current Year					2018	
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)					-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation					10.74%	
Useful life	54	FCR w/incentives approved for these facilities, less dep.					10.74%	
CIAC (Yes or No)	No	Annual Depreciation Expense					61,405	
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	3,315,853	-	3,315,853	3,315,853	356,052	356,052	-	
2017	3,315,853	61,405	3,254,448	3,285,151	414,160	414,160	-	
2018	3,254,448	61,405	3,193,044	3,223,746	407,566	407,566	-	
2019	3,193,044	61,405	3,131,639	3,162,341	400,973	400,973	-	
2020	3,131,639	61,405	3,070,234	3,100,937	394,379	394,379	-	
2021	3,070,234	61,405	3,008,830	3,039,532	387,786	387,786	-	
2022	3,008,830	61,405	2,947,425	2,978,127	381,192	381,192	-	
2023	2,947,425	61,405	2,886,020	2,916,723	374,598	374,598	-	
2024	2,886,020	61,405	2,824,616	2,855,318	368,005	368,005	-	
2025	2,824,616	61,405	2,763,211	2,793,913	361,411	361,411	-	
2026	2,763,211	61,405	2,701,806	2,732,508	354,818	354,818	-	
2027	2,701,806	61,405	2,640,401	2,671,104	348,224	348,224	-	
2028	2,640,401	61,405	2,578,997	2,609,699	341,631	341,631	-	
2029	2,578,997	61,405	2,517,592	2,548,294	335,037	335,037	-	
2030	2,517,592	61,405	2,456,187	2,486,890	328,444	328,444	-	
2031	2,456,187	61,405	2,394,783	2,425,485	321,850	321,850	-	
2032	2,394,783	61,405	2,333,378	2,364,080	315,256	315,256	-	
2033	2,333,378	61,405	2,271,973	2,302,676	308,663	308,663	-	
2034	2,271,973	61,405	2,210,569	2,241,271	302,069	302,069	-	
2035	2,210,569	61,405	2,149,164	2,179,866	295,476	295,476	-	
2036	2,149,164	61,405	2,087,759	2,118,462	288,882	288,882	-	
2037	2,087,759	61,405	2,026,355	2,057,057	282,289	282,289	-	
2038	2,026,355	61,405	1,964,950	1,995,652	275,695	275,695	-	
2039	1,964,950	61,405	1,903,545	1,934,248	269,102	269,102	-	
2040	1,903,545	61,405	1,842,141	1,872,843	262,508	262,508	-	
2041	1,842,141	61,405	1,780,736	1,811,438	255,914	255,914	-	
2042	1,780,736	61,405	1,719,331	1,750,034	249,321	249,321	-	
2043	1,719,331	61,405	1,657,927	1,688,629	242,727	242,727	-	
2044	1,657,927	61,405	1,596,522	1,627,224	236,134	236,134	-	
2045	1,596,522	61,405	1,535,117	1,565,819	229,540	229,540	-	
2046	1,535,117	61,405	1,473,712	1,504,415	222,947	222,947	-	
2047	1,473,712	61,405	1,412,308	1,443,010	216,353	216,353	-	
2048	1,412,308	61,405	1,350,903	1,381,605	209,760	209,760	-	
2049	1,350,903	61,405	1,289,498	1,320,201	203,166	203,166	-	
2050	1,289,498	61,405	1,228,094	1,258,796	196,573	196,573	-	
2051	1,228,094	61,405	1,166,689	1,197,391	189,979	189,979	-	
2052	1,166,689	61,405	1,105,284	1,135,987	183,385	183,385	-	
2053	1,105,284	61,405	1,043,880	1,074,582	176,792	176,792	-	
2054	1,043,880	61,405	982,475	1,013,177	170,198	170,198	-	
2055	982,475	61,405	921,070	951,773	163,605	163,605	-	
2056	921,070	61,405	859,666	890,368	157,011	157,011	-	
2057	859,666	61,405	798,261	828,963	150,418	150,418	-	
2058	798,261	61,405	736,856	767,559	143,824	143,824	-	
2059	736,856	61,405	675,452	706,154	137,231	137,231	-	
2060	675,452	61,405	614,047	644,749	130,637	130,637	-	
2061	614,047	61,405	552,642	583,345	124,043	124,043	-	
2062	552,642	61,405	491,237	521,940	117,450	117,450	-	
2063	491,237	61,405	429,833	460,535	110,856	110,856	-	
2064	429,833	61,405	368,428	399,130	104,263	104,263	-	
2065	368,428	61,405	307,023	337,726	97,669	97,669	-	
2066	307,023	61,405	245,619	276,321	91,076	91,076	-	
2067	245,619	61,405	184,214	214,916	84,482	84,482	-	
2068	184,214	61,405	122,809	153,512	77,889	77,889	-	
2069	122,809	61,405	61,405	92,107	71,295	71,295	-	
2070	61,405	61,405	0	30,702	64,701	64,701	-	
2071	0	0	0	0	0	0	-	
2072	-	-	-	-	-	-	-	
2073	-	-	-	-	-	-	-	
2074	-	-	-	-	-	-	-	
2075	-	-	-	-	-	-	-	
Project Totals		3,315,853			13,285,304	13,285,304		

