

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

Twelve Months Ended 2018

Appalachian Power Company

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 130)				\$302,222,946
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	Total	DA	1.00000	\$ 5,990,685
			5,990,685			
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2 plus In 3)				\$ 296,232,261

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)	21,491,173	DA	1.00000	\$ 21,491,173
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((In 1 - In 95)/((In 42) x 100))			12.99%
8	Monthly Rate	(In 7 / 12)			1.08%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((In 1 - In 95 - In 100) / ((In 42) x 100))			10.79%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((In 1 - In 95 - In 100 - In 125 - In 126) / ((In 42) x 100))			3.59%
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			11,986,420
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				7,509,381
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				1,855,896
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			2,621,143

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(1)	(2)	(3)	(4)	(5)
	Data Sources (See "General Notes")	TQ Total NOTE C	Allocator	Total Transmission
LINE	RATE BASE CALCULATION			
19	GROSS PLANT IN SERVICE			
20	Production (Worksheet A In 14.(b))	6,435,821,366	NA	-
21	Less: Production ARO (Enter Negative) (Worksheet A In 14.(c))	(93,146,617)	NA	-
22	Transmission (Worksheet A In 14.(d) & TCOS Ln 134)	3,104,186,613	DA	3,030,758,259
23	Less: Transmission ARO (Enter Negative) (Worksheet A In 14.(e))	-	TP	-
24	Distribution (Worksheet A In 14.(f))	3,850,982,310	NA	-
25	Less: Distribution ARO (Enter Negative) (Worksheet A In 14.(g))	(3,069)	NA	-
26	General Plant (Worksheet A In 14.(h))	241,640,558	W/S	22,405,184
27	Less: General Plant ARO (Enter Negative) (Worksheet A In 14.(i))	(1,106,508)	W/S	(102,597)
28	Intangible Plant (Worksheet A In 14.(j))	162,952,381	W/S	15,109,128
	TOTAL GROSS PLANT (sum Ins 19 to 27)	13,701,327,033	GP	3,068,169,974
			GTD=	0.223932
29	ACCUMULATED DEPRECIATION AND AMORTIZATION			
30	Production (Worksheet A In 28.(b))	2,393,455,298	NA	-
31	Less: Production ARO (Enter Negative) (Worksheet A In 28.(c))	(34,251,769)	NA	-
32	Transmission (Worksheet A In 28.(d) & In 43.(c))	725,234,768	TP1=	704,560,322
33	Less: Transmission ARO (Enter Negative) (Worksheet A In 28.(e))	-	TP1=	-
34	Distribution (Worksheet A In 28.(f))	1,314,700,903	NA	-
35	Less: Distribution ARO (Enter Negative) (Worksheet A In 28.(g))	(1,895)	NA	-
36	General Plant (Worksheet A In 28.(h))	83,311,595	W/S	7,724,745
37	Less: General Plant ARO (Enter Negative) (Worksheet A In 28.(i))	(652,838)	W/S	(60,532)
38	Intangible Plant (Worksheet A In 28.(j))	87,646,467	W/S	8,126,679
39	TOTAL ACCUMULATED DEPRECIATION (sum Ins 30 to 38)	4,569,442,529		720,351,214
40	NET PLANT IN SERVICE			
41	Production (In 19 + In 20 - In 30 - In 31)	3,983,471,219		-
42	Transmission (In 21 + In 22 - In 32 - In 33)	2,378,951,845		2,326,197,937
43	Distribution (In 23 + In 24 - In 34 - In 35)	2,536,280,233		-
44	General Plant (In 25 + In 26 - In 36 - In 37)	157,875,294		14,638,375
45	Intangible Plant (In 27 - In 38)	75,305,913		6,982,449
46	TOTAL NET PLANT IN SERVICE (sum Ins 41 to 45)	9,131,884,504	NP	2,347,818,760
47	DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note D)			
48	Account No. 281.1 (enter negative) (Worksheet B, In 2 & In 5.E)	(278,924,095)	NA	-
49	Account No. 282.1 (enter negative) (Worksheet B, In 7 & In 10.E)	(1,997,909,025)	DA	(548,782,807)
50	Account No. 283.1 (enter negative) (Worksheet B, In 12 & In 15.E)	(353,444,895)	DA	(20,920,912)
51	Account No. 190.1 (Worksheet B, In 17 & In 20.E)	241,560,627	DA	51,756,722
52	Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E)	(915,105)	DA	(21,106)
53	TOTAL ADJUSTMENTS (sum Ins 48 to 52)	(2,389,632,493)		(517,968,103)
54	PLANT HELD FOR FUTURE USE (Worksheet A In 44.(e) & In 45.(e))	4,352,051	DA	1,632,033
55	REGULATORY ASSETS (Worksheet A In 51.(e))	-	DA	-
56	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(261,585)	W/S	(24,254)
57	WORKING CAPITAL (Note E)			
58	Cash Working Capital (1/8 * In 78)	5,214,334		5,090,991
59	Transmission Materials & Supplies (Worksheet C, In 2.(F))	2,569,895	TP	2,509,105
60	A&G Materials & Supplies (Worksheet C, In 3.(F))	275,239	W/S	25,520
61	Stores Expense (Worksheet C, In 4.(F))	-	GP	-
62	Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G)	220,817,477	W/S	20,474,444
63	Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F)	4,657,856	GP	1,043,044
64	Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E)	-	DA	-
65	Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D)	(213,572,296)	NA	-
66	TOTAL WORKING CAPITAL (sum Ins 58 to 65)	19,962,505		29,143,105
67	IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8.B)	(2,965,266)	DA	(2,965,266)
68	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)	6,763,339,716		1,857,636,275

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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	1,334,476,676		
70	Distribution	322.156.b	202,680,331		
71	Customer Related Expense	322 & 323.164,171,178.b	60,102,961		
72	Regional Marketing Expenses	322.131.b	6,204,406		
73	Transmission	321.112.b	216,981,513		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	1,820,445,887		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	11,986,420		
76	Less: Account 565	(Note H) 321.96.b	119,301,838		
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	43,978,582		
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	41,714,673	TP 0.97635	40,727,928
79	Administrative and General	323.197.b (Notes J and M)	100,838,969		
80	Less: Acct. 924, Property Insurance	323.185.b	3,492,688		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(15,991,358)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	(5,251,875)		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	5,156,866		
84	Acct. 928, Reg. Com. Exp.	323.189.b	815,338		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	5,945,804		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	106,671,506		
87	Balance of A & G	(In 79 - sum In 80 to In 86)	3,492,688	W/S 0.09272	9,890,702
88	Plus: Acct. 924, Property Insurance	(In 80)	91,168	GP 0.22393	782,126
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	-	TP 0.97635	89,012
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	2,529,409	TP 0.97635	-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note L)	(46,793,855)	DA 1.00000	2,529,409
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	65,990,916	W/S 0.09272	(4,338,779)
93	A & G Subtotal	(sum Ins 87 to 92)			8,952,470
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	107,705,589		49,680,398
95	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA 1.00000	-
96	TOTAL O & M EXPENSE	(In 94 + In 95)	107,705,589		49,680,398
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	197,456,462	NA 0.00000	-
99	Distribution	336.8.f	143,254,449	NA 0.00000	-
100	Transmission	336.7.f	52,714,082	TP 0.97149	51,211,349
101	General	336.10.f	5,651,442	W/S 0.09272	524,008
102	Intangible	336.1.f	25,543,163	W/S 0.09272	2,368,391
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+100+101+102) (Note N)	424,619,598		54,103,748
104	TAXES OTHER THAN INCOME				
105	Labor Related				
106	Payroll	Worksheet H In 24.(D)	9,042,366	W/S 0.09272	838,418
107	Plant Related				
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	74,324,513	DA	26,302,395
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	34,856,495	NA 0.00000	-
110	Other	Worksheet H In 24.(E)	16,445,922	GP 0.22393	3,682,773
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	134,669,296		30,823,587
112	INCOME TAXES	(Note O)			
113	$T = 1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p) =$		23.96%		
114	$EIT = (T / (1 - T)) * (1 - (WCLTD / WACC)) =$		21.36%		
115	where WCLTD=(In 154) and WACC = (In 157)				
116	and FIT, SIT & p are as given in Note O.				
117	GROCF=1 / (1 - T) = (from In 113)		1.3151		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)			
119	Excess Deferred Income Tax	(Note U)	(108,561,322)	DA	(2,672,072)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	9,335,244	DA	1,421,448
121	Income Tax Calculation	(In 114 * In 126)	108,372,966		29,765,997
122	ITC adjustment	(In 117 * In 118)	-	GP 0.22393	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(142,773,397)		(3,514,150)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	12,277,158		1,869,404
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	(22,123,273)		28,121,251
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	507,380,820		139,358,520
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		135,442	DA 1.00000	135,442
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)		1,152,387,472		302,222,946

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
131	Total transmission plant	(In 21)						3,104,186,613	
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)							73,428,354	
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)						3,030,758,259	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)					TP=	0.97635	
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)							
137	Production	354.20.b	58,098,851	27,370,366	85,469,217	NA	0.00000	-	
138	Transmission	354.21.b	439,331	15,287,414	15,726,745	TP	0.97635	15,354,735	
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-	
140	Distribution	354.23.b	39,770,905	4,743,389	44,514,294	NA	0.00000	-	
141	Other (Excludes A&G)	354.24,25,26.b	11,127,418	8,763,586	19,891,004	NA	0.00000	-	
142	Total	(sum Ins 137 to 141)	109,436,505	56,164,755	165,601,260			15,354,735	
143	Transmission related amount						W/S=	0.09272	
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))						193,135,928	
146	Preferred Dividends	(Worksheet M, In. 71)						-	
147	Development of Common Stock:								
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))						3,921,179,062	
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))						-	
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))						(3,472,634)	
151	Less: Account 219	(Worksheet M, In. 14, col. (e))						(350,882)	
152	Common Stock	(In 148 - In 149 - In 150 - In 151)						3,925,002,578	
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%							

Capital Structure Percentages			Cost	
\$	%	Cap Limit	(Note S)	Weighted
4,064,593,714	50.87%	50.87%	4.75%	0.0242
-	0.00%	0.00%	-	0.0000
3,925,002,578	49.13%	49.13%	10.35%	0.0508
7,989,596,293			WACC=	0.0750

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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 includes:
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 Appalachian 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 = 3.75% (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.

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Worksheet A Rate Base
Appalachian 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)
	(Note A)	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	6,403,925,223	92,702,170	3,018,312,132	-	3,761,628,851	3,069	232,421,405	781,258	148,963,347
2	January	6,420,274,691	92,702,170	3,027,480,680		3,771,582,393	3,069	234,286,408	781,035	150,765,304
3	February	6,420,894,548	92,702,170	3,028,306,521		3,777,517,355	3,069	235,154,862	781,035	152,533,061
4	March	6,422,758,074	92,702,170	3,030,850,857		3,793,887,530	3,069	238,027,963	1,204,128	154,477,764
5	April	6,426,559,395	92,702,170	3,036,962,611		3,806,590,774	3,069	239,019,557	1,204,128	156,343,534
6	May	6,430,735,201	92,702,170	3,048,548,785		3,822,127,457	3,069	239,617,099	1,204,128	158,494,989
7	June	6,433,581,615	92,702,170	3,081,157,768		3,841,924,196	3,069	242,567,829	1,204,128	160,384,853
8	July	6,437,549,584	92,702,170	3,107,557,220		3,854,886,650	3,069	242,723,177	1,204,128	166,516,643
9	August	6,447,759,298	92,702,170	3,119,018,288		3,882,492,364	3,069	243,486,323	1,204,128	168,607,287
10	September	6,446,931,865	92,702,170	3,139,670,535		3,895,283,535	3,069	243,766,535	1,204,128	169,522,318
11	October	6,451,391,009	92,702,170	3,186,821,268		3,917,552,858	3,069	243,995,360	1,204,128	173,069,211
12	November	6,452,830,555	92,702,170	3,213,573,080		3,950,351,578	3,069	248,849,297	1,204,128	176,175,946
13	December of Rate Year	6,470,486,699	98,479,986	3,316,166,220		3,986,944,489	3,069	257,411,442	1,204,128	182,526,693
14	Average of the 13 Monthly Balances	6,435,821,366	93,146,617	3,104,186,613	-	3,850,982,310	3,069	241,640,558	1,106,508	162,952,381

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)
	(Note A)	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. (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 28, Col. (b))	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. (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	2,336,391,946	32,579,044	716,358,523	-	1,273,050,942	1,860	78,541,582	638,767	80,343,332
16	January	2,349,826,420	32,857,831	724,633,001		1,272,336,346	1,866	82,046,154	639,764	78,741,285
17	February	2,359,004,953	33,136,619	718,474,208		1,288,017,189	1,872	82,442,338	640,760	80,728,630
18	March	2,373,880,246	33,415,406	718,880,029		1,294,030,048	1,878	82,682,484	641,757	84,310,767
19	April	2,388,186,218	33,694,194	721,268,401		1,301,707,313	1,883	83,012,944	645,118	84,313,747
20	May	2,404,004,047	33,972,982	723,923,074		1,309,572,672	1,889	83,450,057	648,479	86,347,822
21	June	2,412,265,014	34,251,769	724,978,354		1,315,969,210	1,895	83,871,063	651,797	87,265,188
22	July	2,459,645,481	34,530,557	728,384,190		1,323,186,641	1,901	84,279,179	655,115	89,366,620
23	August	2,231,183,336	34,809,344	730,391,828		1,328,861,475	1,906	84,617,537	658,433	91,570,723
24	September	2,438,065,210	35,088,132	731,809,978		1,336,511,212	1,912	85,138,593	661,750	91,452,505
25	October	2,446,159,500	35,366,919	733,457,228		1,342,582,291	1,918	85,159,519	665,068	93,706,228
26	November	2,450,845,183	35,645,707	732,495,544		1,349,342,542	1,923	85,563,982	668,386	96,019,065
27	December of Rate Year	2,462,461,325	35,924,495	722,997,623		1,355,943,862	1,929	82,245,299	671,704	97,238,164
28	Average of the 13 Monthly Balances	2,393,455,298	34,251,769	725,234,768	-	1,314,700,903	1,895	83,311,595	652,838	87,646,467

Line No	Month (a)	OATT Ancillary Services (GSU) Plant In Service (b)	OATT Ancillary Services (GSU) Accumulated Depreciation (c)	Excluded Plant - Plant In Service (d)	Excluded Plant - Accumulated Depreciation (e)
	(Note A)	Company Records (included in total in column (d) of gross plant above)	Company Records (included in total in column (b) of accumulated depreciation above)	Company Records	Company Records
29	December Prior to Rate Year	70,365,479	21,236,220	-	-
30	January	72,808,691	20,135,080		
31	February	72,815,941	20,231,771		
32	March	72,817,960	20,301,144		
33	April	72,818,177	20,418,757		
34	May	72,818,091	20,188,841		
35	June	72,818,084	20,306,454		
36	July	72,818,084	20,424,067		
37	August	73,145,413	20,869,010		
38	September	73,145,413	20,987,134		
39	October	73,145,413	21,104,983		
40	November	73,145,413	21,223,106		
41	December of Rate Year	81,906,440	21,341,229		
42	Average of the 13 Monthly Balances	73,428,354	20,674,446	-	-
43	Transmission Accum Depreciation net of GSU		704,560,322		

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)	4,509,287	4,194,815	4,352,051
45 Transmission Plant Held For Future Use (included in total on line 44)	Company Records - Note 1	1,632,033	1,632,033	1,632,033

Regulatory Assets and Liabilities Approved for Recovery in Ratebase

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

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

Unfunded Reserves Summary (Company Records)

52	Description	Account		
53a	Accum Prv I/D Worker's Com	2282003	260,397	262,773
53b				-
54	Total		260,397	262,773

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
Appalachian 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, ln 8, Col. (k)	267,868,298	289,979,891	278,924,095
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)	267,868,298	289,979,891	278,924,095
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)	2,013,440,023	1,982,378,027	1,997,909,025
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	11,571,948	20,469,118	16,020,533
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	1,436,977,018	1,429,234,352	1,433,105,685
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	564,891,057	532,674,556	548,782,807
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)	280,715,579	426,174,211	353,444,895
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	7,415,018	13,893,212	10,654,115
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	268,340,779	375,398,956	321,869,867
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	4,959,782	36,882,043	20,920,912
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)	183,767,136	299,354,118	241,560,627
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	24,358,600	43,772,374	34,065,487
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	119,917,159	191,559,675	155,738,417
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	39,491,377	64,022,068	51,756,722
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)	979,631	850,579	915,105
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	979,631	850,579	915,105
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	15,253	26,959	21,106

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.

