

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

Twelve Months Ended 2018

KINGSPORT POWER COMPANY

Line No.						Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 130)				\$4,662,005
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	Total	89,676	DA 1.00000	\$ 89,676
3	Facility Credits under PJM OATT Section 30.9	(Worksheet E Ln 9) (Note X)				\$ -
4	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2 plus ln 3)				\$ 4,572,330

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)	-	DA	1.00000	\$ -
6	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)				
7	Annual Rate	((ln 1 - ln 95)/(ln 42) x 100))			18.19%
8	Monthly Rate	(ln 7 / 12)			1.52%
9	NET PLANT CARRYING CHARGE ON LINE 7 , w/o depreciation or ROE incentives (Note B)				
10	Annual Rate	((ln 1 - ln 95 - ln 100) /((ln 42) x 100))			16.04%
11	NET PLANT CARRYING CHARGE ON LINE 10, w/o Return, income taxes or ROE incentives (Note B)				
12	Annual Rate	((ln 1 - ln 95 - ln 100 - ln 125 - ln 126) /((ln 42) x 100))			9.32%
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			12,775
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				-
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			12,775

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(1)	(2)	(3)	(4)	(5)
	Data Sources	TO Total	Allocator	Total
	(See "General Notes")	NOTE C		Transmission
Line No.	RATE BASE CALCULATION			
19	GROSS PLANT IN SERVICE			
20	Production (Worksheet A In 14.(b))	-	NA	-
21	Less: Production ARO (Enter Negative) (Worksheet A In 14.(c))	-	NA	-
22	Transmission (Worksheet A In 14.(d) & TCOS Ln 134)	38,101,573	DA	38,101,573
23	Less: Transmission ARO (Enter Negative) (Worksheet A In 14.(e))	-	TP	-
24	Distribution (Worksheet A In 14.(f))	161,333,147	NA	-
25	Less: Distribution ARO (Enter Negative) (Worksheet A In 14.(g))	-	NA	-
26	General Plant (Worksheet A In 14.(h))	3,656,499	W/S	443,295
27	Less: General Plant ARO (Enter Negative) (Worksheet A In 14.(i))	-	W/S	-
28	Intangible Plant (Worksheet A In 14.(j))	3,805,332	W/S	461,339
28	TOTAL GROSS PLANT (sum Ins 19 to 27)	206,896,552	GP	39,006,207
			GTD=	0.19105
29	ACCUMULATED DEPRECIATION AND AMORTIZATION			
30	Production (Worksheet A In 28.(b))	-	NA	-
31	Less: Production ARO (Enter Negative) (Worksheet A In 28.(c))	-	NA	-
32	Transmission (Worksheet A In 28.(d) & In 43.(c))	12,468,525	TP1=	12,468,525
33	Less: Transmission ARO (Enter Negative) (Worksheet A In 28.(e))	-	TP1=	-
34	Distribution (Worksheet A In 28.(f))	61,529,411	NA	-
35	Less: Distribution ARO (Enter Negative) (Worksheet A In 28.(g))	-	NA	-
36	General Plant (Worksheet A In 28.(h))	1,118,332	W/S	135,581
37	Less: General Plant ARO (Enter Negative) (Worksheet A In 28.(i))	-	W/S	-
38	Intangible Plant (Worksheet A In 28.(j))	2,058,367	W/S	249,546
38	TOTAL ACCUMULATED DEPRECIATION (sum Ins 30 to 38)	77,174,635		12,853,651
40	NET PLANT IN SERVICE			
41	Production ((In 19 + In 20 - In 30 - In 31)	-		-
42	Transmission ((In 21 + In 22 - In 32 - In 33)	25,633,048		25,633,048
43	Distribution ((In 23 + In 24 - In 34 - In 35)	99,803,736		-
44	General Plant ((In 25 + In 26 - In 36 - In 37)	2,538,167		307,714
45	Intangible Plant ((In 27 - In 38)	1,746,965		211,793
46	TOTAL NET PLANT IN SERVICE (sum Ins 41 to 45)	129,721,917	NP	26,152,556
47	DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note D)			
48	Account No. 281.1 (enter negative) (Worksheet B, In 2 & In 5.E)	-	NA	-
49	Account No. 282.1 (enter negative) (Worksheet B, In 7 & In 10.E)	(28,570,407)	DA	(6,449,035)
50	Account No. 283.1 (enter negative) (Worksheet B, In 12 & In 15.E)	(3,301,659)	DA	(19,528)
51	Account No. 190.1 (Worksheet B, In 17 & In 20.E)	1,290,230	DA	157,879
52	Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E)	(23)	DA	(5)
53	TOTAL ADJUSTMENTS (sum Ins 48 to 52)	(30,581,859)		(6,310,688)
54	PLANT HELD FOR FUTURE USE (Worksheet A In 44.(e) & In 45.(e))	187,481	DA	-
55	REGULATORY ASSETS (Worksheet A In 51.(e))	-	DA	-
56	UNFUNDED RESERVES (ENTER NEGATIVE) (NOTE Y)	(710)	W/S	(86)
57	WORKING CAPITAL (Note E)			
58	Cash Working Capital (1/8 * In 78)	105,328		105,328
59	Transmission Materials & Supplies (Worksheet C, In 2.(F))	313	TP	313
60	A&G Materials & Supplies (Worksheet C, In 3.(F))	899	W/S	109
61	Stores Expense (Worksheet C, In 4.(F))	-	GP	-
62	Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G)	5,826,037	W/S	706,319
63	Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F)	96,552	GP	18,203
64	Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E)	-	DA	-
65	Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D)	(3,665,588)	NA	-
66	TOTAL WORKING CAPITAL (sum Ins 58 to 65)	2,363,540		830,271
67	IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8.B)	-	DA	-
68	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)	101,690,368		20,672,053

