

Twelve Months Ended 2020

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

**KINGSPORT POWER COMPANY**

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 130)			\$5,237,194
2	REVENUE CREDITS	(Worksheet E Ln 8) (Note A)	126,639	DA 1.00000	\$ 126,639
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)			\$ 5,110,555

**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	( (In 1 - In 95)/((In 42) x 100) )			16.80%
8	Monthly Rate	(In 7 / 12)			1.40%
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) )			14.72%
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) )			7.23%
13	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J/K)				-
14	<b>REVENUE REQUIREMENT FOR SCHEDULE 1A CHARGES</b>				
15	Total Load Dispatch & Scheduling (Account 561)	Line 75 Below			14,826
16	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)				0
17	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)				-
18	Total 561 Internally Developed Costs	(Line 15 - Line 16 - Line 17)			14,826

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(1)	(2)	(3)	(4)	(5)
	Data Sources (See "General Notes")	TO Total NOTE C	Allocator	Total Transmission
<b>RATE BASE CALCULATION</b>				
Line No.				
19	Production (Worksheet A In 14.(b))	-	NA	0.00000
20	Less: Production ARO (Enter Negative) (Worksheet A In 14.(c))	-	NA	0.00000
21	Transmission (Worksheet A In 14.(d) & TCOS Ln 134)	44,028,905	DA	44,028,905
22	Less: Transmission ARO (Enter Negative) (Worksheet A In 14.(e))	-	TP	1.00000
23	Distribution (Worksheet A In 14.(f))	192,494,400	NA	0.00000
24	Less: Distribution ARO (Enter Negative) (Worksheet A In 14.(g))	-	NA	0.00000
25	General Plant (Worksheet A In 14.(h))	6,193,911	W/S	0.12563
26	Less: General Plant ARO (Enter Negative) (Worksheet A In 14.(i))	(32,875)	W/S	0.12563
27	Intangible Plant (Worksheet A In 14.(j))	5,570,488	W/S	0.12563
28	TOTAL GROSS PLANT (sum Ins 19 to 27)	248,254,829	<b>GP</b>	<b>0.183291</b>
			<b>GTD=</b>	<b>0.18615</b>
29	ACCUMULATED DEPRECIATION AND AMORTIZATION			
30	Production (Worksheet A In 28.(b))	-	NA	0.00000
31	Less: Production ARO (Enter Negative) (Worksheet A In 28.(c))	-	NA	0.00000
32	Transmission (Worksheet A In 28.(d) & In 43.(c))	12,848,587	<b>TP1=</b>	1.00000
33	Less: Transmission ARO (Enter Negative) (Worksheet A In 28.(e))	-	<b>TP1=</b>	1.00000
34	Distribution (Worksheet A In 28.(f))	66,829,652	NA	0.00000
35	Less: Distribution ARO (Enter Negative) (Worksheet A In 28.(g))	-	NA	0.00000
36	General Plant (Worksheet A In 28.(h))	1,803,636	W/S	0.12563
37	Less: General Plant ARO (Enter Negative) (Worksheet A In 28.(i))	(2,361)	W/S	0.12563
38	Intangible Plant (Worksheet A In 28.(j))	2,196,591	W/S	0.12563
39	TOTAL ACCUMULATED DEPRECIATION (sum Ins 30 to 38)	83,676,104		
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)	31,180,318		31,180,318
43	Distribution (In 23 + In 24 - In 34 - In 35)	125,664,748		-
44	General Plant (In 25 + In 26 - In 36 - In 37)	4,359,762		547,723
45	Intangible Plant (In 27 - In 38)	3,373,897		423,868
46	TOTAL NET PLANT IN SERVICE (sum Ins 41 to 45)	164,578,725	<b>NP</b>	<b>0.195359</b>
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)	(29,013,664)	DA	(7,626,286)
50	Account No. 283.1 (enter negative) (Worksheet B, In 12 & In 15.E)	(3,271,060)	DA	(398,296)
51	Account No. 190.1 (Worksheet B, In 17 & In 20.E)	2,019,434	DA	1,449,559
52	Account No. 255 (enter negative) (Worksheet B, In 24 & In 25.E)	(1)	DA	-
53	TOTAL ADJUSTMENTS (sum Ins 48 to 52)	(30,265,291)		(6,575,023)
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) (Worksheet A In 54.(e))	-	W/S	0.12563
57	WORKING CAPITAL (Note E)			
58	Cash Working Capital (1/8 * In 78)	94,128		94,128
59	Transmission Materials & Supplies (Worksheet C, In 2.(F))	2,973	TP	1.00000
60	A&G Materials & Supplies (Worksheet C, In 3.(F))	1,741	W/S	0.12563
61	Stores Expense (Worksheet C, In 4.(F))	-	GP	0.18329
62	Prepayments (Account 165) - Labor Allocated (Worksheet C, In 8.G)	6,174,469	W/S	0.12563
63	Prepayments (Account 165) - Gross Plant (Worksheet C, In 8.F)	132,229	GP	0.18329
64	Prepayments (Account 165) - Transmission Only (Worksheet C, In 8.E)	-	DA	1.00000
65	Prepayments (Account 165) - Unallocable (Worksheet C, In 8.D)	(3,924,301)	NA	0.00000
66	TOTAL WORKING CAPITAL (sum Ins 58 to 65)	2,481,238		897,263
67	IPP CONTRIBUTIONS FOR CONSTRUCTION (Note F) (Worksheet D, In 8.B)	-	DA	1.00000
68	RATE BASE (sum Ins 46, 53, 54, 55, 56, 66, 67)	136,982,153		26,474,149

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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	117,843,365		
70	Distribution	322.156.b	8,307,811		
71	Customer Related Expense	322 & 323.164,171,178.b	1,557,807		
72	Regional Marketing Expenses	322.131.b	-		
73	Transmission	321.112.b	767,849		
74	TOTAL O&M EXPENSES	(sum Ins 69 to 73)	128,476,832		
75	Less: Total Account 561	(Note G) (Worksheet F, In 14.C)	14,826		
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)	753,023	TP 1.00000	753,023
79	Administrative and General	323.197.b (Notes J and M)	1,925,340		
80	Less: Acct. 924, Property Insurance	323.185.b	59,078		
81	Acct. 9260039 PBOP Expense	PBOP Worksheet O Line 9 & 10, (Note K)	(371,080)		
82	Acct. 9260057 PBOP Medicare Subsidy	PBOP Worksheet O Line 11, (Note K)	-		
83	PBOP Expense Billed From AEPSC	PBOP Worksheet O Line 13, (Note K)	(165,793)		
84	Acct. 928, Reg. Com. Exp.	323.189.b	134,113		
85	Acct. 930.1, Gen. Advert. Exp.	323.191.b	1,069		
86	Acct. 930.2, Misc. Gen. Exp.	323.192.b	82,583		
87	Balance of A & G	(In 79 - sum In 80 to In 86)	2,185,370	W/S 0.12563	274,551
88	Plus: Acct. 924, Property Insurance	(In 80)	59,078	GP 0.18329	10,828
89	Acct. 928 - Transmission Specific	Worksheet F In 20.(E) (Note L)	1,012	TP 1.00000	1,012
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 L)	32,664	DA 1.00000	32,664
92	Settlement Approved PBOP Recovery	PBOP Worksheet O, Col. C (Note M)	(1,130,001)	W/S 0.12563	(141,964)
93	A & G Subtotal	(sum Ins 87 to 92)	1,148,123		177,093
94	O & M EXPENSE SUBTOTAL	(In 78 + In 93)	1,901,146		930,115
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)	1,901,146		930,115
97	DEPRECIATION AND AMORTIZATION EXPENSE				
98	Production	336.2-6.f	-	NA 0.00000	-
99	Distribution	336.8.f	6,745,127	NA 0.00000	-
100	Transmission	336.7.f	646,786	TP1 1.00000	646,786
101	General	336.10.f	191,238	W/S 0.12563	24,026
102	Intangible	336.1.f	986,452	W/S 0.12563	121,417
103	TOTAL DEPRECIATION AND AMORTIZATION	(Ln 98+99+100+101+102)	8,549,603		792,228
104	TAXES OTHER THAN INCOME	(Note N)			
105	Labor Related				
106	Payroll	Worksheet H In 24.(D)	160,265	W/S 0.12563	20,134
107	Plant Related				
108	Property	Worksheet H In 24.(C)	1,184,146	DA	237,457
109	Gross Receipts/Sales & Use	Worksheet H In 24.(F)	4,321,285	NA 0.00000	-
110	Other	Worksheet H In 24.(E)	5,018,396	GP 0.18329	919,824
111	TOTAL OTHER TAXES	(sum Ins 106 to 110)	10,684,092		1,177,415
112	INCOME TAXES	(Note O)			
113	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$		26.05%		
114	$EIT=\frac{T}{(1-T)} * (1 - (WCLTD/WACC))$		27.35%		
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)		1.3522		
118	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
119	Excess Deferred Income Tax	(Note U)	(601,365)	DA	(94,536)
120	Tax Effect of Permanent and Flow-Through Differences	(Note U)	(5,295)	DA	7,439
121	Income Tax Calculation	(In 114 * In 126)	2,728,089		527,250
122	ITC adjustment	(In 117 * In 118)	-	GP 0.18329	-
123	Excess Deferred Income Tax	(In 117 * In 119)	(813,184)		(127,834)
124	Tax Effect of Permanent and Flow-Through Differences	(In 117 * In 120)	(7,160)		10,059
125	TOTAL INCOME TAXES	(sum Ins 121 to 124)	1,907,745		409,475
126	RETURN ON RATE BASE (Rate Base*WACC)	(In 68 * In 157)	9,975,623		1,927,960
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		33,018,209		5,237,194
	(sum Ins 96, 103, 111, 125, 126, 127, 128, 129)				