[illegible]

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A. Base Plan Facilities

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

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

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]

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A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description:

RTEP ID: b1465.5 (Make switching changes at Sullivan 765 kV station)

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]

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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: b2831.1 (Upgrade the Tanner Creek-Miami Fort 345kV circuit)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	64,674	64,674	-
True-Up Adjustment	64,674	64,674	-

Details							
Investment	549,940	Current Year					2018
Service Year (yyyy)	2018	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	5	FCR w/o incentives, less depreciation					10.74%
Useful life	54	FCR w/incentives approved for these facilities, less dep.					10.74%
CIAC (Yes or No)	No	Annual Depreciation Expense					10,184
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 #
2018	549,940	5,941	543,999	546,970	64,674	64,674	\$ -
2019	543,999	10,184	533,815	538,907	68,051	68,051	-
2020	533,815	10,184	523,631	528,723	66,958	66,958	-
2021	523,631	10,184	513,447	518,539	65,864	65,864	-
2022	513,447	10,184	503,263	508,355	64,771	64,771	-
2023	503,263	10,184	493,079	498,171	63,677	63,677	-
2024	493,079	10,184	482,895	487,987	62,583	62,583	-
2025	482,895	10,184	472,711	477,803	61,490	61,490	-
2026	472,711	10,184	462,527	467,619	60,396	60,396	-
2027	462,527	10,184	452,343	457,435	59,303	59,303	-
2028	452,343	10,184	442,159	447,251	58,209	58,209	-
2029	442,159	10,184	431,974	437,067	57,116	57,116	-
2030	431,974	10,184	421,790	426,882	56,022	56,022	-
2031	421,790	10,184	411,606	416,698	54,929	54,929	-
2032	411,606	10,184	401,422	406,514	53,835	53,835	-
2033	401,422	10,184	391,238	396,330	52,741	52,741	-
2034	391,238	10,184	381,054	386,146	51,648	51,648	-
2035	381,054	10,184	370,870	375,962	50,554	50,554	-
2036	370,870	10,184	360,686	365,778	49,461	49,461	-
2037	360,686	10,184	350,502	355,594	48,367	48,367	-
2038	350,502	10,184	340,318	345,410	47,274	47,274	-
2039	340,318	10,184	330,134	335,226	46,180	46,180	-
2040	330,134	10,184	319,950	325,042	45,087	45,087	-
2041	319,950	10,184	309,766	314,858	43,993	43,993	-
2042	309,766	10,184	299,582	304,674	42,900	42,900	-
2043	299,582	10,184	289,397	294,489	41,806	41,806	-
2044	289,397	10,184	279,213	284,305	40,712	40,712	-
2045	279,213	10,184	269,029	274,121	39,619	39,619	-
2046	269,029	10,184	258,845	263,937	38,525	38,525	-
2047	258,845	10,184	248,661	253,753	37,432	37,432	-
2048	248,661	10,184	238,477	243,569	36,338	36,338	-
2049	238,477	10,184	228,293	233,385	35,245	35,245	-
2050	228,293	10,184	218,109	223,201	34,151	34,151	-
2051	218,109	10,184	207,925	213,017	33,058	33,058	-
2052	207,925	10,184	197,741	202,833	31,964	31,964	-
2053	197,741	10,184	187,557	192,649	30,870	30,870	-
2054	187,557	10,184	177,373	182,465	29,777	29,777	-
2055	177,373	10,184	167,189	172,281	28,683	28,683	-
2056	167,189	10,184	157,004	162,097	27,590	27,590	-
2057	157,004	10,184	146,820	151,912	26,496	26,496	-
2058	146,820	10,184	136,636	141,728	25,403	25,403	-
2059	136,636	10,184	126,452	131,544	24,309	24,309	-
2060	126,452	10,184	116,268	121,360	23,216	23,216	-
2061	116,268	10,184	106,084	111,176	22,122	22,122	-
2062	106,084	10,184	95,900	100,992	21,028	21,028	-
2063	95,900	10,184	85,716	90,808	19,935	19,935	-
2064	85,716	10,184	75,532	80,624	18,841	18,841	-
2065	75,532	10,184	65,348	70,440	17,748	17,748	-
2066	65,348	10,184	55,164	60,256	16,654	16,654	-
2067	55,164	10,184	44,980	50,072	15,561	15,561	-
2068	44,980	10,184	34,796	39,888	14,467	14,467	-
2069	34,796	10,184	24,612	29,704	13,374	13,374	-
2070	24,612	10,184	14,427	19,519	12,280	12,280	-
2071	14,427	10,184	4,243	9,335	11,186	11,186	-
2072	4,243	4,243	-	2,122	4,471	4,471	-
2073	-	-	-	-	-	-	-
2074	-	-	-	-	-	-	-
2075	-	-	-	-	-	-	-
2076	-	-	-	-	-	-	-
2077	-	-	-	-	-	-	-
Project Totals		549,940			2,168,944	2,168,944	-