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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	133,874,744		
70	Distribution	322.156.b	6,295,247		
71	Customer Related Expense	322 & 323.164,171,178.b	1,787,867		
72	Regional Marketing Expenses	322.131.b	-		
73	Transmission	321.112.b	855,396		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	142,813,254		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	12,775		
76	Less: Account 565	(Note H) 321.96.b	-		
77	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, In 4.C)	-		
78	Total O&M Allocable to Transmission	(Ins 73 - 75 - 76 - 77)	842,621	TP 1.00000	842,621
79	Administrative and General	323.197.b (Notes J and M)	1,892,148		
80	Less: Acct. 924, Property Insurance	323.185.b	45,747		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(344,539)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	(111,356)		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	134,170		
84	Acct. 928, Reg. Com. Exp.	323.189.b	-		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	5,027		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	55,433		
87	Balance of A & G	(In 79 - sum In 80 to In 86)	2,107,666	W/S 0.12123	255,523
88	Plus: Acct. 924, Property Insurance	(In 80)	45,747	GP 0.18853	8,625
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	931	TP 1.00000	931
90	Acct 930.1 - Only safety related ads -Direct	Worksheet F In 37.(E) (Note L)	-	TP 1.00000	-
91	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F In 43.(E) (Note M)	11,879	DA 1.00000	11,879
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(1,004,230)	W/S 0.12123	(121,748)
93	A & G Subtotal	(sum Ins 87 to 92)	1,161,993		155,210
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	2,004,614		997,831
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)	2,004,614		997,831
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	-	NA 0.00000	-
99	Distribution	336.8.f	5,860,774	NA 0.00000	-
100	Transmission	336.7.f	551,272	TP1 1.00000	551,272
101	General	336.10.f	175,745	W/S 0.12123	21,306
102	Intangible	336.1.f	696,711	W/S 0.12123	84,466
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+ 100+101+102) (Note N)	7,284,502		657,044
104	TAXES OTHER THAN INCOME				
105	Labor Related				
106	Payroll	Worksheet H In 24.(D)	179,608	W/S 0.12123	21,775
107	Plant Related				
108	Property	Worksheet H-1 In 3.(C) & 3.(G)	1,369,345	DA	281,130
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	4,253,076	NA 0.00000	-
110	Other	Worksheet H In 24.(E)	5,214,276	GP 0.18853	983,047
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	11,016,305		1,285,953
112	INCOME TAXES	(Note O)			
113	$T=1 - ((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$		26.14%		
114	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		25.48%		
115	where WCLTD=(In 154) and WACC = (In 157)				
116	and FIT, SIT & p are as given in Note O.				
117	$GRCF=1 / (1 - T) =$ (from In 113)		1.3538		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
119	Excess Deferred Income Tax	(Note U)	(3,121,642)	DA	(70,017)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	98,114	DA	1,236
121	Income Tax Calculation	(In 114 * In 126)	1,812,144		368,380
122	ITC adjustment	(In 117 * In 118)	-	GP 0.18853	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(4,226,145)		(94,790)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	132,829		1,673
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	(2,281,172)		275,263
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	7,112,774		1,445,915
127	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, In 2.(B))		-	DA 1.00000	-
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)		25,137,023		4,662,005

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
131	Total transmission plant	(In 21)						38,101,573	
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)							-	
134	Transmission plant included in PJM Tariff	(In 131 - In 132 - In 133)						38,101,573	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)					TP=	1.00000	
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
137	Production	354.20.b	0	955	955	NA	0.00000	-	
138	Transmission	354.21.b	2,030	425,336	427,366	TP	1.00000	427,366	
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-	
140	Distribution	354.23.b	1,863,959	305,623	2,169,582	NA	0.00000	-	
141	Other (Excludes A&G)	354.24;25,26.b	432,750	494,456	927,206	NA	0.00000	-	
142	Total	(sum Ins 137 to 141)	2,298,739	1,226,370	3,525,109			427,366	
143	Transmission related amount						W/S=	0.12123	
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))						1,907,000	
146	Preferred Dividends	(Worksheet M, In. 71)						-	
147	Development of Common Stock:								
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))						47,393,503	
149	Less: Preferred Stock	(Worksheet M, In. 14, col. (c))						-	
150	Less: Account 216.1	(Worksheet M, In. 14, col. (d))						-	
151	Less: Account 219	(Worksheet M, In. 14, col. (e))						-	
152	Common Stock	(In 148 - In 149 - In 150 - In 151)						47,393,503	
153			Capital Structure Percentages			Cost		Weighted	
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		\$	%	Cap Limit	(Note S)			
155	Preferred Stock (In 149)		50,000,000	51.34%	51.34%	3.81%		0.0196	
156	Common Stock (In 152)		-	0.00%	0.00%	-		0.0000	
157	Total (Sum Ins 154 to 156)		47,393,503	48.66%	48.66%	10.35%		0.0504	
			97,393,503				WACC=	0.0699	
158	Capital Structure Equity Limit (Note Z)	55%							

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Letter

Notes

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

- A Revenue credits include:
1) Forfeited Discounts.
2) Miscellaneous Service Revenues.
3) Rental revenues earned on assets included in the rate base.
4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service.
5) Other electric revenues.
6) Revenues for grandfathered PTP contracts included in the load divisor.
7) If AEP East companies have any directly assigned transmission facilities, the revenue credits in the AEP East formula rate shall include all revenues associated with those directly assigned transmission facilities, irrespective of whether the loads of the customer are included in the formula rate divisor; provided however, such addition to revenue credits shall not be reflected if the costs of such directly assigned transmission facilities are not included in the transmission plant balances on which the formula rate ATRR is based.
See Worksheet E for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for RTEP sponsored upgrades or those projects receiving approved incentive-ROE's. Interest will be calculated based on Worksheet Q and any over under recovery will be filed and posted as part of the informational filing.
- C Transmission Plant Balances in this study are projected or actual average of 13-month balances.
- D The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flowthrough and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. In compliance with FERC Rulemaking the calculation of ADIT in the annual projection will be performed in accordance with IRS regulation Section 1.167(i)-(h)(6)(ii). RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B. The company will not include the ADIT portion of deferred hedge gains and losses in rate base. Detailed balances for the projected or actual period, distinguished between utility and non-utility balances, will be filed and posted as part of the information filing.
- E Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on line 78. It excludes:
1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancillary Services Revenue, as shown on line 75.
2) Costs of Transmission of Electricity by Others, as described in Note H.
3) The impact of state regulatory deferrals and amortizations, as shown on line 77
4) All A&G Expenses, as shown on line 93.
- F Consistent with Paragraph 657 of Order 2003-A, the amount on line 67 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 127.
- G Removes from the cost of service the Load Scheduling and Dispatch expenses booked to accounts 561.1 through 561.8. Expenses recorded in these accounts, with the exception of 561.4 & 561.8 (lines 16 & 17 above) are recovered in Schedule 1A, OATT ancillary services rates. See Worksheet F, lines 5 through 14, for descriptions and the Form 1 Source of these accounts' balances.
- H Removes cost of transmission service provided by others to determine the basis of cash working capital on line 78. To the extent such service is incurred to provide the PJM service at issue, e.g. lease payments to affiliates, such cost is added back on line 95 to determine the total O&M collected in the formula. The amounts on line 95 is also excluded in the calculation of the FCR percentage calculated on lines 6 through 12.
The addbacks on line 95 of activity recorded in 565 represents inter-company sales or purchases of transmission capacity necessary to meet each AEP company's transmission load relative to their available transmission capacity.
The company records referenced on line 95 is the KINGSPORT 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)
(ln 118) multiplied by (1/(1-T)) . If the applicable tax rates are zero enter 0.
Inputs Required:
- | | |
|-------|---|
| FIT = | 21.00% |
| SIT= | 6.50% (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 (ln 145) / Long-Term Debt (ln 154). Preferred Stock cost rate = preferred dividends (ln 146) / preferred outstanding (ln 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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Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet A Rate Base
KINGSPORT POWER COMPANY