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN PJM TARIFF								
131	Total transmission plant	(In 21)						44,028,905	
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)						44,028,905	
135	Percent of transmission plant in PJM Tariff	(In 134 / In 131)						<b>TP=</b>	<b>1.00000</b>
136	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
137	Production	354.20.b	0	291	291	NA	0.00000	-	
138	Transmission	354.21.b	3,242	417,013	420,255	TP	1.00000	420,255	
139	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-	
140	Distribution	354.23.b	1,791,881	351,299	2,143,180	NA	0.00000	-	
141	Other (Excludes A&G)	354.24,25,26.b	324,726	456,689	781,415	NA	0.00000	-	
142	Total	(sum Ins 137 to 141)	2,119,849	1,225,292	3,345,141			420,255	
143	Transmission related amount							<b>W/S=</b>	<b>0.12563</b>
144	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$	
145	Long Term Interest	(Worksheet M, In. 37, col. (d))						2,167,100	
146	Preferred Dividends	(Worksheet M, In. 71)						-	
147	<u>Development of Common Stock:</u>								
148	Proprietary Capital	(Worksheet M, In. 14, col. (b))						72,707,746	
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)						72,707,746	
153			<u>Capital Structure Percentages</u>				Cost		
154	Long Term Debt (Note T) Worksheet M, In 28, col. (g), In 38, col. (d))		\$	%	Cap Limit		(Note S)	Weighted	
155	Preferred Stock (In 149)		60,384,615	45.37%	45.37%		3.59%	0.0163	
156	Common Stock (In 152)		72,707,746	54.63%	54.63%		10.35%	0.0565	
157	Total (Sum Ins 154 to 156)		133,092,362					<b>WACC=</b>	<b>0.0728</b>
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(l)-(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 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) (In 118) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.  
 Inputs Required:  
 FIT = 21.00%  
 SIT = 6.39% (State Income Tax Rate or Composite SIT, Worksheet G)  
 p = 0.00% (percent of federal income tax deductible for state purposes)
- The formula rate shall reflect the applicable state and federal statutory tax rates in effect during the period the calculated estimated unit charges are applicable. If the statutory tax rates change during such period, the effective tax rates used in the formula shall be weighted by the number of days the pre-change rate and post-change rate each is in effect.
- P** Removes plant excluded from the OATT because it does not meet the PJM's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- Q** Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note P.
- R** Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
- S** Long Term Debt cost rate = Long-Term Interest (In 145) / Long-Term Debt (In 154). Preferred Stock cost rate = preferred dividends (In 146) / preferred outstanding (In 155). Common Stock cost rate (ROE) = 10.35%, the rate accepted by FERC in Docket No. ER08-1329. It includes an additional 50 basis points for PJM RTO Membership. The amount of eligible hedging gains or losses included in total interest expense is limited to five basis points of the capital structure. Details and calculations of the weighted average cost of capital are shown on Worksheet M. Eligible Hedging Gains and Losses are computed on Worksheet M. The unamortized balance of eligible hedge gains/losses and related ADIT amounts shall not flow through the formula rate.
- T** The Long Term Debt balance for I&M includes the accumulated balance of principle and related interest for Spent Nuclear Fuel Disposal Costs collected prior to April 7, 1983. This total balance of \$265,249,280 at 12/31/12 is not included in the balance in line 154 above. The cost rates for long-term debt shall include interest expense and related periodic expenses (such as remarketing and letter of credit fees) as recorded in FERC Account 427 or 430, amortization of issuance costs (including insurance) and discounts as recorded in FERC Account 428, issuance premiums as recorded in FERC Account 429 and losses or gains on reacquired debt as recorded in FERC Accounts 428.1 or 429.1, respectively. The cost rates for preferred stock (if applicable) shall include the dividends.
- U** Excess / (Deficit) Deferred Income Taxes will be amortized over the average remaining life of the assets to which it relates, unless the Commission requires a different amortization period. The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State tax calculations that are not the result of a timing difference, including but not limited to depreciation related to capitalized AFUDC equity and meals and entertainment deductions. The Tax Effect of Flow-Through differences captures current tax expense related to timing differences on items for which tax deductions were used to reduce customer rates through the use of flow-through accounting in a prior period. Transmission balances for the projected or actual period, will be filed and posted as part of the informational filing.
- V** Cash investment in prepaid pension and benefits recorded in FERC Account 165 is permitted to be included in the formula. A labor expense allocation factor will be used to allocate total company costs. All other prepayments recorded in FERC Account 165 are directly assigned to the transmission function, allocated or excludable balances detailed on Worksheet C.
- W** The formula rate shall allocate property tax expense based on the as filed net plant cost allocation method detailed on Worksheet H.
- X** Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. Calculation of any credit under this subsection, pursuant to approval by FERC for inclusion in this formula rate for collection on behalf of the network customer, shall be addressed in either the Network Customer's Service Agreement or any other agreement between the parties.
- Y** The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.
- Z** Per the settlement in EL17-13, equity is limited to 55% in of the Company's capital structure. If the percentage of actual equity exceeds the cap, the excess is included as long term debt in the capital structure.



AEP East Companies  
 Cost of Service Formula Rate Using Actual/Projected FF1 Balances  
 Worksheet A Rate Base  
 KINGSPORT POWER COMPANY

		Gross Plant In Service								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		Acct. 359.1			Acct. 399.1					
		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	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	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5
	<b>(Note A)</b>									
1	December Prior to Rate Year	-	-	43,120,777	-	189,225,740	-	4,147,197	32,875	4,973,650
2	January	-	-	43,268,113	-	192,189,301	-	5,032,489	32,875	5,055,671
3	February	-	-	43,323,824	-	190,221,016	-	5,037,123	32,875	5,154,250
4	March	-	-	43,353,124	-	190,695,071	-	5,823,059	32,875	5,208,371
5	April	-	-	43,731,648	-	191,036,770	-	5,823,752	32,875	5,289,381
6	May	-	-	44,442,714	-	190,266,685	-	5,829,289	32,875	5,353,724
7	June	-	-	45,716,811	-	191,857,144	-	5,829,295	32,875	5,731,558
8	July	-	-	45,054,879	-	192,488,921	-	5,829,295	32,875	5,821,606
9	August	-	-	41,901,673	-	192,856,350	-	5,829,295	32,875	5,890,685
10	September	-	-	43,444,733	-	194,028,615	-	6,103,861	32,875	5,886,585
11	October	-	-	44,502,622	-	196,801,097	-	6,106,623	32,875	5,973,663
12	November	-	-	45,086,830	-	193,861,068	-	9,541,918	32,875	6,098,089
13	December of Rate Year	-	-	45,428,018	-	198,899,424	-	9,587,647	32,875	5,979,112
14	Average of the 13 Monthly Balances	-	-	44,028,905	-	192,494,400	-	6,193,911	32,875	5,570,488