9.87	REG ASSET-WV PROV SURCREDIT-CONTRA	0	0	0	0	0	0	-	-	-	-	-	-
9.88	REG ASSET-BASE REV EQUITY CAR CHG-WV	(52,758)	0	(26,378)	0	0	(26,378)	-	-	(52,758)	-	-	-
9.89	BOOK LEASES CAPITALIZED FOR TAX	9,065,750	5,530,871	7,298,311	6,107,411	244,088	946,812	7,646,606	305,927	1,113,217	4,568,215	182,250	780,407
9.90	CAPITALIZED SOFTWARE COST - BOOK	22,771,997	18,760,731	20,766,364	7,330,998	4,354,723	9,080,643	7,973,018	4,840,473	9,958,506	6,688,978	3,868,973	8,202,780
9.91	LOSS ON REACQUIRED DEBT	32,630,290	18,751,405	25,690,847	12,617,661	5,240,701	7,832,485	16,040,862	6,649,002	9,940,425	9,194,460	3,632,401	5,724,544
9.92	DEFD SFAS 106 BOOK COSTS	0	0	0	0	0	0	-	-	-	-	-	-
9.93	SFAS 106-MEDICARE SUBSIDY-(PPACA)-REG ASSET	1,442,605	741,911	1,092,258	451,773	70,538	566,947	596,681	93,163	752,761	395,885	47,912	387,134
9.94	REG ASSET - ACCRUED SFAS 112	6,596,763	4,057,463	5,326,613	1,917,941	220,332	3,188,340	2,223,850	292,747	4,079,167	1,812,032	147,918	2,297,513
9.95	STATE NOL CURRENT BENEFIT	1,779,559	1,067,735	1,423,647	1,423,647	0	0	1,779,559	-	-	1,067,735	-	-
9.96	EXCESS ADIT	0	(5,870,540)	(2,935,270)	9,351,814	(9,186,897)	(3,100,187)	-	-	-	18,703,629	(18,373,794)	(6,200,375)
9.97	NON-UTILITY DEFERRED FIT	71,623	8,508	0	0	0	0	-	-	-	-	-	-
9.98	SFAS 109 FLOW-THRU 283.3	71,665,779	79,772,899	(71,665,779)	(79,772,899)	0	0	-	-	-	-	-	-
9.99	SFAS 109 EXCESS DFIT 283.4	(12,804,071)	(37,916,500)	12,804,071	37,916,500	0	0	-	-	-	-	-	-
10.00	ADIT FED - HEDGE-INTEREST RATE 2630015	1,512,279	1,232,476	(1,512,279)	(1,232,476)	0	0	-	-	-	-	-	-
10.01	ADIT FED - HEDGE-FORIGN EXC 2930016	18,835	16,262	(18,835)	(16,262)	0	0	-	-	-	-	-	-
10.02	SFAS 133 ADIT FED - SFAS 133 NONAFFIL 2830006	-	-	0	0	0	0	-	-	-	-	-	-

10		416,534,590	245,975,422	(60,464,445)	(43,113,645)	278,465,960	207,856,575	8,505,913	62,103,474	242,428,402	27,241,045	86,400,696	173,284,747	(8,229,219)	37,806,249
11	DEFD STATE INCOME TAXES	70,104,066	77,853,802			73,978,934	43,630,723	11,415,000	18,933,212	44,360,427	9,640,998	16,102,641	42,901,019	13,189,001	21,763,782
11.01	SFAS 109 - DEFD STATE INCOME TAXES	265,908,719	261,649,408	(265,908,719)	(261,649,408)	0									
12	TOTAL ACCOUNT 283	752,547,375	585,478,632	(326,373,164)	(304,763,053)	353,444,894	251,467,208	20,920,912	81,036,685	286,788,829	36,882,043	102,503,339	216,185,766	4,959,782	99,570,031
13	ACCOUNT 283 - ARO-Related Deferrals	13,893,212	7,415,018	0	0	10,654,115	10,654,115	0	0	13,893,212	0	0	7,415,018	0	0
14	JURISDICTIONAL AMOUNTS FUNCTIONALIZED														
15	TOTAL COMPANY AMOUNTS FUNCTIONALIZED														
16	REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT														
17	NOTE: POST 1970 ACCUMULATED DEFERRED														
18	INV TAX CRED (JDTIC) IN A/C 255					30,517	6,039	21,106	3,372				3,313	15,253	1,721
18.01	SEC ALLOC - ITC - 46F1 - 10%	40,746	20,287			884,589	884,589	0	0	8,765	26,959	5,022	959,344	-	-
18.02	HYDRO CREDIT - ITC - 46F1	809,833	959,344							809,833	-	-		-	-
19															
20	TOTAL ACCOUNT 255	850,579	979,631	0	0	915,106	890,628	21,106	3,372	818,598	26,959	5,022	962,657	15,253	1,721

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
Appalachian 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, ln 8, Col. (c) & (b)

680,936

4,458,854

2,569,895

3

General Materials & Supplies

FF1, p. 227, ln 11, Col. (c) & (b)

334,258

216,219

275,239

4

Stores Expense (Undistributed) - Account 163

FF1, p. 227, ln 16, Col. (c) & (b)

-

Prepayment Balance Summary (Note 1)

5

Average of YE Balance

Excludable Balances

100% Transmission Related

Transmission Plant Related

Transmission Labor Related

Total Included in Ratebase (E)+(F)+(G)

6

Totals as of December 31, 2018

14,776,511

(215,807,173)

0

5,016,467

225,567,216

230,583,683

7

Totals as of December 31, 2017

9,029,563

(211,337,418)

-

4,299,244

216,067,738

220,366,982

8

Average Balance

11,903,037

(213,572,296)

-

4,657,856

220,817,477

225,475,333

Prepayments Account 165 - Balance @ 12/31/2018

9	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
10	1650001	Prepaid Insurance	2,196,648	-	-	2,196,648	-	2,196,648	Plant Related Insurance Policies
11	165000218	Prepaid Taxes	1,753,778	1,753,778	-	-	-	-	Prepaid Taxes-Dist.
12	165000219	Prepaid Taxes	728,126	-	-	728,126	-	728,126	Prepaid Taxes
13	1650004	Prepaid Interest	24,133	24,133	-	-	-	-	Prepaid Interest
14	1650006	Other Prepayments	323,572	323,572	-	-	-	-	Other prepayments - Gen
15	1650009	Prepaid Carry Cost-Factored AR	147,568	147,568	-	-	-	-	AR Factoring
16	1650017	Prepayment - Coal	7,500,000	7,500,000	-	-	-	-	Prepaid Coal
17	1650010	Prepaid Pension	157,955,904	-	-	-	157,955,904	157,955,904	Prefunded Pension Exp
18	1650014	Prepaid Sales Taxes	(157,955,904)	(157,955,904)	-	-	-	-	SFAS 158 Offset
19	165001216	Prepaid Use Taxes	-	-	-	-	-	-	-
20	165001218	Prepaid Use Taxes	10,993	10,993	-	-	-	-	Prepaid Use Taxes Gen
21	165001219	Prepaid Use Taxes	-	-	-	-	-	-	-
22	1650014	FAS 158 Qual Contra Asset	-	-	-	-	-	-	-
23	1650016	FAS 112 ASSETS	-	-	-	-	-	-	-
24	1650021	Prepaid Insurance - EIS	2,056,293	-	-	2,056,293	-	2,056,293	Prepaid Insurance EIS
25	1650023	Prepaid Lease	35,400	-	-	35,400	-	35,400	Prepaid Lease
26	1650031	Prepaid OCIP Work Comp	-	-	-	-	-	-	-
27	1650032	Prepaid OCIP Work Comp LT	-	-	-	-	-	-	-
28	1650033	Prepaid OCIP Work Comp - Aff	-	-	-	-	-	-	-
29	1650034	PPD OCIP Work Comp LT - Aff	-	-	-	-	-	-	-
30	1650035	PRW Without MED-D Benefits	67,611,312	-	-	-	67,611,312	67,611,312	Pension Benefits - All functions
31	1650036	PRW for Med-D Benefits	-	-	-	-	-	-	-
32	1650037	FAS158 Contra-PRW Exclud Med-D	(67,611,312)	(67,611,312)	-	-	-	-	SFAS 158 Offset
33	Subtotal - Form 1, p 111.57.c		14,776,511	(215,807,173)	0	5,016,467	225,567,216	230,583,683	

Prepayments Account 165 - Balance @ 12/31/2017

34	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
35	1650001	Prepaid Insurance	2,071,930	-	-	2,071,930	-	2,071,930	Plant Related Insurance Policies
36	165000217	Prepaid Taxes	1,990,995	1,990,995	-	-	-	-	Prepaid Taxes - Distribution
37	1650003	Prepaid Rents	0	-	-	-	-	-	-
38	1650004	Prepaid Interest	24,773	24,773	-	-	-	-	Prepaid Interest - Distribution
39	1650005	Prepaid Employee Benefits	0	-	-	-	-	-	-
40	1650006	Other Prepayments	2,595,636	2,595,636	-	-	-	-	Technology Development
41	1650009	Prepaid Carry Cost-Factored AR	99,242	99,242	-	-	-	-	AR Factoring
42	1650010	Prepaid Pension Benefits	164,847,647	-	-	-	164,847,647	164,847,647	Prefunded Pension Expense
43	1650014	FAS 158 Qual Contra Asset	(164,847,647)	(164,847,647)	-	-	-	-	SFAS 158 Offset
44	1650016	FAS 112 ASSETS	0	-	-	-	-	-	-
45	1650021	Prepaid Insurance - EIS	1,421,334	-	-	1,421,334	-	1,421,334	Plant Related Insurance Policies
46	1650023	Prepaid Lease	2,500	2,500	-	-	-	-	Prepaid Lease Gen
47	1650031	Prepaid OCIP Work Comp	0	-	-	-	-	-	-
48	1650032	Prepaid OCIP Work Comp LT	0	-	-	-	-	-	-
49	1650033	Prepaid OCIP Work Comp	0	-	-	-	-	-	-
50	1650034	Prepaid OCIP Work Comp LT-AFF	0	-	-	-	-	-	-
51	1650035	PRW Without MED-D Benefits	51,220,091	-	-	-	51,220,091	51,220,091	Labor Related Expense
52	1650036	PRW for MED-D Benefits	0	-	-	-	-	-	-
53	1650037	FAS 158 Contra-PRW exc Med-D	(51,220,091)	(51,220,091)	-	-	-	-	-
54	165000218	Prepaid Taxes	805,980	-	-	805,980	-	805,980	SFAS 158 Offset
55	165001217	Prepaid Use	17,174	17,174	-	-	-	-	Property Fees
56									Prepaid Use Tax - Generation
57									
58	Subtotal - Form 1, p 111.57.d		9,029,563	(211,337,418)	-	4,299,244	216,067,738	220,366,982	

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 ref due 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
Appalachian 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)	(2,897,545)
2	Interest Accrual (Company Records - Note 1)	(135,442)
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)	(3,032,987)
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	(2,965,266)

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
Appalachian 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)	5,332,266	5,332,266	
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	3,056,656	2,698,754	357,901
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	23,473,204	21,176,212	2,296,992
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	7,745,004	4,409,212	3,335,792
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	107,726,543	107,726,543	
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)))	147,333,673	141,342,988	5,990,685
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	147,333,673	141,342,988	5,990,685

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or Appalachian 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
Appalachian 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	5660007	Virginia T-RAC UnderRecovery	43,943,469			
2	5660000	Amortization Severance	35,113			
3						
4		Total	43,978,582			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	120			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	2,163,691			
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	7,509,381			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	457,271			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	61			
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	1,855,896			
14		Total of Account 561	11,986,420			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	9,856	9,856	-	
16	9280001	Regulatory Commission Exp-Adm	1,408,236	1,408,236	-	
17	9280002	Regulatory Commission Exp-Case	3,647,605	3,647,605	-	
18	9280005	Reg Com Exp-FERC Trans Cases	91,168	-	91,168	
19						
20		Total (FERC Form 1 p.323.189.b)	5,156,866	5,065,697	91,168	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	221,624	221,624	-	
22	9301001	Newspaper Advertising Space	301,637	301,637	-	
23	9301002	Radio Station Advertising Time	42,881	42,881	-	
24	9301003	TV Station Advertising Time	3,166	3,166	-	
25	9301004	Newspaper Advertising Prod Exp	3,914	3,914	-	
26	9301005	Radio &TV Advertising Prod Exp		-	-	
27	9301006	Spec Corporate Comm Info Proj	10,012	10,012	-	
28	9301007	Special Adv Space & Prod Exp	100	100	-	
29	9301008	Direct Mail and Handouts		-	-	
30	9301009	Fairs, Shows, and Exhibits	36,500	36,500	-	
31	9301010	Publicity	3,101	3,101	-	
32	9301011	Dedications, Tours, & Openings	-	-	-	
33	9301012	Public Opinion Surveys	139,399	139,399	-	
34	9301013	Movies Slide Films & Speeches		-	-	
35	9301014	Video Communications	10,000	10,000	-	
36	9301015	Other Corporate Comm Exp	43,005	43,005	-	
37		Total (FERC Form 1 p.323.191.b)	815,338	815,338	-	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	1,520,819	1,520,819		
39	9302003	Corporate & Fiscal Expenses	157,838	157,838		
40	9302004	Research, Develop&Demonstr Exp	6,185	6,185		
41	9302006	Assoc Business Development Materials Sold	318,075	318,075	-	
42	9302007	Assoc Business Development Exp	3,942,886	1,413,477	2,529,409	
43		Total (FERC Form 1 p.323.192.b)	5,945,804	3,416,395	2,529,409	

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

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 2	2.65%	
Effective State Tax Rate		0.17%
West Virginia Net Income Tax Rate	6.50%	
Apportionment Factor - Note 2	54.08%	
Effective State Tax Rate		3.52%
Virginia Income Tax Rate	6.00%	
Apportionment Factor - Note 2	0.00%	
Effective State Tax Rate		0.00%
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%
Michigan Business Income Tax Rate	6.00%	
Apportionment Factor - Note 2	0.02%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	9.50%	
Apportionment Factor - Note 2	0.65%	
Effective State Tax Rate		0.06%
Total Effective State Income Tax Rate		<u>3.75%</u>