Line No	Month (a)	Gross Plant In Service								
		Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	Acct 359.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	Acct. 399.1 FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
1	December Prior to Rate Year	-	-	37,349,956	-	156,495,812	-	3,547,280	-	3,432,388
2	January	-	-	37,335,107	-	157,295,129	-	3,611,941	-	3,481,446
3	February	-	-	37,396,434	-	157,692,381	-	3,611,941	-	3,527,551
4	March	-	-	37,417,697	-	158,368,175	-	3,615,396	-	3,581,257
5	April	-	-	37,438,282	-	158,770,760	-	3,615,396	-	3,631,621
6	May	-	-	37,438,903	-	159,632,357	-	3,618,225	-	3,681,832
7	June	-	-	37,523,151	-	160,535,284	-	3,647,409	-	3,740,176
8	July	-	-	38,865,793	-	161,273,262	-	3,699,466	-	3,908,186
9	August	-	-	38,901,555	-	162,581,269	-	3,699,466	-	3,956,308
10	September	-	-	38,908,622	-	163,050,634	-	3,699,466	-	4,026,370
11	October	-	-	38,907,030	-	163,872,604	-	3,698,849	-	4,115,096
12	November	-	-	38,910,461	-	164,170,890	-	3,707,441	-	4,208,880
13	December of Rate Year	-	-	38,927,460	-	173,592,355	-	3,762,215	-	4,178,207
14	Average of the 13 Monthly Balances	-	-	38,101,573	-	161,333,147	-	3,656,499	-	3,805,332

Line No	Month (a)	Accumulated Depreciation								
		Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		FF1, page 219, Ins 20-24, Col. (b)	Company Records (Included in total in Column FF1, page 219, In 25, Col. (b))	Company Records (Included in total in Column FF1, page 219, In 26, Col. (d))	Company Records (Included in total in Column FF1, page 219, In 26, Col. (d))	Company Records (Included in total in Column FF1, page 219, In 28, Col. (f))	Company Records (Included in total in Column FF1, page 219, In 28, Col. (f))	Company Records (Included in total in Column FF1, page 219, In 28, Col. (h))	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. (b))
15	December Prior to Rate Year	-	-	12,274,473	-	59,658,356	-	1,067,366	-	1,711,050
16	January	-	-	12,313,348	-	59,929,447	-	1,067,894	-	1,762,076
17	February	-	-	12,344,180	-	60,262,045	-	1,074,753	-	1,828,244
18	March	-	-	12,385,161	-	60,569,271	-	1,093,891	-	1,892,634
19	April	-	-	12,424,410	-	60,964,397	-	1,099,719	-	1,957,851
20	May	-	-	12,466,113	-	61,253,093	-	1,104,659	-	2,027,827
21	June	-	-	12,507,684	-	61,553,776	-	1,108,838	-	2,098,778
22	July	-	-	12,490,692	-	61,870,106	-	1,130,243	-	2,156,224
23	August	-	-	12,534,372	-	62,113,381	-	1,148,721	-	2,216,946
24	September	-	-	12,581,073	-	62,459,060	-	1,155,196	-	2,266,502
25	October	-	-	12,627,178	-	62,737,901	-	1,159,160	-	2,328,895
26	November	-	-	12,618,591	-	63,116,449	-	1,158,777	-	2,385,497
27	December of Rate Year	-	-	12,523,547	-	63,395,057	-	1,169,102	-	2,126,252
28	Average of the 13 Monthly Balances	-	-	12,468,525	-	61,529,411	-	1,118,332	-	2,058,367

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	-	-		
30	January	-	-		
31	February	-	-		
32	March	-	-		
33	April	-	-		
34	May	-	-		
35	June	-	-		
36	July	-	-		
37	August	-	-		
38	September	-	-		
39	October	-	-		
40	November	-	-		
41	December of Rate Year	-	-		
42	Average of the 13 Monthly Balances	-	-	-	-
43	Transmission Accum Depreciation net of GSU		12,468,525		

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)	187,481	187,481	187,481
45 Transmission Plant Held For Future Use (included in total on line 44)	Company Records - Note 1			-

Regulatory Assets and Liabilities Approved for Recovery in Ratebase

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

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

Unfunded Reserves Summary (Company Records)

	Description	Account		
52				
53a	Accum Prv I/D Worker's Com	440	980	710
53b				-
54	Total	440	980	710

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
KINGSPORT POWER COMPANY

Line Number	(A) Description	(B) Source	(C) Balance @ December 31, 2018	(D) Balance @ December 31, 2017	(E) Average Balance for 2018
1	<u>Account 281</u>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 8, Col. (k)	-	-	-
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)	-	-	-
5	Transmission Related Deferrals	Ln 2 - In 3 - In 4	-	-	-
6	<u>Account 282</u>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	27,527,832	29,612,982	28,570,407
8	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 7 (Note 1)	-	-	-
9	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 6 (Note 1)	21,676,518	22,566,227	22,121,372
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	7,591,600	7,046,756	6,449,035
11	<u>Account 283</u>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	3,278,591	3,324,727	3,301,659
13	Less: ARO Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 13 (Note 1)	-	-	-
14	Less: Other Excluded Deferrals	WS B-1 - Actual Stmt. AF Ln. 12 (Note 1)	2,949,469	3,614,793	3,282,131
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	329,122	(290,066)	19,528
16	<u>Account 190</u>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	1,613,333	967,127	1,290,230
18	Less: ARO Related Deferrals	WS B-2 - Actual Stmt. AG Ln. 4 (Note 1)	-	-	-
19	Less: Other Excluded Deferrals	WS B-2 - Actual Stmt. AG Ln. 3 (Note 1)	128,169	2,136,532	1,132,351
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	1,485,164	(1,169,405)	157,879
21	<u>Account 255</u>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	8	38	23
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable Ratebase	Ln 22 - In 23	8	38	23
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	2	7	5

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.