[illegible]

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AEP East Companies
Cost of Service Formula Rate Using 2018 FF1 Balances
Worksheet L Reserved for Future Use
Indiana Michigan Power Company

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital
Indiana Michigan Power Company

		Average Balance of Common Equity				
Line No	Month (a)	Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1)	Less AOCI (Acct 219.1)	Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
				(d)	(e)	
(Note A)		(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	2,217,622,969	-	(6,289,416)	(12,123,365)	2,236,035,750
2	January	2,237,989,021		(6,284,617)	(12,013,502)	2,256,287,140
3	February	2,222,259,893		(6,252,290)	(14,156,953)	2,242,669,135
4	March	2,246,371,907		(6,232,700)	(14,359,666)	2,266,964,273
5	April	2,253,452,621		(6,212,390)	(14,226,141)	2,273,891,152
6	May	2,249,463,531		(6,193,525)	(14,092,616)	2,269,749,671
7	June	2,307,946,783		(6,168,883)	(13,984,818)	2,328,100,484
8	July	2,338,120,747		(6,149,011)	(13,851,293)	2,358,121,051
9	August	2,340,324,854		(6,133,073)	(13,717,768)	2,360,175,695
10	September	2,342,506,774		(6,097,810)	(13,609,971)	2,362,214,554
11	October	2,358,117,933		(6,080,463)	(13,476,446)	2,377,674,842
12	November	2,337,492,782		(6,067,161)	(13,342,920)	2,356,902,863
13	December of Rate Year	2,352,848,356		(6,033,664)	(13,760,206)	2,372,642,226
14	Average of the 13 Monthly Balances	2,292,655,244	-	(6,168,846)	(13,593,513)	2,312,417,603