		Accumulated Depreciation								
Line No	Month (a)	Production (b)	Production ARO (c)	Transmission (d)	Transmission ARO (e)	Distribution (f)	Distribution ARO (g)	General (h)	General ARO (i)	Intangible (j)
		Company Records			Company Records			Company Records		
		FF1, page 219, Ins 20-24, Col. (b)	(Included in total in Column (b))	FF1, page 219, In 25, Col. (b)	(Included in total in Column (d))	FF1, page 219, In 26, Col. (b)	(Included in total in Column (f))	FF1, page 219, In 28, Col. (b)	(Included in total in Column (h))	FF1, page 200, In 21, Col. (b)
	<b>(Note A)</b>									
15	December Prior to Rate Year	-	-	12,774,284	-	67,085,661	-	1,736,336	1,271	1,941,904
16	January	-	-	12,801,280	-	67,580,471	-	1,751,474	1,453	2,015,741
17	February	-	-	12,835,235	-	65,505,117	-	1,761,567	1,635	2,090,932
18	March	-	-	12,873,015	-	65,803,953	-	1,791,970	1,816	2,008,777
19	April	-	-	12,922,031	-	66,291,839	-	1,782,963	1,998	2,086,500
20	May	-	-	12,748,500	-	65,592,417	-	1,792,782	2,180	2,165,064
21	June	-	-	12,688,621	-	66,074,528	-	1,804,715	2,361	2,183,294
22	July	-	-	12,741,722	-	66,476,420	-	1,828,154	2,543	2,264,482
23	August	-	-	12,885,039	-	66,925,429	-	1,841,586	2,724	2,347,171
24	September	-	-	12,911,048	-	67,290,993	-	1,850,133	2,906	2,322,708
25	October	-	-	12,928,589	-	67,669,374	-	1,812,349	3,088	2,408,285
26	November	-	-	12,953,869	-	68,137,059	-	1,833,157	3,269	2,495,313
27	December of Rate Year	-	-	12,968,394	-	68,352,215	-	1,860,076	3,451	2,225,509
28	Average of the 13 Monthly Balances	-	-	12,848,587	-	66,829,652	-	1,803,636	2,361	2,196,591

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)
		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 12,848,587

**Plant Held For Future Use**

	(a)	Source of Data (b)	Balance @ December 31, 2020 (c)	Balance @ December 31, 2019 (d)	Average Balance for 2020 (e)
			44	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d) 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	2282003	-	-	-
53b					
54	Total		-	-	-

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, 2020	(D) Balance @ December 31, 2019	(E) Average Balance for 2020
1	<b><u>Account 281</u></b>				
2	Year End Utility Deferrals	FF1, p. 272 - 273, In 8, Col. (k)	-	-	-
3	Less: ARO Related Deferrals	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	<b><u>Account 282</u></b>				
7	Year End Utility Deferrals	FF1, p. 274 - 275, In 5, Col. (k)	29,199,016	28,828,312	29,013,664
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)	21,309,966	21,464,790	21,387,378
10	Transmission Related Deferrals	Ln 7 - In 8 - In 9	7,889,050	7,363,522	7,626,286
11	<b><u>Account 283</u></b>				
12	Year End Utility Deferrals	FF1, p. 276 - 277, In 9, Col. (k)	2,776,749	3,765,371	3,271,060
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)	2,435,909	3,309,619	2,872,764
15	Transmission Related Deferrals	Ln 12 - In 13 - In 14	340,839	455,752	398,296
16	<b><u>Account 190</u></b>				
17	Year End Utility Deferrals	FF1, p. 234, In 8, Col. (c)	2,056,203	1,982,666	2,019,434
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)	737,355	402,396	569,875
20	Transmission Related Deferrals	Ln 17 - In 18 - In 19	1,318,848	1,580,270	1,449,559
21	<b><u>Account 255</u></b>				
22	Year End ITC Balances	FF1, p. 266-267, In 8, Col. (h)	-	2	1
23	Less: Balances Not Qualified for Ratebase	Company Records - Note 1	-	-	-
24	ITC Balances Includeable Ratebase	Ln 22 - In 23	-	2	1
25	Transmission Related Deferrals	WS B-1 - Actual Stmt. AF Ln. 20 (Note 1)	-	-	-

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

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

KINGSPORT POWER COMPANY  
 SPECIFIED DEFERRED CREDITS - Actual Cycle Only  
 PERIOD ENDED DECEMBER 31, 2020

(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	FUNCTIONALIZATION AVERAGE			FUNCTIONALIZATION 12/31/2019			FUNCTIONALIZATION 12/31/2020		
	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020	BALANCE AS OF 12-31-2019	BALANCE AS OF 12-31-2020	ELECTRIC UTILITY (B+C+D+E)/2	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION	GENERATION	TRANSMISSION	DISTRIBUTION
1.00 ACCOUNT 281:														
2.01 TX AMORT POLLUTION CONT EOPT	0	0			0	0	0	0	-	-		-	-	
2.02														
2.03 NON-UTILITY DEFERRED FIT	0	0	0	0	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														
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	13,590,574	13,654,493			13,622,534	0	3,484,263	10,138,270	-	3,385,034	10,205,540	-	3,583,493	10,071,001
5.02 481 a BONUS DEPRECIATION	759,989	506,859			633,324	0	69,983	563,341	-	83,980	676,009	-	55,987	450,673
5.03 AFDUC	0	0			0	0	0	0	-	-	-	-	-	-
5.04 CAPD INTEREST - SECTION 481(a) - CHANGE IN METH	(377)	(218)			(297)	0	(602)	104	-	(509)	132	-	(295)	76
5.05 R & D DEDUCTION - SECTION 174	283	283			283	0	283	0	-	283	0	-	283	0
5.06 TAX DEPRECIATION LOOKBACK	44,983	0			22,491	0	22,491	0	-	44,983	0	-	44,983	0
5.07 RELOCATION COST - SECTION 481(a) - CHANGE IN METH	1,945	1,227			1,586	0	0	3,090	-	1,945	-	-	1,945	1,227
5.08 BK PLANT IN SERVICE - SFAS 143 - ARO	0	6,179			3,090	0	0	3,090	-	-	-	-	-	6,179
5.09 GAIN/LOSS ON ACQUISITORS PROPERTY	855,988	1,044,203			1,009,691	0	85,381	924,309	-	89,254	765,635	-	81,509	1,082,784
5.10 SEC 481 PEN/SOPEB ADJUSTMENT	25	25			25	0	7	18	-	7	18	-	7	18
5.11 PERCENT REPAIR ALLOWANCE	127,742	116,885			122,364	0	5,201	117,163	-	5,207	122,216	-	4,876	112,110
5.12 BOOK/TAX UNIT OF PROPERTY ADJ	1,734,044	2,498,396			2,116,201	0	515,570	1,600,642	-	469,015	1,265,029	-	592,143	1,838,256
5.13 BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	1,725,790	1,725,790			1,725,790	0	836,599	889,190	-	836,599	889,190	-	836,599	889,190
5.14 TX ACCEL AMORT - CAPITALIZED SOFTWARE	63,156	63,156			63,156	0	7,071	56,085	-	7,071	56,085	-	7,071	56,085
5.15 CAPITALIZED RELOCATION COSTS	203,963	195,071			199,367	0	25,212	174,156	-	25,621	178,042	-	24,902	170,269
5.16 CAPITALIZED LEASES - AIC 1011 ASSETS	0	0			0	0	0	0	-	-	-	-	-	-
5.17 REMOVAL COST - NORMALIZED	72,220	72,220			72,220	0	72,220	0	-	72,220	0	-	72,220	0
5.18 BOOK OPERATING LEASE - LIAB	394,449	589,681			492,065	0	0	492,065	-	394,449	-	-	394,449	589,681
5.19 282 EXCESS ADJUSTMENT	(75,063)	(75,063)			(75,063)	0	(76,946)	1,883	-	(76,946)	1,883	-	(76,946)	1,883
5.20 EXCESS ADFIT	9,329,822	8,679,857			9,004,840	0	2,579,363	6,425,476	-	2,421,404	6,808,418	-	2,737,323	5,942,535
5.21 NON-UTILITY DEFERRED FIT	155	155		(155)	(155)	0			-		-	-		
5.22 SFAS 109 FLOW-THRU 282.3	245,115	441,854		(245,115)	(441,854)	0			-		-	-		
5.23 SFAS 109 EXCESS DFIT 282.4	(9,319,759)	(8,679,857)			0				-		-	-		
6 TOTAL ACCOUNT 282	19,753,823	20,961,169	9,074,489	8,237,848	20,013,697	0	7,626,289	21,387,378	0	7,363,522	21,494,790	0	7,889,050	21,309,956
7 ACCOUNT 282 - ARO-Related Deferrals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 ACCOUNT 283:														
8.01 NOL - STATE C/F - DEF STATE TAX ASSET - LIT	345,979	292,358			319,168	0	319,167	1	-	345,979	-	-	292,355	3
8.02 ACCRUED BK PENSION COSTS - SFAS 158	(1,143,226)	(1,019,100)			(1,081,163)	0	(281,960)	(799,203)	-	(286,265)	(856,961)	-	(277,655)	(741,448)
8.03 DEF STORM DAMAGE	(0)	(0)			0	0	0	(0)	-	(0)	-	-	(0)	(0)
8.04 RATE CASE DEF COSTS	0	14,171			7,685	0	0	7,685	-	-	-	-	-	14,171
8.05 REG ASSET - DEFERRED RTO COSTS	1,251	1,251			1,251	0	1,251	0	-	1,251	0	-	1,251	0
8.06 REG ASSET-SFAS 158 - PENSIONS	1,143,226	1,019,100			1,081,163	0	281,960	799,203	-	286,265	856,961	-	277,655	741,448
8.07 REG ASSET-SFAS 158 - OPEB	(70,505)	(179,447)			(124,976)	0	19,846	(144,822)	-	20,671	(91,170)	-	19,021	(196,488)
8.08 REG ASSET-RTO DEMAND RESPONSE COSTS	40,667	16,027			28,047	0	0	28,047	-	40,667	-	-	40,667	16,027
8.09 REG ASSET-TN UNDER REC'DV FPPA RIDER	1,481,006	322,617			901,811	0	0	901,811	-	1,481,006	-	-	1,481,006	322,617
8.10 REG ASSET-FARG REL & MAJ STORM UNDR REC	1,551,383	1,518,713			1,535,038	0	0	1,535,038	-	1,551,383	-	-	1,551,383	1,518,713
8.11 CAPITALIZED SOFTWARE COST - BOOK	571,465	585,692			578,579	0	67,240	511,338	-	64,383	507,962	-	70,098	515,994
8.12 DEF STAS 106 BOOK COSTS	0	0			0	0	0	0	-	-	-	-	-	-
8.13 SFAS 106 MEDICARE SUBSIDY (PPACA)-REG ASSET	32,658	25,847			28,852	0	4,160	24,692	-	4,823	27,436	-	3,988	21,940
8.14 REG ASSET - ACCRUED SFAS 112	64,276	54,402			59,339	0	(0)	59,339	-	(0)	64,276	-	(0)	54,402
8.15 282 EXCESS ADJUSTMENT	77,342	77,342			77,342	0	78,181	(639)	-	78,181	(639)	-	78,181	(639)
8.16 EXCESS ADFIT	(328,530)	(52,022)			(190,476)	0	(91,549)	(98,927)	-	(59,333)	(269,596)	-	(123,763)	71,741
8.17 NON-UTILITY DEFERRED FIT	-	-	0	0	0	0	0	0	-	-	-	-	-	-
8.18 SFAS 109 FLOW-THRU 283.3	1,188,761	1,243,743	(1,188,761)	(1,243,743)	0	0	0	0	-	-	-	-	-	-
8.19 SFAS 109 EXCESS DFIT 283.4	316,640	52,021	(316,640)	(52,021)	0	0	0	0	-	-	-	-	-	-
8.20 SFAS 133 ADIT FED - SFAS 133 NONAFFL 2830006	-	-	0	0	0	0	0	0	-	-	-	-	-	-
10	5,270,772	4,072,513	(1,505,401)	(1,295,764)	3,271,060	0	398,296	2,872,764	0	455,752	3,309,619	0	340,839	2,435,909
11 DEF STATE INCOME TAXES	0	0			0	0	0	0	-	-	-	-	-	-
11.01 SFAS 109 - DEF STATE INCOME TAXES	5,405,397	5,474,896	(5,405,397)	(5,474,896)	0	0	0	0	-	-	-	-	-	-
12 TOTAL ACCOUNT 283	10,676,169	9,547,412	(6,910,798)	(6,770,663)	3,271,060	0	398,296	2,872,764	0	455,752	3,309,619	0	340,839	2,435,909
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														
18 INV TAX CRED. (DITC) IN AIC 255														
18.01 DEFERRED ITC - 48(F)(1)	2	0			1	0	0	1	-	-	2	-	-	-
18.02	0	0			0	0	0	0	-	-	0	-	-	0
19														
20 TOTAL ACCOUNT 255	2	0	0	0	1	0	0	1	0	0	2	0	0	0