KINGSPORT POWER COMPANY
SPECIFIED DEFERRED CREDITS - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2018

(DEBIT) CREDIT

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
	PER BOOKS	NON-APPLICABLE/NON-UTILITY			AVERAGE ELECTRIC UTILITY	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2017			FUNCTIONALIZATION 12/31/2018		
	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2018	(B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
ACCUMULATED DEFERRED FIT ITEMS														
1.00 ACCOUNT 281:														
2.01 TX AMORT POLLUTION CONT EQPT														
2.02	0	0			0	0	0	0	-	-		-	-	
2.03 NON-UTILITY DEFERRED FIT					0									
2.04 SFAS 109 FLOW-THRU 281.3	0	0	0	0	0									
2.05 SFAS 109 EXCESS DFIT 281.4	0	0	0	0	0									
2.06	0	0	0	0	0									
3 TOTAL ACCOUNT 281	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 ACCOUNT 281 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 ACCOUNT 282:														
5.01 BOOK VS. TAX DEPRECIATION	24,290,858	13,749,997			19,020,428	0	4,595,525	14,424,903	-	5,864,760	18,426,098	-	3,326,289	10,423,709
5.02 ABFUDC	0	0			0	0	0	0	-	-	-	-	-	-
5.03 CAPD INTEREST - SECTION 481(a) - CHANGE IN METHD	(890)	(377)			(633)	0	(896)	223	-	(1,204)	314	-	(209)	132
5.04 R & D DEDUCTION - SECTION 174	438	263			350	0	350	0	-	438	-	-	263	-
5.05 RELOCATION COST - SECTION 481(a) - CHANGE IN METH	4,438	1,945			3,192	0	0	3,192	-	-	4,438	-	-	1,945
5.06 GAIN/LOSS ON ACGRS/MACRS PROPERTY	1,485,898	897,509			1,191,683	0	111,011	1,080,672	-	138,767	1,347,089	-	83,255	814,255
5.07 SEC-481 PENSIONERS ADJUSTMENT	42	25			33	0	10	24	-	12	30	-	7	18
5.08 PERCENT REPAIR ALLOWANCE	254,662	140,048			197,355	0	9,181	188,174	-	12,018	242,645	-	6,345	133,704
5.09 BOOK/TAX UNIT OF PROPERTY ADJ	151,594	1,063,798			607,696	0	182,814	424,881	-	182,814	424,881	-	365,629	696,169
5.10 BKTIX UNIT OF PROPERTY ADJ-SEC 481 ADJ	2,903,600	1,640,110			2,271,855	0	870,825	1,401,030	-	922,250	1,581,350	-	818,959	921,150
5.11 TX ACCEL AMORT - CAPITALIZED SOFTWARE	105,259	71,050			88,155	0	9,870	78,285	-	11,785	93,475	-	7,955	63,096
5.12 CAPITALIZED RELOCATION COSTS	364,626	213,774			289,200	0	35,935	253,265	-	45,430	319,196	-	26,439	187,335
5.13 CAPITALIZED LEASES - AC 1011 ASSETS	0	0			0	0	0	0	-	-	-	-	-	-
5.14 REMOVAL CST - NORMALIZED	52,500	72,373			62,436	0	62,436	0	-	52,500	-	-	72,373	-
5.15 EXCESS ADPT	0	9,677,317			4,838,659	0	572,155	4,266,503	-	-	-	-	1,144,310	8,533,007
5.16 NON-UTILITY DEFERRED FIT	155	155	(155)	(155)	0									
5.17 SFAS 109 FLOW-THRU 282.3	299,201	372,013	(299,201)	(372,013)	0									
5.18 SFAS 109 EXCESS DFIT 282.4	(11,851,565)	(9,676,888)	11,851,565	9,676,888	0									
6 TOTAL ACCOUNT 282	18,060,773	18,223,112	11,552,209	9,304,720	28,570,409	0	6,449,035	22,121,372	0	7,046,756	22,566,227	0	5,851,314	21,676,518
7 ACCOUNT 282 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 ACCOUNT 283:														
9.01 NOL - STATE CF - DEF STATE TAX ASSET - LIT	584,690	324,616			454,653	0	(32,317)	486,970	-	(389,250)	973,940	-	324,616	-
9.02 ACCRUED BK PENSION COSTS - SFAS 158	(1,944,478)	(1,154,721)			(1,549,600)	0	(360,567)	(1,189,033)	-	(450,414)	(1,494,064)	-	(270,720)	(884,001)
9.03 DEFED STORM DAMAGE	526,874	316,124			421,499	0	0	421,499	-	-	526,874	-	-	316,124
9.04 REG ASSET - DEFERRED RTO COSTS	2,084	1,251			1,667	0	1,667	0	-	2,084	-	-	1,251	-
9.05 REG ASSET-SFAS 158 - PENSIONS	1,944,478	1,154,721			1,549,600	0	360,567	1,189,033	-	450,414	1,494,064	-	270,720	884,001
9.06 REG ASSET-SFAS 158 - OPEB	(216,696)	3,317			(106,669)	0	16,860	(123,530)	-	9,843	(228,499)	-	23,877	(20,560)
9.07 REG ASSET-RTO DEMAND RESPONSE COSTS	146,912	64,107			105,510	0	0	105,510	-	-	146,912	-	-	64,107
9.08 REG ASSET-TN UNDER RECOV FPPA RIDER	1,410,153	996,805			1,203,479	0	0	1,203,479	-	-	1,410,153	-	-	996,805
9.09 REG ASSET-TARG REL & MAJ STORM UNDR REC	0	1,072,514			536,257	0	0	536,257	-	-	-	-	-	1,072,514
9.10 CAPITALIZED SOFTWARE COST - BOOK	607,086	471,950			539,518	0	66,285	473,233	-	76,470	530,616	-	56,099	415,850
9.11 DEFED SFAS 106 BOOK COSTS	0	0			0	0	0	0	-	-	-	-	-	-
9.12 SFAS 106 MEDICARE SUBSIDY-PPACA)-REG ASSET	74,802	38,470			56,636	0	8,166	48,470	-	10,786	64,016	-	5,547	32,923
9.13 REG ASSET - ACCRUED SFAS 112	168,780	72,545			130,663	0	(0)	130,663	-	-	168,780	-	(0)	72,545
9.14 EXCESS ADPT	0	(63,107)			(41,553)	0	(41,134)	(419)	-	-	-	-	(82,289)	(839)
9.15 NON-UTILITY DEFERRED FIT	-	-	0	0	0									
9.16 SFAS 109 FLOW-THRU 283.3	997,221	1,059,193	(997,221)	(1,059,193)	0									
9.17 SFAS 109 EXCESS DFIT 283.4	(1,824,367)	(1,036,740)	1,824,367	1,036,740	0									
9.18 SFAS 133 ADIT FED - SFAS 133 NONAFFIL 2830006	-	-	0	0	0									
10	2,697,581	3,302,044	627,146	(23,453)	3,301,660	0	19,528	3,282,131	0	(290,066)	3,614,793	0	329,122	2,949,469
11 DEF STATE INCOME TAXES	0	0			0	0	0	0						
11.01 SFAS 109 - DEFED STATE INCOME TAXES	4,470,441	4,632,267	(4,470,441)	(4,632,267)	0									
12 TOTAL ACCOUNT 283	7,168,022	7,934,311	(3,843,295)	(4,655,720)	3,301,660	0	19,528	3,282,131	0	(290,066)	3,614,793	0	329,122	2,949,469
13 ACCOUNT 283 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 JURISDICTIONAL AMOUNTS FUNCTIONALIZED														
15 TOTAL COMPANY AMOUNTS FUNCTIONALIZED														
16 REFUNCTIONALIZED BASED ON JURISDICTIONAL PLANT														
17 NOTE: POST 1970 ACCUMULATED DEFERRED INV TAX CRED. (DJTC) IN AC 255														
18.01 DEFERRED ITC - 46(F)(1)	38	8			23	0	5	19	-	7	31	-	2	6
18.02	0	0			0	0	0	0						
19														
20 TOTAL ACCOUNT 255	38	8	0	0	23	0	5	19	0	7	31	0	2	6