		Average Balance of Long Term Debt					
Line No	Month (a)	Acct 221 Bonds (b)	Less: Acct 222 Reacquired Bonds (c)	Acct 223 LT Advances from Assoc. Companies (d)	Acct 224 Senior Unsecured Notes (e)	Less: Fair Value Hedges (f)	Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
	(Note A)	(FF1 112.18)	(FF1 112.19)	(FF1 112.20)	(FF1 112.21)	FF1, page 257, Col. (h) - Note 1	
15	December Prior to Rate Year	-	-	-	2,306,411,596	-	2,306,411,596
16	January				2,306,283,654		2,306,283,654
17	February				2,306,155,072		2,306,155,072
18	March				2,306,025,847		2,306,025,847
19	April				2,305,895,976		2,305,895,976
20	May				2,655,765,456		2,655,765,456
21	June				2,655,634,283		2,655,634,283
22	July				2,655,502,454		2,655,502,454
23	August				3,130,369,966		3,130,369,966
24	September				2,655,228,603		2,655,228,603
25	October				2,655,103,000		2,655,103,000
26	November				2,654,968,515		2,654,968,515
27	December of Rate Year				2,654,833,358		2,654,833,358
28	Average of the 13 Monthly Balances	-	-	-	2,557,552,137	-	2,557,552,137

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
29	Annual Interest Expense for 2018						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)			115,645,151			
31	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 30 and shown in 50 below.			2,028,278			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			2,028,278			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			2,440,850			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			1,368,597			
35	Less: Amort of Premium on Debt - Acct 429 (117.65.c)						
36	Less: Amort of Gain on Reacquired Debt - Acct 429.1 (117.66.c)			1,712			
37	Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)			119,452,886			
38	Average Cost of Debt for 2018 (Ln 37/ Ln 28 (g))			4.67%			

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

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

					Amortization Period	
HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2018	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Remaining Unamortized Balance	Beginning	Ending
40 Senior Unsecured Notes - Series F			-	-	November 2004	November 2014
41 Senior Unsecured Notes - Series G	-		-	-	12/07/05	11/30/15
42 Senior Unsecured Notes - Series H	421,741		421,741	7,644,043	11/14/06	2/28/2037
43 Senior Unsecured Notes - Series J	1,606,537		1,606,537	6,760,643	03/15/13	3/15/2023
44			-			
45			-			
46			-			
47			-			
48			-			
49				14,404,686		
50 Total Hedge Amortization	2,028,278	-				
51 Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			2,028,278			
52 Total Average Capital Structure Balance for 2018 (TCOS, Ln 157)			4,869,969,740			
53 Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54 Limit of Recoverable Amount			2,434,985			
55 Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)			2,028,278			

Development of Cost of Preferred Stock

Preferred Stock	Average	
56 0% Series - 0 - Dividend Rate (p. 250-251)	0.000%	0.000%
57 0% Series - 0 - Par Value (p. 250-251)	\$ -	\$ -
58 0% Series - 0 - Shares O/S (p.250-251)	-	-
59 0% Series - 0 - Monetary Value (Ln 57 * Ln 58)	-	-
60 0% Series - 0 - Dividend Amount (Ln 56 * Ln 59)	-	-
61 0% Series - 0 - Dividend Rate (p. 250-251)	0.000%	0.000%

62 0% Series - 0 - Par Value (p. 250-251)	\$	-	\$	-	
63 0% Series - 0 - Shares O/S (p.250-251)		-		-	
64 0% Series - 0 - Monetary Value (Ln 62 * Ln 63)		-		-	-
65 0% Series - 0 - Dividend Amount (Ln 61 * Ln 64)		-		-	-
66 0% Series - 0 - Dividend Rate (p. 250-251)		0.000%		0.000%	
67 0% Series - 0 - Par Value (p. 250-251)	\$	-	\$	-	
68 0% Series - 0 - Shares O/S (p.250-251)		-		-	
69 0% Series - 0 - Monetary Value (Ln 67 * Ln 68)		-		-	-
70 0% Series - 0 - Dividend Amount (Ln 66 * Ln 69)		-		-	-
71 Balance of Preferred Stock (Lns 59, 64, 69)		-		-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c) & (d)
72 Dividends on Preferred Stock (Lns 60, 65, 70)		-		-	-
73 Average Cost of Preferred Stock (Ln 72/71)		0.00%		0.00%	0.00%