KINGSPORT POWER COMPANY, INC.  
Worksheet B-3  
Excess/ Deficient ADIT Worksheet for Total Company and Functional Balances  
For Year Ended December 31, 2020  
Debit/(Credit)

TOTAL COMPANY BALANCES													1/1/2020 Beginning Balances		Balance Sheet Entries		Tax Expense Entries		12/31/2020 Ending Balance		R
Line No.	Account (NOTE A)	Description of Account	Protected Unprotected	Tax Rate Change Act	Excess Balance at Remeasurement (NOTE C)	Amortization Methodology (NOTE D)	Amortization Period	Excess ADIT Regulatory Offset	Excess ADIT in Utility Deferrals	Balance Sheet Account Reclassifications	182.3	254	410/411 Excess Amortization	410/411 Deferred Tax Expense/ (Benefit)	Excess ADIT Regulatory Offset	Excess ADIT in Utility Deferrals	Sum of Cols (I) - (O)	Reference			
<b>Deferred Tax Account (NOTE B)</b>																					
1a	1904001	ADFIT - FAS 109 Excess	N/A	TC-JA 2017				3,122,898					(130,173)			2,992,725		WS B - 2 Col B/C, ADIT Item 2.36			
1b	1903001	ADFIT - FAS 109 Excess	N/A	TC-JA 2017				12,290					(12,290)			-		Company Records			
1c	2811001	ADFIT - Accel Amortization Property	Protected	TC-JA 2017																	
1d	2814001	ADFIT - Accel Amort FAS 109 Excess	Protected	TC-JA 2017																	
1e	2821001	ADFIT - Utility Property	Protected	TC-JA 2017	(9,642,271)	ARAM	Life of Asset		(8,596,029)				527,517	30,769			(8,037,743)	WS B - 1 Cols M+N+O, ADIT 5.20			
1f	2821001	ADFIT - Utility Property	Unprotected	TC-JA 2017	(2,209,294)	10 Years	1/2018 - 12/2027		733,792				91,675	-			(642,117)				
1g	2824001	ADFIT - Utility Property FAS 109 Excess	Protected	TC-JA 2017				8,585,965					(548,222)			8,037,743		WS B - 1 Col B/C, ADIT Item 5.23			
1h	2824001	ADFIT - Utility Property FAS 109 Excess	Unprotected	TC-JA 2017				733,792					(91,675)			642,117		WS B - 1 Cols M+N+O, ADIT 9.16			
1i	2831001	ADFIT - Other Utility Deferrals	Unprotected	TC-JA 2017	(1,624,367)	10 Years	1/2018 - 12/2027		328,930				(17,827)	(259,078)			52,025	WS B - 1 Col B/C, ADIT Item 9.19			
1k	2834001	ADFIT - Other FAS 109 Excess	Unprotected	TC-JA 2017				(316,641)				(12,290)	276,905			(52,026)					
1l	<b>NOTE E</b>																				
<b>Regulatory Deferral Accounts</b>																					
2a	182.3	Regulatory Asset		TC-JA 2017				(12,290)			12,290							Company Records			
2b	254	Regulatory Liability		TC-JA 2017				(12,126,014)				505,455				(11,620,559)		FERC Form 1 p. 278 Ln. 3 Cols. (b) / (f)			
2c	<b>NOTE E</b>																				
3	Total For Accounting Entries (Sum of Lines 1a through 2b)																				
													NOTE F								
<b>TRANSMISSION FUNCTION BALANCES</b>																					
<b>Deferred Tax Account (NOTE B)</b>																					
4a	1904001	ADFIT - FAS 109 Excess	N/A	TC-JA 2017				838,241				68,319				906,560		Company Records			
4b	2821001	ADFIT - Utility Property	Protected	TC-JA 2017	(2,351,751)	ARAM	Life of Asset		(2,115,769)				20,688	(1,514)			(2,096,595)	WS B - 1 Col N, ADIT Item 5.20			
4c	2821001	ADFIT - Utility Property	Unprotected	TC-JA 2017	(470,396)	10 Years	1/2018 - 12/2027		(305,635)				91,675	(426,771)			(640,731)				
4d	2824001	ADFIT - Utility Property FAS 109 Excess	Protected	TC-JA 2017				2,114,083					(17,488)			2,096,595		Company Records			
4e	2824001	ADFIT - Utility Property FAS 109 Excess	Unprotected	TC-JA 2017				305,635					335,096			640,731		WS B - 1 Cols N, ADIT Item 9.16			
4f	2831001	ADFIT - Other Utility Deferrals	Unprotected	TC-JA 2017	89,682	10 Years	1/2018 - 12/2027		59,335				(17,827)	82,259			123,767				
4g	2834001	ADFIT - Other FAS 109 Excess	Unprotected	TC-JA 2017				(71,745)			12,410		(64,432)			(123,767)		Company Records			
4h	<b>NOTE E</b>																				
<b>Regulatory Deferral Accounts</b>																					
5a	182.3	Regulatory Asset		TC-JA 2017				12,410			(12,410)							Company Records			
5b	254	Regulatory Liability		TC-JA 2017				(3,198,624)				(321,495)				(3,520,119)		Company Records			
5c	<b>NOTE E</b>																				
6	Total For Accounting Entries (Sum of Lines 4a through 5b)																				
													NOTE F								

GENERAL NOTE: ADIT Tax balances provided in the formula presented in Attachment H-14B are maintained on both a total company and transmission functional basis. Because both sets of numbers are presented in the formula, the information for excess and deficient ADIT is also presented for both total company and the transmission function on this worksheet. Account 281 only applies to the generation function, so is not presented in the transmission functional summary.