KINGSPORT POWER COMPANY
ACCUMULATED DEFERRED INCOME TAX IN ACCOUNT 190 - Actual Cycle Only
PERIOD ENDED DECEMBER 31, 2018

DEBIT (CREDIT)

	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I	COLUMN J	COLUMN K	COLUMN L	COLUMN M	COLUMN N	COLUMN O
		PER BOOKS		NON-APPLICABLE/NON-UTILITY		AVERAGE ELECTRIC UTILITY (B+C+D+E)/2	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2017			FUNCTIONALIZATION 12/31/2018		
	ACCUMULATED DEFERRED FIT ITEMS	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2018	BALANCE AS OF 12-31-2017	BALANCE AS OF 12-31-2018		GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1	ACCOUNT 190:														
2.01	NOL & TAX CREDIT CF - DEF TAX ASSET	19,538	0			9,769	0	4,108	5,662	-	8,215	11,323	-	-	-
2.02	CIAC - BOOK RECEIPTS	411,012	339,153			375,083	0	7,018	368,066	-	9,955	401,057	-	4,080	335,074
2.03	INT EXP CAPITALIZED FOR TAX	0	0			0	0	0	0	-	-	-	-	-	-
2.04	PROVS POSS REV REFDS-ALL	65,337	337			32,837	0	32,837	0	-	65,337	-	-	-	337
2.05	PROV FOR RATE REFUND-TAX REFORM	0	202,964			101,482	0	0	101,482	-	-	-	-	-	202,964
2.06	PROV FOR RATE REFUND-EXCESS PROTECTED	0	73,705			36,852	0	0	36,852	-	-	-	-	-	73,705
2.07	ACCRUED BK PENSION EXPENSE	(1,268,008)	(715,022)			(991,515)	0	(124,807)	(866,708)	-	(159,168)	(1,108,840)	-	(90,446)	(824,576)
2.08	EMPLOYER SAVINGS PLAN MATCH	0	0			0	0	0	0	-	-	-	-	-	-
2.09	ACCRD COMPANYWIDE INCNTV PLAN	57,320	88,041			72,680	0	(2,882)	75,563	-	(6,948)	64,266	-	1,181	86,860
2.10	ACCRUED BOOK VACATION PAY	87,484	57,844			72,664	0	(4,190)	76,855	-	(5,238)	92,723	-	(3,143)	60,987
2.11	ACCRUED BOOK SEVERANCE BENEFITS	0	0			0	0	0	0	-	-	-	-	-	-
2.12	ACCRUED INTEREST EXPENSE - STATE	0	0			0	0	0	0	-	-	-	-	-	-
2.13	ACCRUED INTEREST-LONG-TERM - FIN 48	692	596			624	0	68	556	-	76	616	-	60	496
2.14	ACCRUED INTEREST-SHORT-TERM - FIN 48	414	305			360	0	53	306	-	61	353	-	45	260
2.15	ACCRUED STATE INCOME TAX EXP	(27,866)	(16,720)			(22,293)	0	58,192	(80,485)	-	72,740	(100,606)	-	43,644	(60,364)
2.16	ACCRUED RTO CARRYING CHARGES	7,781	4,669			6,225	0	6,225	0	-	7,781	-	-	4,669	-
2.17	ADVANCE RENTAL INC (CUR MO)	26,678	22,157			25,417	0	0	25,417	-	-	26,678	-	-	22,157
2.18	CAPITALIZED SOFTWARE COSTS-TAX	(905)	(305)			(405)	0	(400)	(5)	-	(501)	(5)	-	(300)	(4)
2.19	BOOK LEASES CAPITALIZED FOR TAX	13,304	11,833			12,568	0	(3,335)	15,903	-	(4,273)	17,577	-	(2,397)	14,230
2.20	ACCRD SFAS 106 PST RETIRE EXP	(308,144)	(205,133)			(256,639)	0	(68,209)	(188,430)	-	(79,669)	(228,455)	-	(56,726)	(148,405)
2.21	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	215,173	127,504			170,538	0	19,325	151,213	-	24,156	189,017	-	14,494	113,410
2.22	ACCRD OPEB COSTS - SFAS 158	(216,656)	3,317			(106,669)	0	16,860	(123,530)	-	9,843	(226,499)	-	23,877	(20,560)
2.23	ACCRD SFAS 112 PST EMPLOY BEN	188,781	72,546			130,663	0	(0)	130,663	-	-	188,781	-	(0)	72,546
2.24	DEFT STATE INCOME TAXES - FIN 48	(2,840)	(1,704)			(2,272)	0	(295)	(1,977)	-	(369)	(2,471)	-	(221)	(1,483)
2.25	ACCRD SIT/FRANCHISE TAX RESERVE	0	0			0	0	0	0	-	-	-	-	-	-
2.26	ACCRUED SALES & USE TAX RESERVE	0	0			0	0	0	0	-	-	-	-	-	-
2.27	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	322	193			258	0	120	138	-	150	172	-	90	103
2.28	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	1,506	903			1,205	0	178	1,026	-	223	1,283	-	134	770
2.29	IRS AUDIT SETTLEMENT	0	0			0	0	0	0	-	-	-	-	-	0
2.30	AMT CREDIT - DEFERRED	13,236	0			6,618	0	192	6,427	-	383	12,853	-	-	-
2.31	NOL - DEFERRED TAX ASSET RECLASS	12,023	0			6,012	0	0	6,012	-	-	12,023	-	-	-
2.32	DEFERRED SIT 1901002	1,670,543	1,545,790			1,608,167	0	216,824	1,391,343	-	(1,112,143)	2,782,686	-	1,545,790	-
2.33	NON-UTILITY DEFERRED FIT	48,453		(48,453)	0										
2.34	SFAS 109 FLOW-THRU 190.3	1,018,201	1,019,701	(1,018,201)	(1,019,701)	0									
2.35	SFAS 109 EXCESS DFT 190.4	3,582,210	2,304,544	(3,582,210)	(2,304,544)	0									
2.36	SFAS 133 ADIT FED - SFAS NONAFFIL 1900006	-	-	0	0	0									
2.37	ADIT FED - PENSION OCI NAF 1900009	-	-	0	0	0									
2.38	NON-UTILITY DEFERRED SIT 1902002	-	-	0	0	0									
3	TOTAL ACCOUNT 190	5,615,991	4,937,578	(4,648,864)	(3,324,245)	1,290,229	0	157,879	1,132,351	0	(1,169,405)	2,136,532	0	1,485,164	128,189
4	ACCOUNT 190 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
KINGSPORT POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2018</u>	<u>Balance @ December 31, 2017</u>	<u>Average Balance for 2018</u>				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	496	130	313			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	274	1,523	899			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-			