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

Line	(A) Date	(B) Property Description	(C) Function (T) or (G) T = Transmission G = General	(D) Basis	(E) Proceeds	(F) (Gain) / Loss	(G) Functional Allocator	(H) Functionalized Proceeds (Gain) / Loss	(I) FERC Account
1						-	0.000%	-	
2						-	0.000%	-	
3						-	0.000%	-	
4				Net (Gain) or Loss for 2018		-		-	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet O - Calculation of Postemployment Benefits Other than Pensions Expenses Allocable to Transmission Service
Indiana Michigan Power Company

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

Allocation of PBOP Settlement Amount for 2018

Total Company Amount

Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Ratio of Company Actual to Total	Allocation of PBOB Recovery Allowance	Labor Allocator for 2018	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A) (Line 14)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
2	APCo	(21,243,233)	36.83%	(46,793,855)	9.272%	(1,969,696)	(4,338,779)	2,369,082
3	I&M	(14,970,273)	25.96%	(32,975,997)	4.367%	(653,716)	(1,439,983)	786,267
4	KPCo	(4,775,930)	8.28%	(10,520,253)	7.919%	(378,188)	(833,058)	454,871
5	KNGP	(455,895)	0.79%	(1,004,230)	12.123%	(55,270)	(121,748)	66,477
6	OPCo	(15,305,203)	26.54%	(33,713,769)	11.486%	(1,757,897)	(3,872,235)	2,114,338
7	WPCo	(923,113)	1.60%	(2,033,401)	2.686%	(24,793)	(54,613)	29,820
8	Sum of Lines 2 to 7	(57,673,647)		(127,041,505)		(4,839,561)	(10,660,416)	5,820,855

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	(16,451,990)	(12,482,067)	(3,951,629)	(344,539)	(11,517,600)	(427,831)	(45,175,656)
10 Additional PBOP Ledger Entries (from Company Records)	460,632	518,852	427,533			(385,001)	
11 Medicare Subsidy							-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(15,991,358)	(11,963,215)	(3,524,096)	(344,539)	(11,517,600)	(812,832)	(44,153,640)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(5,251,875)	(3,007,058)	(1,251,834)	(111,356)	(3,787,603)	(110,281)	(13,520,007)
14 Company PBOP Expense (Ln 12 + Ln 13)	(21,243,233)	(14,970,273)	(4,775,930)	(455,895)	(15,305,203)	(923,113)	(57,673,647)

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

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

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

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

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

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

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

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

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

GENERAL NOTES:

The rates for each AEP company have been approved by their respective regulatory commissions.

APCo falls under the authority of Virginia, West Virginia and the FERC. Therefore, APCo's rates are a composite of the jurisdictions under which it operates. Each jurisdiction's rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.

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

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

	INDIANA				MICHIGAN			FERC WHOLESALE			COMPANY
	(1)			WTD AVG.	(2)		WTD AVG.	(3)		WTD AVG.	
PLANT	IURC	ALLOCATION	DEPREC.		MPSC	ALLOCATION	DEPREC.	FERC	ALLOCATION	DEPREC.	WTD AVG.
ACCT.	RATES	FACTOR (4)	RATE		RATES	FACTOR (4)	RATE	RATES	FACTOR (4)	RATE	DEPREC.
											RATE
TRANSMISSION PLANT											
Land Improvements	350.1	1.4800%	0.652103	0.9651%	1.4400%	0.144206	0.2077%	1.4400%	0.203691	0.2933%	1.47%
Structures & Improvements	352.0	1.5500%	0.652103	1.0108%	1.5000%	0.144206	0.2163%	1.5000%	0.203691	0.3055%	1.53%
Station Equipment	353.0	1.8600%	0.652103	1.2129%	1.8400%	0.144206	0.2653%	1.8400%	0.203691	0.3748%	1.85%
Towers & Fixtures	354.0	1.6900%	0.652103	1.1021%	1.5700%	0.144206	0.2264%	1.5700%	0.203691	0.3198%	1.65%
Poles & Fixtures	355.0	2.8500%	0.652103	1.8585%	2.8300%	0.144206	0.4081%	2.8300%	0.203691	0.5764%	2.84%
Overhead Conductors	356.0	1.9700%	0.652103	1.2846%	1.8900%	0.144206	0.2725%	1.8900%	0.203691	0.3850%	1.94%
Underground Conduit	357.0	1.8600%	0.652103	1.2129%	1.7700%	0.144206	0.2552%	1.7700%	0.203691	0.3605%	1.83%
Underground Conductors	358.0	1.7000%	0.652103	1.1086%	1.6600%	0.144206	0.2394%	1.6600%	0.203691	0.3381%	1.69%
Trails & Roads	359.0	1.5000%	0.652103	0.9782%	1.4800%	0.144206	0.2134%	1.4800%	0.203691	0.3015%	1.49%