NOTE A: In order to ensure ratebase neutrality, AEP utilizes the fourth digit of its seven digit FERC Tax subaccount numbers to identify balances associated with utility operations vs regulatory reporting requirements. A "1" in the fourth digit of a FERC tax account refers to the utility operations balances or activity. Accounts with the "1" designation will be included in the determination of ratebase to be recovered in the formula rate. A "4" in the fourth position of the account number indicates accounts used to track regulatory accounting requirements. The excess ADIT amounts recorded in accounts with the "4" designation will be contra to the "1" balance, which will ensure that in the formula rate the excess or deficiency amounts will be part of ratebase, but at the total FERC account level the tax liability or asset will be recorded at the current Federal FIT rate. The amounts recorded in the "4" accounts will be offset on a net basis in the regulatory asset or liability subaccount established for this purpose.

NOTE B: The amount of the FIT gross up to recorded on regulatory assets and liabilities will be reported on the first line of ADIT accounts provided for each specific change in tax rates.

NOTE C: The amounts of the rereasurement shown here are as of the effective date of the change in tax rates and will remain static on this worksheet.

NOTE D: The ten year amortization period for unprotected excess ADIT is consistent with the period agreed upon by the Company and its customers and approved for the Company's PJM formula rates. *Appalachian Power Company, et al. 166 FERC ¶ 61,135 (2019).*

NOTE E: In the event of future tax rate changes, additional lines will be inserted in both the Total Company and Transmission Functional sections above as required to reflect any new ADIT or regulatory deferral accounts that may be necessary to track that tax rate change.

NOTE F: The amount of excess amortization entries shown in lines 1b through 1l and 4a through 4h are shown as a debit or credit to the ADIT account from which it is being amortized. The total in line 3 and 6 is the offset recorded to the 410/411 account and will tie to the total company and transmission functional amounts of excess or deficient ADIT amortization shown on line 119 of the cost of service.

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)
<b>Materials &amp; Supplies</b>								
Line Number	Source		Balance @ December 31, 2020	Balance @ December 31, 2019	Average Balance for 2020			
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c) & (b)	1,915	4,030	2,973			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c) & (b)	1,205	2,277	1,741			
4	Stores Expense (Undistributed) - Account 163	FF1, p. 227, In 16, Col. (c) & (b)	0	0	-			

**Prepayment Balance Summary (Note 1)**

	Average of YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	
5							
6	Totals as of December 31, 2020	2,356,369	(4,172,487)	0	136,361	6,392,495	6,528,856
7	Totals as of December 31, 2019	2,408,423	(3,676,116)		128,097	5,956,443	6,084,539
8	<b>Average Balance</b>	<b>2,382,396</b>	<b>(3,924,301)</b>	<b>-</b>	<b>132,229</b>	<b>6,174,469</b>	<b>6,306,698</b>

**Prepayments Account 165 - Balance @ 12/31/2020**

9	Acc. No.	Description	2020 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	49,598	-		49,598		49,598	Plant Related Insurance Policies
11	165000220	Prepaid Taxes	2,105,825	2,105,825				-	Prepaid Taxes - Distribution
12	165000221	Prepaid Taxes	98,107	98,107				-	Prepaid Taxes - Distribution
13	1650003	Prepaid Rents	0	-				-	
14	1650004	Prepaid Interest	0	-				-	
15	1650005	Prepaid Employee Benefits	0	-				-	
16	1650006	Other Prepayments	0	-				-	Prepayments-Other
17	1650009	Prepaid Carry Cost-Factored AR	16,076	16,076				-	AR Factoring - Retail Only
18	1650010	Prepaid Pension Benefits	4,348,918	-			4,348,918	4,348,918	Prefunded Pension Expense
19	1650014	FAS 158 Qual Contra Asset	(4,348,918)	(4,348,918)				-	SFAS 158 Offset
20	1650016	FAS 112 ASSETS	0	-				-	
21	1650021	Prepaid Insurance - EIS	86,763	-		86,763		86,763	EIS Insurance
22	1650023	Prepaid Lease	0	-				-	
23	1650035	PRW Without Med-D Benefits	2,043,577	-			2,043,577	2,043,577	Medical Benefits
24	1650036	PRW for Med-D Benefits	0	-				-	
25	1650037	FAS158 Contra-PRW Exc Med-D	(2,043,577)	(2,043,577)				-	SFAS 158 Offset
		<b>Subtotal - Form 1, p 111.57.c</b>	<b>2,356,369</b>	<b>(4,172,487)</b>	<b>0</b>	<b>136,361</b>	<b>6,392,495</b>	<b>6,528,856</b>	

**Prepayments Account 165 - Balance @ 12/31/ 2019**

26	Acc. No.	Description	2019 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)	Explanation
27	1650001	Prepaid Insurance	40,817	-		40,817		40,817	Plant Related Insurance Policies
28	165000219	Prepaid Taxes	2,214,052	2,214,052				-	Prepaid Taxes - Distribution
29	165000220	Prepaid Taxes	55,665	55,665				-	Prepaid Taxes - Distribution
30	1650003	Prepaid Rents	0	-				-	
31	1650004	Prepaid Interest	0	-				-	
32	1650005	Prepaid Employee Benefits	0	-				-	
33	1650006	Other Prepayments	0	-				-	Prepayments-Other
34	1650009	Prepaid Carry Cost-Factored AR	10,610	10,610				-	AR Factoring - Retail Only
35	1650010	Prepaid Pension Benefits	4,281,597	-			4,281,597	4,281,597	Prefunded Pension Expense
36	1650014	FAS 158 Qual Contra Asset	(4,281,597)	(4,281,597)				-	SFAS 158 Offset
37	1650016	FAS 112 ASSETS	0	-				-	
38	1650021	Prepaid Insurance - EIS	87,280	-		87,280		87,280	EIS Insurance
39	1650023	Prepaid Lease	0	-				-	
40	1650035	PRW Without Med-D Benefits	1,674,846	-			1,674,846	1,674,846	Medical Benefits
41	1650036	PRW for Med-D Benefits	0	-				-	
42	1650037	FAS158 Contra-PRW Exc Med-D	(1,674,846)	(1,674,846)				-	SFAS 158 Offset
		<b>Subtotal - Form 1, p 111.57.d</b>	<b>2,408,423</b>	<b>(3,676,116)</b>		<b>128,097</b>	<b>5,956,443</b>	<b>6,084,539</b>	

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 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  
 KINGSPORT POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2020</u>
1	Net Funds from IPP Customers 12/31/2019 (2020 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 12/31/2020 (2020 FORM 1, P269)	-
8	Average Balance for Year as Indicated in Column B ((In 1 + In 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)	280,052	280,052	-
2	Account 451, Miscellaneous Service Revenues (FF1 p.300.17.(b); Company Records - Note 1)	117,249	117,249	-
3	Account 454, Rent from Electric Property (FF1 p.300.19.(b); Company Records - Note 1)	779,920	734,080	45,840
4	Account 4560015, Associated Business Development - (Company Records - Notes 1, 2)	216,548	135,749	80,799
5	Account 456 - Other Electric Revenues - (Company Records - Notes 1,2)	6,054,259	6,054,259	-
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))	7,448,028	7,321,389	126,639
7	Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts - (Company Records - Note 1)		-	
8	Total Other Operating Revenues To Reduce Revenue Requirement	7,448,028	7,321,389	126,639