Prepayment Balance Summary (Note 1)

	<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>
5						
6	Totals as of December 31, 2018	2,305,894	(3,663,348)	0	92,200	5,877,043
7	Totals as of December 31, 2017	2,208,106	(3,667,828)		100,903	5,775,032
8	Average Balance	2,257,000	(3,665,588)	-	96,552	5,826,037

Prepayments Account 165 - Balance @ 12/31/2018

	<u>2018 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>	<u>Explanation</u>
9							
10	1650001 Prepaid Insurance	40,642	-	40,642		40,642	Plant Related Insurance Policies
11	165000218 Prepaid Taxes	2,174,973	2,174,973			-	Prepaid Taxes - Distribution
12	165000219 Prepaid Taxes	24,404	24,404			-	Prepaid Taxes - Distribution
13	1650003 Prepaid Rents	-	-			-	
14	1650004 Prepaid Interest	-	-			-	
15	1650005 Prepaid Employee Benefits	-	-			-	
16	1650006 Other Prepayments	-	-			-	Prepayments-Other
17	1650009 Prepaid Carry Cost-Factored AR	14,317	14,317			-	AR Factoring - Retail Only
18	1650010 Prepaid Pension Benefits	4,462,995			4,462,995	4,462,995	Prefunded Pension Expense
19	1650014 FAS 158 Qual Contra Asset	(4,462,995)	(4,462,995)			-	SFAS 158 Offset
20	1650016 FAS 112 ASSETS	-	-			-	
21	1650021 Prepaid Insurance - EIS	51,558	-	51,558		51,558	EIS Insurance
22	1650023 Prepaid Lease	-	-			-	
23	1650035 PRW Without Med-D Benefits	1,414,048	-		1,414,048	1,414,048	Medical Benefits
24	1650036 PRW for Med-D Benefits	-	-			-	
25	1650037 FAS158 Contra-PRW Exc Med-D	(1,414,048)	(1,414,048)			-	SFAS 158 Offset
	Subtotal - Form 1, p 111.57.c	2,305,894	(3,663,348)	0	92,200	5,877,043	5,969,242

Prepayments Account 165 - Balance @ 12/31/ 2017

	<u>2017 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Transmission Plant Related</u>	<u>Transmission Labor Related</u>	<u>Total Included in Ratebase (E)+(F)+(G)</u>	<u>Explanation</u>
26							
27	1650001 Prepaid Insurance	64,783	-	64,783		64,783	Plant Related Insurance Policies
28	165000217 Prepaid Taxes	2,076,322	2,076,322			-	Prepaid Taxes - Distribution
29	165000218 Prepaid Taxes	17,657	17,657			-	Prepaid Taxes - Distribution
30	1650003 Prepaid Rents	0	-			-	
31	1650004 Prepaid Interest	0	-			-	
32	1650005 Prepaid Employee Benefits	0	-			-	Prepaid Benefits-Distribution
33	1650006 Other Prepayments	0	-			-	Prepayments-Other
34	1650009 Prepaid Carry Cost-Factored AR	13,225	13,225			-	AR Factoring - Retail Only
35	1650010 Prepaid Pension Benefits	4,704,079			4,704,079	4,704,079	Prefunded Pension Expense
36	1650014 FAS 158 Qual Contra Asset	(4,704,079)	(4,704,079)			-	SFAS 158 Offset
37	1650016 FAS 112 ASSETS	0	-			-	
38	1650021 Prepaid Insurance - EIS	36,120	-	36,120		36,120	EIS Insurance
39	1650023 Prepaid Lease	0	-			-	Prepaid Lease - Distribution
40	1650035 PRW Without Med-D Benefits	1,070,953	-		1,070,953	1,070,953	Medical Benefits
41	1650036 PRW for Med-D Benefits	0	-			-	
42	1650037 FAS158 Contra-PRW Exc Med-D	(1,070,953)	(1,070,953)			-	SFAS 158 Offset
	Subtotal - Form 1, p 111.57.d	2,208,106	(3,667,828)	100,903	5,775,032	5,875,935	

Note 1: Prepayment Balance will not include: (i) federal and state income tax payments made to offset additional tax liabilities resulting (or expected to result) from prior federal or state audits or from the filing of one or more amended income tax returns; (ii) outstanding income tax refunds due 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
KINGSPORT 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)	0
2	Interest Accrual (Company Records - Note 1)	0
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)	-
8	Average Balance for Year as Indicated in Column B ((ln 1 + ln 7)/2)	-

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

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet E Supporting Revenue Credits
KINGSPORT 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)	288,250	288,250	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	45,129	45,129	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	1,369,673	1,332,099	37,574
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	153,964	101,862	52,102
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	3,950,717	3,950,717	-
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))	5,807,733	5,718,057	89,676
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	5,807,733	5,718,057	89,676