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
Appalachian 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	13,797,134				13,797,134
3	Real Estate and Personal Property Taxes					
4	Real and Personal Property - West Virginia	48,798,578	48,798,578			
5	Real and Personal Property - Virginia	22,039,083	22,039,083			
6	Real and Personal Property - Tennessee	1,293,736	1,293,736			
7	Real and Personal Property - Other Jurisdictions	2,193,116	2,193,116			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	8,810,745		8,810,745		
10	Federal Unemployment Tax	56,329		56,329		
11	State Unemployment Insurance	175,292		175,292		
12	Production Taxes					
13	State Severance Taxes	-				-
14	Miscellaneous Taxes					
15	State Business & Occupation Tax	21,043,738				21,043,738
16	State Public Service Commission Fees	5,278,877			5,278,877	
17	State Franchise Taxes	11,163,715			11,163,715	
18	State Lic/Registration Fee	2,020			2,020	
19	Misc. State and Local Tax	1,310			1,310	
20	Sales & Use	(26)				(26)
21		15,649				15,649
22		-				-
23						
24	Total Taxes by Allocable Basis	134,669,296	74,324,513	9,042,366	16,445,922	34,856,495
(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						
		<u>Production</u>	<u>Transmission</u>	<u>Distribution</u>	<u>General</u>	<u>Total</u>
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	3,983,471,219	2,378,951,845	2,536,280,233	157,875,294	9,056,578,591
26	VIRGINIA JURISDICTION					
27	Percentage of Plant in VIRGINIA JURISDICTION	7.86%	56.14%	55.94%	53.42%	
28	Net Plant in VIRGINIA JURISDICTION (Ln 25 * Ln 26)	313,100,838	1,335,543,566	1,418,795,162	84,336,982	3,151,776,548
29	Less: Net Value of Exempted Generation Plant	42,778,846				
30	Taxable Property Basis (Ln 27 - Ln 28)	270,321,992	1,335,543,566	1,418,795,162	84,336,982	3,108,997,702
31	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
32	Weighted Net Plant (Ln 29 * Ln 30)	270,321,992	1,335,543,566	1,418,795,162	84,336,982	
33	General Plant Allocator (Ln 31 / (Total - General Plant))	8.94%	44.16%	46.91%	-100.00%	
34	Functionalized General Plant (Ln 32 * General Plant)	7,537,421	37,239,123	39,560,438	(84,336,982)	-
35	Weighted VIRGINIA JURISDICTION Plant (Ln 31 + 33)	277,859,413	1,372,782,689	1,458,355,600	(0)	3,108,997,702
36	Functional Percentage (Ln 34/Total Ln 34)	8.94%	44.16%	46.91%		
37	WEST VA JURISDICTION					
38	Percentage of Plant in WEST VA JURISDICTION	90.49%	41.66%	44.06%	46.40%	
39	Net Plant in WEST VA JURISDICTION (Ln 25 * Ln 36)	3,604,643,106	991,071,339	1,117,485,071	73,254,136	5,786,453,652
40	Less: Net Value of Exempted Generation Plant	2,058,550,399				
41	Taxable Property Basis (Ln 37 - Ln 38)	1,546,092,707	991,071,339	1,117,485,071	73,254,136	3,727,903,253
42	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
43	Weighted Net Plant (Ln 39 * Ln 40)	1,546,092,707	991,071,339	1,117,485,071	73,254,136	
44	General Plant Allocator (Ln 41 / (Total - General Plant))	42.30%	27.12%	30.58%	-100.00%	
45	Functionalized General Plant (Ln 42 * General Plant)	30,990,030	19,865,129	22,398,978	(73,254,136)	-
46	Weighted WEST VA JURISDICTION Plant (Ln 41 + 43)	1,577,082,737	1,010,936,467	1,139,884,049	0	3,727,903,253
47	Functional Percentage (Ln 44/Total Ln 44)	42.30%	27.12%	30.58%		
48	KINGSPORT JURISDICTION					
49	Net Plant in KINGSPORT JURISDICTION (Ln 25 - Ln 27 - Ln 37)	65,727,275	52,336,941	-	284,176	118,348,391
50	Less: Net Value Exempted Generation Plant					
51	Taxable Property Basis	65,727,275	52,336,941	-	284,176	118,348,391
52	Relative Valuation Factor	100.00%	100.00%	100.00%	100.00%	
53	Weighted Net Plant (Ln 48 * Ln 49)	65,727,275	52,336,941	-	284,176	
54	General Plant Allocator (Ln 50 / (Total - General Plant))	55.67%	44.33%	0.00%	-100.00%	
55	Functionalized General Plant (Ln 52 * General Plant)	158,203	125,973	-	(284,176)	
56	Weighted KINGSPORT JURISDICTION Plant (Ln 50 + 52)	65,885,478	52,462,914	-	(0)	118,348,391
57	Functional Percentage (Ln 53/Total Ln 53)	55.67%	44.33%	0.00%		
58	Total Other Jurisdictions: (Line 6 * Net Plant Allocator)	-	563,853	-	-	2,193,116

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
Appalachian 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
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1	Revenue Taxes			
2	Gross Receipts Tax	13,797,134	13,757,799 (39,151) 78,486	pg. 263.1, ln. 3 pg. 263.1, ln. 30 pg. 263.1, ln. 31

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)
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3	Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)		74,324,513				26,302,395
4	Real and Personal Property - West Virginia	2016 2017 2016 2017 2018	48,798,578	24,076,492 24,541,416 5,356 89,189 86,125	pg. 263, ln. 33 pg. 263, ln. 34 pg. 263, ln. 37 pg. 263, ln. 38 pg. 263, ln. 39	36.44% 27.31% 36.44% 27.31% 27.12%	15,524,805 8,773,917 6,701,227 1,952 24,354 23,355 -
5	Real and Personal Property - Virginia	2017 2018 2017 2018	22,039,083	(29,517) 21,597,393 2,174 469,033	pg. 263.2, ln. 22 pg. 263.2, ln. 23 pg. 263.2, ln. 26 pg. 263.2, ln. 27	42.02% 44.16% 42.02% 44.16%	9,731,975 (12,403) 9,536,362 914 207,102 - - - -
6	Real and Personal Property - Tennessee	2017 2018	1,293,736	(67,259) 1,360,995	pg. 263.3, ln. 10 pg. 263.3, ln. 11	49.06% 44.33%	570,323 (32,996) 603,318 - -
7	Real and Personal Property - Other Jurisdictions	2016 2017	2,193,116	153,159 2,039,957	pg. 263.1, Ln. 34 pg. 263.1, Ln. 35	20.44% 21.76%	475,293 31,308 443,985 -

Line No.	(A) Annual Tax Expenses by Type (Note 1)	(B) Total Company	(C) FERC FORM 1 Tie-Back	(D) FERC FORM 1 Reference
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8	Payroll Taxes			
9	Federal Insurance Contribution (FICA)	8,810,745	8,810,745	pg. 263, ln. 6
10	Federal Unemployment Tax	56,329	56,329	pg. 263, ln. 9
11	State Unemployment Insurance	175,292	143,261 2,954 28,898 1 178	pg. 263.1, ln. 18 pg. 263.2, ln. 1 pg. 263.2, ln. 34 pg. 263.3, ln. 22 pg. 263.4, ln. 29
12	Production Taxes	-		
13	State Severance Taxes			
14	Miscellaneous Taxes			
15	State Business & Occupation Tax	21,043,738	(150,000) 21,193,738	pg. 263, ln. 20 pg. 263, ln. 21
16	State Public Service Commission Fees	5,278,877	1,990,995 3,287,882	pg. 263, ln. 25 pg. 263, ln. 26
17	State Franchise Taxes	11,163,715	370,825 10,380,000 204,690 208,000 (25) 225	pg. 263.2, ln. 11 pg. 263.2, ln. 12 pg. 263.3, ln. 7 pg. 263.3, ln. 8 pg. 263.3, ln. 33 pg. 263.3, ln. 34
18	State Lic/Registration Fee	2,020	1,700 300 20	pg. 263.2, ln. 36 pg. 263.2, ln. 40 pg. 263.3, ln. 15
19	Misc. State and Local Tax	1,310	200 1,110	pg. 263.1, ln. 5 pg. 263.1, ln. 6
20	Sales & Use	(26)	(149) 22 100 1	pg. 263.1, ln. 27 pg. 263.1, ln. 28 pg. 263.3, ln. 24 pg. 263.3, ln. 25
21	Federal Excise Tax	15,649	1,318 14,331	pg. 263, ln. 13 pg. 263, ln. 14
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14.(c))	134,669,296	134,669,296	

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

AEP East Companies
Cost of Service Formula Rate Using 2018 FF1 Balances
Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones
Appalachian Power Company

Page 1 of 15

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

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

ROE w/o incentives (TCOS, ln 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, lns 154 through 156)		
	%	Cost
Long Term Debt	50.87%	4.75%
Preferred Stock	0.00%	0.00%
Common Stock	49.13%	10.35%
		Weighted cost
		2.417%
		0.000%
		5.085%
R =		7.502%

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS					
TRUE-UP YEAR	2018	Rev Require		W Incentives	
		Incentive Amounts			
	As Projected in Prior Year WS J	\$	27,570,457	\$	27,570,457
	Actual after True-up	\$	21,491,173	\$	21,491,173
	True-up of ARR For 2018		(6,079,284)		(6,079,284)

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

Rate Base (TCOS, ln 68)	1,857,636,275
R (from A. above)	7.502%
Return (Rate Base x R)	139,358,520

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

Return (from B. above)	139,358,520
Effective Tax Rate (TCOS, ln 114)	21.36%
Income Tax Calculation (Return x CIT)	29,765,997
ITC Adjustment	-
Excess Deferred Income Tax	(3,514,150)
Tax Affect of Permanent Differences	1,869,404
Income Taxes	28,121,251

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

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

Annual Revenue Requirement (TCOS, ln 1)	302,222,946
Lease Payments (TCOS, ln 95)	-
Return (TCOS, ln 126)	139,358,520
Income Taxes (TCOS, ln 125)	28,121,251
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	134,743,175

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	134,743,175
Return (from I.B. above)	139,358,520
Income Taxes (from I.C. above)	28,121,251
Annual Revenue Requirement, with 0 Basis Point ROE increase	302,222,946
Depreciation (TCOS, ln 100)	51,211,349
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	251,011,597

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

Net Transmission Plant (TCOS, ln 42)	2,326,197,937
Annual Revenue Requirement, with 0 Basis Point ROE increase	302,222,946
FCR with 0 Basis Point increase in ROE	12.99%
Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	251,011,597
FCR with 0 Basis Point ROE increase, less Depreciation	10.79%
FCR less Depreciation (TCOS, ln 10)	10.79%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2018 (TCOS, ln 21)	3,030,758,259
Annual Depreciation and Amortization Expense (TCOS, ln 100)	51,211,349
Composite Depreciation Rate	1.69%
Depreciable Life for Composite Depreciation Rate	59.18
Round to nearest whole year	59

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: b0318 (Amos 765/138 kV Transformer)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,501,804	1,501,804	-
Prior Yr True-Up	1,469,472	1,469,472	-
True-Up Adjustment	(32,332)	(32,332)	-

Details							2018	
Investment	13,789,272	Current Year						
Service Year (yyyy)	2008	ROE increase accepted by FERC (Basis Points)						
Service Month (1-12)	6	FCR w/o incentives, less depreciation	10.79%					
Useful life	59	FCR w/incentives approved for these facilities, less dep.	10.79%					
CIAC (Yes or No)	No	Annual Depreciation Expense	233.716					
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req. w/o Incentives	RTEP Rev. Req. with Incentives **	Incentive Rev. Requirement #	#
2008	13,789,272	116,858	13,672,414	13,730,843	1,598,504	1,598,504	\$	-
2009	13,672,414	233,716	13,438,697	13,555,556	1,696,447	1,696,447	\$	-
2010	13,438,697	233,716	13,204,981	13,321,839	1,671,228	1,671,228	\$	-
2011	13,204,981	233,716	12,971,264	13,088,123	1,646,008	1,646,008	\$	-
2012	12,971,264	233,716	12,737,548	12,854,406	1,620,789	1,620,789	\$	-
2013	12,737,548	233,716	12,503,831	12,620,690	1,595,569	1,595,569	\$	-
2014	12,503,831	233,716	12,270,115	12,386,973	1,570,350	1,570,350	\$	-
2015	12,270,115	233,716	12,036,398	12,153,257	1,545,130	1,545,130	\$	-
2016	12,036,398	233,716	11,802,682	11,919,540	1,519,911	1,519,911	\$	-
2017	11,802,682	233,716	11,568,965	11,685,824	1,494,691	1,494,691	\$	-
2018	11,568,965	233,716	11,335,249	11,452,107	1,469,472	1,469,472	\$	-
2019	11,335,249	233,716	11,101,533	11,218,391	1,444,252	1,444,252	\$	-
2020	11,101,533	233,716	10,867,816	10,984,674	1,419,033	1,419,033	\$	-
2021	10,867,816	233,716	10,634,100	10,750,958	1,393,813	1,393,813	\$	-
2022	10,634,100	233,716	10,400,383	10,517,241	1,368,594	1,368,594	\$	-
2023	10,400,383	233,716	10,166,667	10,283,525	1,343,374	1,343,374	\$	-
2024	10,166,667	233,716	9,932,950	10,049,808	1,318,155	1,318,155	\$	-
2025	9,932,950	233,716	9,699,234	9,816,092	1,292,935	1,292,935	\$	-
2026	9,699,234	233,716	9,465,517	9,582,375	1,267,716	1,267,716	\$	-
2027	9,465,517	233,716	9,231,801	9,348,659	1,242,496	1,242,496	\$	-
2028	9,231,801	233,716	8,998,084	9,114,943	1,217,277	1,217,277	\$	-
2029	8,998,084	233,716	8,764,368	8,881,226	1,192,057	1,192,057	\$	-
2030	8,764,368	233,716	8,530,651	8,647,510	1,166,838	1,166,838	\$	-
2031	8,530,651	233,716	8,296,935	8,413,793	1,141,618	1,141,618	\$	-
2032	8,296,935	233,716	8,063,218	8,180,077	1,116,399	1,116,399	\$	-
2033	8,063,218	233,716	7,829,502	7,946,360	1,091,179	1,091,179	\$	-
2034	7,829,502	233,716	7,595,785	7,712,644	1,065,960	1,065,960	\$	-
2035	7,595,785	233,716	7,362,069	7,478,927	1,040,740	1,040,740	\$	-
2036	7,362,069	233,716	7,128,352	7,245,211	1,015,521	1,015,521	\$	-
2037	7,128,352	233,716	6,894,636	7,011,494	990,301	990,301	\$	-
2038	6,894,636	233,716	6,660,920	6,777,778	965,082	965,082	\$	-
2039	6,660,920	233,716	6,427,203	6,544,061	939,862	939,862	\$	-
2040	6,427,203	233,716	6,193,487	6,310,345	914,643	914,643	\$	-
2041	6,193,487	233,716	5,959,770	6,076,628	889,423	889,423	\$	-
2042	5,959,770	233,716	5,726,054	5,842,912	864,204	864,204	\$	-
2043	5,726,054	233,716	5,492,337	5,609,195	838,984	838,984	\$	-
2044	5,492,337	233,716	5,258,621	5,375,479	813,765	813,765	\$	-
2045	5,258,621	233,716	5,024,904	5,141,762	788,545	788,545	\$	-
2046	5,024,904	233,716	4,791,188	4,908,046	763,326	763,326	\$	-
2047	4,791,188	233,716	4,557,471	4,674,329	738,106	738,106	\$	-
2048	4,557,471	233,716	4,323,755	4,440,613	712,887	712,887	\$	-
2049	4,323,755	233,716	4,090,038	4,206,897	687,667	687,667	\$	-
2050	4,090,038	233,716	3,856,322	3,973,180	662,448	662,448	\$	-
2051	3,856,322	233,716	3,622,605	3,739,464	637,228	637,228	\$	-
2052	3,622,605	233,716	3,388,889	3,505,747	612,009	612,009	\$	-
2053	3,388,889	233,716	3,155,172	3,272,031	586,789	586,789	\$	-
2054	3,155,172	233,716	2,921,456	3,038,314	561,570	561,570	\$	-
2055	2,921,456	233,716	2,687,739	2,804,598	536,350	536,350	\$	-
2056	2,687,739	233,716	2,454,023	2,570,881	511,131	511,131	\$	-
2057	2,454,023	233,716	2,220,307	2,337,165	485,911	485,911	\$	-
2058	2,220,307	233,716	1,986,590	2,103,448	460,692	460,692	\$	-
2059	1,986,590	233,716	1,752,874	1,869,732	435,472	435,472	\$	-
2060	1,752,874	233,716	1,519,157	1,636,015	410,253	410,253	\$	-
2061	1,519,157	233,716	1,285,441	1,402,299	385,033	385,033	\$	-
2062	1,285,441	233,716	1,051,724	1,168,582	359,814	359,814	\$	-
2063	1,051,724	233,716	818,008	934,866	334,594	334,594	\$	-
2064	818,008	233,716	584,291	701,149	309,375	309,375	\$	-
2065	584,291	233,716	350,575	467,433	284,155	284,155	\$	-
2066	350,575	233,716	116,858	233,716	258,936	258,936	\$	-
2067	116,858	116,858	-	58,429	123,163	123,163	\$	-
Project Totals		13,789,272			58,427,785	58,427,785		

[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: b1712.2 (Altavista-Leesville 138kV line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	279,967	279,967	-
Prior Yr True-Up	279,740	279,740	-
True-Up Adjustment	(227)	(227)	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