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 Number</u>	<u>(A) Item No.</u>	<u>(B) Description</u>	<u>(C) 2020 Expense</u>	<u>(D) 100% Non-Transmission</u>	<u>(E) 100% Transmission Specific</u>	<u>(F) Explanation</u>
<b>Regulatory O&amp;M Deferrals &amp; Amortizations</b>						
1		No Applicable Charges for KgP	-			
2			-			
3						
4		<b>Total</b>	<u>0</u>			
<b>Detail of Account 561 Per FERC Form 1</b>						
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	7,793			
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	7,033			
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		<b>Total of Account 561</b>	<u>14,826</u>			
<b>Account 928</b>						
15	9280000	Regulatory Commission Exp	61	61	-	
16	9280001	Regulatory Commission Exp-Adm	(1)	(1)	-	
17	9280002	Regulatory Commission Exp-Case	31,820	31,820	-	
18	9280003	Rate Case Amort	101,221	101,221	-	
19	9280005	Reg Com Exp-FERC Trans Cases	1,012	-	1,012	
20		<b>Total (FERC Form 1 p.323.189.b)</b>	<u>134,113</u>	<u>133,100</u>	<u>1,012</u>	
<b>Account 930.1</b>						
21	9301000	General Advertising Expenses	-	-	-	
22	9301001	Newspaper Advertising Space	2	2	-	
23	9301010	Publicity	11	11	-	
24	9301012	Public Opinion Surveys	780	780	-	
25	9301014	Video Communications	11	11	-	
26	9301015	Other Corporate Comm Exp	265	265	-	
27						
37		<b>Total (FERC Form 1 p.323.191.b)</b>	<u>1,069</u>	<u>1,069</u>	<u>-</u>	
<b>Account 930.2</b>						
38	9302000	Misc General Expenses	30,891	30,891	-	
39	9302003	Corporate & Fiscal Expenses	2,735	2,735	-	
40	9302004	Research, Develop&Demonstr Exp	16	16	-	
41	9302006	Assoc Business Development Materials Sold	3,960	3,960	-	
42	9302007	Assoc Business Development Exp	44,980	12,315	32,664	
43		<b>Total (FERC Form 1 p.323.192.b)</b>	<u>82,583</u>	<u>49,918</u>	<u>32,664</u>	

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	98.25%	
Effective State Tax Rate		6.39%
West Virginia Net Income Tax Rate	6.50%	
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		<u>6.39%</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  
KINGSPORT POWER COMPANY

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
NOTE 1						
1	<b>Revenue Taxes</b>					
2	Gross Receipts Tax	4,319,877				4,319,877
3	<b>Real Estate and Personal Property Taxes</b>					
4	Real and Personal Property - Tennessee	1,184,146	1,184,146			
5	Real and Personal Property - Other Jurisdictions	-	-			
6	Real and Personal Property	-	-			
7	Real and Personal Property	-	-			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )	160,049		160,049		
10	Federal Unemployment Tax	251		251		
11	State Unemployment Insurance	(35)		(35)		
12	<b>Production Taxes</b>					
13	State Severance Taxes	-				-
14	<b>Miscellaneous Taxes</b>					
15	List Individual Taxes Here	-				-
16		-				-
17	State Franchise Tax	4,346,524			4,346,524	
18	VA License/Registration	-			-	
19	Misc. State & Local Tax	671,872			671,872	
20	Sales & Use	1,408				1,408
21		-				-
22		-				-
23						
24	Total Taxes by Allocable Basis	<u>10,684,092</u>	<u>1,184,146</u>	<u>160,265</u>	<u>5,018,396</u>	<u>4,321,285</u>

(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**

	Production	Transmission	Distribution	General	Total	
25	Functionalized Net Plant (TCOS, Lns 41 thru 46)	-	31,180,318	125,664,748	4,359,762	161,204,828
<b>TENNESSEE JURISDICTION</b>						
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)	-	31,180,318	125,664,748	4,359,762	161,204,828
28	Less: Net Value of Exempted Generation Plant	-				
29	Taxable Property Basis (Ln 27 - Ln 28)	-	31,180,318	125,664,748	4,359,762	161,204,828
30	Relative Valuation Factor	0.00%	100.00%	100.00%	100.00%	
31	Weighted Net Plant (Ln 29 * Ln 30)	-	31,180,318	125,664,748	4,359,762	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	0.00%	19.88%	80.12%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	-	866,707	3,493,054	(4,359,762)	-
34	Weighted TENNESSEE JURISDICTION Plant (Ln 31 + 33)	-	32,047,026	129,157,802	(0)	161,204,828
35	Functional Percentage (Ln 34/Total Ln 34)	0.00%	19.88%	80.12%		

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	<b>Revenue Taxes</b>			
2	Gross Receipts Tax	4,319,877	2,214,052 2,105,825	pg. 263, Ln. 27(i) pg. 263, Ln. 28(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)
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3	<b>Real Estate and Personal Property Taxes Total (Ln 4 + Ln 5 + Ln 6 + Ln 7)</b>		1,184,146				237,457
4	Real and Personal Property - Tennessee	2019 2020	1,184,146	(184,242) 1,368,388	pg. 263, Ln. 13(i) pg. 263, Ln. 14(i)	18.77% 19.88%	237,457 (34,575) 272,031 -
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	<b>Payroll Taxes</b>			
9	Federal Insurance Contribution (FICA)	160,049	160,049	pg. 263, Ln. 4(i)
10	Federal Unemployment Tax	251	251	pg. 263, Ln. 5(i)
11	State Unemployment Insurance	(35)	(35)	pg. 263, Ln. 23(i)
12	<b>Production Taxes</b>			
13	State Severance Taxes	-	-	
14	<b>Miscellaneous Taxes</b>			
15	State Business & Occupation Tax	-	-	
16	State Public Service Commission Fees	-	-	
17	State Franchise Taxes	4,346,524	42,442 421,800 3,882,282	pg. 263, Ln. 21(i) pg. 263, Ln. 22(i) pg. 263, Ln. 34(i)
18	State Lic/Registration Fee	-	-	
19	Misc. State and Local Tax	671,872	671,872	pg. 263, Ln. 35(i)
20	Sales & Use	1,408	237 1,262 (39) (52)	pg. 263, Ln. 9(i) pg. 263, Ln. 10(i) pg. 263.1, Ln. 10(i) pg. 263.1, Ln. 21(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))	10,684,092	10,684,092	

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 2020 FF1 Balances**  
**Worksheet I RESERVED FOR FUTURE USE**  
**KINGSPORT POWER COMPANY**

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AEP East Companies  
 Cost of Service Formula Rate Using 2020 FF1 Balances  
 Worksheet K Supporting Calculation of TRUE-UP PJM RTEP Project Revenue Requirement Billed to Benefiting Zones  
 KINGSPORT POWER COMPANY

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

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

ROE w/o incentives (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	Weighted cost	
Long Term Debt	45.37%	3.59%	1.628%	
Preferred Stock	0.00%	0.00%	0.000%	
Common Stock	54.63%	10.35%	5.654%	
		R =	7.262%	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR RTEPPROJECTS				
TRUE-UP YEAR	2020	Rev Require	W Incentives	Incentive Amounts
As Projected in Prior Year WS J	\$ -	\$ -	\$ -	\$ -
Actual after True-up	\$ -	\$ -	\$ -	\$ -
True-up of ARR For 2020	-	-	-	-

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

Rate Base (TCOS, ln 68)	26,474,149
R (from A. above)	7.262%
Return (Rate Base x R)	1,927,960

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

Return (from B. above)	1,927,960
Effective Tax Rate (TCOS, ln 114)	27.35%
Income Tax Calculation (Return x CIT)	527,250
ITC Adjustment	-
Excess Deferred Income Tax	(127,834)
Tax Affect of Permanent Differences	10,059
Income Taxes	409,475

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)	5,237,194
Lease Payments (TCOS, ln 95)	-
Return (TCOS, ln 126)	1,927,960
Income Taxes (TCOS, ln 125)	409,475
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	2,899,759

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	2,899,759
Return (from I.B. above)	1,927,960
Income Taxes (from I.C. above)	409,475
Annual Revenue Requirement, with 0 Basis Point ROE increase	5,237,194
Depreciation (TCOS, ln 100)	646,786
Annual Rev. Req. w/ 0 Basis Point ROE increase, less Depreciation	4,590,408

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

Net Transmission Plant (TCOS, ln 42)	31,180,318
Annual Revenue Requirement, with 0 Basis Point ROE increase	5,237,194
FCR with 0 Basis Point increase in ROE	16.80%