Note 1 The total company data on this worksheet comes from the indicated FF1 source, or KINGSPORT 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
KINGSPORT 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>€</u> <u>100%</u> <u>Transmission</u> <u>Specific</u>	<u>(F)</u> <u>Explanation</u>
<u>Regulatory O&M Deferrals & Amortizations</u>						
1		No Applicable Charges for KgP	-			
2			-			
3						
4		Total	0			
<u>Detail of Account 561 Per FERC Form 1</u>						
5						
6	FF1 p 321.85.b	561.1 - Load Dispatch - Reliability	0			
7	FF1 p 321.86.b	561.2 - Load Dispatch - Monitor & Operate Trans System	8,223			
8	FF1 p 321.87.b	561.3 - Load Dispatch - Trans Service & Scheduling	0			
9	FF1 p 321.88.b	561.4 - Scheduling, System Control & Dispatch	0			
10	FF1 p 321.89.b	561.5 - Reliability, Planning and Standards Development	4,552			
11	FF1 p 321.90.b	561.6 - Transmission Service Studies	0			
12	FF1 p 321.91.b	561.7 - Generation Interconnection Studies	0			
13	FF1 p 321.92.b	561.8 - Reliability, Planning and Standards Development Services	0			
14		Total of Account 561	12,775			
<u>Account 928</u>						
15	9280000	Regulatory Commission Exp	84	84	-	
16	9280002	Regulatory Commission Exp-Case	31,934	31,934	-	
17	9280003	Rate Case Amort	101,221	101,221	-	
18	9280005	Reg Com Exp-FERC Trans Cases	931	-	931	
19						
20		Total (FERC Form 1 p.323.189.b)	134,170	133,239	931	
<u>Account 930.1</u>						
21	9301000	General Advertising Expenses	30	30	-	
22	9301001	Newspaper Advertising Space	7	7	-	
23	9301010	Publicity	51	51	-	
24	9301012	Public Opinion Surveys	2,863	2,863	-	
25	9301015	Other Corporate Comm Exp	2,075	2,075	-	
26						
27						
37		Total (FERC Form 1 p.323.191.b)	5,027	5,027	-	
<u>Account 930.2</u>						
38	9302000	Misc General Expenses	31,572	31,572	-	
39	9302003	Corporate & Fiscal Expenses	1,254	1,254	-	
40	9302004	Research, Develop&Demonstr Exp	258	258	-	
41	9302006	Assoc Business Development Materials Sold	1,758	1,758	-	
42	9302007	Assoc Business Development Exp	20,592	8,713	11,879	
43		Total (FERC Form 1 p.323.192.b)	55,433	43,554	11,879	

AEP East Companies
Cost of Service Formula Rate Using Actual/Projected FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
KINGSPORT POWER COMPANY

Tennessee Income Tax Rate	6.50%	
Apportionment Factor - Note 1	100.00%	
Effective State Tax Rate		6.50%
West Virginia Net Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Virginia Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Ohio Franchise Tax Rate	0.00%	
Phase-out Factor	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Michigan Business Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Illinois Corporation Income Tax Rate	0.00%	
Apportionment Factor - Note 1	0.00%	
Effective State Tax Rate		0.00%
Total Effective State Income Tax Rate		6.50%

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
KINGSPORT POWER COMPANY

Line No.	(A) Account	(B) Total Company NOTE 1	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<u>Revenue Taxes</u>					
2	Gross Receipts Tax	4,251,295				4,251,295
3	<u>Real Estate and Personal Property Taxes</u>					
4	Real and Personal Property - Tennessee	1,369,345	1,369,345			
5	Real and Personal Property - Other Jurisdictions	-	-			
6	Real and Personal Property	-	-			
7	Real and Personal Property	-	-			
8	<u>Payroll Taxes</u>					
9	Federal Insurance Contribution (FICA)	178,252		178,252		
10	Federal Unemployment Tax	1,294		1,294		
11	State Unemployment Insurance	62		62		
12	<u>Production Taxes</u>					
13	State Severance Taxes	-				-
14	<u>Miscellaneous Taxes</u>					
15	List Individual Taxes Here	-				-
16		-			-	
17		4,538,202			4,538,202	
18		1,720			1,720	
19		674,354			674,354	
20		1,781				1,781
21		-				-
22		-				-
23						
24	Total Taxes by Allocable Basis	11,016,305	1,369,345	179,608	5,214,276	4,253,076

(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)	-	25,633,048	99,803,736	2,538,167	127,974,952
TENNESSEE JURISDICTION					
26 Percentage of Plant in TENNESSEE JURISDICTION	0.00%	100.00%	100.00%	100.00%	
27 Net Plant in TENNESSEE JURISDICTION (Ln 25 * Ln 26)	-	25,633,048	99,803,736	2,538,167	127,974,952
28 Less: Net Value of Exempted Generation Plant	-	-	-	-	-
29 Taxable Property Basis (Ln 27 - Ln 28)	-	25,633,048	99,803,736	2,538,167	127,974,952
30 Relative Valuation Factor	0.00%	100.00%	100.00%	100.00%	
31 Weighted Net Plant (Ln 29 * Ln 30)	-	25,633,048	99,803,736	2,538,167	
32 General Plant Allocator (Ln 31 / (Total - General Plant))	0.00%	20.44%	79.56%	-100.00%	
33 Functionalized General Plant (Ln 32 * General Plant)	-	518,675	2,019,492	(2,538,167)	-
34 Weighted TENNESSEE JURISDICTION Plant (Ln 31 + 33)	-	26,151,724	101,823,228	0	127,974,952
35 Functional Percentage (Ln 34/Total Ln 34)	0.00%	20.44%	79.56%		

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
KINGSPORT 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	4,251,295	2,076,322 2,174,973	pg. 263, Ln. 29(i) pg. 263, Ln. 30(i)

Line No.	(A) Real Estate and Personal Property Tax Detail Annual Tax Expenses by Type (Note 1)	(B) Tax Year	(C) Total Company	(D) FERC FORM 1 Tie-Back	(E) FERC FORM 1 Reference	(F) Tax Year Factor (Note 2)	(G) Transmission Function (Note 2)
----------	--	-----------------	----------------------	-----------------------------	------------------------------	---------------------------------	---------------------------------------

3	Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)		1,369,345				281,130
4	Real and Personal Property - Tennessee	2017 2018	1,369,345	(78,145) 1,447,490	pg. 263, Ln. 15(i) pg. 263, Ln. 16(i)	18.77% 20.44%	281,130 (14,665) 295,795
5	Real and Personal Property - Other		-	-		0.00%	-
6	Real and Personal Property - Tennessee		-			0.00%	-
7	Real and Personal Property - Other Jurisdictions		-			0.00%	-