(1) As approved in Indiana Case No. 44075.

(2) As approved in MICHIGAN Case No. U16801.

(3) FERC wholesale formula rate agreements specify that the depreciation rates in the formula rates change upon approval of MPSC rates in the Michigan jurisdiction.

(4) The rates approved for each jurisdiction are updated when approved by that commission. These demand-based allocation factors for all jurisdictions are updated when new rates are approved in one of the jurisdictions. These allocation factors reflect I&M's 12 monthly Coincident Peaks during test year of the most recent rate case.

GENERAL NOTES:

The rates for each AEP company have been approved by their respective regulatory commissions.

I&M falls under the authority of Indiana, Michigan and the FERC. Therefore, I&M's rates are a composite of the jurisdictions under which it operates. Each jurisdictions' rate is multiplied by an allocation factor, and the product for each jurisdiction is added with the other jurisdictions to derive the composite rate for the company.

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

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

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

Reference:

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

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

General Note

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

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

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

Reference:

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

General Note

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

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

	PLANT ACCT.	RATES Note 1
TRANSMISSION PLANT		
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	356.0	1.91%
Overhead Conductor & Devices 69KV	356.0	1.91%
Overhead Conductor & Devices CLR	356.0	1.91%
Underground Conduit	357.0	2.26%
Underground Conductors	358.0	3.27%

Reference:

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

General Note:

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

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

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

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

General Note:

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

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

Reconciliation Revenue Requirement For Year 2016 Available May 25, 2017	-	2016 Forecasted Revenue Requirement For Year 2016	=	True-up Adjustment - Over (Under) Recovery
\$0		\$0		\$0

Interest Rate on Amount of Refunds or Surcharges from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.2960%				

An over or under collection will be recovered prorata over 2016, held for 2017 and returned prorata over 2018

<u>Calculation of Interest</u>				<u>Monthly</u>		
January	Year 2016	-	0.2960%	12	-	-
February	Year 2016	-	0.2960%	11	-	-
March	Year 2016	-	0.2960%	10	-	-
April	Year 2016	-	0.2960%	9	-	-
May	Year 2016	-	0.2960%	8	-	-
June	Year 2016	-	0.2960%	7	-	-
July	Year 2016	-	0.2960%	6	-	-
August	Year 2016	-	0.2960%	5	-	-
September	Year 2016	-	0.2960%	4	-	-
October	Year 2016	-	0.2960%	3	-	-
November	Year 2016	-	0.2960%	2	-	-
December	Year 2016	-	0.2960%	1	-	-
					-	-
				<u>Annual</u>		
January through December	Year 2017	-	0.2960%	12	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				<u>Monthly</u>		
January	Year 2018	-	0.2960%	-	-	-
February	Year 2018	-	0.2960%	-	-	-
March	Year 2018	-	0.2960%	-	-	-
April	Year 2018	-	0.2960%	-	-	-
May	Year 2018	-	0.2960%	-	-	-
June	Year 2018	-	0.2960%	-	-	-
July	Year 2018	-	0.2960%	-	-	-
August	Year 2018	-	0.2960%	-	-	-
September	Year 2018	-	0.2960%	-	-	-
October	Year 2018	-	0.2960%	-	-	-
November	Year 2018	-	0.2960%	-	-	-
December	Year 2018	-	0.2960%	-	-	-
					-	-
True-Up Adjustment with Interest					-	-
Less Over (Under) Recovery					-	-
Total Interest					-	-