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

Details							
Investment	2,476,289	Current Year				2018	
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)				-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation				10.79%	
Useful life	59	FCR w/incentives approved for these facilities, less dep.				10.79%	
CIAC (Yes or No)	No	Annual Depreciation Expense				41,971	
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 #
2011	2,476,289	-	2,476,289	2,476,289	267,207	267,207	\$ -
2012	2,476,289	41,971	2,434,318	2,455,304	306,914	306,914	\$ -
2013	2,434,318	41,971	2,392,347	2,413,333	302,385	302,385	\$ -
2014	2,392,347	41,971	2,350,376	2,371,362	297,856	297,856	\$ -
2015	2,350,376	41,971	2,308,405	2,329,391	293,327	293,327	\$ -
2016	2,308,405	41,971	2,266,434	2,287,420	288,798	288,798	\$ -
2017	2,266,434	41,971	2,224,463	2,245,449	284,269	284,269	\$ -
2018	2,224,463	41,971	2,182,492	2,203,478	279,740	279,740	\$ -
2019	2,182,492	41,971	2,140,521	2,161,507	275,211	275,211	\$ -
2020	2,140,521	41,971	2,098,550	2,119,536	270,682	270,682	\$ -
2021	2,098,550	41,971	2,056,579	2,077,565	266,153	266,153	\$ -
2022	2,056,579	41,971	2,014,608	2,035,594	261,625	261,625	\$ -
2023	2,014,608	41,971	1,972,637	1,993,623	257,096	257,096	\$ -
2024	1,972,637	41,971	1,930,666	1,951,652	252,567	252,567	\$ -
2025	1,930,666	41,971	1,888,695	1,909,681	248,038	248,038	\$ -
2026	1,888,695	41,971	1,846,724	1,867,710	243,509	243,509	\$ -
2027	1,846,724	41,971	1,804,753	1,825,739	238,980	238,980	\$ -
2028	1,804,753	41,971	1,762,782	1,783,768	234,451	234,451	\$ -
2029	1,762,782	41,971	1,720,811	1,741,797	229,922	229,922	\$ -
2030	1,720,811	41,971	1,678,840	1,699,826	225,393	225,393	\$ -
2031	1,678,840	41,971	1,636,869	1,657,855	220,864	220,864	\$ -
2032	1,636,869	41,971	1,594,898	1,615,884	216,335	216,335	\$ -
2033	1,594,898	41,971	1,552,927	1,573,913	211,806	211,806	\$ -
2034	1,552,927	41,971	1,510,956	1,531,942	207,277	207,277	\$ -
2035	1,510,956	41,971	1,468,985	1,489,971	202,748	202,748	\$ -
2036	1,468,985	41,971	1,427,014	1,448,000	198,219	198,219	\$ -
2037	1,427,014	41,971	1,385,043	1,406,029	193,690	193,690	\$ -
2038	1,385,043	41,971	1,343,072	1,364,058	189,162	189,162	\$ -
2039	1,343,072	41,971	1,301,101	1,322,087	184,633	184,633	\$ -
2040	1,301,101	41,971	1,259,130	1,280,116	180,104	180,104	\$ -
2041	1,259,130	41,971	1,217,159	1,238,145	175,575	175,575	\$ -
2042	1,217,159	41,971	1,175,188	1,196,174	171,046	171,046	\$ -
2043	1,175,188	41,971	1,133,217	1,154,203	166,517	166,517	\$ -
2044	1,133,217	41,971	1,091,246	1,112,232	161,988	161,988	\$ -
2045	1,091,246	41,971	1,049,275	1,070,261	157,459	157,459	\$ -
2046	1,049,275	41,971	1,007,304	1,028,290	152,930	152,930	\$ -
2047	1,007,304	41,971	965,333	986,319	148,401	148,401	\$ -
2048	965,333	41,971	923,362	944,348	143,872	143,872	\$ -
2049	923,362	41,971	881,391	902,377	139,343	139,343	\$ -
2050	881,391	41,971	839,420	860,406	134,814	134,814	\$ -
2051	839,420	41,971	797,449	818,435	130,285	130,285	\$ -
2052	797,449	41,971	755,478	776,464	125,756	125,756	\$ -
2053	755,478	41,971	713,507	734,493	121,227	121,227	\$ -
2054	713,507	41,971	671,536	692,522	116,698	116,698	\$ -
2055	671,536	41,971	629,565	650,551	112,170	112,170	\$ -
2056	629,565	41,971	587,594	608,580	107,641	107,641	\$ -
2057	587,594	41,971	545,623	566,609	103,112	103,112	\$ -
2058	545,623	41,971	503,652	524,638	98,583	98,583	\$ -
2059	503,652	41,971	461,681	482,667	94,054	94,054	\$ -
2060	461,681	41,971	419,710	440,696	89,525	89,525	\$ -
2061	419,710	41,971	377,739	398,725	84,996	84,996	\$ -
2062	377,739	41,971	335,768	356,754	80,467	80,467	\$ -
2063	335,768	41,971	293,797	314,783	75,938	75,938	\$ -
2064	293,797	41,971	251,826	272,812	71,409	71,409	\$ -
2065	251,826	41,971	209,855	230,841	66,880	66,880	\$ -
2066	209,855	41,971	167,884	188,870	62,351	62,351	\$ -
2067	167,884	41,971	125,913	146,899	57,822	57,822	\$ -
2068	125,913	41,971	83,942	104,928	53,293	53,293	\$ -
2069	83,942	41,971	41,971	62,957	48,764	48,764	\$ -
2070	41,971	41,971	-	20,986	44,235	44,235	\$ -
Project Totals	2,476,289	2,476,289	10,626,114	10,626,114	10,626,114	10,626,114	-

[illegible]

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

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

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2020 (Rebuild Amos-Kanawha River 138 kV corridor)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,909,994	1,909,994	-
Prior Yr True-Up	2,430,914	2,430,914	-
True-Up Adjustment	520,920	520,920	-

Investment		Details								
		20,601,477	Current Year						2018	
Service Year (yyyy)		2014	ROE increase accepted by FERC (Basis Points)						-	
Service Month (1-12)		9	FCR w/o incentives, less depreciation						10.79%	
Useful life		59	FCR wincentives approved for these facilities, less dep.						10.79%	
CIAC (Yes or No)		No	Annual Depreciation Expense						349,178	
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	Rev #		
2014	20,601,477	87,294	20,514,183	20,557,830	2,305,615	2,305,615	\$	-		
2015	20,514,183	349,178	20,165,005	20,339,594	2,543,950	2,543,950	\$	-		
2016	20,165,005	349,178	19,815,827	19,990,416	2,506,271	2,506,271	\$	-		
2017	19,815,827	349,178	19,466,650	19,641,239	2,468,593	2,468,593	\$	-		
2018	19,466,650	349,178	19,117,472	19,292,061	2,430,914	2,430,914	\$	-		
2019	19,117,472	349,178	18,768,295	18,942,884	2,393,236	2,393,236	\$	-		
2020	18,768,295	349,178	18,419,117	18,593,706	2,355,557	2,355,557	\$	-		
2021	18,419,117	349,178	18,069,940	18,244,528	2,317,879	2,317,879	\$	-		
2022	18,069,940	349,178	17,720,762	17,895,351	2,280,200	2,280,200	\$	-		
2023	17,720,762	349,178	17,371,584	17,546,173	2,242,522	2,242,522	\$	-		
2024	17,371,584	349,178	17,022,407	17,196,996	2,204,843	2,204,843	\$	-		
2025	17,022,407	349,178	16,673,229	16,847,818	2,167,165	2,167,165	\$	-		
2026	16,673,229	349,178	16,324,052	16,498,640	2,129,486	2,129,486	\$	-		
2027	16,324,052	349,178	15,974,874	16,149,463	2,091,808	2,091,808	\$	-		
2028	15,974,874	349,178	15,625,697	15,800,285	2,054,129	2,054,129	\$	-		
2029	15,625,697	349,178	15,276,519	15,451,108	2,016,451	2,016,451	\$	-		
2030	15,276,519	349,178	14,927,341	15,101,930	1,978,772	1,978,772	\$	-		
2031	14,927,341	349,178	14,578,164	14,752,753	1,941,094	1,941,094	\$	-		
2032	14,578,164	349,178	14,228,986	14,403,575	1,903,415	1,903,415	\$	-		
2033	14,228,986	349,178	13,879,809	14,054,397	1,865,737	1,865,737	\$	-		
2034	13,879,809	349,178	13,530,631	13,705,220	1,828,058	1,828,058	\$	-		
2035	13,530,631	349,178	13,181,454	13,356,042	1,790,380	1,790,380	\$	-		
2036	13,181,454	349,178	12,832,276	13,006,865	1,752,701	1,752,701	\$	-		
2037	12,832,276	349,178	12,483,098	12,657,687	1,715,023	1,715,023	\$	-		
2038	12,483,098	349,178	12,133,921	12,308,510	1,677,344	1,677,344	\$	-		
2039	12,133,921	349,178	11,784,743	11,959,332	1,639,666	1,639,666	\$	-		
2040	11,784,743	349,178	11,435,566	11,610,154	1,601,987	1,601,987	\$	-		
2041	11,435,566	349,178	11,086,388	11,260,977	1,564,309	1,564,309	\$	-		
2042	11,086,388	349,178	10,737,210	10,911,799	1,526,630	1,526,630	\$	-		
2043	10,737,210	349,178	10,388,033	10,562,622	1,488,952	1,488,952	\$	-		
2044	10,388,033	349,178	10,038,855	10,213,444	1,451,273	1,451,273	\$	-		
2045	10,038,855	349,178	9,689,678	9,864,267	1,413,595	1,413,595	\$	-		
2046	9,689,678	349,178	9,340,500	9,515,089	1,375,916	1,375,916	\$	-		
2047	9,340,500	349,178	8,991,323	9,165,911	1,338,238	1,338,238	\$	-		
2048	8,991,323	349,178	8,642,145	8,816,734	1,300,559	1,300,559	\$	-		
2049	8,642,145	349,178	8,292,967	8,467,556	1,262,881	1,262,881	\$	-		
2050	8,292,967	349,178	7,943,790	8,118,379	1,225,202	1,225,202	\$	-		
2051	7,943,790	349,178	7,594,612	7,769,204	1,187,524	1,187,524	\$	-		
2052	7,594,612	349,178	7,245,435	7,420,023	1,149,845	1,149,845	\$	-		
2053	7,245,435	349,178	6,896,257	7,070,846	1,112,167	1,112,167	\$	-		
2054	6,896,257	349,178	6,547,080	6,721,668	1,074,488	1,074,488	\$	-		
2055	6,547,080	349,178	6,197,902	6,372,491	1,036,810	1,036,810	\$	-		
2056	6,197,902	349,178	5,848,724	6,023,313	999,131	999,131	\$	-		
2057	5,848,724	349,178	5,499,547	5,674,136	961,453	961,453	\$	-		
2058	5,499,547	349,178	5,150,369	5,324,958	923,775	923,775	\$	-		
2059	5,150,369	349,178	4,801,192	4,975,780	886,096	886,096	\$	-		
2060	4,801,192	349,178	4,452,014	4,626,603	848,418	848,418	\$	-		
2061	4,452,014	349,178	4,102,837	4,277,425	810,739	810,739	\$	-		
2062	4,102,837	349,178	3,753,659	3,928,248	773,061	773,061	\$	-		
2063	3,753,659	349,178	3,404,481	3,579,070	735,382	735,382	\$	-		
2064	3,404,481	349,178	3,055,304	3,229,893	697,704	697,704	\$	-		
2065	3,055,304	349,178	2,706,126	2,880,715	660,025	660,025	\$	-		
2066	2,706,126	349,178	2,356,949	2,531,537	622,347	622,347	\$	-		
2067	2,356,949	349,178	2,007,771	2,182,360	584,668	584,668	\$	-		
2068	2,007,771	349,178	1,658,593	1,833,182	546,990	546,990	\$	-		
2069	1,658,593	349,178	1,309,416	1,484,005	509,311	509,311	\$	-		
2070	1,309,416	349,178	960,238	1,134,827	471,633	471,633	\$	-		
2071	960,238	349,178	611,061	785,650	433,954	433,954	\$	-		
2072	611,061	349,178	261,883	436,472	396,276	396,276	\$	-		
2073	261,883	261,883	-	130,942	276,013	276,013	\$	-		
Project Totals		20,601,477	20,601,477	87,848,159	87,848,159	87,848,159				

** 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]

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2021 (Kanawha River Gen Retirement - Upgrades)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	292,574	292,574	-
Prior Yr True-Up	286,649	286,649	-
True-Up Adjustment	(5,925)	(5,925)	-

Details								
Investment	2,419,910	Current Year					2018	
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)					-	
Service Month (1-12)	12	FCR w/o incentives, less depreciation					10.79%	
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%	
CIAC (Yes or No)	No	Annual Depreciation Expense					41,015	
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	2,419,910	-	2,419,910	2,419,910	261,124	261,124	\$ -	
2015	2,419,910	41,015	2,378,895	2,399,402	299,926	299,926	\$ -	
2016	2,378,895	41,015	2,337,879	2,358,387	295,500	295,500	\$ -	
2017	2,337,879	41,015	2,296,864	2,317,371	291,075	291,075	\$ -	
2018	2,296,864	41,015	2,255,848	2,276,356	286,649	286,649	\$ -	
2019	2,255,848	41,015	2,214,833	2,235,341	282,223	282,223	\$ -	
2020	2,214,833	41,015	2,173,817	2,194,325	277,797	277,797	\$ -	
2021	2,173,817	41,015	2,132,802	2,153,310	273,371	273,371	\$ -	
2022	2,132,802	41,015	2,091,787	2,112,294	268,945	268,945	\$ -	
2023	2,091,787	41,015	2,050,771	2,071,279	264,520	264,520	\$ -	
2024	2,050,771	41,015	2,009,756	2,030,283	260,094	260,094	\$ -	
2025	2,009,756	41,015	1,968,740	1,989,248	255,668	255,668	\$ -	
2026	1,968,740	41,015	1,927,725	1,948,233	251,242	251,242	\$ -	
2027	1,927,725	41,015	1,886,709	1,907,217	246,816	246,816	\$ -	
2028	1,886,709	41,015	1,845,694	1,866,202	242,391	242,391	\$ -	
2029	1,845,694	41,015	1,804,679	1,825,186	237,965	237,965	\$ -	
2030	1,804,679	41,015	1,763,663	1,784,171	233,539	233,539	\$ -	
2031	1,763,663	41,015	1,722,648	1,743,156	229,113	229,113	\$ -	
2032	1,722,648	41,015	1,681,632	1,702,140	224,687	224,687	\$ -	
2033	1,681,632	41,015	1,640,617	1,661,125	220,261	220,261	\$ -	
2034	1,640,617	41,015	1,599,602	1,620,109	215,836	215,836	\$ -	
2035	1,599,602	41,015	1,558,586	1,579,094	211,410	211,410	\$ -	
2036	1,558,586	41,015	1,517,571	1,538,078	206,984	206,984	\$ -	
2037	1,517,571	41,015	1,476,555	1,497,063	202,558	202,558	\$ -	
2038	1,476,555	41,015	1,435,540	1,456,048	198,132	198,132	\$ -	
2039	1,435,540	41,015	1,394,524	1,415,032	193,706	193,706	\$ -	
2040	1,394,524	41,015	1,353,509	1,374,017	189,281	189,281	\$ -	
2041	1,353,509	41,015	1,312,494	1,333,001	184,855	184,855	\$ -	
2042	1,312,494	41,015	1,271,478	1,291,986	180,429	180,429	\$ -	
2043	1,271,478	41,015	1,230,463	1,250,970	176,003	176,003	\$ -	
2044	1,230,463	41,015	1,189,447	1,209,955	171,577	171,577	\$ -	
2045	1,189,447	41,015	1,148,432	1,168,940	167,151	167,151	\$ -	
2046	1,148,432	41,015	1,107,416	1,127,924	162,726	162,726	\$ -	
2047	1,107,416	41,015	1,066,401	1,086,909	158,300	158,300	\$ -	
2048	1,066,401	41,015	1,025,386	1,045,893	153,874	153,874	\$ -	
2049	1,025,386	41,015	984,370	1,004,878	149,448	149,448	\$ -	
2050	984,370	41,015	943,355	963,882	145,022	145,022	\$ -	
2051	943,355	41,015	902,339	922,847	140,597	140,597	\$ -	
2052	902,339	41,015	861,324	881,832	136,171	136,171	\$ -	
2053	861,324	41,015	820,308	840,816	131,745	131,745	\$ -	
2054	820,308	41,015	779,293	799,801	127,319	127,319	\$ -	
2055	779,293	41,015	738,278	758,785	122,893	122,893	\$ -	
2056	738,278	41,015	697,262	717,770	118,467	118,467	\$ -	
2057	697,262	41,015	656,247	676,754	114,042	114,042	\$ -	
2058	656,247	41,015	615,231	635,739	109,616	109,616	\$ -	
2059	615,231	41,015	574,216	594,724	105,190	105,190	\$ -	
2060	574,216	41,015	533,201	553,708	100,764	100,764	\$ -	
2061	533,201	41,015	492,185	512,693	96,338	96,338	\$ -	
2062	492,185	41,015	451,170	471,677	91,912	91,912	\$ -	
2063	451,170	41,015	410,154	430,662	87,487	87,487	\$ -	
2064	410,154	41,015	369,139	389,647	83,061	83,061	\$ -	
2065	369,139	41,015	328,123	348,631	78,635	78,635	\$ -	
2066	328,123	41,015	287,108	307,616	74,209	74,209	\$ -	
2067	287,108	41,015	246,093	266,600	69,783	69,783	\$ -	
2068	246,093	41,015	205,077	225,585	65,357	65,357	\$ -	
2069	205,077	41,015	164,062	184,569	60,932	60,932	\$ -	
2070	164,062	41,015	123,046	143,554	56,506	56,506	\$ -	
2071	123,046	41,015	82,031	102,539	52,080	52,080	\$ -	
2072	82,031	41,015	41,015	61,523	47,654	47,654	\$ -	
2073	41,015	41,015	-	20,508	43,228	43,228	\$ -	
Project Totals		2,419,910			10,384,184	10,384,184		

[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.