Annual Rev. Req. w / 0 Basis Point ROE increase, less Dep.	4,590,408
FCR with 0 Basis Point ROE increase, less Depreciation	14.72%
FCR less Depreciation (TCOS, ln 10)	14.72%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Average Transmission Plant Balance for 2020 (TCOS, ln 21)	44,028,905
Annual Depreciation and Amortization Expense (TCOS, ln 100)	646,786
Composite Depreciation Rate	1.47%
Depreciable Life for Composite Depreciation Rate	68.07
Round to nearest whole year	68

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. [redacted] (e.g. ER05-925-000)

Project Description: [redacted]

2019	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	-	-	-
True-Up Adjustment	-	-	-

Details		2019
Investment	-	-
Service Year (yyyy)	0	ROE increase accepted by FERC (Basis Points)
Service Month (1-12)	-	FCR w/o incentives, less depreciation
Useful life	68	FCR w/incentives approved for these facilities, less dep.
CIAC (Yes or No)	0	Annual Depreciation Expense

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

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	RTEP Rev. Req't. w/o Incentives	RTEP Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	RTEP Projected Rev. Req't. From Prior Year WS J w/o Incentives	RTEP Projected Rev. Req't. From Prior Year WS J with Incentives **	RTEP Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
0	-	-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-	-	-
19	-	-	-	-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-	-	-	-	-
21	-	-	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-	-	-	-	-
24	-	-	-	-	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-	-	-
29	-	-	-	-	-	-	-	-	-	-	-
30	-	-	-	-	-	-	-	-	-	-	-
31	-	-	-	-	-	-	-	-	-	-	-
32	-	-	-	-	-	-	-	-	-	-	-
33	-	-	-	-	-	-	-	-	-	-	-
34	-	-	-	-	-	-	-	-	-	-	-
35	-	-	-	-	-	-	-	-	-	-	-
36	-	-	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-	-	-
42	-	-	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-	-	-
56	-	-	-	-	-	-	-	-	-	-	-
57	-	-	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-	-	-
Project Totals	-	-	-	-	-	-	-	-	-	-	-

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

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

AEP East Companies  
Cost of Service Formula Rate Using 2020 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	71,025,699	-	-	-	71,025,699
2	January	70,870,598	-	-	-	70,870,598
3	February	72,181,383	-	-	-	72,181,383
4	March	72,219,503	-	-	-	72,219,503
5	April	72,278,007	-	-	-	72,278,007
6	May	73,015,737	-	-	-	73,015,737
7	June	72,062,937	-	-	-	72,062,937
8	July	72,595,765	-	-	-	72,595,765
9	August	72,955,229	-	-	-	72,955,229
10	September	73,346,564	-	-	-	73,346,564
11	October	73,523,479	-	-	-	73,523,479
12	November	74,584,983	-	-	-	74,584,983
13	December of Rate Year	74,540,819	-	-	-	74,540,819
14	Average of the 13 Monthly Balances	72,707,746	-	-	-	72,707,746

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 Recquired Bonds (c)	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	-	-	59,000,000	-	-	59,000,000
16	January	-	-	59,000,000	-	-	59,000,000
17	February	-	-	59,000,000	-	-	59,000,000
18	March	-	-	59,000,000	-	-	59,000,000
19	April	-	-	59,000,000	-	-	59,000,000
20	May	-	-	59,000,000	-	-	59,000,000
21	June	-	-	59,000,000	-	-	59,000,000
22	July	-	-	59,000,000	-	-	59,000,000
23	August	-	-	59,000,000	-	-	59,000,000
24	September	-	-	59,000,000	-	-	59,000,000
25	October	-	-	65,000,000	-	-	65,000,000
26	November	-	-	65,000,000	-	-	65,000,000
27	December of Rate Year	-	-	65,000,000	-	-	65,000,000
28	Average of the 13 Monthly Balances	-	-	60,384,615	-	-	60,384,615

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	<b>Annual Interest Expense for 2020</b>						
30	Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i)				2,167,100		
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	<b>Total Interest Expense (Ln 30 - 31 + 33 + 34 - 35 - 36)</b>				2,167,100		
38	<b>Average Cost of Debt for 2020 (Ln 37/ Ln 28 (g))</b>						<b>3.59%</b>

**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.

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2020	Less Excludable Amounts (See NOTE on Line 39)	Net Includable Hedge Amount	Amortization Period	
					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 2020 (TCOS, Ln 157)			133,092,362		
53	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005		
54	Limit of Recoverable Amount			66,546		
55	<b>Recoverable Hedge Amortization (Lesser of Ln 51 or Ln 54)</b>					

**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 <b>Balance of Preferred Stock (Lns 59, 64, 69)</b>	-	-	- Year End Total Agrees to FF1 p.112, Ln 3, col (c ) & (d)
72 <b>Dividends on Preferred Stock (Lns 60, 65, 70)</b>	-	-	-
73 <b>Average Cost of Preferred Stock (Ln 72/71)</b>	0.00%	0.00%	<b>0.00%</b>

**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						<u>-</u>		<u>-</u>	

Net (Gain) or Loss for 2020

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 2020**

Line#	Company	Actual Expense (Including AEPSC Billed OPEB)	Total Company Amount			Labor Allocator for 2020	Actual Expense	Allowable Expense	One Year Functional Expense (Over)/Under
			Ratio of Company Actual to Total	Allocation of PBOP Recovery Allowance					
		(A)	(B)=(A)/Total (A)	(C)=(B) * -127041505	(D)	(E)=(A) * (D)	(F)=(C) * (D)	(G)=(E) - (F)	
		(Line 14)							
2	APCo	(21,654,307)	35.88%	(45,577,623)	10.559%	(2,286,376)	(4,812,326)	2,525,950	
3	I&M	(16,228,940)	26.89%	(34,158,400)	4.637%	(752,487)	(1,583,821)	831,335	
4	KPCo	(5,029,150)	8.33%	(10,585,270)	8.698%	(437,452)	(920,741)	483,289	
5	KNGP	(536,873)	0.89%	(1,130,001)	12.563%	(67,448)	(141,964)	74,516	
6	OPCo	(15,971,669)	26.46%	(33,616,901)	12.672%	(2,023,937)	(4,259,948)	2,236,011	
7	WPCo	(937,536)	1.55%	(1,973,311)	3.775%	(35,394)	(74,497)	39,103	
8	<b>Sum of Lines 2 to 7</b>	<b>(60,358,475)</b>		<b>(127,041,505)</b>		<b>(5,603,093)</b>	<b>(11,793,297)</b>	<b>6,190,204</b>	

**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	(16,929,943)	(14,355,966)	(4,183,940)	(371,080)	(11,838,564)	(441,661)	(48,121,154)
10 Additional PBOP Ledger Entries (from Company Records)	519,245	1,847,314	418,274	(0)	-	(375,744)	
11 Medicare Subsidy							-
12 Net Company Expense (Ln 9 + Ln 10 + Ln 11)	(16,410,698)	(12,508,652)	(3,765,666)	(371,080)	(11,838,564)	(817,405)	(45,712,065)
13 PBOP Expenses From AEP Service Corporation (from Company Records)	(5,243,610)	(3,720,288)	(1,263,484)	(165,793)	(4,133,105)	(120,131)	(14,646,410)
14 Company PBOP Expense (Ln 12 + Ln 13)	(21,654,307)	(16,228,940)	(5,029,150)	(536,873)	(15,971,669)	(937,536)	(60,358,475)

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 1/1/2020**  
**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	WTD AVG. DEPREC. RATE
<b>TRANSMISSION PLANT</b>														
Land Rights - Va.	350.1	0.66%	1.000000	0.66%										0.66%
Energy Storage Equip	351.0				14.22%	1.000000	14.22%							14.22%
Structures & Improvements	352.0	1.99%	0.494821	0.98%	1.62%	0.411083	0.67%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	1.86%
Station Equipment	353.0	2.70%	0.494821	1.34%	2.37%	0.411083	0.97%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	2.52%
Towers & Fixtures	354.0	1.64%	0.494821	0.81%	1.59%	0.411083	0.65%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	1.67%
Poles & Fixtures	355.0	3.46%	0.494821	1.71%	2.71%	0.411083	1.11%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	3.03%
Overhead Conductor	356.0	1.65%	0.494821	0.82%	1.53%	0.411083	0.63%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	1.66%
Underground Conduit	357.0	2.49%	0.494821	1.23%	3.71%	0.411083	1.53%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	2.97%
Underground Conductors	358.0	4.72%	0.494821	2.34%	5.24%	0.411083	2.15%	2.19%	0.036533	0.08%	2.19%	0.057563	0.13%	4.70%
<b>GENERAL PLANT</b>														
Structures & Improvements	390.0	1.89%	0.523756	0.99%	1.91%	0.425941	0.81%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	1.98%
Office Furniture & Equipment	391.0	3.21%	0.523756	1.68%	3.17%	0.425941	1.35%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	3.21%
Transportation Equipment	392.0	3.46%	0.523756	1.81%	3.40%	0.425941	1.45%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	3.44%
Stores Equipment	393.0	1.78%	0.523756	0.93%	1.80%	0.425941	0.77%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	1.88%
Tools Shop & Garage Equipment	394.0	2.59%	0.523756	1.36%	2.57%	0.425941	1.09%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	2.63%
Laboratory Equipment	395.0	3.87%	0.523756	2.03%	4.01%	0.425941	1.71%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	3.92%
Power Operated Equipment	396.0	0.00%	0.523756	0.00%	3.90%	0.425941	1.66%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	1.84%
Communication Equipment	397.0	5.05%	0.523756	2.64%	4.98%	0.425941	2.12%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	4.94%
Miscellaneous Equipment	398.0	2.67%	0.523756	1.40%	2.70%	0.425941	1.15%	3.43%	0.019295	0.07%	3.43%	0.031009	0.11%	2.73%