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)	178,252	178,252	pg. 263, Ln. 4(i)
10	Federal Unemployment Tax	1,294	1,294	pg. 263, Ln. 5(i)
11	State Unemployment Insurance	62	62	pg. 263, Ln. 26(i)
12	Production Taxes	-		
13	State Severance Taxes			
14	Miscellaneous Taxes	-		
15	State Business & Occupation Tax			
16	State Public Service Commission Fees	-		
17	State Franchise Taxes	4,538,202	98,694 305,000 4,134,508	pg. 263, Ln. 23(i) pg. 263, Ln. 24(i) pg. 263, Ln. 36(i)
18	State Lic/Registration Fee	1,720	20 1,700 -	pg. 263, Ln. 33(i) pg. 263.1, Ln. 11(i)
19	Misc. State and Local Tax	674,354	674,354	pg. 263, Ln. 37(i)
20	Sales & Use	1,781	282 1,499	pg. 263, Ln. 11(i) pg. 263, Ln. 12(i)
21	Federal Excise Tax	-		
22	Michigan Single Business Tax	-		
23	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14.(c))	11,016,305	11,016,305	

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
KINGSPORT POWER COMPANY

Page 1 of 2

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

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPROJECTS				
TRUE-UP YEAR		Rev Require	W Incentives	Incentive Amount
	2018			
	As Projected in Prior Year WS J	#N/A	#N/A	#N/A
	Actual after True-up	#N/A	#N/A	#N/A
	True-up of ARR For 2018	#N/A	#N/A	#N/A

Rate Base (TCOS, ln 68)	20,672,053
R (from A. above)	6.995%
Return (Rate Base x R)	1,445,915

Return (from B. above)	1,445,915
Effective Tax Rate (TCOS, in 114)	25.48%
Income Tax Calculation (Return x CIT)	368,380
ITC Adjustment	-
Excess Deferred Income Tax	(94,790)
Tax Affect of Permanent Differences	1,673
Income Taxes	<u>275,263</u>

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

Annual Revenue Requirement (TCOS, In 1)	4,662,005
Lease Payments (TCOS, Ln 95)	-
Return (TCOS, In 126)	1,445,915
Income Taxes (TCOS, In 125)	<u>275,263</u>
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	2,940,827

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	2,940,827
Return (from I.B. above)	1,445,915
Income Taxes (from I.C. above)	<u>275,263</u>
Annual Revenue Requirement, with 0 Basis Point ROE increase	4,662,005
Depreciation (TCOS, in 100)	<u>551,272</u>
Annual Rev. Req. w/ 0 Basis Point ROE increase, less	4,110,733
Depreciation	

Net Transmission Plant (TCOS, In 42)	25,633,048
Annual Revenue Requirement, with 0 Basis Point ROE increase	4,662,005
FCR with 0 Basis Point increase in ROE	18.19%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	4,110,733
FCR with 0 Basis Point ROE increase, less Depreciation	16.04%
FCR less Depreciation (TCOS, In 10)	16.04%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

Average Transmission Plant Balance for 2018 (TCOS, in 21)	38,101,573
Annual Depreciation and Amortization Expense (TCOS, in 100)	551,272
Composite Depreciation Rate	1.45%
Depreciable Life for Composite Depreciation Rate	69.12
Round to nearest whole year	69

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:

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

[illegible][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.

AEP East Companies
Cost of Service Formula Rate Using 2018 FF1 Balances
Worksheet L Reserved for Future Use
KINGSPORT 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
KINGSPORT POWER COMPANY

Line No	Month (a)	Average Balance of Common Equity				Average Balance of Common Equity (f)=(b)-(c)-(d)-(e)
		Proprietary Capital (b)	Less: Preferred Stock (c)	Less Undistributed Sub Earnings (Acct 216.1) (d)	Less AOCI (Acct 219.1) (e)	
	(Note A)	(FF1 112.16)	(FF1 250-251)	(FF1 112.12)	(FF1 112.15)	
1	December Prior to Rate Year	43,517,384				43,517,384
2	January	43,981,682				43,981,682
3	February	44,253,728				44,253,728
4	March	44,833,727				44,833,727
5	April	44,878,050				44,878,050
6	May	45,200,844				45,200,844
7	June	45,590,762				45,590,762
8	July	45,849,352				45,849,352
9	August	51,040,136				51,040,136
10	September	51,443,463				51,443,463
11	October	51,857,767				51,857,767
12	November	52,072,357				52,072,357
13	December of Rate Year	51,596,288				51,596,288
14	Average of the 13 Monthly Balances	47,393,503	-	-	-	47,393,503

Line No	Month (a)	Average Balance of Long Term Debt					Gross Proceeds Outstanding Long-Term Debt (g)=(b)-(c)+(d)+(e)-(f)
		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)	
	(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			50,000,000	-		50,000,000
16	January			50,000,000	-		50,000,000
17	February			50,000,000	-		50,000,000
18	March			50,000,000	-		50,000,000
19	April			50,000,000	-		50,000,000
20	May			50,000,000	-		50,000,000
21	June			50,000,000	-		50,000,000
22	July			50,000,000	-		50,000,000
23	August			50,000,000	-		50,000,000
24	September			50,000,000	-		50,000,000
25	October			50,000,000	-		50,000,000
26	November			50,000,000	-		50,000,000
27	December of Rate Year			50,000,000	-		50,000,000
28	Average of the 13 Monthly Balances	-	-	50,000,000	-	-	50,000,000

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)			1,907,000			
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.			-			
32	Plus: Allowed Hedge Recovery From Ln 55 below.			-			
33	Amort of Debt Discount & Expense - Acct 428 (117.63.c)			-			
34	Amort of Loss on Reacquired Debt - Acct 428.1 (117.64.c)			-			
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)			1,907,000			
38	Average Cost of Debt for 2018 (Ln 37/ Ln 28 (g))			3.81%			

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				-			
41				-			
42				-			
43				-			
44				-			
45				-			
46				-			
47				-			
48				-			
49					-		
50	Total Hedge Amortization	-	-				
51	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 40 to 48)			-			
52	Total Average Capital Structure Balance for 2018 (TCOS, Ln 157)			97,393,503			
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005			
54	Limit of Recoverable Amount			48,697			
55	Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)			-			

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL NOTES:

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

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

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

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

	INDIANA				MICHIGAN				FERC WHOLESALE			COMPANY
	(1)				(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
TRANSMISSION PLANT		
Structures & Improvements	352.0	2.02%
Station Equipment	353.0	2.29%
Twrs and Fixtures Above 69 KV	354.0	1.88%
Twrs and Fixtures Below 69 KV	354.0	1.88%
Poles and Fixtures Above 69 KV	355.0	3.52%
Poles and Fixtures Below 69 KV	355.0	3.52%
Overhead Conductor & Devices Above 69 KV	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
TRANSMISSION PLANT		
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
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2016 Available May 25, 2017	-	2016 Revenue Requirement Forecast	=	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
KINGSPORT POWER COMPANY

Reconciliation Revenue Requirement For Year 2016 Available May 25, 2017	-	2016 Revenue Requirement Forecast	=	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 2018, held for 2019 and returned prorata over 2020

<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.