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b2017 (Rebuild Sporn-Waterford-Muskingum River 345 kV line)

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEAR:

[illegible]

Details							
Investment	15,164,190	Current Year	2018				
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)					
Service Month (1-12)	5	FCR w/o incentives, less depreciation					
Useful life	59	FCR w/incentives approved for these facilities, less dep.					
CIAC (Yes or No)	No	Annual Depreciation Expense	257,022				
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't w/o Incentives	RTEP Rev. Req't with Incentives **	Incentive Rev. Requirement #
2015	15,164,190	149,928	15,014,262	15,089,226	1,778,152	1,778,152	\$ -
2016	15,014,262	257,020	14,757,241	14,885,751	1,863,288	1,863,288	\$ -
2017	14,757,241	257,020	14,500,221	14,628,731	1,935,554	1,935,554	\$ -
2018	14,500,221	257,020	14,243,201	14,371,711	1,807,819	1,807,819	\$ -
2019	14,243,201	257,020	13,986,181	14,114,691	1,780,085	1,780,085	\$ -
2020	13,986,181	257,020	13,729,161	13,857,671	1,752,351	1,752,351	\$ -
2021	13,729,161	257,020	13,472,141	13,600,651	1,724,617	1,724,617	\$ -
2022	13,472,141	257,020	13,215,120	13,343,630	1,696,883	1,696,883	\$ -
2023	13,215,120	257,020	12,958,100	13,086,610	1,669,149	1,669,149	\$ -
2024	12,958,100	257,020	12,701,080	12,829,590	1,641,415	1,641,415	\$ -
2025	12,701,080	257,020	12,444,060	12,572,570	1,613,681	1,613,681	\$ -
2026	12,444,060	257,020	12,187,040	12,315,550	1,585,947	1,585,947	\$ -
2027	12,187,040	257,020	11,930,020	12,058,530	1,558,212	1,558,212	\$ -
2028	11,930,020	257,020	11,672,999	11,801,509	1,530,478	1,530,478	\$ -
2029	11,672,999	257,020	11,415,979	11,544,489	1,502,744	1,502,744	\$ -
2030	11,415,979	257,020	11,158,959	11,287,469	1,475,010	1,475,010	\$ -
2031	11,158,959	257,020	10,901,939	11,030,449	1,447,276	1,447,276	\$ -
2032	10,901,939	257,020	10,644,919	10,773,429	1,419,542	1,419,542	\$ -
2033	10,644,919	257,020	10,387,899	10,516,409	1,391,808	1,391,808	\$ -
2034	10,387,899	257,020	10,130,878	10,259,388	1,364,074	1,364,074	\$ -
2035	10,130,878	257,020	9,873,858	10,002,368	1,336,340	1,336,340	\$ -
2036	9,873,858	257,020	9,616,838	9,745,348	1,308,605	1,308,605	\$ -
2037	9,616,838	257,020	9,359,818	9,488,328	1,280,871	1,280,871	\$ -
2038	9,359,818	257,020	9,102,798	9,231,308	1,253,137	1,253,137	\$ -
2039	9,102,798	257,020	8,845,777	8,974,288	1,225,403	1,225,403	\$ -
2040	8,845,777	257,020	8,588,757	8,717,267	1,197,669	1,197,669	\$ -
2041	8,588,757	257,020	8,331,737	8,460,247	1,169,935	1,169,935	\$ -
2042	8,331,737	257,020	8,074,717	8,203,227	1,142,201	1,142,201	\$ -
2043	8,074,717	257,020	7,817,697	7,946,207	1,114,467	1,114,467	\$ -
2044	7,817,697	257,020	7,560,677	7,689,187	1,086,732	1,086,732	\$ -
2045	7,560,677	257,020	7,303,656	7,432,167	1,058,998	1,058,998	\$ -
2046	7,303,656	257,020	7,046,636	7,175,146	1,031,264	1,031,264	\$ -
2047	7,046,636	257,020	6,789,616	6,918,126	1,003,530	1,003,530	\$ -
2048	6,789,616	257,020	6,532,596	6,661,106	975,796	975,796	\$ -
2049	6,532,596	257,020	6,275,576	6,404,086	948,062	948,062	\$ -
2050	6,275,576	257,020	6,018,556	6,147,066	920,328	920,328	\$ -
2051	6,018,556	257,020	5,761,535	5,890,046	892,594	892,594	\$ -
2052	5,761,535	257,020	5,504,515	5,633,025	864,860	864,860	\$ -
2053	5,504,515	257,020	5,247,495	5,376,005	837,125	837,125	\$ -
2054	5,247,495	257,020	4,990,475	5,118,985	809,391	809,391	\$ -
2055	4,990,475	257,020	4,733,455	4,861,965	781,657	781,657	\$ -
2056	4,733,455	257,020	4,476,435	4,604,945	753,923	753,923	\$ -
2057	4,476,435	257,020	4,219,414	4,347,925	726,189	726,189	\$ -
2058	4,219,414	257,020	3,962,394	4,090,904	698,455	698,455	\$ -
2059	3,962,394	257,020	3,705,374	3,833,884	670,721	670,721	\$ -
2060	3,705,374	257,020	3,448,354	3,576,864	642,987	642,987	\$ -
2061	3,448,354	257,020	3,191,334	3,319,944	615,253	615,253	\$ -
2062	3,191,334	257,020	2,934,314	3,062,824	587,518	587,518	\$ -
2063	2,934,314	257,020	2,677,293	2,805,804	559,784	559,784	\$ -
2064	2,677,293	257,020	2,420,273	2,548,783	532,050	532,050	\$ -
2065	2,420,273	257,020	2,163,253	2,291,763	504,316	504,316	\$ -
2066	2,163,253	257,020	1,906,233	2,034,743	476,582	476,582	\$ -
2067	1,906,233	257,020	1,649,213	1,777,723	448,848	448,848	\$ -
2068	1,649,213	257,020	1,392,193	1,520,703	421,114	421,114	\$ -
2069	1,392,193	257,020	1,135,172	1,263,682	393,380	393,380	\$ -
2070	1,135,172	257,020	878,152	1,006,662	365,645	365,645	\$ -
2071	878,152	257,020	621,132	749,642	337,911	337,911	\$ -
2072	621,132	257,020	364,112	492,622	310,177	310,177	\$ -
2073	364,112	257,020	107,092	235,602	282,443	282,443	\$ -
2074	107,092	107,092	-	53,546	112,870	112,870	\$ -
Project Totals	15,164,190	15,164,190			64,117,216	64,117,216	

** 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: b1660 (Install a 765/500 kV transformer at Cloverdale)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,820,478	1,820,478	-
Prior Yr True-Up	406,632	406,632	-
True-Up Adjustment	(1,413,846)	(1,413,846)	-

Details							2018	
Investment	3,334,148	Current Year						
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)					-	
Service Month (1-12)	11	FCR w/o incentives, less depreciation					10.79%	
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%	
CIAC (Yes or No)	No	Annual Depreciation Expense					56,511	
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	3,334,148	4,709	3,329,439	3,331,793	364,231	364,231	\$ -	
2017	3,329,439	56,511	3,272,928	3,301,183	412,730	412,730	\$ -	
2018	3,272,928	56,511	3,216,417	3,244,672	406,632	406,632	\$ -	
2019	3,216,417	56,511	3,159,906	3,188,161	400,534	400,534	\$ -	
2020	3,159,906	56,511	3,103,395	3,131,650	394,436	394,436	\$ -	
2021	3,103,395	56,511	3,046,884	3,075,139	388,338	388,338	\$ -	
2022	3,046,884	56,511	2,990,373	3,018,628	382,240	382,240	\$ -	
2023	2,990,373	56,511	2,933,862	2,962,117	376,142	376,142	\$ -	
2024	2,933,862	56,511	2,877,351	2,905,606	370,044	370,044	\$ -	
2025	2,877,351	56,511	2,820,840	2,849,095	363,947	363,947	\$ -	
2026	2,820,840	56,511	2,764,329	2,792,584	357,849	357,849	\$ -	
2027	2,764,329	56,511	2,707,818	2,736,073	351,751	351,751	\$ -	
2028	2,707,818	56,511	2,651,307	2,679,562	345,653	345,653	\$ -	
2029	2,651,307	56,511	2,594,796	2,623,051	339,555	339,555	\$ -	
2030	2,594,796	56,511	2,538,285	2,566,540	333,457	333,457	\$ -	
2031	2,538,285	56,511	2,481,774	2,510,029	327,359	327,359	\$ -	
2032	2,481,774	56,511	2,425,263	2,453,519	321,261	321,261	\$ -	
2033	2,425,263	56,511	2,368,752	2,397,008	315,163	315,163	\$ -	
2034	2,368,752	56,511	2,312,241	2,340,497	309,065	309,065	\$ -	
2035	2,312,241	56,511	2,255,730	2,283,986	302,968	302,968	\$ -	
2036	2,255,730	56,511	2,199,219	2,227,475	296,870	296,870	\$ -	
2037	2,199,219	56,511	2,142,708	2,170,964	290,772	290,772	\$ -	
2038	2,142,708	56,511	2,086,197	2,114,453	284,674	284,674	\$ -	
2039	2,086,197	56,511	2,029,686	2,057,942	278,576	278,576	\$ -	
2040	2,029,686	56,511	1,973,175	2,001,431	272,478	272,478	\$ -	
2041	1,973,175	56,511	1,916,664	1,944,920	266,380	266,380	\$ -	
2042	1,916,664	56,511	1,860,153	1,888,409	260,282	260,282	\$ -	
2043	1,860,153	56,511	1,803,642	1,831,894	254,184	254,184	\$ -	
2044	1,803,642	56,511	1,747,131	1,775,387	248,087	248,087	\$ -	
2045	1,747,131	56,511	1,690,620	1,718,876	241,989	241,989	\$ -	
2046	1,690,620	56,511	1,634,109	1,662,365	235,891	235,891	\$ -	
2047	1,634,109	56,511	1,577,598	1,605,854	229,793	229,793	\$ -	
2048	1,577,598	56,511	1,521,087	1,549,343	223,695	223,695	\$ -	
2049	1,521,087	56,511	1,464,576	1,492,832	217,597	217,597	\$ -	
2050	1,464,576	56,511	1,408,065	1,436,321	211,499	211,499	\$ -	
2051	1,408,065	56,511	1,351,554	1,379,810	205,401	205,401	\$ -	
2052	1,351,554	56,511	1,295,043	1,323,293	199,303	199,303	\$ -	
2053	1,295,043	56,511	1,238,532	1,266,788	193,205	193,205	\$ -	
2054	1,238,532	56,511	1,182,021	1,210,277	187,108	187,108	\$ -	
2055	1,182,021	56,511	1,125,510	1,153,766	181,010	181,010	\$ -	
2056	1,125,510	56,511	1,068,999	1,097,255	174,912	174,912	\$ -	
2057	1,068,999	56,511	1,012,488	1,040,744	168,814	168,814	\$ -	
2058	1,012,488	56,511	955,977	984,233	162,716	162,716	\$ -	
2059	955,977	56,511	899,466	927,722	156,618	156,618	\$ -	
2060	899,466	56,511	842,955	871,211	150,520	150,520	\$ -	
2061	842,955	56,511	786,445	814,700	144,422	144,422	\$ -	
2062	786,445	56,511	729,934	758,189	138,324	138,324	\$ -	
2063	729,934	56,511	673,423	701,678	132,227	132,227	\$ -	
2064	673,423	56,511	616,912	645,167	126,129	126,129	\$ -	
2065	616,912	56,511	560,401	588,656	120,031	120,031	\$ -	
2066	560,401	56,511	503,890	532,145	113,933	113,933	\$ -	
2067	503,890	56,511	447,379	475,634	107,835	107,835	\$ -	
2068	447,379	56,511	390,868	419,123	101,737	101,737	\$ -	
2069	390,868	56,511	334,357	362,612	95,639	95,639	\$ -	
2070	334,357	56,511	277,846	306,101	89,541	89,541	\$ -	
2071	277,846	56,511	221,335	249,590	83,443	83,443	\$ -	
2072	221,335	56,511	164,824	193,079	77,345	77,345	\$ -	
2073	164,824	56,511	108,313	136,568	71,248	71,248	\$ -	
2074	108,313	56,511	51,802	80,057	65,150	65,150	\$ -	
2075	51,802	51,802	-	25,901	54,597	54,597	\$ -	
Project Totals	3,334,148	3,334,148			14,277,330	14,277,330		

** 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]

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: b1660.1 (Cloverdale: Establish 500 kV station and 500 to 765 kV tie

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	3,974,755	3,974,755	-
Prior Yr True-Up	3,573,891	3,573,891	-
True-Up Adjustment	(400,864)	(400,864)	-

Details									
Investment	29,303,859	Current Year						2018	
Service Year (yyyy)	2016	ROE increase accepted by FERC (Basis Points)							-
Service Month (1-12)	11	FCR w/o incentives, less depreciation							10.79%
Useful life	59	FCR w/incentives approved for these facilities, less dep.							10.79%
CIAC (Yes or No)	No	Annual Depreciation Expense							496,676
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	29,303,859	41,390	29,262,469	29,283,164	3,201,230	3,201,230	\$	3,201,230	
2017	29,262,469	496,676	28,765,794	29,014,132	3,627,485	3,627,485	\$	-	
2018	28,765,794	496,676	28,269,118	28,517,456	3,573,891	3,573,891	\$	-	
2019	28,269,118	496,676	27,772,443	28,020,780	3,520,297	3,520,297	\$	-	
2020	27,772,443	496,676	27,275,767	27,524,105	3,466,702	3,466,702	\$	-	
2021	27,275,767	496,676	26,779,091	27,027,429	3,413,108	3,413,108	\$	-	
2022	26,779,091	496,676	26,282,416	26,530,754	3,359,513	3,359,513	\$	-	
2023	26,282,416	496,676	25,785,740	26,034,078	3,305,919	3,305,919	\$	-	
2024	25,785,740	496,676	25,289,065	25,537,403	3,252,324	3,252,324	\$	-	
2025	25,289,065	496,676	24,792,389	25,040,727	3,198,730	3,198,730	\$	-	
2026	24,792,389	496,676	24,295,714	24,544,051	3,145,135	3,145,135	\$	-	
2027	24,295,714	496,676	23,799,038	24,047,376	3,091,541	3,091,541	\$	-	
2028	23,799,038	496,676	23,302,362	23,550,700	3,037,946	3,037,946	\$	-	
2029	23,302,362	496,676	22,805,687	23,054,025	2,984,352	2,984,352	\$	-	
2030	22,805,687	496,676	22,309,011	22,557,349	2,930,757	2,930,757	\$	-	
2031	22,309,011	496,676	21,812,336	22,060,674	2,877,163	2,877,163	\$	-	
2032	21,812,336	496,676	21,315,660	21,563,998	2,823,569	2,823,569	\$	-	
2033	21,315,660	496,676	20,818,985	21,067,322	2,769,974	2,769,974	\$	-	
2034	20,818,985	496,676	20,322,309	20,570,647	2,716,380	2,716,380	\$	-	
2035	20,322,309	496,676	19,825,633	20,073,971	2,662,785	2,662,785	\$	-	
2036	19,825,633	496,676	19,328,958	19,577,296	2,609,191	2,609,191	\$	-	
2037	19,328,958	496,676	18,832,282	19,080,620	2,555,596	2,555,596	\$	-	
2038	18,832,282	496,676	18,335,607	18,583,944	2,502,002	2,502,002	\$	-	
2039	18,335,607	496,676	17,838,931	18,087,269	2,448,407	2,448,407	\$	-	
2040	17,838,931	496,676	17,342,256	17,590,593	2,394,813	2,394,813	\$	-	
2041	17,342,256	496,676	16,845,580	17,093,918	2,341,218	2,341,218	\$	-	
2042	16,845,580	496,676	16,348,904	16,597,242	2,287,624	2,287,624	\$	-	
2043	16,348,904	496,676	15,852,229	16,100,567	2,234,029	2,234,029	\$	-	
2044	15,852,229	496,676	15,355,553	15,603,891	2,180,435	2,180,435	\$	-	
2045	15,355,553	496,676	14,858,878	15,107,215	2,126,840	2,126,840	\$	-	
2046	14,858,878	496,676	14,362,202	14,610,540	2,073,246	2,073,246	\$	-	
2047	14,362,202	496,676	13,865,527	14,113,864	2,019,652	2,019,652	\$	-	
2048	13,865,527	496,676	13,368,851	13,617,189	1,966,057	1,966,057	\$	-	
2049	13,368,851	496,676	12,872,175	13,120,513	1,912,463	1,912,463	\$	-	
2050	12,872,175	496,676	12,375,500	12,623,838	1,858,868	1,858,868	\$	-	
2051	12,375,500	496,676	11,878,824	12,127,162	1,805,274	1,805,274	\$	-	
2052	11,878,824	496,676	11,382,149	11,630,486	1,751,679	1,751,679	\$	-	
2053	11,382,149	496,676	10,885,473	11,133,811	1,698,085	1,698,085	\$	-	
2054	10,885,473	496,676	10,388,797	10,637,135	1,644,490	1,644,490	\$	-	
2055	10,388,797	496,676	9,892,122	10,140,460	1,590,896	1,590,896	\$	-	
2056	9,892,122	496,676	9,395,446	9,643,784	1,537,301	1,537,301	\$	-	
2057	9,395,446	496,676	8,898,771	9,147,109	1,483,707	1,483,707	\$	-	
2058	8,898,771	496,676	8,402,095	8,650,433	1,430,112	1,430,112	\$	-	
2059	8,402,095	496,676	7,905,420	8,153,757	1,376,518	1,376,518	\$	-	
2060	7,905,420	496,676	7,408,744	7,657,082	1,322,924	1,322,924	\$	-	
2061	7,408,744	496,676	6,912,068	7,160,406	1,269,329	1,269,329	\$	-	
2062	6,912,068	496,676	6,415,393	6,663,731	1,215,735	1,215,735	\$	-	
2063	6,415,393	496,676	5,918,717	6,167,055	1,162,140	1,162,140	\$	-	
2064	5,918,717	496,676	5,422,042	5,670,379	1,108,546	1,108,546	\$	-	
2065	5,422,042	496,676	4,925,366	5,173,704	1,054,951	1,054,951	\$	-	
2066	4,925,366	496,676	4,428,691	4,677,028	1,001,357	1,001,357	\$	-	
2067	4,428,691	496,676	3,932,015	4,180,353	947,762	947,762	\$	-	
2068	3,932,015	496,676	3,435,339	3,683,677	894,168	894,168	\$	-	
2069	3,435,339	496,676	2,938,664	3,187,002	840,573	840,573	\$	-	
2070	2,938,664	496,676	2,441,988	2,690,326	786,979	786,979	\$	-	
2071	2,441,988	496,676	1,945,313	2,193,650	733,384	733,384	\$	-	
2072	1,945,313	496,676	1,448,637	1,696,975	679,790	679,790	\$	-	
2073	1,448,637	496,676	951,962	1,200,299	626,196	626,196	\$	-	
2074	951,962	496,676	455,286	703,624	572,601	572,601	\$	-	
2075	455,286	455,286	-	227,643	479,850	479,850	\$	-	
Project Totals		29,303,859			125,483,589	125,483,589			