(1) As approved in VA Case No. PUE 2020-00015 on Nov. 24, 2020  
Depreciation rates were made effective on January 1, 2020.

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

(2) Approved by PSC of WV Order dated 2/27/2019 in  
Case No. 18-0645-E-D effective 03/06/2019.

(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) Distribution Plant (recorded by state) is assigned only to  
jurisdictions within each state.

**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 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**  
**Worksheet - P CALCULATION OF**  
**TOTAL WEIGHTED AVERAGE DEPRECIATION RATES**  
**FOR TRANSMISSION PLANT PROPERTY ACCOUNT**  
**EFFECTIVE AS OF MARCH 11, 2020**  
**FOR MULTIPLE JURISDICTION COMPANIES**  
**INDIANA MICHIGAN POWER COMPANY**

	INDIANA				MICHIGAN AND FERC			COMPANY
	(1) PLANT ACCT.	IURC RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	(2) MPSC APPROVED RATES	ALLOCATION FACTOR (4)	WTD AVG. DEPREC. RATE	WTD AVG. DEPREC. RATE
<b>TRANSMISSION PLANT</b>								
Land Improvements	350.1	1.6600%	0.662335	1.0995%	1.6200%	0.337665	0.5470%	1.65%
Structures & Improvements	352.0	1.7700%	0.662335	1.1723%	1.7400%	0.337665	0.5875%	1.76%
Station Equipment	353.0	2.4300%	0.662335	1.6095%	2.4100%	0.337665	0.8138%	2.42%
Towers & Fixtures	354.0	2.5700%	0.662335	1.7022%	2.4500%	0.337665	0.8273%	2.53%
Poles & Fixtures	355.0	3.1900%	0.662335	2.1128%	3.1700%	0.337665	1.0704%	3.18%
Overhead Conductors	356.0	2.3500%	0.662335	1.5565%	2.2800%	0.337665	0.7699%	2.33%
Underground Conduit	357.0	2.3000%	0.662335	1.5234%	2.2100%	0.337665	0.7462%	2.27%
Underground Conductors	358.0	1.9300%	0.662335	1.2783%	1.9000%	0.337665	0.6416%	1.92%
Trails & Roads	359.0	1.6100%	0.662335	1.0664%	1.5900%	0.337665	0.5369%	1.60%
<b>GENERAL PLANT</b>								
	390.0	2.0800%	0.681868	1.4183%	2.0800%	0.318132	0.6617%	2.08%
	391.0	4.7900%	0.681868	3.2661%	4.8400%	0.318132	1.5398%	4.81%
\$0 at Dec 2018 - use old rate	392.0	4.6400%	0.681868	3.1639%	4.6900%	0.318132	1.4889%	4.65%
	393.0	7.3500%	0.681868	5.0117%	7.3800%	0.318132	2.3478%	7.36%
	394.0	6.9900%	0.681868	4.7663%	7.0700%	0.318132	2.2492%	7.02%
	395.0	5.4100%	0.681868	3.6889%	5.4600%	0.318132	1.7370%	5.43%
	396.0	4.8100%	0.681868	3.2798%	4.9000%	0.318132	1.5588%	4.84%
	397.0	3.9100%	0.681868	2.6661%	3.9300%	0.318132	1.2503%	3.92%
	398.0	3.3200%	0.681868	2.2638%	3.3500%	0.318132	1.0657%	3.33%

(1) As approved in Indiana Cause No. 45235 effective March 11, 2020.

(2) As approved in Michigan Case No. U-20359 effective February 1, 2020.

(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 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. 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
<b><i>TRANSMISSION PLANT</i></b>		
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
<b>Composite Transmission Depreciation Rate</b>		<b>1.46%</b>
<b>GENERAL PLANT</b>		
Structures & Improvements	390.0	1.71%
Office Furniture & Equipment	391.0	2.82%
Stores Equipment	393.0	2.22%
Tools Shop & Garage Equipmen	394.0	3.12%
Laboratory Equipment	395.0	3.17%
Communication Equipment	397.0	3.32%
Miscellaneous Equipment	398.0	4.92%
<b>Total General Plant</b>		<b>3.25%</b>

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
<b><i>TRANSMISSION PLANT</i></b>		
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 4/1/2012  
FOR SINGLE JURISDICTION COMPANIES  
OHIO POWER COMPANY**

	PLANT ACCT.	RATES Note 1
<b><i>TRANSMISSION PLANT</i></b>		
Structures & Improvements	352.0	2.02%
Station Equipment	353.0	2.29%
Twrs and Fixtures Above 69 KV	354.0	1.88%
Twrs and Fixtures Below 69 KV	354.0	1.88%
Poles and Fixtures Above 69 KV	355.0	3.52%
Poles and Fixtures Below 69 KV	355.0	3.52%
Overhead Conductor & Devices Above 69KV	356.0	1.91%
Overhead Conductor & Devices MSP	356.0	1.91%
Overhead Conductor & Devices 138KV	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 3/1/2019  
FOR SINGLE JURISDICTION COMPANIES  
WHEELING POWER COMPANY**

	PLANT ACCT.	RATES Note 1
<b><i>TRANSMISSION PLANT</i></b>		
Structures & Improvements	352.0	1.15%
Station Equipment	353.0	2.22%
Towers & Fixtures	354.0	2.65%
Poles & Fixtures	355.0	2.41%
Overhead Conductors	356.0	1.32%
Underground Conduit	351.0	9.94%
Underground Conductors	351.0	13.98%
Trails & Roads	359.0	-
<b><i>GENERAL PLANT</i></b>		
Structures & Improvements	390.0	1.08%
Office Furniture & Equipment	391.0	2.13%
Stores Equipment	393.0	1.78%
Tools Shop & Garage Equipment	394.0	1.65%
Communication Equipment	397.0	5.09%
Miscellaneous Equipment	398.0	2.76%

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 2018 Available May 25, 2019	-	2018 Forecasted Revenue Requirement For Year 2018	=	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
		0.4095%				

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 2018	-	0.4095%	12	-	-
February	Year 2018	-	0.4095%	11	-	-
March	Year 2018	-	0.4095%	10	-	-
April	Year 2018	-	0.4095%	9	-	-
May	Year 2018	-	0.4095%	8	-	-
June	Year 2018	-	0.4095%	7	-	-
July	Year 2018	-	0.4095%	6	-	-
August	Year 2018	-	0.4095%	5	-	-
September	Year 2018	-	0.4095%	4	-	-
October	Year 2018	-	0.4095%	3	-	-
November	Year 2018	-	0.4095%	2	-	-
December	Year 2018	-	0.4095%	1	-	-
				-	-	-

				Annual		
January through December	Year 2019	-	0.4095%	12	-	-

<u>Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months</u>				Monthly		
January	Year 2020	-	0.4095%	-	-	-
February	Year 2020	-	0.4095%	-	-	-
March	Year 2020	-	0.4095%	-	-	-
April	Year 2020	-	0.4095%	-	-	-
May	Year 2020	-	0.4095%	-	-	-
June	Year 2020	-	0.4095%	-	-	-
July	Year 2020	-	0.4095%	-	-	-
August	Year 2020	-	0.4095%	-	-	-
September	Year 2020	-	0.4095%	-	-	-
October	Year 2020	-	0.4095%	-	-	-
November	Year 2020	-	0.4095%	-	-	-
December	Year 2020	-	0.4095%	-	-	-
				-	-	-

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.