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

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

Reconciliation Revenue Requirement For Year 2016 Available May 25, 2017	-	2016 Forecasted Revenue Requirement For Year 2016	=	True-up Adjustment - Over (Under) Recovery
\$0		\$0		\$0

Interest Rate on Amount of Refunds or Surcharge from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.2960%				

An over or under collection will be recovered prorata over 2016, held for 2017 and returned prorata over 2018

Calculation of Interest					Monthly	
January	Year 2016	-	0.2960%	12	-	-
February	Year 2016	-	0.2960%	11	-	-
March	Year 2016	-	0.2960%	10	-	-
April	Year 2016	-	0.2960%	9	-	-
May	Year 2016	-	0.2960%	8	-	-
June	Year 2016	-	0.2960%	7	-	-
July	Year 2016	-	0.2960%	6	-	-
August	Year 2016	-	0.2960%	5	-	-
September	Year 2016	-	0.2960%	4	-	-
October	Year 2016	-	0.2960%	3	-	-
November	Year 2016	-	0.2960%	2	-	-
December	Year 2016	-	0.2960%	1	-	-
					-	-

					Annual	
January through December	Year 2017	-	0.2960%	12	-	-

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months					Monthly	
January	Year 2018	-	0.2960%		-	-
February	Year 2018	-	0.2960%		-	-
March	Year 2018	-	0.2960%		-	-
April	Year 2018	-	0.2960%		-	-
May	Year 2018	-	0.2960%		-	-
June	Year 2018	-	0.2960%		-	-
July	Year 2018	-	0.2960%		-	-
August	Year 2018	-	0.2960%		-	-
September	Year 2018	-	0.2960%		-	-
October	Year 2018	-	0.2960%		-	-
November	Year 2018	-	0.2960%		-	-
December	Year 2018	-	0.2960%		-	-
					-	-

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

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

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

Reconciliation Revenue Requirement For Year 2016 Available May 25, 2017	-	2016 Forecasted Revenue Requirement For Year 2016	=	True-up Adjustment - Over (Under) Recovery
\$0		\$0		\$0

Interest Rate on Amount of Refunds or Surr from 35.19a	Over (Under) Recovery Plus Interest	Average Monthly Interest Rate	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
		0.2960%				

An over or under collection will be recovered prorata over 2016, held for 2017 and returned prorata over 2018

Calculation of Interest

				Monthly		
January	Year 2016	-	0.2960%	12	-	-
February	Year 2016	-	0.2960%	11	-	-
March	Year 2016	-	0.2960%	10	-	-
April	Year 2016	-	0.2960%	9	-	-
May	Year 2016	-	0.2960%	8	-	-
June	Year 2016	-	0.2960%	7	-	-
July	Year 2016	-	0.2960%	6	-	-
August	Year 2016	-	0.2960%	5	-	-
September	Year 2016	-	0.2960%	4	-	-
October	Year 2016	-	0.2960%	3	-	-
November	Year 2016	-	0.2960%	2	-	-
December	Year 2016	-	0.2960%	1	-	-
					-	-

				Annual		
January through Decen	Year 2017	-	0.2960%	12	-	-

Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months

				Monthly		
January	Year 2018	-	0.2960%	-	-	-
February	Year 2018	-	0.2960%	-	-	-
March	Year 2018	-	0.2960%	-	-	-
April	Year 2018	-	0.2960%	-	-	-
May	Year 2018	-	0.2960%	-	-	-
June	Year 2018	-	0.2960%	-	-	-
July	Year 2018	-	0.2960%	-	-	-
August	Year 2018	-	0.2960%	-	-	-
September	Year 2018	-	0.2960%	-	-	-
October	Year 2018	-	0.2960%	-	-	-
November	Year 2018	-	0.2960%	-	-	-
December	Year 2018	-	0.2960%	-	-	-
					-	-

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

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