[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: b1663.2 (Jacksons Ferry 765 kV breakers, switches, bus work, and relays)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	672,821	672,821	-
Prior Yr True-Up	659,632	659,632	-
True-Up Adjustment	(13,189)	(13,189)	-

Details							
Investment	5,483,986	Current Year					2018
Service Year (yyyy)	2015	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	12	FCR w/o incentives, less depreciation					10.79%
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%
CIAC (Yes or No)	No	Annual Depreciation Expense					92,949
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives	Incentive Rev Requirement #
2015	5,483,986	-	5,483,986	5,483,986	591,757	591,757	\$ -
2016	5,483,986	92,949	5,391,037	5,437,512	679,691	679,691	\$ -
2017	5,391,037	92,949	5,298,088	5,344,563	669,661	669,661	\$ -
2018	5,298,088	92,949	5,205,139	5,251,614	659,632	659,632	\$ -
2019	5,205,139	92,949	5,112,190	5,158,665	649,602	649,602	\$ -
2020	5,112,190	92,949	5,019,241	5,065,716	639,572	639,572	\$ -
2021	5,019,241	92,949	4,926,293	4,972,767	629,542	629,542	\$ -
2022	4,926,293	92,949	4,833,344	4,879,818	619,512	619,512	\$ -
2023	4,833,344	92,949	4,740,395	4,786,869	609,483	609,483	\$ -
2024	4,740,395	92,949	4,647,446	4,693,920	599,453	599,453	\$ -
2025	4,647,446	92,949	4,554,497	4,600,971	589,423	589,423	\$ -
2026	4,554,497	92,949	4,461,548	4,508,022	579,393	579,393	\$ -
2027	4,461,548	92,949	4,368,599	4,415,073	569,364	569,364	\$ -
2028	4,368,599	92,949	4,275,650	4,322,125	559,334	559,334	\$ -
2029	4,275,650	92,949	4,182,701	4,229,176	549,304	549,304	\$ -
2030	4,182,701	92,949	4,089,752	4,136,227	539,274	539,274	\$ -
2031	4,089,752	92,949	3,996,803	4,043,278	529,244	529,244	\$ -
2032	3,996,803	92,949	3,903,854	3,950,329	519,215	519,215	\$ -
2033	3,903,854	92,949	3,810,906	3,857,380	509,185	509,185	\$ -
2034	3,810,906	92,949	3,717,957	3,764,431	499,155	499,155	\$ -
2035	3,717,957	92,949	3,625,008	3,671,482	489,125	489,125	\$ -
2036	3,625,008	92,949	3,532,059	3,578,533	479,095	479,095	\$ -
2037	3,532,059	92,949	3,439,110	3,485,584	469,066	469,066	\$ -
2038	3,439,110	92,949	3,346,161	3,392,635	459,036	459,036	\$ -
2039	3,346,161	92,949	3,253,212	3,299,686	449,006	449,006	\$ -
2040	3,253,212	92,949	3,160,263	3,206,738	438,976	438,976	\$ -
2041	3,160,263	92,949	3,067,314	3,113,789	428,947	428,947	\$ -
2042	3,067,314	92,949	2,974,365	3,020,840	418,917	418,917	\$ -
2043	2,974,365	92,949	2,881,416	2,927,891	408,887	408,887	\$ -
2044	2,881,416	92,949	2,788,467	2,834,942	398,857	398,857	\$ -
2045	2,788,467	92,949	2,695,519	2,741,993	388,827	388,827	\$ -
2046	2,695,519	92,949	2,602,570	2,649,044	378,798	378,798	\$ -
2047	2,602,570	92,949	2,509,621	2,556,095	368,768	368,768	\$ -
2048	2,509,621	92,949	2,416,672	2,463,146	358,738	358,738	\$ -
2049	2,416,672	92,949	2,323,723	2,370,197	348,708	348,708	\$ -
2050	2,323,723	92,949	2,230,774	2,277,248	338,679	338,679	\$ -
2051	2,230,774	92,949	2,137,825	2,184,300	328,649	328,649	\$ -
2052	2,137,825	92,949	2,044,876	2,091,351	318,619	318,619	\$ -
2053	2,044,876	92,949	1,951,927	1,998,402	308,589	308,589	\$ -
2054	1,951,927	92,949	1,858,978	1,905,453	298,559	298,559	\$ -
2055	1,858,978	92,949	1,766,029	1,812,504	288,530	288,530	\$ -
2056	1,766,029	92,949	1,673,080	1,719,555	278,500	278,500	\$ -
2057	1,673,080	92,949	1,580,132	1,626,606	268,470	268,470	\$ -
2058	1,580,132	92,949	1,487,183	1,533,657	258,440	258,440	\$ -
2059	1,487,183	92,949	1,394,234	1,440,708	248,411	248,411	\$ -
2060	1,394,234	92,949	1,301,285	1,347,759	238,381	238,381	\$ -
2061	1,301,285	92,949	1,208,336	1,254,810	228,351	228,351	\$ -
2062	1,208,336	92,949	1,115,387	1,161,861	218,321	218,321	\$ -
2063	1,115,387	92,949	1,022,438	1,068,913	208,291	208,291	\$ -
2064	1,022,438	92,949	929,489	975,964	198,262	198,262	\$ -
2065	929,489	92,949	836,540	883,015	188,232	188,232	\$ -
2066	836,540	92,949	743,591	790,066	178,202	178,202	\$ -
2067	743,591	92,949	650,642	697,117	168,172	168,172	\$ -
2068	650,642	92,949	557,693	604,168	158,142	158,142	\$ -
2069	557,693	92,949	464,745	511,219	148,113	148,113	\$ -
2070	464,745	92,949	371,796	418,270	138,083	138,083	\$ -
2071	371,796	92,949	278,847	325,321	128,053	128,053	\$ -
2072	278,847	92,949	185,898	232,372	118,023	118,023	\$ -
2073	185,898	92,949	92,949	139,423	107,994	107,994	\$ -
2074	92,949	92,949	0	46,474	97,964	97,964	\$ -
Project Totals	5,483,986	5,483,986			23,532,577	23,532,577	

[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: b1875 (138 kV Bradley to McClung upgrades)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	54,331	54,331	-
Prior Yr True-Up	87,058	87,058	-
True-Up Adjustment	32,727	32,727	-

Details									
Investment	737,797	Current Year						2018	
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)						-	
Service Month (1-12)	9	FCR w/o incentives, less depreciation						10.79%	
Useful life	59	FCR w/incentives approved for these facilities, less dep.						10.79%	
CIAC (Yes or No)	No	Annual Depreciation Expense						12.505	
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	737,797	3,126	734,671	736,234	82,571	82,571	\$	-	
2015	734,671	12,505	722,166	728,418	91,106	91,106	\$	-	
2016	722,166	12,505	709,661	715,913	89,757	89,757	\$	-	
2017	709,661	12,505	697,156	703,408	88,407	88,407	\$	-	
2018	697,156	12,505	684,651	690,903	87,058	87,058	\$	-	
2019	684,651	12,505	672,146	678,398	85,709	85,709	\$	-	
2020	672,146	12,505	659,641	665,893	84,359	84,359	\$	-	
2021	659,641	12,505	647,136	653,388	83,010	83,010	\$	-	
2022	647,136	12,505	634,633	640,883	81,660	81,660	\$	-	
2023	634,633	12,505	622,125	628,378	80,311	80,311	\$	-	
2024	622,125	12,505	609,620	615,873	79,962	79,962	\$	-	
2025	609,620	12,505	597,115	603,368	77,612	77,612	\$	-	
2026	597,115	12,505	584,610	590,863	76,263	76,263	\$	-	
2027	584,610	12,505	572,105	578,358	74,914	74,914	\$	-	
2028	572,105	12,505	559,600	565,853	73,564	73,564	\$	-	
2029	559,600	12,505	547,095	553,348	72,215	72,215	\$	-	
2030	547,095	12,505	534,590	540,843	70,865	70,865	\$	-	
2031	534,590	12,505	522,085	528,338	69,516	69,516	\$	-	
2032	522,085	12,505	509,580	515,833	68,167	68,167	\$	-	
2033	509,580	12,505	497,075	503,328	66,817	66,817	\$	-	
2034	497,075	12,505	484,570	490,823	65,468	65,468	\$	-	
2035	484,570	12,505	472,065	478,318	64,119	64,119	\$	-	
2036	472,065	12,505	459,560	465,813	62,769	62,769	\$	-	
2037	459,560	12,505	447,055	453,307	61,420	61,420	\$	-	
2038	447,055	12,505	434,550	440,802	60,070	60,070	\$	-	
2039	434,550	12,505	422,045	428,297	58,721	58,721	\$	-	
2040	422,045	12,505	409,540	415,792	57,372	57,372	\$	-	
2041	409,540	12,505	397,035	403,287	56,022	56,022	\$	-	
2042	397,035	12,505	384,530	390,782	54,673	54,673	\$	-	
2043	384,530	12,505	372,025	378,277	53,324	53,324	\$	-	
2044	372,025	12,505	359,520	365,772	51,974	51,974	\$	-	
2045	359,520	12,505	347,015	353,267	50,625	50,625	\$	-	
2046	347,015	12,505	334,510	340,762	49,275	49,275	\$	-	
2047	334,510	12,505	322,005	328,257	47,926	47,926	\$	-	
2048	322,005	12,505	309,500	315,752	46,577	46,577	\$	-	
2049	309,500	12,505	296,995	303,247	45,227	45,227	\$	-	
2050	296,995	12,505	284,490	290,742	43,878	43,878	\$	-	
2051	284,490	12,505	271,984	278,237	42,529	42,529	\$	-	
2052	271,984	12,505	259,479	265,732	41,179	41,179	\$	-	
2053	259,479	12,505	246,974	253,227	39,830	39,830	\$	-	
2054	246,974	12,505	234,469	240,722	38,480	38,480	\$	-	
2055	234,469	12,505	221,964	228,217	37,131	37,131	\$	-	
2056	221,964	12,505	209,459	215,712	35,782	35,782	\$	-	
2057	209,459	12,505	196,954	203,207	34,432	34,432	\$	-	
2058	196,954	12,505	184,449	190,702	33,083	33,083	\$	-	
2059	184,449	12,505	171,944	178,197	31,734	31,734	\$	-	
2060	171,944	12,505	159,439	165,692	30,384	30,384	\$	-	
2061	159,439	12,505	146,934	153,187	29,035	29,035	\$	-	
2062	146,934	12,505	134,429	140,682	27,685	27,685	\$	-	
2063	134,429	12,505	121,924	128,177	26,336	26,336	\$	-	
2064	121,924	12,505	109,419	115,672	24,987	24,987	\$	-	
2065	109,419	12,505	96,914	103,167	23,637	23,637	\$	-	
2066	96,914	12,505	84,409	90,661	22,288	22,288	\$	-	
2067	84,409	12,505	71,904	78,156	20,939	20,939	\$	-	
2068	71,904	12,505	59,399	65,651	19,589	19,589	\$	-	
2069	59,399	12,505	46,894	53,146	18,240	18,240	\$	-	
2070	46,894	12,505	34,389	40,641	16,890	16,890	\$	-	
2071	34,389	12,505	21,884	28,136	15,541	15,541	\$	-	
2072	21,884	12,505	9,379	15,631	14,192	14,192	\$	-	
2073	9,379		-	4,689	9,885	9,885	\$	-	
Project Totals		737,797		3,146,090		3,146,090			

** 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]

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

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No.

(e.g. ER05-925-000)

Project Description: RTEP ID: b1797.1 (Reconductor portion of Cloverdale-Lexington 500 kV line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	5,966,416	5,966,416	-
Prior Yr True-Up	5,884,859	5,884,859	-
True-Up Adjustment	(81,557)	(81,557)	-

Details	Current Year	2018
Investment	48,555,872	-
Service Year (yyyy)	2016	-
Service Month (1-12)	6	10.79%
Useful life	59	10.79%
CIAC (Yes or No)	No	822,981

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2016	48,555,872	411,490	48,144,382	48,350,127	5,628,778	5,628,778	\$ -
2017	48,144,382	822,981	47,321,401	47,732,891	5,973,664	5,973,664	\$ -
2018	47,321,401	822,981	46,498,420	46,909,910	5,884,859	5,884,859	\$ -
2019	46,498,420	822,981	45,675,439	46,086,929	5,796,055	5,796,055	\$ -
2020	45,675,439	822,981	44,852,458	45,263,948	5,707,250	5,707,250	\$ -
2021	44,852,458	822,981	44,029,477	44,440,968	5,618,445	5,618,445	\$ -
2022	44,029,477	822,981	43,206,496	43,617,987	5,529,640	5,529,640	\$ -
2023	43,206,496	822,981	42,383,515	42,795,006	5,440,835	5,440,835	\$ -
2024	42,383,515	822,981	41,560,535	41,972,025	5,352,030	5,352,030	\$ -
2025	41,560,535	822,981	40,737,554	41,149,044	5,263,225	5,263,225	\$ -
2026	40,737,554	822,981	39,914,573	40,326,063	5,174,420	5,174,420	\$ -
2027	39,914,573	822,981	39,091,592	39,503,082	5,085,615	5,085,615	\$ -
2028	39,091,592	822,981	38,268,611	38,680,101	4,996,811	4,996,811	\$ -
2029	38,268,611	822,981	37,445,630	37,857,121	4,908,006	4,908,006	\$ -
2030	37,445,630	822,981	36,622,649	37,034,140	4,819,201	4,819,201	\$ -
2031	36,622,649	822,981	35,799,668	36,211,159	4,730,396	4,730,396	\$ -
2032	35,799,668	822,981	34,976,687	35,388,178	4,641,591	4,641,591	\$ -
2033	34,976,687	822,981	34,153,707	34,565,197	4,552,786	4,552,786	\$ -
2034	34,153,707	822,981	33,330,726	33,742,216	4,463,981	4,463,981	\$ -
2035	33,330,726	822,981	32,507,745	32,919,235	4,375,176	4,375,176	\$ -
2036	32,507,745	822,981	31,684,764	32,096,254	4,286,371	4,286,371	\$ -
2037	31,684,764	822,981	30,861,783	31,273,273	4,197,567	4,197,567	\$ -
2038	30,861,783	822,981	30,038,802	30,450,293	4,108,762	4,108,762	\$ -
2039	30,038,802	822,981	29,215,821	29,627,312	4,019,957	4,019,957	\$ -
2040	29,215,821	822,981	28,392,840	28,804,331	3,931,152	3,931,152	\$ -
2041	28,392,840	822,981	27,569,860	27,981,350	3,842,347	3,842,347	\$ -
2042	27,569,860	822,981	26,746,879	27,158,369	3,753,542	3,753,542	\$ -
2043	26,746,879	822,981	25,923,898	26,335,388	3,664,737	3,664,737	\$ -
2044	25,923,898	822,981	25,100,917	25,512,407	3,575,932	3,575,932	\$ -
2045	25,100,917	822,981	24,277,936	24,689,426	3,487,128	3,487,128	\$ -
2046	24,277,936	822,981	23,454,955	23,866,446	3,398,323	3,398,323	\$ -
2047	23,454,955	822,981	22,631,974	23,043,465	3,309,518	3,309,518	\$ -
2048	22,631,974	822,981	21,808,993	22,220,484	3,220,713	3,220,713	\$ -
2049	21,808,993	822,981	20,986,012	21,397,503	3,131,908	3,131,908	\$ -
2050	20,986,012	822,981	20,163,032	20,574,522	3,043,103	3,043,103	\$ -
2051	20,163,032	822,981	19,340,051	19,751,541	2,954,298	2,954,298	\$ -
2052	19,340,051	822,981	18,517,070	18,928,560	2,865,493	2,865,493	\$ -
2053	18,517,070	822,981	17,694,089	18,105,579	2,776,688	2,776,688	\$ -
2054	17,694,089	822,981	16,871,108	17,282,599	2,687,884	2,687,884	\$ -
2055	16,871,108	822,981	16,048,127	16,459,618	2,599,079	2,599,079	\$ -
2056	16,048,127	822,981	15,225,146	15,636,637	2,510,274	2,510,274	\$ -
2057	15,225,146	822,981	14,402,165	14,813,656	2,421,469	2,421,469	\$ -
2058	14,402,165	822,981	13,579,185	13,990,675	2,332,664	2,332,664	\$ -
2059	13,579,185	822,981	12,756,204	13,167,694	2,243,859	2,243,859	\$ -
2060	12,756,204	822,981	11,933,223	12,344,713	2,155,054	2,155,054	\$ -
2061	11,933,223	822,981	11,110,242	11,521,732	2,066,249	2,066,249	\$ -
2062	11,110,242	822,981	10,287,261	10,698,751	1,977,444	1,977,444	\$ -
2063	10,287,261	822,981	9,464,280	9,875,771	1,888,640	1,888,640	\$ -
2064	9,464,280	822,981	8,641,299	9,052,790	1,799,835	1,799,835	\$ -
2065	8,641,299	822,981	7,818,318	8,229,809	1,711,030	1,711,030	\$ -
2066	7,818,318	822,981	6,995,337	7,406,828	1,622,225	1,622,225	\$ -
2067	6,995,337	822,981	6,172,357	6,583,847	1,533,420	1,533,420	\$ -
2068	6,172,357	822,981	5,349,376	5,760,866	1,444,615	1,444,615	\$ -
2069	5,349,376	822,981	4,526,395	4,937,885	1,355,810	1,355,810	\$ -
2070	4,526,395	822,981	3,703,414	4,114,904	1,267,005	1,267,005	\$ -
2071	3,703,414	822,981	2,880,433	3,291,924	1,178,200	1,178,200	\$ -
2072	2,880,433	822,981	2,057,452	2,468,943	1,089,396	1,089,396	\$ -
2073	2,057,452	822,981	1,234,471	1,645,962	1,000,591	1,000,591	\$ -
2074	1,234,471	822,981	411,490	822,981	911,786	911,786	\$ -
2075	411,490	822,981	-	205,745	433,692	433,692	\$ -
Project Totals	48,555,872				205,740,523	205,740,523	-

** 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: b1712.1 (Altavista-Leesville 138kV line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	31,947	31,947	-
Prior Yr True-Up	31,295	31,295	-
True-Up Adjustment	(652)	(652)	-

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	267,989	Current Year					2018
Service Year (yyyy)	2014	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	1	FCR w/o incentives, less depreciation					10.79%
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%
CIAC (Yes or No)	No	Annual Depreciation Expense					4.542
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	267,989	4,164	263,825	265,907	32,857	32,857	\$ -
2015	263,825	4,542	259,283	261,554	32,766	32,766	-
2016	259,283	4,542	254,741	257,012	32,275	32,275	-
2017	254,741	4,542	250,199	252,470	31,785	31,785	-
2018	250,199	4,542	245,657	247,928	31,295	31,295	-
2019	245,657	4,542	241,114	243,385	30,805	30,805	-
2020	241,114	4,542	236,572	238,843	30,315	30,315	-
2021	236,572	4,542	232,030	234,301	29,825	29,825	-
2022	232,030	4,542	227,488	229,759	29,335	29,335	-
2023	227,488	4,542	222,946	225,217	28,845	28,845	-
2024	222,946	4,542	218,403	220,675	28,354	28,354	-
2025	218,403	4,542	213,861	216,132	27,864	27,864	-
2026	213,861	4,542	209,319	211,590	27,374	27,374	-
2027	209,319	4,542	204,777	207,048	26,884	26,884	-
2028	204,777	4,542	200,235	202,506	26,394	26,394	-
2029	200,235	4,542	195,693	197,964	25,904	25,904	-
2030	195,693	4,542	191,150	193,421	25,414	25,414	-
2031	191,150	4,542	186,608	188,879	24,923	24,923	-
2032	186,608	4,542	182,066	184,337	24,433	24,433	-
2033	182,066	4,542	177,524	179,795	23,943	23,943	-
2034	177,524	4,542	172,982	175,253	23,453	23,453	-
2035	172,982	4,542	168,439	170,711	22,963	22,963	-
2036	168,439	4,542	163,897	166,168	22,473	22,473	-
2037	163,897	4,542	159,355	161,626	21,983	21,983	-
2038	159,355	4,542	154,813	157,084	21,493	21,493	-
2039	154,813	4,542	150,271	152,542	21,002	21,002	-
2040	150,271	4,542	145,728	148,000	20,512	20,512	-
2041	145,728	4,542	141,186	143,457	20,022	20,022	-
2042	141,186	4,542	136,644	138,915	19,532	19,532	-
2043	136,644	4,542	132,102	134,373	19,042	19,042	-
2044	132,102	4,542	127,560	129,831	18,552	18,552	-
2045	127,560	4,542	123,018	125,289	18,062	18,062	-
2046	123,018	4,542	118,475	120,746	17,571	17,571	-
2047	118,475	4,542	113,933	116,204	17,081	17,081	-
2048	113,933	4,542	109,391	111,662	16,591	16,591	-
2049	109,391	4,542	104,849	107,120	16,101	16,101	-
2050	104,849	4,542	100,307	102,578	15,611	15,611	-
2051	100,307	4,542	95,764	98,036	15,121	15,121	-
2052	95,764	4,542	91,222	93,493	14,631	14,631	-
2053	91,222	4,542	86,680	88,951	14,141	14,141	-
2054	86,680	4,542	82,138	84,409	13,650	13,650	-
2055	82,138	4,542	77,596	79,867	13,160	13,160	-
2056	77,596	4,542	73,053	75,325	12,670	12,670	-
2057	73,053	4,542	68,511	70,782	12,180	12,180	-
2058	68,511	4,542	63,969	66,240	11,690	11,690	-
2059	63,969	4,542	59,427	61,698	11,200	11,200	-
2060	59,427	4,542	54,885	57,156	10,710	10,710	-
2061	54,885	4,542	50,343	52,614	10,220	10,220	-
2062	50,343	4,542	45,800	48,071	9,729	9,729	-
2063	45,800	4,542	41,258	43,529	9,239	9,239	-
2064	41,258	4,542	36,716	38,987	8,749	8,749	-
2065	36,716	4,542	32,174	34,445	8,259	8,259	-
2066	32,174	4,542	27,632	29,903	7,769	7,769	-
2067	27,632	4,542	23,089	25,361	7,279	7,279	-
2068	23,089	4,542	18,547	20,818	6,789	6,789	-
2069	18,547	4,542	14,005	16,276	6,298	6,298	-
2070	14,005	4,542	9,463	11,734	5,808	5,808	-
2071	9,463	4,542	4,921	7,192	5,318	5,318	-
2072	4,921	4,542	379	2,650	4,828	4,828	-
2073	379	379	-	189	399	399	-
Project Totals		267,989		1,123,472	1,123,472	1,123,472	-

[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: b2687.2 (Install a 300 MVAR shunt line reactor Broadford-Jacksons Ferry 765 kV line)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	1,174,872	1,174,872	-
Prior Yr True-Up	1,142,567	1,142,567	-
True-Up Adjustment	(32,305)	(32,305)	-

Investment		Details					
		9,218,629	Current Year			2018	
Service Year (yyyy)		2017	ROE increase accepted by FERC (Basis Points)			-	
Service Month (1-12)		12	FCR w/o incentives, less depreciation			10.79%	
Useful life		59	FCR w/incentives approved for these facilities, less dep.			10.79%	
CIAC (Yes or No)		No	Annual Depreciation Expense			156,248	
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement #
2017	9,218,629	-	9,218,629	9,218,629	994,749	994,749	\$ -
2018	9,218,629	156,248	9,062,381	9,140,505	1,142,567	1,142,567	\$ -
2019	9,062,381	156,248	8,906,133	8,984,257	1,125,707	1,125,707	\$ -
2020	8,906,133	156,248	8,749,885	8,828,009	1,108,846	1,108,846	\$ -
2021	8,749,885	156,248	8,593,637	8,671,761	1,091,986	1,091,986	\$ -
2022	8,593,637	156,248	8,437,389	8,515,513	1,075,126	1,075,126	\$ -
2023	8,437,389	156,248	8,281,141	8,359,265	1,058,266	1,058,266	\$ -
2024	8,281,141	156,248	8,124,893	8,203,017	1,041,406	1,041,406	\$ -
2025	8,124,893	156,248	7,968,645	8,046,769	1,024,546	1,024,546	\$ -
2026	7,968,645	156,248	7,812,397	7,890,521	1,007,686	1,007,686	\$ -
2027	7,812,397	156,248	7,656,150	7,734,273	990,825	990,825	\$ -
2028	7,656,150	156,248	7,499,902	7,578,026	973,965	973,965	\$ -
2029	7,499,902	156,248	7,343,654	7,421,778	957,105	957,105	\$ -
2030	7,343,654	156,248	7,187,406	7,265,530	940,245	940,245	\$ -
2031	7,187,406	156,248	7,031,158	7,109,282	923,385	923,385	\$ -
2032	7,031,158	156,248	6,874,910	6,953,034	906,525	906,525	\$ -
2033	6,874,910	156,248	6,718,662	6,796,786	889,664	889,664	\$ -
2034	6,718,662	156,248	6,562,414	6,640,538	872,804	872,804	\$ -
2035	6,562,414	156,248	6,406,166	6,484,290	855,944	855,944	\$ -
2036	6,406,166	156,248	6,249,918	6,328,042	839,084	839,084	\$ -
2037	6,249,918	156,248	6,093,670	6,171,794	822,224	822,224	\$ -
2038	6,093,670	156,248	5,937,422	6,015,546	805,364	805,364	\$ -
2039	5,937,422	156,248	5,781,174	5,859,298	788,504	788,504	\$ -
2040	5,781,174	156,248	5,624,926	5,703,050	771,643	771,643	\$ -
2041	5,624,926	156,248	5,468,678	5,546,802	754,783	754,783	\$ -
2042	5,468,678	156,248	5,312,430	5,390,554	737,923	737,923	\$ -
2043	5,312,430	156,248	5,156,182	5,234,306	721,063	721,063	\$ -
2044	5,156,182	156,248	4,999,934	5,078,058	704,203	704,203	\$ -
2045	4,999,934	156,248	4,843,686	4,921,810	687,343	687,343	\$ -
2046	4,843,686	156,248	4,687,438	4,765,562	670,483	670,483	\$ -
2047	4,687,438	156,248	4,531,191	4,609,315	653,622	653,622	\$ -
2048	4,531,191	156,248	4,374,943	4,453,067	636,762	636,762	\$ -
2049	4,374,943	156,248	4,218,695	4,296,819	619,902	619,902	\$ -
2050	4,218,695	156,248	4,062,447	4,140,571	603,042	603,042	\$ -
2051	4,062,447	156,248	3,906,199	3,984,323	586,182	586,182	\$ -
2052	3,906,199	156,248	3,749,951	3,828,075	569,322	569,322	\$ -
2053	3,749,951	156,248	3,593,703	3,671,827	552,461	552,461	\$ -
2054	3,593,703	156,248	3,437,455	3,515,579	535,601	535,601	\$ -
2055	3,437,455	156,248	3,281,207	3,359,331	518,741	518,741	\$ -
2056	3,281,207	156,248	3,124,959	3,203,083	501,881	501,881	\$ -
2057	3,124,959	156,248	2,968,711	3,046,835	485,021	485,021	\$ -
2058	2,968,711	156,248	2,812,463	2,890,587	468,161	468,161	\$ -
2059	2,812,463	156,248	2,656,215	2,734,339	451,301	451,301	\$ -
2060	2,656,215	156,248	2,499,967	2,578,091	434,440	434,440	\$ -
2061	2,499,967	156,248	2,343,719	2,421,843	417,580	417,580	\$ -
2062	2,343,719	156,248	2,187,471	2,265,595	400,720	400,720	\$ -
2063	2,187,471	156,248	2,031,223	2,109,347	383,860	383,860	\$ -
2064	2,031,223	156,248	1,874,975	1,953,099	367,000	367,000	\$ -
2065	1,874,975	156,248	1,718,727	1,796,851	350,140	350,140	\$ -
2066	1,718,727	156,248	1,562,479	1,640,603	333,280	333,280	\$ -
2067	1,562,479	156,248	1,406,232	1,484,356	316,419	316,419	\$ -
2068	1,406,232	156,248	1,249,984	1,328,108	299,559	299,559	\$ -
2069	1,249,984	156,248	1,093,736	1,171,860	282,699	282,699	\$ -
2070	1,093,736	156,248	937,488	1,015,612	265,839	265,839	\$ -
2071	937,488	156,248	781,240	859,364	248,979	248,979	\$ -
2072	781,240	156,248	624,992	703,116	232,119	232,119	\$ -
2073	624,992	156,248	468,744	546,868	215,258	215,258	\$ -
2074	468,744	156,248	312,496	390,620	198,398	198,398	\$ -
2075	312,496	156,248	156,248	234,372	181,538	181,538	\$ -
2076	156,248	156,248	0	78,124	164,678	164,678	\$ -
Project Totals		9,218,629			39,558,470	39,558,470	

** 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]

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: b2687.1 (Install a 450 MVAR SVC Jacksons Ferry 765kv Substation)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	8,045,448	8,045,448	-
Prior Yr True-Up	3,343,164	3,343,164	-
True-Up Adjustment	(4,702,284)	(4,702,284)	-

Details							
Investment	30,233,312	Current Year					2018
Service Year (yyyy)	2018	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	10	FCR w/o incentives, less depreciation					10.79%
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%
CIAC (Yes or No)	No	Annual Depreciation Expense					512,429
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	30,233,312	85,405	30,147,907	30,190,610	3,343,164	3,343,164	\$ -
2019	30,147,907	512,429	29,635,478	29,691,693	3,737,933	3,737,933	\$ -
2020	29,635,478	512,429	29,123,049	29,379,264	3,682,639	3,682,639	\$ -
2021	29,123,049	512,429	28,610,620	28,866,835	3,627,345	3,627,345	\$ -
2022	28,610,620	512,429	28,098,191	28,354,406	3,572,050	3,572,050	\$ -
2023	28,098,191	512,429	27,585,762	27,841,977	3,516,756	3,516,756	\$ -
2024	27,585,762	512,429	27,073,333	27,329,548	3,461,462	3,461,462	\$ -
2025	27,073,333	512,429	26,560,904	26,817,119	3,406,167	3,406,167	\$ -
2026	26,560,904	512,429	26,048,475	26,304,690	3,350,873	3,350,873	\$ -
2027	26,048,475	512,429	25,536,046	25,792,261	3,295,578	3,295,578	\$ -
2028	25,536,046	512,429	25,023,617	25,279,832	3,240,284	3,240,284	\$ -
2029	25,023,617	512,429	24,511,188	24,767,402	3,184,990	3,184,990	\$ -
2030	24,511,188	512,429	23,998,759	24,254,973	3,129,695	3,129,695	\$ -
2031	23,998,759	512,429	23,486,330	23,742,544	3,074,401	3,074,401	\$ -
2032	23,486,330	512,429	22,973,901	23,230,115	3,019,107	3,019,107	\$ -
2033	22,973,901	512,429	22,461,472	22,717,686	2,963,812	2,963,812	\$ -
2034	22,461,472	512,429	21,949,043	22,205,257	2,908,518	2,908,518	\$ -
2035	21,949,043	512,429	21,436,614	21,692,828	2,853,224	2,853,224	\$ -
2036	21,436,614	512,429	20,924,185	21,180,399	2,797,929	2,797,929	\$ -
2037	20,924,185	512,429	20,411,756	20,667,970	2,742,635	2,742,635	\$ -
2038	20,411,756	512,429	19,899,327	20,155,541	2,687,341	2,687,341	\$ -
2039	19,899,327	512,429	19,386,898	19,643,112	2,632,046	2,632,046	\$ -
2040	19,386,898	512,429	18,874,469	19,130,683	2,576,752	2,576,752	\$ -
2041	18,874,469	512,429	18,362,040	18,618,254	2,521,457	2,521,457	\$ -
2042	18,362,040	512,429	17,849,611	18,105,825	2,466,163	2,466,163	\$ -
2043	17,849,611	512,429	17,337,182	17,593,396	2,410,869	2,410,869	\$ -
2044	17,337,182	512,429	16,824,753	17,080,967	2,355,574	2,355,574	\$ -
2045	16,824,753	512,429	16,312,324	16,568,538	2,300,280	2,300,280	\$ -
2046	16,312,324	512,429	15,799,895	16,056,109	2,244,986	2,244,986	\$ -
2047	15,799,895	512,429	15,287,466	15,543,680	2,189,691	2,189,691	\$ -
2048	15,287,466	512,429	14,775,037	15,031,251	2,134,397	2,134,397	\$ -
2049	14,775,037	512,429	14,262,608	14,518,822	2,079,103	2,079,103	\$ -
2050	14,262,608	512,429	13,750,179	14,006,393	2,023,808	2,023,808	\$ -
2051	13,750,179	512,429	13,237,750	13,493,964	1,968,514	1,968,514	\$ -
2052	13,237,750	512,429	12,725,321	12,981,535	1,913,219	1,913,219	\$ -
2053	12,725,321	512,429	12,212,892	12,469,106	1,857,925	1,857,925	\$ -
2054	12,212,892	512,429	11,700,463	11,956,677	1,802,631	1,802,631	\$ -
2055	11,700,463	512,429	11,188,034	11,444,248	1,747,336	1,747,336	\$ -
2056	11,188,034	512,429	10,675,605	10,931,819	1,692,042	1,692,042	\$ -
2057	10,675,605	512,429	10,163,176	10,419,390	1,636,748	1,636,748	\$ -
2058	10,163,176	512,429	9,650,746	9,906,961	1,581,453	1,581,453	\$ -
2059	9,650,746	512,429	9,138,317	9,394,532	1,526,159	1,526,159	\$ -
2060	9,138,317	512,429	8,625,888	8,882,103	1,470,865	1,470,865	\$ -
2061	8,625,888	512,429	8,113,459	8,369,674	1,415,570	1,415,570	\$ -
2062	8,113,459	512,429	7,601,030	7,857,245	1,360,276	1,360,276	\$ -
2063	7,601,030	512,429	7,088,601	7,344,816	1,304,982	1,304,982	\$ -
2064	7,088,601	512,429	6,576,172	6,832,387	1,249,687	1,249,687	\$ -
2065	6,576,172	512,429	6,063,743	6,319,958	1,194,393	1,194,393	\$ -
2066	6,063,743	512,429	5,551,314	5,807,529	1,139,098	1,139,098	\$ -
2067	5,551,314	512,429	5,038,885	5,295,100	1,083,804	1,083,804	\$ -
2068	5,038,885	512,429	4,526,456	4,782,671	1,028,510	1,028,510	\$ -
2069	4,526,456	512,429	4,014,027	4,270,242	973,215	973,215	\$ -
2070	4,014,027	512,429	3,501,598	3,757,813	917,921	917,921	\$ -
2071	3,501,598	512,429	2,989,169	3,245,384	862,627	862,627	\$ -
2072	2,989,169	512,429	2,476,740	2,732,955	807,332	807,332	\$ -
2073	2,476,740	512,429	1,964,311	2,220,526	752,038	752,038	\$ -
2074	1,964,311	512,429	1,451,882	1,708,097	696,744	696,744	\$ -
2075	1,451,882	512,429	939,453	1,195,668	641,449	641,449	\$ -
2076	939,453	512,429	427,024	683,239	586,155	586,155	\$ -
2077	427,024	427,024	-	213,512	450,063	450,063	\$ -
Project Totals	30,233,312	30,233,312	19,191,785	19,191,785	129,191,785	129,191,785	-

[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: b2230 (replace existing 150 MVAR reactor at Amos 765kV substation)

2018	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	87,481	87,481	-
True-Up Adjustment	87,481	87,481	-

Details							
Investment	705,825	Current Year					2018
Service Year (yyyy)	2017	ROE increase accepted by FERC (Basis Points)					-
Service Month (1-12)	12	FCR w/o incentives, less depreciation					10.79%
Useful life	59	FCR w/incentives approved for these facilities, less dep.					10.79%
CIAC (Yes or No)	No	Annual Depreciation Expense					11,963
Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o incentives **	RTEP Rev. Req't. with Incentives **	Incentive Rev Requirement #
2017	705,825	-	705,825	705,825	76,163	76,163	\$ -
2018	705,825	11,963	693,861	699,843	87,481	87,481	\$ -
2019	693,861	11,963	681,898	687,880	86,190	86,190	\$ -
2020	681,898	11,963	669,935	675,917	84,899	84,899	\$ -
2021	669,935	11,963	657,972	663,954	83,608	83,608	\$ -
2022	657,972	11,963	646,009	651,990	82,317	82,317	\$ -
2023	646,009	11,963	634,046	640,027	81,026	81,026	\$ -
2024	634,046	11,963	622,083	628,064	79,735	79,735	\$ -
2025	622,083	11,963	610,120	616,101	78,444	78,444	\$ -
2026	610,120	11,963	598,156	604,138	77,153	77,153	\$ -
2027	598,156	11,963	586,193	592,175	75,863	75,863	\$ -
2028	586,193	11,963	574,230	580,212	74,572	74,572	\$ -
2029	574,230	11,963	562,267	568,249	73,281	73,281	\$ -
2030	562,267	11,963	550,304	556,285	71,990	71,990	\$ -
2031	550,304	11,963	538,341	544,322	70,699	70,699	\$ -
2032	538,341	11,963	526,378	532,359	69,408	69,408	\$ -
2033	526,378	11,963	514,415	520,396	68,117	68,117	\$ -
2034	514,415	11,963	502,451	508,433	66,826	66,826	\$ -
2035	502,451	11,963	490,488	496,470	65,535	65,535	\$ -
2036	490,488	11,963	478,525	484,507	64,244	64,244	\$ -
2037	478,525	11,963	466,562	472,544	62,954	62,954	\$ -
2038	466,562	11,963	454,599	460,580	61,663	61,663	\$ -
2039	454,599	11,963	442,636	448,617	60,372	60,372	\$ -
2040	442,636	11,963	430,673	436,654	59,081	59,081	\$ -
2041	430,673	11,963	418,709	424,691	57,790	57,790	\$ -
2042	418,709	11,963	406,746	412,728	56,499	56,499	\$ -
2043	406,746	11,963	394,783	400,765	55,208	55,208	\$ -
2044	394,783	11,963	382,820	388,802	53,917	53,917	\$ -
2045	382,820	11,963	370,857	376,839	52,626	52,626	\$ -
2046	370,857	11,963	358,894	364,875	51,336	51,336	\$ -
2047	358,894	11,963	346,931	352,912	50,045	50,045	\$ -
2048	346,931	11,963	334,968	340,949	48,754	48,754	\$ -
2049	334,968	11,963	323,004	328,986	47,463	47,463	\$ -
2050	323,004	11,963	311,041	317,023	46,172	46,172	\$ -
2051	311,041	11,963	299,078	305,060	44,881	44,881	\$ -
2052	299,078	11,963	287,115	293,097	43,590	43,590	\$ -
2053	287,115	11,963	275,152	281,134	42,299	42,299	\$ -
2054	275,152	11,963	263,189	269,170	41,008	41,008	\$ -
2055	263,189	11,963	251,226	257,207	39,717	39,717	\$ -
2056	251,226	11,963	239,263	245,244	38,427	38,427	\$ -
2057	239,263	11,963	227,299	233,281	37,136	37,136	\$ -
2058	227,299	11,963	215,336	221,318	35,845	35,845	\$ -
2059	215,336	11,963	203,373	209,355	34,554	34,554	\$ -
2060	203,373	11,963	191,410	197,392	33,263	33,263	\$ -
2061	191,410	11,963	179,447	185,428	31,972	31,972	\$ -
2062	179,447	11,963	167,484	173,465	30,681	30,681	\$ -
2063	167,484	11,963	155,521	161,502	29,390	29,390	\$ -
2064	155,521	11,963	143,558	149,539	28,099	28,099	\$ -
2065	143,558	11,963	131,594	137,576	26,808	26,808	\$ -
2066	131,594	11,963	119,631	125,613	25,518	25,518	\$ -
2067	119,631	11,963	107,668	113,650	24,227	24,227	\$ -
2068	107,668	11,963	95,705	101,687	22,936	22,936	\$ -
2069	95,705	11,963	83,742	89,723	21,645	21,645	\$ -
2070	83,742	11,963	71,779	77,760	20,354	20,354	\$ -
2071	71,779	11,963	59,816	65,797	19,063	19,063	\$ -
2072	59,816	11,963	47,853	53,834	17,772	17,772	\$ -
2073	47,853	11,963	35,889	41,871	16,481	16,481	\$ -
2074	35,889	11,963	23,926	29,908	15,190	15,190	\$ -
2075	23,926	11,963	11,963	17,945	13,899	13,899	\$ -
2076	11,963	11,963	-	5,982	12,609	12,609	\$ -
Project Totals		705,825			3,028,795	3,028,795	

** 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]

AEP East Companies
Cost of Service Formula Rate Using 2018 FF1 Balances
Worksheet L Reserved for Future Use
Appalachian 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
Appalachian 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) (d)	Less AOCI (Acct 219.1) (e)	Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
(Note A)		(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	3,804,481,343		(3,524,449)	1,354,510	3,806,651,282
2	January	3,857,075,402		(3,524,449)	1,293,360	3,859,306,491
3	February	3,852,218,535		(3,463,213)	1,669,753	3,854,011,995
4	March	3,889,499,031		(3,463,213)	641,606	3,892,320,637
5	April	3,904,103,709		(3,463,213)	567,285	3,906,999,636
6	May	3,905,096,375		(3,463,213)	492,963	3,908,066,624
7	June	3,925,918,971		(3,463,213)	(363,059)	3,929,745,243
8	July	3,948,372,237		(3,463,213)	(437,381)	3,952,272,830
9	August	3,949,699,631		(3,463,213)	(511,702)	3,953,674,546
10	September	3,971,961,239		(3,463,213)	(1,367,725)	3,976,792,176
11	October	3,992,520,613		(3,463,213)	(1,442,046)	3,997,425,872
12	November	3,968,127,669		(3,463,213)	(1,516,368)	3,973,107,250
13	December of Rate Year	4,006,253,056		(3,463,213)	(4,942,665)	4,014,658,933
14	Average of the 13 Monthly Balances	3,921,179,062	-	(3,472,634)	(350,882)	3,925,002,578

		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	298,676,142	104,375,000		3,820,691,863		4,014,993,005
16	January	298,676,142	104,375,000		3,820,687,434		4,014,988,576
17	February	286,967,349	104,375,000		3,820,682,954		4,003,275,303
18	March	286,967,349	104,375,000		3,820,678,423		4,003,270,773
19	April	286,967,349	104,375,000		3,820,673,841		4,003,266,190
20	May	286,967,349	-		3,820,669,206		4,107,636,555
21	June	286,967,349	-		3,820,664,518		4,107,631,867
22	July	286,967,349	-		3,820,659,776		4,107,627,126
23	August	274,760,610	-		3,820,654,981		4,095,415,591
24	September	274,760,610	-		3,820,650,130		4,095,410,740
25	October	274,760,610	-		3,820,645,224		4,095,405,834
26	November	274,760,610	-		3,820,640,263		4,095,400,873
27	December of Rate Year	274,760,610	-		3,820,635,244		4,095,395,854
28	Average of the 13 Monthly Balances	284,073,802	40,144,231	-	3,820,664,143	-	4,064,593,714

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)			185,758,245			
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.			(1,128,834)			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			(1,128,834)			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			3,440,688			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			3,936,995			
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)						
37	Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)			193,135,928			
38	Average Cost of Debt for 2018 (Ln 37/ Ln 28 (g))			4.75%			

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 I	-	-	-	0	Jan-05	Jul-14
41 Senior Unsecured Notes - Series K	-	-	-	0	Jun-05	May-15
42 Senior Unsecured Notes - Series L	-	-	-	-	Sep-05	Sep-15
43 Senior Unsecured Notes - Series H	37,120	-	37,120	531,356	May-03	May-33
44 Senior Unsecured Notes - Series N	(194,199)	-	(194,199)	(3,349,923)	Apr-06	Apr-36
45 Senior Unsecured Notes - Series Q	159,678	-	159,678	3,067,005	Mar-08	Apr-38
46 Senior Unsecured Notes - Series S	-	-	-	-	May-10	May-15
47 Senior Unsecured Notes - Series T	(1,131,434)	-	(1,131,434)	(2,514,294)	Mar-11	Mar-21
48						
49				(2,265,856)		
50 Total Hedge Amortization	(1,128,834)	-				
51 Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			(1,128,834)			
52 Total Average Capital Structure Balance for 2018 (TCOS, Ln 157)			7,989,596,293			
53 Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54 Limit of Recoverable Amount			3,994,798			
55 Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)			(1,128,834)			

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
Appalachian 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
Appalachian 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 PBOP Recovery Allowance	Labor Allocator for 2018	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
		(A)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)
		(Line 14)						
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)			(2)			(3)			(4)			
PLANT ACCT.	VA SCC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	PSC OF WV APPROVED RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (5)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
TRANSMISSION PLANT													
Land Rights - Va.	350.1	0.66%	1.000000										0.66%
Energy Storage Equip	351.0			6.67%	1.000000	6.67%							6.67%
Structures & Improvements	352.0	1.55%	0.493311	1.52%	0.413727	0.63%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	1.60%
Station Equipment	353.0	1.95%	0.493311	1.68%	0.413727	0.70%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	1.87%
Towers & Fixtures	354.0	1.14%	0.493311	1.54%	0.413727	0.64%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	1.41%
Poles & Fixtures	355.0	2.77%	0.493311	2.64%	0.413727	1.09%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	2.67%
Overhead Conductor	356.0	1.01%	0.493311	1.19%	0.413727	0.49%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	1.20%
Underground Conduit	357.0	1.23%	0.493311	1.45%	0.413727	0.60%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	1.42%
Underground Conductors	358.0	3.18%	0.493311	7.23%	0.413727	2.99%	2.19%	0.034448	0.08%	2.19%	0.058514	0.13%	4.77%

(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)				(2)			(3)			
PLANT ACCT.	IURC RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE		MPSC APPROVED RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	FERC RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
TRANSMISSION PLANT											
Land Improvements	350.1	1.4800%	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. 44967.

(2) As approved in MICHIGAN Case No. U18370.

(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.
K

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
<i>TRANSMISSION PLANT</i>		
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>				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	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				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 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 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>				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	-	-	-
<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				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 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 0.2960%	Months	Calculated Interest	Amortization	Surcharge (Refund) Owed
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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	-

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.